

# Analysis of Output Tax Calculation in Pharmaceutical Wholesale Trade: Case of PT Effata Fajar

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## Abstract

Although there are many other industries that bring in money for the country, such as oil and gas, export-import, and international aid, Indonesia is one of the countries that reports taxes every year and makes up the largest part of the state budget. Taxes are used to finance development carried out by the government in a country, such as infrastructure development, managing education and health. In taxation there is an output tax carried out by Taxable Entrepreneurs (PKP) who sell goods or services. Sales is an important aspect for a company. Pharmaceutical companies, such as those listed on the Indonesian stock exchange, also have an important role in generating income through sales. Pharmaceutical Wholesale Trade (PBF) is the activity of buying and selling medicines and medical devices in large quantities carried out by a pharmaceutical company. VAT output is calculated by multiplying the delivery price of medicines by a rate of 11%. Input VAT is calculated by multiplying the reimbursement price of medicines and medical devices by a rate of 11%. The use of tax invoices is included in the pharmaceutical wholesale trade aspect. These tax invoices are used as proof of transactions and as a basis for calculating VAT output. Every transaction involving the delivery of drugs and medical equipment requires a tax invoice from the pharmaceutical company, which can be completed online using an e-invoicing program. Unpaid value added tax known as output tax is what is required to be collected by Taxable Entrepreneurs (PKP) who provide Taxable Goods (BPK), Taxable Services (JKP), tangible BKP exports, intangible BKP exports, and JKP exports. Law Number 42 of 2009 concerning PA regulates output tax.

## 1. Introduction

Although other industries like oil and gas, export-import, and international aid contribute to the nation's revenue, Indonesia places significant importance on tax reporting, which constitutes the largest portion of the state budget each year (Sudjarwadi et al., 2017). The country uses its tax revenue to fund infrastructure, healthcare, and educational development. To increase tax revenues, two policies have been implemented: tax extensification and tax identification. Tax extensification involves expanding the scope of taxable objects and subjects, while tax identification aims to improve taxpayer compliance and knowledge through public education campaigns. Taxes are one of the most crucial funding sources for a country's government.

Governments utilize taxes to support various development initiatives, including building infrastructure and overseeing health, education, and welfare programs. Regarding taxation, Taxable Entrepreneurs (PKP) who sell goods or services are responsible for collecting output tax. Value-added tax (VAT) applies to

every domestic transaction involving the purchase or sale of goods and services by private individuals, businesses, and the government (Republic of Indonesia, 2022). PKPs are required to issue tax invoices as evidence of VAT collection. The VAT indicated on the tax invoice represents the output tax for taxable entrepreneurs selling goods or services.

An output tax invoice is issued at the time of the transaction to report the output VAT. Sellers must create and promptly provide this invoice to buyers, enabling buyers to prepare input tax invoices. According to Article 25 of the Output Tax Law, as stated in Law No. 42 of 2009 on Value Added Tax and Sales Tax on Luxury Goods (PPnBM), Taxable Entrepreneurs (PKPs) are responsible for collecting output tax on the delivery of taxable goods (BKP), taxable services (JKP), and their respective exports. The government utilizes output taxes to fund initiatives such as infrastructure development, healthcare, and education.

Output taxes are commonly levied on goods or services sold by businesses, such as pharmaceutical distributors. The higher input tax, as calculated based on the output tax

percentage, can be deducted from the output tax following the current 11% VAT rate. Examples of transactions subject to output tax include an 11% tax on product sales, land and building rentals, and construction services, as well as a 10% tax under PPh Article 4(2). Sales are a vital component of any business, representing the primary avenue for generating profits and revenue. Pharmaceutical companies, especially those listed on the Indonesian Stock Exchange, play a significant role in income generation through sales.

Pharmaceutical Wholesale Trading (PBF) involves the large-scale purchase and sale of medicines and medical devices by pharmaceutical companies. PBF is categorized as wholesale trade and is subject to an 11% VAT on the purchase price. Additionally, PBF is included under the Luxury Goods Sales Tax provisions stipulated in Law No. 42 of 2009 concerning VAT and PPnBM. Several tax aspects apply to PBF, including the collection of output VAT by pharmaceutical companies when delivering medicines and medical devices to consumers. Input VAT is collected on reimbursements for medicines and medical devices purchased from manufacturers.

