

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The government needs a large amount of fund to develop the country. One of fund sources comes from tax revenue. The tax is paid by people for the government. Tax is one of the important parts of government's financial source. The tax is a mandatory financial charge or levy imposed to a taxpayer by a government in order to fund various public expenditures. Tax is used for improvement of economy condition. Besides that, it funds public expenditure such as for education, transportation and health. There are many types of tax. One of tax types is income tax. An income tax is a tax imposed on income and profits of the taxpayers.

The government collects the tax from society. The government implements many types of tax collection system. One of tax collection systems is the self assessment system. In the self assessment system, the taxpayer must calculate and report the tax to Director General of Tax each year. Taxpayers are given the trust by the government to conduct their own tax calculations. Any company as entity taxpayer in Indonesia has obligation to make financial statement regularly. The entity taxpayer is responsible to conduct bookkeeping to determine the amount of tax payable. The company conducts bookkeeping based on Financial Accounting Standard applicable in Indonesia. There are many types of financial statement. One of financial statement is income statement. The income statement shows the financial performance of the company in certain period. There is difference between Financial Accounting Standard and Income Tax Provision. Therefore, the company should make fiscal correction. After

conducting fiscal correction, the company can determine taxable income based on Income Tax Provision.

The company need employees in supporting the business activities. Employee is important for the company because the employee can determine the company's success. Therefore, companies need to give some allowances to their employees in order to increase the employee motivation. The company can give allowance in many ways. There are many forms of benefits for employee such as transportation allowance, food allowance, medical allowance, pension allowance, insurance allowance, uniform and so forth. Any decision for employees will give the impact to company. Selection of the proper form of benefit in kind will increase the employee's productivity and motivation. Besides that, the company has purpose in making tax saving. Each company is required to pay tax. For company, the tax is a cash disbursement without any direct reward for the company. Many companies make efforts to pay the tax payable as small as possible. Tax planning can help the company in consideration of increasing employee's welfare and making tax saving. Tax planning has purpose to obtain tax saving by complying of tax law. To achieve this goal, it needs to understand the applicable tax law. Tax planning can be done many aspects. One of the aspects is tax planning in minimizing the entity income tax with considering the benefit in kind.

This research is done at PT Freight Express Medan. The company is engaged in logistic and freight services. The company provides salary for each employees. The company also provides some benefit in kinds for employees such as food, transportation and so forth. The benefit in kinds cannot be recognized as deductible expense in calculating income tax payable. Therefore, the company will pay higher income tax after giving the benefit in kinds to employee. Tax planning of benefit in kinds can be implemented in making tax saving.

The company can change the form from benefit in kinds to allowance that the company will pay in cash. The payment of allowance to each employee can increase the employee's income. The payment of allowance to employee can be recognized as deductible expense with result that it can decrease the income tax payment although it will be imposed with Article 21 Income Tax. Therefore, this research is done to know the benefit of tax planning of benefit in kinds in income tax payment.

Based on this background study, then the writer is interested to conduct the research with title as follows: **“Tax Planning Implementation Regarding Benefit in Kind for Minimizing the Amount of Income Tax Payment at PT Freight Express Medan”**.

1.2 PROBLEM FORMULATION

Based on the description in the background study above, the problem formulation is as follows: “What is the impacts of implementing tax planning of benefit in kind to minimize the income tax payment at PT Freight Express Medan?”.

1.3 RESEARCH FOCUS

Due to limitation of time and knowledge of writer, the writer will focus the tax planning of benefit in kind in year 2016 at PT Freight Express Medan.

1.4 OBJECTIVE OF THE RESEARCH

The objective of this study is to know the impacts of tax planning of benefit in kind to minimize income tax payment at PT Freight Express Medan.

1.5 BENEFIT OF THE RESEARCH

The benefits from conducting this research are as follows:

1.5.1 THEORITICAL BENEFIT

1. This research can be used as a reading material for Universitas Pelita Harapan Medan in relation to tax planning of benefit in kind.
2. This research can be used as a comparison study material in conducting the research in relation with tax planning of benefit in kind.
3. This research can be used as reference to conduct the further research with same topic.

1.5.2 PRATICAL BENEFIT

1. For the writer, this research can be used in increasing the writer's knowledge and experience in taxation especially tax planning of benefit in kind.
2. For the company, this research can give recommendation for the company in conducting tax planning of benefit in kind appropriately.

1.6 SYSTEM OF WRITING

In order to writing the skripsi systematically, the skripsi is divided into some chapter as follows:

CHAPTER I : INTRODUCTION

This chapter provides preliminary insights like background of study about the benefit from tax planning of benefit in kinds for the company, problem formulation, research focus, research objective, benefit of the research and system of writing.

CHAPTER II : LITERATURE REVIEW

This chapter explains about theoretical background of tax which includes the tax definition, tax function, tax types, tax

collection system, income tax, income tax subject, income tax object, deductible expense, non-deductible expense, income tax rate, income tax calculation and tax planning. Other than that, the brief discussion on prior research and the framework of thinking will also be elaborated.

CHAPTER III : RESEARCH METHODOLOGY

This chapter describes how the writer conducts the research. It consists of research design uses qualitative and descriptive method, research object, data collection method and data analysis method.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

This chapter describes general view of PT Freight Express Medan, data analysis consists of the article 21 Income Tax, balance sheet, income statement year 2016 and discussion.

CHAPTER V : CONCLUSION

This chapter will give conclusion, implication of the research and give recommendation that can be useful for company.