

Tax Planning Using the Fixed Asset Depreciation Method for Efficient Tax Payments at PT. Bina Dana Arta Insurance Tbk

Muhammad Dava Natawiria¹, Ida Farida Adi Prawira², Memen Kustiawan³
Indonesian Education University
email: davanatawiria2102@gmail.com

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Abstrak

This research aims to evaluate tax planning using the fixed asset depreciation method for efficient tax payments at PT Tri Banyan Tirta Tbk. Quantitative research methods with a descriptive approach are used in the analysis, and the results show that the fixed asset depreciation method, especially the declining balance method, can increase the efficiency of income tax payments. The research was conducted at PT Tri Banyan Tirta Tbk, a bottled drinking water company. Taxes have a large contribution to Indonesia's state revenue, but are also a burden for companies. Therefore, tax planning, especially in choosing the method of depreciation of fixed assets, can influence the size of the tax burden and taxable profit. Fixed assets have an important role in company operations, and the depreciation process is applied systematically over their useful life. This research method analyzes PT Tri Banyan Tirta Tbk financial report data for 2021-2022. The results of calculating depreciation expense using the straight line and declining balance methods show that the declining balance method results in higher depreciation expenses, but results in lower income tax. Therefore, the conclusion of this research is that the declining balance method is more efficient in saving income tax payments for PT Tri Banyan Tirta Tbk.

1. Introduction

Indonesia is a country where one of the largest revenues comes from the taxation sector. Taxes, which are the result of collections from the people, have enabled Indonesia to reach its current condition. Taxes have a huge contribution to the Indonesian government to achieve sustainable development goals. For business entities, taxes imposed on income received or earned can be considered a burden or expense in running a business. This results in taxes reducing the amount of profit that the agency will receive.

Tax planning includes calculating depreciation of a company's fixed assets using certain methods, revaluation of fixed assets, use of tax exemptions permitted by Law no. 36 of 2008, and others. Tax planning regarding choosing a depreciation method can be successful in reducing the tax burden owed. However, the amount of depreciation that can be deducted from income has a significant influence on the amount of taxable income on which the calculation is based. Fixed assets play a very large role in a company, both in terms of asset function based on investment value and asset function based on asset management

which involves many parties. Manufacturing processes that are long-term and based on monitoring and controlling assets enable very complex operations. Depreciation can be defined as an accounting process in which depreciable amounts are systematically allocated to expenses. Depreciation is applied over each period during which benefits are reasonably expected from the use of the asset. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Determining the appropriate depreciation method is important for tax planning, especially for capital-intensive businesses. Based on Article 11 of the Income Tax Law, the depreciation method that can be used to depreciate non-building fixed assets is the straight-line or declining balance method. These methods provide different approaches to allocating depreciation expenses over the asset's useful life, impacting the taxable income and, consequently, the amount of tax owed by the company. Therefore, understanding the implications of each depreciation method and selecting the most suitable one is crucial for

effective tax planning and maximizing tax benefits.

2. Literature Review

2.1 Definition of Tax

According to Putra (2019:17), tax planning is one method that can be utilized by taxpayers in managing their business or income taxation. However, it should be noted that the tax planning referred to is tax planning without violating the constitution or applicable Tax Law. According to Putra (2019:19), tax planning is divided into two, namely: Domestic tax planning (national tax planning) and International Tax Planning. National tax planning only pays attention to domestic laws, where the choice of whether or not a transaction is carried out depends on the transaction. Thus, to avoid or reduce tax, taxpayers (WP) can choose what types of transactions must be carried out in accordance with existing tax law, for example whether they will be subject to special final tax rates or not. Apart from paying attention to domestic laws, international tax planning must also pay attention to the laws or tax treaties of the countries involved.

2.2 Decreasing asset

According to PSAK 16 paragraph 06, depreciation is the systematic allocation of the depreciated amount of an asset over its useful life, which means that the asset will continue to be depreciated until its useful life ends. Kieso et al. (2018) explain that depreciation is an accounting process that allocates costs from fixed assets to expenses systematically over the estimated useful life period of fixed assets. This depreciation method can be beneficial for the company, or it can also be detrimental in terms of the taxes it pays. Choosing a different depreciation method clearly has a significant impact on operational costs and also the amount of profit. Of course, the higher the profits a company generates, it ultimately affects the income tax that the company must pay.

The depreciation method can reflect the usage pattern of the future economic benefits of the asset. In PSAK 16 paragraph 62, depreciation consists of three types, including: The straight-line method is the method most frequently encountered and used by various entities. The calculation will be influenced by the estimated number of units that can be produced by an asset. This method will result in a fixed total expense over the useful life of the asset and no change in residual value. Meanwhile, the declining balance method is a method that results in depreciation expense that continuously decreases over the useful life. Depreciation expense can be obtained by multiplying the book value by the depreciation rate expressed as a percentage, which will be twice the percentage of the straight line method.

According to PSAK 16 paragraph 06, useful life has the definition of the period of an asset that is expected to be used by the entity, or the amount of production or similar units of an asset that is expected to be obtained from the entity's assets. Based on the Republic of Indonesia (2008) Law Number 36 of 2008 concerning Income Tax Article 11 divides the useful life of non-building tangible assets into 4 groups, namely: group 1 with a useful life of 4 years, group 2 with a useful life of 8 years, group 3 with a useful life 16 years, and group 4 with a useful life of 20 years.

3. Research Methods

The type of research used in the research is quantitative research with a descriptive approach. The research was conducted at PT Tri Banyan Tirta Tbk which is located at Kampung Pasir Dalem RT.02, RW.02, Babakanpari Village, Cidahu District, Sukabumi, West Java. Marketing support at Rukan CBD Blok N No. 12, Jl. Green Lake City Boulevard, Tangerang, Indonesia. and operates in the bottled drinking water industry. The population in this research is PT Tri Banyan Tirta Tbk. The sample in this research is financial report data for 2021 to 2022 at PT Tri Banyan Tirta Tbk.

