Analysis and Application of Calculations Fiscal Reconciliation on Less Corporate Income Pay at Sip Company

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Abstract

Every company in Indonesia currently has an annual financial report, which aims to find out the performance of a company, besides that the company's financial statements are also used to report and make calculations in paying taxes, financial statements are prepared based on generally accepted principles, namely Accounting Standards Finance (SAK). The background of this study is the result of observations and experiences of researchers, that to determine the calculation of corporate income tax carried out by the SIP company and to compare the calculation of corporate income tax on financial statements made by companies with the Taxation Law. The research used exploratory descriptive analysis method. The research instrument used in this research is the documentation format SIP company financial statements results the conclusion of this study is the analysis of the company’s financial statements, indicating that the calculation and reporting of income tax by the company is not in accordance with the tax law. Companies need to calculate the fiscal reconciliation is the most appropriate means used in determining the amount of income tax payable.

Key words: commercial financial statements, positive fiscal correction, negative fiscal correction

Introduction

Revenue from the tax sector is currently the prima donna in financing the country’s development. Reflecting on the revenue from the tax sector in 2021, it will reach Rp. 1,277.5 trillion or the equivalent of 103.9% of the tax revenue target in the 2021 State Revenue and Expenditure Budget (APBN). Income Tax (PPh) reaches Rp. 696.5 trillion at the end of 2021 or 101.9% of the realization in 2020. This is in accordance with the self-assessment system adopted in the Indonesian tax system, not only for individual taxpayers but also for corporate taxpayers, a self-assessment system applies. The current income tax payment system is based on a tax collection system that authorizes, trusts the responsibility of the taxpayer to calculate, calculate, pay, and self-report the amount of tax that must be paid. The government in this case the Directorate General of Taxes, according to its function, is obliged to provide guidance/counseling, services, and supervision (Mardiasmo, 2018: 11). Financial statements are used to describe financial information and the results of the company’s operations. The financial statements prepared by the company usually have to be adjusted to tax regulations. where there is a difference between income and fees that are permitted or not permitted in tax regulations. This adjustment makes the company perform fiscal reconciliation (correction) to meet tax reporting needs. Fiscal reconciliation is carried out so that commercial
financial statements in accordance with tax provisions, so that they can be accepted as tax financial statements. Tax is a source of revenue the largest country used for development and state expenditure. This is stated in the State Revenue and Expenditure Budget (APBN), where the main revenue comes from taxes. Without taxes, most of the activities of the state difficult to implement because of the lack of funds to finance the country’s activities. With the development of a country, more and more people are progressing and increasing in their standard of living. In addition to increasing living standards, more and more people pay taxes to the state and the more income the state gets from paying taxes (Fitria, 2017). Source There are many kinds of state revenue from the tax sector. One of them is tax corporate income (corporate income tax), namely income tax imposed on a company business entity on the income or profit of its business, both from within the country and abroad income abroad. One of the obligations of taxpayers, especially corporate taxpayers, is to make bookkeeping as a process that is carried out regularly to prepare a financial statement (Mardiasmo, 2018: 11).

Several previous studies, which the authors take as consideration in conducting research at SIP company such as research conducted by Prang Buwono (2012), concerning Fiscal Correction Analysis or Financial Statements on Reviana Company, stated that there are several accounts of differences in the recognition of income and expenses after being reconciled. In a study conducted by Rismawani A. Tety in (2016), regarding the analysis of fiscal corrections on commercial financial statements in determining income tax at Gajah Mada Indrasehati Company at Semarang, it was stated that there were profits obtained based on commercial financial statements that were different from the fiscal financial statements, and there is an underpayment of corporate income tax. In a study conducted by Nur Akmalia (2014), concerning the Preparation of Fiscal Corrections to Commercial Financial Statements according to the income tax law no. 36 of 2008 on the Karya Sawit Village Cooperative unit, shows that there are the difference in revenue and expense recognition by the Karya Desa Cooperative unit palm. The following is the income tax report data at SIP Company.

Table 1. Financial Statements of SIP Company 2021 (In millions of rupiah, unless otherwise stated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial Profit</th>
<th>Fiscal Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>1,656,946,299</td>
<td>1,680,301,921</td>
</tr>
</tbody>
</table>

Data source: Financial Report of SIP Company

From the financial statement data recorded above, there is a difference between commercial profit and loss and fiscal profit. This difference occurs due to the difference recognition of income and expenses, which are affected by the Statement of Standards Financial Accounting (PSAK) and Income Tax Law Number 36 Year 2008. For tax purposes, fiscal reconciliation is required, in reconciliation fiscal there are positive and negative fiscal adjustments that function to calculate taxable income for the current period and will be used as the basis for calculating the Corporate Income Tax payable.

