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Analysis of The Implementation of Tax Planning in Efforts to Save Corporate Income Tax Expense in PT GMT Year 2017

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ABSTRACT

Tax planning is the first step in tax management. Tax management is a means to meet tax obligations well, but the amount of tax paid can be reduced to a minimum to obtain the expected profit. This research aims to analyze the implementation of tax planning conducted by PT GMT. The research approach used by the authors is descriptive qualitative. This research result is expected to provide information and suggestion for PT GMT that company could conduct tax planning as tax payment efficiency effort to gain maximum profit, but remain within tax regulation. Summary of this research revealed that tax planning implementation carried out by PT GMT could efficient payable tax expense. And company could save amounted to Rp.18.231.325,- from previous total payable tax.

1. INTRODUCTION

Indonesia is a developing country that has the goal of becoming a developed, prosperous and prosperous country. One of the ways to achieve this goal is by developing, enhancing and utilizing natural and human resources. Taxes have an important role as state revenue to help finance general development and government tasks in order to achieve state goals. As stated in the text of the UUD 1945 Article 23 paragraph 2 which reads as follows: "All taxes collected under law are in the interest of the state aimed at the welfare of the people" (Indonesia, Undang-Undang Dasar Negara Republik Indonesia Tahun 1945, 2002). Towards the end of 2020, the realization of state revenue originating from taxation reached IDR1,108.83 trillion or grew by negative 15.51% year-on-year. Based on the achievement of the realization of the Presidential Decree 72/2020 State Budget, the revenue from Taxation has reached 77.19% of the Presidential Decree 72/2020 State Budget. This tax revenue grew better with a smaller contraction compared to the previous period, where the growth was recorded at negative 18.55% year-on-year, which in nominal terms came mainly from Non-Oil and Gas Income Tax (Income Tax) and Value Added Tax/Sales Tax on Luxury Goods (VAT/LST). In more detail, the nominal non-oil and gas Income Tax receipts are still supported by the 25/29 Corporate Income Tax, 21 Income Tax and Final Income Tax revenue. Income Tax Only the revenue component of the 25/29 Personal Income Tax was recorded whose growth was still positive at 1.70% (year-on-year).

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Furthermore, the realization of Tax revenue from VAT is nominally supported primarily by VAT revenues, particularly Domestic VAT. Cumulatively, the VAT/LST growth was recorded at negative 14.15% (year-on-year), an improvement compared to the previous period. The contraction in tax revenue growth shows that there is still pressure on Indonesia's economic performance due to the impact of COVID-19, even though there are indications of improving business and socio-economic activities in society (Kemenkeu, 2020).

An increase in state revenue from taxes in the APBN means that the role of taxes is getting bigger and more significant in contributing to state revenue. The tax collection system in Indonesia adopts a system self-assessment. The self-assessment system is a tax collection system that gives taxpayers the authority to determine the amount of tax owed themselves (Mardiasmo, 2018).

With this trust and responsibility, it is expected that taxpayers can comply with and obey existing tax regulations, but there are still findings of cases of embezzlement and fraud committed by a company after an inspection by the tax director general. With the responsibility of taxpayers to calculate, pay, and report their own taxes based on the profits earned, it has caused several companies as taxpayers to commit violations in calculating corporate income tax payments by reducing turnover or increasing costs, which ultimately eliminates fiscal profits because if they do not do this. It will increase the percentage of tax rates that will be charged by the company. Lack of knowledge about taxation also results in taxpayers taking actions that are not in accordance with the stipulated laws and regulations.

On the other hand, a company has the aim to get maximum profit in the long term and minimize the income tax burden of the company by not committing fraud, the company must conduct tax management, in which the company will conduct a tax strategy to be efficient and guided by tax regulation number 36/2008 (Indonesia, Undang-Undang Nomor 36 Tahun 2008 Tentang Pajak Penghasilan, 2008). It shows that the greater the profit, the greater the tax paid.

One strategy to minimize the burden of the corporate income tax does not violate the laws of taxation is taxation avoidance). Tax avoidance is a negative action, but the action is said to be legal because it still includes taxation and follows tax laws. To do that it needs tax avoidance tax planning is right and good. Tax planning is not intended to evade tax evasion through means that violate taxation rules. However, in practice it is difficult to distinguish between methods that do not violate and those that violate the rules because there are many tax regulations that can be interpreted differently (Pohan, 2018).

