

# ANALYSIS OF THE VALUE-ADDED TAX IMPLEMENTATION AT PT. INTITERA PRIMAYUDHA

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**Abstract** *This research aims to analyze the implementation of value-added tax law and regulation in a small to medium-sized company. It is to obtain representative data for the small to medium-sized companies regarding the effectiveness of regulation implementation.*

*The data used in this research are the primary data obtained from the company in the form of tax returns, tax invoices, interviews and warning letters issued by tax officers. This research uses descriptive and qualitative research methods.*

*The calculation for the tax return for each month of the year 2018 until 2020 is already in compliance with the regulation. From 2018 to 2020, there are 28 rectifications, implementation of VAT is not effective due to the amount of rectification. The research shows that value-added tax has an increasing amount of intricacy in its implementation. In addition, the research also shows that the implementation of value-added tax law or regulation in small to medium-sized companies is ineffective and flawed in its practice.*

**Keywords** — VAT, Regulation, Implementation

## I. INTRODUCTION

Taxes as a form of income for a country has more and more become reliable as a mainstay in state revenue. And to increase the amount of tax received by the country, the government has already done several improvements, additions, and even changes in the regulation in the field of taxation.

Taxes have many applications, such as personal income tax, income tax withholding, and value-added tax. As different application has different aspect of them, value-added tax has the widest amount of activities involved in it. A value-added tax is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of value-added tax that the user pays is on the cost of the product, less any of the costs of materials used in the product that has already been taxed. More than 160 countries around the world use value-added taxation. It can raise government revenues without punishing success or wealth, as income taxes do, and it is simpler and more standardized than a traditional sales tax, with fewer compliance issues. Value-added taxation is based on taxpayers' consumption rather than their income. In contrast to a progressive income tax, which levies greater taxes on higher-level earners, value-added tax applies equally to every purchase

**Table 1.** Indonesia Government Revenues 2018 - 2020

Source of Revenues - Public Finance	Actual Government Revenues (Billion Rupiahs)		
	2018	2019	2020
<b>I. Domestic Revenues</b>	1.928.110,00	1.955.136,20	1.698.648,50
Tax Revenues	1.518.789,80	1.546.141,90	1.404.507,50
Domestic Taxes	1.472.908,00	1.505.088,20	1.371.020,60
Income Tax	749.977,00	772.265,70	670.379,50
Value Added Tax	537.267,90	531.577,30	507.516,20
Land and Building Tax	19.444,90	21.145,90	13.441,90
Duties on Land and Building Transfers	-	-	-
Exercise Duties	159.588,60	172.421,90	172.197,20
Others Domestic Taxes	6.629,50	7.677,30	7.485,70
International Trade Taxes	45.881,80	41.053,70	33.486,90
Import Duties	39.116,70	37.527,00	31.833,80
Export Tax	6.765,10	3.526,70	1.653,20
Non Taxes Revenues	409.320,20	408.994,30	294.141,00
Natural Resources Revenue	180.592,60	154.895,30	79.086,90
Income from Separated State Assets	45.060,50	80.726,10	65.000,00
Other Non Tax Revenue	128.574,00	124.503,60	100.053,80
Revenue from Public Service Institution	55.093,10	48.869,30	50.000,30
<b>II. Grants</b>	15.564,90	5.497,30	1.300,00
<b>Total</b>	1.943.674,90	1.960.633,60	1.699.948,50

Source: Ministry of Finance (2021)

As shown in table 1, value-added tax consists of over a quarter of the total government revenue for the year 2018 until 2020. Even in the volatile year of 2020, where the government revenue is reduced overall, value-added tax income for the government is still stable.

For the year 2018, value-added tax contributed 537.267,9 billion, which is roughly around 27,65 percent of total revenue. For the year 2019, value-added tax contributed 531.577,30 billion, which is roughly around 27,11 percent of total revenue. For the year 2020, value-added tax contributed 507.516,20 billion, which is roughly around 29,85 percent of total revenue.

As mentioned above, value-added tax has spread to a great majority of countries. The expansion of the value-added tax was incredibly fast in the developing world. But with the widespread of value-added tax, there will exist a review regarding the application of the system itself. People make assumptions and conclusions based on their review of the systems. There are some benefits of the value-added tax: cascading of indirect taxes is avoided, it is harder to evade than other forms of taxation since the application of the value-added tax is directly applied to each transfer/transaction, and it can easily be made compatible with international trade. According to Keen and Lockwood (2010) on Kaisa (2019), it is found that the value-added tax is also a 'money machine': it has helped countries generate more revenues than they would have had without the value-added tax in place. However, the suitability of the value-added tax for developing countries has been hotly debated. (Alavuotunki et al., 2019)

In Marek, Slavomira, Jozef (2019), according to Chenk, Thuronyi, Cui (2015), they stated that: "The revenue productivity of value-added taxes, even when relatively poorly administered, is undoubtedly one of the most attractive features to governments all over the world, in developing and developed countries alike (Feranecová et al., 2017). Revenues from value-added tax represent one of the most important revenues of the state budget."

Tax is an obligation that must be paid by the public, both individuals and entities, from their income to the government, which is intended for development in all fields. According to Regulation number 16 of 2009 concerning General Provisions and tax procedures in article 1 paragraph 1, it is a mandatory contribution to the state which is owed by an individual or entity that is coercive in nature based on the law, without receiving direct compensation and is used for the needs of the state for the greatest prosperity of the people.

In the writer's opinion, understanding that value-added tax is the most vital part of the tax that can increase the revenue of a country is essential because with that understanding will come an initiative to learn more about the regulation of said taxation, which can increase the tax compliance.

Tax compliance is an act that is done consciously and is based on obedience, desire, and the ability to comply with the tax laws. Specifically, tax compliance is paying the full amount of tax owed (Kurniawan, 2020). So, by these definitions, non-compliance can be assumed as not paying the full amount of tax paid. The Indonesian government used the ratio of the submission of the income tax returns.

Indonesia has around 26,26 million micro and small companies and 450.000 medium to big companies all around Indonesia during the year 2019, according to *Badan Pusat Statistik*. With this information, it can be assumed that most of the taxation for country revenue came from micro to small companies.

Since most of the company existing in Indonesia is small to medium-sized, it is in the writer's mind that with that many companies and a wide arrange of regulation standing in place, it will result in tax negligence. Most of the employed staff that handle the said taxation system wouldn't have enough training or capacity to handle such intricate matters.

Most of the research regarding taxation or specifically VAT in Indonesia is based on big companies, thus neglecting the perspective of small to medium companies that are much more in numbers. This creates a big gap in knowledge regarding the implementation adopted by big companies compared to small to medium companies.

The company chosen for the purpose of this research is PT. Intitera Primayudha because the company can be considered as a small company and have a wide range of unique taxation related activities such as tariffs for imports, VAT to companies in bonded zones, and so much more.

With this in mind, it was finding a way to measure the effectiveness of the value-added tax application regularly in a company done at PT. Intitera Primayudha can be by calculating the amount of tax that was supposed to be paid against the amount of tax paid. This company is involved in the import of office and industrial machinery, spare parts and equipment and distributing the products to local companies. The company has a tax obligation to calculate, report and pay the value-added tax. Value-added tax must be paid or overpaid calculated itself.

