

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Tax is known as a source to increase the nation's revenue. In the implementation, tax is an obliged act that has to be fulfilled by each individual and entities. The benefit by paying tax will not be given directly but will be returned back in the form of improved public facility because tax is used in funding government expenditures such as improving the education, transportation, healthcare and many other more. By paying tax, means that there is a contribution given which will lead to a health and better life quality. This shows that tax actually plays a crucial and important role to boost the economy of Indonesia.

There are some types of taxes which contribute in increasing nation's revenue in Indonesia, one of them is Value Added Tax (VAT). VAT is a levy charged on the sale and purchase of taxable goods and services that is done by individual taxpayers or corporate taxpayers who have become a taxable person. VAT itself is a substitute for the sales tax. This happened because VAT is expected to be more sufficient to fulfill the targets for development such as increasing the state revenue, encourage exports, and equalize tax imposition. (Mira.,et.,al., 2019)

In order to maximize the VAT collection in Indonesia, there have been many changes in its taxation provision throughout the years to make it become effective and efficient in the implementation. These changes is needed in the implementation

because technology improves day by day and government needs to be quick to respond to the situation and used it as an opportunity to increase the state revenue.

Based on the calculation, VAT can be underpayment and overpayment because of the difference in the output VAT and input VAT. According to Mayndarto (2017) underpayment VAT is a condition where the output VAT is larger than the input VAT. This will make taxpayer will need to pay and fulfill to the lacking amount, and overpayment VAT is a condition where the input VAT is larger than output VAT, taxpayer have two choices between getting compensation or restitution.

On the contrary, accounting implementation is also needed in VAT. According to Jefta (2013:32) in Yusran.et.,al.,(2019), accounting in VAT has purpose in providing the information for the company to calculate, report, and pay the value of VAT and the VAT on luxury goods, and also to do the bookkeeping process accordance with the law in VAT. Recording or any transactions related to VAT have to follow the accounting standards. According to Purwono (2010, p. 308), If the VAT in can be credited, the recording is considered as tax, but if the VAT cannot be credited then the recording is directly charged as expenses. If the accounting process is done correctly, the company can calculate and pay the right amount of tax.

PT Centradist Partsindo Utama is a distributor company in car spare parts. Company already registered as a Taxpayer for VAT purposes for entity, therefore every purchase from the supplier will be charged output VAT. On the other hand, every sales that are made to the customer, company will be needed to issue tax

invoice and collect the input VAT. The input VAT can be collected and if input VAT is larger than output VAT there will be overpayment and vice versa.

Recording the amount of VAT also needs to pay attention to the accounting point of view. Company has to know on what goods or services can be credited or not. Mistakes in determining the value can lead to understatement and overstatement of the financial statement which can lead to different decisions.

Some problems usually occur in the calculation of VAT, as Indonesia is using self-assessment system which making company to calculate, report, and pay the tax amount by itself. Miscalculation and lack of knowledge from the employees in taxation can lead to misunderstandings and problems that can harm the company. Therefore company needs to make a reliable financial statement which is based on the real accounting process. Financial statement can be a tools in providing detailed information of the company which will make it easier in making a decision.

Table 1.1 Differences of VAT in and VAT out data at PT Centradist Partsindo Utama Period 2018 – 2019

No	Months	Differences of VAT in and VAT out		Notes
		2018	2019	
1	January	Rp. 212,226,757	Rp. 201,303,019	Underpayment
2	February	Rp. 218,098,021	Rp. 233,926,490	Underpayment
3	March	Rp. 263,353,202	Rp. 220,227,711	Underpayment
4	April	Rp. 252,863,141	Rp. 218,653,283	Underpayment
5	May	Rp. 266,401,813	Rp. 225,915,319	Underpayment
6	June	Rp. 218,267,139	Rp. 234,223,786	Underpayment
7	July	Rp. 242,919,102	Rp. 240,760,949	Underpayment
8	August	Rp. 194,992,167	Rp. 234,970,814	Underpayment
9	September	Rp. 267,257,429	Rp. 262,407,323	Underpayment
10	October	Rp. 204,999,592	Rp. 277,596,378	Underpayment
11	November	Rp. 196,424,733	Rp. 254,354,899	Underpayment
12	December	Rp. 173,848,982	Rp. 268,537,019	Underpayment

Source : PT Centradist Partsindo Utama (2021)

The table above shows the differences of VAT in and VAT out of PT Centradist Partsindo Utama for every month during 2018 and 2019 period. The differences are determined based on the subtraction of VAT out towards VAT in. The table shows that every month during 2018 until 2019, the company faced underpayments because the VAT out is larger than the VAT in which means that the sales is larger than the purchases, therefore there is an underpayment of VAT and the company needs to paid the lacking amount of the VAT.

Based on the background study, author is motivated to make an analysis of the company's problem with the title "**Analysis on The Calculation and The Accounting Application of Value Added Tax on The Financial Statement at PT Centradist Partsindo Utama**".

1.2 Problem Formulation

From the problem limitation above, the problem formulation in this research, such as:

1. How is the calculation of VAT in the company ?
2. How is the accounting application give impacts on the financial statements of VAT in the company ?

1.3 Research Focus

In this research, the writer will focus on how the calculation and the accounting application of value added tax towards the company's financial statement from the year 2018-2019.

1.4 Research Objective

The objectives of the research based on the problem formulation written above, such as :

1. To understand the VAT calculation in the company.
2. To understand what impact given on the financial statements of VAT in the company because of the accounting application.

1.5 Benefit of the Research

In this research, Some benefits that can be obtained based on two types of benefits such as;

1.5.1 Theoretical Benefit

The theoretical benefits from this research are expected to give many informations and contributions towards the available theory and also can expand knowledge in VAT and accounting in Indonesia in order to maximize the nation's income. Especially in calculating and reporting the VAT and how the number can be allocated using the standards of accounting.

1.5.2 Practical Benefit

The practical benefits from this research are expected to be useful for other people such as :

- For the writer, to build understanding and give more informations towards the calculation of VAT in Indonesia and how the accounting application of VAT in Indonesia.
- For the company, this research can be a consideration in calculating and doing the accounting of the VAT in the financial statement.
- For others, this research is hoped to give valuable information and as a references for other researchers if doing the same topic in the future