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Tax Planning and Tax Obligations at Indonesian Private Company

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Abstract

Tax is one of the establishment segments of state income, in order to guarantee progression of financing national improvement. In a business, charge may be a source takes a toll without accepting quick remunerate. Hence, we require an arrangement for companies to discover ways to streamline the charge and one of the ways utilized is through assessment arranging. The reason for this study is to decide the degree of charge arranging through worker welfare to minimize the charging burden on Indonesian private companies. This sort of research is expressive. Information got by utilizing documentation and interviews. The information investigation utilized is qualitative approach. The result appeared kind of assess arranging through representative welfare of the company can streamline the sum of assessing payable, from the company by recognizing as a cost the taken a toll representative welfare operations. The administration of PT. Domas Perkasa should apply tax arranging through representative welfare to play down of company charge burden.

Keywords: Tax Planning, Employee Welfare, Company Efficiency.

Introduction

Taxes are the essential sources of revenue for the country that is used to finance the expenditures of state, both for routine expenditures as well as development expenditures. The greater the tax paid by the taxpayer, the more state revenue. As for the company, taxes are costs and producers whose form of return is not received directly, either in the form of goods, services or funds so that taxes are Costs must be taken into account in every decision in order for the company to pay as little tax expense as possible and optimize profits.

Corporate knowledge of tax regulations is an important step in tax planning because it is useful in determining favorable loopholes to do tax planning without violating the Tax Regulations. This action is possible because however complete a law does not necessarily cover all the desired aspects.

Tax planning is the first step in collecting and researching tax regulations in order to be selected the type of tax saving measures that has been carried out. The tax burden may be suppressed as minimum as possible through utilizing the existing regulations without having to violate the rules so that the company can maximize after-tax income. There are several ways in tax planning, one of which is how a company streamlines the payment of taxes related to the provision of employee welfare. Welfare is meant to be matters related to meeting the needs of employees beyond salary and wages. Salaries and wages in general are still not able to meet the needs of employees, the company must pay attention to other compensation in order to meet the needs of the employee. From the provision of welfare, companies can also use as an alternative in tax planning to save the corporate tax burden.

PT. Domas Perkasa is a contractor company engaged in home construction, renovation, and office design. The company has provided employee welfare in the form of vehicle facilities for employees, lunch in the form of catering and bonuses.

But so far the company has never implemented tax planning. So that this research will be conducted a simulation of tax planning by changing the provision of vehicle facilities and natura provision into transport allowances and feeding allowances so that they can be charged as cost and there are savings. tax.

LIBRARY REVIEW

Understanding Taxes

According to Harmanto (2013: 1), tax is payment or loading that is not directly related to goods / services provided by the government to the community and bodies / organizations that are within the territory or within the reach of the government. Meanwhile, according to Soemitro (2016: 1) stated "Taxes are the contributions of the people to the state treasury under the applicable Law (yes can be imposed) by not getting mutual services (counter presentation) that can be directly demonstrated and which can be shown used to pay for general expenses." From some of the above theories it can be concluded that taxes are obligations in the form of materials levied by the state whose impact cannot be felt directly.

Tax Function

According to Mardiasmo (2013: 1), taxes have two functions:

- a. Revenue function (*budgetair*), which is tax as a source of funds for the government to finance its expenditures.
- b. The function of regulating (*regulerend*), namely taxes as a tool to regulate or implement government discretion in the socioeconomic field.

Tax Collection System

In Mardiasmo (2013: 7) there are three tax collection systems, namely:

- a. *Official Assessment System*
It is a vote that gives authority to the government (fiscus) to determine the amount of taxes owed by the Taxpayer.
- b. *Self Assessment System*
It is a tax collection system that authorizes taxpayers to determine for themselves the amount of taxes owed.
- c. *With Holding System*
It is a tax collection system that authorizes third parties (not fissues and not taxpayers concerned) to determine the amount of taxes owed by the taxpayer.

Income Tax Object

The ultimate aim of tax is to generate income, i.e. any kind of additional economic capabilities is usually received or applied to taxpayers, both from Indonesia & outside Indonesia, which is generally be used for consumption or for increasing the wealth of the concerned Taxpayer, by name & in any form (Wisanggeni and Suharli, 2017:78).

