

Assessment-to-Appeal Timelines in Corporate Tax Disputes

Authors

Nirina Annara Vania Zulfikar¹, Firman Ardhiansyah²,
Muhammad Fazaro Alfarishi³, Elfrida Esti Nur Azizah⁴
, Retno Dwi Ariyanti⁵, Tessa Evazalina⁶

Affiliations

Department of Accounting, Universitas Negeri Surabaya,
Indonesia

Corresponding Author Email

vaniannara@gmail.com

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Abstract

This study examines the procedural timelines and suspensive effects governing the transition from tax assessment to appeal in Indonesia, the United States, and France. Increasing complexity in tax dispute systems has raised concerns regarding taxpayer access to judicial review and financial exposure during litigation.

This study aims to analyze how different procedural designs influence dispute accessibility, liquidity pressure, and interest accumulation. A qualitative comparative legal approach is employed using doctrinal analysis of statutory frameworks, administrative guidelines, and judicial procedures across the three jurisdictions (Thuronyi, 2020).

The findings reveal significant institutional variation. Indonesia applies a non-suspensive regime requiring prepayment prior to appeal, thereby increasing liquidity pressure and financial risk. The United States provides automatic suspensive protection through Tax Court procedures, reducing financial burden and enhancing access to dispute resolution. France adopts a conditional model, where suspension is granted upon provision of financial guarantees.

These differences demonstrate that procedural design plays a critical role in shaping taxpayer rights, financial risk allocation, and legal certainty. The study concludes that structured suspensive mechanisms and clear procedural safeguards can improve fairness while maintaining effective tax administration (OECD, 2019).

Keywords:

tax dispute resolution, assessment-to-appeal timelines, comparative tax law, suspensive effect, SDG 8, SDG 16

1. Introduction

Tax dispute resolution systems are increasingly recognized as a critical component of effective tax administration. However, existing research has largely focused on substantive tax outcomes rather than the procedural architecture governing the transition from tax assessment to appeal. As noted by Thuronyi (2020), procedural rules in tax law significantly influence taxpayer rights and the accessibility of dispute mechanisms.

Despite growing attention to tax governance, limited comparative research has examined how statutory timelines, suspensive protection, and financial preconditions shape corporate liquidity risks and access to justice. OECD (2019) highlights that procedural clarity and fairness are essential in maintaining taxpayer trust and institutional legitimacy, yet cross-jurisdictional differences remain underexplored.

Indonesia, the United States, and France represent distinct institutional models of tax dispute governance. Indonesia applies a non-suspensive self-assessment system requiring partial payment before appeal. In contrast, the United States allows taxpayers to file petitions to the Tax Court with automatic suspensive protection. France adopts a hybrid approach, where suspension of payment depends on the provision of financial guarantees.

Based on this background, this study addresses the following research questions:

1. What are the statutory timelines at each stage of dispute resolution?
2. Do appeals generate suspensive effects, and under what conditions?
3. When do interest and penalties begin or cease to accrue?

This study contributes by providing a structured comparative analysis of procedural tax design and its implications for financial risk and legal certainty. It also aligns with the objectives of SDG 16 and SDG 8 by emphasizing transparent institutions and stable economic environments (Nations, 2020).

2. Literature Review and Hypotheses Development

2.1 Administrative Tax Law and Due Process

Procedural safeguards are fundamental in ensuring fairness and accountability in tax systems. Thuronyi (2020) argues that access to judicial review and proportional procedural requirements are key elements of due process in tax law. Similarly, OECD (2019) emphasizes that transparent procedures and clear administrative stages enhance taxpayer confidence and institutional credibility.

The distinction between suspensive and non-suspensive regimes plays a central role in determining taxpayer protection. Non-suspensive systems may limit access to appeal due to financial barriers, while suspensive mechanisms reduce immediate enforcement pressure.

2.2 Compliance Economics and Time Costs

From the perspective of compliance economics, procedural complexity and time costs significantly influence taxpayer behavior. OECD (2019) finds that administrative burdens and prolonged dispute timelines increase transaction costs and affect firms' strategic decisions regarding litigation.

Prepayment obligations, in particular, alter the expected cost structure of disputes, often discouraging taxpayers from pursuing appeals.

2.3 Cash Flow Management, Interest, and Sanctions

Financial exposure during tax disputes is largely determined by interest and penalty regimes. Harrington (2020) explains that the timing of interest accrual and the structure of penalties directly influence the economic burden of contested tax liabilities.

Non-suspensive systems tend to increase liquidity pressure, as taxpayers must settle liabilities before appeal. In contrast, suspensive mechanisms delay enforcement, thereby reducing short-term financial strain.

2.4 Deadline Governance and Procedural Certainty

Clear statutory deadlines are essential for ensuring predictability in tax dispute resolution. Comparative studies indicate that variations in procedural timelines affect dispute duration, financial exposure, and administrative efficiency (OECD, 2019).

These differences highlight the importance of structured procedural frameworks in reducing uncertainty.

