

▪
The Implications of the Global Minimum Tax on the Tax Strategies of Multinational Companies in Indonesia

Loso Judijanto

IPOSS Jakarta

Email: losojudiantobumn@gmail.com

Entered : October 04, 2025
Accepted : November 09, 2025

Revised : October 10, 2025
Published : November 29, 2025

ABSTRACT

This study analyzes the implications of the Global Minimum Tax for the tax strategies of multinational enterprises operating in Indonesia. Using a mixed conceptual policy approach, the research integrates doctrinal analysis of the Global Anti-Base Erosion framework with an economic evaluation of multinational behavioral responses. The findings show that the Global Minimum Tax fundamentally reshapes incentives for profit shifting, tax arbitrage, and the use of preferential regimes. Multinational enterprises are expected to revise strategies related to intellectual property placement, intra-group financing, and transfer pricing as low-tax structures lose effectiveness under top-up tax mechanisms. For Indonesia, the policy impact is substantial: traditional tax incentives such as holidays and special economic zone benefits become less attractive, prompting a shift toward expenditure-based and non-tax incentives. The study further reveals that Indonesia must strengthen regulatory certainty, administrative capacity, and digital tax infrastructure to implement the Global Minimum Tax effectively. Strategic adjustments are also required in investment policy, emphasizing infrastructure quality, human capital, and institutional stability as key competitiveness drivers. The research concludes that the Global Minimum Tax presents both opportunities and challenges for Indonesia, offering potential revenue gains while demanding comprehensive structural reforms to maintain investment attractiveness and align with global tax standards.

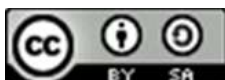
Keywords: global minimum tax, Indonesia, multinational enterprises, tax policy, tax strategy.

INTRODUCTION

The introduction of the Global Minimum Tax under the OECD/G20 Inclusive Framework represents one of the most transformative developments in the history of international corporate taxation. The measure, commonly known as Pillar Two, establishes a global minimum effective tax rate of 15 percent for multinational enterprises with consolidated revenues exceeding EUR 750 million. As global tax competition has intensified over the past decade, large multinational corporations have increasingly shifted profits to low tax jurisdictions, eroding domestic tax bases and undermining the fairness and sustainability of tax systems. Empirical evidence shows that profit shifting reduces global corporate income tax revenues by approximately USD 200 billion annually, with low and middle income countries suffering disproportionately due to their structural dependency on corporate tax revenue (Tørsløv, Wier, and Zucman, 2022). The implementation of a coordinated minimum tax is therefore expected to reshape multinational tax strategies globally, including in Indonesia, where reliance on foreign direct investment and exposure to profit shifting have posed persistent fiscal and regulatory challenges.

In Indonesia, the implications of the Global Minimum Tax are particularly significant due to the country's position as a major emerging market with an expanding

75



digital economy, large natural resource sectors, and substantial multinational presence across manufacturing, telecommunications, and financial services. Despite improvements in tax administration, Indonesia continues to face substantial revenue leakage from aggressive tax planning. Janský and Palanský (2021) estimate that profit shifting reduces potential corporate income tax revenue by up to 1.6 percent of GDP in developing countries, and Indonesia is consistently categorized among jurisdictions vulnerable to such practices. Multinational enterprises operating in Indonesia frequently structure operations through regional hubs in Singapore or other low tax jurisdictions, leveraging preferential regimes, intellectual property holdings, and finance subsidiaries to reduce Indonesian tax liabilities. Given this context, the implementation of the Global Minimum Tax is expected to limit the benefits of such structures and alter corporate tax strategies fundamentally.

The global trend toward minimum taxation reflects dissatisfaction with fragmented unilateral measures and the limitations of existing rules based on transfer pricing and the arm's length principle. Research by Beer, de Mooij, and Liu (2020) demonstrates that traditional enforcement tools have not been sufficient to counteract profit shifting involving intangible assets, which now constitute the dominant source of value for many multinational firms. The Global Minimum Tax aims to address these structural weaknesses by imposing top-up taxes when profits are taxed below the global minimum in any jurisdiction. This approach changes the incentives that have historically led firms to allocate profits aggressively across low tax jurisdictions and is expected to narrow global tax differentials. For Indonesia, this new regime will influence decisions around investment structures, entity location, profit allocation, and the use of tax incentives such as special economic zones or tax holidays.

