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Implementation of Tax Planning at PT Mayora Indah

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Abstract

This research investigates the implementation of tax planning at PT. Mayora Indah, a prominent food production company in Indonesia. The study employs a descriptive data analysis method to assess tax planning using the fixed asset depreciation method, focusing on financial reports from 2021 to 2022. The primary objective is to analyze the impact of different depreciation methods on income tax payments. In the introduction, the significance of tax planning is highlighted as a crucial aspect of organizational management, emphasizing the need to comply with tax regulations while minimizing tax liabilities. The study specifically delves into the tax planning strategy related to fixed asset depreciation methods, examining their implications on tax obligations. The literature review covers essential concepts such as tax planning, influencing factors in taxpayer behavior, and various tax planning strategies, including tax saving, tax avoidance, and optimizing allowable tax credits. It also discusses the classification and depreciation of fixed assets in taxation, outlining different groups and depreciation rates. The research methodology is comparative, employing descriptive methods to analyze the implementation of tax planning at PT. Mayora Indah. The results of the analysis indicate that the straight-line depreciation method results in higher taxes compared to the declining balance method for the years 2021 and 2022. The company profile provides an overview of PT. Mayora Indah, emphasizing its market presence, vision, and mission. The analysis of the results of tax implementation using the depreciation method includes income calculations, depreciation expenses, taxable business profits, and income tax calculations for both straight-line and declining balance methods. The conclusion highlights that the declining balance method yields smaller taxes compared to the straight-line method, demonstrating the effectiveness of tax planning through fixed asset depreciation. The study suggests that PT. Mayora Indah can achieve significant cost savings by implementing the declining balance method in its tax planning strategy.

1. Introduction

One of management's main responsibilities is planning. Planning in general is the act of identifying organizational (business) goals, followed by the presentation of strategies and procedures, program implementation, and operations necessary to achieve those goals. The main goal is that business management must maximize long-term income. Long-term returns to shareholders or investors who invest wealth and give the business management authority over it. These benefits must be achieved by complying with local, state tax regulations and laws. Each Taxpayer, in their position as a Business, is required to comply with the law and fulfill their tax obligations. Tax planning generally refers to the process of engineering a taxpayer's business and transactions so that tax debt is at a minimum amount, but still within the framework of tax regulations. However, tax planning can also be interpreted as planning to fulfill tax obligations completely, correctly and on time so as to optimally avoid wasting resources. Tax planning is the first step in tax management. Tax management itself is a means of fulfilling tax obligations correctly, but the amount of tax paid can be reduced to a minimum to obtain the expected profit and liquidity. The next step is the implementation of tax obligations (tax implementation) and tax control (tax control). At this tax planning stage, collection and research is carried out on tax regulations. The aim is to choose the type of tax saving action that will be carried out. In general, the emphasis of tax planning is to minimize tax liabilities

PT Mayora Indah Tbk is one of the largest food producing companies in Indonesia whose products are widely found on the market and are currently expanding to the international market. Researchers want to try to implement tax planning or tax planning in the largest food producer sector in Indonesia.

2. Literature Review

2.1 Tax Planning

Tax Planning is a series of strategies for managing a company's accounting and finances to minimize tax obligations in ways that do not violate tax regulations (in a legal way). In a broader sense, it covers the entire tax management function (Pohan, 2018). Tax planning means that taxpayers can carry out tax saving strategies through tax planning (Rahayu, 2017). According to (Pohan 2017, 18) there are several things that influence the behavior of taxpayers to minimize their tax payment obligations, namely:

1. The level of complexity of a regulation. The more complicated the tax regulations, the tendency for taxpayers to avoid them because the costs of complying with them become high.
2. The amount of tax paid. The greater the amount of tax that must be paid, the greater the tendency of taxpayers to commit fraud by reducing the amount of tax payments.
3. Costs for negotiations Whether intentional or not, sometimes taxpayers negotiate and give bribes to the tax authorities in the implementation of their tax rights and obligations. The higher the bribe paid, the smaller the taxpayer's tendency to commit violations.
4. Detection risk This detection risk is related to the level of probability whether a violation of this tax provision will be detected or not. The lower the risk of detection, the more likely taxpayers are to commit violations. On the other hand, if a violation is easy to find out, taxpayers will choose a conservative position by not violating the rules.
5. The size of the fine. The heavier the tax sanctions that can be imposed, the taxpayer will tend to take a conservative position by not violating tax provisions. On the other hand, the lighter the sanctions or even the absence of sanctions for violations committed by taxpayers, the greater the tendency to violate.
6. Community morals Community morals will provide their own color in determining their compliance and awareness in carrying out their tax rights and obligations.

Types of Tax Planning (Suandy, 2006: 123) are divided into 2 (two), namely:

1. National Tax Planning, namely tax planning carried out based on domestic laws. In national tax planning, the choice of whether or not to carry out a transaction only depends on the transaction. This means that to avoid/reduce tax, taxpayers can choose what types of transactions are carried out in accordance with existing tax law, for example whether they will be subject to special final tax rates or not.
2. International Tax Planning, namely tax planning carried out based on domestic laws and must also pay attention to tax treaties and the laws of the countries involved. In international tax planning, the country (jurisdiction) that is used for a transaction is chosen.

