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# TAX POLICY AND FISCAL CONSOLIDATION ON CORPORATE INCOME TAX

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Abstract: Tax is the largest state revenue, even from year to year, the number of state revenues from taxation in the State Budget always increases. Tax is one of the important sources of revenue to finance expenditures, both in the form of routine expenditure and development expenditure. The government also makes tax a monetary policy tool. However, for companies or business actors, tax is a burden that will affect net income. Therefore, this study was conducted to determine how much influence the application of Article 21 Income Tax, fiscal correction and deferred tax on corporate income tax on automotive and component sub-sector issuers on the Indonesia Stock Exchange. The research objective was to determine the application of Article 21 Income Tax, fiscal correction and deferred tax on automotive and component sub-sector issuers on the Indonesia Stock Exchange, and the extent of the effect of applying Article 21 Income Tax, fiscal correction and deferred tax on corporate income tax on automotive sub-sector issuers and components on the Indonesia Stock Exchange. This research was carried out using data obtained from the Indonesia Stock Exchange. The method of collecting data uses secondary data 12 companies listed in the automotive and component sub-sector on the Indonesia Stock Exchange from 2009 to 2013. The data obtained is then processed with the help of SPSS software version 20.00. Overall the results of the study indicate that the application of Article 21 Income Tax, fiscal correction, and deferred tax simultaneously have a significant effect on corporate income tax, while the partial test of the application of Article 21 Income Tax and deferred tax has a significant effect on corporate income tax, while tax correction is partially influential not significant to corporate income tax.

## 1 INTRODUCTION

The state income tax is, even from year to year the number of state revenue from taxation in the state budget is increasing, for example in proven, take a sample of 3 201-year state budget, the domestic revenue amounted to 77.55% is derived from taxes. Therefore, taxes are a potential and important thing for State revenues. Tax provisions have undergone reform through several changes to the national taxation system. The tax collection system adopted by Indonesia is a system of self-assessment, namely a tax collection system that authorizes taxpayers to determine the amount of tax payable themselves (Mardiasmo, 2011). Apart from that, Taxpayers are also required to regularly report the amount of taxes owed and paid as specified in the applicable laws and regulations. For the State, taxes are one of the important sources of revenue to finance expenditures, both in the form of routine expenditure and development expenditure. The government also makes tax a monetary policy tool. For companies or businesses, taxes are a burden that affects net income. Neither the turnover or the net profit of the company is one of the tax objects that the tax amount will be calculated then deposited to the State. Changes for changes in tax regulations require good taxpayers personal or business entity to always follow any changes in tax regulations.

The Indonesian government to meet its expenditure needs, requires a definite source of funds each year. These sources of Indonesian government funds are obtained through non-tax revenues and tax revenues. Calculation of income tax at the end of the year for corporate taxpayers is based on fiscal financial statements, the profit of fiscal loss is prepared based on the commercial income that has been adjusted to tax regulations through reconciliation, reconciliation (adjustment) which will result in a fiscal correction. In the financial statements of a company, there is usually a fiscal correction that occurs due to differences in recognition of income and costs according to the company with the Directorate General of Taxes. Put, there are revenues and costs that are recognized as income and costs by the company but are not recognized by the Directorate General of Taxes there are two kinds of fiscal adjustments, namely: positive fiscal and negative fiscal adjustments in accordance with Law No. 36 of 2008. The calculation of profits according to financial accounting or commonly called commercial financial statements. In general, commercial financial statements refer fully to PSAK .

According to Waluyo (2011: 17), the tax collection system consists of three, namely official assessment system, self-assessment system, and withholding system. These three systems have distinctive features from one another. The official assessment system is a tax collection system that authorizes the government (tax authorities) to determine the amount of tax owed. The self-assessment system is a tax collection system that gives authority, trust, a responsibility to taxpayers to calculate, calculate, pay, and report on the amount of tax to be paid. Withholding system is a tax collection system that authorizes third parties to cut or collect the amount of tax owed by taxpayers. 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 a business and taxpayer transactions so that tax debt is in a minimal amount but still in the frame of tax regulations, but tax planning can also have a positive connotation as a plan to fulfill tax obligations in a complete, correct, and timely manner 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: implementing taxation regulations correctly and efficiency efforts to achieve the expected profit and liquidity. At the tax planning stage, collection and research on tax regulations are conducted so that the types of austerity measures that will be carried out can be selected. In general, the emphasis on tax planning is to minimize tax liabilities. To minimize tax obligations can be done in various ways, both those that still meet the provisions of taxation ( lawful ) and those that violate taxation regulations ( unlawful ). The term often used is tax avoidance and tax evasion. (Erly Suandy, 2011). To be able to save on taxes, especially income tax for individuals and bodies can be done with tax planning on costs related to welfare for employees, among others, through providing income to employees. Research by Whedy Prasetyo (2008), states that PPh tax planning article 21 employees have a significant influence in minimizing corporate tax burden (PPh article 25), where the implementation of tax planning has the potential to increase company profits without harming the income received by these employees

