

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Taxes are the main source of revenue for the Indonesia. It is used for the country development. This development is now hampered by the economy crisis as it hit the revenues sources of the state.. This source of revenue is intended to finance the projects carried out by the government, so that state revenue becomes very important in economic recovery and state financing to maintain sustainable development.

The role of taxes is getting bigger into state revenue in the context of financing the national development. To this point, the role of the community is needed in the form of awareness and concern for paying taxes, including VAT (Value Added Tax). VAT is a tax levied on the added value of a good or service produced or delivered by taxable entrepreneurs, both entrepreneurs who produce goods, import goods and conduct a trading business, or entrepreneurs who conduct business in the service sector.

The performance of Direktorat Jendral Pajak (DJP) is evaluated from points, which are realized amount of tax revenue and the percentage of taxpayers (WP) who report annual notification letters (SPT). Compliance with SPT submission is also a benchmark because it indicates the formal dimension of SPT compliance.

When a taxable entrepreneur makes purchases of taxable raw materials and finished goods, they pay taxes called as VAT-input. When company do sales, it collects VAT-output according to the tax regulation. Item subjects to VAT can be tangible goods, either movable or immovable, and intangible goods.

Tax is an obligation that must be paid by the taxpayers, both individuals and entities. It is paid based on their income. The payment is intended for development in all fields. According to Law number 16 of 2009 concerning General Provisions and tax procedures in article 1 paragraph 1, tax is a mandatory contribution to the state which is owed by individual or entity that is coercive in nature, without receiving direct compensation and is used for the needs of the state for the greatest prosperity of the people.

Tax compliance is an act carried out consciously and based on obedience, desire, and ability to comply with tax laws and regulations. In particular, tax compliance is paying all taxes owed (Kurniawan, 2020). By this definition, non-compliance can be considered as not paying the full amount of tax paid. Indonesia had around 26.26 million micro and small companies and 450,000 medium to large companies across the country in 2019, according to the Central Statistics Agency. Based on this fact, it is possible to report that the majority of taxes on state revenues come from micro to small enterprises.

The authors argue that with the large number of companies and the extensive tax arrangements that exist, this will result in tax omissions. Most of the staff employed to handle tax matter do not have sufficient training or capacity to deal with such complex matters.

The company selected for this research is PT Inferco. This company is considered as having small size. In terms of tax, it has various unique taxation activities such as VAT for companies in certain goods which are tax free and many more.

Since tax is considered reducing net profit, company considers tax planning as necessary. Tax planning is the first step in tax management where at this stage, taxpayers do research of tax regulations, with the intention of selecting the type of tax savings action to do.

In general, the motivation for tax planning is to maximize after-tax profit return. Tax affects decision-making of company by careful analysis to utilize opportunities deliberately made by the government.

The purpose of tax planning is to ensure tax obligations is conducted as efficient as possible within the tax regulation. To achieve this goal, there are two things need to implement, which are understanding the provisions of tax regulations and make proper book-keeping. One example tax planning used by companies is to minimize the VAT. Tax planning on VAT can be done by maximizing creditable VAT-input, by acquiring goods or services from Taxable entrepreneurs (PKP).

PT Inferco is a company engaged in the distribution of fertilizers, agricultural chemicals, seeds, cover crops, and agricultural tools. As we know, sales and purchases are strategic taxable goods (BKP). The imposition of VAT is exempted based on Government Regulation (PP) Number 81 of 2015 concerning the Import and/ or Delivery of Certain Strategic Taxable Goods. Article 1

paragraph 1 letter F of the Government Regulation states that seeds are strategic BKP that are exempted from VAT. Purchases of its raw materials cannot be credited and are included in the VAT Period SPT report form 1111 section B3. Based on interviews with PT Inferco supervisor, the author is interested in discussing the imposition of exempted VAT, due to PT Inferco does not use the facility.

Based on explanation above the author is interested in conducting research on PT Inferco for 2021 VAT and hopes that it can be a good tax planner for PT Inferco with the title **“The Analysis of Implementation of VAT Exemption Facilities based on PP Number 81 Year 2015 at PT Inferco”**.

1.2 Problem Formulation

From the description of the background above, it can be formulated the problem is "Does PP number 81 year 2015 implementation can reduce the amount and impact of the tax debt on VAT at PT Inferco for the year 2021?"

1.3 Research Focus

The research focus of this study is to find out what kind of tax planning can be used by PT Inferco

1.4 Objectives of the Research

The purpose of this research isto provide tax planning by implementing tax-free goods and reducing the output tax payable at PT Inferco :

1.5 Benefits of the Research

The benefits of this research are as follows:

1.5.1 Theoretical Benefit

The theoretical benefit of this research is that it can improve the writer's understanding of how value added tax planning is applied in the company's overall performance, contribute to a better understanding of the application of value added tax regulations in companies, and can also determine the effectiveness of tax planning.

1.5.2 Practical Benefit

1 For researcher

This research was conducted with the hope that researchers can better understand the application of the value added tax law to small and medium-sized companies and to add insight and experience as well as knowledge regarding taxpayer compliance with income as well as obtaining benefits from research experience.

2 For government

This research was conducted with the hope that the government can better understand the problems of small and medium-sized companies in Indonesia

3 For company

For companies that are the object of this research, they can become references and additional knowledge about the procedures for how treat taxes properly and correctly so that the tax value paid can be as minimal as possible without breaking the rules current regulation.