

Analysis of Gross Up and Net Method in Tax Planning Order Study Case in PT. Sumber Citra Megah

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ABSTRACT: A tax management system for the effective is the most important thing to stay in a current situation. There needs to be a tax planning in the work plan without having to violate prevailing tax law. Implementation planning income tax article 21 by the company expected to minimize employees tax cost, that will benefit both sides. This research using any objects PT. Sumber Citra Megah. Implementation planning income tax article 21 by the company is expected to to minimize the tax charges to be indebted issued employees, that automatically be able to maximize profit after tax. The result showed that PT. Sumber Citra Megah do not planning income tax article 21 optimally because the calculation of THR, the salary employees and the competitive salary survey. Based on the research, company must evaluate income tax article 21 planning optimally by did not violate tax provisions apply. In this case, the company should provide income tax allowances using the gross up method, and replace the provision of in-kind with allowances in the form of money that flow directly to employees, because that way these costs can increase the company's fiscal costs and on the side of the employees it is also profitable because their take home pay will increase.

Keywords: Tax Management, Tax Planning, Tax Savings



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INTRODUCTION

In general, the sources of a country's public revenue are natural resources, state-owned enterprise (BUMN) profits, royalties, levies, contributions, customs and excise duties, commonly referred to as taxes. The larger the tax revenue obtained, the larger the country's income. Therefore, the government always strives to maximize tax revenue. However, for companies, taxes are a burden that needs to be minimized as they can reduce company profits. According to Law Number 36 of 2008 concerning Income Tax, Article 4 states that income is any economic capability received or obtained by taxpayers, both from Indonesia and abroad, which can be used for consumption or for increasing the wealth of the respective taxpayers in any name and form. Types of Income Tax are Income Tax, Article 21 Income Tax, Article 22 Income Tax, Article 23 Income Tax, Article 24 Income Tax, Article 25 Income Tax, Article 26 Income Tax, and Article 29 Income Tax. In this

thesis, the author limits the scope of the research to the analysis of tax planning using the net and gross up methods at PT. Sumber Citra Megah in 2019.

Based on the above question, the objectives of this research are:

1. To analyze tax planning using the Net and Gross Up methods in calculating Article 21 Income Tax in order to save taxes at PT. Sumber Citra Megah.
2. To analyze the constraints faced in tax planning at PT. Sumber Citra Megah.
3. To analyze the most appropriate method for tax planning at PT. Sumber Citra Megah.

Literature Review

The literature review in this research refers to books and other references that are considered relevant, such as internet websites and consultations with more experienced informants. The literature review in this research includes the concept of tax planning for Article 21 Income Tax using the Net and Gross Up methods in companies.

Administration

Liang Gie (1991:13), "Administration is the whole series of arrangement activities carried out by a group of people working together to achieve a goal."

Siagian (2001:4), "Administration is the overall process of implementing decisions that have been made and carried out by two or more people to achieve predetermined goals."

Max Webber (2005:82), "Administration means the exercise of authority and power. Authority here can be possessed by bureaucrats because they have legitimacy from the people through the state."

Public Administration

Dwight Waldo (1984:17), "Public administration is the management of an organization's human resources and tools to achieve the government's goals. These government goals are obtained from the system they belong to. For more information, read: Government Programs in Improving the Quality of Education."

Chandler and Plano in Keban (2004:3), "Public administration is the process by which public resources and personnel are organized and coordinated to formulate, implement, and manage public policy decisions."

Tax Understanding of Tax

Andriani in Waluyo (2013:2), "Tax is a compulsory contribution to the state (enforced) owed by those who are required to pay it according to regulations, without receiving any direct return, which can be identified, and the purpose of which is to finance general expenditures related to the tasks of the government."

According to Soemitro in Resmi (2014:1), "tax is a contribution from the people to the state treasury based on laws (that can be enforced) without receiving direct reciprocal services (counterperformance) that can be identified, and used to pay for general expenses."

Definition of Article 21 Income Tax (PPH Pasal 21) According to Mardiasmo (2009:162), "Article 21 Income Tax is a tax on income in the form of salary, wages, honorariums, allowances, and other payments with any name and form in connection with work, position, service, and activities carried out by individuals." Based on the definition above, it can be concluded that Article 21 Income Tax is a tax imposed on income related to work, service, and activities of individuals.

Tax Planning Definition According to Chairil Anwar Pohan (2014:13), Tax Planning is "efforts that include tax planning to ensure that the taxes paid by the company are truly efficient."

Tax Planning is the initial step in tax management. Tax planning is a legal effort that can be done by taxpayers. It is legal because tax savings are done without violating applicable provisions.

Conceptual Framework Income Tax 21 arises due to income paid by companies to individuals in the form of wages or salaries for their work. This tax is calculated based on the method and policy chosen by the company to optimize the tax to be paid. In an effort to optimize and minimize the amount of tax to be paid, companies implement tax planning strategies, such as transaction strategies related to income provided to employees.

