

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Tax is one of the sources of state revenues especially in Indonesia. It is the contribution from the citizens to the state or country authorities or government. It is the source of fund for the government in defraying their expenditures and it plays as the implement to organize or to actualize the government's policies in social and economy.

To meet the expenditure needs of Indonesian government requires a definite funding source every year. The sources of the Indonesian government's funds are obtained, among others, through non-tax revenues and tax revenues. Non-tax revenue derived by government from retribution, profit of State-Owned Enterprises (*BUMN/ Badan Usaha Milik Negara*) / Regional-Owned Enterprise (*BUMD/ Badan Usaha Milik Daerah*), fines and confiscation, donations, and gifts and grants. While tax revenue is obtained through withdrawal of Income Tax (*Pajak Penghasilan / PPh*), Value Added Tax & Sales Tax of Luxury Goods (*Pajak Pertambahan Nilai / PPN & Pajak Pertambahan Nilai atas Barang Mewah / PPnBM*), Stamp Duty, Land & Building Tax (*Pajak Bumi dan Bangunan / PBB*), and Acquisition of Land & Building Rights (*Bea Pengalihan Hak atas Tanah dan Bangunan / BPHTB*). Among the above tax revenues, the Income Tax (*PPh*) of Article 21 is one of the most commonly connected tax directly with the public, especially employees.

In a company, regardless of what kind of business they are performing, there are employees who contribute in yielding profits. In returns, they got reward from the company in form of salary, wages, honoraria, allowances, and others. When a person receives income, he/she has to register him/herself as a taxpayer and obtain his/her

Taxpayer Identification Number /TIN (*Nomor Pokok Wajib Pajak / NPWP*), especially for those whom income is above the personal exemption that regulated by Directorate General of Taxes. As employees or workers with income above the personal exemption, they are bound to pay the Income Tax Article 21.

According to the Regulation of the Director General of Taxes Number PER-32 / PJ / 2015, Income Tax Article 21 is a tax on the acquisition of salary, wages, honoraria, allowances and other payments by name and in any form in respect of the employment or occupation, services and activities carried out by an Individual Taxpayer. It is also one of the state revenues. Therefore, in particular, an individual as a worker will be subject to article 21 income tax wherein the taxpayer of an individual must deposit his own or pay his own income already owed tax to the state treasury which is known as self-assessment system.

For the sake of effectiveness, efficiency, and ease of implementation, Indonesia implements withholding system on Income Tax Article 21. With this system, any employer who pays the income to the employee, the executor of the activity, or the implementer of the service shall withhold taxes that deduct, collect and deposit it to cash country. Which means that the income received by employees is directly cut by the employer (withholding system) so that employees only accept take home pay (net income after tax cuts and other deductions). Income Tax Article 21 is regulated by Law No. 17/2000 on the Third Amendment of Law Number 7 of 1983 regarding Income Tax and Act No. 36 of 2008 concerning the Fourth Amendment of Law Number 7 Year 1983 regarding Income Tax.

In calculating the income tax article 21 of employees, there are many things to behold. One of them is various policies related to the type of income tax. This is because the impact of taxes caused by each policy is different, because the tax aspects are different then the tax burden borne by the company will be different too. The technical

guidance for calculating the income tax article 21 of employees is set forth in the Regulation of the Director General of Taxes Number PER-32 / PJ / 2015 concerning the technical guidance on the procedure of withholding, depositing and reporting of income tax article 21 and / or income tax article 26 in connection with private employment, services and activities.

Calculating employee's income tax article 21 is not a simple job considering its subjective and variation. Subjective involves the conditions of the employee related to various status attached to him, including: Employment status (New employee, Moving, Expatriate), Non-Taxable (Single with no dependent to Married with maximum of three dependents) status and Taxpayer Identification Number (*NPWP*) status. Variation involves the different types and properties of income earned or obtained by employees. This variation is caused, among others, because each company can determine the policy related to the remuneration of its employees as long as it does not conflict with the provisions set forth in the labor regulations. Therefore, tax planning is needed.

In general, tax planning is done by regulating the business of the Taxpayer in such a way that his tax debts both income tax and other taxes are in the most minimal position as long as it is possible both by tax laws and commercial legislation. Therefore, the tax planning is important to be applied by the Taxpayer in order to minimize the tax to be paid by not violating the applicable tax laws.