In the business world, every company needs a recording system that records and record all the company's activities in a neat and for a tour. In general, a business activity recording system called In militancy, which is an information system that produces lap o ran to the parties concerned of the economic activity and conditions company. Thus, corporate leaders and parties berk e's interest may take various alternative policy for survival. Typically, an accounting system begins with record transaction documents. These documents are recorded in a daily journal to his produce balance sheets and income statements. Based on the balance sheet and income statement, the leader of the company d a pat analyze and determine the extent of the progress of the company. Based on PSAK 1 (revised 2013), the purpose of the financial statements is to provide information about the financial position, performance, and cash flow of the company that is beneficial to the majority of report users 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 influence each other. in business, the tax world also requires some taxpayers to make a system for recording a business activity. In the tax system recording better known as bookkeeping. Recording arranged in neat and orderly can yield information on the tax on the whole amount of the tax object is received, acquired, delivered and performed during the certain tax period (monthly/annual). Thus, accounting or accounting can make it easier for taxpayers to carry out their tax rights and obligations, among others by facilitating taxpayers in filling out Period and Year Notifications, simplifying the calculation of the taxable income (tax base for VAT) and presenting information about financial position and business results to be analyzed by company policymakers

According to Endang Kiswara (2007: 78), deferred tax assets occur when accounting earnings are smaller than fiscal profits due to temporary differences. The smaller accounting profit than taxable profit results in the company being able to delay the debt tax in the coming period. However, if fiscal income is not available in sufficient quantities to be compensated with the balance of the fiscal loss that can be compensated or if it is possible to realize future tax benefits with profitability of less than 50 percent, then the deferred tax asset is not recognized and the company will record asset reserves deferred tax. On the other hand, deferred tax liabilities occur when accounting profit is greater than fiscal profit due to temporary differences.

The company recognizes deferred tax assets only if it is probable that the taxable income will be available in sufficient quantities so that the deductible temporary difference can be utilized (PSAK No. 46, par. 24), or if the fiscal profit will be available in sufficient amounts to compensate the balance tax loss that may be compensated. Based on the description above, researchers are interested in choosing the research title "Effect of Application of Tax Article 21, Amendments To The Fiscal and Tax-Deferred Income Tax Agency (Studies in Sub-Sector Issuers Automotive and Components In Indonesia Stock Exchange)".

# 2 LITERATURE REVIEW

## 2.1 Definition of Tax

In Law 16 of 2009 Article 1 paragraph 1 Tax is a mandatory contribution to the state owed by an individual or entity that is compelling based on the Law, by not getting compensation directly and used for the needs of the state for the greatest possible prosperity people. Payment of taxes is an embodiment of state obligations and the role of taxpayers to directly and jointly implement tax obligations for state financing and national development. In accordance with the philosophy of tax law, paying taxes is not only an obligation but is the right of every citizen to participate in the form of participation in state funding and national development. Responsibility for the obligation to pay taxes, as a reflection of the obligations in the field of taxation is in the community members themselves to fulfill these obligations. This is in accordance with the system self-assessment adopted in the Indonesian Taxation System. According to Prof. Dr. Rochmat Soemitro, SH in his book Mardiasmo (2013: 1): "Taxes are people's contributions to the state treasury under the law (which can be forced) by not receiving lead services (counter-achievements) which can be directly demonstrated and used to pay public expenses. From the above tax definition, it can be concluded that taxes are people's contributions to the state that are obligatory by individuals or entities that are compulsory under the law, with no lead services and are used for public purposes, tax payments are the responsibility and obligation of every citizen to participate in forming state financing and national development.

## 2.2 Personal Income Tax

Income formulation including tax objects in article 4 paragraph (1) of Law No. 36 of 2008. Which reads: Income is any additional economic capability that is received or obtained by a taxpayer, which can be used for consumption or to increase the taxpayer's wealth concerned, both from Indonesia and from outside Indonesia. Based on the above definition, income includes revenues and gains. Income (revenues) arising from the implementation of the company's activities recognizable as different as sales, service income (fees), interest, dividends, royalties, and rent. Whereas gains ( gains ) reflect other posts that meet the definition of income and may arise or may not arise in the implementation of ordinary company activities. Profits reflect an increase in economic benefits and thus are essentially not different from income. Therefore, the post is not seen as a separate element of income. According to Financial Accounting Standards (2013: 13 ) as written in the basic framework for preparing and presenting financial statements, income is "Increase in economic benefits during a certain accounting period in the form of inclusion or addition of assets or a decrease in liabilities that resulting in an increase in equity that does not come from investment contributions . Based on the above understanding it can be concluded that income is an additional ability economic or all forms of income received for consumption or increase wealth to meet the necessities of life in several periods, as long as additional money or money. According to Suandy (2011: 81) states that: "Income tax is a tax imposed on the subject of tax on income received or obtained in a tax year or may also be taxed for income in the tax year if the subjective tax liability begins or ends in the year tax". According to Mardiasmo (2013), states that according to the term income tax is imposed on income. Income tax is one type of central tax whose object is income. Income tax is imposed on taxpayers, ie when subjective conditions and objective requirements are met as determined by the Income Tax Act. The conclusion of the above definition is that income tax is a tax imposed on taxpayers on income received in the tax year if the subjective conditions and objective conditions have been fulfilled as determined in the income tax law.