The difference is also caused by the existence of several costs that can be used as an accounting expense or a reduction in profit. Thus, in the financial statements, it is necessary and necessary to: Fiscal reconciliation is carried out to find out what expenses cannot be reduce profits according to tax laws. This happens because there is a permanent difference between recognition in commercial financial accounting and tax accounting (tax regulations) in determining the accounts in the income statement. The following is data on the development of corporate income tax and accounting profit of SIP Company at 2018 - 2021.

Table 2. Developments of corporate income tax and accounting profit

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting profit</td>
<td>1,886,422,225</td>
<td>1,604,924,220</td>
<td>(1,623,256,257)</td>
<td>1,680,301,921</td>
</tr>
<tr>
<td>Tax income Body</td>
<td>417,539,840</td>
<td>350,499,756</td>
<td>Nihil</td>
<td>11,909,123</td>
</tr>
</tbody>
</table>

Data source: Financial Report of SIP Company

The table above shows that the Accounting Profit and Corporate Income Tax of SIP Company in 2018 - 2021 has fluctuated. This shows that the greater the accounting profit generated by the company, the greater the income tax that must be paid by SIP Company.

Therefore, the existence of these differences encourages researchers to carry out further research in the form of case studies in order to provide good results more adequate and relevant data on current conditions. Based on background This research is entitled "ANALYSIS AND APPLICATION OF FISCAL RECONCILIATION CALCULATIONS TOWARDS INCOME PPH UNPAID IN SIP Company" (Case Study Financial Statements at 2018 - 2021).
Literature Review

Fiscal Reconciliation

Fiscal reconciliation carried out by taxpayers because there are differences in calculations, especially profit according to accounting (commercial) with profit according to tax (fiscal). Commercial or business financial reports are intended for the economic performance and financial condition of the private sector, while fiscal financial reports more intended to calculate taxes. For commercial or business purposes, financial statements are prepared based on generally accepted principles, namely accounting standards (SAK) while for taxation (the income tax law is abbreviated as UU PPh). The difference between the two bases for preparing the financial statements results in differences in the calculation of profit (loss) of an entity (taxpayer).

Fiscal reconciliation (correction) is the process of adjusting commercial profits different from the fiscal provisions to generate net income/profit in accordance with tax provisions. By carrying out this fiscal reconciliation process, WP doesn’t need to make double bookkeeping, but it is enough to make one bookkeeping based on SAK. Fiscal reconciliations are made to obtain a taxable profit that will used as the basis for calculating income tax. Fiscal corrections can be distinguished between permanent differences and timing differences.

Official (2019: 395), states that the difference in income and expenses between accounting and fiscal can be divided into two, namely permanent differences or permanent differences and time differences or temporary differences. Permanent or permanent differences are caused by income and expense transactions that are recognized in commercial accounting but not recognized in fiscal terms. This difference causes the net profit/loss in accounting to be permanently different from the taxable profit or income in fiscal terms. Setiawan and Musri (2006:421), stated that fiscal reconciliation is adjustment of provisions according to commercial bookkeeping or accounting that must be adjusted according to tax provisions. Subiyatko (2013:13), states that fiscal reconciliation is carried out for both income and expense items.

Types of Fiscal corrections are types of differences between commercial accounting and fiscal provisions (Law No. 10 of 1994 and Law No. 17 of 2000). In general, there are two differences in the recognition of both income and expenses between commercial accounting with tax (fiscal) which causes corrections fiscal, namely:

Permanen Differences

Permanen differences are caused by different settings related to recognition of income and expenses between Financial Accounting Standards and Provisions of Taxation Laws and Regulations. So it can be said that based on the provisions of tax laws and regulations, there are several income that is not a tax object, while commercially the income is recognized as income. Vice versa, there are several costs according to the provisions of tax legislation including fiscal costs that should not be deducted, while according to commercial these costs are taken into account as a fee. In general, permanent differences that occur as a result of differences in revenue and expense recognition.

Time Differences

The time difference is essentially due to the difference in principles between accounting and taxation, where accounting measures the accrual basis while tax adheres to the cash basis principle. On the other hand, as the name implies, the time difference is the difference between accounting and taxation treatment which is temporary in nature means that Overall accounting and taxation expenses or income are actually the same but the allocation is different every year. The time difference usually arises because the difference in the method used between tax and accounting in terms of:

a. Accrual and Realization
b. Depreciation or amortization
c. Valuation of inventory
d. Fiscal loss compensation.