Indonesia offers a variety of fiscal incentives intended to attract foreign investors, including tax holidays, tax allowances, and preferential arrangements in specific industries. These incentives have historically been valuable policy tools, especially in promoting capital-intensive sectors such as petrochemicals, mining, and renewable energy. However, the Global Minimum Tax raises questions regarding the future relevance and competitiveness of such incentives. If multinational firms face top-up taxation in their home jurisdictions, the effectiveness of Indonesia's tax incentives may diminish. A study by Clausing (2020) highlights that minimum tax rules significantly reduce the attractiveness of low tax regimes and may compel countries to shift from tax-based incentives to non-tax measures. This suggests that Indonesia must strategically reconsider its incentive framework to remain competitive in attracting investment while preserving its tax base.

Multinational enterprises will likely undergo strategic adjustments in response to the Global Minimum Tax. These adjustments may include restructuring supply chains, altering entity classifications, revising transfer pricing policies, shifting investment locations, and re-evaluating the placement of intangible assets. Research by Devereux, Simmler, and Vella (2020) notes that minimum taxation may reduce the sensitivity of multinational profit-location decisions to tax rates by weakening the benefits of traditional tax planning strategies. This shift is expected to reduce the value of tax arbitrage and compel firms to prioritize business fundamentals, regulatory certainty, infrastructure quality, and market access in investment decisions. For Indonesia, this opens opportunities to compete through improving non-tax fundamentals, but also increases pressure to modernize tax administration and align domestic rules with global standards.

Despite expanding literature on the Global Minimum Tax, substantial research gaps remain regarding the specific implications for multinational tax strategies in

emerging economies. The study titled *Minimum Taxation and MNE Behaviour: Evidence from Early Adoption Countries* by Clausing (2020) focuses primarily on high-income jurisdictions and does not examine the interaction between minimum taxation and domestic incentives in emerging economies. Another study, *Global Tax Reform and Investment Location Choices* by Devereux, Simmler, and Vella (2020), concentrates on theoretical models and simulates global behavioral responses without offering country-specific implications for Indonesia. A third study, *The Changing Landscape of Corporate Tax Incentives under Pillar Two* by Chen & Sun (2024), examines incentive regimes but does not analyze strategic responses of firms in resource-based and digital sectors prevalent in Southeast Asia. These studies highlight a need for context-specific analysis tailored to Indonesia's regulatory framework, economic structure, and multinational investment patterns.

This study introduces novelty by offering an integrated conceptual and policy analysis of how the Global Minimum Tax will reshape multinational tax strategies in Indonesia. Unlike prior research that focuses solely on global frameworks or theoretical implications, this study contextualizes the Global Minimum Tax within Indonesia's domestic tax system, investment incentives, and regulatory landscape. The objective of the research is to analyze how multinational enterprises in Indonesia are likely to adjust their tax planning strategies in response to the Global Minimum Tax and to evaluate the consequences for Indonesia's investment climate, fiscal capacity, and tax policy design.

METHODS

This study employs a mixed conceptual policy analysis combining doctrinal examination of Global Minimum Tax rules with analytical evaluation of multinational behavioral responses from an economic perspective. The methodological foundation draws on two complementary approaches. First, the study uses normative legal analysis to assess the structure, objectives, and implementation mechanisms of the Global Minimum Tax, consistent with doctrinal research principles outlined by Hutchinson (2017). This includes examining OECD Model Rules, the Global Anti-Base Erosion (GloBE) framework, and Indonesia's ongoing alignment efforts through the Ministry of Finance and related regulations. Primary legal sources, including Pillar Two Model Rules and Commentaries, form the core foundation for understanding regulatory objectives and compliance requirements.

Second, the study incorporates comparative and conceptual analysis to evaluate multinational tax strategy responses, consistent with methods described by Devereux and Vella (2021), who emphasize the importance of economic-behavioral analysis in assessing international tax reforms. Comparative evaluation includes reviewing policy responses in peer jurisdictions within the region, such as Malaysia, Singapore, and Vietnam, which are similarly exposed to multinational tax structures and considering how their domestic policies interact with global minimum taxation. This approach enables the study to contextualize Indonesia within broader regional dynamics.

