

# CHAPTER I

## INTRODUCTION

### A. Background

As time goes by, business people do various ways to increase their profits as their main goal and one of way is about tax. However, there are several actions can harm the country, for example report their tax but not at all transaction included, manipulated data, or indeed there is an error in the company's management. Whereas the benefit from the taxes that their paid before are for the taxpayer itself, but why does the tax situation reflect that the behavior of taxpayers inversely proportional to the government's target. "The current paradigm of taxes is considered as a frightening thing for the tax payer, it can be seen when they pay such a nominal amount of money that is quite large and just used for the state interests not for their private" (Ines Natasha : 2012). This is a sign for the government, the fear itself has an impact on the actions that will be carried out by the taxpayer in the future and the actions including, some are allowed and some are considered cheating.

The usefulness of tax is to finance public expenses, administer government, build infrastructure facilities, maintain education, pay for state apparatus, maintain health facilities, and as the largest source in the State Budget (APBN) is around 73.71% refers to law Number 18 Year of 2000. Yet the taxes are still below of the average target, behind that the state construction needs to be fulfilled, repaired and reprocessed. As the main problem keep concern on the awareness of the people, which is taxpayers either individually

or corporation who have not been aware of the conditions. It caused stated lose and it will have an impact on the welfare of taxpayers themselves and also other communities. Some of the reasons why the taxpayers have not been fully aware of their obligations up to now. They may not fully understand the knowledge of taxes, or they know but do not fully understand about it.

“Almost of tax payers both individually and corporation try to regulate the amount of tax paid” (Ines Natasya : 2012). There are several ways allowed in minimizing debt taxes such as tax planning, so it will also improve the businessman profit without do both fraud and breaking the law. Tax planning involves the strategy of the company, such as utilizing tax rules that provide facilities so the taxes can be deducted.

Government tax revenues from domestic VAT January to November 2018 grew 8.45% to Rp 276.38 trillion from the same period in the previous year. General tax revenues generally grew positively throughout the year. The biggest one came from domestic Value Added Tax (*PPn DN*) January to November 2018 period of Rp. 276.38 trillion, grew 8.45% from the same period in the previous year. This amount is equivalent to 28% of the main tax totaling Rp. 986.6 trillion. The second largest major tax revenue in the first eleven months of this year was Corporate Income Tax with Rp 209.15 trillion growing 22.1% and equivalent to 21.2% of the total. While the third largest is Import VAT with a value of Rp 169.07 trillion, growing 26% from, this value is equivalent to 17.14% of the total main tax revenue. For information, the realization of tax revenues for January to November period this year reached

Rp 1,136.52 trillion, growing 15.35% from the same period in the previous year. The tax revenue is equivalent to 79.82% of the 2018 State Budget target of Rp 1,424 trillion (Kemenkeu.go.id).

Planning is one of the main functions of management in running a business or an organization even small or big scale. The organization must prepare first what they would like going to do in the short time and in the long future. In general, planning is the process of determining the objectives of the organization or company and then presents the strategies, procedures for implementing the program, and operations needed to achieve company goals. This is created to keep company's going concern, how the outside look at into the organization and the main objective that should be achieved by company's management. Tax planning is the first step in tax management function and it is to fulfill the tax obligations correctly and be able to choose the type of tax saving which will measures the income and how much the amount of tax will be paid. Absolutely, it is not the easy thing efforts for the company's management in adjusting data not for manipulating data.

Tax planning can be applied to the income tax, value added tax or other types of taxes but in this case, the researcher take the special scope about how the influence of tax planning on value added tax to effectively rate of return on BR Building store an individual taxpayer. So, Reference in this research is based on "Law Number 18 Year of 2000 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods (VAT and *PPnBM*)" (Kemenkeu.go.id). As a taxable entrepreneur (*PKP*), they must know and

explore what accounting and taxation policies are specifically made by the government in the conduct of business or taxable services. Thus, the entrepreneur can play in the area of value added tax with applicable terms and conditions such as tax invoicing, maximizing input tax rather than output tax, and obtaining taxable goods from taxable entrepreneurs. Based on the characteristics of Value Added Tax above, a company can carry out Tax Planning by means of maximizing input taxes that can be credited, obtaining Taxable Goods (*BKP*) or Taxable Services (*JKP*) from Taxable Entrepreneurs (*PKP*) and postponing the making of the top sales tax invoice of Taxable Goods (*BKP*) or Taxable Services (*JKP*) for which payment has not been received, no later than the end of the month after the Tax Period ends. This input tax that can be credited can be done for example by exporting Taxable Goods (*BKP*). Taxable Entrepreneurs (*PKP*) can also minimize Value Added Tax due from the use of capital goods and the purchase of raw materials related to the results of their business. The use of capital goods by companies include machinery to produce goods both export and to be sold domestically. For the acquisition of these machines, the input tax can be credited.

