

# Preparing and Reporting Income Tax

Anjelina<sup>a\*</sup>, Kisah Naomi Claudia Sitorus<sup>b</sup>

<sup>a</sup>*Jurusan Manajemen Bisnis, Politeknik Negeri Batam, anjelina@polibatam.ac.id, Indonesia*

<sup>b</sup>*Jurusan Manajemen Bisnis, Politeknik Negeri Batam, naomikisahsitorus@gmail.com, Indonesia*

**Abstract.** The purpose of the study is to know and understand the preparation, paying, and reporting of Income Tax Article 23 on the use of services. The survey results revealed that the withholding and tax calculations performed by sample company has been in accordance with provisions contained in UU No. 36 of 2008 and Peraturan Menteri Keuangan Republik Indonesia Nomor 141/PMK.03/2015, but there is a difference between the period of preparation withholding tax (PPh) and payment transactions of the company. There is a difference that occurs due to inaccuracy withholding taxes. This led to a tax credit or the amount of tax payments paid a period is greater than the amount that should have been by company.

**Keywords:** withholding tax, errors tax preparation

## Introduction

Indonesia is a country based on the 1945 law that uphold the rights and obligations of each person. Tax is a form of community participation in supporting the development and economy in Indonesia, thus increasing the awareness and sense of responsibility to society. In conducting the development and economy of Indonesia, would require huge funds, these funds come from the state budget and regional budget, which are largely sourced from tax revenue. It is clear that the tax has an important role in the life of the state, especially in the implementation of development because the tax itself is a source of state revenue to finance all expenses including construction spending and the economy.

Based on Law No. 36 of 2008 consisted of income tax Income Tax Article 21, Article 22, Article 23, Article 24, Article 25 and Article 26. According to Resmi (2014), Income Tax Article 23, hereinafter referred to article 23, is a tax withheld on income received or accrued by the taxpayer in the country (individual or entity), and the permanent establishment coming from the capital, the delivery of services, or carrying out activities other than those already withholding income tax article 21. Tax article 23 is paid or payable by government agency or subject to

tax in the country, organizers of events, a permanent establishment, or a representative of an overseas company. The government's policy in regulating article 23 is the latest in 2015 with the implementation of Regulation of the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015 on other types of services as referred to in Article 23 paragraph (1) letter C number 2 of Law No. 7 of 1983 on income tax as amended by Act No. 36 of 2008.

Sample company is a domestic private enterprise engaged in the marine industry is focusing activity in the field of repair and manufacture of various types of vessels. During the course of their business it many use the services of other companies, such as heavy equipment rental services, workforce services providers (outsourcing), printing machinery rental services, investigation and security services, and other services. For the use of these services, company is obliged to perform calculations, deductions and reporting earnings which have been paid in respect of services used.

Company as recipients of services do the calculation, withholding and reporting on payment services by conducting withholding tax system, the third party entrusted by the legislation for carrying out the obligations withhold and report taxes on income

---

\*Corresponding author. E-mail: anjelina@polibatam.ac.id

paid to recipients of income for services has given all at once deposited into the state treasury.

At the time of reporting income tax withholding as well as Article 23, there is the possibility of error and not by withholding on services received, which should be done PPh Article 23 on services. The occurrence of this error is caused due to lack of rigor of the employees in dealing with taxation in accordance with tax reform legislation in this regard the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015. After withholding article 23, company shall perform its obligations as a taxpayer is to do the tax payment. Company did tax payment by using the electronic system (e-billing system) in accordance with the tax regulations MPN G2 (Second Generation State Receipt Module) contained in the Minister of Finance of the Republic of Indonesia Number 32/PMK.05/2014 on the system of state revenue electronically.

## Literature Review

### *Definitions of Tax*

According to Law No. 28 of 2007 KUP Article 1 paragraph (1) tax is a mandatory contribution to the state owed by private persons or entities that are enforceable under the Act, by not getting the rewards directly and used for the purposes of state for welfare of the people.

### *Definition of Income Tax*

According to Resmi (2014), Income Tax is a tax levied on tax subjects on income received or acquired in a tax year. Legislation governing income tax in Indonesia is Law No. 7 of 1983 which has been perfected by Law No. 7 of 1991, Law No. 10 of 1994, Law No. 17 of 2000, Law No. 36 of 2008, Government Regulation, Presidential Decree, the Minister Finance, the Director General of Taxes and the Circular of the Director General of Taxes.