There is the complexity of value-added tax payment calculation in a certain taxable period. This makes the possibility of improper determination of value-added tax payment according to value-added tax law. The company's employees can make a mistake in conducting tax obligation of value-added tax because the company's employees do not understand and follow applicable tax regulations. The employee could possibly do not have confidence in calculating value-added tax correctly based on tax regulation because the employee doesn't have regular training of tax.

Based on the identification of the research title above, this research is limited so that the discussion is more focused and does not deviate from the stated goal desired. Thus, the limitation of this research is the calculation, report, paying and implementation of new regulation regarding the Value-Added Tax (VAT) at PT. Intitera Primayudha during the year 2018 to 2020 tax periods.

The research focus of this research is as follows: how effective is the implementation and recording of value-added tax at PT. Intitera Primayudha?, how is the calculation of value-added tax at PT. Intitera Primayudha during 2018 – 2020?, how is the report value-added tax at PT. Intitera Primayudha during 2018 – 2020?, how the tax return treatment at PT. Intitera Primayudha during 2018 – 2020? The objective of doing this research is to know whether the rules of value-added tax in regards of implementation in a company is properly implemented.

## **II. LITERATURE REVIEW**

According to (Sumarsan, 2017), he stated that the definition of a Taxpayer is an individual or entity, including taxpayers, tax withholder, tax collectors and everyone who have taxation rights and obligations in accordance with the taxation legislation. According to (Resmi,

2019), taxpayers are individuals or entities, including taxpayers, tax withholders, and tax collectors who have rights and taxation obligations in accordance with statutory provisions.

Understanding the definition of those experts above, the writer concluded that a taxable person is an individual or an entity that is resided within Indonesia that has the obligation and rights to pay, report, and calculate their own amount of tax owed to the country according to the taxation law.

The theory of tax compliance is divided into two approaches, namely the economic deterrence approach and the psychological approach. In economic deterrence, the approach is taken by considering external factors such as tax information and systems, tax deductions by other parties, possible tax audits, and tax rates. While the psychological approach is carried out by considering the factors of individual taxpayers or employees of corporate taxpayers related to corporate taxation activities. (Tarmidi, 2019)

The provisions of taxation and accounting standards that often change in line with the latest developments and the rapid economy require accountants to understand each applicable tax provision and accounting standard. The Directorate of General Taxation sometimes make socialization to the taxpayer when there is a new regulation although limited moment and time, but that is important for increasing knowledge and understanding of taxpayer and tax compliance.

The ability and motivation of the tax consultant office employees got to have a positive effect on the performance of the tax compliance. Someone who has a high perception of ethics will trigger the person in making ethical decisions. Ethics and attitudes have a greater influence than behavioral controls and audits on tax compliance. Ethics is the principle of behavior possessed by a tax accountant in carrying out his duties in the field of bookkeeping and taxation, and ethics is thought to be a control for tax accountants so that the activities carried out do not deviate from the applicable tax provisions.

Tax is one of the burdens for the business world that will reduce profits, and several tax burdens can make taxpayers carry out tax avoidance or tax evasion, especially if there is tax uncertainty both in terms of time and other matters, with the suspicion that it will negatively affect tax compliance because it occurs savings diversification. Uncertainty in taxes has a positive effect on tax avoidance, which means a negative effect on tax compliance. In connection with internal factors which consist of understanding, ability and ethics, tax uncertainty is expected to weaken the influence of these internal factors on tax compliance.

With taxpayers being compliant with the taxation regulations, there are also some taxpayers who are not compliant. For personal tax reports, the deadline is no later than 3 months after the end of the tax year. For not reporting personal taxes completely and correctly, taxpayers will be subjected to sanctions in the form of an increase in payment if the taxpayers do not submit wholly and correctly or the taxpayers are proven to have attached information whose contents are not true, due to negligence, and if it is the first time. The imposition is implemented through the issuance of *SKPKB*.

For not submitting tax return form, based on the 2007 *KUP* Law Article 38 paragraph 1, taxpayers who, due to negligence, do not submit their tax return will be subjected to criminal sanctions. The criminal sanctions in question are imprisonment for a minimum of 3 months and a maximum of 1 year or a fine of at least 1 time and at most 2 times the amount of tax owed which is not paid or underpaid. If the taxpayer makes a tax calculation error in the reported annual tax return, but the taxpayer makes corrections of his own volition, then the correction results in a larger tax debt. The interest penalty is calculated from the time the tax return submission ends until the date of payment.

For late paying taxes, if the status of the taxpayer's annual tax return is underpaid, but the taxpayers are late in making tax payments, the taxpayers will be subjected to administrative sanctions in the form of interest of 2% per month. The interest is calculated starting from the end of the deadline for submitting the tax return until the date of payment.

**Table 2.** Noncompliance Table

Reasons of Noncompliance	Sanctions or Fines
Late reporting Personal Taxation	Rp. 100,000 which is calculated once for each delay.
Reporting personal taxes incompletely and incorrectly	200% of the underpaid tax due.
Not submitting tax return form	Imprisonment for a minimum of 3 months and a maximum of 1 year or a fine of at least 1 time and at most 2 times the amount of tax owed which is not paid or underpaid
Late in paying taxes	2% per month of the amount of underpaid tax. But if the error is discovered at the time of inspection by the tax officer, the taxpayers are subjected to 150% of the amount of underpaid tax.

Source: Provided by the writer (2021)

The Indonesian tax system relies upon both direct taxes (i.e., personal income tax, corporate income tax, property tax), which is applied to every income earned by the taxable person, such as Income Tax Article 21, 22, 23, 24, 25, 26 and indirect taxes (i.e., VAT or most commonly known as value-added tax which is applied to every transaction purchasing a taxable object and/or taxable services, excise taxes, customs and import duties, export taxes). Almost all types of business fields have a relation to tax, whether it regards income tax, value-added tax, property tax and other types of taxes. As will be emphasized throughout this article, the value-added tax (VAT) is the most important single tax, followed by the corporate income tax (CIT) and the personal income tax (PIT).

Before going into value-added tax, understanding the personal income tax, which comes third as the most important tax, might help in the scope of why the value-added tax is important. Individual taxpayers, for both employees and freelancers, are required to calculate the actual tax payable at the end of the year to determine the position of the outstanding tax balance. The object of income tax is income as the name implies, namely any additional economic capacity received or obtained by the taxpayer, both from Indonesia and from outside Indonesia, which can be used for consumption or to increase the wealth of the taxpayer concerned, in whatever name and form.

As the income tax may vary between each person, there may be rejected from the taxable person depending on the income tax rate. Different from value-added tax, which is only applied when an object of value-added tax is consumed or used, thus providing the same treatment to every taxable person.

A lot of adjustment has been made to the Indonesian taxation law since the legalization, adjustment started to be made on 31<sup>st</sup> December of 1983, and this can be proven with the legalization of the Taxation Law such as:

1. Regulation Number 16 Year 2000 which is the adjustment for Regulation Number 9 Year 1994 which is also an adjustment for Regulation Number 6 Year 1983 that regulates about General Provisions and Tax Procedure.
2. Regulation Number 17 Year 2000 which is the adjustment for Regulation Number 10 Year 1994 which is also an adjustment for Regulation Number 7 Year 1983 that regulates about Income Tax.
3. Regulation Number 18 Year 2000 which is the adjustment for Regulation Number 11 Year 1994 which is also an adjustment for Regulation Number 8 Year 1983 that regulates Taxable Goods and Services, which is also included as Sales Tax for Luxury Goods.
4. Regulation Number 12 Year 1994 which is the adjustment for Regulation Number 12 Year 1985 that regulates about Taxation Law for Property.