The integration of these two methods allows the research to examine both the normative structure of the Global Minimum Tax and its practical implications for multinational enterprises operating in Indonesia. The narrative methodological framework ensures transparency and conceptual rigor appropriate for policy-oriented tax research.

RESULTS AND DISCUSSION

Strategic Behavioral Adjustments of Multinational Enterprises under the Global Minimum Tax

The adoption of the Global Minimum Tax represents a structural shift in the international tax environment that alters the incentives governing multinational tax planning. Historically, multinational enterprises have optimized global tax positions by allocating profits to jurisdictions offering preferential tax regimes, shifting intangible assets, and leveraging intra-group financing to reduce effective tax rates. The introduction of a coordinated 15 percent minimum effective tax rate significantly reduces the benefits of such strategies, prompting fundamental changes in how multinational firms plan, structure, and execute their tax strategies. Research by Devereux, Simmler, and Vella (2020) indicates that minimum taxation reduces the marginal benefit of profit shifting by narrowing global tax differentials, thereby diminishing incentives to locate intangible assets or intra-group financing arrangements in low-tax jurisdictions. This theoretical expectation aligns with the anticipated behavioral responses of multinational enterprises operating in Indonesia, particularly those with regional headquarters located in Singapore or other preferred tax hubs.

One major area of strategic adjustment involves the use of tax havens and preferential regimes. Prior to the Global Minimum Tax, multinational firms frequently shifted profits through intellectual property holding companies, finance subsidiaries, and other special-purpose entities located in low-tax jurisdictions. Tørsløv, Wier, and Forsyth (2024) demonstrate that more than 35 percent of multinational profits are shifted annually to low-tax jurisdictions, with Singapore and Hong Kong serving as dominant hubs in Asia. However, under the Global Minimum Tax, income allocated to such jurisdictions that is taxed below 15 percent will trigger a top-up tax in the parent company's jurisdiction. This significantly reduces the attractiveness of low-tax structures and compels multinationals to reassess the viability of profit-shifting arrangements. As a result, multinational enterprises may consolidate intellectual property ownership closer to operational jurisdictions or transfer profit-generating activities back to higher-tax markets where real functions and substance exist. For Indonesia, where many multinational groups currently use Singapore-based structures to minimize tax exposure, these shifts may lead to greater alignment between economic activity and tax liabilities.

Another significant area of strategic adjustment concerns tax incentives and preferential treatments offered by host countries. Indonesia has historically relied on tax-based incentives such as tax holidays, tax allowances, and reduced corporate income tax rates in special economic zones to attract foreign direct investment. Yet, under the Global Minimum Tax, multinational enterprises will be required to pay a top-up tax in their home jurisdictions if they benefit from incentives that reduce their effective tax rate below 15 percent. Clausing (2020) note that such incentives will become less effective for multinational firms, as the benefits are neutralized by top-up taxes. Consequently, multinational enterprises may place greater emphasis on non-tax investment factors such as infrastructure reliability, regulatory predictability, political stability, and labor quality. For Indonesia, this shift reduces the competitive value of tax holidays and may necessitate a transition toward non-tax incentives such as targeted subsidies, training support, or investment in logistics and digital infrastructure.

Transfer pricing strategies also require reconsideration under the Global Minimum Tax.

Traditional profit allocation based on the arm's length principle has allowed multinationals to shift income by manipulating transfer prices, particularly for intangible-intensive operations. Research by Beer, de Mooij, and Liu (2020) highlights

that transfer pricing manipulation accounts for up to 40 percent of global profit shifting. However, Pillar Two imposes minimum taxation on profits allocated to low-tax entities regardless of transfer pricing arrangements, thereby limiting the benefit of aggressively shifting margins to low-tax affiliates. Multinational enterprises operating in Indonesia may therefore adopt more conservative transfer pricing policies, aligning profitability with operational substance to avoid triggering top-up taxes. This change may reduce the volume of transfer pricing disputes and create a more level competitive landscape between multinational firms and domestic companies.