Fiscal reconciliation is carried out by taxpayers (WP) whose books using a commercial accounting approach that aims to make it easier to fill out annual income tax returns, and prepare fiscal financial statements that must be attached when submitting the annual income tax return. Fiscal Correction can be positive correction and negative correction.

Positive correction occurs when income according to fiscal increases. Positive correction usually done as a result of:

a. Expenses that are not recognized by tax (non-deductible expense).
b. Commercial depreciation is greater than fiscal depreciation.
c. Commercial amortization is greater than fiscal amortization.
d. Another positive fiscal adjustment.
A negative correction occurs when the taxable profit decreases. Negative correction is usually done due to:

a. Income that is not subject to tax.
b. Income that is not subject to income tax is final.
c. Commercial depreciation is smaller than fiscal depreciation.
d. Commercial amortization is less than fiscal amortization.
e. Deferred income recognition.
f. Another negative fiscal adjustment.

The concept of costs in the preparation of fiscal financial statements

Costs that may be deducted from gross income are regulated in Article 6 of the Income Tax Law no. 36 of 2008. Taxable Income for domestic taxpayers and permanent establishments, is determined based on gross income less costs to earn, collect, and maintain income, including:

a. Costs that are directly or indirectly related to business activities, among others:
   1. Cost of purchasing materials.
   2. With regard to work or services including wages, salaries, honoraria, bonuses, gratuities, and allowances given in the form of money.
   3. Interest, rent and royalties.
   4. Travel expenses.
   5. Waste treatment costs.
   6. Insurance premiums.
   7. Promotional and sales costs which are regulated by or based on the regulation of the minister of finance.
   8. Administration fee.
   9. Tax, except income tax
   10. Depreciation of expenses to acquire tangible assets and amortization of expenses to acquire rights and other costs that have a useful life of more than 1 (one) year as referred to in Article 11 and Article 11A.
   11. Contributions to pension funds whose establishment has been approved by the minister finance.
   12. Losses due to the sale or transfer of property owned and used in the company or held to earn, collect and maintain income.
   13. Losses on foreign exchange differences.
   14. Research and development company conducted in Indonesia.
   15. Scholarship, internships and training fees.
   16. Receivables that are clearly uncollectible provided that:
      1. It has been charged as an expense in the commercial income statement.
      2. Taxpayers must submit a list of uncollectible receivables to the Directorate General of Taxes.
      3. The collection case has been submitted to the district court or agency the government that handles state receivables or there is a written agreement regarding the write–off of receivables or exemption between the creditor and the debtor concerned or has been published in a general or special publication or there is an acknowledgment from the debtor that the debt has been written off for a certain amount of debt.
      4. The conditions as referred to in number 3 do not apply to the write–off of bad debts from small debtors as referred to in Article 4 paragraph (1) letter k, the implementation of which is further regulated by or based on a Regulation of the Minister of Finance.
   17. Donations in the context of national disaster management whose provisions are regulated by Government Regulations.
   18. Donations in the context of research and development carried out in Indonesia whose provisions are regulated by Government Regulations.
   19. Development of social infrastructure whose provisions are regulated by Regulations Government.
   20. The provision of educational facilities donations is regulated by Regulations Government.

b. The fee that can be deducted is only 50%. The expenses that may be deducted by 50% (fifty percent) in calculating taxable income are as follows:

a. The cost of acquiring or purchasing cellular phones owned and used by the company for certain employees due to their position or work.
b. For the cost of subscribing or recharging pulses and repairing cellular phones owned and used by the company for certain employees because of their position or work.

c. For the cost of acquiring or purchasing or repairing a sedan or similar vehicle owned and used by the company for certain employees due to their position or work.

d. For the cost of routine maintenance or repair of sedans or similar vehicles owned and used by the company for certain employees because of their position or work.