## 2.3 Fiscal Consolidation

Financial statements are products produced from accounting presented at the end of the period to be submitted to management. Reports produced from commercial accounting use certain concepts, methods, procedures, and techniques to explain changes that occur in the company's net assets as entities. The use of concepts, methods, and production is also needed in taxation as a basis for calculating the amount of tax payable. In the world of business, companies may have two types of financial statements, namely:

a) Commercial, financial statements: as a measure of business performance.
b) Fiscal financial report: as a basis for determining taxes to be paid to the state.

The existence of 2 types of financial statements does not mean the company is cheating because of double bookkeeping, but indeed the provisions are like that. Using the free sense, fiscal financial statements are commercial, financial reports that have been corrected using tax rules. The equation is as follows:

Financial Statement Commercial +/- Fiscal Correction = Financial Statement Fiscal

Commercial, financial statements refer to PSAK (statement of financial accounting standards), while fiscal financial statements refer to taxation rules. Fiscal correction is needed because there are costs that are accounting may be recorded as a fee, but according to the tax the fee may not be claimed, or not recognized in part ( fixed difference / permanent difference ). Tax only recognizes the cost of 3M, which is the cost of obtaining, bill and maintaining income, and related to the fields of production, distribution, marketing, and management. because there are differences in the method of recording between PSAK and fiscal so that temporary differences appear in the time of recognition of costs ( temporary difference ) which must be corrected fiscally. Fiscal corrections are divided into positive fiscal corrections and negative fiscal corrections, seen from tax people so that they are considered positive if the tax costs are greater, and are considered negative if the tax costs become smaller. The tax costs are greater if the correction increases income or reduce costs in commercial financial statements and taxes are smaller if the correction reduces income or increase costs.

## 2.4 Deferred Tax

Deferred tax is an account balance on the balance sheet as a tax benefit whose amount is the amount of estimation that will be recovered in the coming period as a result of temporary differences between financial accounting standards and tax regulations and as a result of balance losses that can be compensated for in future periods according to PSAK No. 46 (IAI, 2009: 8). According to PSAK No. 46, deferred tax assets ( deferred tax assets ) is the amount of recoverable income taxes ( recoverable ) in future periods as a result of temporary deductible differences and the residual compensation for losses. Deferred tax assets display the benefits of future taxes derived from temporary deductible differences, tax losses, and tax credits (Visvanathan and Krishna, 2003). Plesko (in Phillips, 2003) states that temporary differences can arise from differences in the reporting rules of each system, but it can also be because GAAP (in Indonesia known as the General Acceptable Accounting Principles) gives managers greater freedom in determining the amount of income and expenses for each period compared to taxation rules. Thus a deductible temporary difference is a temporary difference that gives rise to a deductible amount in the calculation of future taxable profit when the carrying amount of the asset is recovered, or the obligation value is paid. According to Zain (2007: 194) Deferred tax liabilities and deferred tax assets can occur in the following cases: Deferred tax expense reflects the amount of time difference that has been multiplied by a marginal tax rate. The time difference arises because of the existence of certain discretionary accruals applied so that there is a difference in the time of recognition of income or costs between accounting and tax.

## 2.5 Corporate Income Tax

This is meant by a body is a group of people and / or capital which is a unit that does business or does not conduct business which includes a limited liability company (PT), a partnership company (CV), another company, a state-owned enterprise or regionally owned business entity and in any form, firms, congresses, cooperatives, pension funds, partnerships, associations, foundations, mass organizations, socio-political organizations, or other organizations, institutions and other body forms including collective investment contracts and permanent establishments (Law Number 28 years 2007). The calculation of the corporate income tax begins with the calculation of net income using accounting. Corporate Income Tax (Corporate Income Tax) is a tax imposed on income received or obtained by the Agency as referred to in the UU KUP. As for the subject from the Corporate Income Tax, namely: Domestic Entity Taxpayers, namely bodies established or domiciled in Indonesia and Foreign Agency Taxpayers, namely entities that are not established or domiciled in Indonesia that conduct business or conduct activities through BUT in Indonesia, and or entities that are not established and do not domiciled in Indonesia that receive income from Indonesia not from running a business through BUT in Indonesia.