A further strategic adjustment relates to supply chain structures and the location of real economic activity. Before the Global Minimum Tax, firms often fragmented production functions to maximize tax efficiency, routing transactions through entities in beneficial jurisdictions. Devereux and Vella (2021) suggest that minimum taxation encourages firms to make supply chain decisions based on operational rather than tax considerations. For firms in Indonesia, this may lead to more substantive investment in domestic operations rather than channeling value-added activities offshore. The reallocation of functions such as procurement, marketing, or research and development to Indonesia may align profits more closely with local economic activity, potentially strengthening the domestic tax base.

Financing decisions represent another strategic dimension impacted by minimum taxation. Intra-group lending and interest deductibility have long been used to shift profits, with firms allocating debt to high-tax jurisdictions to maximize interest deductions. Under the Global Minimum Tax, however, excessive interest deductions that reduce effective tax rates below 15 percent may trigger top-up taxation. Studies by Chen & Sun (2024) show that minimum taxation reduces the advantage of debt shifting strategies and encourages firms to employ more balanced internal financing structures. For multinationals operating in Indonesia, this shift may reduce reliance on intra-group loans routed through regional hubs and contribute to a more neutral and transparent financing environment.

These strategic behavioral changes highlight that the Global Minimum Tax does not merely introduce an additional compliance layer; it fundamentally reshapes multinational incentive structures. Firms must increasingly treat tax planning as part of broader risk management rather than as a profit maximization tool. The shift from tax-driven to substance-driven structures has profound implications for Indonesia's investment climate. It opens opportunities for Indonesia to attract real economic activity but simultaneously pressures the government to modernize investment policies and strengthen administrative capacity to remain competitive under new global rules. As firms reassess their strategies, Indonesia must ensure that regulatory clarity, legal certainty, and economic fundamentals are sufficiently strong to position the country as an attractive jurisdiction in a post-minimum-tax world.

Policy Implications for Indonesia's Tax System, Investment Climate, and Fiscal Capacity under the Global Minimum Tax

The implementation of the Global Minimum Tax creates profound policy implications for Indonesia as both a host jurisdiction for multinational enterprises and a participant in the global tax reform landscape. The policy impact operates along three primary dimensions: the structure of Indonesia's tax incentives, the design of its corporate tax framework, and the capacity of its tax administration to enforce complex new rules. The Global Minimum Tax introduces a coordinated international standard that constrains domestic discretion in offering low-tax incentives and compels governments to redesign investment policies that historically relied on preferential tax

treatments. This shift represents a structural challenge for Indonesia, where tax incentives have played an important role in attracting foreign investment.

Indonesia's corporate tax incentive regime faces significant pressure under the minimum tax framework. Many of Indonesia's existing incentives reduce effective tax rates below the 15 percent threshold, particularly tax holidays in pioneer industries and preferential rates in special economic zones. Under the Global Minimum Tax, these incentives lose much of their attractiveness for large multinational enterprises, as home jurisdictions will impose top-up taxes to reach the 15 percent rate. This phenomenon is well-documented by Clausing (2020), who argue that minimum tax rules undermine traditional tax competition by neutralizing the benefit of low effective tax rates. For Indonesia, the policy challenge lies in redesigning incentive frameworks to remain competitive while ensuring compliance with global rules. Non-tax incentives such as infrastructure investment, workforce training, and regulatory simplification may increasingly become more critical tools for attracting multinational investment.

The Global Minimum Tax also affects Indonesia's broader corporate tax policy framework. Indonesia must adjust its domestic tax rules to accommodate the Global Anti-Base Erosion (GloBE) provisions, including the Income Inclusion Rule and Undertaxed Profit Rule. These adjustments require the development of new administrative systems capable of calculating effective tax rates at the jurisdictional level, identifying low-taxed profits, and applying top-up taxes where necessary. Devereux and Vella (2021) emphasize that implementing minimum taxation requires sophisticated data systems and coordination between tax authorities and multinational enterprises. For Indonesia, strengthening administrative capacity will be essential to ensure accurate assessments and avoid compliance disputes.

The investment climate may undergo both positive and negative transformations. On the one hand, the Global Minimum Tax reduces the emphasis on tax competition, shifting investor focus toward non-tax fundamentals such as infrastructure, labor quality, and regulatory predictability. This shift benefits countries like Indonesia that possess large domestic markets and strategic geographic advantages. Studies by Chen & Sun (2024) suggest that minimum taxation encourages firms to reconsider substance-driven location decisions. For Indonesia, this presents new opportunities to attract real economic activity if structural reforms are implemented effectively. On the other hand, Indonesia risks losing competitiveness if it cannot deliver improvements in non-tax fundamentals or if domestic policies remain fragmented.

