COMPARATIVE ANALYSIS OF TAX PLANNING IMPLEMENTATION TO INCOME TAX PAYMENT ON COMPANY X

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ABSTRACT

This study aimed to analyze how tax planning make the company's tax liabilities getting smaller. This tax planning showed by deductible expenses which related to 23 article of income tax. Samples were taken by using purposive sampling method. The sample used is a company engaged in trading sectors and has gross income over Rp 4.800.000.000 per year. Paired T-Test model used in this study as a model of data analysis. The results by financial and statistics showed that tax planning showed by deductible expenses make the company's tax liabilities getting smaller.

Keywords : Tax Planning, Deductible Expense, 23 Article of Income Tax, Tax Liabilities

Introduction

At the moment, the largest contribution to state revenues comes from taxes. Tax is inevitable, because in essence the tax has been attached when a person is born. Tax contribute to 80% of the source of state revenues, reflected in the State Budget (APBN). Taxes received by the state are used for the public interest, such as building government or common infrastructure for the fulfillment needs of society and supporting the development of government that will help the country growth. In the Law of General Provisions and Procedures of Taxation (UU KUP) no. 16 of 2009 states that tax is a compulsory contribution to a country that is owed by an individual or a coercive entity under the law by not obtaining direct rewards and used for state purposes for the greatest prosperity of the people, which means taxes are indebted to the state to be paid by the taxpayer.

Taxes comes from the income of an Individual Taxpayer or Entity (Corporate, Firm, Organization), may also comes from transactions (VAT, VAT and PPnBM, Import) and may also comes from the ownership of an asset or property of a person (Land & Building Tax, Vehicle tax). The more taxes been paid to the country, it will boost the income of that country. Currently, many taxpayers who feel burdened if they have to pay large amounts of taxes. Many taxpayers also try to avoid large tax payments. This is a problem that Indonesia is facing in taxation, which the target of tax revenue has not achieved as planned. Tax avoidance has a fatal risk if one day the tax officer discovered through a tax audit. The basic for determining the tax payable to an individual person is a net income whereas for the entity is the net profit from the transaction. The greater the income, the greater the amount of tax payable to be paid. For taxpayers who cheat on the payment of taxes will be subjected to sanctions in the form of administrative penalties, interest, or increase payment of the amount of tax payable by 100% or even punished by law. To avoid tax sanctions due to fraud in paying taxes, there are ways to minimize the appropriate tax payments and remain within the regulation of tax and tax laws rather than tempering the company's financial statements.

Tax planning is the first step in tax management. At this stage, company has to do collection and research of the taxation regulations in order to select the types of tax saving measures to be performed, aimed at minimizing tax obligations. (Suandy, 2003). According to Sahilatua and Noviari in Noor et al. (2013), most companies do tax planning in order to reduce their income tax because they feel a huge income tax burden will reduce their profits.

Based on the existing issue then this study is intended to determine whether implementation of tax planning reduce the payment of Income Tax Agency at PT X.

LITERATURE REVIEW

TAX MANAGEMENT

Tax management is an effort made to save taxes legally. According to Lumbantoruan (1996), tax management is a way to fulfill tax obligations correctly but the amount of tax paid can be kept as low as possible to obtain expected profit and liquidity. The objectives of tax management are applying tax laws correctly, efficiency efforts to achieve profit and liquidity should be.

The objectives of tax management above can be achieved through the functions of tax management consisting of:

1. Tax Planning
   Tax planning is the first step in tax management. At this stage company must collect and research variuos tax regulations in order to selected type of tax saving measures that will be done. Generally, the emphasis of tax planning is to maximize tax liability. However, if the purpose of tax planning is to make the tax burden to be kept as low as possible by utilizing the existing rules but different from the lawmakers' objectives, the tax planning here is the same as the tax avoidance because the economic essentially both seek to maximize After tax return because the tax is a deduction element of the available profit either to be distributed to shareholders or to be reinvested.

2. Tax Implementation
   This stage can be done if the tax planning stage has been done by knowing the factors that will be utilized to make tax savings. At this stage, the implementation by formal and material and must be ensured that the implementation of tax obligations has met the applicable tax laws. Tax management is not intended to violate regulations and if in practice deviates from the applicable regulations, then the practice has deviated from the objectives of tax management. Two things that have to be understood and implemented in order to achieve tax management objectives are:
   a. The provisions of the tax regulations
      By studying tax regulations such as law, Presidential Decree, Decree of the Minister of Finance, Decree of Directorate General of Taxes, and Circular Letter of Directorate General of Taxes it can help to understood opportunities that can be utilized to save tax burden.
   b. Make an eligible financial report
      Financial report is a very important tool in presenting corporate financial information presented in the form of financial statements and the basis for calculating the amount of tax payable.
3. Tax Control
   Tax control aims to ensure that tax liabilities have been carried out in accordance with the plans and have met both formal and material requirements. In this case, what matters is the examination of tax payments.

