

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Tax is an obligation that has been determined based on the law and is a source of state revenue that will be used for public and state interests. Therefore, taxes are mandatory for every person in the country, whether they are Indonesian citizens or foreign citizens (Ramadhani, 2020). Practically, the entirety of the life and the development of the business world is affected by the provisions of tax legislation. In practice, there are contrasts in interests among taxpayers and the government. Taxpayers try to pay taxes as small as possible because paying taxes means reducing the economic ability of taxpayers.

On the other hand, the government needs funds to finance state infrastructure. The Indonesian government's funding sources are obtained through non-tax revenues and tax revenues. From data obtained from the *Badan Pusat Statistik* (State Revenue Realization (billion Rupiah), 2007-2020), the tax revenue has grown from the 2019 to 2020.

Table 1.1 Indonesia's Income in 2019 and 2020 (in billion Rupiah)

	Source of Income	2019	2020
I.	Income from Domestic	2,029,417.80	2,232,698.00
	Tax revenues	1,643,083.90	1,865,702.80
	Non-tax revenue	386,333.90	366,995.10
II.	Grant	1,340.00	498.70
	TOTAL	2,030,757.80	2,233,196.70

Source: (Realisasi Penerimaan Negara (Milyar Rupiah), 2007-2020)

Prepared by writer (2021)

Non-tax revenue is obtained by the government from user fees, state-owned enterprises and regional-owned enterprises profits, fines and confiscation, donation, gifts, and grants. While tax revenue is obtained through income tax withdrawals, Value Added Tax & Sales Tax of Luxury Goods, Stamp Duty, Land & Building Tax, and Rights Acquisition Duty over Land & Buildings. (OnlinePajak, 2018)

Among the tax revenues mentioned above, Income Tax of Article 21 is a tax on income in the form of salaries, honorarium, wages, benefits, and other payments for and in any in any structure regarding work or position, services and activities carried out by domestic individual taxpayers.

According to Larasati (2018): "Tax Planning is a plan that is carried out so that tax payments become smaller without violating applicable tax regulations." So, we can say that tax planning is an important thing that needs to be done for every company because for companies, tax is an expense that will reduce its net profit. By doing proper tax planning, companies can avoid tax non-compliance to minimize unexpected tax payable.

The researcher chose *Rumah Sakit Bangkatan Binjai* as a place of research. *Rumah Sakit Bangkatan Binjai* is a company engaged in the service sector, thus serving consumers in the form of services, especially health services. Hospital has obligations as a tax collector of income tax article 21, 23, 26, and article 4 paragraph (2) relating to the activities of payment of salaries, honoraria, services, rent, etc. to employees and third parties. In this case the researcher is trying to provide suggestion in implementing tax planning in minimizing tax costs, especially Article

21- Income Tax costs in the income statement. Therefore, it'll result in reducing the amount of income tax that owed by the Hospital. With a good tax planning, the hospital will be able to save on tax expenses and able to reduce the burden the tax is required tax planning in accordance with the applicable law. Here, the writer choose hospital because hospital is an institution that is the object of income tax and hospital has a lot of labor.

The salary report is one of the guidelines for the company to be able to view and allocate funds as the main source of employee payroll at the *Rumah Sakit Bangkatan Binjai* which is used by management in controlling the salary received by employees and also for tax purposes. In calculating Article 21-Income Tax at *Rumah Sakit Bangkatan Binjai*, three methods can be carried out:

1. Gross Method
2. Net Method
3. Gross Up Method

Several researchers in Indonesia have conducted research on Income Tax Article 21. Feriyana (2017), has researched about the tax planning for Article 21-Income Tax and the result of this study indicate that in carrying out its tax planning, PT. Mustika Ratu Tbk minimizes the tax burden with several things, such as analyzing commercial costs which are synchronized with the analysis of fiscal calculations and controlling and monitoring the implementation of tax planning every period. The other researcher, Novita (2017), has research about the Analysis of the Implementation of tax planning on Article 21-Income Tax. According to her,

there are similarities between the results of previous studies and research conducted by the author, where the gross-up method is a method that can save Corporate Income Tax for Non-Final Companies, although it looks like a waste, but it will save tax at the end because the tax allowance is a deductible expense.

Based on the description and previous research above, the writer is interested in doing research entitled "**Analysis of Tax Planning on Income Tax Article 21 in order to Minimize Entity Income Tax Payable at *Rumah Sakit Bangkatan Binjai***"

1.2 Problem Formulation

Based on the background, the formulation of the problem raised by writer are:

1. What is the *Rumah Sakit Bangkatan Binjai* policy regarding employee's Article 21-Income Tax?
2. Did the tax planning done by the *Rumah Sakit Bangkatan Binjai* appropriate, so that it can minimize the tax payable?
3. What is the impact on the *Rumah Sakit Bangkatan Binjai employee's* Article 21-Income Tax of the application of Net, Gross, Gross Up Method?

1.3 Research Focus

The focus in this research is the writer conducts tax planning analysis which focuses on how the company's calculation of Income Tax is correctly based on the applicable tax regulations, and the alternative ways of deducting Article 21-Income Tax (borne by employees, borne by the company, or providing benefits).

1.4 Research Objectives

Here are some objectives of the research that you can make to solve the problems that've been found, which are:

1. To know their policy by analyzing the data of employee salary and their policy regarding their employee's Article 21-Income Tax.
2. To know that the tax planning done by the *Rumah Sakit Bangkatan* appropriate or not by comparing the amount of tax that must be paid by the company between the methods currently used by the company with the other method.
3. To know the impact produced by applying Net, Gross, Gross-Up Method in calculate the Article 21-Income Tax for employees on the amount of tax that must be paid by the company as a savings strategy for corporate tax payments.

1.5 Benefit of the Research

The benefit of the research divided into two which is as follow:

1.5.1 Theoretical Benefit

The theoretical benefits of this research are:

1. This benefit from this research is the writer can add insight into knowledge and ability to think in the field of taxation especially regarding tax planning.
2. The audience's benefit of this research is to educate the importance of the theoretical knowledge.

1.5.2 Practical Benefit

The practical benefits of this research are:

1. The result of this study is expected to provide an overview and contribution of thoughts to companies, especially *Rumah Sakit Bangkatan Binjai* in planning and controlling the amount of tax that need to be and can help the management in making decisions and policies that are right for the company.
2. This research can be used as reference material and a source of information for students in conducting the same studies.

