p-ISSN 2714-6308 | e-ISSN 2714-6294
Amnesty
Jurnal Riset Perpajakan

Analysis of Corporate Income Tax Calculation and Reporting on Companies Drinking Water Area (PDAM) Parepare City

Sariana Damis, Hernianti Harun, Nurwani M, Fatima, Fitri Ani
Faculty of Economics and Business, Muhammadiyah University Parepare
Email: sarianadamis@gmail.com

Keywords:
tax calculation, tax reporting, corporate income tax.

Abstract

Corporate income taxes is a tax imposed on income from the operations activities of PDAM Parepare City where the income in questions is any additional economics abilities received or obtained by PDAM Parepare City. Data collection techniques are carried out by means of observation, interviews and documentation. The data analysis techniques uses interpretive qualitative methods. This method is an attempt to find an explanation of social or cultural events based on the perspective and experience of the person being researched. The results of the study shows that the method of calculating Taxable Income carried out by PDAM is in understand with the applicable taxes law regulations. Over the past three years, the development of corporate income taxes at PDAM Parepare City in 2018-2020 has fluctuated, where in 2019 there was a decrease in the taxes burden and in 2020 there was an increase in the corporate income taxes burden.

1. Introduction

Development is one of the things that is of concern to every government, both regional and national, the development of a region certainly requires the allocation of funds that can be used to support regional development (Rachman, 2010). Nationally, development can be carried out when government funds are well available. The government can obtain funds from foreign loans or funds from tax revenues. One of the taxes that contributes to national income is corporate tax or what is known as corporate or corporate income tax.

Based on tax law, it is stated that every corporate entity that carries out business activities must pay 25% tax to the government, which is then revised to 22%. This was done to provide relief to entrepreneurs so they can survive amidst the economic downturn. The tax law has undergone changes consisting of Law number 9 of 1945 concerning amendments to Law number 6 of 1983 concerning general provisions and procedures for taxation. In connection with the rapid development and dynamics of socio-economics as a result of national development, globalization and reform in various fields, So it is deemed necessary to make changes to the income tax law, namely Law number 36 of 2008.

Based on Law number 36 of 2008 concerning income tax which applies to both individual or personal income tax, as well as corporate income tax. What is meant by income tax is the difference between revenue and the expenses used to obtain that revenue. PDAM Kota Parepare is a company operating in the service sector where in carrying out bookkeeping for determining corporate income tax, it refers to calculations based on Financial Accounting Standards.

Based on the information obtained, it is known that there are differences in tax calculations using commercial tax reports and fiscal correction tax reports. Fiscal corrections are carried out to make adjustments to reports made by PDAM Parepare City management because there are commercial expenses and income that are not recognized as a deduction or addition to tax in the fiscal report. Based on this explanation, the author is interested in conducting research related to the calculation of corporate income tax at PDAM Parepare City by referring to the tax law and comparing it with commercial reports prepared by management.

2. Literature Review

2.1 Theory of Planned Behavior

The Theory of Reasoned Action proposed by Ajzen and Fishbein (1980), and updated with the theory of planned behavior by Ajzen (1991) in Ali Maskur, et al, 2016, has been used in the last few decades to research desires and behavior. . Ajzen and Fishbein's (1980) theory of reasoned action assumes that behavior is determined by an individual's desire to perform or not perform a certain behavior or vice versa.

Sari Rochmawati (2013) in Ali Maskur, et al, (2016) states that the Theory of Planned Behavior (TPB), a person's actual behavior in carrying out a certain action is directly influenced by his behavioral intentions, which are simultaneously determined by attitude, subjective norms (subjective norms), and perceived behavioral control (perceived behavioral control) regarding this behavior. Behavioral intention is a measure of a person's willingness to exert effort when carrying out a certain behavior (Lee, 2008) in Ali Maskur, et al, (2016).

