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Value Added Tax Planning (VAT) In Pt. DSS In Surabaya

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Abstract- Taxation has become an inseparable part of the business world ranging from individuals to legal entities both on a local and international scale, taxes have a coercive nature based on state law so taxes are given more attention in the business world. Taxes also require management from planning, implementation to evaluation. The planning management of Value Added Tax which will be discussed in this material will be reviewed from various aspects, starting from the Law and then the Fiskus point of view to the point of view of the Taxpayer himself. Researchers also look at the relationship between corporate tax management and the implementation of e-Invoice 3.0 and Web-Based e-Invoice reporting. This study uses primary data with qualitative methods which conduct in-depth interviews with company owners and the accounting and tax department of the company. The results show that the company already has good management in fulfilling tax obligations, especially reporting and depositing value-added tax.

Index Terms- VAT, Tax Planning, Tax Law

I. Introduction

Tax is a mandatory contribution to the state that is owned by an individual or entity that is coercive under the law without receiving direct compensation and is used for the state for the greatest prosperity of the people (KUP Law No. 16/2009). vital for the interests of the State. Therefore, over time, various changes continue to be made by the State in this case represented by the Directorate General of Taxes and their staff, new changes and policies are issued by adjusting the needs and developments of lifestyle - work patterns and spending patterns respectively so that Taxes can be present in developments. the existing era along with the targets that must be met. Within 35 (thirty-five) years since the ratification of the VAT Law on December 31, 1983, it has undergone 3 (three) amendments:

1. Law Number 11 of 1994 where the amendment came into force on January 1, 1995

2. Law Number 18 of 2000 where the amendment came into effect on January 1, 2001

3. Law Number 42 of 2009 where the amendment came into effect on April 1, 2010

Various kinds of changes that have been and will be made have one goal, namely to increase legal certainty and justice for the imposition of Value Added Tax as well as to create a simple and accountable Tax System so that State revenues for the economy and national development can be carried out continuously and independently. Until now, Indonesia still uses the Credit/Invoice Method system which is also known as the Indirect Subtraction Method, this system has been used since VAT replaced sales tax. Sales Tax creates a double tax burden in the collection system and variations in rates, so it became the main consideration for the Government at that time to replace it with a system that reflects the principle of justice. The development of the credit/Invoice method is also inseparable from the development of the Tax Invoice which is the main instrument. Tax Invoices undergo various changes according to developments and changes in the business world.

II. UNDERSTANDING VALUE-ADDED TAX

Understanding the concept of VAT (Value Added Tax) can be a knowledge base for Taxpayers to understand the development of VAT provisions in practice. Musgrave and Musgrave (1989, p. 399) state that "…the value-added tax is not genuinely a new form of taxation, but merely a Sales Tax which is administered in a different form". So, VAT is not a new type of tax. VAT is a sales tax that is levied in different ways. VAT is a sales tax levied based on the added value incurred on all production and distribution lines.

The added value is all factors of production that arise in every circulation of an item, such as interest, rent, wages, including all costs to earn a profit (Rosdiana & Tarigan, 2005, p. 214). Meanwhile, Alan Tait defines added value as follows:

"Value added is the value that a producer (whether a manufacturer, distributor, advertising agent, hairdresser, farmer, racehorse trainer, or circus owner) adds to his raw material or purchases (other than labor) before selling the new or improved product or service. That is, inputs (the raw materials, transport, rent advertising, and so on) are bought, people are paid wages to work on these inputs and when the final goods and services are sold, some profit is left. So, value-added can be looked at from the additive side (wages plus profits) or the subtractive side (output minus inputs)" (Tait, 1988, page. 4).

Based on the above definition, it is known that added value can be seen from two sides, namely, the additive side of the value-added side (wages and profits) and from the subtractive side of the output side minus the input. Tait (1988, p. 4) formulates the value-added formula as follows:

Value Added = Wages + Profit = Output – Input

From the value-added formula above, the tax (t) imposed on the added value can be formulated into four forms, namely:
1) t (wages + profit) : direct-added method or account method
2) t (wages) + t (profit) : indirect-added method
3) t (output-input) : direct-subtractive method
4) t (output) – t (input) : subtractive-indirect method (invoicing method or credit method)

The Value Added Taxpayers in Indonesia are divided into 2 categories, namely PKP (Taxable Entrepreneurs) and Non PKP, while the Inauguration of the Taxable Entrepreneurs is based on the Annual Turnover or Gross Circulation Report with a limit of Rp. 4,800,000,000,- (Four Billion Eight Hundred Million Rupiah) according to the provisions of PMK No: 197/PMK.03/2013.
So for Entrepreneurs whose sales of goods or services have not reached Rp. 4,800,000,000,- then it cannot be confirmed as a Taxable Entrepreneur.