Fiscal capacity represents another critical area affected by the Global Minimum Tax. The rule is designed to capture low-taxed profits globally, but the actual revenue benefits for any individual country depend on domestic implementation, coordination with other jurisdictions, and multinational tax behavior. Empirical simulations by Devereux, Simmler, and Vella (2020) suggest that countries with large multinational bases may experience increases in tax revenue as profit shifting becomes less profitable. For Indonesia, the overall fiscal impact will depend on the extent to which multinational firms shift real activity into the country versus restructuring to minimize exposure. Additionally, Indonesia must consider the potential for GloBE rules to reduce corporate tax competition globally, thereby narrowing the advantage of tax incentives the country has historically used. A complex fiscal trade-off therefore emerges between protecting the tax base and maintaining investment attractiveness.

The administrative implications of implementing the Global Minimum Tax cannot be understated. Calculating jurisdictional effective tax rates requires granular data that many developing tax administrations currently lack. The introduction of the minimum tax may therefore strain administrative capacity and increase compliance costs for both

taxpayers and tax authorities. Studies by Janský and Palanský (2021) highlight the importance of strengthening information exchange frameworks and digitalizing tax administration systems to effectively implement new global standards. For Indonesia, investment in administrative modernization will be essential to ensure accurate GloBE computations, timely enforcement, and transparent dispute resolution processes.

In summary, the Global Minimum Tax presents both opportunities and challenges for Indonesia's fiscal policy, investment climate, and administrative capacity. The measure reduces incentives for aggressive tax planning and profit shifting, which may strengthen Indonesia's tax base. However, the policy also requires significant adaptation in domestic incentive structures, corporate tax frameworks, and administrative systems. To benefit from the global tax reform, Indonesia must pursue comprehensive structural reforms that align investment policies with the new tax environment while bolstering administrative capacity to enforce complex global rules.

Strategic Reconfiguration of Indonesia's Investment and Tax Policy in Response to the Global Minimum Tax (with Table)

The implementation of the Global Minimum Tax compels Indonesia to undertake a comprehensive restructuring of its investment policy architecture and domestic tax system. The shift from tax-rate-based competition toward substance-driven and transparency-driven competitiveness requires Indonesia to revisit its fiscal strategy, reconsider the relevance of its current incentive framework, and enhance administrative readiness to operate under the Global Anti-Base Erosion rules. The Global Minimum Tax forces jurisdictions to modernize their policy approaches because multinational enterprises must now evaluate investment decisions based on real economic fundamentals rather than the availability of tax arbitrage. This shift is consistent with broader empirical findings showing that as corporate tax differentials narrow, firms become more sensitive to fundamentals such as infrastructure quality, regulatory stability, and market access (Chen & Sun, 2024). For Indonesia, which has historically relied on a combination of tax incentives and resource-based advantages, the need to elevate structural competitiveness becomes increasingly urgent.

One of the most immediate implications concerns Indonesia's tax incentive regime. Current incentives, including multi-year tax holidays, preferential rates in special economic zones, and accelerated capital allowances, often reduce effective tax rates to levels below the 15 percent global minimum. Under the Global Minimum Tax, these incentives risk becoming ineffective for large multinational enterprises because any tax benefit enjoyed in Indonesia may be neutralized through top-up taxation in the parent jurisdiction. Clausing (2020) explain that this neutralization effect weakens the strategic value of low-rate incentives, thereby encouraging countries to transition toward incentives that reward substantive economic activities rather than reduced tax burdens. As a result, Indonesia must reorient its attract-investment strategy toward non-rate incentives such as targeted grants, research subsidies, workforce-training credits, and infrastructure-linked support, all of which remain compatible with the Global Minimum Tax because they do not lower the jurisdictional effective tax rate.