By doing export, the company can minimize Value Added Tax (VAT) due to requesting the return of tax (restitution) or compensating the tax for the payment of the next tax period, because the export rate is 0%. Tax Planning carried out by companies can be aimed at minimizing the amount of Value Added Tax payable also can be aimed at efficiency in the payment of Value Added Tax itself. This is because because of this Tax Planning, the company

can delay payment of the amount of the Value Added Tax. In addition, it also encourages exports (for submission subject to 0%) and encourages investment (taxes paid on the acquisition or import of capital goods, are released or can be re-requested).

BR Store is one business that sells materials for the construction of houses and other buildings. The BR store has been confirmed as a Taxable Entrepreneur so it is mandatory to collect Value Added Tax from the buyer when selling merchandise, which is called the output tax. When buying merchandise or not as merchandise, the Value Added Tax will also be collected, which is called input tax. To determine the amount of Value Added Tax payable, the BR Store needs to credit input tax on output tax. According to Value Added Tax Law Number 18 Year of 2000, all purchases of goods related to business, then all input taxes can be credited, but there are some purchases for business purposes that are not credited by the BR Store, causing 2017 VAT payable of Rp 12,420,957 and Net Income of Rp 18,154,609. To be able to minimize the amount of Value Added Tax or at least useful to delay payment of VAT payable, BR Store needs to implement appropriate Tax Planning to carry out efficiency and to minimize the amount of Value Added Tax that must be paid by the company.

Looking at the problems mentioned above, the author was interested in discussing the issue of Tax Planning to Minimize Value Added Tax. For that the author took the decision to compile this thesis with the title: "The Influence

of Tax Planning on Value Added Tax As Effort to Minimaze Tax Payment, Case Study on BR Building Company in 2017".

The reasons why the researcher chooses the object of research is BR Building Company, first the researcher is the CPA Staff that takes care the company's problem about taxation in 2018 until now. Second, the owner of BR Building Store feels pay their obligation on VAT Payment does not suitable with reality, for example the condition of customers is quiet every month. That's why the researcher feels to have responsibility to observe what happen actually in VAT Payable of BR Building Store. Taking in 2017, because the period have been out of tax period and it has been reported on 2018. So possibility for underpayment is not toosignificant.

## **B. Problem Statement**

As for the formulation of the problem linkage with the title mentioned above are as follows: How is the Tax Planning can influence on value added tax to make efficiency in the payment of Value Added Tax and to minimize the amount of its Value Added Tax in accordance with the Taxation Law?

## **C. Objectives and Contribution of Research**

### **1. Research Objectives**

The main purpose of this research is to determine what is the influence of Tax Planning in order to make efficiency in the payment

of Value Added Tax and to minimize the amount of Value Added Tax payable to BR Building Store.

## 2. Research Contribution

The results of this study are expected to provide benefits to many parties including:

- a. For the researchers would like to reobserve, they can find out the correct calculation of Value Added Tax in a company and provide a learning experience in order to grow their abilities and skills in the field of taxation.
- b. For the company its self, it is expected to be an input for the company and held the appropriate Tax in minimizing the Value Added Tax due to Law Nounber 18 Year of 2000 concerning Value Added Tax and Sales Tax on Luxury Goods.
- c. For the Readers after this researching, add insight and knowledges to the readers so it can be useful if they faced with the same formula in terms of Tax Planning for Value Added Tax or as input for fellow the researchers who want to continue this research.

## D. Problem Scope

Connecting with problem formulation that has been described previously, the researcher tries to make a problem in writing this thesis: The

analysis is only focused on the 2017 financial statements, they are the income statement and statement of financial position. The regulation used is Law Number 18 Year of 2000 concerning Value Added Tax and Sales Tax on Luxury Goods.

#### **E. Writing Systematic**

Writing systematic in this research consists of Chapter one is about introduction. This chapter will explain the background of the problem, problem statements, objectives and contributions of this research, scope of the thesis problem, and the writing systematic. Chapter two is literature review which contains theory, conceptual framework and hypothesis development. This Chapter will discuss about theory and concept of tax, Value Added Tax, and Tax Management. Chapter three describes about general description of the company where the company's location and when the research started, the faced problem in this research, what is the alternative for the problem faced and the data will be used for this research.

After that, Chapter four is about analysis data and explanation. This chapter will explain about the description of company as general include presentation of the balance sheet, income statement, list of input tax calculations that can be credited. Furthermore, the description about analysis of the results of the study compares VAT before and after the tax is planned. In this description, the researcher also explained how



VAT could be planned in advance such as paying attention to tax invoices and how much tax compensation in the past. Last is about the conclusion, suggestion and the limitation of the researcher which are contain in Chapter five.