Tax planning is needs by a company so that can pay taxes efficiently. With tax planning, it can avoid fraud and tax evasion that can harm the government (Rahman et al., 2019). Tax Planning is the first step in tax management. Tax management itself is a means to fulfill tax obligations properly, but the amount of tax paid can be kept to a minimum to obtain the expected profit.

The implementation stages of taxation obligations and tax control, namely the collection and research of tax regulations. The goal is to select the type of tax saving action to be taken. Efforts that can be made for tax planning on corporate taxpayers to streamline the payment of Corporate Income Tax are by choosing the method of depreciation of fixed assets, providing welfare to employees in kind or cash, and choosing the most appropriate method of withholding Income Tax Article 21.

PT GMT has the same goal, namely to achieve maximum profit continuously by implementing tax planning to minimize tax payments payable. By implementing tax planning, companies will be assisted in planning company operations and making decisions to achieve maximum profit and increase company performance to continue to exist and become a tax-wise and tax-compliant company and be able to update applicable tax regulations.

Researchers choose the object of PT GMT because there is a high enough tax potential so that it is still possible to do tax planning on the company to minimize the tax burden. This is in accordance with the facts shown as follows:

Table 1 Report on Positive Fiscal Correction Costs for PT GMT in 2017

No	Fees	in 2017
1	Entertainment Fee without a Nominative List	IDR 39,783,644
2	Medical Costs for Employees	IDR 33,092,044
3	Income Tax 21	IDR 38,373,644

Source: Financial section of PT GMT

The purpose of this research is to determine the implementation of tax planning, obstacles and means by PT GMT in an effort to save corporate income tax.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Taxes

The definition of tax according to Rochmat Soemitro (Mardiasmo, 2016) that taxes are people's contributions to the State treasury based on law (which can be enforced) without receiving lead services (counter-achievement) which can be directly addressed and which are used to pay for general expenses.

Tax Planning

According to (Resmi, 2019), tax planning is the first step in tax management. At this stage, the collection and research on taxation regulations can be selected the type of tax saving measures that will be carried out. In general, the emphasis of tax planning is to minimize tax liability. The definition of tax planning according to (Pohan, 2013), that the definition of tax planning is a process of organizing an individual taxpayer's business or a business entity in such a way as to take advantage of the various possible loopholes that can be taken by companies in the corridor of tax regulations (loopholes), so that the company can pay the minimum amount of tax.

Tax Planning Objectives

According to (Suandy, 2016) the purpose of tax planning is to engineer that the tax burden can be reduced as low as possible by utilizing existing regulations but in contrast to the purpose of lawmaking, the tax planning here is the same as tax avoidance because it is essentially economical both trying to maximize after tax return because tax is an element of profit reduction available both to be distributed to shareholders and reinvested.

Benefits of Tax Planning

According to (Pohan, 2018), the benefits that can be obtained from careful tax planning are as follows:

a. Cash out savings, due to the tax burden which is an element of which costs can be reduced
b. Manage *cash flow*, because with careful tax planning can be estimated the need for cash for taxes and determine the time of payment so that companies can draw up cash budgets more accurately.

Tax Planning Strategy

According to (Suandy, 2016) in making tax planning, it is necessary to create a strategy so that the results are obtained as expected. The following strategies can be used to streamline the burden of Corporate Income Tax, namely:

a. Selection of Basic Bookkeeping Alternatives
b. Management of Transactions Related to The Provision of Employee Welfare
c. Selection of Inventory Assessment Method
d. Selection of Sources of Funds in Asset Procurement
e. Selection of Methods of Depreciation of Fixed Assets and Amortization of Intangible Assets
f. Transactions Related to Withholding Tax
g. Optimization of Paid Tax Crediting
h. Application for Reduction of Installment Payment Period (PPh Article 25)
i. Exemption Certificate (SKB) Income Tax Article 22 and 23
j. Annual Tax Return Reconciliation
k. Capital Participation in Domestic Limited Liability Companies