Many studies have been conducted with the similar title. One of them is "*Analisis Perencanaan Pajak Penghasilan (PPh) Pasal 21 Pegawai Tetap pada PT Semen Tonasa*" by Indina (2012). The research was done with the purpose of knowing how to minimalize the amount of tax payable to be paid and in accordance with the applicable tax law and to observe to what extent the influence of tax planning of article 21 paid by *PT. Semen Tonasa* to obtain optimally profit.

The other research done by Indriati (2017) with the title “*Analisis Penerapan Perencanaan Pajak Penghasilan Pasal 21 pada PT Jaya Mestika Indonesia*”. The result of this research is the result of this research shows that the calculation of employees’ Income Tax Article 21 by using Gross-up method can raise salaries burden and reduce the taxable income so, it results in smaller amount of corporate’s income tax, this method can be used as one of tax saving efforts to minimize the corporate’s income tax payable.

Every company uses different tax planning strategies. It can be seen from the way the Income Tax Article 21 (*PPh 21*) of the company which has been implemented is the applicable Tax Law or not. Withholding Income Tax Article 21 of employees can use three alternatives which is, Net Method, Gross Method, and Gross up Method. The previous researchers were conducting researches in manufacturing company hence, it motivates the author to conduct research in trading company with the title of research: “**Analysis of Tax Planning Implementation on Income Tax Article 21 at PT Dwi Tunggal Pharma Mandiri**”

1.2 PROBLEM FORMULATION

Based on the description in the background study, it can be drawn in the problem formulation as follow:

1. How does PT Dwi Tunggal Pharma Mandiri calculate permanent employees’ income tax article 21?
2. How does tax planning on permanent employees’ income tax article 21 applied in PT Dwi Tunggal Pharma Mandiri?
3. Which of the calculation methods in tax planning if applied can help the company in achieving efficient corporate’s income tax?

1.3 RESEARCH FOCUS

The research focuses on:

1. Analyze how PT Dwi Tunggal Pharma Mandiri calculates permanent employees' income tax article 21.
2. Focus on the differences in calculating income tax article 21 of permanent employees by using Net, Gross, and Gross up method.
3. Compare which of the methods calculated can be used as tax credit to become deduction in corporate's fiscal income statement and become tax saving for PT Dwi Tunggal Pharma Mandiri.

1.4 RESEARCH OBJECTIVE

The objectives of this research are:

1. To analyze the calculation of permanent employees' income tax article 21 used by PT Dwi Tunggal Pharma Mandiri.
2. To analyze the calculation methods in permanent employees' income tax article 21 calculation that can be applied as tax planning in PT Dwi Tunggal Pharma Mandiri.
3. To analyze which of the calculation methods can be used as deduction in corporate's fiscal income statement and minimize corporate's income tax payable.

1.5 BENEFIT OF THE RESEARCH

1.5.1 THEORETICAL BENEFIT

1. As a basis for further understanding of the theories that have been obtained and understand how to calculate and do tax planning on Income Tax Article 21.
2. This research can be used as reference to conduct further research with the same topic.

1.5.2 PRACTICAL BENEFIT

1. For the author and readers, this research helps in increasing knowledge about Income Tax Article 21.
2. For the company, this research gives recommendations for the company in conducting tax planning for the permanent employees.

1.6 SYSTEMS OF WRITING

The purpose of systems of writing is to make it easier for readers to understand the content of this research. The outline of research is organized as below:

CHAPTER I: INTRODUCTION

This chapter includes Background of the Study, Problem Formulation, Research Focus, Research Objective, Benefit of the Research, Theoretical Benefit, Practical Benefit, Systems of Writing.

CHAPTER II: LITERATURE REVIEW

This chapter explains the Theoretical Background, Previous Research, and Framework of Thinking.

CHAPTER III: RESEARCH METHODOLOGY

This chapter gives the main idea about Research Design, Research Object, Data Collection Method, and Data Analysis Method.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

In this chapter, the author will write the General View of “Research Object”, Data Analysis and Discussion.

CHAPTER V: CONCLUSION

This chapter contains the results of research done by the author, implication and recommendation to the related parties.