According to (Lee & Kotler, 2011, p. 199) in Alex Maulana Muqarrabin, (2017). The target individual has a high probability of adopting a behavior if the individual has a positive attitude towards the behavior, gets approval from other individuals who are close and related to the behavior and believes that the behavior can be carried out well. The Theory of Planned Behavior explains that the behavior displayed by individuals arises because of the intention to behave. Ajzen (1991) also stated that attitudes towards behavior, subjective norms regarding behavior, and perceived behavioral control are usually used to predict behavioral intentions with a high degree of accuracy.

The three determining factors of behavioral intention are:

1. *Behavioral beliefs* , namely individual beliefs about the results of a behavior and evaluation of these results (beliefs strength and outcome evaluation);
2. *Normative beliefs* , namely beliefs about other people's normative expectations and motivation to fulfill these expectations (normative beliefs and motivation to comply);
3. *Control beliefs* , namely beliefs about the existence of things that support or hinder the behavior to be displayed (control beliefs) and perceptions about how strong the things that support and hinder the behavior are (perceived power).

Signal theory explains that there is information content in the disclosure of information that can be a signal for investors and also other potential parties in making an economic decision (Suniari & Suaryana, 2017) .

3. Research Methods

The research titled *"Analysis of Corporate Income Tax Calculation and Reporting on Companies Drinking Water Area (PDAM) Parepare City"* employs the following methodology. The study adopts a descriptive qualitative approach, aiming to gain an in-depth understanding of phenomena based on existing data and context, specifically related to the calculation and reporting of corporate income tax at PDAM Parepare.

Data collection is conducted through direct observation of PDAM Parepare's accounting systems and tax reporting processes. Additionally, interviews are carried out with relevant stakeholders, including finance staff, taxation personnel, and internal auditors, to gain comprehensive insights into the taxation practices. The research also involves documentation analysis of financial reports, Annual Corporate Income Tax Returns, fiscal documents, and internal company policies.

The types of data include primary data obtained directly from interviews and observations, and secondary data gathered from official company documents, applicable tax regulations, and literature related to corporate income tax.

Data analysis employs a qualitative interpretative method, involving several steps: data reduction to select relevant information from interviews, observations, and documentation; data presentation in tables, charts, or narratives to facilitate analysis; and conclusion drawing to interpret findings in response to the research objectives, using theoretical frameworks such as Signal Theory and other relevant theories.

The validity of data is ensured through triangulation, which involves comparing data from interviews, observations, and documentation to confirm consistency and accuracy. Using this methodology, the research aims to analyze the accuracy and compliance of corporate income tax calculation and reporting at PDAM Parepare with applicable tax regulations. It also seeks to identify factors influencing discrepancies between the company's commercial reports and fiscal reports.

4. Results and Discussion

4.1 Research Results

The financial report is the final result of the company's activities in one accounting period which shows two main things, namely the financial position report and the profit and loss statement. Financial reports are created to provide an overview of the company's operational activities in one accounting period, making it easier for interested parties, both internal and external, in making decisions. The basis for measuring financial statements in companies is the concept of historical cost, except for inventory which is stated at the lower value of acquisition cost and selling price minus costs to complete or sell.

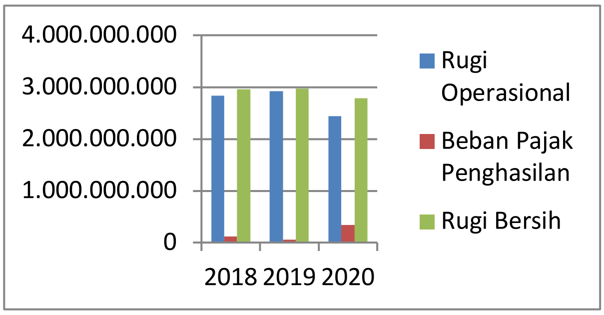
The company's financial reports are prepared using the accrual method except for the cash flow report. The cash flow report is prepared using the indirect method by grouping cash flows into operating and investment activities. The reporting currency used in preparing financial reports is the rupiah. The calculation of corporate income tax follows the calculation norms stated in the company's annual SPT. The following table presents a summary of the Parepare City PDAM Profit and Loss report as well as the annual corporate tax report.