Expenses that should not be deducted from gross income are regulated in Article 9 of the Income Tax Law no. 36 of 2008 years as follows:

a. Distribution of profits by name and in any form such as dividends, including dividends paid by insurance companies to holders, policies, and distribution of the remaining results of cooperative operations.

b. Fees charged or incurred for the personal benefit of the holder shares, partners, or members.

c. Establishment or accumulation of reserve funds, except for:
   1. Reserves for bad debts for banks and other business entities that provide credit, leases with option rights, consumer finance companies, and debt tax companies.
   2. Reserves for insurance businesses include reserves for social assistance established by the Social Security Administering Body.
   4. Reserve for reclamation costs for mining businesses.
   5. Reserve for replanting costs for forestry businesses.
   6. Reserve the cost of closing and maintaining a landfill industry for industrial waste processing business, the terms and conditions of which are regulated by or based on the regulation of the minister of finance.

d. Premiums for health insurance, accident insurance, life insurance, endowment insurance, and scholarship insurance paid by individual taxpayers, unless paid by the employer and the premiums are calculated as income for the taxpayer concerned.

e. Replacement or remuneration in connection with work or services provided in kind or enjoyment, except for the provision of food and drink for all employees as well as reimbursement or compensation in kind or enjoyment in certain areas and related to the implementation of the work. which is regulated by or based on a Regulation of the Minister of Finance.

f. Amounts that exceed the reasonable amount paid to shareholders or to related parties as compensation in connection with the work done.

g. Assets donated, aid or donations, and inheritance as referred to in Article paragraph (3) letter a and letter b, except for donations as referred to in Article 6 paragraph (1) letter i to letter m, as well as zakat received by the amil zakat agency or amil zakat institution established or legalized by the government, the provisions of which are regulated by or based on Government regulations.

h. income tax
   i. Fees charged or incurred for the personal benefit of the taxpayer or people who are dependents.
   j. Salaries paid to members of a partnership, firm, or limited liability company whose capital is not divided into shares.
   k. Administrative sanctions in the form of interest, with and increase, as well as criminal sanctions in the form of fines relating to the implementation of legislation in the field of finance taxation.
   l. Expenditures that have a useful life of more than 1 year may not be expensed all at once but instead charged through depreciation and amortization.

m. The cost of obtaining, collecting and maintaining income that is not a tax object.

n. Costs to earn, collect, and maintain taxable income the tax is final.

o. Costs to obtain, collect and maintain income tax Article 26 paragraph (1) of the Income Tax Law but do not include dividends as long as the income tax is added to the basic calculation for withholding taxes.

p. Loss from assets or debts that are not owned and are not used in a business or activity to earn, collect, and maintain income which is the object of the tax.

Method

The type of research used is descriptive exploratory research that seeks to describe a symptom, event, event that is happening now that focuses on actual problems, as they were at the time the research took place in the form of a case study on the effect of fiscal reconciliation on commercial financial statements on taxes. Corporate income (PPh) payable to SIP company (financial report case study 2018 – 2021). The scope of its business activities, which includes producing goods, so that they become finished goods in accordance with the PO (purchase order).
The type of data studied is descriptive qualitative with the source of data used in the preparation of this study is secondary data. The data are in the form of tax regulations Number 7 of 1983 concerning Income Tax, and research journals and the company’s official website.

While the variables to be studied are fiscal reconciliation on commercial financial statements as the independent variable (variable X) and corporate income tax (PPh) as the independent variable (variable Y).

The method used in this research is descriptive research method. It can be concluded that descriptive research is research that seeks to describe a symptom, event, event that is happening now so that it focuses attention on actual problems as they are at the time the research takes place. Through descriptive research, researchers try to describe events and events that are the center of attention without giving special treatment to these events.

The research approach is a tool used to answer the formulation of research problems that have been determined. This approach is adapted to the needs of finding answers to research questions (problem formulation). According to Sugiono, (2010:14) there are two types of research approaches, namely:

a. Quantitative research is research by obtaining data in the form of numbers or qualitative data that is numbered.
b. Qualitative research is data in the form of words, schemes, and pictures.

Based on this theory, this research is a quantitative research approach that focuses on the measurement and analysis of cause-and-effect relationships between the variables studied and the types of data described numerically.

The data collection technique used is the documentation technique. According to Sugiyono (2010: 67) "documentation is a record of events that have passed, it can be in the form of writing, pictures, and the works of someone". In other words, this documentation method is a data collection technique that is not directly addressed to the research subjects. Meanwhile, according to Arikunto (2006:158) "Documentation technique is to find and collect data about things in the form of notes, transcripts, books, newspapers, magazines, inscriptions, meeting minutes, ledgers, agendas and so on".

The stages of researchers in data collection techniques to be carried out are as follows:

a. Viewing the annual financial report of SIP Company period 2018-2021
b. View the relevant company’s balance sheet report.
c. View the profit and loss report of the company concerned.