### *Definition of Income Tax of Article 23*

Under the provisions of Article 23 of the Law of Income Tax number 36 of 2008 governing the withholding tax on income derived by the taxpayer in the country and permanent establishments come from the capital, the delivery of services, or carrying out activities other than those already withheld Article 21,

which is paid, provided to be paid, or been due for payment by the government agency, the subject of corporate tax in the country, organizers of events, a permanent establishment, or a representative of an overseas company.

### *Subject and Object of Income Tax*

Based on Act No. 36 of 2008, subject or recipient of income tax withheld article 23 consists of the taxpayer in the country and Permanent Establishment (BUT), while the income tax withheld object of article 23 is: dividend by name and in any form, including dividends from insurance companies to policyholders, and the distribution of the results of cooperative efforts; interest, including premiums, discounts and rewards for loan repayment guarantees; royalties; prizes, awards, bonuses and the like in addition to that has been taxed income referred to in Article 21; rent and other income in connection with the use of property, unless the lease of land and/or building; rewards with respect to technical, management, construction, consulting services and other services in addition to services that have been withheld Article 21.

### *Withholding Income Tax*

According to Resmi (2014), parties can do the withholding Article 23 are parties that pay income, which consists of Government agencies; Subjects corporate tax in the country; Operator activity; Permanent Establishment (BUT); Representatives of foreign company; An individual as a taxpayer in the country who have received the appointment of the Directorate General of Taxes to withholding taxes article 23, which includes: accountants, architects, doctors, notaries, Land Deed Official (PPAT) unless the PPAT is Head, lawyers, and consultants, who do the work free; people who run private business, which performs the accounting for payments in the form of rent.

### *Withholding Tax Rates*

Article 23 paragraph (1) of Law No. 36 of 2008 establishes the amount withheld article 23 is:

1. A sum of 15% (fifteen percent) of the gross amount of: (a) except dividend distribution of dividends to individuals subject to final, interest, and royalties; (b) interest including premiums, discounts and rewards for loan repayment guarantees; (c) royalties; (d) prizes, awards, bonuses and the like in

addition to those already subject to income tax (VAT) of Article 21.

2. A sum of 2% (two percent) of the gross amount does not include VAT, on: (a) rental and other income in connection with the use of property, unless the lease of land and/or building; (b) compensation in connection with technical, management, construction, consulting services and other services in addition to services that have been withheld Article 21.

3. Taxpayers who receive or earn income, do not have a Taxpayer Identification Number, the magnitude of tariff withholding is higher 100% (one hundred percent). Ownership Tax Identification Number can be proved by taxpayers, among others, by showing the card Taxpayer Identification Number.

#### *Procedures for Withholding Income Tax*

According to Siti (2014), the implementation of article 23 withholding made by withholding taxes in the following way: (1) the withholding at the time of payment; and (2) provide evidence that tax withholding have been fully completed. 1st sheet withholding evidence submitted to the taxpayer concerned as proof of tax withholding.

#### *Procedures for Payment of Income Tax*

Tax payment system e-billing is a method of tax payment electronically using billing codes. Own billing code is an identification code issued through the billing system on a type of payment or tax payment will be done taxpayer. Taxpayers can make payments or tax payment with e-billing payment system covering all types of taxes, except:

- a. tax on import administered Biller payment by the Directorate General of Customs and Excise; and
- b. payment of tax ordinances specifically regulated.

While Billing System is a system that issued the billing code for payment or deposit receipts state electronically, without the need to make a payment slip (SSP, SSBP, SSPB) manual. Transaction tax payment can be made through bank teller/perception post, automated teller machine (ATM) and internet banking, on the tax payment taxpayer receipt receiving state (BPN) as proof of deposit. BPN is a document issued by the bank/perception post on transaction revenues by an impression of transaction number of state revenue (NTPN) and number transaction bank (NTB) or number transaction post (NTP) as a means

of other administration whose position is equated with a payment slip (SSP, SSBP, SSPB) manual.

Benefits of using an electronic system for the tax payment (e-billing) is easier, meaning there should be queuing at the counter and do not need to bring sheets SSP to bank/perception post, then faster means can make transactions tax payment in minutes wherever located, and in charging electronic SSP done properly and correctly in accordance with the transaction taxation.