The output VAT is calculated by multiplying the delivery price of medicines by an 11% rate, while input VAT is based on the reimbursement price of medicines and medical devices. Pharmaceutical companies remit output VAT to the government, and input VAT can be credited against output VAT. If input VAT exceeds output VAT, companies can apply for a refund. Pharmaceutical companies must submit their input and output VAT reports regularly to the Tax Service Office (KPP) in compliance with tax laws and regulations.

Pharmaceutical wholesale operations require the use of tax invoices, which serve as the basis for calculating VAT and as transaction records. For every transaction involving the delivery of medicines or medical equipment, companies issue tax invoices that can be completed online through e-invoicing systems. A self-assessment system is used by pharmaceutical companies, where they

calculate and account for their own input and output VAT, ensuring proper regulation and oversight of pharmaceutical wholesale activities.

This study was conducted at PT. Effata Fajar Anugerah, located at Jl. Rungkut Asri Barat 1 No. 25, Rungkut Kidul, Rungkut District, Surabaya, East Java, 60293. The research took place over four months, from February to May 2024, during company operating hours (08:00–17:00 Monday to Friday and 08:00–15:00 on Saturdays). Supervised by the company's Human Resource Development (HRD) team, the researcher worked in the finance, invoice, and sales divisions.

PT. Effata Fajar Anugerah is a trusted Pharmaceutical Wholesale Trading Company (PBF) with over two decades of experience. Its mission is to improve Indonesians' healthcare quality through compliance with Good Medicine Distribution Practices (CDOB) and equitable distribution of pharmaceuticals across cities and remote areas. The company's vision is to ensure medicine and health product availability nationwide, striving to be a continually growing pharmaceutical distributor. Its mission involves enhancing resources, expanding distribution networks through strategic partnerships, and maintaining customer trust.

This analysis of output tax calculations in sales aims to provide insight into how companies calculate output taxes. It is expected to enhance understanding of tax accounting theory and contribute to the development of more effective tax education methods. This analysis also serves as a reference for improving educational quality and enriching knowledge in tax accounting practices.

## 2. Literature Review

### 2.1 Understanding Accounting

The American Institute of Certified Public Accountants (AICPA) defines accounting as the process of identifying, measuring, recording, and communicating financial information to aid decision-making. According to the book *Intermediate Accounting* by Professors Kieso, Weygandt, and Warfield, accounting is an

information system that measures, analyzes, and reports financial data. The purpose of accounting is to support decision-making, financial control and planning, compliance with standards and regulations, and the provision of accurate and relevant information.

Accounting is crucial for financial planning, accountability in financial management, evaluating financial performance, and monitoring profitability. Accounting encompasses several key operations: recording transactions by collecting data such as sales, purchases, and other costs; classifying these transactions into categories like income, assets, and liabilities; correcting errors through adjustments; preparing financial reports; analyzing and interpreting financial performance; reporting financial data to stakeholders; and auditing and supervising to ensure accuracy and compliance with accounting standards.

## 2.2 Understanding Tax Accounting

Tax accounting combines the principles of accounting and taxation. Accounting involves the process of measuring, recording, analyzing, and reporting financial data, while taxation refers to mandatory payments collected by the government from taxpayers to support national development. Tax accounting is the process of documenting, categorizing, and managing financial transactions related to tax obligations. It culminates in the preparation of financial statements that adhere to tax regulations (Muhamad Saddam, 2022).

## 2.3 Understanding Tax

According to Indonesia's Law on General Provisions and Tax Procedures (*UU KUP*), tax is a mandatory payment imposed on individuals or entities, enforced by law, and collected by the government for state purposes. Taxes aim to enhance public welfare without providing direct benefits to taxpayers. Taxes play a crucial role in state operations, serving multiple purposes:

- **Budgetary Function:** Taxes provide funds to support government expenditures and national development.
- **Regulatory Function:** Taxes are used to regulate economic growth through appropriate laws.
- **Stabilization Function:** Taxes help control inflation and maintain price stability.
- **Income Redistribution Function:** Taxes fund public services and infrastructure, creating employment opportunities and promoting income equality.

## 2.4 Types of Taxes

In Indonesia, taxes are categorized as central or regional based on the administering authority. Central taxes, managed by the Directorate General of Taxes under the Ministry of Finance, fund national development and advanced healthcare. Regional taxes, administered by local governments, support regional development and operations.

Taxes can also be classified as input tax or output tax. Input tax applies to taxable goods or services purchased by Taxable Entrepreneurs (*PKP*), while output tax is levied on the sale of such goods or services. When taxable goods or services are sold, the PKP must issue an output tax invoice, enabling the buyer to generate input tax invoices upon purchase.