Income including tax objects

- a) Reimbursement or reward with respect to work or services received or acquired including salary, wages, benefits, honorarium, commissions, bonuses, gratuities, pension money, or rewards in any other form, unless otherwise specified in this law;

- b) Prizes from sweepstakes or jobs or activities, and awards;
- c) Operating profit;
- d) Profits due to sale or ²re to transfer of property;
- e) Re-payment of taxes that have been charged as fees and additional payment of tax returns;
- f) Interest includes premiums, discounts, and rewards for guaranteed debt repayment;
- g) Dividends, under any name, including dividends from insurance companies to policyholders, and the distribution of the remaining proceeds of cooperative business;
- h) Royalties or rewards for the use of rights;
- i) Rent and other income in connection with the use of property
- j) or acquisition of periodic payments;
- k) Benefits due to debt relief, except up to a certain amount stipulated by Government Regulations;
- l) Advantages of foreign exchange rate difference;
- ²) The difference is more due to the reassessment of assets;
- n) Insurance premiums;
- o) Dues received or obtained by the association from its members consisting of Taxpayers who carry out business or free work;
- p) Additional net wealth derived from income that has not been taxed;
- ¹) Income from Sharia-based businesses;
- r) Interest rewards as referred to in the laws governing general provisions and taxation procedures; and surplus bank of Indonesia.

Income That Does Not Include Tax Objects

- a) Help and donations
- b) Inheritance
- c) The property includes tunai deposits received by the body in lieu of ²capital participation.
- d) Reimbursement or reward in connection with work or services received or ⁴obtained in the form of natura and/or enjoyment.
- e) Payment from the insurance company to a private person in connection with health insurance, accident insurance, life insurance, dual-use insurance and scholarship insurance.
- f) Dividends or share of profits received or obtained by limited ⁴liability companies as domestic Taxpayers, cooperatives, SOEs or BUMD, from capital participation in established and positioned business entities in Indonesia.
- g) Dues received or obtained by pension funds whose establishment has been authorized by the Minister of Finance, both paid by employers and employees.
- h) Income from capital invested by pension funds in certain areas stipulated by the decision of the Minister of Finance.
- i) The share of profits received or earned by members of the company whose capital is not divided into shares, alliances, associations, firms and partnerships including unitholders of collective investment contract participation.
- j) Interest on bonds received or earned by mutual funds for the first 5 years from the date of establishment ¹or date of the contract.
- k) Income that is rhymed or obtained by venture capital companies in the form of a share of profits from business partner entities that are established and run businesses or activities in Indonesia.

- l) Scholarships that meet certain requirements whose provisions are further regulated with or under the Regulation of the Minister of Finance.
- m) Assistance or compensation paid by the Social Security Organizing Agency to certain Taxpayers whose provisions are further regulated with or under the Regulation of the Minister of Finance.

Tax Planning

Tax planning is a process & must be done collection and research on tax regulations in order to be selected the type of tax savings measures that will be carried out. Knowledge of tax policy is measured using alternatives that exist in the wisdom of taxation. The higher the company management knowledge about alternatives that can be used in tax policy, the higher the company management does tax planning.

Giving in the Form of Employee Welfare

Employee welfare is a condition that is felt by employees materially enough to meet their needs and feel safe and calm in living their lives (Sofyandi, 2013: 185). Not all employee welfare that a company provides can be recognized as a cost. According to Wisanggeni and Suharli (2017: 88-89), the costs associated with providing employee welfare are many opportunities to perform the efficiency of the Agency's PPh. The main strategy of agency PPh efficiency related to the welfare costs of these employees, depends largely on the condition of the company. The things that actually make the efficiency of the tax burden related to employee welfare are the costs associated with:

1. PPh Article 21 employees
2. Treatment and employee welfare benefits
3. Payment of insurance premiums for employees
4. Retired dues and JHT dues paid by the company
5. Housing facilities for employees
6. Transportation for employees
7. Uniforms for employees
8. Giving natura in other forms
9. Employee Service Travel
10. Bonuses and production services

RESEARCH METHODS

Type of research

The type of research used in research is a qualitative approach. According to Sugiyono (2013: 14) qualitative method is a research method based on the philosophy of postpositivism, used to examine the union of natural objects, where the researcher is as a key instrument, sampling data sources that are done *purposively* and *snowball*, collection techniques with *triangulation* (combined), data analysis is inductive / qualitative, and qualitative research results emphasize meaning more than generalizations. Qualitative research is fundamental to analysis.

