

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF STUDY

Tax is one of the sources of state revenue that have important role because the tax is the largest component and very useful in finance development. Based on Law number 28 year 2007, Taxes shall be compulsory contributions to the state, which are indebted forcefully by individuals or bodies on the basis of law, without obtaining compensation directly and used for the benefit of society maximally.

Minimization of tax burden can be done in various ways, either legal or illegal. Minimize the tax burden can be done in various ways, both legal and illegal. Generally tax planning refers to the process of turning back the transaction so that the tax debt paid in the amount at least but still in accordance with the rules of taxation. Usually the company set up the payment of taxes or to minimize tax obligations in accordance with the tax laws by exploiting a weakness of legislation (loopholes) and not against the provisions of the legislation it on its own.

Tax planning is a part which cannot be separated from the management of taxation. Tax planning can be applied when taxpayers will start his business activities until the closure of the business (liquidation), if it really happened. Tax planning is a number of planning in the field of taxation was established to improve the efficiency of tax processing to get the best alternative in terms of tax savings that do not violate the provisions of the tax with the aim in order to minimize resistance of the tax sector and maximize the growth of the company. In the face of developments in an increasing advanced business world. Companies must be aims to have a purpose

in order to make the company in developing and survive in the long term. The achievement will be achieved if the company is well managed so that in accordance with the expectations set by the company. Fixed assets are an important component of the company.

Fixed assets are assets of companies that have a form, have economic benefits of more than one year and the company acquired to carry out the activities of the company and not to sell. According to Hery (2014, p298) assets will still experience a decrease in ability so that the value attached to fixed assets will change with the passage of time, this is what drives companies to depreciated their fixed assets. So it can be said that fixed assets are never separated from the method of depreciation policy of the fixed assets themselves.

Depreciation is one type of cost of money may be deducted against income tax payers. The company should consider the depreciation method that will be used by the company in calculating depreciation of fixed assets. The amount of depreciation expense of fixed assets affect the size of the profits obtained by the company, therefore the depreciation expense shall be allocated rationally and systematically to conform to applicable accounting principles. Depreciation expense of fixed assets should be allocated over the economic life of the fixed assets in generating revenue. If this depreciation expense is not allocated on a correct basis, then this will affect the calculation of the cost of production, especially machinery and equipment and factory building, is one significant element.

There is a difference between depreciation of fixed asset according to SFAS number 16 and Law no 36 article 11 that difference between depreciation of fixed asset. According on SFAS No. 16, that depreciation begins when asset are available to use. (SFAS No.16, 2015) While according to law no 36 article 11 that depreciation of fixed asset begin since the mnth of completion of treasure work (for asset still in progress and with approval of the

director general of taxes, the taxpayer may perform the depreciation beginning on the month the property used to obtain, collect and maintain income or in the month the property concerned begins to produce. (Directorate General of Tax, 2008)

The similarity is fixed asset that benefit more than one period should not be directly charged in its spending but should be recorded and depreciated in accordance with the useful life. Assets that can be depreciated are fixed asset that categorized in building and not building.

The research is conducted at PT Qton Indonesia. PT Qton Indonesia is a company that engages in producing and distributor of rock burst (*batu pecah*). All companies whether that small, medium or big companies need fixed asset to run their business activities. Fixed asset has very important position as a component operational to maintain company performance in obtain profit. PT Qton Indonesia has several of fixed assets, such as vehicle in term of dump truck and loader, crusher, a machine that designed to reduce large rocks into small rock, gravel or rock dust, and office equipment. A fixed asset has a long period of usage and is expected to provide benefits to the company for the next few years, the benefits provide from asset generally will be decrease and causing depreciation.

PT Qton Indonesia uses straight line method as their depreciation method. However, the employee in this company not fully done depreciation accordance to the tax law. Because in term of determining the tariff, the company uses the same tariff of 10% for all type of their asset. While according to law number 36 year 2008 that the tangible fixed asset of non-building class divided into four different group with different tariff according to their group class. (Directorate General of Tax, 2008) In addition, deprecation method that is recognized in the tax law are straight line method and declining balance method. By comparing the two method of

depreciation, company can see which method are preferable to minimize the tax burden borne by the company.

Based on the descriptive above the author is interested in giving the title on this thesis: **“Tax Planning on Fixed Asset Depreciation to Minimize Tax Burden”**

1.2 PROBLEM FORMULATION

Based on the background of study which has been described, the problem formulated by the writer in this research “Does the Tax Planning through the method of depreciation of fixed asset can minimize company tax burden?”

1.3 RESEARCH FOCUS

In this research, the writer gives research focus in tax planning through depreciation method only for asset that categorized in non-building class such as production machine, vehicle and office equipment at PT Qton Indonesia in year 2017.

1.4 RESEARCH OBJECTIVE

The objective of doing this research is to analyses the result of tax planning through depreciation in order to minimize the tax that company need to pay. And which depreciation method that provide better result to minimize the tax burden.

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

Based on the objective the theoretical benefit of this research this research is expected to be useful to the researcher as well as an academic to understand about depreciation method of assets that can be useful to minimize the tax burden that must be paid for in a company.

1.5.2 PRACTICAL BENEFIT

This research is useful for:

1. For the company

This research is expected to give advice to the related institutions, namely with unsettled tax planning against PT Qton Indonesia, then companies can use depreciation method correctly and in accordance with accounting standards and regulations of the Act. In order to minimize the tax burden that must be paid by the company.

2. For readers

For the researcher, the research is expected to add to the discourse and obtain a picture directly on the comparison theory for this is obtained with the reality in practice at the company.

1.6 SYSTEMS OF WRITING

Systematic of writing that will be made in the writing of the thesis as follows:

CHAPTER I: INTRODUCTION

This chapter consists of background of study, which explain the reason of research, problem formulation, which states the research questions examined later in this research, research focus, which states the focus of this research, research objective, which states the aim of the research, benefit of the research, which explain the possible application of research result and benefit of this research and system of writing.

CHAPTER II: LITERATURE REVIEW

This chapter consists of theoretical background, which is a complication of related theories used as

reference in this research. The theory used in this research such as definition of tax, income tax, definition of fixed asset, depreciation method, definition and the benefit of tax planning. This chapter also consists of previous research, which is the statement of previous research with the relevant topic, and framework of thinking, which is the mindset of researcher to done the research.

CHAPTER III: RESEARCH METEODOLOGY

This chapter consists of research design, which states that this research is using qualitative descriptive method. In addition, this chapter also consists about the research object, data collection method, which explain the method of collecting research data example literature and study of the field, and data analysis method, which explain the process of analyzing the data.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter consists of brief company history, company organization structure. Beside that this chapter consist of the data analysis, which display to result of data analysis conducted in this research and discussion which is a more detailed explanation of the data analysis result.

CHAPTER V: CONCLUSION

This chapter consists of conclusion, which consists of the result and brief explanation that explain in discussion section, implication, which consists of the outcome of this research and recommendation, which consist of advice that can support the company's progress in the future.