4. Research and Discussion

4.1 Company profile

PT Tri Banyan Tirta Tbk was established based on Notarial Deed No. 3 dated 3 June 1997 by Drs. Ade Rachman Musimi, S.H., Notary in Jakarta. The deed of establishment has been approved by the Minister of Justice of the Republic of Indonesia (now the Minister of Law and Human Rights of the Republic of Indonesia) in accordance with Decree No. C2-7726.HT.01.01.TH.97 dated 8 August 1997 and was published in the State Gazette of the Republic of Indonesia No. 87, Supplement No. 5095 dated 31 October 1997. The latest amendment was made based on Notarial Deed No. 36 dated 20 July 2022 by Emmy Yatmini, S.H., Notary in Jakarta. The deed of amendment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0148942.AH.01.11.TAHUN 2022 dated 2 August 2022 concerning changes to the composition of members of the board of directors and members of the board of commissioners.

Based on Article 3 of the Company's Articles of Association, the scope of the Company's activities primarily covers the general trading sector. The Company's main business activities are engaged in the mineral water (drinking water) industry in plastic packaging, food, beverages and canning/bottling as well as the soft drink industry (KBLI Number 11040), drinking water and mineral water industry (KBLI Number 11051), and trading large non-alcoholic drinks, not milk (KBLI Number 46334). The company started commercial operations in 1997.

4.2 Depreciation of Fixed Assets Using the Straight Line and Declining Balance Method

Following is results calculation burden depreciation of PT Tri Banyan Tirta Tbk with use straight line and balance methods decreased taken from report PT Asuransi PT Tri Banyan Tirta Tbk's finances in 2021 and 2022.

a. Straight Line and Balance Methods Decreasing 2021

1. Straight Line Method 2021

Income	IDR366,966,569,109.00
Principal Expense Sale	-Rp 330,905,451,303.00
Operating Expenses Before Shrinkage	-Rp 30,437,849,675
Operating Profit Before Shrinkage	IDR 5,623,268,131.00
Depreciation Expense	IDR 144,308
Profit business hit tax	IDR5,623,123,823.00
Tax Income 35% x IDR 32,219,631,347	IDR1,968,093,338.05
Profit clean After Tax	IDR3,655,030,484.95

2. Method Balance Decreasing 2021

Income	IDR 366,966,569,109.00
Principal Expense Sale	-Rp 330,905,451,303.00
Operating Expenses Before Shrinkage	-Rp 30,437,849,675
Operating Profit Before Shrinkage	IDR5,623,268,131.00
Depreciation Expense	IDR 262,045
Profit business hit tax	IDR 5,623,006,086.00
Tax Income 35% x IDR 32,241,340,057	IDR 1,968,052,130.10
Profit clean After Tax	IDR3,654,953,955.90

b. Straight Line and Balance Methods Decreasing 2022

1. Straight Line Method 2022

Income	IDR	
		409,161,010
		,323.00
Principal Expense	-Rp	
Sale		375,416,556
		,467.00
Operating	-Rp	
Expenses Before		31,908,104,
Shrinkage		716
Operating Profit	IDR	
Before Shrinkage		1,836,349,1
		40.00
Depreciation	IDR	143,471
Expense		
Profit business	IDR	
hit tax		1,836,205,6
		69.00
Tax Income		
35% x IDR	IDR	
28,062,334,474		642,671,984
		.15
Profit clean After	IDR	
Tax		1,193,533,6
		84.85

2. Method Balance Decreasing 2022

Income	IDR	
		409,161,010
		,323.00
Principal Expense	-Rp	
Sale		375,416,556
		,467.00
Operating	-Rp	
Expenses Before		31,908,104,
Shrinkage		716
Operating Profit	IDR	
Before Shrinkage		1,836,349,1
		40.00

Depreciation	IDR	260,907
Expense		
Profit business	IDR	
hit tax		1,836,088,2
		33.00
Tax Income		
35% x IDR	IDR	
28,084,180,981		642,630,881
		.55
Profit clean After	IDR	
Tax		1,193,457,3
		51.45

Table 2. Depreciation Expense

Method	2021	2022
	Depreciated	Depreciation
	Expense	Expense
Straight line	IDR 144,308	IDR 143,471
Balance decrease	IDR 262,045	IDR 260,907

Source : Processed Researcher 2023

Can seen in table 2. Depreciation expense will more big if using balance decrease If compared to with use balance straight . So that it can zoom out tax PT Tri Banyan Tirta Tbk corporate income . Following served difference difference tax income with use method straight-line and balance depreciation decrease .

Year	Tax Income	Difference
	Straight line	Balance Decrease
2021	IDR 1,968,093,38.05	IDR 1,968,052,130.10
2022	IDR 642,671,984.15	IDR 642,630,881.5
		IDR 41,207.95
		IDR 41,102.60

Source : Processed Researcher 2023

Different results seen in Table 3. Which one difference tax income with use straight line method in 2021 more tall If compared to with use method balance decreases , so more efficient use method balance decrease with cost amounting to IDR 41,207.95. The same thing occurring in 2022 , Tax income with use straight line method more tall If compared to with method balance decreases , so more efficient use method balance decrease with cost amounting to IDR 41,102.60

5. Closing

Based on the results of tax planning using the straight line method and the decreasing balance method that has been carried out by the company PT Tri Banyan Tirta Tbk, the difference in income tax for 2021-2022 is obtained, where the straight line method produces a larger tax and the decreasing balance method produces a smaller tax. So, companies can minimize their tax payments if they use the decreasing balance method.

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