The conceptual framework that can be elaborated as a guideline for this research can be described through the flow of analysis, from which the final results can be obtained on whether the tax planning conducted by the company can minimize the tax burden on PT. Sumber Citra Megah.

METHOD

Data Collection Techniques

In this qualitative research, data collection was conducted in natural setting, using primary data sources, and employing techniques such as participant observation, in-depth interviews, and documentation. Catherine Marshall and Gretchen B. Rossman stated that "the fundamental methods relied on by qualitative researchers for gathering information are participation in the setting, direct observation, in-depth interviewing, document review" (Moleong, 2016:63).

According to Sugiyono (2013:308-309), there are generally four techniques for data collection, namely observation, interviews, documentation, and triangulation/combination.

Data Analysis Techniques

The steps used by the researcher in analyzing data are in line with the approach developed by Miles and Huberman (Sugiyono, 2010:91) for qualitative research. Data analysis is conducted during data collection and after data collection in a specific period. The activities involved in data analysis include data collection, data reduction, data display, and conclusion drawing/verification.

RESULT AND DISCUSSION

Research Results

The author will present the research results based on the data and information obtained. The data is systematically, detailed, and critically analyzed using three stages: data reduction, data presentation, and verification. The author obtained the data from observations and interviews, and focused more on the analysis of tax planning with the methods used to calculate Article 21 Income Tax and the constraints and efforts faced by PT. Sumber Citra Megah.

Discussion

Based on the findings of the research conducted by the author, the author analyzed the data and interpreted the discussion of the findings using the data analysis that has been presented. Based on the research results conducted at PT. Sumber Citra Megah by analyzing tax planning using the Net and Gross Up methods, as follows: Tax planning using the Net and Gross Up methods in calculating Article 21 income tax for tax savings at PT. Sumber Citra Megah. Directorate General of Taxes Regulation Number Per/32PJ/2015 explains the definition of Article 21 income tax, which is tax on income in the form of salary, wages, honorarium, allowances, and other payments by any name and in any form related to work or position, services, and activities carried out by individuals as sources of domestic tax. The Net method is a method of tax withholding where the company bears the Article 21 Income Tax of employees. Article 21 Income Tax calculated using the Net Basis method is imposed on the employee's net salary. Constraints/Obstacles Faced in Tax Planning at PT. Sumber Citra Megah

For a company, tax planning for Article 21 Income Tax and the methods used are very important. Some of the constraints faced are as follows:

a. Lack of Knowledge in Taxation

In a company, competent employees are needed in their respective fields. Special knowledge in taxation is required to conduct tax planning in a company. According to an interview with Mr. Uus Sujana, the Tax Manager, the company lacks knowledge, especially in the field of taxation. It is evident that the company only knows the net method for withholding Article 21 Income Tax:

"One of the constraints is that our employees lack knowledge in taxation. That's why we use the Net method because that's the only method we know."

b. Lack of Training

Companies always need competent personnel in their respective fields to improve profits and company development. Therefore, training and development of employees are important to be conducted. The lack of training in the company, especially in the field of taxation, results in minimal knowledge of tax planning, as explained by Mr. Uus Sujana, the Tax Manager of PT. Sumber Citra Megah, as follows:

"So far, the company has not provided training for employees, because this is a family company, so the budget for training will be felt burdensome for the company."

Most Appropriate Method Used for Tax Savings at PT. Sumber Citra Megah

Currently, PT. Sumber Citra Megah has been using the net method for calculating Article 21 Income Tax as an effort in the company's tax planning. The net method is a method of tax withholding where PT. Sumber Citra Megah bears the tax of its employees. Tax planning is conducted by the company to minimize the amount of tax paid while still complying with applicable regulations, as explained by Mr. Uus Sujana, the Tax Manager of PT. Sumber Citra Megah, as follows:

"The company chooses to use the net method for tax planning, so the company pays the tax for its employees. Tax planning, right? Every company wants to minimize expenses to maximize profits."

CONCLUSION

Based on the research findings, the following conclusions can be drawn:

1. Tax planning at PT. Sumber Citra Megah, when analyzed using net and gross up methods, shows that PPh 21 using the net method is lower compared to the gross up method.
2. The constraints faced are (1) lack of knowledge in taxation, (2) lack of training, and (3) ineffective implementation of tax planning.
3. Based on the research findings, the appropriate method to be used by PT. Sumber Citra Megah is the gross up method. Although the nominal payment of PPh 21 using the gross up method is higher compared to the net method, the payment of this allowance can be accounted for in the company's annual tax return, whereas if the company uses the net method, the company cannot account for the payment of PPh 21 in the annual tax return, resulting in losses for the company

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