Description	Year		
	2018 (Rp)	2019 (Rp)	2020 (Rp)
Operational Loss	2,839,721,854	2,924,827,682	2,434,538,009
Tax Income Expense	119,602,271	49,638,761	345,198,291
Net Loss	2,959,325,124	2,974,466,444	2,779,736,300

Source: Data processed

Based on Table 5.4, it can be explained that in the last three years PDAM Parepare City experienced losses in accounting calculations but not in tax terms because in the tax calculations there were expenses that were not recognized as a deduction from income. Therefore, fiscal corrections and negative corrections are calculated when tax calculations are carried out. These expenses can be recognized as expenses if they fulfill several elements, including 1) there must be a list of 1 year arrears that is known to the supervisory authority 2) registered with the state receivables and auction management body (BPLLN) and 3) published through newspaper media. Below the author presents a graph to show the differences from year to year in Parepare City PDAM tax calculations:

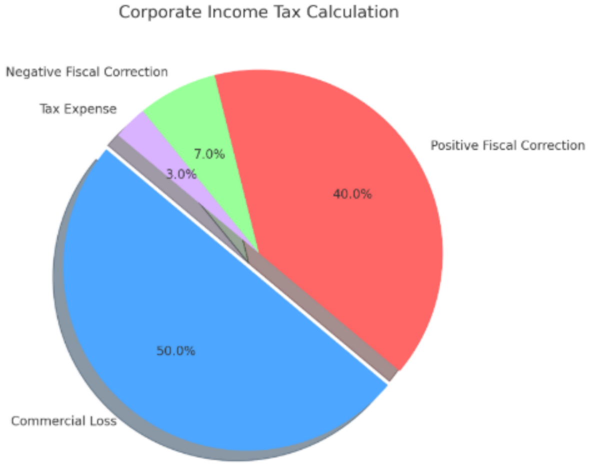
Figure .5.2
Parepare City PDAM Corporate Income Tax Graph



Based on this graph, it can be explained that the corporate income tax of PDAM Parepare City has fluctuated in the last three years, meaning it has decreased and increased alternately and was followed by net losses and operational losses in those three years.

Below the author presents a diagram regarding the tax calculation for PDAM Parepare City:

Figure 5.3
Parepare City PDAM Income Tax 2018



4.2 Research Discussion

Based on the table, it can be explained that in the last three years PDAM Parepare City experienced losses in accounting calculations but not in tax terms because in the tax calculations there were expenses that were not recognized as a deduction from income. Therefore, fiscal corrections and negative corrections are calculated when tax calculations are carried out. These expenses can be recognized as expenses if they fulfill several elements, including 1) there must be a list of 1 year arrears that is known to the supervisory authority 2) registered with the state receivables and auction management body (BPLLN) and 3) published through newspaper media.

Based on this graph, it can be explained that the corporate income tax of PDAM Parepare City has fluctuated in the last three years, meaning it has decreased and increased alternately and was followed by net losses and operational losses in those three years. Based on tax calculations for 2018, 2019 and 2020, there are differences in the corporate income tax rates for 2018, 2019 and the 2020 rates. This happened because in 2020 the Directorate General of Taxes changed the corporate income tax rate from 25% down to 22%, where the rate started valid for the April 2020 tax period.

The type of income at PDAM Kota Parepare is included in the income category that is recognized in taxation except income from bank giro services because it comes from the company's main operations, namely clean water supply services, so there is no problem with income. The income report is in accordance with tax regulations except for final income. Income subject to final PPh may not be included in the income section because it has been recognized and deducted by the tax collector so the recognition must be excluded from the financial statements and corrected negatively. In the company's annual SPT, final income is found which the company recognizes as additional income, so it must be excluded from the income section and negative corrections made.

Current account/bank service income and deposit income reported by the company in the income section must be corrected negative fiscally. This is because this income is income subject to final Income Tax. The tax on this income has been collected by another party based on the applicable tax rates. In article 4 paragraph (2) it is explained that income tax on income in the form of interest on deposits and savings and discounts on Indonesian Bank Certificates (SBI) is regulated by Government Regulation no. 131 of 2000. According to PP 131 of 2000, income in the form of interest originating from deposits and savings as well as savings discounts for SBI received by domestic taxpayers and BUTs is subject to final income tax (Mardiasmo, 2016:319).