Regulatory predictability emerges as another factor increasingly shaping multinational investment decisions. Multinational enterprises operating under the Global Minimum Tax framework are more sensitive to compliance risks, interpretative uncertainty, and administrative inconsistencies across jurisdictions. Devereux and Vella (2021) emphasize that in post-minimum-tax environments, legal certainty becomes more influential than statutory tax rates because firms cannot rely on preferential tax regimes to offset regulatory instability. Indonesia has historically struggled with

frequently changing regulations, uneven interpretation, and procedural complexity. These features may hinder Indonesia's ability to attract multinational investment unless addressed through systematic regulatory reform. Enhancing legal clarity, providing binding advance rulings, and strengthening dispute-resolution mechanisms are therefore essential components of Indonesia's broader adaptation strategy.

Indonesia also faces significant administrative challenges in applying the Global Minimum Tax. Accurate jurisdictional effective tax rate calculations require granular income-and-tax data, reconciliation capacities, and high-quality auditing processes. Janský and Palanský (2021) highlight that many emerging economies still lack the digital infrastructure and analytic frameworks necessary to implement complex minimum-tax rules effectively. Without administrative modernization, Indonesia risks inconsistencies in applying top-up tax calculations, which could lead to disputes, noncompliance, or revenue leakage. Strengthening digital tax infrastructures, improving cross-border information exchange, and developing specialized units for GloBE compliance will be crucial for implementing the new rules.

To provide a structured reference for these policy implications, the following analytical table summarizes key policy domains affected by the Global Minimum Tax and outlines the strategic adjustments required for Indonesia. The table synthesizes themes from the academic literature and situates them within Indonesia's domestic context, thereby complementing the narrative analysis.

Table 1. Strategic Policy Areas Affected by the Global Minimum Tax and Required Adjustments in Indonesia

Policy Domain	Current Conditions in Indonesia	Impact of Global Minimum Tax	Required Strategic Adjustment
Tax Incentive Framework	Reliance on tax holidays, allowances, and SEZ incentives	Many incentives become ineffective due to top-up tax mechanisms	Shift toward expenditure-based and non-tax incentives
Regulatory Certainty	Frequent rule changes and inconsistent interpretation	Heightened importance of predictability for MNE compliance	Harmonization of tax rules, advance rulings, clearer guidance
Administrative Capacity	Limited data integration and audit capacity	GloBE compliance requires detailed and jurisdiction-level calculations	Digital infrastructure investment and specialized GloBE units
Investment Attractiveness	Strong domestic market but infrastructure and logistics gaps	Decisions shift toward fundamentals rather than tax regimes	Improve infrastructure, human capital, and ease of doing business
Regional Competitiveness	Competes with Singapore, Malaysia, Vietnam for FDI	Neighbors adopting varied Pillar Two responses	Alignment with regional strategies while leveraging unique advantages

The insights presented in the table illustrate the multidimensional adjustment required for Indonesia to remain competitive and compliant under the Global Minimum Tax. The transition from tax-driven to fundamentals-driven investment strategy places Indonesia in a unique position. On one hand, the country stands to benefit as profit-shifting incentives decline and economic substance becomes more relevant. On the other hand, Indonesia must accelerate reforms in tax policy coherence, infrastructure, regulatory quality, and human capital to maximize these benefits.

Indonesia's fiscal capacity is also affected by the Global Minimum Tax. While the new regime may generate additional revenue by limiting profit shifting, the country must reconcile potential losses from reduced attractiveness of traditional tax incentives. Devereux, Simmler, and Vella (2020) find that jurisdictions with strong real-activity bases gain net fiscal benefits under minimum-tax regimes, whereas those relying heavily on incentive-based tax competition may experience transitional revenue pressures. Indonesia's ability to benefit from the Global Minimum Tax therefore depends on how effectively it can attract substantive investments, enforce GloBE rules, and redesign incentives.

Overall, the strategic reconfiguration of Indonesia's investment and tax policies under the Global Minimum Tax provides both challenges and opportunities. Indonesia must implement coherent reforms aimed at enhancing institutional quality, deepening administrative capacity, and shifting competitiveness toward non-tax fundamentals. If these adjustments are implemented effectively, Indonesia can secure a stronger fiscal position and a more sustainable investment environment in the emerging global tax order.

