Priviet Social Sciences Journal

P-ISSN: 2798-866X & E-ISSN: 2798-6314

available at http: www.privietlab.org

Priviet Social Sciences Journal, 2022, 2(2), 1-4

Reviews of Tax Planning in Indonesia: The Implementation & Analytical Approach

Nendi Juhandi[1*] & Syarifuddin Lakasse[2]

[1]Management Department, Kusuma Negara Business School, Jakarta, Indonesia
[2]Accounting Department, STIE YPUP Makassar, Indonesia
*Corresponding Author: nendi@stie-kusumanegara.ac.id

Received: 10 July 2022 **Accepted:** 02 September 2022 **DOI:** https://doi.org/10.55942/pssj.v2i2.167

ABSTRACT

The Indonesian government to meet its expenditure needs, requires a definite source of funds every year. Sources of funds for the Indonesian government, among others, are obtained through non-tax revenues and tax revenues. The calculation of income tax in the year for taxpayers is based on the financial statements. Fiscal profit or loss is prepared based on commercial profit or loss which has been adjusted to tax regulations through reconciliation, the reconciliation will result in fiscal improvement. The use of the selection method for calculating income tax article 21 for employees can be one of the applications of taxation methods permitted by the Directorate General of Taxes which can be useful in saving from the tax burden borne by the company. The Company recognizes deferred tax assets only to the extent that it is probable that sufficient taxable profit will be available so that the deductible temporary differences can be utilized (PSAK No. 46, par. 24), or if sufficient taxable profit will be available to compensate the balance. Compensable fiscal loss.

Keywords: Tax Planning, Fiscal, Tax Method, Reconciliation, Financial Statement.

1. INTRODUCTION

Taxes are the largest state revenue, even from year to year the amount of state revenue from taxation in the APBN always increases, for example, it is proven, taken for example the 2013 APBN, in domestic revenue of 77.55% comes from taxes. Therefore, tax is a potential and important thing for state revenue (Juhandi & Fahlevi, 2018). The provisions have been reformed through several changes to the national tax system. The tax collection system adopted by Indonesia is a tax collection system that authorizes taxpayers to determine the amount of tax payable (Jamilah et al., 2020). In addition, taxpayers who are reported regularly report the amount of tax that has been determined in accordance with the provisions of the applicable laws and regulations. For the State, taxes are an important source of revenue to finance expenditures, both in the form of routine expenditures and development expenditures. The government also uses taxes as a monetary policy tool. For companies or business actors, taxes are a burden that affects net income. Either the company's turnover or net profit is one of the tax objects for which the amount of tax will be calculated and then deposited to the State. Changes after changes in tax regulations require taxpayers, both individuals and business entities, to always follow any changes in tax regulations.

The Indonesian government to meet its expenditure needs, requires a definite source of funds every year. Sources of funds for the Indonesian government, among others, are obtained through non-tax revenues and tax revenues. The calculation of income tax in the year for taxpayers is based on the financial statements. Fiscal profit or loss is prepared based on commercial profit or loss which has been adjusted to tax regulations through reconciliation, the reconciliation will result in fiscal improvement. In the financial statements of a company there is usually an increase in taxes that occurs due to differences in the recognition of income and expenses according to the Directorate General of Taxes. Simply put, there are revenues and expenses that are recognized as revenues and expenses by the company but not recognized by the Directorate General of Taxes. There are two kinds of fiscal adjustments, namely: positive fiscal adjustments and negative fiscal adjustments in accordance with Law 36 of 2008. The calculation according to accounting or profit and loss known as commercial financial statements. In general, the report fully refers to SAK.