The prepopulated feature is an additional feature in the desktop e-Invoice application that does not eliminate the key-in function or the CSV data import mechanism. Prepopulated Input VAT is a system where the DJP provides a taxable person's input VAT data based on previously recorded data. Through this prepopulated feature, the taxable person no longer needs to enter data one by one.

This prepopulated feature makes the taxable person have no need to manually input the input VAT data manually. In this way, the system is expected to reduce the occurrence of data input errors, such as the State Revenue Transaction Number (NTPN) data. In the previous version of the application, namely e-Faktur 2.0, a taxable person had to input all tax invoice data manually

or through an import scheme or even through the e-Faktur scanner application. This method usually causes problems in the field, so the new prepopulated system is expected to overcome these problems.

With the problems of manual input, the prepopulated feature in e-Faktur 3.0 will help by:

1. Assisting the Taxpayer (WP) in filling out the VAT Period SPT completely, correctly, and clearly, especially the 1111 B1 form for the PIB number so that there are no input errors that can harm the rights of the taxpayer.
2. Assist taxpayers in filling out the VAT periodic tax return on form 1111 B2 completely, correctly, and clearly for Input VAT.
3. Tax Invoices and reporting of VAT Period tax returns are interconnected.
4. Improving the ease of service to the taxable person.
5. This feature is expected to help improve taxpayers' tax compliance considering that this feature makes it easier for taxpayers to automate tax data entry in the e-Faktur 3.0 application (currently only for Input VAT, PIB, and VAT periodic tax return).
6. Incoming data is guaranteed to be secured because it is validated by the authorities so that taxpayers no longer need to use the services of an unofficial third party that is vulnerable to information security.
7. Simplify the administrative process of reporting the VAT Period SPT.

There are several updates on regulation regarding the taxation system as taxation is ever-changing to suit the condition of the economy of the year. Since 2020 started, it has been clear for small to medium corporations that the business is not going so well due to the worldwide pandemic, which is Covid-19. There are several adjustments to the regulations of taxation during the period of the year 2018 to 2020, which are stated on:

Government Regulation of the Republic of Indonesia Number 23 of 2018. This government regulation was issued on 8<sup>th</sup> June 2018, which regulates income tax from businesses received or acquired by taxpayers who have certain gross turnover. At the time this government regulation comes into force, for taxpayers who fulfill the requirements to carry out tax obligations, based on Government Regulation Number 46 of 2013 concerning income taxes on income from businesses received or obtained mandatory taxes that have a certain gross turnover, have the beginning of the 2018 fiscal year until before this government regulation applies to, but do not meet the provisions of the Taxpayer who are subject to final Income Tax based on this government regulation, the following provisions apply: For income from business received or earned since the beginning of the year, taxes until before this government regulation comes into force will be subjected to income tax at a rate of 1% (one percent) of the gross turnover per year month, For income from business received or earned since the regulations, which was valid until the end of the 2018 Fiscal Year, will be subjected to income tax at a rate of 0,5% (zero point five percent) of gross turnover for each month; and For income from business received or earned starting in the year 2019 tax, will be subjected to income tax based on the tariff of Article 17 paragraph (1) letter a, Article 17 paragraph (2a), or Article 31E of the tax law income.

**The decision of Tax Director General Number KEP-692-PJ-2019**

Issued on 22 November 2019, regarding income tax that focused on the exemption from imposition of administrative penalty in the form of a fine for late submission of income tax returns due on 20 November 2019.

**Announcement Number: PENG-08/PJ.09/2019**

Issued on 26 November 2019 regarding income tax, announcing the exemption from imposition of the fine for late submission of annual tax returns due on 20 November 2019.

**Regulation of the Minister of Finance Number 28/PMK.03/2020**

On the Regulation of the Minister of Finance Number 28/PMK.03/2020, it states that VAT incentives are given to certain tax subjects on imports or acquisition of taxable goods, acquisition of taxable services, and/or usage of taxable services from outside of Customs Area within the Customs Area as needed in the context of handling the Corona Virus Disease 2019 (COVID-19) pandemic in Tax Period April 2020 to September 2020 Tax Period. Those imported goods VAT are not collected, and for the acquisition of taxable goods and/or services are borne by the government. (Page, 2020)

**Circular letter of the Director-General of Tax Number SE-22/PJ/2020**

This circular letter was issued on 9<sup>th</sup> April 2020, which regulates the Implementation Guidelines for extending the period of implementation of rights and fulfillment of tax obligations in government regulation in lieu of law number 1 of 2020 concerning state financial policy and financial system stability for handling the corona virus (Covid-19) pandemic and/or in facing threats that harm the national economy and/or financial system stability. (Page, 2020)

**Regulation of the Director-General of Taxes Number PER-08/PJ/2020**

On April 21, 2020, this regulation concerning the calculation of income tax instalments for the current fiscal year is issued in connection with the adjustment of income tax rates for corporate taxpayers, which regulates calculation of the amount article 25 income tax installments and adjustment of the income tax rates to taxable domestic corporate taxpayers and permanent establishment. (Page, 2020)

**Regulation of the Minister of Finance Number 44/PMK.03/2020**

On April 27, 2020, the Minister of Finance Regulation Number 44/PMK.03/2020 concerning Tax Incentives for taxpayers affected by the corona virus (Covid-19) pandemic has been issued, which regulates, among other things: Incentives for Income Tax article 21, Incentives for Income Tax article 23, Incentives for Income Tax article 22 on Import, Incentives for Income Tax article 25, Incentives for VAT (Value-Added Tax)

Taxpayers who: Have a Business Field Classification code as listed in the attachment of this PMK, Has been designated as a KITE Company, Has obtained Bonded Zone Operator permit, Bonded Zone Entrepreneur permit, or PDKB permit

Moreover, submitting a Periodic Value-added Tax Return for overpayment of restitution with an overpayment of a maximum of Rp5,000,000,000 (five billion rupiahs) may be given a preliminary refund of the overpayment of tax as a low-risk taxable person as referred to in Article 9 paragraph (4c) of the VAT Law.

Taxpayers that fulfill the requirement may be given a preliminary refund of the overpayment of tax as a low-risk taxable person as referred to in Article 9 paragraph 4c of the VAT law. (Page, 2020)

**Director-General of Tax Decree Number KEP-157/PJ/2020**

On March 20, 2020, this decree was issued to regulate address the issue regarding the exception of the imposition of administrative sanctions in the form of a fine for the delay of submitting the value-added tax period of 31<sup>st</sup> January 2020.