Data Collection Methods

1. Observation, Data collection is done by direct observation of the research object.
2. Interview, Data collection is done by conducting interviews with company leaders or parties related to the research object.
3. Documentation, Collection in this way, researchers are directed at company documents related to the necessary data.

Data Analysis Methods

Data analysis methods are carried out with qualitative descriptive methods. With the method of analyst of qualitative researchers will collect company data and analyze related data and then do tax planning on employee welfare costs so that it is known how much the company can Save on tax burdens, especially on Indonesian private company.

RESULTS AND DISCUSSIONS

PT. Domas Perkasa is a company engaged in home construction, renovation, and office design. The company was established in 2002 with the aim of meeting customer needs by offering optimal and competitive prices but also providing good quality work and in accordance with the required specifications and completing work on time according to the set schedule. In maintaining the welfare of employees of PT. Domas Perkasa has the following policies:

- a. PPh 21 employees, the company does not bear PPh 21 employees and does not provide tax benefits to employees. Article 21 tax burden is borne by the taxpayer or employee concerned.
- b. Health insurance for employees, the company includes all employees in the BPJS Health program also provides medicines for minor diseases (first aid).
- c. Pension dues and old age guarantees, the company provides severance for retired clouds and makes death contributions to employees.
- d. Vehicle facilities for employees, the company provides motor vehicle facilities for employees to be used to go and go home from work.
- e. Food and other natura, the company provides pleasure in the form of natura by providing lunch in the form of catering.
- f. Bonuses and THR for employees, the company provides THR amounting to basic salary and bonuses are given to permanent employees at the end of each year.

Previously PT. Domas Perkasa has never implemented *tax planning* in calculating the corporate tax burden. The cost of employee eras can be an alternative to doing tax planning so that the company gets tax savings.

Table 1
Details of Operating Expenses of PT. Domas Perkasa Before Tax
Planning as of December 31, 2017

Type of Cost	Sum
Employee Salary Costs	437,753,348
Phone, Electricity and Water Costs	28,333,450
Official Travel Expenses	14,467,890
Cost of Office Supplies	6,767,800
Transportation Costs	11,311,000
Turtle Cost	3,579,150
Miscellaneous Costs	7,587,650
Total Operating Expenses	509,800,288

Source: Processed Data,
2021

Table 2
Income Statement of PT. Domas Perkasa before Tax Planning
as of December 31, 2014

Information	Sum
Income	10,122,409,058
Initial Supplies	21,166,700
Purchase	7,988,622,500
Available Items for Sale	8,009,789,200
Direct Labor	595,271,000
Cost of Production	8,605,060,200
Final Supplies	20,215,700
Cost of Sale	8,584,844,500
Gross Profit	1,537,564,558
Operating Expenses	509,800,288
Net Income Before Taxes	1,027,764,270
Income Tax	256,941,068
Net Income After Tax	770,823,203

Source: Processed Data, 2021

In table 1 details of operating expenses of PT. Domas Perkasa as of December 31, 2017 can be seen various costs accumulated as operating expenses that reached an amount of Rp.509,800,288, - which is the amount of costs before *tax planning*. Previously, a fiscal correction was made to the donation fee of Rp. 2,500,000, - because according to the data received, the cost of donations is a donation for the Anniversary of Independence of the Republic of Indonesia which according to the PPh Law should not be charged as a cost.

In table 2 can be seen the amount of tax that must be paid by the company is Rp.256,941,068, - before doing *tax planning*.

Discussion

Application of Tax Planning Through The Provision of Feeding Allowances and Employee Transport Allowances at Indonesian private company

Tax Planning is a means of the company to streamline the tax burden in accordance with applicable regulations. PT. Domas Perkasa in 2017 admitted all costs included in the details of operating expenses had reached Rp.509,800,288, which was used as a reduction in the company's gross income. But after analysis there are gifts related to employee welfare that are not recognized as the cost of reducing the company's gross income, namely: natura provision in the form of catering lunches, vehicle facilities for employees. And also the cost of donations.