#### *Procedure for Reporting of Income Tax*

Following reporting procedures according to article 23 Official (2014):

1. Evidence of second sheet to article 23 withholding made during 1 (one) month recorded in the Register of Tax Withholding Evidence (double);
2. the treasurer or withholding taxes to fill the form properly complete and return period article 23, and the sheet-2 proof of tax withholding;
3. The return period on article 23, List of Tax Withholding evidence, the receipt of withholding Article 23 which has been filled in completely and correctly, and a copy of proof of tax payment through Bank / Post Perception, must be reported to the KPP (Tax Office) no later than the date the next 20 months. If the 20th falls on a national holiday, the tax payment made on the next working day; and
4. Treasurer or withholding receive Receipt reporting SPT from the Tax Office (Sheet LPAD) as evidence has been doing tax reporting.

#### **Research Design**

The research method used by the writer is descriptive method by using data relating to the transaction. Data taken the form of the data relating to services of heavy equipment rental, service provider labor, services providers of printing machinery, services, investigation and security, Income Tax Article 23, return period, List of Evidence Withholding Taxes and Evidence Withholding Taxes article 23.

#### **Results and Discussion**

This study took the data to withholding tax (VAT) of Article 23 of the supplier service provider sample company in Tanjung Uncang. The author uses the data

sample in September 2015. Company has several suppliers of service providers who support the operational activities. Supplier providers in company derived from domestically domiciled business in Batam. Company services received from suppliers, such as heavy equipment rental services, employment services providers, service providers of printing machines, investigation and security services, vehicle repair services, document management services, services tester, and so on.

#### Withholding Tax

Income Tax Article 23 carried on the transaction debt payments to the supplier, if the company has received or used the services of the service provider (supplier). Tax withholding do with the manual system using Ms. Excel and computerized using e-SPT. Company calculating the discounted fares article 23 on the use of services which is 2% of the gross amount. Tax withholding by performing multiplication on nominal gross amount in accordance with the supplier invoice at the rate of article 23 which is 2% above the use of services. Here is an example of the use of services calculations on the table along with company.

Supp	Due date	With holding	Gross (000 Rp)	Percent	Article 23 (000 Rp)
RPJ	15 Jun	1 Sept	51,300	2%	1,026
OPI	29 Jun	1 Sept	850	2%	17
OPI	19 Augt	1 Sept	850	2%	17
RPJ	20 Augt	1 Sept	21,000	2%	420
OPI	22 Augt	1 Sept	850	2%	17
RPJ	4 Sept	4 Sept	10,250	2%	205
SCIS	9 Sept	9 Sept	581,947	2%	11,638
VI	15 Sept	15 Sept	48658	2%	973
OPI	23 Sept	23 Sept	850	2%	17
BBM	30 Sept	30 Sept	11,000	2%	220

Based on the calculation table Article 23, there are mistakes in the process of tax withholding, the tax withholding of Article 23 which do not correspond to the date of the debt payment transactions. Examples can be seen from the tax withholding supplier PT RPJ paid on June 15, but do tax withholding on 01 September. The above error occurs due to the lack of rigor of the employees in dealing with taxation and the knowledge of the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015 and Law No. 36 in 2008. As a result of these errors debt payments to suppliers be inaccurate and tax withholding are not in accordance with the procedures that should be tax withholding.

#### Payment of Income Tax Article 23

After the tax withholding, company is obliged to perform the tax payment. Tax payment is done before the 10<sup>th</sup> of the following month. The amount of the tax due on the use of the services will be paid to the state treasury with tax payment system e-billing. Transaction tax payment made through teller post office nearest to bring top billing code data input taxes to be paid through electronic deposit letter taxation website online. After payment of the tax portion of company will receive receipt of state (BPN) as proof of tax payments.