Apart from income which is the center of fiscal corrections, expenses/expenses are also the main account in financial reports which often undergoes corrections, both positive and negative fiscal corrections. Previous research also found many errors in the assignment of expenses that were not actually recognized in tax regulations but were commercially recognized in taxpayers' financial reports. Regarding the Income Tax treatment of employee expenses, employee expenses where the money is given directly to employees can be charged as an expense in the company's annual income tax return (DE). This can be seen in Article 6 paragraph (1) letter a number 2 of the Income Tax Law which states that expenses relating to work or services include wages, salaries, honorariums, bonuses, gratuities and allowances given in the form of money.

Expenditures related to work that may be deducted from gross income must be made in the form of money. Expenditures made in kind or in the form of enjoyment, for example the facility of occupying a house for free, may not be charged as an expense, and for the party receiving or enjoying it is not income. As for employees, compensation or compensation in kind or enjoyment related to work or services is additional economic capability received not in the form of money. Replacement or compensation in kind, such as rice, sugar, etc., and compensation in the form of enjoyment, such as the use of cars, houses and medical facilities, are not objects of income tax.

So for companies, if the health allowance is for employees, then the burden of health benefits is an object of PPh Article 21 for employees and the burden for the company is an expense that can be charged to reduce taxable income (*deductible expense*). However, if an employee's treatment is included in medical expenses, it is not an object of Income Tax Article 21 and for the company the medical expenses cannot be charged. Later, when calculating the Annual Corporate Income Tax SPT, positive fiscal corrections will be made.

Circular Letter of the Director General of Taxes Number SE - 09/pj.42/2002 concerning income tax treatment of expenses for the use of cell phones and company vehicles, the Director General of Taxes, in article 3 stipulates that: For the expenses of the acquisition or purchase or major repairs of sedans or similar vehicles owned and used by the company for certain employees because of their position or job, can be charged as a company expense of 50% (fifty percent) through depreciation of group II fixed assets (Attachment II point 1 letter b), and on the costs of routine maintenance or repairs of the vehicle. can be charged as a routine company expense of 50%.

Depreciation charges for both vehicles and buildings must pay attention to several provisions. Not all assets can be depreciated according to tax provisions, there are some assets that cannot be depreciated, namely: Assets that are not used to obtain, collect and maintain income cannot be depreciated fiscally. For example; company vehicles controlled and taken home by employees, employee official residences that are not located in remote areas. In the event that assets that cannot be fiscally depreciated are sold (transferred), the profit is an object of PPh, which is calculated from the difference between the selling price (market value) and the acquisition price. If the difference is negative (loss), the loss cannot be deducted as an expense.

Apart from this, companies must also know what depreciation methods are recognized in taxation along with the rates for each method, the useful life for each asset, and whether the asset is included in the permanent category or not. It is important for companies to know this so that their depreciation expense calculations are in accordance with tax calculations. The company uses the straight-line method for depreciation. This method is in accordance with tax regulations, however differences in calculations can be caused by differences in determining rates, differences in asset classification (permanent or non-permanent) or differences in determining the useful life of the asset.

The determination of the calculation to determine the amount of gross income is carried out by the author based on Law Number 36 of 2008 article 4 concerning tax objects, in paragraph (1) states that the object of tax is income, namely every additional economic capability received or obtained by the Taxpayer, whether originating from Indonesia or outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, in any name and in any form. Based on Law Number 36 of 2008, article 4 paragraph (2) also regulates that income is subject to final tax. In accordance with this regulation, the calculation carried out by the author is that there are two incomes in a company that cannot be recognized as tax objects or gross income, namely income from current account services and Deposit interest income because it is income subject to final tax and cannot be recognized as a tax object or gross income.