All taxable persons that submitted VAT tax return period form 1111 for the tax period of December 2019 through e-filing on February 1<sup>st</sup> to February 7<sup>th</sup> are exempted from the imposition of administrative sanctions for late submission of the VAT tax return period for form 1111. (DIREKTUR JENDERAL PAJAK NOMOR KEP-157 /PJ/2020, 2020)

**Announcement Number PENG-5/PJ.09/20**

The government has stipulated the Minister of Finance Regulation Number 29/PMK.03/2020 concerning the implementation of tax administration services in force majeure due to the 2019 corona virus pandemic, so it is conveyed the implementation (*Pengumuman Nomor PENG-5/PJ.09/2020, 2020*)

VAT (Value-Added Tax) is that it is a type of indirect taxation in which it is paid or submitted by the other parties which is not the bearer of the taxation (end customer). The basic principle of VAT is that it is applied to every step of the production and distribution, but the amount of tax payable is imposed on the end user that used the product or service.

According to the value-added tax for goods and services and tax law for luxurious regulated on Regulation Number 11 Year 1994 which is revised by Regulation Number 18 the Year 2000, the value-added tax is supposed to be an indirect tax and a consumptive tax in the country. (*Susunan Dalam Satu Naskah Undang-Undang Perpajakan*) Value-added tax has several conditions according to article 9, 13 and 16A, which stated:

1. Every taxable person that does a transaction of taxable goods or services is obligated to make a tax invoice to collect the tax owed. The collected tax is named output VAT.
2. When a taxable person purchases a taxable object or receives a taxable service from another taxable person, that is also applicable to tax payable, which is referred to as input VAT.
3. At the end of a tax period, the input VAT then will be credited against the output VAT according to the specified requirement. When the tax output is much higher than the tax input, then the difference between the two will be paid to the country at the end of the month next to the tax period.

4. If the tax input is much higher than the tax output, then the difference between the two can be carried forward as the tax credit for the next period or can be restituted.
5. At the end of the tax period, every taxable person is obligated to make a report regarding collecting and paying the tax payable to the nearest Tax Administration Office at the end of the month next to the tax period.
6. Government agency, entities or individuals is appointed as the collector of value-added tax.
7. When the payment of market price/selling price or tax reimbursement happens to collect tax payable, then they are obligated to pay using the *Surat Setoran Pajak* (SSP) with the name of the taxable person and report it to the nearest Tax Administration Office.
8. SSP that is mentioned at point 7 will then be handed to the taxable person that is included within the transaction.

Understanding value-added tax is not easy as the regulations in each country are quite different from one another. While in Indonesia, the value-added tax law regulates the ins and outs related to value-added tax administration. An example is specifying the object of value-added tax. According to value-added tax laws, there are numbers value-added tax collection object which are: Delivery of Taxable Goods / Taxable Services (BKP / JKP) within the customs area by the taxable person. Taxable goods Import. Utilization of intangible taxable goods from outside the customs area inside the customs area. Taxable goods exports are tangible/intangible and taxable services exports by a taxable person.

As mentioned above, taxable goods from outside customs that are utilized inside the customs area are subjected as an object of tax collection. The definition of import is the process of entering taxable goods from outside the customs area into the customs area. As the mechanism for levies and tax reporting on simple imports are as such, importers will immediately pay import value-added tax and import duties to customs through the customs billing application.

There are several bases of value-added tax legal basis which can be counted as many as 4 important laws. The following are a number of VAT legal bases in Indonesia: Regulation Number 8 of the Year 1983, Regulation Number 11 of the Year 1994 , Regulation Number 42 of the Year 2009, Value-Added Tax Legal Basis: Collecting, Depositing and Reporting

What do these rules regulate, and if there are any other fundamental regulations, will be further discussed in the second chapter of this research paper. At the same time, there may be a lot of regulations that can be discussed regarding value-added tax. To specify the topic of this paper, I will start to discuss a bit regarding value-added tax regulation, specifically the one related to import. Which is on Article 7 of Regulation Number 42 of the Year 2009, it is specified that there are several import values added tax rates which applied in Indonesia. A single tariff in customs/import areas for taxable goods and / or taxable services at 10%. Whereas based on economic considerations and/or increased funding requirements for development in customs/import areas for taxable goods and/or taxable services, the tariff is 5-15%.

There are several things to be calculated before the calculation of value-added tax, which is customs value. Customs value can be obtained by 3 items which are listed below

1. Freight on Board (FOB) or the price of goods based on transaction value under conditions of free competition. This value can be seen in the proof of transactions, invoices, and others. If the goods are not from a sale and purchase transaction, the value of the goods will be determined by the customs and excise officer in accordance with the applicable rules and regulations.
2. Shipping costs are determined for shipping packages. If the price of goods is equal to shipping, the price of goods includes shipping costs.
3. Insurance of 0.5% x (the price of goods + shipping).

To calculate import duties, the first thing we need to do is to convert the customs value used to calculate import levies into rupiah. The official exchange rates that we can use can be found on the Customs website or the Ministry of Finance exchange rate. The import duty is 7.5%. Meanwhile, the way to calculate it is the 7.5% customs tariff x value. The subject of VAT can be categorized become two, which are: Taxable person: Produce goods; assemble, cook, mix, pack, bottle, mine, provide foods and beverage that is done by catering business. importing goods .Exporting goods. Does trading business. Consumption intangible goods outside of customs area. Provide services business. Use services from the outside customs area.

A taxable person is a person who does a transaction of taxable goods/services that is subjected to value-added tax, not including small businesses whose limitations are regulated by the



Regulation of the Minister of Finance, unless small business that was chosen to be confirmed to be a taxable person. That does a transaction of taxable goods and/or services (Article 4 of Value-added tax taxation law) That exported taxable goods (Article 4 of value-added tax taxation law) That provides an exchange of assets with the initial purpose of the asset is not to be exchanged (Article 6 of value-added tax taxation law) The small business: The small business that does the exchange of taxable goods and/or services in one year taxation period earned gross income not more than Rp. 600.000.000, -.Although gross income in one year of tax period is not more than Rp. 600.000.000, - small businesses can choose to be acknowledged as taxable persons. The small business that has exceeded Rp 600.000.000, - in one tax period is obligated to report his/her business to be acknowledged as a taxable person at least one month after they exceed the boundary. If reporting is not on time, then after the acknowledgment is on the beginning of the next month after the end of the month, supposedly the reporting of business is to be done. If the acknowledgment of a taxable person is done by their position in the company, then when the inauguration is on the beginning of the next month after the end of the month where the obligation to report the business.

Non-taxable person: Anyone that import taxable goods (Article 4 B value-added tax taxation law), Anyone that utilize intangible taxable goods and/or taxable services from outside of the customs area inside the customs area. (Article 4 D & E value-added tax taxation law), Anyone that builds their own but not in the term of company/corporation of his own profession. (Article 16 C value-added tax taxation law) .The object of VAT are as follows: Taxable goods are tangible goods that, according to the properties or laws, can be in the form of a movable object or immovable objects and intangible objects that is subjected to value-added tax.

But there is an exception for object of tax which is the transaction of taxable goods to realtor, which is mentioned by the trade law books, transaction of taxable goods for collateral for accounts receivable, transaction of taxable goods from central to branch or vice versa, and transaction of taxable goods between branch in terms of taxable goods where they already obtained centralized venue tax payable license, transaction of taxable goods in the case of change of form in the business or business merger or transfer of all assets that is followed by the change of ownership of the taxable goods.