General Tax Planning Strategy

1. Tax Saving Tax saving is an effort to efficiency the tax burden by selecting alternative tax impositions at lower rates. For example, a company that has taxable income of more than IDR 100 million can change its in-kind gifts to employees into allowances in the form of money.
2. Tax avoidance Tax avoidance is an effort to efficiency the tax burden by avoiding the imposition of tax through transactions that are not tax objects. For example, a company that is still experiencing losses needs to change employee benefits in the form of money into in-kind gifts because in-kind is not a tax object for Income Tax Article 21. In this way, tax savings occur.

3. Avoiding violations of tax regulations. By mastering the applicable tax regulations, companies can avoid tax sanctions, including: a. Administrative sanctions in the form of fines, interest or increases b. Criminal sanctions or imprisonment
4. Postponing payment of tax obligations Postponing payment of tax obligations without violating applicable regulations can be done by postponing VAT payments. This delay is carried out by postponing the issuance of output tax invoices until the permitted time limit, especially for credit sales. In this case, the seller can issue a tax invoice at the end of the following month after delivery of the goods.
5. Optimizing allowable tax credits. Taxpayers often lack information regarding creditable tax payments, which are prepaid taxes. For example, PPh article 22 on the purchase of diesel and imports and foreign tax on employee official travel.

2.2 Classification and Depreciation of Fixed Assets in Taxation

As regulated in Article 9 paragraph (2) of the Income Tax Law, expenses for obtaining benefits, collecting and maintaining income that has a useful life of more than one year may not be charged all at once, but rather be charged through depreciation. When calculating and applying depreciation rates for tax purposes, it is necessary to pay attention to the legal basis for fiscal depreciation, because it can be different from depreciation for accounting (commercial). Depreciation method according to the provisions of Tax Laws as regulated in Article 11 of the Income Tax Law. 1. Straight line method, or declining balance method for non-building tangible fixed assets. 2. Straight line method for tangible fixed assets in the form of buildings. The use of the depreciation method for tangible fixed assets is required to be consistent (consistent). If the taxpayer uses the declining balance method, the book balance at the end of the useful life must be depreciated at once. By paying attention to the Taxpayer's bookkeeping, if small tools or often called small tools are found to be the same or similar, they can be depreciated in one group.

Tangible Assets Group	The useful life	Depreciation Rates are based on the StraightLine Method	Depreciation Rates are Based on the Declining Balance Method
Not a Building			
Group 1	4 years	25%	50%
Group 2	8 years	12.50%	25%
Group 3	16 years	6.25%	12.5%
Group 4	20 years	5%	10%
Building			
Permanent	20 years	5%	-
Not permanent	10 years	10%	-

Source: Waluyo 2012

3. Research Methods

The appropriate research method for this research is a comparative approach. This research will compare the results of using different depreciation methods on tax liabilities for two consecutive years, namely the straight depreciation method and the declining balance depreciation method. Primary data for this research will be obtained from PT Mayora Indah's financial reports for 2021 and 2022. This data will provide detailed information about company income, operational costs, depreciation costs, business profits that are subject to tax, and income tax calculations.

Additionally, relevant secondary data on tax planning, depreciation methods, and related concepts will be collected from academic journals, books, and trusted online sources to provide a theoretical basis for this research. Data analysis will be carried out descriptively to assess the impact of different depreciation methods on income tax payments. This involves comparing the results of the straight method and declining balance method in terms of taxable business profits and income tax liabilities. In addition, a comparative analysis will be conducted to evaluate the differences between the two depreciation methods in terms of tax planning effectiveness and cost savings opportunities for PT Mayora Indah.

The results of the analysis will be presented systematically, by explaining the calculation of income, depreciation costs, business profits subject to tax, and income tax calculations for both methods, both straight and declining balance. The discussion will interpret the findings in the context of the research objectives, emphasizing the implications of using different depreciation methods on tax liabilities and cost savings opportunities for PT Mayora Indah. The conclusion will summarize the key findings of this research, highlighting the effectiveness of tax planning via the declining balance method compared to the straight method in reducing tax liabilities for PT Mayora Indah. Recommendations can be provided based on research findings, which suggest the adoption of optimal tax planning strategies to maximize cost savings and ensure compliance with tax regulations.

4. Results and Discussion

4.1 Company Profile

PT. Mayora Indah Tbk. (Company) was founded in 1977 with the first factory located in Tangerang with a target market in the Jakarta area and surrounding areas. After being able to cater to the Indonesian market, the Company conducted an Initial Public Offering and became a public company in 1990 with the target market of Asean consumers. Then expand its market share to countries in Asia. Currently, the Company's products are spread across 5 (five) continents in the world. Even in 2017 Kopiko confectionery was carried by the crew of the International Space Station while orbiting the earth.