According to Waluyo (2011: 17), the tax collection system consists of three, namely the official assessment system, the self-assessment system, and the withholding system. These three systems have different characteristics from one another. The official assessment system is a tax collection system that authorizes the government (fiskus) to determine the amount of tax payable. Self assessment system is a tax collection system that gives authority, trust, and responsibility to taxpayers to calculate, calculate, pay, and self-report the amount of tax that must be paid. Withholding system is a tax collection system that authorizes third parties to withhold or collect the amount of tax owed by the taxpayer. Income Tax (PPh) Article 21 is one of the taxes that are most often directly related to the community, especially employees. PPh article 21 is a tax on income in the form of salaries, wages, honoraria, allowances, and other payments in any name and in any form in connection with work or position, services, and activities carried out by individuals. In many companies, employee income tax article 21 is borne by the company. This method is called the Net Method. Companies that use this method will be exposed to a positive fiscal correction, due to the difference in fiscal costs and commercial costs.

Euphemism in Tax

According to Erly Suandy (2011), efforts to minimize taxes by euphemism are often referred to as tax planning or tax sheltering. Generally, tax planning refers to the process of engineering taxpayers' businesses and transactions so that tax debts are in a minimal amount but are still within the framework of tax regulations, but tax planning can also have a positive connotation as a complete, correct and timely fulfillment of tax obligations so as to avoid waste of resources. Tax planning is the first step in tax management. The purpose of tax management can be divided into two, namely: applying tax regulations correctly and efficiency efforts to achieve proper profit and liquidity. At the tax planning stage, collection and research on tax regulations is carried out in order to select the type of austerity action to be taken. In general, the emphasis on tax planning is to minimize tax liability. Minimizing tax obligations can be done in various ways, both those that still meet tax provisions (lawful) and those that violate tax regulations (unlawful). The terms that are often used are tax avoidance (tax avoidance) and tax evasion (tax smuggling) (Suandy, 2011). To be able to save on taxes, especially individual and corporate income taxes, it can be done by planning taxes on costs related to welfare for employees, among others through the provision of income to employees. Previous research, states that the tax planning of income tax article 21 for employees has a significant influence in minimizing the company's tax burden (PPh article 25), where the implementation of tax planning has the potential to increase company profits without harming the income received by the employee.

Income tax (PPh) is a tax levied on a tax subject on the income earned by the subject of the tax collected, which can be in the form of an individual subject or a business entity. In practice, the tax collected in Indonesia adheres to a self-assessment system that allows taxpayers to be responsible for the amount of tax owed. Taxpayers determine the amount of tax payable by themselves by multiplying the rate with the tax base, then calculating how much tax has been paid in the current year known as a tax credit, which will result in underpaid or overpaid taxes or nil. One of the regulations that support Law No. 36 of

Tax Planning

Tax planning can be done as a whole, there are all aspects of taxation on a taxpayer, but it can also be done on some types of taxes. As is the case in this research, namely tax planning for income provided by the employer or what is known as article 21 income tax. Article 21 income tax planning by utilizing tax regulations is carried out with the assumption that employee income taxes are paid by the company. In accordance with the current economic policy in Indonesia, namely increasing income or income for the state from the tax sector, various regulations and provisions, both changes from old regulations and the emergence of new regulations have been issued to trigger income from the tax sector for the government. One of the biggest contributors to tax revenue is income tax, because in addition to income tax, it is state income that is obtained regularly and income tax is also the largest source of income.

The system used by employers, companies and activity organizers in making income payments for their employees depends on the policies of each institution. Will it be borne by the employer or will it be in the form of allowances, which of course will be adjusted to the means of tax management, namely savings in income tax where the regulation on income tax is aimed at components consisting of: income, expenses that may be deducted according to tax regulations and tariffs tax. The company performs the procedures for calculating, withholding, and depositing income tax on employees correctly, which will prevent the company from being examined or sanctioned that is wasteful. The income tax burden of 21 employees will affect the company's profit. The greater the tax burden originating from PPh 21 on employees, the company's profit will be smaller. There are four alternative methods for calculating Income Tax Article 21 on employee income. namely 1) PPh article 21 is borne by the employee. 2) Income tax article 21 is borne by the employer. 3) PPh article 21 is given in the form of tax allowances, and 4). Income tax article 21 is grossed up.