Characteristics of VAT (Value-Added Tax) are as follows:

1. Indirect Tax  
Tax burden-bearer/buyer and person in charge of payment/seller are on the different sides. If there are tax deviations, then the tax officer will ask the responsibility from the seller.
2. Objective Tax  
The existence of the obligation to pay value-added tax is determined by the existence of the object of tax.
3. Multi-Stage Tax  
Value-added tax is applied to every production line chain and/or to the distribution line.
4. Indirect Subtraction Method/Credit Method/Invoice Method  
A value-added tax that is collected will be directly paid to the state treasury. Value-added tax that is deposited to the state treasury is the result of calculation between input VAT and output VAT. Input VAT that is calculated to obtain the amount of value-added tax that is needed to be paid to the state treasury is a tax credit. To detect the correct amount of input VAT and output VAT, there is a need for a document as a proof that is named tax invoice.
5. Tax for Domestic General Consumption  
Value-added tax is only applied to the taxable object/services that occur inside the country.
6. Neutral  
Value-added tax is applied to the consumption of goods or service, and the way of the collection adhere to the principle of destination (which means that the value-added tax rate used is from where the goods/service is consumed).
7. No Effect Double Taxation  
Value-added tax is only applied as a value-added and value-added tax that is paid can be calculated with the collected value-added tax.
8. Consumption Type Value-Added Tax  
In the value-added tax regulation in Indonesia, input VAT for purchase and maintenance capital goods can be credited with the collected output VAT from the transaction of taxable goods and/or taxable services.

To determine the amount of value-added tax, these are the rate of value-added tax that is determined on the taxation law, which is as follows:

1. Value-added tax rate of 10% (ten percent).

The value-added tax applied to the transaction of taxable goods and/or taxable services is a single rate, which purpose is for easier calculation in the application and will not require a list of categorized goods or services with a different rate applied to tax for luxurious goods.

2. Value-added tax for export taxable goods of 0% (zero percent).

Value-added tax is a tax applied on the consumption of taxable goods inside the customs area. Exported taxable goods or taxable goods that are consumed outside of the customs area will be applied a value-added tax rate of as much as 0% (zero percent). The usage of 0% (zero percent) does not mean that it is freed from the application of value-added tax. With that, input VAT that is paid for the exported goods can still be credited.

Value-added tax is collected on every chain of production or chain of distribution. The data collection on every level is not showing any cascade effect because the method of earning back the tax that is already paid/credit tax by the taxable person resulting in the percentage of the burden of the tax shouldered by each taxable person is the same with the rate being the same for every good and service.

Value-added tax is determined as payable when there is a transaction of taxable goods/taxable services. For specific cases where payment is made first before the transaction of taxable goods or taxable service, value-added tax will be determined as payable when the payment is made. Things to be remembered are that the transaction of taxable goods/services does not have to be in the form of selling.

According to the flow of taxable goods/services, it is introduced the terms input VAT and output VAT. Input VAT is a value-added tax that is supposed to be paid by a taxable person because of the purchase of taxable goods or receiving a taxable service from outside of customs area and or import taxable goods. In comparison, output VAT is a value-added tax that is needed to be paid because of the handover of taxable goods or taxable services or taxable export goods.

Sales return definition is the receipt of goods by the seller returned by the customer back to the seller. In this case, the refund usually occurs if the goods sent by the seller do not match what the buyer wants or are damaged. Sales returns cause receivables or bills from the seller to the buyer to decrease. For recording sales returns in a financial journal, fill in the debit column with a sales returns account while accounts receivable is recorded on the credit column. In a sale and purchase transaction, the company usually divides sales returns into 3 types: Sales returns return the buyer's cash. Sales returns that reduce buyers' receivables. Sales return to replace damaged goods from the buyer with new items. To reduce the rate of return of goods, the company (the seller) must pay more attention to the type and specifications of the goods to be shipped. In buying and selling transactions, sales returns and purchase returns are common. Based on Law No.8 of 1999 concerning Consumer Protection, if it turns out that from the beginning, there was a deliberate delivery from the seller to deliver damaged or wrong goods, the seller may be subject to legal sanctions.

The bonded zone is an area or building, where in this bonded area, special rules related to customs apply. In this bonded zone, goods imported from outside customs areas or in other customs areas are all applicable. Industry running in this bonded area are goods industries and management of goods and raw materials such as design and construction activities, engineering, sorting, packing, preliminary inspection, and final inspection. The goods and raw materials in question can be imported or come from other Indonesian customs areas. According to the Minister of Finance Regulation No. 255/PMK.04/2011 for bonded zones, VAT and VAT on luxury goods are not applied to several income activities, which are: To process the entry of goods from within the customs area to the Bonded Zone. Entry of manufactured goods from bonded zones, which are subcontracts in nature from other bonded zones or other on-site industrial companies in the customs area to the Bonded Zone. Borrowing from other bonded zones or from other companies that are still within the scope of the customs area, including re-entry of machinery. For the entry of products from other bonded zones or other companies which are still within the scope of the customs area, using raw materials which is still from within the customs area to be processed in the area bonded. Entry of production results from other bonded zones or other companies which are still within the scope of the customs area, by using raw material from other places in the customs area, which are then combined with goods produced in the bonded zone to be exported.

Goods are then combined with the products from the bonded area, which are packaging and packaging aids, from the place of other places that is still in the customs area to the bonded zone.

For activities of exporting goods from bonded zones, VAT and VAT of luxury goods is not imposed on the following activities: Expenditures of goods for production from bonded zone products that use raw materials from other places within the customs area and sent to the region another bond. Expenditures of goods for raw materials and auxiliary materials, molding or machines with the nature of subcontracted work from another bonded zone or to industrial companies elsewhere in the customs area. Removal of damaged or rejected other raw materials, which originates from other areas that are still in the customs areas, which is not processed in another bonded zone. VAT and VAT of luxury goods are not charged if the goods are returned to the company of origin. Expenditures of machinery or molding, which is loaned to the company industry elsewhere in the customs area and other bonded zones. VAT and VAT of luxury goods are not imposed if the goods are the final product submitted to the lender in the bonded area of origin.

Tax invoice is a proof of tax collection made by a taxable person that does a transaction of taxable goods or taxable services, or proof of tax collection because importing taxable goods that are used by the Director-General of Customs and Excise (Article 1 Number 23 Taxation law of value-added tax year 2000). Tax invoice also is a way to credit input VAT. Because of that, the tax invoice must be true both formally and materially. The tax invoice must be filled completely, clearly, and rightfully and signed by a person assigned by the taxable person to give their signature. The taxable person is obligated to make a tax invoice for every transaction of taxable goods and taxable services (Article 13 Taxation law of value-added tax year 2000). Individuals or entity that is not registered as taxable person is not permitted to make a tax invoice, and if the tax invoice is issued, then the individual or entity must pay the amount of tax payable stated at the tax invoice to the state treasury. Thus, the entrepreneur that has fulfilled the requirement to become a taxable person but not yet registered as a taxable person and already did a transaction of taxable goods/services is banned from issuing tax invoices.

VAT is regarded as a consumption tax because it is borne ultimately by the final consumer. It is not a charge on the businesses. It is collected fractionally via a system of partial payments whereby taxable persons deduct from the VAT amount of tax they have paid to other taxable persons on purchases for their business activities. This mechanism ensures that the tax is neutral regardless of how many transactions are involved. (Feranecová et al., 2017). With that theory, it is assumed that the application of value-added tax is quite easy due to the manner of application. But in real-life cases, it is quite different from the theory.