## 2.5 Tax Rates

Tax rates can be proportional, flat, progressive, or regressive. Under Indonesia's Law on Harmonization of Tax Regulations (*UU HPP*), the Value-Added Tax (VAT) rate increased from 10% to 11% effective April 1, 2022. This adjustment aims to improve equity and revenue in VAT collection. VAT is applied to value-added taxable goods or services, with certain exceptions, such as a 0% VAT rate on exports. Pharmaceutical distributors in Indonesia pay a sales tax (*PPh Article 22*) of 0.3% of the Tax Imposition Base (DPP), which excludes VAT, as stipulated in Regulation Number 34/PMK.010/2017 by the Minister of Finance. This tax applies to transactions involving the delivery of goods or commercial activities. For

businesses in industries like cement, paper, steel, automotive, and pharmaceuticals, the tax rate on sales to domestic distributors is 0.3%.

## 2.6 Understanding Sales

Sales refer to transactions between two or more parties involving the exchange of goods or services for payment. The primary goal of sales is to attract customers, fulfill their needs, and persuade them to purchase the offered products or services. According to Private Basu (2019: 8-10), selling is both a science and an art, requiring skillful persuasion to convert potential buyers into customers. Su Rahman (2018) describes sales as the process through which sellers and buyers engage in exchanges to achieve mutual satisfaction.

There are various types of sales, including:

- **Trade Sales:** Collaborations between manufacturers, traders, and retailers to increase product distribution.
- **Missionary Sales:** Efforts to promote products to distributors and encourage their sale to end consumers.
- **Technical Sales:** Providing technical advice to end users to facilitate purchases.
- **Responsive Selling:** Addressing buyer inquiries and needs directly.
- **New Business Sales:** Acquiring new customers by converting prospects into buyers, often employed in industries like insurance.

## 3. Research Methods

### 3.1 Types of research

This research uses a qualitative research methodology, describing the state of the research object based on information collected from data collection sources such as job descriptions, organizational charts, and company profiles. It also analyzes tax calculations provided by pharmaceutical companies.

### 3.2 Place and Time of Research

The research, which lasted for four months, from February to May 2024, was carried out at PT. Effata Dawn of Grace.

### 3.3 Data Types and Sources

This research uses qualitative data as a type of data and primary and secondary data as data sources. A type of non-numerical data called qualitative data is usually used to describe the characteristics of an object or phenomenon that is being examined by a researcher. Qualitative data for this research was collected through observation, interviews, and document analysis. Furthermore, the data source uses primary data collected by observation and interviews, while secondary data at PT. Effata Fajar Anugerah was obtained indirectly from books, research articles and documents.

### 3.4 Method of Collecting Data

The researcher used the following methods to collect data for this investigation.

1. Observations, which are carried out to find out about problems and existing problems in the company. Observations are carried out by observing conditions within the company.
2. Documentation, which is carried out to collect company data related to the calculation of output tax on sales. Documentation that can be provided is a tax invoice, sales invoice, order letter, and how to create the output tax serial number.

### 3.5 Data Analysis

This research uses a qualitative descriptive strategy for data analysis. A qualitative descriptive approach describes conditions or data that are currently available so that conclusions about the issues raised by the research can be made later. This technique is used to determine how the pharmaceutical company's output tax calculation procedure works in sales. To draw conclusions from the analysis that has been done later, to compare it with existing ideas, and to offer recommendations on how the business can improve further.

#### 4. Results and Discussion

The results of the research on the analysis of output tax calculations at PT Effata Fajar Anugerah indicate that the company has implemented tax calculation procedures in accordance with applicable rules and regulations. As a pharmaceutical distribution company (PBF), PT Effata Fajar Anugerah routinely calculates output tax based on the applicable Value Added Tax (VAT) rate of 11%, effective since April 2022, as regulated in the Harmonized Tax Regulations Law (UU HPP). Additionally, the company applies an Income Tax (PPH) Article 22 rate of 0.3% on the Tax Base (DPP) or selling price before VAT.

##### 4.1 Output Tax Calculation Process at PT Effata Fajar Anugerah

Output tax is calculated based on the 11% VAT rate imposed on the value of taxable goods (BKP) and taxable services (JKP) transactions. This procedure is conducted through a series of steps involving the use of ACTS software and e-invoices provided by the Directorate General of Taxes. The process begins with generating serial numbers for output tax invoices using the ACTS software. These serial numbers are then used to create electronic tax invoices (e-invoices), which are integrated into sales invoices.