## 2.6 Hypothesis Development

**Relationship between Article 21 Income Tax Application to Corporate Income Tax Expenses**

According to the Law on General Provisions on Taxation (KUP) No. 28 of 2007 Change Third on Law No. 6 of 1983 About General Provisions and Tax Procedures, taxes are contributing taxpayer to the State owed by People Person or Entity that is enforceable under the Act, by not getting the rewards directly and used for the purposes of state for benefit of people welfare. Research Wafa (2013), entitled Implementation of Planning income tax under Article 2 Strategies Savings Tax Payments Company , the research aims to determine the application of the method of Gross-Up to calculate Pph section 21 employees at PDAM Banyuwangi and impact generated by the application of methods Gross-Up to compute PPH article 21 employees on the amount of tax to be paid by the company compared to the Net Method method which when used by the company. The research uses primary data and secondary data. Primary data is obtained through direct interviews with company parties about the type of tax planning implemented by the company and secondary data through company financial statements such as payroll, income statement, and other supporting documents. Through the calculation of PPh article 21 employees using the Gross-Up and Net Method method, the results are obtained, namely if the company uses the Gross-Up method, the company will be able to pay lower corporate income tax than using Net Method to calculate Pph article 21 of its employees which also results in the company's net profit become bigger. Research Fitr ( 2013) which Titled Income Tax Planning Implementation Article 21 To estimate Corporate Income Tax, the research aims to describe how the implementation of tax planning related to Income Tax Article 21 Employees can make minimum income tax paid by PT. "X." The required data is obtained from the company's internal sources in the form of company profit-loss data and permanent employee salary data. The analysis is done by comparing the calculation of Article 21 Income Tax purely with the calculation of Article 21 Income Tax using the gross-up method, to determine the occurrence of savings on payment of income tax paid by the company. The results of the study show that with the application of gross-up method there is an increase in income tax article 21 to Rp. 57,856,906, - but because the company provides in the form of tax allowances the net income received will decrease. Therefore there is a tax saving that must be paid by the company.

Hussin Research (2013) entitled Comparative Analysis of Article 21 Income Tax Calculation Gross, Net, and Gross-Up Methods and Its Impact on Income Tax Expenses of Satya Ardhia Mandiri Cooperative (Kosami) , The research objective is to examine the comparison of Article 21 Income Tax calculations using the Method Gross, Net Method, or the most efficient Gross-up Method for Agency PPh Expenses. The data used in the study are secondary data obtained through cooperative data documentation and observation in 2011. The analytical method used in the study is descriptive analysis with a qualitative approach. The results of the study show that from the Article 21 Income Tax calculation method using the Gross Method, the Net Method, or the most efficient Gross-up Method is the gross-up method or the provision of allowances equal to the tax payable, from the comparison of the three calculations, gross method up or the provision of benefits equal to the tax due to result in efficiency with respect to Corporate Income Tax.

**Fiscal Correction Relationship to Corporate Income Tax Expense**

Research Koraag (2014) Analysis And Application of Article 25 Income Tax Accounting UU No. 36 of 2008 at PT. BPR Celebes, The research objective was to determine the calculation and application of income tax accounting article 25 at PT. BPR Celebes. The data analysis method used is descriptive, where the information used in the form of financial statements in terms of profit and loss calculation reports and balance sheets, as well as other data needed for the calculation of income tax payable. The results showed the amount of income tax article 25 of 2012 and 2013 after first knowing the amount of income tax payable article 29 of 2012 and 2013. The income tax payable is obtained after the calculation and fiscal correction of the 2012 and 2013 income statement with the provisions - applicable tax provisions. After a fiscal correction is made, there is a difference in income tax article 25 with prior fiscal correction. The head of the company should make a fiscal correction of the income statement, before determining the amount of tax owed for the current year and the following year Research Setiadi (2013) entitled Analysis of Calculation of Corporate Income Tax Based on Commercial Profit and Fiscal Profit at PT. BPR. Dinar Pusaka Sidoarjo, Research conducted by researchers is descriptive research that is research that aims to describe things that when applicable. The types of data used are: primary data, namely data obtained from the first source that still requires further processing and developed with the authors' own understanding, such as interviews, and secondary data, namely data obtained from the company as the object of research that has been processed and documented in the company, such as a brief history of the company, organizational structure and company financial statements. Data collection techniques used are observation techniques, interviews, and libraries. The data analysis method used is a descriptive method which is a method that collects, interprets and analyzes data to provide a clear solution and a picture of a problem. The research was conducted at PT. BPR. Dinar Pusaka, having his address at Raya Kedungturi No. 33, Taman - Sidoarjo. The results of his research are PT. BPR. Dinar Pusaka determines commercial profits based on Financial Accounting Standards which are the official guidelines for conducting commercial accounting. For tax purposes, the company makes a fiscal correction on the calculation of profit and loss in accordance with the tax provisions to produce taxable income or Taxable Income which forms the basis for calculating the amount of income tax owed by the company. The difference in commercial profit and fiscal profit is due to the enactment of the income tax law. The government applies income tax laws because of the difference of interest between the Financial Accounting Standards and the tax provisions, besides that p The company found a time difference and a fixed difference in terms of recognition of income and costs between the Financial Accounting Standards and the tax provisions, the company made a fiscal correction on the calculation of commercial profits in accordance with the tax provisions, namely referring to Income Tax Law No. 17 of 2000. The fiscal correction consists of positive corrections and negative corrections. The positive correction will result in a reduction in costs or additional income seen commercially while negative correction will result in additional costs or a reduction in income viewed commercially.

