

BOOK TAX DIFFERENCES IN LARGE TRADING SUB-SECTOR COMPANIES

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ABSTRACT

Taxes play a very important role as a source of state revenue. The existence of corporate obligations as corporate taxpayers results in the implementation of bookkeeping compiled based on General Provisions and Tax Procedures. The purpose of this study is (1) To explain the application of PSAK 46 regarding income tax accounting in large trading subsector companies listed on the Indonesia Stock Exchange. (2) To explain the application of the income tax laws to large trading subsector companies listed on the Indonesia Stock Exchange. (3) To explain the differences between commercial profits and fiscal profits after a fiscal reconciliation (correction) is made to a large trading subsector company listed on the Indonesia Stock Exchange (4) To explain the comparison of compliance rates of large trading sub-sectors listed on the Indonesia Stock Exchange in 2016 - 2018 in the Income Tax Act

This research was conducted on large trading sub-sector companies listed on the Indonesia Stock Exchange in 2016 - 2018. Samples used in this study were 6 companies. Samples were selected using the purposive sampling method. The analytical method used in this research is descriptive non statistic which functions as an analyzer of the collected data.

The results of the study show that in the large trading sub-sector companies that have been analyzed, there are parts of deductible expenses to be used as non-deductible expenses, there is a lot of reserve fund fertilization so that it cannot reduce fiscal profit and there are companies that have participated in tax amnesty so that they get a profit on tax that should be owed. Related to the phenomena presented in the background of the study, the tax revenue from the wholesale trade sub-sector is not only from Income Tax Article 22 Imports, but from aspects of costs that cannot reduce fiscal profits (nondeductible expenses) included in Article 9 of the Tax Law Income so that the more costs that cannot be reduced in fiscal profit, the greater the tax burden owed. After a comparison, the fiscal reconciliation of PT Lautan Luas Tbk is a company that meets the Income Tax Act regulations.

Keywords: Book Tax Differences, fiscal correction

I. Introduction

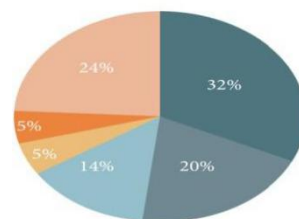
Taxes play a very important role as one of the sources of state revenue, and can be used as a tool to regulate economic activities and the tax serves as a tool or instrument used to put funds optimally into the national

treasury. In this case the tax function is more directed as an instrument for withdrawing funds from the public to be included in the national treasury. Funds derived from taxes are used for the administration and activities of the

government (Lubis, 2016). The existence of corporate obligations as corporate taxpayers results in the implementation of bookkeeping compiled based on General Provisions and Tax Procedures (KUP). While the accounting procedures in the KUP are not always the same as the accounting provisions stipulated in the Financial Accounting Standards (SAK). Even so, bookkeeping in accordance with Indonesian GAAP must be used to calculate the amount of income tax.

All Major Sectors Grow Positive, especially Manufacturing and Trading Industries. Overall, the 5 largest sectors of tax revenue contributed 76 percent of total revenue. The 5 main sectors are the Manufacturing (Manufacturing), Trading (Large & Retail), Financial Services, Construction and Mining sectors.

Distribusi Sektoral



Picture 1.1 Sectoral Distribution

(Source : www.kemenkeu.go.id)

Table 1.1
Tax Receipts from 5 Sectors

Business Sector	2018	2017	2016
Manufacturing	11.20%	18.28%	1.20%
Trade	23.72%	25.09%	0.60%
Financial Services & Insurance	11.91%	8.57%	0.70%
Construction & Real Estate	6.62%	7.16%	-5.90%
Mining	51.15%	40.83%	-28.10%

(Source : www.kemenkeu.go.id)

Tax revenue from the trade sector as a whole is still upgraded by the SME Final Income Tax and for the wholesale trade sub-sector and the retail trade sub-sector is still raised by Article 22 Income Tax. From the problems that can be taken, why tax revenues from the trade sector, especially the large trade sub sector, only increase through import tax article 22 only, not all of the tax levies are subject to income tax burden in the financial statements. Meanwhile, the financial performance of the trade sector, especially the large trade sub-sector in 2018, is supported by economic growth that is projected to improve, increased government spending

and an increase in household consumption (Devie, 2017). Especially for the large trade sub-sector in which there are machinery companies and also several construction companies that have moved sectors to the large trade sub-sector can increase the sectoral performance rate as much development is done in Indonesia.

The purpose of this study is

1. To explain the application of PSAK 46 regarding income tax accounting in large trading subsector companies listed on the Indonesia Stock Exchange.
2. To explain the application of the income tax laws to large trading

subsector companies listed on the Indonesia Stock Exchange.

3. To explain the differences between commercial profits and fiscal profits after a fiscal reconciliation (correction) is made to a large trading subsector company listed on the Indonesia Stock Exchange
4. To explain the comparison of compliance rates of large trading sub-sectors listed on the Indonesia Stock Exchange in 2016 - 2018 in the Income Tax Act.