Meanwhile, according to (Pohan, 2018) there are several strategies that can be considered in making tax planning on companies:

a. Maximize deductible costs
b. Merger between a company that is continuously losing money and a profitable company
c. Deferred earnings
d. Speed up the charge
e. Efficiency strategies to reduce corporate tax burden
f. Avoid the burden of others not to become a burden on themselves

Tax Savings

In Tax Planning there are 3 kinds of ways that taxpayers can do to reduce the amount of their tax burden , namely:

a. Tax Avoidance is a tax avoidance strategies and techniques that are legal and safe for the taxpayer because it does not conflict with the provisions of taxation. The methods and techniques used are to take advantage of the weaknesses (grey areas) contained in the tax laws and regulations themselves.
b. Tax Evasion is a tax avoidance strategy and technique carried out illegally and unsafe for taxpayers, and this method of smuggling taxes is contrary to taxation provisions, because the methods and techniques used are not in the corridor of tax laws and.
c. Tax Saving is a tax saving action taken by taxpayers that is carried out legally and safely for taxpayers because it does not conflict with taxation provisions. For example: If we shop the bottles at a shop, of course there will be no restaurant tax on the consumption, but if we order bottled tea in hotels or big restaurants, we will be burdened with restaurant taxes (which can be avoided) as the taxation implications.

3. RESEARCH METHOD

Research Design

This study uses qualitative research method because it describes in detail the extent of tax planning implementation in efforts to save income tax PT GMT. Qualitative methods are methods to explore and understand meanings that by some individuals or groups of people are considered to stem from social or humanitarian problems (Silaen, 2013). Based on the purpose of descriptive research aims to describe in detail about certain circumstances. And the purpose of the study then the author will describe how tax planning strategies are used to be able to save the income tax burden of the company.

Data Types and Sources

In this study, data collection techniques use several techniques to obtain data about objects to be studied, including observations, interviews, and documentation. The data source used in this study is the primary data obtained by researchers through a direct interview with one of staff PT GMT and secondary data in the form of financial report data PT GMT.

4. RESULTS

Based on the company's reconciliation report that the income tax payable by PT GMT in 2017 amounted to Rp.70.203.729. Information related to the tax planning strategy that can be applied to PT GMT consists of 4 savings strategies from the company's financial statements and outlined in more detail in the discussion. The potential accounts for tax planning strategies can be applied are as follows:

a. Transaction management strategy related to the provision of employee welfare.
b. Maximize deductible costs.

The proposed strategy is presented in the form of fiscal reconciliation financial statements before and after tax planning as below:

Table 2 Comparison of Before and After Tax Planning

Account	Corpoarate Tax Planning				Proposed Tax Planning		Notes
	Commercial	Fiscal Correction		Fiscal	Proposal	Fiscal	
		Positive	Negative				
NET SALES	6.966.906.825			6.966.906.825	6.966.906.825	6.966.906.825	
COGS:							
Merchandise Inventory, Beginning	15.600.000			15.600.000	15.600.000	15.600.000	
Net Purchase	3.973.052.951			3.973.052.951	3.973.052.951	3.973.052.951	
Merchandise Inventory, Ending	(60.662.362)			(60.662.362)	(60.662.362)	(60.662.362)	
TOTAL COGS	3.927.990.589			3.927.990.589	3.927.990.589	3.927.990.589	
Gross Profit	3.038.916.236			3.038.916.236	3.038.916.236	3.038.916.236	
OPERATING EXPENSE:							
Salary Expense	698.303.644			698.303.644	698.303.644	698.303.644	
Office Stationery Expense	5.730.144			5.730.144	5.730.144	5.730.144	
Transportation/Business Travel Expense	109.699.956			109.699.956	109.699.956	109.699.956	
Expedition, Courier, Postal Expense	90.069.644			90.069.644	90.069.644	90.069.644	
Building Maintenance Expense	89.654.292			89.654.292	89.654.292	89.654.292	