The author's calculation of how to determine taxable income is carried out in accordance with Law Number 36 of 2008 Article 6 Paragraph (1) states that the amount of Taxable Income for domestic Taxpayers and permanent establishments is determined based on gross income minus expenses for obtaining, collecting and maintaining income. The company carries out the calculation of determining the amount of income tax owed by corporate taxpayers, namely Taxable Income multiplied by the rate in accordance with the regulations of the Income Tax Law Number 36 of 2008 Article 17 Paragraph (1) letter b which states that domestic corporate taxpayers and permanent establishments are 28 %,

In Article 17 Paragraph (2a) states the tariff as intended in paragraph (1) letter b to be 25% which came into effect in 2010 and Article 31E which states that domestic taxpayers with gross income up to IDR 50,000,000,000 receive facility in the form of a tariff reduction of 50% of the tariff as intended in Article 17 Paragraph (1) letter b, Article 17 Paragraph (2a) which is imposed on taxable income from the gross turnover portion of up to IDR 4,800,000,000.

The calculation method used by the Regional Drinking Water Company of Parepare City to determine the amount of gross income is not in accordance with Income Tax Law Regulation Number 36 of 2008 article 4 which regulates income because it adds up all existing income, whereas there should be two incomes that cannot be reduced by gross income, namely interest income. deposits and current account service income because based on Law Number 36 of 2008 article 4 Paragraph (2) this income is income subject to final tax.

The calculation of taxable income is carried out by the Regional Drinking Water Company of Parepare City by means of gross income minus expenses incurred by the company to obtain, collect and maintain income based on the applicable tax law stated in the Income Tax Law Number 36 of 2008 article 6 Paragraph (1). The company's method of calculating Taxable Income is appropriate and based on the applicable tax law regulations. In the condition of PDAM Parepare City, even though there is a loss in the commercial financial report, this does not exempt PDAM Parepare City from taxes because there is a difference between the recognition of income and expenses between the commercial financial report and the tax version.

The differences in recognition of income and expenses are then subject to fiscal corrections and negative corrections, causing taxable income to become large and negative fiscal corrections causing taxable income to decrease. Among the expenses that are not recognized as a deduction from income at PDAM Parepare City are the expense of providing for receivables, employee benefits expenses, tax expenses as well as donations and assistance which cause the value of taxable income to increase. Meanwhile, the income that experienced a negative fiscal correction at PDAM Parepare City was current account service income and deposit interest income because this type of income is already subject to a separate tax so adjustments must be made to the tax report.

So the reason why PDAM Kota Parepare is still subject to tax even though the financial report shows that the company is making a loss is due to the quite large difference in value between commercial financial reports and financial reports that have been adjusted to tax provisions, namely the adjustment method with positive fiscal correction and negative fiscal correction. The results of the research presented by the author are different from the results presented by Clerencia Krisanti, Helen Widjaja and Syanti Dewi, where their research stated that the results of fiscal corrections prepared by the company were not in accordance with tax regulations because there were still accounts that had not been subject to fiscal correction, and the calculation of corporate income tax as well. not yet in accordance with the tax law due to errors in fiscal correction and application of the calculation of Article 31E of the Income Tax Law. Meanwhile, the research presented by the author is in accordance with tax calculations based on tax law.

Research conducted by Rayzah Tindagi and Jenny Morasa concluded that the income tax calculations carried out by companies were not in accordance with the law. Taxation No. 36 of 2008, this is proven by the company not calculating the tariff reduction facility as regulated in Article 31E. This is different from the findings of researchers which show that tax calculations at PDAM Parepare City are based on taxation law. Research conducted by Tasya Nabila Sabrina, Cornelius Rantelangi and Raden Priyo Utamo stated that the calculation and reporting of income tax carried out by companies was not in accordance with Tax Law No. 36 of 2008 and its implementing regulations, where there is a difference in the calculation of income tax on a fiscal basis that is greater than commercial tax obligations, so there is a difference in the income tax payable. This is in line with the findings in the author's research where there is a difference between fiscal tax obligations and commercial tax obligations at PDAM Parepare City.