CONCLUSIONS

The introduction of the Global Minimum Tax represents a transformative moment in global taxation with deep implications for multinational enterprises and host countries such as Indonesia. The analysis across the three discussions illustrates that the Global Minimum Tax reshapes multinational tax strategies by reducing reliance on tax arbitrage, decreasing the benefits of profit shifting, and encouraging alignment between substantive economic activities and taxation. For Indonesia, these global shifts create both opportunities and challenges. The country may benefit from reduced revenue leakage as aggressive tax planning becomes less profitable, but at the same time must rationalize its incentive framework, enhance regulatory clarity, and build administrative capacity to implement complex GloBE rules.

The study highlights that sustaining competitiveness in a post-minimum-tax world demands structural reform that goes beyond tax incentives. Indonesia must increasingly rely on economic fundamentals such as infrastructure development, human capital quality, and regulatory predictability to attract foreign investment. The broader implication is that tax policy and industrial policy must become more integrated and forward-looking. The Global Minimum Tax therefore serves as both a catalyst for policy modernization and a mechanism for promoting more equitable international taxation. Indonesia's success in adapting to these changes will determine its ability to secure long-term fiscal resilience and maintain competitiveness within the evolving global tax architecture.

REFERENCE

- Avi-Yonah, R. S. (2020). The international tax system after BEPS. *Bulletin for International Taxation*, 74(1), 1–12.
- Beer, S., de Mooij, R., & Liu, L. (2020). International corporate tax avoidance: A review of the channels, magnitudes, and blind spots. *Journal of Economic Surveys*, 34(3), 660–688.
- Büttner, T., & Thiemann, M. (2022). Minimum taxation and the future of tax competition. *Journal of European Public Policy*, 29(8), 1275–1295.
- Chen, X., & Sun, R. (2024). The Global Minimum Tax, Investment Incentives and Asymmetric Tax Competition. *arXiv preprint arXiv:2409.05397*.
- Chen, X., & Sun, R. (2024). The Global Minimum Tax, Investment Incentives and Asymmetric Tax Competition. *arXiv preprint arXiv:2409.05397*.
- Clausing, K. (2020). Taxing multinational companies in the 21st Century. *Tackling the tax code: Efficient and equitable ways to raise revenue*, 237–283.
- Cobham, A., & Janský, P. (2019). Global distribution of corporate tax revenue losses. *Journal of International Development*, 31(2), 110–125.
- Devereux, M. P., & Vella, J. (2021). Pillar Two and the future of international corporate taxation. *British Tax Review*, 3, 321–345.
- Devereux, M. P., Simmler, M., & Vella, J. (2024). Tax Policy, Investment, and Profit Shifting. Oxford University Centre for Business Taxation Working Paper, 20(12), 1–45.
- Forsyth, S. M. (2024). *Taxation, sovereignty and just cooperation: realizing a model for distributive justice in global tax governance* (Doctoral dissertation, University of Glasgow).
- Han, G. The Interplay between Trust and Legitimacy in Economic Globalization: Exploring Relations between Intergovernmental Networks and State Regulations in Governing Uncertain Economic Transactions. *Available at SSRN 5674648*.
- Hugger, F., Cabral, A. C. G., Bucci, M., Gesualdo, M., & O'Reilly, P. (2024). The Global Minimum Tax and the taxation of MNE profit. Documents de travail de l'OCDE sur la fiscalité.
- Hutchinson, T. (2017). Doctrinal legal research: Meaning and significance. *Law and Method*, 6, 1–18.
- Janský, P., & Palanský, M. (2021). Profit shifting and tax revenue losses in developing countries: New evidence using global firm-level data. *International Tax and Public Finance*, 28(6), 1423–1457.
- Johannesen, N. (2024). Offshore tax evasion in developing countries. Evidence and policy.
- Mattiassich, E., & Szóka, K. (2023). Impact of the introduction of a global minimum tax.
- OECD. (2021). Tax Challenges Arising from the Digitalisation of the Economy: Global Anti-Base Erosion Model Rules (Pillar Two). OECD Publishing.
- Tørsløv, T., Wier, L., & Zucman, G. (2022). The missing profits of nations: Updated estimates. *Review of Economic Studies*, 89(4), 1845–1885.
- UNCTAD. (2022). World Investment Report 2022: International Tax Reforms and Sustainable Investment. United Nations.
- Yahaya, M. B., Oon, E. Y. N., & Jusoh, R. (2025). Board structure, executive attributes and corporate tax avoidance: a systematic literature review. *Asian Review of Accounting*.