There are two types of VAT, which are input VAT and output VAT. The output VAT is the tax that is one period of tax can be credited with output VAT for the same tax period. Input VAT that is already paid by a taxable person when the transaction of taxable goods or import or receive taxable service can be credited with the output VAT that is collected by the taxable person when the transaction of taxable goods or services.

If the output VAT is more than the input VAT in one tax period, the difference will be the amount of value-added tax needed to be paid by the taxable person. This difference must be paid to the state treasury according to the regulation on taxation law regarding general provisions and procedures for taxation, where it is stated that the difference must be paid at the latest the end of the next period after the tax period.

If in one tax period, the input VAT creditable is more than the output VAT, the difference will be the amount of value-added tax that can be compensated onto the next tax period. This can happen on one tax period if the input VAT is bigger than the output VAT and not asked to be restituted but to be compensated to the next period. But if the company is dissolved before the yearbook ended, the overpayment can be restituted on the dissolution of the company. This restitution will be given after there is a check or audit.

If at the end of tax year period there is an overpayment of input VAT as mentioned in Article 9 verse 4, then the overpayment will be requested as restitution. Overpayment of input VAT in one tax period according to Article 9 verse 4, it can be compensated to the next tax period. But if it is at the end of the tax year, the overpayment of the input VAT can be requested to be restituted.

Value-added tax exists because of the transaction between buyer and seller with taxable goods/services. If the taxable person buys taxable goods, then it is considered as input VAT. While

if the taxable person does selling of taxable goods, the tax invoice will be considered as output VAT. For example, if PT. X sells taxable goods with the amount of transaction as much as Rp. 15.000.000, - consist of: Paid transaction as much as Rp 10.000.000, - Unpaid transaction as much as Rp. 5.000.000, -

Accrual principle: Earnings are as much as Rp. 15.000.000, -

Cash principle: Earnings are as much as Rp. 10.000.000, - while the rest, which is unpaid, will still be considered as earnings/income on the next period if the payment is made.

There are several factors to be considered in an import company that can and might increase the amount of unneeded expenses to be paid, such as:

1. Import duty tariff

Seen in the Law of the Republic of Indonesia Number 17 the Year 2006 regarding the Amendment to Law Number 10 the Year 1995 concerning Customs Article 1, paragraph 21 explains that the Import Duty Tariff may affect the import duty because the meaning of Tariff is the classification of goods and the imposition of import duty, its meaning Tariffs may affect the acceptance of import duties.

2. Exchange Rate (NDPBM)

If the US dollar exchange rate increases, the import volume will decrease and vice versa. Although there is no short-term impact, the real effect of the exchange rate on imports, in the long run, is negatively and significantly influenced in the floating exchange rate.

3. Import Value

According to the Law of the Republic of Indonesia Number 42 Year 2009 Concerning Third Amendment to Law of the Republic of Indonesia Number 8 Year 1983 on Value-added Tax on Goods And Services And Sales Tax on Luxury Goods, Import Value is the value of money which becomes the basis of calculation of import duty plus levies based on provisions in the laws and regulations governing customs and excise for the import of Taxable Goods, excluding Value-added Tax and Sales Tax on Luxury Goods which are levied according to this law.

4. Import Volume

In accordance with Law of the Republic of Indonesia, Number 17 of 2006 concerning Amendment to Law Number 10 of 1995 concerning Customs Article 26 paragraph 1 point g explains that Import Volume may affect Import Duty Levies, as reduced Import Volume may impact on the decrease of import duty.

5. Free Trade Agreement (FTA)

The writer considers that the existence of Free Trade Agreement (FTA) can also influence the acceptance of import duty, which is reinforced by the statement from the Director-General of Customs and Excise said that the skyrocketing volume of importation does not have a big impact on import duties due to unrestricted free trade agreements, for example with high import value in the first half of 2012 along with the weakening of rupiah exchange rate encourages increased revenue of import duty. However, several incentive facilities for an exemption or duty reduction and Free Trade Agreement (FTA) policies have resulted in non-significant import duties. "Rising imports are indeed influences to revenue, but remember, from imports the average tariff is only about 2%, because the FTA, zeroed or so small. (Meiwanro Sinaga, Rina Bukit, 2018)

There are several situations that have an impact on the amount of tax paid which are 3 situations with value-added tax, which are underpayment, overpayment, or null.

Underpayment is when the amount of input VAT is lower than the output VAT, thus making the company required to pay the amount of underpaid. Overpayment, on the other hand, is when the input VAT is higher than the output VAT thus resulting in the overpayment of tax. In this condition, in Indonesia laws of value-added tax, there are several possibilities of actions that can be taken by the company. Either they carried forward the overpayment to the next months or they requested restitution. Restitution is when the company is requesting the government to pay back the amount of overpayment the company has. Usually, this process will result in a tax audit where the government will send a team of people to check the authenticity of the overpayment condition. And lastly, the null condition of value-added tax is when the amount of input VAT and output VAT is proportionally, resulting in neither underpayment nor overpayment. The time to pay

the amount the company owed to the government is usually at the end of the month of the next period, where they calculated the amount of tax.

To be able to credit input VAT, the input and output value-added tax must be in the same tax period. Even if it can be credited in the next tax period, it must be within 3 months after the end of the tax period. In order to find the value-added tax payable, the taxable person must first deduct the output and input the value-added tax that can be credited.

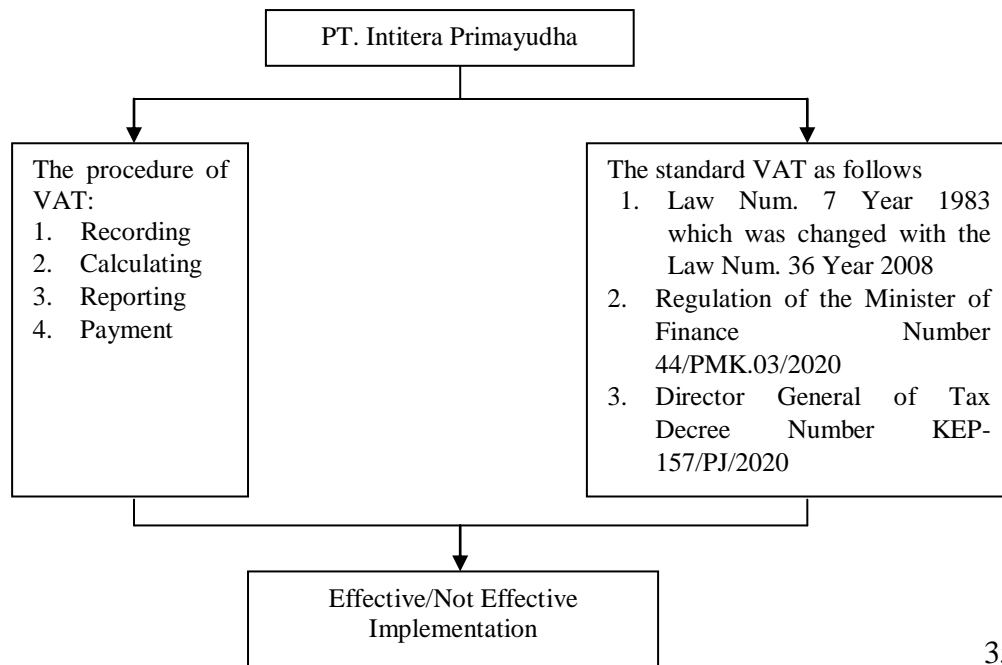
As stated above, when the input VAT in a tax period is greater than the output VAT, then there are 2 choices which is to either file a tax return or restitution or compensation for crediting the next tax period. This output and input value-added tax must be recorded in the tax invoice as proof of tax collection made by the taxable person upon the submission of taxable goods or services.