Languju Research, et al. (2014) entitled Analysis of Fiscal Income Tax Corrections PT. Bitung Mina Utama in Bitung City, The research was conducted at PT. Bitung Mina Utama. The purpose of the research is to find out the process of applying fiscal income tax correction in the company and its effect on the company's financial statements. The research method used is explanatory research with descriptive analysis method. The results of the tax fiscal correction research conducted on the financial statements of PT. Bitung Mina Utama within two years, namely in 2012 and 2013. In 2012 the number of positive tax fiscal correction was still high, and then in 2013 the number of positive tax corrections decreased considerably, while the number of negative tax fiscal correction in 2012 was quite high, and in 2013 the number of negative fiscal tax corrections decreased significantly, causing corporate profits to increase each year. For the head of the accounting division, in maximizing the fiscal tax correction to experience a very significant decline, then in the preparation of taxes must be more thorough and in accordance with the applicable Taxation Law.

**Relationship between Deferred Taxes and Expenses on Corporate Income Taxes**

The company's financial statements are used by financial report users, especially investors/creditors, and credit analysts to measure the risk of bond investments in the Indonesian Credit Market. The main objective of investors/creditors knowing the risk of bond investment is to see the ability of bond issuers/debtors to pay off their obligations. Companies in Indonesia in preparing financial reports are guided by PSAK and Tax Regulations. In preparing the financial statements, management requires assessment and estimates. It gives management flexibility in compiling its financial statements. The flexibility of the preparation of financial statements is regulated in the Financial Accounting Standards Guidelines (PSAK) No.1 regarding the presentation of financial statements using the accrual basis. The Indonesian Institute of Accountants (IAI) stated financial accounting standards (PSAK) No.46 which regulated the accounting for income tax (PPh) which began to be implemented in 2001. Before the enactment of PSAK No. 46, the company only calculates and recognizes the amount of income tax expense for the current year without calculating and recognizing deferred tax. Harmana Research, et al. (2014) entitled The Effect of Deferred Taxes and Tax To Book Ratio on Company Performance. The study aims to determine the effect of deferred tax and tax to book ratio on company performance. The research uses Return on Investment (ROI) as a proxy for company performance. By using a purposive sampling method selected 33 manufacturing companies in the 2010-2011 period to become the research sample. Testing of classical assumptions using normality, heteroscedasticity, multicollinearity, and autocorrelation tests. Regression analysis used in the study is multiple linear regression analysis. Based on the discussion of the results of the study prove that deferred tax has a significant positive effect on company performance, while the tax to book ratio does not affect the performance of the company.

Siregar's research, et al (2013) entitled Analysis of the Application of Psak No.46 On Financial Report of PT. Alya Citra Sempurna Palembang, The research method used is a descriptive qualitative method. Data collection is done by interviews, documentation, and literature studies. The analysis of the application of PSAK No.46 was carried out by descriptive comparative research methods. The results showed that PT. Alya Citra Sempurna has implemented financial recording and reporting based on PSAK No.46. S after the application of IAS 46, resulting in the emergence of liabilities / deferred tax liabilities and taxes payable k on the balance sheet because the time difference is only in the allowance and employee benefit obligations. And it has been calculated that the company's net profit will be smaller from 2011 to 2012 due to the deferred tax burden as a result of the application of PSAK No. 46. Based on previous research studies and theoretical foundations, the reasoning for the writing of the research is as follows:

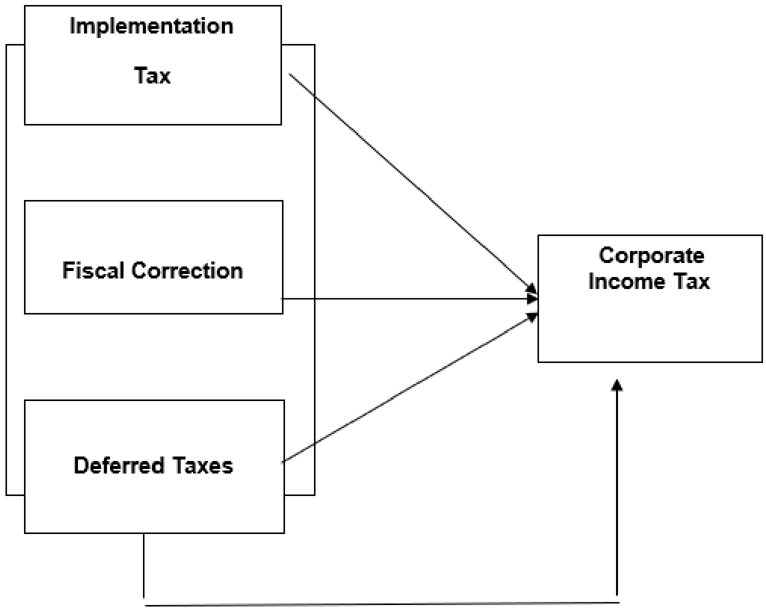


Figure 1. Framework

Based on the above framework, the research hypothesis is:

a) The application of Article 21 tax has an effect on Corporate Income Tax
b) The fiscal correction has an effect on the Corporate Income Tax.
c) The deferred tax has an effect on Corporate Income Tax.
d) The application of Article 21 tax, fiscal correction and deferred tax simultaneously affects the corporate income tax

# 3 METHODOLOGY

The object of research taken by the author in the preparation of this research report was taken from variables related to the purpose of the study. The object of this study includes (1) Article 21 Income Tax, (2) Fiscal Corrections, (3) Deferred Taxes and (4) Corporate income tax. This research was carried out using data obtained from the Indonesia Stock Exchange. This research started in April 2015 to August 2015 According to Sugiyono (2012: 118), the sample is part of the number and characteristics possessed by the population. The sample in this study took samples using nonprobability techniques. Based on the above understanding, samples taken from a portion of the population for research then samples taken from financial statements in 2013. The sampling technique used by researchers was purposive sampling. Purposive sampling is deliberate sampling in accordance with the required sample requirements. The list of issuers of the Automotive and Component Sub Sector, which are the samples in this study are:

Table 1. List Sample Company

| | | |
|---|---|---|
| 1 | ASII | Astra International Tbk |
| 2 | AUTO | Astra Otoparts Tbk |
| 3 | BRAM | Indo Kordsa Tbk |
| 4 | GDYR | Goodyear Indonesia Tbk |
| 5 | GJTL | Gajah Tunggal Tbk |
| 6 | IMAS | Indomobil Sukses Internasional Tbk |
| 7 | INDS | Indospring Tbk |
| 8 | LPIN | Multi Prima Sejahtera Tbk |
| 9 | MASA | Multistrada Arah Sarana Tbk |
| 10 | NIPS | Nipress Tbk |
| 11 | PRAS | Prima Alloy Steel Universal Tbk |
| 12 | SMSM | Selamat Sempurna Tbk |

## 3.1 Hypothesis Testing

The Multiple Regression Model, explicitly formulated as follows:

$$\hat{Y} = ab\ 1\ X\ 1 + b\ 2\ X\ 2 + b\ 3\ X\ 3\ .... + e$$

The predictive value of estimator Y (prediction Y), can be done by replacing two or three variables or more of the independent variables, in this study multiple regression is formulated in the form of equations:

$$Y = a + b1\ X\ 1 + b2\ X\ 2 + b3X\ 3 + ...\ bnXn + e$$

Where :

Y = Estimated Corporate Income Tax

a = Constants of the regression equation.

b 1 = Intercept of variable X 1 (Tax P P h 21 )

X 1 = Score variable X 1

b 2 = Intercept from variable X 2 ( Fiscal Correction)

X 2 = Score variable X 2

b 3 = Intercept of variable X 3 ( Deferred Tax )

X 3 = Score variable X 3

e = Error or residual..

# 4 FINDINGS AND DISCUSSION

## 4.1 Overview of The Automotive Subsector

The motorized vehicle industry in Indonesia began to develop since the operation of ATPM (Brand Sole Agent) in the early 1970s supported by Minister of Industry Decree No. 295/1982 and No. 428/1987. ATPM has the right to assemble, produce, and distribute its products in the territory of Indonesia. ATPM in Indonesia has a dual function of being the sole agent of car sales and becoming a motor vehicle manufacturer. The Indonesian government initially planned that this ATPM would become an embryo for the development of the automotive industry in Indonesia with its direction being the transfer of technology and producing automotive products that have high local content. However, after 30 years the program did not work because the dependence on imported components was still high which ultimately affected the selling price of Indonesian automotive products to be high. The condition of the motor vehicle manufacturing industry in Indonesia became increasingly uncertain after the deregulation in 1999, which freed the entry of automotive products in a Completely Built-Up (CBU) condition, the role of the ATPM became irrelevant because many non-ATPM companies imported CBU cars whose brands had been held Certain ATPMs become overlapping. After the government stated that the relationship between the ATPM and the Principals was carried out in business and there was no need for Government involvement, many Principals finally took over the production of motorized vehicles and made the ATPM only as a motor vehicle distribution company in Indonesia. Like what happened to Toyota Motor Corp. who finally took over the assembly activities at PT. Toyota Astra Motor (TAM) and made TAM only as a company that markets Toyota products/distributors, and since 2003 manufacturing activities have been handled by PT. Toyota Manufacturing Indonesia (TMMIN) which is 95% owned by Toyota Motor Corp. Meanwhile, Suzuki Motor Corporation took control of manufacturing activities at PT Indomobil Suzuki International by increasing its ownership to 90% from the previous 40%, and the remaining 10% owned by Indomobil Sukses International. For distribution activities then handled by PT Indomobil Niaga International.