5. Closing

5.1 Conclusion

The calculation of taxable income is carried out by the Regional Drinking Water Company of Parepare City by means of gross income minus expenses incurred by the company to obtain, collect and maintain income based on the applicable tax law stated in the Income Tax Law Number 36 of 2008 article 6 Paragraph (1). The company's method of calculating Taxable Income is appropriate and based on the applicable tax law regulations.

Over the last three years, the development of corporate income tax at PDAM Parepare City in 2018-2020 has experienced fluctuations, where in 2019 there was a decrease in the tax burden and in 2020 there was an increase in the corporate income tax burden.

5.2 Suggestions

a. Parepare City PDAM management is expected to be able to reduce expenditure on operating expenses so that operational losses can be prevented and minimized, where in the last 3 years there have been losses for 3 consecutive years.
b. PDAM Parepare City When carrying out tax calculations, it is adjusted to the applicable tax provisions and follows the latest tariff for corporate income tax, which is 22%, so that the amount of tax owed can be accurately known and Parepare City PDAM can request compensation for the commercial losses incurred.

Bibliography

Diana Anastasia, Lilis Setiawati. 2010. "Indonesian Taxation". Publisher: CV. Andi Offset. Yogyakarta.

Gustia, Devi and Yazid Yud Padmono. 2014. "Analysis of Income Tax Article 21 Using the Gross Up Method as an Alternative and Fiscal Reconciliation. Journal of Accounting Science & Research Vol. 3 No. 10.

Hussein, Umar. 2008. Research Methods for Business Theses and Theses. Jakarta. PT Rajagrafindo Persada.

Jamaluddin, Rendra Jastika. 2011. Skipsi: "The Effect of Accounting Conservatism on Income Tax Disputes in Companies Listed on the Indonesian Stock Exchange (BEI)". Hasanuddin University Faculty of Economics. Makassar.

Mardiasmo. 2011. "Taxation Revised Edition". Publisher: Andi. Yogyakarta.

Mardiasmo. 2016. "Taxation Revised Edition". Publisher: Andi. Yogyakarta.

Mangoting, Yenni. 1999. "Tax Planning: An Introduction as an Alternative to

Minimizing Taxes". Journal of Accounting and Finance. Petra Christian University.

Nyoman Darmayasa and Nyoman Sentosa Hardika 2011. Tax Planning from the Aspect of Total Ratio Benchmarking, Accounting and Administrative Policy as a Tax Saving Strategy. Journal of Business and Entrepreneurship, Vol 7 No.3 November 2011.

Purwono, Herry. 2010. "Basics of Taxation & Tax Accounting". Erlangga Publishers. Jakarta.

Raswin, Faridah, Thanwain. 2015. "Analysis of Corporate Income Tax Calculations at PT. Amalia Jaya Pratama in Makassar".

Rochmat Soemitro. 1999. "Basics of Tax Law and Income Tax". Publisher: Eresco. Bandung.

Sahilatua, Priska Febriani, and Naniek Noviari. 2013. "Implementation of income tax planning article 21 as a strategy to save tax payments. Udayana University Accounting E-Journal 5.1 (2013): 231,250. ISSN = 2302-8556.

Sophar Lumbantoruan. 2011. Tax Accounting. Jakarta: Grasindo.

Shaviro, Daniel. 2013. The Bucket and Buffett Approaches to Raising Taxes on High-Income US Individuals. Canadian Tax Journal, 61(2): pp: 425-434.

Sentosa Hardika, Nyoman. 2007. Tax Planning as a Tax Savings Strategy. Journal of Business and Entrepreneurship, 3 (2): p: 17-34.

Schusheim, Pearl E. & Gena Katz. 2009. Personal Tax Planning, Planning with Registered Disability Savings Plans. Canadian Tax Journal, 57(2): pp: 338-360.

Soemahamidjaja Soeparman. 1990. "Taxes Based on the Principle of Mutual Cooperation". Padjajaran University. Bandung.

Sugiyono. 2008. "Quantitative and Qualitative Research Methods and R&D". Publisher: Alphabeta. Bandung.

Law of the Republic of Indonesia Number 36 of 2008 concerning Taxation

Waluyo. 2010. "Indonesian Taxation". Salemba Empat Publishers. Jakarta.