II. Literature Study and Hypothesis Development

Tax accounting is an accounting field that aims to calculate and report tax objects so that tax liabilities can be calculated, reported and paid according to the tax regulations in force in a country. Financial statements prepared for taxation purposes are called fiscal financial reports (Hans, 2016:6).

Book tax differences are differences in the amount of accounting profit or

commercial profit with fiscal profit or taxable income (Salsabiila, 2016).

Accounting profit is defined as the difference between realized income from transactions that occur during a period and the costs associated with that income (Ghazali and Chariri, 2016:347).

Fiscal profit or taxable profit is net profit or loss for a period calculated based on tax regulations and is the basis for calculating income tax (PSAK No. 46).

III. Research Methods

This type of research is a comparative descriptive study. Comparative descriptive research is research that seeks to describe a phenomenon, event, event that is happening now. Descriptive research focuses on actual problems as they were at the time the research took place and then compares between samples of companies in terms of compliance.

The sampling technique used in this study is based on the non probability sampling method, which is a sampling technique that does not provide the same

opportunity or opportunity for each element or member of the population to be selected as a sample, using a purposive sampling technique.

The criteria used as research samples are:

1. Large trading sub-sector companies listed on the Indonesia Stock Exchange that have profit growth before tax from 2016 - 2018.
2. Large trading sub-sector companies that are still or have been listed on the Indonesia Stock Exchange from 2016 - 2018.
3. Large trading sub-sector companies listed on the Indonesia Stock Exchange which have published annual reports from 2016 - 2018.
4. Large trading sub-sector companies listed on the Indonesia Stock Exchange that use the rupiah in their annual financial statements.

The data used in this study is secondary data through an intermediary for

data retrieval, namely through the website www.idx.co.id

Steps to be taken in analyzing data:

1. Reveal the phenomena that occur related to the taxation world in Indonesia and find business sectors related to the phenomenon
2. Reveal the theory or provisions related to the topic to be raised namely about book tax differences by using fiscal reconciliation (correction) variables.
3. Study the developments that occur in the business sector, namely the large trading sub sector listed on the Indonesia Stock Exchange through the issuer's income statement.
4. Making criteria with purposive sampling technique in determining the sample of companies studied.
5. Perform fiscal reconciliation by following the income tax law.
6. Explain the results of fiscal reconciliation according to what has

been studied without subtracting and exaggerating and juxtaposed with existing theories / expectations / provisions.

7. Comparing between company samples, which are compliant with the Income Tax Act.

IV. Research Results and Discussion

The results of the classification of corrected costs and income, it can be concluded that from the 6 sample companies, the accounts that were mostly corrected positively were salary and benefits expenses, post-employment benefit costs, entertainment costs, tax expenses, employee enjoyment expenses, accumulation of reserve funds . While many negative correction accounts are rental income, interest income, dividend income, sale of fixed assets and the accumulation of reserve funds.

The level of compliance from the results of the analysis of fiscal reconciliation, suggests that PT. Lautan Luas Tbk. It is sufficient to meet the level

of compliance with the Income Tax Act by looking at the terms of fiscal reconciliation carried out and compared with the provisions of article 4, article 6 and article 9 of the Income Tax Act and the incorrect placement of cost and income corrected only has 2 errors compared to a sample of other companies that are quite in accordance with the Income Tax Act.

V. Conclusion

In accordance with the formulation of the problem and research objectives, then:

1. Large trading sub-sector companies have fulfilled the requirements in complying with PSAK 46 on Income Tax Accounting, namely carrying out fiscal reconciliation by classifying income and costs into temporary differences and permanent differences.
2. Large trading sub-sector companies have some costs that should be deducted from fiscal profits in accordance with Article 6 of the

Income Tax Act, but are used as costs that cannot be reduced in fiscal profits (article 9 of the Income Tax Act).

3. There is a significant difference between commercial profits and fiscal profits after fiscal reconciliation in the large trading sub-sector companies.
4. The level of company compliance with the Income Tax Act is still not optimal, but after a comparison, PT. Lautan Luas is the most compliant company with Article 4, Article 6 and Article 9 of the Income Tax Law.

VI. Suggestion

The results of the study as described in Chapter I have practical and academic uses.

1. Practitioners' use

The results of this study can be used by various parties such as the tax division within the company and part of the directorate general of taxes as a material to

help solve and anticipate problems that exist in large trading sub-sector companies, which can be useful for management and business decision making by internal and external parties related to large trading sub-sector companies listed on the Indonesia Stock Exchange. This study is limited from data that makes the reason companies that correct deductible expenses from deductible expenses into non-deductible expenses and also a limited period. It is recommended for further research to produce correct data used as an excuse to change the cost of deductible expenses to nondeductible expenses and also the limited 2016-2018 period which is only 3 years because it is adjusted to the phenomena that occur so that better research results can be obtained.

2. The usefulness of academics.

Namely how this research contributes to the development of knowledge in the field of accounting in general and in particular regarding tax accounting, that there are parts of deductible expenses used

as non-deductible expenses, there are a lot of reserve fund fertilization so that they cannot reduce fiscal profits and there are companies that have participated in tax amnesty so that they get a profit from the tax that they owe.

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