2.5 Tax Dispute Resolution and the SDGs

Tax dispute systems are increasingly linked to broader governance objectives. According to Nations (2020), transparent and accountable institutions are essential for sustainable development. Procedural fairness and access to justice contribute directly to SDG 16, while predictable tax systems support economic stability under SDG 8.

3. Research Methodology

This research employs a qualitative descriptive design using a comparative doctrinal legal approach to analyse tax dispute procedures in Indonesia, the United States, and France. The doctrinal legal method is widely used in comparative legal studies to interpret statutory frameworks, institutional arrangements, and procedural mechanisms governing dispute resolution. The three jurisdictions are selected because they represent distinct institutional models of tax dispute governance, allowing systematic comparison of procedural safeguards and financial implications for taxpayers.

The study relies on primary legal materials, including national tax statutes, administrative procedural manuals issued by tax authorities, and judicial regulations governing tax appeal mechanisms in each jurisdiction. Specifically, the analysis draws upon Indonesian tax administration laws and Directorate General of Taxes regulations, the United States Internal Revenue Code and Internal Revenue Manual, and the French General Tax Code together with procedural regulations issued by the Directorate General of Public Finance. These legal documents are selected based on their direct relevance to the regulation of tax assessments, administrative objections, and judicial appeals. Secondary materials such as academic journal articles, comparative tax administration studies, and international policy reports are used to contextualise the legal analysis and support cross jurisdictional interpretation.

The comparative procedural analysis follows several analytical steps. First, relevant legal provisions governing the sequence from tax assessment to appeal are identified and systematically mapped in each jurisdiction. Second, key procedural variables are extracted and organised into comparable analytical categories. Third, cross jurisdictional comparison is conducted to evaluate how different institutional designs influence procedural timelines, suspensive effects, and financial exposure during disputes. Through this structured comparison, the study identifies how procedural rules shape taxpayer liquidity risks, dispute accessibility, and legal certainty.

As a qualitative legal comparative study, several methodological elements commonly included in generic empirical research templates are not applicable. Components such as population, sampling techniques, respondents or participants, survey instruments, pilot tests, and statistical hypothesis testing are not used because the research does not involve human subjects or quantitative datasets. Instead, the analysis relies entirely on documentary legal materials consisting of statutes, administrative regulations, procedural manuals, and judicial rules governing tax dispute resolution. The validity of the analysis is ensured through systematic doctrinal interpretation, triangulation of multiple regulatory sources, and consistency in applying the comparative analytical framework across jurisdictions.

To structure the comparative evaluation, this study applies a conceptual framework that maps the procedural transition from tax assessment to judicial appeal across jurisdictions. The framework focuses on several analytical dimensions that determine how tax disputes evolve institutionally and financially. These dimensions include the type

of tax assessment system, the sequence of dispute forums, statutory deadlines governing each procedural stage, the presence or absence of suspensive effects during appeals, requirements for prepayment or financial guarantees, and the exposure to interest and penalties during the dispute process. These dimensions form the analytical basis for the comparative procedural analysis presented in Framework

Conceptual Framework of the Comparative Procedural Analysis

Analytical Stage	Description	Comparative Dimensions Applied to Each Jurisdiction
Stage 1: Procedural Identification	Mapping the legal sequence from assessment to appeal in each country.	Indonesia, United States, and France: assessment, administrative review, judicial appeal
Stage 2: Variable Extraction	Identifying core variables that structure the comparative analysis.	(1) Statutory timelines, (2) Suspensive effect status, (3) Financial implications (interest, penalties, liquidity impact)
Stage 3: Cross Jurisdiction Evaluation	Systematically comparing how each variable operates in practice.	Each country evaluated for: deadlines, presence or absence of suspensive effect, and cost or financial exposure during disputes
Stage 4: Synthesis and Interpretation	Deriving structural contrasts and explaining their implications.	Comparative conclusions on legal certainty, taxpayer protection, and fiscal risk across the three systems

4. Result

4.1. Comparative Overview

Country	Stage	Legal Basis	Deadline	Forum	Suspensive Effect	Prepayment	Key Implications
Indonesia	Objection Appeal	Law No. 6/1983 jo. Law No. 28/2007	3 months per stage	DJP, Tax Court	No	Payment required before appeal	High liquidity pressure; constrained access to judicial review; interest 2%/month (max 24 months)
United States	IRS Appeals, Tax Court	IRC §6213; IRS Manual (2024)	30–90 days	IRS Appeals, U.S. Tax Court	Yes	Not required	Low financial burden; broad access to dispute resolution; predictable interest (~5%)
France	Réclamation, Tribunal Administratif	CGI Art. L190–L199; DGFIP (2023)	2 years	DGFIP, Tribunal Administratif	Conditional (with guarantee)	Bank or insurance guarantee	Moderate financial pressure; access depends on guarantee approval; interest 0.2%/month; 10–40% fine

The table highlights key contrasts in procedural design. Indonesia's non-suspensive system increases taxpayer financial risk, the U.S. provides automatic suspensive protection lowering liquidity pressure, and France, requires conditional guarantees, creating intermediate financial exposure and administrative discretion.