However, if in the future the number of sales of goods or services exceeds Rp. 4,800,000,000,- then the Entrepreneur should report it so that it can be confirmed as a Taxable Entrepreneur at the latest at the end of the following month after the month in which the amount of sales of goods or services exceeds Rp. 4,800,000,000,-. So, for example, in November the entrepreneur has received sales of goods or services that have exceeded Rp. 4,800,000,000,- then in December the entrepreneur should report himself to the Tax Service Office to be confirmed as a taxable entrepreneur. If the Entrepreneur in the month after November does not report himself to the Tax Service Office to be confirmed as a Taxable Entrepreneur, then the Entrepreneur can be confirmed by Position.

HISTORY OF E-FAKTUR IN INDONESIA

Historically, e-Faktur or e-Tax Invoice was introduced by DGT in 2013.

Then on July 1, 2014, DGT officially implemented e-Faktur with the feature of electronically submitting Tax Invoices.

In 2016, DGT introduced e-Billing as a feature for online tax payments and in the same year also required all PKPs to use e-Faktur.
The legal basis for making e-Faktur include:

· Law Number 42 of 2009 concerning the Third Amendment to Law No. 8 of 1983 concerning VAT on Goods and Services and Sales Tax on Luxury Goods (PPnBM).

· Then, PMK-151/PMK.03/2013 concerning Procedures for Making and Correcting or Replacing Tax Invoices.

· Then the Regulation of the Director-General of Taxes Number PER-17/PJ/2014 concerning the Second Amendment to PER-24/PJ/2012 concerning the Form, Size, Notification Procedures for Making, Procedures for Filling in Information, Correction or Replacement, and Cancellation of Tax Invoices.

· And, PER-16/PJ/2014 concerning Procedures for Making and Reporting Tax Invoices in Electronic Form

THE LATEST IS THE MANDATORY USE OF E-FAKTUR 3.0

Please note, in addition to a series of legal grounds that regulate the obligation to use a substitute for manual Tax Invoices, there are also provisions governing the obligation to update **the latest version 3.0 of e-faktur.** The obligation to update e-faktur version 3.0 replaces e-Faktur 2.2 through an official notification Number PEM-11/PJ.09/2020 regarding the National Implementation of the Desktop e-faktur Application version 3.0.

MUST REPORT VAT PERIOD SPT VIA e-FAKTUR

Through the implementation of this e-Invoice system update, every PKP must report a VAT Period Notification (SPT) through e-faktur application, can no longer use e-Filing. The use of e-faktur 3.0, for reporting the VAT return period is no longer done via application *e-Client Desktop* but use application. *e*-invoices *Web Based*All data on Output Tax and Input Tax available to be reported in the VAT Period SPT will be provided through the *e*-Web BasedInvoice.

RESEARCH METHODS

Types of Research

In this study, the type of research used is descriptive qualitative research, which is a study that uses primary data contained in financial reports through interview techniques, data presentation, and analysis, and provides an orderly description of an event.

Research Subjects The

the subject of this research is PT. DSS in Surabaya, while the object of this research is data on the management of Value Added Tax (VAT) related to planning from the beginning of the company's establishment until the time when the use of e-invoice 3.0 is enforced.

Types and Sources of Data

a. Types of data

1) Primary data, namely research data sources obtained directly by researchers (not through intermediary media), primary data in the form of interviews.

2) Secondary data, namely data obtained in the form of publications such as company history, organizational structure, job description, Value Added Tax calculation data, and profit and loss statements as well as existing components in the company.

b. Sources of Data

Internal data is research data in the form of accounting and accounting documents that are collected, recorded, and stored within an organization. In this study, internal data can be obtained from the company in the form of income statements, reports on the calculation of Value Added Tax (VAT), and the necessary data.

Research Instruments

a.Study Literature

Literature study is collecting data by reading books looking for literature and reports related to research. A literature study is done by reading the literature related to the problem being studied and can be used as a theoretical basis for discussing the problem.

b. Interview method (interview)

The interview method is a dialogue conducted by the interviewer to obtain information from the interviewee. Suharsimi (2002:136) The interview method was conducted by interviewing parties related to the research.

Documentation is the collection of data sourced from written objects such as books, magazines, regulations, reports, meeting minutes, and notes. Suharsimi (2002: 135).

Documentation is done by recording the accurate data needed in this study from the research site. Among other things, namely the documentation of the income statement and tax PT.DSS.

Case Study of PT. DSS in Surabaya

The following is a profile about PT. DSS in Surabaya which is engaged in the Trading of Metal Goods for Construction Materials (KLU 46631) as follows:

1. Sales Area of PT. This DSS covers the area of East Java (starting from Tuban City to Banyuwangi) and Eastern Indonesia (Kalimantan, Sulawesi, etc.) where sales made by PT, DSS are through direct/offline sales instead of online/online.