Vehicle Maintenance Expense	26.294.244			26.294.244	26.294.244	26.294.244	
Machine Equipment Maintenance Expense	31.528.644			31.528.644	31.528.644	31.528.644	
Maintenance Costs of Office Equipment	21.933.644			21.933.644	21.933.644	21.933.644	
Fuel/Toll/Parking Charges	29.905.144			29.905.144	29.905.144	29.905.144	
Cost of Printed Goods	22.283.644			22.283.644	22.283.644	22.283.644	
Material/Consumerable Expense	1.034.493.084			1.034.493.084	1.034.493.084	1.034.493.084	
Office Meal & Drink Expense	32.660.169			32.660.169	32.660.169	32.660.169	
Electricity & Telephone Expense	33.913.231			33.913.231	33.913.231	33.913.231	
Depreciation Expense	30.143.613			30.143.613	30.143.613	30.143.613	
Rent Expense	43.633.464			43.633.464	43.633.464	43.633.464	
Entertainment Expense	39.783.644	39.783.644		-	39.783.644	39.783.644	b
Other Expense	67.008.727			67.008.727	67.008.727	67.008.727	
Employee Medical Expense	33.092.044	33.092.044		-	33.092.044	33.092.044	a
Insurance Expense	42.011.023			42.011.023	42.011.023	42.011.023	
Commission & Consultant Fees	224.374.144			224.374.144	224.374.144	224.374.144	
Income Tax Article 21	38.373.644	38.373.644		-	38.373.644	38.373.644	a
TOTAL OPERATING EXPENSE	2.744.889.787			2.633.640.455	2.744.889.787	2.744.889.787	
NET INCOME/LOSS	294.026.449			405.275.781	294.026.449	294.026.449	
OTHER REVENUES (EXPENSES): Other Revenue Outside The Business	26.544.767			26.544.767		26.544.767	
Deposit Interest Revenue	8.234.450		8.234.450	-		-	
Other Expense Outside The Business	(3.083.500)			(3.083.500)		(3.083.500)	
Tax Expense on Interest	(350.178)			(350.178)		(350.178)	
TOTAL OTHER REVENUES (EXPENSES)	31.345.539			23.111.089		23.111.089	
EARNING BEFORE TAX	325.371.988			428.386.870		317.137.538	
Rounded to	-			428.386.000		317.137.000	
TAX	70.203.279			70.203.279		51.971.954	
EARNING AFTER TAX	255.168.709			358.183.591		265.165.584	

Table 3 Comparison of Before and After Tax Planning

Income Tac Less (More) Pay :	
Net Income	317.137.538
Net Income (Rounding)	317.137.000
Tax Payable :	
Amount of Taxable Income from the gross distribution share obtaining the facility: (Rp.4.800.000.000 / Rp.6.966.906.000) x Rp.317.173.000)	218.498.369
Amount of Taxable Income from the gross circulation portion that does not obtain the facility: Rp.317.173.000 - Rp.218.498.369	98.638.631
Income Tax Payable: (50% x 25%) x Rp.218.498.369	27.312.296
25% x Rp.98.638.631	24.659.658
Totals	51.971.954
Tax Credits:	0
Income Tax To Be Paid	51.971.954
Self-Paid Income Tax	0
Underpaid/Overpaid	51.971.954
Installment Income Tax Article 25 Year 2017:	
Tax Payable	51.971.954
Tax Credits	0
Income Tax To Be Paid	51.971.954
Installment PPh Article 25 Year 2018	4.330.996

Table 4 Comparison of Before and After Tax Planning Before Tax Planning

Earning Before Tax	428.386.000	317.137.000
Tax	70.203.279	51.971.954
Earning After Tax	358.182.721	265.165.046
Saving	**Rp.18.231.325 (26%)**	

From the analysis of tax comparison before and after tax planning, the company obtained tax savings of Rp.18.231.325,- or 26% and taxable income decreased from Rp.428.386.000, - before tax planning to Rp 317.137.000, - after tax planning.

Analysis of The Implementation of Corporate Income Tax Planning at PT GMT in 2017

a. Transaction Management Strategy Related to The Provision of Employee Welfare

1) Strategy to Manage Employee Medical Expenses (Natura)
The Company uses reimbursement system in employee health costs, where the company must spend medical expenses amounting to Rp.33.092.044,- where this cost must be corrected fiscally positively because it is a gift of natura/enjoyment to employees in accordance with Article 9 paragraph (1) letter (e) of the Income Tax Law.
The tax plan that the company can take for medical expenses is to provide health benefits to employees. This health benefit will increase employee income and become the object of Income Tax Article 4 paragraph (1). In addition, for companies providing health benefits to employees is a fiscal cost so that it will not be corrected according to Article 6 paragraph (1) letter (a) Income Tax Law.

