

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

Income statement is an important component in a financial statement. An income statement can also be defined as a financial statement that must be generated from the accounting system, done according to the provisions of the taxation act as well as those specified under the Financial Accounting Standards (GAAP). Under the condition of a fiscal adjustment, we may find a different result. This difference occurs when the accounting side of income is measured too low and not reasonable due to the existence of a special case that supports this occurrence. The fiscal adjustment itself is a correction that must be made by the taxpayer before calculating the Income Tax for the corporate taxpayer and private taxpayers that use bookkeeping in calculating taxable income.

One of the obligations of the Taxpayer especially the Taxpayer of the corporate is to make bookkeeping into a process done regularly to prepare a financial statement which contains a balance sheet or statement of financial position, statements of comprehensive income, cash flow statement together along with details of each item in the financial statements. Fiscal reconciliation (correction) is an adjustment process for a commercial profit different from the fiscal provision to generate a net income / profit in accordance with the provisions of taxation.

By doing this fiscal reconciliation process, it is not necessary for Taxpayer to create a double bookkeeping, rather than to create one book based on GAAP instead. Fiscal reconciliation is conducted to obtain the fiscal profit that will be used as the basis for calculating income tax.

Differences remain a distinction of recognition of both income and expense between commercial accounting with the provisions of the permanent Law of Income means that fiscal correction will not be taken into account with taxable income. For example: donations, leisure (without nominative lists), expenses that have nothing to do with corporate activity and deposit interest income.

Time difference is the difference of recognition of both income and cost between commercial accounting with provisions of Income Tax which is temporary. This means that the fiscal correction will be calculated with taxable income. Some examples of this include depreciation expenses, rental fees and foreign exchange earnings gains.

Thus, fiscal reconciliation can be interpreted as an attempt to match the differences found in the commercial financial statements with the differences found in the fiscal statements prepared under the tax law. This process of fiscal reconciliation is generally done by a taxpayer in the form of a company. Reconciliation shall be made to cost items and income items in the Commercial Financial Statements, including:

1. Reconciliation to income earned by Final Income Tax.
2. Reconciliation to income that is not a tax object.
3. Taxpayer issues costs that should not be a deduction of gross income.
4. Taxpayer uses different recording methods under the tax provisions.
5. Taxpayer expenses to obtain income that has been subject to Final Income Tax and income subject to Non-final Income Tax.

CV. Multi Jaya Technical is a set of companies engaged in sales, service and rent of diesel engines. The purpose of this paper is to know the magnitude of positive and negative fiscal correction to the company's financial statements and to determine the amount of

Income Tax of CV. Multi Jaya Technical. This research method uses this research using descriptive qualitative approach because this research focuses on the description of fiscal correction to commercial income statement, as well as searching, obtaining and collecting sufficient data to get better illustrated facts about the current situation persisting within the company.

Based on the description of the above problems, the researcher is interested to discuss further in the form of a thesis titled **“Analysis of Fiscal Correction in the Framework of Corporate Income Tax Calculation at CV. Multi Jaya Technical”**

## **1.2 PROBLEM FORMULATION**

Based on the background that has been described above, the formulation of the problem that can be taken is:

1. What are the differences on the income and expense accounts between commercial financial statements and fiscal financial statements?
2. What accounts should be corrected and how to correct commercial income statement so it becomes a fiscal income statement under the Income Tax Act No.36 of 2008?
3. What is the amount of taxable income on CV. Multi Jaya Technical as the basis for determination of tax payable fiscal year 2017?

## **1.3 RESEARCH FOCUS**

The focus of the following research for the analysis of fiscal correction in the calculation of corporate income tax on CV. Multi Jaya Technical is the income statement for the period of January 1 to December 31, 2017. To add to this research supporting data related to

income statement for the period January 1 - December 31, 2017 will also be obtained and attached, so it can be seen in details the fiscal adjustment and the calculation of income tax body of CV. Multi Jaya Technical, to find out whether the company has made a correct calculation in accordance with the applicable tax rules in the calculation of corporate income tax or not.

#### **1.4 OBJECTIVE OF THE RESEARCH**

This research has several purposes, namely:

1. To analyse the differences of commercial and fiscal over the revenue and expenses account of CV. Multi Jaya Technical.
2. To correct the commercial financial statement into fiscal financial statement of CV. Multi Jaya Technical according to the Income Tax Act No.36 of 2008 so the corporate income tax can be determined.
3. To find the amount of income tax CV. Multi Jaya Technical year 2017

#### **1.5 BENEFIT OF THE RESEARCH**

This research has benefits for the following:

##### **1.5.1 THEORETICAL BENEFIT**

By doing this research the authors hope to provide knowledge about the tax system in Indonesia, moreover in understanding the company's fiscal correction and the calculation of corporate income tax and also to gain additional knowledge especially in the field of fiscal correction accounting and income tax accounting according to the rules and laws.

## 1.5.2 PRACTICAL BENEFIT

1. For writers, as a means of learning to improve the ability in the field of scientific research and train writers to express certain problems in a systematic way, and trying to solve problems systematically in order to support the development of methodological science.
2. For the company, this research is expected to be useful to know and analyze the financial condition related to the changes of tax regulations and to create and evaluate policies that can overcome the changes in the regulation.
3. For taxpayers or tax authorities, this research can provide an overview of taxpayer compliance and inputs to increase tax revenues.

## 1.6 SYSTEMS OF WRITING

### **Chapter I : Introduction**

This chapter contains background of the study, problem formulation, problem definition, research objectives, research benefits, and systematic of writing.

### **Chapter II : Literature Review**

This chapter contains theories that support the research and underlying research such as: the definition of taxes, income taxes, income and expenses according to accounting, income and expenses by tax, tax management, commercial financial statements, fiscal financial statements, fiscal correction, and tax rates.

### **Chapter III : Research Methodology**

This chapter contains research design, location and timing of the study, the types and sources of data, the instruments and methods of data collection, and the method of data analysis.

#### **Chapter IV : Data Analysis and Discussion**

This chapter contains company tax data, balance sheet, income statement, fiscal correction, and calculation of taxable income and income calculation according to the calculation of the researcher

#### **Chapter V : Conclusion**

This chapter contains the conclusions and suggestions deemed necessary for consideration by company management.