2. PT. This DSS has been active since July 2017 and has been confirmed as a Corporate Taxable Entrepreneur, so that during 2017 PT. DSS only operated for 6 (six) months and in the following year it was fully operational

3. PT. DSS has not maximized the VAT crediting mechanism because there are still purchases of Taxable Goods that do not use a purchase tax invoice.

4. Potential for joint responsibility for VAT Input

5. VAT Planning on Self-Build Activities

6. Centralization The imposition of VAT, company policies in the administration and management of centralized value-added tax in the future, in line with the company's development in running its business.

PT.DSS
INCOME STATEMENTS
Years Ended December 31

	2017	**2018**	**2019**	**2020**
Sales	4,395,223,266	34,008,624,296	40,517,884,220	27,328,995,085
Beginning Inventory	-	841,690,497	11,052,600,000	8,555,706,976
Purchases	5,115,034,708	42,927,253,170	36,179,269,186	23,057,687,288
Ending Inventory	841,690,497	11,052,600,000	8,555,706,976	5,496,058,982
Cost of Goods Sold	4,273,344,211	32,716,343,667	39,149,562,210	26,117,335,282
Operating Income	**121,879,055**	**1,292,280,629**	**1,368,322,010**	**1,211,659,803**
Salary Expenses	14,000,000	72,000,000	168,500,000	118,500,000
Wages Expenses	10,200,000	519,000,000	587,600,500	207,500,000
Transport Expenses	1,073,055	360,000,000	148,299,285	74,225,000
Travel Expenses	-	-	112,830,000	23,825,000
Repair Expenses	-	-	66,006,012	36,575,650
Electric, Phone Expenses	-	29,923,000	10,457,939	39,057,930
Stationary Expenses	-	3,600,000	35,673,956	14,858,024
Depreciation Expense	48,750,000	131,875,000	456,250,000	36,575,650
Other Expenses	256,000	16,850,000	-	-
Nett Income	**47,600,000**	**159,031,829**	**246,104,318**	**240,868,199**

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BALANCE SHEET
PT. DSS
As at 31 December 2017

Assets		**Liabilities**	
Cash	12,600,000	**Accounts Payable**	822,990,497
Bank	40,200,000	**Bank Payable**	125,600,000
Accounts Receivable	54,500,000		
Inventories	841,690,497		
		Equity	300,000,000
Fixed Assets	390,000,000	**Retained Earning**	-
Less Accumulated Depreciation	48,750,000	**Current Year Earning**	41,650,000
Total Assets	**1,290,240,497**	**Total Liabilities and Equity**	**1,290,240,497**

BALANCE SHEET
PT. DSS
As at 31 December 2018

Assets		**Liabilities**	
Cash	15,700,000	**Accounts Payable**	9,537,395,396
Bank	50,600,000	**Bank Payable**	2,105,000,000
Accounts Receivable	71,200,000		
Inventories	11,052,600,000		
		Equity	300,000,000
Fixed Assets	1,055,000,000	**Retained Earning**	122,079,604
Less Accumulated Depreciation	180,625,000	**Current Year Earning**	422,079,604
Total Assets	**12,064,475,000**	**Total Liabilities and Equity**	**12,064,475,000**

BALANCE SHEET
PT. DSS
As at 31 December 2019

Assets		**Liabilities**	
Cash	26,500,400	**Accounts Payable**	9,671,209,957
Bank	50,600,000	**Bank Payable**	2,405,000,500
Accounts Receivable	98,500,700		
Inventories	8,555,706,976		
		Equity	300,000,000
Fixed Assets	4,470,000,000	**Retained Earning**	-
Less Accumulated Depreciation	636,875,000	**Current Year Earning**	188,222,619
Total Assets	**12,564,433,076**	**Total Liabilities and Equity**	**12,564,433,076**

BALANCE SHEET
PT. DSS
As at 31 December 2020

Assets		**Liabilities**	
Cash	18,600,250	**Accounts Payable**	8,455,477,889
Bank	171,766,561	**Bank Payable**	2,350,000,000

Accounts Receivable	2,283,045,545		
Inventories	5,496,058,982		
		Equity	300,000,000
Fixed Assets	4,470,000,000	**Retained Earning**	-
Less Accumulated Depreciation	1,093,125,000	**Current Year Earning**	240,868,199
Total Assets	**11,346,346,088**	**Total Liabilities and Equity**	**11,346,346,088**

At issue

In the development and challenges of the business world experienced by PT. DSS some situations and conditions demand PT. DSS made breakthroughs and adjustments in various matters including Taxation matters, especially Value Added Tax. This Value Added Tax is an integral part of PT. DSS in making purchases and sales transactions.