2) Strategy to Manage Tax Expense (Income Tax Expense Article 21)
Income Tax Article 21 employees there are some employees borne by the company and others borne by the employee itself. PT GMT covers some employees of Income Tax Article 21 on the salaries of its employees. Income Tax Article 21 amounting to Rp.38.373.644,- must be positively corrected in accordance with Article 9 paragraph (1) letter (h) of the Income Tax Law. Actually, Income Tax Article 21 borne by the company will be entirely burdensome to the company because the company in addition to having to pay Income Tax Article 21 without deducting from the employee's salary amount, Income Tax Article 21 is a non-fiscal cost so it cannot be a reduction in the gross income of the company.
But judging from the employee's point of view, Income Tax Article 21 borne entirely by the company will ease the burden on employees because the salary that will be paid by the employee does not have to be deducted Income Tax Article 21. Tax planning that can be done by the company for Income Tax Article 21 borne and paid by the company is to convert the non-deductible expenses into deductibles by doing the gross up method.
In this case the company provides a tax allowance amounting to the amount of Income Tax Article 21 owed and makes it as an increase in the gross income of employees to be deducted from Income Tax Article 21. This gross up method will be profitable for employees and companies because the amount of income taken home by employees is large and does not pay taxes or tax deductions, while for companies the provision of tax benefits can be a fiscal cost so as to reduce the gross income of the company in accordance with Article 6 paragraph (1) letter (a) of the Income Tax Law.

b. Strategy to Maximize Deductible Expenses
The Company's Strategy of Regulating Entertainment Costs (Without Nominative List) makes a positive fiscal correction on *entertainment* costs of Rp.39.783.644,- because the company did not make a nominative list so it cannot be proven that such fee shave actually been incurred and have something to do with the company's activities to obtain, collect and maintain.
According to a statement from Mr. Ranu that the cost of entertainment is not supported by the nominative list.
The terms of entertainment costs can be fiscal costs in accordance with Article 6 paragraph (1) of income tax law No. 36 of 2008, must contain a list of nominees that at least contains:
1) Sequence number, date given
2) Name/place, entertainment address provided
3) Type and quantity of entertainment

4) Relationships, names, positions, company names, business types.

Analysis of Efforts that can be done PT GMT in Implementing Tax Planning

The efforts that can be made by PT GMT in implementing tax planning are inseparable from the obstacles faced by PT GMT. Mr. Ranu explained that the company until now has not had a special staff with a background in tax education. Based on the constraints faced by the company in implementing tax planning, the efforts that can be made by PT GMT is to recruit special staff with a background in tax education. With this special staff, the company can manage its tax burden to the maximum, so that no more costs must be corrected because there are no valid supporting documents or other costs corrected when the costs can be charged fiscally and the company is expected to choose the right tax planning strategies in saving its corporate tax burden. Another effort is that the company can use the services of tax consultants in conducting its taxation so that the company can directly implement its tax planning.

Analysis of The Value of Income Tax Savings PT GMT Year 2017

The amount of income tax savings on corporate taxpayers carried out by PT GMT is quite significant, there are several strategies that can be used by companies to minimize the corporate tax burden. Before planning the corporate income tax expense borne by PT GMT amounting to Rp.70.203.279,-. And after carrying out the tax planning the corporate income tax burden of PT GMT becomes Rp.51.971.954,-. The tax planning is quite significant in minimizing the tax burden of PT GMT because it can reduce the tax burden by Rp.18.231.325,-.

5. CONCLUSION

Based on the results of this study can be concluded some conclusions as follows:

a. PT GMT can use its tax savings strategy to save its tax burden so that the tax paid can be reduced. The tax saving strategy is in accordance with the prevailing tax regulations.
    1) Transaction management strategy related to the provision of employee welfare
    2) Maximize deductible costs
b. Efforts that can be made by PT GMT to be able to implement tax planning is to recruit special staff with a background in tax education or by using the services of tax consultants, so that companies can implement tax planning on their companies.
c. The amount of income tax savings after doing tax planning is quite significant in saving the corporate tax burden of Rp.18.231.325,-.

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