The use of the selection method for calculating income tax article 21 for employees can be one of the applications of taxation methods permitted by the Directorate General of Taxes which can be useful in saving from the tax burden borne by the company. Research by Stefanny (2008) concluded that there is a significant difference between the amount of Income Tax Article 21 payable according to the PPh Law No. 17 of 2000 and the PPh Law No. 36 of 2008. Based on the analysis of alternative policies, it is concluded that it is more profitable to use the PPh Article 21 policy in the gross-up for the PPh Law No. 17 of 2000 and the PPh Article 21 policy that is supported by the company for the PPh Law No. 36 of 2008. This is because the company can charge tax allowances provided as an element of the burden and the allowance is subject to PPh article 21, while Hendra Arifianto (2009) concluded that tax planning is proven to be able to minimize the amount of tax payable through the application of the method of calculating PPh article 21 given in the form of employee tax benefits

Recording System Company

In the business world, every company needs a recording system that records and records all company activities in a neat and orderly manner. In general, the system for recording the activities of a business is called accounting, which is an information system that produces reports to interested parties regarding the economic activities and conditions of the company. Thus, company leaders and interested parties can take various alternative policies for the survival of the company. Usually, an accounting system begins with recording the documents of a transaction. These documents are recorded in daily journals to finally produce a balance sheet and income statement. Based on the balance sheet and income statement, company leaders can analyze and find out how far the progress of the company they lead. Based on PSAK 1 (revised 2013), the purpose of financial statements is to provide information about the financial position, performance, and cash flows of the company that is useful for the majority of report users in order to make economic decisions. This shows that how companies present financial statements greatly influence the decisions of stakeholders.

In Indonesia, taxes cannot be separated from business activities. In other words, taxes and business affect each other. Like the business world, the tax world also requires some taxpayers to carry out a system for recording a business activity. In taxes, the recording system is better known as bookkeeping. Bookkeeping that is arranged neatly and regularly can produce information regarding taxes payable on the total number of tax objects received, obtained, submitted and carried out during a certain tax period (monthly/annually). Thus, bookkeeping or accounting can make it easier for taxpayers to carry out their tax rights and obligations, among others, making it easier for taxpayers to fill out Periodic and Annual Tax Returns, simplifying the calculation of the amount of Taxable Income (Basic Tax Imposition for VAT) and providing information about the financial position and business results to be analyzed by company policy makers.

In the current period an entity must have made a financial report which includes an income statement containing income, costs and profit and loss, all income and expenses incurred in the company need to be reported all so that in calculating the income tax it is necessary to make a correction that cannot be included. in the calculation of corporate income tax. The corrections made are called fiscal corrections. Taxes do not specifically regulate the method or flow of preparing a financial report. Therefore, taxpayers can follow the flow of preparation of financial statements contained in commercial accounting.

Financial Statement for Tax Purpose

In general, financial statements start from recording basic documents that occur in a transaction into a diary or daily journal. Then, the daily journal is entered (posted) into the general ledger. At the end of the period, a trial balance is prepared from the general ledger before adjustments. By adjusting for the actual situation at the end of the year and closing entries, a trial balance is prepared after the adjustment. From the trial balance after the adjustment, a commercial financial statement is obtained. Because there are some differences between commercial and tax, for tax purposes, commercial financial statements are adjusted to the applicable tax provisions to obtain a fiscal financial report. Adjustment of commercial financial statements with tax provisions is better known as fiscal reconciliation.

Income tax accounting in Indonesia is regulated in PSAK 46 which was last revised in 2013. The PSAK adopted IAS 12 Income Tax. PSAK 46 aims to regulate the accounting treatment of income tax. There is a difference in treatment between accounting and taxation standards, which causes differences in accounting profit and fiscal profit. The difference in principle causes a difference between accounting profit and fiscal profit. This difference can be temporary or permanent. Temporary differences between accounting profit and taxable profit result in deferred tax, while permanent differences will not result in deferred tax. Temporary differences arise due to differences in the timing of the recognition of income and expenses which are temporary. The difference between tax expense and tax payable will be recognized as deferred tax, both as a deferred tax asset and a deferred tax liability.