PT Effata Fajar Anugerah has adopted information technology to facilitate transaction data management and tax invoice issuance. By utilizing e-invoices, the company ensures that issued invoices meet administrative requirements and comply with tax laws. These electronically issued tax invoices are subsequently reported in the periodic VAT Return (SPT Masa PPN) every month.

##### 4.2 Compliance with Tax Regulations

Based on the analysis, PT Effata Fajar Anugerah has demonstrated good compliance with tax regulations. The company consistently pays output tax in accordance with applicable rates, reports output tax in the VAT Returns, and issues tax invoices that meet requirements. This reflects the implementation of the self-

assessment principle in taxation, where the company is responsible for independently calculating, paying, and reporting its tax obligations.

Furthermore, the company leverages technology facilities provided by the government, such as e-invoices, to improve efficiency and accuracy in tax management. By using this electronic system, PT Effata Fajar Anugerah minimizes the risk of errors in tax calculations, enhances transparency, and simplifies the tax reporting process.

##### 4.3 Challenges in Implementing Tax Technology Systems

However, implementing tax technology systems at PT Effata Fajar Anugerah is not entirely without obstacles. One of the main challenges faced is technical disruptions in the ACTS software, such as slow performance or system errors. These disruptions can hinder the process of generating serial numbers for output tax invoices, which is a critical step in issuing tax invoices.

These technical issues highlight the need to improve the information technology infrastructure used by the company. Regular inspections and maintenance of the software are necessary to minimize disruptions that may affect the smooth operation of the company, especially in terms of tax compliance.

##### 4.4 Contribution of Output Tax to State Revenue

As part of the pharmaceutical industry, PT Effata Fajar Anugerah plays an important role in supporting state revenue through output tax. The taxes paid by this company are used to fund various national development programs, including infrastructure development, healthcare services, and education. By complying with tax regulations, the company not only fulfills its obligations as a taxpayer but also contributes to Indonesia's overall economic development.

#### 4.5 Practical Implications for the Company

This analysis shows that the application of information technology in tax management can enhance efficiency and corporate compliance with tax regulations. However, the company also needs to invest in developing its technology infrastructure and providing employee training to ensure that the systems used can operate optimally. Moreover, improving communication and coordination between the finance, sales, and tax divisions is crucial to ensure that all transactions are recorded properly and in accordance with tax regulations.

Overall, the results of this research indicate that PT Effata Fajar Anugerah has implemented output tax calculation procedures effectively and in compliance with applicable regulations. However, the company must continue to improve its technology and human resource management to address existing challenges and maintain high levels of compliance.

### 5. Closing

#### 5.1 Conclusion

Based on the discussion regarding the analysis of output tax calculations in PT sales. Effata Fajar Anugerah came to the conclusion, namely that she had carried out tax calculation procedures in accordance with the rules and regulations. As in the theory that the author studied during the lecture period, the procedure for calculating output tax on sales is appropriate. By using VAT of 11% and also reporting output tax in the Periodic VAT SPT every month. As well as creating invoices that comply with the provisions, namely by using e-invoices and issuing them as tax invoices.

Researchers also learned new things, namely how to create output tax serial numbers using ACTS software which companies use to store sales or purchase transactions or data. PT. Effata Fajar Anugerah has used advances in information technology to make it easier to store data and transactions that the company has carried out, especially in carrying out sales transactions which will be related to taxes that will be issued by the company. However, the obstacles faced by researchers when carrying

out their duties during the research were the obstacles of ACTS software technicians. System errors often occur, such as the system being slow when in use. This hampers the process of carrying out the task of creating output tax serial numbers that occur on that day.

#### 5.2 Suggestions

Based on the conclusions above, there are suggestions that researchers can convey, namely PT. Effata Fajar Anugerah suggested that the provision of materials and assignments for students be expanded in order to increase the competencies and skills possessed by students. Further improve and maintain good cooperation between employees, customers and principals. And PT. Effata Fajar Anugerah is advised to further improve the software used and check it regularly.

The advice that can be given to researchers is to better prepare themselves and study the material and laws and regulations relating to taxation in order to get involved in practice directly. Also look for research places that suit your major so you can increase your knowledge and experience. And it is recommended to further develop communication skills because in the world of work you will meet many new people and with different characteristics.

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