## 4.2 Data Analysis

*Table 2. Model Summary*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,623[a] | ,388 | ,378 | 26626,718 |

In the table summary model, the R Square number ( coefficient of determination) is 0.388. This means Deferred Tax determines the variable Corporate Income Tax by 38.8 percent, while the rest ( 100% -38.8% = 61.2 %) is determined by other variables.

*Table 3. Coefficients*

| Model | B | Sig |
|---|---|---|
| (Constant) | 8820,892 | ,029 |
| PPh 21 | 2,833 | ,033 |
| Fiscal Correction | -,035 | ,462 |
| Deferred Tax | 3,395 | ,001 |

From the table Coefficient the regression equation is obtained :

**Y = 8820,892 + 2,833 X 1 + 3,395 X 3**

Where :

Y = Corporate Income Tax ;

X 1 = Variable Application of Income Tax 21

X 2 = Variable Fiscal Correction

X 3 = Deferred Tax Variable

Based on the regression equation obtained, the regression model can be interpreted as follows:
Price constant-coefficient = 8820,892 (millions of Rp) . This means that, if the value of X 1, X 2 and X - three equal zero (0), then the level or magnitude of the dependent variable Y ( Corporate Income Tax ) will be 8820,892 (millions of IDR). Price coefficient b 1 = 2,833, means that if the value of X 1 ( Variable Application of Income Tax 21 ) increases by one point, while the other independent variables are fixed, then the level of variance l Y will increase by 2,833 units. Price coefficient b 2 = - 0. 035, means that if the value of X 2 ( Variable Fiscal Correction ) increases by one point, while the other independent variables are fixed, then the level of variable Y will decrease by - 0. 035. Price coefficient b 3 = 3.395, means that if the value of X 3 ( Deferred Tax ) increases by one point, while the other independent variables are fixed, then the level of variance l Y will increase by 3.395.

## 4.3 Discussion

**The effect of Implementation Income Tax 21 to Corporate Income Tax**.

Based on the results of the significance test with t-test, Variable Application of Income Tax 21 on Corporate Income Tax has a significant effect because t count > t table (5,300> 2,0017) and significance value sig < alpha (0,000 <0.05) , the regression test equation formed is Y = 13533.497 + 5.749 X 1 . This means that a one-unit increase in Income Tax 21 will be responded to with an increase in Corporate Income Tax of 5,749 units. Income Tax (PPh) Article 21 is one of the taxes that most often relates directly to the public, especially employees. Income tax article 21 is a tax on income in the form of salary, wages, honorarium, allowances, and other payments in whatever name and form in connection with work or position, services, and activities carried out by individuals. In many companies, article 21 of the income tax article is borne by the company ( Net Method ). With the findings of this study, it was concluded that most companies in the automotive sub-sector and components used the Net Method method to calculate PPh 21 so that any increase in PPh 21 would also increase the tax that must be paid by the company.

The results of this thesis are in line with the research of Wafa (2013) entitled The Implementation of Article 21 Income Tax Planning as a Corporate Tax Payment Saving Strategy , which concludes that if companies use the Gross-Up method, companies will be able to pay lower corporate income tax than using Net Method to calculate the PPh article 21 of its employees which also resulted in the company's net profit being greater. In addition, the results of this study are also consistent with the results of the research of Fitri (2013) and Khasanah Sahara (2013), which draw the conclusion that the calculation of income tax 21 will affect the corporate income tax, but the effect varies according to the method of tax calculation used. Hussin's research (2013) states that a comparison of the three calculation methods carried out on Income Tax 21, the gross-up method or the provision of a tax-based allowance results in efficiency with respect to Corporate Income Tax.