According to Endang Kiswara (2007:78), deferred tax assets occur when accounting profit is smaller than fiscal profit due to temporary differences. The smaller accounting profit than the taxable profit causes the company to postpone the tax payable in future periods. However, if it is not possible for sufficient taxable profit to be available against which the carrying amount of tax losses can be compensated or if it is possible to realize future tax benefits with a profitability of less than 50 percent, deferred tax assets are not recognized and the company will record an asset reserve. deferred tax. On the other hand, deferred tax liability occurs when the accounting profit is greater than the taxable profit due to temporary differences.

Income tax in the income statement is presented at the expense calculated according to the accounting profit and loss calculation. Therefore, when income tax expense is presented in the balance sheet, a deferred income tax account (deferred tax asset or liability) is required which can accommodate the tax difference due to the time difference between accounting and tax bookkeeping in recognizing income and expenses (Kiswara, 2009). If the balance of the deferred tax account is on the left side of the balance sheet (the debit side), a deferred tax asset component will arise. Meanwhile, if the deferred tax account balance is on the right side of the balance sheet (credit side), a deferred tax liability component will arise.

2. CONCLUSIONS

Through the application of the asset liability approach, PSAK No. 46 ending the previous accounting and financial reporting practices regarding income tax expense in the income statement that is not in accordance with tax regulations and the recognition of its consequences in an unbalanced balance sheet (Harnanto, 2003). What is meant by unbalanced recognition here is the presentation of income tax expense in the income statement in the estimated amount and then presenting the consequences in the balance sheet as an estimated income tax payable (only one side-liability or income tax payable). The Company recognizes deferred tax assets only to the extent that it is probable that sufficient taxable profit will be available so that the deductible temporary differences can be utilized (PSAK No. 46, par. 24), or if sufficient taxable profit will be available to compensate the balance. Compensable fiscal loss.

REFERENCES

Ikatan Akuntan Indonesia, 2009. Standar Akuntansi Keuangan, Salemba Empat, Jakarta.

Ikatan Penerbit Indonesia. 2013. Himpunan Peraturan Perundang-Undangan Undang-Undang No.7 tahun 1983 tentang Pajak Penghasilan sebagaimana diubah terakhir dengan Undang-Undang No.36 tahun 2008 tentang Perubahan Keempat Atas UU No.7 tahun 1983 tentang Pajak Penghasilan. Fokusmedia, Bandung.

Juhandi, N., & Fahlevi, M. (2019). Tax policy and fiscal consolidation on corporate income tax. Journal of Business, Management, & Accounting, 1(1).

Keputusan Direktorat Jenderal Pajak Nomor KEP.220/PJ/2002 tanggal 18 April 2002

Pemerintah Republik Indonesia. 2000. Undang – Undang Republik Indonesia Nomor 16 tahun 2000 tentang Ketentuan Umum Perpajakan.

Pemerintah Republik Indonesia. 2000. Undang – Undang Republik Indonesia Nomor 17 tahun 2000 tentang Pajak Penghasilan, Dinas Perpajakan, Jakarta.

Pemerintah Republik Indonesia. 2008. Undang – Undang Republik Indonesia Nomor 36 tahun 2008 tentang Pajak Penghasilan, Dinas Perpajakan, Jakarta.

Peraturan Direktur Jenderal Pajak Nomor : 252/PMK.03/2008 Tentang Petunjuk Pelaksanaan Pemotongan Pajak atas Penghasilan sehubungan dengan pekerjaan, jasa dan kegiatan orang pribadi.

Peraturan Direktur Jenderal Pajak Nomor : PER-31/PJ/2009 Tentang Pedoman Teknis Tata Cara Pemotongan, Penyetoran dan Pelaporan Pajak Penghasilan Pasal 21 dan/atau Pajak Penghasilan Pasal 26 sehubungan dengan pekerjaan, jasa dan kegiatan orang pribadi.

Suandy, Erly, 2011. Perpajakan. Salemba Empat, Jakarta, 2002

Waluyo. 2011. Perpajakan Indonesia. Jakarta: Salemba Empat