4.2. Interest and Penalty Exposure

Dimension	Indonesia	United States	France
Suspensive Effect	Non-suspensive; payment required before filing an appeal	Automatic suspensive effect upon Tax Court petition	Conditional suspension subject to provision of financial guarantee
Pre-Appeal Payment Requirement	Full payment mandatory	No prepayment obligation	No prepayment; guarantee required for suspension
Financial Burden on Taxpayers	High liquidity pressure due to upfront payment	Low; collection halted during dispute	Moderate; cost depends on securing the guarantee
Interest / Penalty Exposure	Substantial; accrues until payment	Limited; regulated by statutory conditions	Variable; depends on duration and guarantee terms
Access to Judicial Review	Constrained by financial barriers	Broad access due to automatic suspension	Intermediate; contingent on administrative approval of guarantee
Implications for Legal Certainty	Lower; payment pressure may influence dispute decisions	Higher; dispute proceeds without collection pressure	Moderate; depends on administrative discretion

This table emphasizes the trade-off between revenue protection and taxpayer rights. Non-suspensive regimes protect immediate revenue but impose liquidity stress, while suspensive mechanisms reduce financial burden and enhance procedural fairness. Conditional arrangements like France's create intermediate outcomes.

5. Discussions and Conclusions

Procedural design functions as a mechanism of fiscal risk allocation between tax authorities and taxpayers. Jurisdictions that implement suspensive protection effectively transfer short term financial risk from taxpayers to the state during litigation. In contrast, non suspensive regimes maintain revenue security, but at the cost of increased liquidity pressure on firms.

From a practical perspective, the implications for companies differ across jurisdictions. In Indonesia, firms face significant liquidity constraints due to mandatory prepayment requirements. As a result, companies may be more inclined to pursue early settlement in order to avoid accumulating interest, which in turn affects cash flow management and investment decisions.

In the United States, the availability of automatic suspensive protection allows firms to challenge tax assessments without immediate financial burden. This creates a more predictable dispute environment, encourages taxpayers to pursue appeals, and reduces the likelihood of premature settlement driven by financial pressure rather than legal considerations.

France adopts a conditional suspension mechanism that requires taxpayers to provide financial guarantees. This creates an intermediate condition, where companies must weigh the cost of securing guarantees against potential interest and penalty exposure. Consequently, access to judicial review is influenced not only by legal rights but also by administrative approval and financial capacity.

These findings highlight a fundamental trade off between revenue protection and taxpayer rights. Non suspensive systems, such as Indonesia, prioritize immediate revenue collection, thereby protecting the state but imposing higher financial and operational burdens on taxpayers. Conversely, suspensive mechanisms, as seen in the United States, enhance taxpayer

protection and reduce financial exposure, although they may delay revenue collection. France represents a hybrid approach that seeks to balance these objectives through conditional safeguards.

In a broader context, procedural systems that incorporate clear deadlines, accessible suspensive mechanisms, and predictable interest and penalty structures contribute to greater procedural fairness and institutional transparency. Such characteristics are closely aligned with the objectives of SDG 16, which emphasizes accountable and transparent institutions, as well as SDG 8, which promotes stable and predictable economic environments.

By reducing liquidity shocks and providing greater certainty in dispute outcomes, well designed procedural frameworks support more stable corporate financial planning. This reinforces the argument that procedural tax design is not merely an administrative matter, but a critical determinant of both legal certainty and economic stability.

6. Limitations of Research

This study has several limitations that should be acknowledged. First, the research does not incorporate empirical case data, as all findings are derived from statutory frameworks, administrative manuals, and procedural regulations. Consequently, the practical effects of procedural rules on corporate financial outcomes and dispute strategies are inferred rather than directly observed (Thuronyi, 2020; OECD, 2019; Harrington, 2020).

Second, the scope of the analysis is limited to three jurisdictions, namely Indonesia, the United States, and France, which may not fully represent the diversity of procedural designs across different legal systems (OECD, 2019; Bird & Zolt, 2020).

Third, this study focuses primarily on formal legal procedures and does not examine the role of digitalized or hybrid dispute resolution systems, which are increasingly relevant in modern tax administration (Braithwaite, 2020; Johansson, 2020).

Future research may address these limitations by incorporating empirical data or case based analysis to better capture the real world impact of procedural rules on liquidity, interest exposure, and dispute strategies (Alm, 2019; Slemrod, 2020). Expanding the comparative scope to include additional jurisdictions would also enhance the generalizability of the findings (OECD, 2022). Furthermore, examining digitalized dispute resolution systems could provide deeper insight into their implications for efficiency, transparency, and taxpayer compliance.

Overall, addressing these areas would strengthen the understanding of how procedural tax design influences both taxpayer behavior and institutional effectiveness, particularly in achieving fair and predictable tax administration aligned with SDG 16 and SDG 8 (Nations, 2020; OECD, 2019).

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