**Effect of Fiscal Correction on Corporate Income Tax**

Based on the results of significance test is known that variable Correction Fiscal on Corporate Income Tax effect was not significant for t < t table (0,137 < 2.0017) and sig > alpha (0892> 0.05) . The regression equation formed is Y = 22793,107 + 0 , 008 X 2 . This means that an increase in fiscal correction of 1 unit will be responded to with an increase in corporate income tax of 0.008 units. Fiscal correction is the process of adjusting for commercial profits that are different from fiscal provisions to produce net income/profit in accordance with tax provisions. The differences between accounting and finance can be grouped into permanent/different and time / temporary differences. According to Agus Setiawan and Basri Musri (2006: 42) r fiscal conciliation is the adjustment of provisions according to commercial accounting or accounting that must be adjusted according to taxation provisions. Fiscal correction is divided into fixed / permanent and different time / temporary differences. The fixed difference is the difference that occurs because the tax regulation calculates taxable income is different from the calculation according to Financial Accounting Standards without any correction in the future while the time difference is a temporary difference due to inequality of time recognition of income and expenses between tax regulations and Financial Accounting Standards. Fiscal correction can be either positive or negative correction. Positive correction occurs when income according to the fiscal increases and results in a reduction in costs recognized in the commercial income statement becoming smaller,or which results in additional income while negative correction occurs if the income according to the fiscal decreases and results in an additional cost that has been recognized in the commercial income statement to be greater, or which results in a reduction in income.

The results of this study indicate the effect of not significant fiscal correction on corporate income tax, this indicates that at the level of tax management policy, fiscal correction can be neglected to minimize corporate tax. Company management is better focused on other variables that have a significant effect on income tax. The results of this study are not consistent with previous studies, such as the Koraag study (2014) which states that fiscal correction succeeded in reducing corporate taxation at PT. BPR Celebes significantly, as well as the research of Setiadi (2013) whose results state that fiscal corrections have succeeded in reducing costs or increasing income at BPR PT. BPR. Dinar Pusaka. The inconsistency of the results of the study could be due to differences in the characteristics of the research object and the year of the study so that in future studies it is expected to be able to confirm the results of this study by doing it in different sectors.

**Effect of Deferred Tax on Corporate Income Tax**

Based on the results of significance test Deferred Tax on Corporate Income Tax ber influence significant because t count > t table ( 6.066 > 2.0017) and sig < alpha (0.000 <0.05) , the regression equation formed is Y = 9757,603 + 4,532 X 3 . Meaning that the increase in the variable deferred tax for one unit will increase the corporate income tax by 4,532 units. Deferred tax ( deferred tax ) is the tax effect recognized at the time of the adjustment to income tax expense coming period ,obligation deferred taxes ( deferred tax liabilities ) is the amount of income tax payable for future periods as a result of taxable temporary differences . while deferred tax assets are assets that occur when the time difference causes a positive correction resulting in a tax burden according to commercial accounting smaller than the tax burden according to the tax law . Based on the results of the study, the increase in deferred tax will increase the corporate income tax burden, the findings of this study are in accordance with the research Siregar et al. (2013), which stated that the application of PSAK 46 resulted in the emergence of deferred tax that would increase the tax burden on the agency. Based on the results of the study, the proportion of deferred tax on companies in the automotive sub-sector and components must be minimized and regulated properly so that the tax burden on the yield of the agency can be reduced.

**The effect of applying PPh 21, Fiscal and Deferred Taxes together to the Corporate Income Tax**

Based on the results of the F test, the variable Application of PPh 21, Fiscal and Deferred Taxes together on the Corporate Income Tax is significant because of the value of F count> F table ( 15,282 > 2,7694) and sig <alpha (0,000 <0,05). Y = 8820,892 + 2,833 X 1 - 0. 035 X 2 + 3,395 X 3. The efficiency coefficient = 8820,892 (millions of Rp) . This means that, if the value of X 1, X 2 and X - 3 equal zero (0), then the level or magnitude of the dependent variable Y ( Corporate Income Tax ) will be 8820,892 (millions of IDR). coefficient b 1 = 2,833, means that if the value of X 1 (Variable Application of Income Tax 21 ) increases by one point, while the other independent variables are fixed, then the level of variable Y will increase by 2,833 units. coefficient b 2 = - 0. 035, means that if the value of X 2 (Variable Fiscal Correction ) increases by one point, while the other independent variables are fixed, then the level of variable Y will decrease by - 0. 035. Coefficient b 3 = 3.395, means that if the value of X 3 ( Deferred Tax ) increases by one point, while the other independent variables are fixed, then the level of variable Y will increase by 3.395. Based on the results of the study only the fiscal correction variable has a negative effect, but the coefficient of the fiscal correction variable is very small. Therefore, in general, every company management should pay attention to PPh 21 indicators, fiscal corrections, and deferred taxes in an effort to minimize corporate tax.

# 5 CONCLUSION

The application of PPh 21 to automotive companies and components proved to have a positive and significant effect, with these findings, the company should use a good tax plan and a method of calculating the PPh 21 tax in accordance with the company's tax conditions so that corporate tax expenditure can be minimized. The fiscal correction has a positive but not significant effect on partial testing but has a negative effect when testing simultaneously. Based on the results of this study, in order to reduce agency expenditure, company management carefully calculates taxes so that it can make fiscal corrections so that tax expenditure decreases. Deferred tax is proven to have a positive and significant effect on corporate income tax, therefore the company management should immediately pay taxes so that the tax can be reduced.

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