After the imposition of article 23 par obtained, then inputting the type of income tax to be paid through e-billing system will be explained as follows:

1. Registration Process
  - a. Go to the site Billing System through the Internet to register User ID and Personal Identification Number (PIN);
  - b. Enter
  - c. your data in the form of Taxpayer Identification Number (TIN), e-mail address is valid for confirmation, and the User ID to be desired;
  - d. Furthermore, activation will receive a confirmation via e-mail that has been included in the previous stage. In the e-mail will be printed PIN and User ID which was registered along with the activation link;
  - e. Click the activation link or enter the activation code manually;
  - f. Furthermore, User ID and PIN can be verified.
2. Process Billing Codes
  - a. Access Billing System sites with <http://sse.pajak.go.id> address and enter the User ID and PIN that was registered to login;
  - b. Column TIN, Name, Address, and the city is automatically filled in accordance with the data TIN that has been registered in the previous step and cannot be changed.  
Enter the relevant information in the form of payment details:
    - Tax type by choosing one of the options available in the drop-down box;
    - Column types of deposits will change following the selection of the types of taxes;
    - Number of Tax Object (NOP) is a tax payment related to the transaction on acquisition of land and / or buildings and build their own activities;

- Choose a tax period by selecting the month that is available in the drop-down box. Verify that the second box, e.g. September;
  - Enter the tax year in accordance with the tax year shall be paid;
  - Enter Number Tax assessments (if any);
  - Input value of rupiah payment on the amount deposited column;
  - Then click "Save"
  - c. Go back and check the tax payment details have been inputted and then click "Publish Billing Code" to issue a billing code, as payment reference counter Perception Banks / Post Office;
  - d. Print the billing code for any kind of tax that has been inputted.
3. Process Tax Payment through bank or post office
    - a. Show print-out billing codes and submit tax payments of money to the bank teller counter clerk/post;
    - b. After inputting billing code and receive money in taxes, the teller will confirm to make payment in accordance with the question;
    - c. Teller will process the transaction and after successful it will provide evidence of State Revenue (BPN) which can be used as a means of tax reporting.

### Reporting Income Tax

Sections taxes company is obliged to report tax to the local tax office. At the time of tax withholding, the company will issue evidence of tax withholding as much as three sheets:

1. First sheet for the taxpayer;
2. Second sheet for the tax office);
3. Third sheet for Withholding.

Reporting Article 23 by company made before the 20th of the following month to the local tax office. At the time of tax filing, employee taxes company will bring some of the necessary documents, as follows:

1. Copy of Receipt of State (BPN);
2. Tax (SPT) Period of article 23;
3. List of Evidence Withholding Taxes;
4. Evidence Tax Withholding Tax Article 23 second sheets.

### Withholding Tax

Company make payments on bills outstanding invoices in accordance with the data contained in the accounting system used in the company, but there is a

discrepancy between the company's income tax withholding by Law No. 36 Year 2008. Here are examples of mismatches withholding tax on payments invoices by type of use of the service to be paid by company:

1. company pay a heavy equipment rental services to the service provider for Rp51,300,000 paid the bill on June 15, and made tax withholding on September 1, is supposed to do a tax withholding on June 15;
2. company pay a heavy equipment rental services to the service provider for at Rp850,000 paid the bill on June 29, and made tax withholding on September 1, is supposed to do a tax withholding on June 29;
3. company pay a heavy equipment rental services to the service provider for at Rp850,000 paid its bills on August 19, and made tax withholding on September 1, is supposed to do a tax withholding on August 19;
4. company pay a heavy equipment rental services to the service provider for Rp21,000,000 paid its bills on August 20, and made tax withholding on September 1, is supposed to do tax withholding on August 20;
5. company pay a heavy equipment rental services to the service provider for at Rp850,000 paid its bills on August 22, and made tax withholding on September 1, is supposed to do a tax withholding on August 22;

Under Law No. 36 2008 Income Tax article 23 is supposed to do company is as follows.

Table 2 Calculations based on article 23 of Law No. 36 in 2008

Supp	Due date	With holding	Gross (000 Rp)	Percent	Article 23 (000 Rp)
RPJ	15 Jun	15 Jun	51,300	2%	1,026
OPI	29 Jun	29 jun	850	2%	17
OPI	19 Augt	19 Augt	850	2%	17
RPJ	20 Augt	20 Augt	21,000	2%	420
OPI	22 Augt	22 Augt	850	2%	17

### Comparison of withholding tax between company and Law No. 36 of 2008

Based on tax withholding, according to Law No. 36 In 2008, there were mistakes on future tax withholding withholding by September. Errors company which cause the amount of tax payable is paid September period greater than it should be the tax payable on the earlier tax period, according to the date of payment of the debt transaction to the supplier. From the data it can be seen the difference between a tax deduction

period September by company and Law No. 36 of 2008, as follows:

Table 3 Comparison of withholding Article 23

Supp	Due date	With holding	Gross (000 Rp)	Percent	Article 23 (000 Rp)
RPJ	15 Jun	15 Jun	51,300	2%	0
OPI	29 Jun	29 jun	850	2%	0
OPI	19 Augt	19 Augt	850	2%	0
RPJ	20 Augt	20 Augt	21,000	2%	0
OPI	22 Augt	22 Augt	850	2%	0
RPJ	4 Sept	4 Sept	10,250	2%	205
SCIS	9 Sept	9 Sept	581,947	2%	11,638
VI	15 Sept	15 Sept	48658	2%	973
OPI	23 Sept	23 Sept	850	2%	17
BBM	30 Sept	30 Sept	11,000	2%	220
No. 36/2015					13,054
Company					14,551
diff					1,497

From a comparison table of Income Tax Article 23, there is an error during the withholding tax on rental services heavy equipment and machinery rental printing. Future tax withholding should have been September, i.e. Rp13,054,131 causing Rp1,497,000 difference withholding tax. This error occurs due to the inaccuracy of the employees of company, causing the amount of the tax payment period September paid more than the amount that should be owed.

#### *Penalties Delay in Deposit and Delivery of the Notice of Statutory General Provisions and Tax Procedures*

According to the Act KUP Article 7 paragraph (1) if the Notice is not submitted within the period referred to in Article 3 paragraph (3) or the renewal deadline of filing referred to in Article 3 paragraph (4), subject to administrative sanctions in the form of a fine of Rp500,000 to the notice period value added tax, 100,000 to the notice period another, and Rp1,000,000 for the annual tax return income tax taxpayer bodies and Rp100,000 for the Annual tax Income tax individual taxpayer. While the imposition of tax penalties for delays depositing Article 23 sanctioned interest of 2% per month.

The following table and the deposit calculation of penalties for late submission of article 23 in the period September.

Table 4 Sanctions Delay in Deposit and Delivery of Article 23

Supp	Due date	With holding	Payable (000 Rp)	Percent	Article 23 (Rp)
RPJ	15 Jun	15 Jun	1,026	2%	61,560
OPI	29 Jun	29 jun	17	2%	1,020
OPI	19 Augt	19 Augt	17	2%	340
RPJ	20 Augt	20 Augt	420	2%	8,400
OPI	22 Augt	22 Augt	17	2%	340

Under the Act KUP Article 7 paragraph (1), company will be penalized interest of 2% per month for the late tax payment and subject to administrative sanctions such as fines amounting to Rp100,000 for the late submission of the notice period.

#### **Conclusion**

Withholding Income Tax (VAT) of Article 23 on the use of services in company uses two methods of inputting the data that is manually and computerized (e-SPT). The amount of tariff withholding Article 23 on the use of the service is 2% of the amount of gross income. Company in September amounted Rp14,551,131 tax deductions and tax reporting in October to the local tax office;

Preparations and tax calculations performed by company has been in accordance with provisions contained in Law No. 36 in 2008 and the Regulation of the Minister of Finance of the Republic of Indonesia Number 141/PMK.03/2015, but still there was a slight mistake in the future tax withholding. There is a difference of Rp1,497,000 that occur due to inaccuracy withholding taxes. This led to a tax credit or the amount of tax payments paid September period is greater than the amount that should have been by company.

#### **References**

- Republik Indonesia. (2008). *Undang-Undang Republik Indonesia Nomor 36 Tahun 2008 tentang Pajak Penghasilan*.
- \_\_\_\_\_. (2008). *Undang-Undang KUP Nomor 28 Tahun 2007 tentang Ketentuan Umum dan Tata Cara Perpajakan*.
- \_\_\_\_\_. (2014). *Peraturan Menteri Keuangan Republik Indonesia 32/PMK.05/2014 tentang Sistem Penerimaan Negara Secara Elektronik*.
- \_\_\_\_\_. (2015). *Peraturan Menteri Keuangan Republik Indonesia. 141/PMK.03/2015 tentang Jenis Jasa Lain*.
- Resmi, S. (2014). *Perpajakan: Teori dan Kasus*. Jakarta Selatan: Salemba Empat.
- Mardiasmo. (2011). *Perpajakan. Edisi Revisi*. Yogyakarta: Andi.
- Waluyo. (2011). *Perpajakan Indonesia*. Jakarta Selatan: Salemba Empat.