PT. DSS experienced severe challenges in the field related to this Value Added Tax including not all suppliers issuing invoices or in other words, there were still some transactions experienced by PT. This DSS is in the form of a Non-VAT Purchase Transaction so that PT.

DSS as a Taxable Entrepreneur (PKP) faces a dilemmatic situation in the sense that when the transaction is not carried out, PT. DSS will lose Potential Sales or Revenue on the transaction but the other hand when the Transaction is executed then for PT. DSS as a Taxable Entrepreneur (PKP) is a Transaction that cannot be credited as Input Tax or PT. DSS must pay again the Value Added Tax (VAT) of 10% (ten percent of the nominal transaction). For the last thing done, it will make the Purchase Price of the Goods for PT. DSS is not competitive or in other words, makes the selling price of the goods more expensive 10% (ten percent) so that PT. DSS had difficulty in selling the goods mentioned above. This is the first problem faced by PT. DSS

The second is that there is a time limit for crediting Input VAT for 3 (three) months or in other words if PT. DSS made a purchase transaction for goods subject to Value Added Tax where PT. DSS will receive a Tax Invoice for the goods, then PT. DSS has a time limit for crediting or reporting Value Added Tax on the sale of the goods for a maximum of 3 (three) months. This condition is very unreasonable or very different from the reality in the field or the market where several goods contain Value Added Tax on the sale of which the sale of these goods can exceed the stipulated time limit. For this condition, PT. DSS must take a stand.

The next condition is that there are differences in the naming of purchase transactions and sales transactions, such as PT. DSS made a purchase transaction with a Supplier or Supplier of Iron Concrete with a size of 7.5mm x 12M then by PT. The DSS for the said goods is subject to a sale transaction of Value Added Taxable Goods which are named as 8mmx12M Concrete Iron. This difference in name was not made possible by AR who developed PT. DSS in the work area. This results in Tax Transactions not supporting existing economic activities and on the contrary hampering them.

III. RESEARCH RESULTS AND DISCUSSION

The first problem is that there is a Non-purchase transaction -VAT so it can not be considered as Value Added Tax or in other words can not be credited for the purchase transaction.
On this issue, actions that can be planned and implemented are to make the recording and recognition of the transaction are made as a transaction of a private person and not a transaction of an entity or PT.DSS.

As for the second problem, there are 2 (two) that must be done, the first is the revocation of the credit limit of Value Added Tax so that the Tax also supports economic activities and can meet existing needs, the second is to make corrections to the transaction in the month concerned

The third problem is the understanding of AR that must be equalized in the face of name differences for goods subject to Value Added Tax so that the transaction can be accepted as Tax.

With E-faktur 3.0 and web-based invoice reporting, it helps the company in administering and recording tax invoices, especially Input VAT.

To avoid joint and multiple responsibilities for the Input VAT, PT. DSS issues a policy for every payment of invoices to suppliers, it will be paid if the supplier can attach a fiscal statement along with invoices and tax invoices.

The company is in business development, where in the future warehouses or other infrastructure facilities will be built with an area limit of more than 200 M2, then the company has a plan with obedient and compliance will report the KMS VAT so that in the future it will not become the findings of the examiner. And also to maintain the company's cash flow and take advantage of the wide scope of area restrictions that are not subject to VAT, PT. DSS also has a plan to build a warehouse and infrastructure on a small scale that does not exceed an area of 200M2.

Future business developments that make management have plans to build branch offices in regions that have the potential to increase operating profits and can be more effective and faster in decision making in the development of business activities, then one of the things that become planning in tax management is to determine whether the collection and VAT reporting is done centrally or branch. And the company decides and plans to choose VAT Centralization so that the PKP administrative burden can be reduced, and PT. DSS will deliver a notification as stipulated in the Regulation of the Director-General of Taxes No. PER-11/PJ/2020.

CLOSING

IV. Conclusion

Tax management is carried out by PT. DSS from the administrative side and taking advantage of the tax loophole from the VAT side has been carried out and implemented well, although there is a note from us that the potential for state revenue, especially VAT, should also be able to see fair treatment for all business actors because in reality many transactions are carried out by business actors. Businesses that have not been designated as PKP sell taxable goods and services that do not collect 10% VAT so that PT. DSS that has PKP in business cannot compete with other business actors who have not PKP. Therefore, the government in this case should be able to further intensify taxation, especially VAT, to business actors who have not PKP.

From the results of the analysis of financial statements, especially sales and purchases from 2017 to 2020, the researchers concluded that the reporting and collection and deposit of the value-added tax aspect have increased, although in 2020 it decreased due to the covid 19 pandemic, the emphasis of the researcher is on that the VAT tax management in terms of planning, administration and accountability can be proven to be true, especially with the implementation of e-invoice 3.0 and web-based e-invoice reporting which provides convenience in reporting and inputting, especially Input VAT.

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