Financial statements from PT. Domas Perkasa in addition to explaining the reporting of the company's financial position is also a consideration for decision making from the Financial Manager as well as an evaluation of performance by every field in the company. As explained earlier, the provision of natura in the form of lunch can be replaced with the provision of feeding allowances for employees and the provision of vehicle facilities can be replaced by the provision of employee transport benefits and the transfer of donation fees from Independence donations. become a social donation through an official government body / foundation so that it can be recognized as a cost and can be deducted in the company's gross income. Here is a breakdown of the operational expenses of recognizing employee welfare costs and contribution costs of PT. Domas Perkasa so that it can be compared from before the *tax planning* and after the *tax planning*:

Table 3
Perbandingan Details of Operational Expenses of PT. Domas Perkasa Before and After Tax Planning

Type of Cost	Amount (Rp)	Type of Cost	Amount (Rp)
Employee Salary Costs	437,753,348	Employee Salary Costs	437,753,348
Phone, Electricity and Water Costs	28,333,450	Phone, Electricity and Water Costs	28,333,450
Official Travel Expenses	14,467,890	Official Travel Expenses	14,467,890
Cost of Office Supplies	6,767,800	Cost of Office Supplies	6,767,800
Transportation Costs	11,311,000	Transportation Costs	11,311,000
Turtle Cost	3,579,150	Turtle Cost	3,579,150
Miscellaneous Costs	7,587,650	Donation Fee	2,500,000
		Employee Feeding Allowance	21,120,000
		Employee Transport	31,680,000
		Miscellaneous Costs	7,587,650
Total Operating Expenses	509,800,288	Total Operating Expenses	565,100,288

Source: Processed Data, 2021

In table 3, you can see a comparison between the details of operating expenses before and after *tax planning*. In table 4 can be seen the total difference from the details of the cost of PT. Domas Perkasa, the difference is due to the addition of employee welfare costs accumulated into the details of operating expenses with the following acquisitions:

Tunjangan Makan: Rp.10,000 x 264 working days x 8 employees = Rp. 21,120,000
 Transport allowance Rp.15,000 x 264 working days x 8 employees = Rp. 31,680,000
 Donation fee Rp. 2,500,000

With the acquisition of the amount of operating *expenses* after *tax planning* then if included in the income / loss statement after *tax planning*, it will be obtained less net income than the income / loss statement before *tax planning*. Here is a table of income / loss statements before and after *tax planning*.

From the table above it can be clearly seen that the amount of tax owed after *tax planning* can be optimized, namely the following calculations:

Amount of tax before *tax planning* – The amount of tax after *tax planning*
 Rp.256.941.068,- - Rp.243.116.068,- = Rp.13.825.000,-

So from the calculation above obtained the amount of Rp.13,825,000, - as an amount that can be optimized by the company to be recognized as a profit from the company. Thus the simulation of tax planning on employee welfare costs at PT. Domas Perkasa is considered successful to optimize the corporate tax burden.

Table 4
Income Statement of PT. Domas Perkasa Before Tax Planning

Information	Sum
Income	10,122,409,058
Cost of Sale	8,584,844,500
Gross Profit	1,537,564,558
Operating Expenses	509,800,288
Net Income Before Taxes	1,027,764,270
Income Tax	256,941,068
Net income before Tax	770,823,203

Source: Processed Data, 2021

Table 5
Income Statement of PT. Domas Perkasa Before Tax Planning

Information	Sum
Income	10,122,409,058
Cost of Sale	8,584,844,500
Gross Profit	1,537,564,558
Operating Expenses	565,100,288
Net Income Before Taxes	972,464,270
Income Tax	243,116,068
Net Income After Tax	729,348,203

Source: Processed Data, 2021

CONCLUSION

Based on the simulation of tax planning conducted at PT. Domas Perkasa, there is a comparison from before the tax planning simulation the amount of tax that must be deposited amounted to Rp.256,941,068, - while after tax planning amounted to Rp.243,116,068, - so that the company can save taxes of Rp. Rp.13,825,000,-. This happens because tax planning is done through the transfer of welfare to employees in the form of natura and others into gifts with benefits to employees. Companies should change gifts in natura and other forms into feeding allowances, and the provision of vehicle facilities for employees should be converted into the provision of transportation benefits. For employees, also the cost of donations should be transferred from independence donations to social donations given through bodies / foundations that have been determined by the Directorate General of Taxes.

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