TAX PLANNING

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The motivation underlying the conduct of a tax planning generally comes from three elements of taxation are:

1. Tax Policy, which is an alternative to the various targets to be targeted in the tax system. Factors that encourage the conduct of a tax planning are what taxes will be collected, who will be subjected to taxes, what are the objects of taxation, how much the tax rate, and how the procedure.

2. Tax Law, in implementing the tax law is always followed by other provisions such as Government Regulation, Presidential Decree, Decree of Minister of Finance, and Decision of Directorate General of Taxation. However, not infrequently these provisions contradict the tax laws themselves to achieve other objectives of policymakers. So this gap can be used taxpayer for good tax planning.

3. Tax Administration, this arises because Indonesia as a developing country is still experiencing difficulties in carrying out its tax administration adequately. This is what encourages the company to carry out tax planning well in order to avoid administrative and criminal sanctions because there is a difference of interpretation between the apparatus tax authorities with the taxpayers due to the extent of applicable tax laws.

PHASE IN MAKING TAX PLANNING

In order for the tax planning to succeed according to expectations, the plan should take into account the following stages:

1. Analyzing existing database
2. Design of one or more possible tax plans
3. Evaluating a tax plan
4. Debugging the tax plan
5. Updating the tax plan

COSTS IN INCOME TAX PAYABLE

Costs incurred in the income statement of a company some that may be deemed to be recognized as a deductible expense and some may not be recognized as non-deductible expenses. In accordance with the laws and regulations of taxation in the Law of Income Tax No. 36 of 2008, referred to as Income Tax Law no. 36 Year 2008.

Rate PPh BADAN

In Law Number 36 of 2008, income is defined as any additional economic ability received or obtained by a taxpayer, whether originating from Indonesia or from outside Indonesia, which may be used for consumption or to increase the property of the taxpayer concerned, by name and in any form. Income related in this case is income earned from a corporate. The bigger income earned, the greater the taxes have to be paid. The income on which the tax rates are based is net income:

$$\boxed{\text{Net Income} = \text{Net Sales} - \text{Gross Profit} - \text{Operational Cost} + \text{Other income} - \text{Loss Compensation}}$$

The applicable fare is in accordance with Government Regulation (PP) No. 46 of 2013 or commonly referred to as PP 46 which renew the taxpayer rate of the agency by:

Tabel 1.1
Fare Tax Income PP No 46 year 2013

The use of costs that associated with PPh 23 can be illustrated through the table below:

Omzet	Facility (fare deduction)	Fare
Rp 0 – 4.800.000.000	-	1% (Final Tax)
> Rp 4.800.000.000 – 50.000.000.000	Half Facility	25% dan 12.5%
> Rp 50.000.000.000	No Facility	25%

Tabel 1.2
Acknowledgment of Fee if the cost was deducted

(in Rupiah)

Name	Commercial	Fiscal Correction	Fiscal
Total Sales	94.454.637.860		94.454.637.860
Total Cost of Goods Sold	(78.906.986.949)		(78.906.986.949)
Gross Profit	15.547.650.911		15.547.650.911
Total Operational Cost	(11.586.574.814)	468.047.435	(11.118.527.379)
Profit After Operating Cost	3.961.076.097	(468.047.435)	4.429.123.532
Total Revenue & Other Charges	86.469.222	28.885.889	57.583.333
Net Profit	4.047.545.319	(439.161.546)	4.486.706.865

From table 1.2 can be calculated if the company does a tax deduction against the transaction counterparty, then the fee may be recognized and not corrected, then the tax payable PT X can be calculated as follows: PPh 29 = 25% x Rp 4.486.706.865 = Rp 1.121.676.716

Tabel 1.3
Acknowledgment of Fee if the cost was not deducted

Name	Commercial	Fiscal Correction	Fiscal
Total Sales	94.454.637.860		94.454.637.860
Total Cost of Goods Sold	(78.906.986.949)		(78.906.986.949)
Gross Profit	15.547.650.911		15.547.650.911
Total Operational Cost	(11.586.574.814)	598.270.185	(10.988.304.620)
Profit After Operating Cost	3.961.076.097	(598.270.185)	4.559.346.290
Total Revenue & Other Charges	86.469.222	28.885.889	57.583.333
Net Profit	4.047.545.319	(569.384.296)	4.616.929.623

From table 1.3 it can be seen that there is a change in net profit if PT X does not deducted the cost, therefore the cost must be corrected. So corporate profits will be increase and that leads to increasing tax payable (PPh 29). This can be proven through the following calculations:

PPh 29 = 25% x Rp 4.616.929.623 = Rp 1.154.232.406

In accordance the calculation of the cost deduction assumptions, there will be a net profit difference and the payment of tax payable (PPh 29) from PT X which is stated in the table below:

Tabel 1.4
Difference in Net Income and PPh 29

	With Deduction	Without Deduction	Difference
Net Income	Rp 4.486.706.865	Rp 4.616.929.623	Rp 130.222.758
PPh 29	Rp 1.121.676.716	Rp 1.154.232.406	Rp 32.555.690

Based on table 1.4 above, it can be concluded in the financial description, from the payment of tax payable (PPh 29) the company is more benefited by deducting Income Tax article 23 (PPh 23) on second-party services because the amount of PPh 29 to be paid by doing cost deduction is less than the amount of PPh 29 to be paid without deducting the income of the service provider.

RESEARCH METHODS

This research uses explanatory research-quantitative research type using Paired T-Test or different test method, that is statistic method to test two difference of paired average between two samples. Since the observations in both samples are related and pairwise, these two samples can be considered as one sample. (Hartono, 2011).

According to Kurniawan in Santoso (2009) it is said that the purpose of two paired sample test is to test two paired samples, whether they have a significantly different average or not. Two paired samples were a sample of the same subject, but underwent two different treatments or measurements.

DISCUSSION

In this study the indicator used for tax planning is the estimated cost on Income Tax (PPh) Article 23. Acknowledgment of fees for use the services related to Article 23 Income Tax will affect the amount of income tax payable. The more costs associated with PPh 23 will increase the amount of costs incurred that will affect the company's net income, so it will also affect the amount of tax payments. It can be seen that the costs associated with PPh 23 can be used as an indicator in tax planning, because there is already a tax planning in front (before the transaction is done).

Research conducted by Silitonga in Manado (2013) says that tax planning on corporate income affects if the tax planning is applied by the company. Efficiency to the Income Tax of the Entity can be made by utilizing the development and education of human resources, make special post for pension allowance, cellular phone purchase cost and charging pulse related to job title and facility of corporate car whose maintenance cost can be deducted tax.

Research conducted by Sahilatua and Noviari in Bali (2013) says that by applying the method Gross Up will provide savings compared to the application of other alternatives. Applying the Gross up method on the calculation of Income Tax Article 21 employee, the addition of salary burden on the company does not become a burden for the company because this increase will decrease profit before tax, so that corporate income tax will decrease.

Research conducted by Aryanti and Hananto (2013) said that by doing tax planning in terms of cost can bring benefit to the company, but in this research, the company has not optimize the tax planning, it can be seen from the burdens that should be used as a deduction of gross income.

While in research conducted by Muaja, Sondakh, and Tangkuman (2015) said that PT. Elsadai Servo Cons has implemented tax planning with two strategies: education & development human resources department and provision of benefit are succeeded in reducing the taxes.

CONCLUSSION

Based on the results of research on comparative analysis of the implementation of tax planning on corporate income tax payment at PT X can be concluded that there are differences in the recognition of costs due to the tax planning. If the tax planning is done through the expenses incurred by PT X related to Income Tax article 23 (PPh 23) which is the cost of advertising and catering costs, these costs may be recognized as an expense that will affect the amount of higher fiscal costs, So that it will affect the amount of tax payable that will be seen from the decreasing amount of net income.

Conversely, if company doesn’t do tax planning method through advertising costs and catering costs then the cost should not be recognized as an expense so that the cost must be corrected. Correction to these costs will have an impact on the recognition of the smaller amount of costs so that the amount of tax payable will increase which can be seen from the net profit generated by PT X.

LIMITATIONS AND SUGGESTIONS

In this study the authors find some limitations as follows:

1. In the case of income statement data on PT X there are only two kinds of related costs in the Income Tax article 23 (PPh 23) that is only the cost of advertising and catering costs that both costs are included in the income tax on services.
2. The sample or object of research that the author takes is a trading company, so other costs associated with Income Tax article 23 (PPh 23) is lacking.
3. Difficult to obtain the company's income statement for research because not all income statements of the company can be disclosed freely, because the income statement is included in the financial statements that are confidential to the company concerned

Suggestions that can be given to the author of the other party is as follows:

1. The next researcher
   For future researchers can use companies engaged in other sectors, for example manufacturing and industrial companies that may be more use of services from other parties or there are some costs incurred more
2. Other companies
   For other companies that have not implemented tax planning, can apply it as a reference to reduce taxes that are too high because tax planning is allowed according to tax laws and is a legal way to avoid high tax payments

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