Business activities and products produced in the Food Industry sector; Large trade; Real Estate and Financial and Insurance Activities as well as carrying out activities in the bread and cake products industry, food and chocolate industry, in the baby food sector, food industry, wholesale trade in milk and milk products, wholesale trade in vegetable oils and fats, in the food and beverage sector, other fields real estate and business in the field of Holding Company activities. This company has a vision and mission "To become a quality and trusted food and beverage producer in the eyes of domestic and international consumers and control the largest market share in similar product categories; Able to obtain Operating Net Profit above the industry average and provide good added value for all Company stakeholders; Can make a positive contribution to the environment and the country where the Company is located.

Currently, the Company and its subsidiaries have 12 factories in 6 locations located in 2 countries, namely 2 factories on Jalan Telesonik, Pasir Jaya Village, JaΘuwung District, Tangerang City, 1 factory in the MM 2100 Industrial Area, West Cikarang , Bekasi, 3 factories on Jalan Yos Sudarso, Kebon Besar Village, Batuceper District, Tangerang, 3 factories on Jl. Raya Serang KM 31-32, Sumur Bandung Village, District. Jayanti, Tangerang, 2 factories on JL. Raya Serang KM 12.5, Cikupa District, Kab. Tangerang, Banten and 1 factory at Lot 3 Progress Ave., Silangan Can Lubang Industrial Park, Brgy. Can Lubang, Calamba City, Laguna 4028, Philippines. The total number of employees of the Company and Subsidiaries as of 31 December 2022 was 15,532 people, while in 2021 there were 13,333 people or an increase of 2,199 people. This addition is in line with the increase in sales volume and the start of operation of the Company's new factory.

4.2 Analysis of the Implementation of Tax Planning Using the Depreciation Method

Apart from land, fixed assets are first recognized at cost, including the acquisition price. Furthermore, it is stated at cost less accumulated depreciation. Depreciation of fixed assets is calculated using the depreciation method and begins when the asset is ready to be used for its intended purpose.

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4.3 Analysis of the Results of Tax Implementation Using the Depreciation Method

Application via straight line method in 2021

Income	Rp. 27,904,558
Cost of goods sold	(Rp. 20,981,574)
Operating expenses before depreciation	(Rp 5,150,667)
Operating profit before depreciation	Rp. 1,772,317
Depreciation expense	(Rp. 1,244,063.80)
Taxable business profits	Rp.528,253.2
income tax 35% X 528,253.2	(Rp. 184,888.62)
Net profit after tax	Rp.343,364.58

4.4 Implementation via the declining balance method 2021

Income	Rp. 27,904,558
Cost of goods sold	(Rp. 20,981,574)
Operating expenses before depreciation	(Rp 5,150,667)
Operating profit before depreciation	Rp. 1,772,317
Depreciation expense	(Rp.1,319,599.38)
Taxable business profits	Rp.452,717.38
income tax 35% X 452,717.38	(Rp.158,451.08)
Net profit after tax	Rp. 294,266.3

4.5 Application via straight line method in 2022

Income	Rp. 30,669,405
Cost of goods sold	(Rp. 26,829,982)
Operating expenses before depreciation	(Rp2,406,308)
Operating profit before depreciation	Rp.1,433,115
Depreciation expense	(Rp. 1.142,708.45)
Taxable business profits	Rp.290,406.55
income tax 35% X 290,406.55	(Rp. 101,642.29)
Net profit after tax	Rp.188,764.26

4.6 Implementation via the declining balance method 2022

Income	Rp. 30,669,405
Cost of goods sold	(Rp. 26,829,982)
Operating expenses before depreciation	(Rp 2,406,308)
Operating profit before depreciation	Rp. 1,433,115
Depreciation expense	(Rp. 1,257,455.25)
Taxable business Profits	Rp. 175,699.75
income tax 35% X 175,699.75	(Rp. 61,494.91)
Net profit after tax	Rp. 114,174.84

Depreciation table

Method	2021 Depreciation Expense	2022 Depreciation Expense
Straight line	Rp1,244,063.80	IDR 1,142,708.45
Decreased Balance	Rp1,319,599.38	IDR 1,257,455.25

Based on data calculations, it can be seen that the declining balance method will increase the depreciation expense more than the straight line method. Thus, the corporate income tax paid by PT. Mayora Indah will be smaller.

income tax	Year 2021	Year 2022	Difference
Straight line	Rp184,888.62	IDR 101,642.29	Rp. 83,246.33
Decreased Balance	Rp158,451.08	IDR 61,494.91	Rp. 96,956.37

In the table above, there is income tax planning through depreciation of fixed assets. In 2021, using the straightline method results in large taxes compared to the decreasing balance of Rp. 83,246.33, while in 2022 the tax calculation using the declining balance method is smaller than the straightline method. Using the decreasing balance method can save costs of IDR 96,956.37.

5 Closing

5.1 Conclusion

Based on the results of the analysis of planning implementation carried out at PT. Mayora Indah uses straight line depreciation to calculate depreciation costs for fixed assets. The straight line method produces taxes that will be greater than the decreasing balance method in 2021-2022.

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