

CHAPTER I

INTRODUCTION

1.1 Background Study

Indonesia has done various actions to push the economic growths and keeps on increasing state development to increase the growth of the country and transforming Indonesia into a developed country. Funds are certainly needed for Indonesia to be able to execute continuous growth. Tax contributes a large portion of the governmental income, and because of that, taxation is a crucial part of a country's growth.

Taxation in Indonesia has been through reformations, which the first one happened in 1983 where a fundamental change of taxation system from Official Assessment system into Self-Assessment System. Tax reformation is intended to bring an improvement and bring the solution to problems that have happened or will happen in the future (Handayani & Rizky, 2019).

Due to the change of system into a Self-Assessment system, taxpayers must possess an understanding of taxation to carry out their obligation on their own. However, there will be chances of error in tax calculation or reporting due to the lack of knowledge or information of the taxpayer on the country's taxation system and regulation.

Aside from taxation regulations, the Government also provides tax incentives for certain business fields that may help to ease the burden of taxpayers, which in this research the related entity is in the field of education.

Aside from having an understanding in tax regulation aspect, having an insight about the incentives provided will benefit the taxpayer. In *Optimalisasi Pajak Atas Yayasan Yang Bergerak Di Bidang Pendidikan*, it is mentioned that according to *Surat Edaran Direktur Jenderal Pajak Nomor SE-34/PJ.4/1995 tentang Perlakuan Pajak Penghasilan Bagi Yayasan atau Organisasi Yang Sejenis*, the entity being analysed on can get the facilities to be exempted as tax object if they followed the terms provided in the regulation. Another form of incentive available for non-profit entity in the education field is regulated in *Peraturan Direktur Jenderal Pajak No.44/PJ./2009 tentang Sisa Lebih yang Diterima atau Diperoleh Badan atau Lembaga Nirlaba yang Bergerak Dalam Bidang Pendidikan dan/atau Bidang Penelitian dan Pengembangan Yang Dikecualikan dari Objek Pajak Penghasilan*.

Unfortunately, tax has generally been seen as something detrimental for taxpayers even though there are regulations that alleviate tax burdens as long as it meets the requirements. This happens because majorly, the general idea of paying tax will decrease the profit or income of the taxpayer and will also cause the taxpayer loss.

Because of this, tax review is needed to make sure that errors due to the lack of understanding in taxation regulations or potential effort of avoidance are

solved before tax submission and payment to the government, preventing any possible sanctions and fines. Not only that, tax review can also be done to recheck what has been prepared by the taxpayer, and also act as a pre-audit preparation.

According to Simbolon (2013) in *Penerapan Tax Review Atas pajak Penghasilan (Pph) Badan Cv. Tri Karya Bersama*, "Tax Review merupakan suatu tindakan penelaahan terhadap seluruh transaksi perusahaan guna menghitung jumlah pajak yang terutang dan memprediksi potensi pajak yang mungkin timbul berdasarkan peraturan dan perundang-undangan pajak yang berlaku".

In this research, Lembaga Pendidikan TK Bangun Insan Mandiri is chosen to be the object of analysis. The educational institution is an entity that is based in Medan. The institution is a registered taxpayer in which their taxation will be analyzed. The writer will review the taxation of the entity and potential problems in the future to be solved through this thesis, entitled "The Implementation Of Tax Review Of Entity Income Tax To Evaluate Tax Compliance At Lembaga Pendidikan Bangun Insan Mandiri".

1.2 Problem Formulation

Will the implementation of tax review on the Entity Income Tax calculation, payment and reporting help to evaluate the tax compliance at Lembaga Pendidikan TK Bangun Insan Mandiri?

1.3 Research Focus

The focus of this research will be on how it differs between a corporate and education institution from the aspect of entity income tax, and how the entity calculates their income tax of 2019, the taxation procedures, and financial reports prepared by the entity. The writer would like to analyze it to identify whether the company has done the calculation and compliance of the entity income tax accordingly.

1.4 Research Objective

The objective of this research is to review the compliance regarding entity income tax of with Lembaga Pendidikan TK Bangun Insan Mandiri and gain deeper understandings of the implementation of taxation in an educational institution.

1.5 Benefit of Research

The research conducted by the writer is expected to give beneficial impact and contribution for the entity to increase the understanding of taxation for educational institutions and level of taxation compliance. In this section, the benefit of the research will be divided into theoretical benefit and practical benefit. In theoretical benefit, the writer hopes to improve the way of thinking especially in the knowledge of taxation. While, in the practical benefit, it is expected that the company could practically fulfill its taxation obligations truthfully following the taxation provisions in Indonesia.

1.5.1 Theoretical Benefit

This research could be important for researchers and academics:

1. To understand more about the income tax applied in the educational institution and how it is similar or different from other types of entities.
2. To be a reference for future research with similar topics
3. To contribute to the improvement of knowledge about the taxation procedures and regulations applied during the research conducted.

1.5.2 Practical Benefit

The result of this research is expected to be useful for the company:

1. To understand how tax review could minimize the risk of administrative sanctions in the future.
2. To have a deeper understanding of taxation procedures applied in Indonesia as the purpose of doing tax planning.
3. In the decision-making process regarding taxation issues.