After the necessary data has been collected, then an analysis is carried out using descriptive analysis techniques, namely by describing phenomena or events in calculating corporate income tax. The analysis procedure is to perform calculations from the data that has been collected and the calculation formula as stipulated in the existing tax regulations. Calculation of Corporate Income Tax for the year payable (Corporate Income Tax for the year payable). After it can be calculated and it is known that the Corporate Income Tax (Corporate Income Tax) that still has to be paid, the results of the calculation can be reported in the Annual Corporate Income Tax Return for that year.

Results and Discussion

SIP Company always makes annual financial reports with the aim of presenting conditions and information about the company in order to make decisions. The income statement presented shows the income and expenses of the company which is prepared based on Financial Accounting Standards or what is called Commercial Financial Statements. Based on the Financial Statements used as the basis for compiling the 2018 fiscal profit and loss calculation report, the results of the fiscal correction analysis show that:

a. The ending inventory of raw materials is corrected for negative fiscal by Rp. 200,000,000 because the presence of rejected raw materials.
b. Final Inventory of Finished Goods was corrected for negative fiscal amounting to Rp. 200,000,000 because there are finished goods that are damaged.

So that the Cost of Goods Sold was corrected by a negative fiscal of Rp. 400,000,000. There is no correction for Revenues and Costs because they are directly related to the company’s activities and are costs that may be charged as gross costs (deductible expense) in accordance with the Articles of Income Tax Law No. 36 of 2008. This condition is in accordance with the research of Krisanti, Widjaja, and Dewi, 2018; Lauwrensius, Khairani, and Ridhwan, 2011; Sari and Lidyah, 2011; Siswoyo, 2015; Dita and Khairani, 2011; Sondakh, 2015; Tulandi, Sabijono, and Sonny, 2018; Atina, Harimurti, and Kristianto, 2017; and Lestiningih, 2014.

Analysis of the 2019 and 2020 Financial Statements for the implementation of the calculation of fiscal reconciliation shows that the Commercial Financial Statements are in accordance with the Fiscal Financial Statements because all Revenues and Costs are directly related to the company’s activities and costs are expenses that may be charged as gross costs (deductible expense) in accordance with article 6 PPh Law No. 36 of 2008. This condition is different from previous research.
The analysis of the 2021 Financial Statements shows that the Financial Statements Commercial Finance underwent fiscal corrections as follows:

a. Other income with negative fiscal correction of Rp 53,190,885 was an income transaction on income tax of 21 employees’ salaries borne by the government, so we journalized it as income and then corrected the fiscal on the transaction referred to by PMK: Number 9/PMK.03/2021 concerning Incentives Taxes for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic, dated 25/10/2021.

b. Foreign exchange gain was corrected positively by Rp 26,517,704 due to the purchase of materials with a higher rate. Income that is not an object of tax (Article 4 paragraph (3) of the Income Tax Law that is not related to business activities, namely, obtaining, collecting, and maintaining income or whose amount is more than reasonable.

c. Bank interest income was corrected positively by Rp 9,050,462 because it was tax on savings and deposits subject to final income tax.

d. The use of Auxiliary Materials was corrected with a positive fiscal of Rp. 15,359,051 because not including auxiliary materials and outside the production process.

e. The use of the office was corrected with a positive fiscal of Rp. 30,200,000 because it was not related to the administrative process.

f. Official travel expenses were corrected with a positive fiscal correction of Rp. 11,861,076 due to the use of personal telephones for both directors and employees, in article 9 paragraph (1) letter c, reimbursement/reward in connection with the work/services provided. in kind and enjoyment is a reduction of 50% of costs, based on the decree.

g. Telephone charges were corrected negatively by Rp 11,494,546 because they were allowed to be recognized at 50% based on KEP–220/BJ/202 dated 18/04/2002.

h. The permit fee was corrected by a positive fiscal correction of Rp. 43,200,000 because it was not related to the production process and company administration.

Conclusion

Based on the results of the analysis and discussion, regarding income tax reporting at SIP Company, the authors can draw several conclusions, including:

a. There are differences between financial accounting standards and tax laws in the recognition of company expenses, there are differences in the amount of profit before tax between commercial financial statements and fiscal financial statements. Fiscal correction is very necessary because it can help in calculating income tax correctly in accordance with applicable laws.

b. Based on the conclusions that the author has made above, the authors try to suggest that SIP Company should understand and follow any updates/or changes regarding income tax rates and costs that may or may not be deducted from gross income.

References