### Previous Research

Wismasari Damardini (2020) shows that the mechanism for determining the VAT payable by PT. Bahama Solusi Indokarya do it in accordance with the applicable tax provisions, namely by crediting the Output VAT and Input VAT. Sutrisno (2017) shows that the results shows that the calculation of Output VAT and Input VAT is in accordance with the applicable provisions. Santi Nofia Ari (2014) shows that the procedures for implementing the calculation, depositing and reporting of VAT applied by the company are adequate with accounting principles and applicable tax regulations. Hendy Widianty Efendy (2019) shows that the process of using e-filing system on reporting the *SPT masa PPN* in CV. Sindhu Plywood as a taxpayer, from the accuracy of reporting *SPT masa PPN* is better than manual system. Julis Santosa (2009) shows that with the existence of equalization, the company can explain what factors the causes of the difference between Tax Base VAT and business circulation are. So that if at any time an audit is carried out by the tax examiner, the company can explain the cause of the discrepancy and the management can correct it if there is an error in the tax calculation or correction of the factors that caused the difference to occur.

As mentioned by the theories above, value-added tax regulations are very diverse and change over time which results in the required knowledge of taxation laws being extremely high. While bigger companies might have tax consultants and more employees to handle stuff regarding value-added tax, small to the medium company might not have the capability to be able to keep up with every single law. With that in mind, the writer formulated a hypothesis that the implementation of value-added tax law at PT. Intitera Primayudha is flawed and not complete.

In this research, the researchers try to compare the implementation, recording, calculation, reporting and payment of VAT from the PT. Intitera Primayudha with the regulation of Law Number 7 the Year 1983, Regulation of the Minister of Finance Number 44/PMK.03/2020, and Director General of Tax Decree Number KEP-157/PJ/2020 to determine whether the implementation of the value-added tax is effective.



*Figure 1.* Research Model

### III. METHOD

The method used in this research is the descriptive research design. The descriptive research design is a method that describes the characteristics of the population or phenomenon studied, which is the implementation of the value-added tax on the company. It will also discuss the aspect of the value-added tax, which includes the documentation, calculation, payment and reporting, and the accounting aspect of the value-added tax.

Unit data used in this research is to review the implementation of value-added tax systems by PT. Intitera Primayudha for the period tax year 2018 to 2020 and then compare it to the calculation done by the company. The writer will also analyze the implementation of the value-added tax system in the company, whether it is according to the regulation of the value-added tax taxation law.

The writer uses only primary data. Primary data is data that is directly taken from the sources. In this paper, the primary data consists of interviews with the employee in the company, data collected from the company, tax invoice, another document from the year 2018 to 2020 provided by PT. Intitera Primayudha and also notification letters from KPP (*Kantor Pelayanan Pajak*), whether it is an announcement regarding new regulation or a letter of request. To compile the relevant data, the writer will collect, read, and learn books and literature on the related concept of value-added tax and regarding the problems discussed.

The research is conducted by using the descriptive qualitative method in the form of a case study of the company. The steps in the data analysis method that will be conducted by the writer are as follows: Documentation of tax invoice: Segregate the time of documentation of all tax invoices. Determine the period of the tax invoice. Calculation of output VAT and input VAT: Collect the related documentation of transactions of taxable goods and/or services provided by the company. Categorizing the transactions into input and output. Calculate the outstanding output VAT and input VAT. Calculation of value-added tax payable: Segregate the transactions of 1 month. Calculate the amount of output VAT and input VAT. Confirm the amount of the input VAT carried forward of the month before. Calculate the amount of tax payable for that month. Payment of value-added tax payable: Confirm the amount needed to be paid according to the calculation of the value-added tax payable, Confirm the date of the payment of the value-added tax payable. Report of the tax return or *SPT Masa*: Check the contents of the tax return form. Confirm the date of the report of the tax return form. Application of the accounting implementation of a value-added tax: Give case examples of ways to record a transaction of goods/services. Give case examples of ways to journal the calculation of value-added tax needed to be paid to the country.

### IV. RESULT AND DISCUSSION

The research is conducted using the company's monthly VAT tax return. By using the monthly VAT tax return, it can show the various details needed for the purpose of this research. The purpose of this research is to determine whether the company complied with the regulation for taxation purposes, whether it's regarding the calculation, reporting or payment.

This analysis was conducted to find out how the procedures and provisions in the calculation of value-added tax are conducted by PT. Intitera Primayudha. The basis of calculating value-added tax is by multiplying the VAT rate of 10% and 0% for export goods by the tax base. This company also has one more rate that applied to because of the use of freight forwarding service, which is applied to the value-added tax rate of 1% of the tax base.

With the following formula:

$$\text{Payable Value-added Tax} = \text{VAT rate (10\%)} \times \text{Tax Base}$$

Several different types of transactions calculation are done by PT. Intitera Primayudha such as: Input VAT which consists of, Creditable input VAT: for example, PT. Intitera Primayudha purchases 200 cans of Solex 330 grease with the price of Rp. 58.600, -, 400 cans of Solex 660 grease with the price of Rp. 67.400, -, & 144 cans of Solex 707 NLGI-3 with the price of Rp. 100.400, - from PT. Malindo Sisi Inti on 18<sup>th</sup> December 2020 totaling to be Rp. 53.137.600, -. Which then applied to the VAT formula resulting in as shown below:

$$\begin{aligned} \text{Payable VAT} &= 10\% \times \text{Rp. } 53.137.600, - \\ &= \text{Rp. } 5.313.760, - \end{aligned}$$

Non-creditable input VAT: for example, PT. Intitera Primayudha uses a service from PT. Birotika Semesta which provides freight forwarding services; thus, the VAT is not creditable & applied 1% VAT rate according to Regulation of Minister of Finance Number 75/PMK.03/2010.

$$\begin{aligned} \text{Payable VAT} &= 1\% \times \text{Rp. } 4.630.250, - \\ &= \text{Rp. } 46.302, - \end{aligned}$$

Import: for example, PT. Intitera Primayudha imports machinery parts from Taiwan through *KPPBC tipe Madya Pabean Belawan* with the amount of Rp. 637.950.000, -

$$\begin{aligned} \text{Payable VAT} &= 10\% \times \text{Rp. } 637.950.000, - \\ &= \text{Rp. } 63.795.000, - \end{aligned}$$

Output VAT: for example, PT. Intitera Primayudha sold to PT. Pelita Agung Agrindustri with the amount of Rp. 1.188.400, -. The calculation for payable VAT:

$$\begin{aligned} \text{Payable VAT} &= 10\% \times \text{Rp. } 1.188.400, - \\ &= \text{Rp. } 118.840, - \end{aligned}$$

From the calculation above, the calculation of PT. Intitera Primayudha has complied with the calculations according to the law of taxation. The following is a recapitulation of the tax paid, details of output VAT, & details of input VAT for the year 2018 to 2020, as follows:

**Table 3** Tax Paid (2018)

Tax Period		Amount of tax Paid	Status
January	Normal	151.131.610	Underpayment
	Rectification 1	0	Nil
February	Normal	150.478.996	Underpayment
March	Normal	50.107.210	Underpayment
	Rectification 1	240.193	Underpayment
April	Normal	(798.200)	Overpayment
	Rectification 1	(824.120)	Overpayment
	Rectification 2	(1.534.203)	Overpayment
May	Normal	238.632.415	Underpayment
	Rectification 1	(380.745)	Underpayment
	Rectification 2	(43.803.203)	Underpayment
June	Normal	(130.648.796)	Underpayment
	Rectification 1	(52.237.772)	Underpayment
July	Normal	106.502.955	Overpayment
	Rectification 1	(61.573.453)	Underpayment
Agustus	Normal	138.686.258	Overpayment
September	Normal	(503.399.272)	Underpayment
	Rectification 1	(2.825.700)	Underpayment
Oktober	Normal	(377.109.987)	Underpayment
	Rectification 1	0	Nil
November	Normal	(127.308)	Underpayment
	Rectification 1	7.459.482	Overpayment
Desember	Normal	3.973.325	Overpayment
	Rectification 1	368.950	Overpayment
	Rectification 2	(411.746.400)	Underpayment

Source: Prepared by the writer (2021)

**Table 4.** Tax Paid (2019)

Tax Period		Amount of tax Paid	Status
January	Normal	293.292.244	Underpayment
	Rectification 1	(411.783.720)	Overpayment
Februari	Normal	(246.955.587)	Overpayment
	Rectification 1	(1.617.200)	Overpayment
	Rectification 2	(5.087.800)	Overpayment
Maret	Normal	(421.452.344)	Overpayment
April	Normal	(168.342.741)	Overpayment
	Rectification 1	(63.381.631)	Overpayment
Mei	Normal	(482.196.855)	Overpayment
Juni	Normal	(682.976.420)	Overpayment
Juli	Normal	(334.951.435)	Overpayment
	Rectification 1	(1.530.000)	Overpayment
Agustus	Normal	(147.222.781)	Overpayment
September	Normal	24.177.971	Underpayment
Oktober	Normal	181.934.734	Underpayment
November	Normal	207.571.717	Underpayment
Desember	Normal	(372.998.937)	Overpayment

Source: Prepared by the writer (2021)

**Table 5. Tax Paid (2020)**

Tax Period		Amount of Tax Paid	Status
January	Normal	(222.746.911)	Overpayment
	Rectification 1	(83.678.470)	Overpayment
February	Normal	80.127.119	Underpayment
	Rectification 1	0	Nil
March	Normal	320.379.032	Underpayment
April	Normal	353.994.621	Underpayment
	Rectification 1	(20.389.350)	Overpayment
May	Normal	(414.214.473)	Overpayment
June	Normal	(269.294.863)	Overpayment
July	Normal	(82.442.190)	Overpayment
	Rectification 1	(170.810)	Overpayment
August	Normal	(319.702.288)	Overpayment
September	Normal	(217.882.326)	Overpayment
October	Normal	(152.232.799)	Overpayment
November	Normal	12.804.639	Underpayment
	Rectification 1	(697.273)	Overpayment
December	Normal	318.218.333	Underpayment

Source: Prepared by the writer (2021)

Based on table 3, during the year of 2018, the amount of total VAT paid by the company PT. Intitera Primayudha is calculated at Rp 847.581.394, -. Eight months within that year that the company's VAT status is at underpayment, while the other 4 months are on overpayment.

Based on table 4 during the year of 2019, the amount of total VAT paid by the company PT. Intitera Primayudha is calculated at Rp 706.976.666, -. Five months within that year that the company's VAT status is at underpayment, while the other 8 months are on overpayment.

Based on table 5, during the year 2020, the amount of total VAT paid by the company PT. Intitera Primayudha is calculated at Rp 767.305.411, -. Five months within that year that the company's VAT status is at underpayment, while the other 8 months are on overpayment.

Using the tables above, the total amount of overpayment during the year 2018-2020 can be seen from the table below. In the year 2018, the total overpayment was at Rp. 847.581.394, while the underpayment was at Rp 1.585.412.759. In the year 2019, the overpayment was at Rp. 706.976.666 while the underpayment was at Rp. 2.516.930.011. During the year 2020, the overpayment increases to Rp. 1.085.523.744, and the underpayment was at Rp. 1.783.451.753.



Table 6 Overpayment and Underpayment

	2018	2019	2020
Overpayment	847.581.394	706.976.666	1.085.523.744
Underpayment	- 1.585.412.759	- 2.516.930.011	- 1.783.451.753

Source: Prepared by the writer (2021)

During the year 2018, the amount of rectification done was 13 and almost once every month. For the years 2019 and 2020, that number decreases by almost 3 times to just 5 and just once every 2 months. According to the interview, in 2019, there were a lot of rectifications due to the adjustment from the internal company. during the year of 2018, the amount of total creditable output VAT earned by the company PT. Intitera Primayudha is calculated at Rp 3.939.668.544, - while the non-creditable VAT is calculated at Rp 11.828.743, -.

During the year of 2019, the amount of total creditable output VAT earned by the company PT. Intitera Primayudha is calculated at Rp 3.072.278.745, - while the non-creditable VAT is calculated at Rp 173.211.499, -. During the year 2020, the amount of total creditable output VAT earned by the company PT. Intitera Primayudha is calculated at Rp 3.583.804.054, while the non-creditable VAT is calculated at Rp 296.893.305.

during the year of 2018, the amount of total input VAT or purchase done by the company PT. Intitera Primayudha is calculated at Rp 3.326.075.968, -. The amount of total import creditable input VAT by the company PT. Intitera Primayudha is calculated at Rp 2.656.807.375, -. The number of total purchases that are done locally and creditable done by the company PT. Intitera Primayudha is calculated at Rp 669.268.593, -.

During the year of 2019, the amount of total input VAT or purchase done by the company PT. Intitera Primayudha is calculated at Rp 2.326.554.616, -. The amount of total import creditable input VAT by the company PT. Intitera Primayudha is calculated at Rp 1.793.405.000, -. The number of total purchases that are done locally and creditable done by the company PT. Intitera Primayudha is calculated at Rp 533.149.616, -.

During the year 2020, the amount of total input VAT or purchase done by the company PT. Intitera Primayudha is calculated at Rp 4.282.266.106. The amount of total import creditable input VAT by the company PT. Intitera Primayudha is calculated at Rp 1.143.468.000. The number of total purchases that are done locally and creditable done by the company PT. Intitera Primayudha is calculated at Rp 981.813.373. The amount of total compensation credited for the respective month by the company PT. Intitera Primayudha is calculated at Rp 2.156.450.690. The amount of total non-creditable VAT earned by the company PT. Intitera Primayudha is calculated at Rp 534.043.

During the year 2018, all the payment and reporting date is within the deadline of the tax reporting date. Based on table 4.15, during the year 2019, all the payment and reporting date is within the deadline of the tax reporting date. Based on table 4.16, during the year 2020, all the payment and reporting date is within the deadline of the tax reporting date.

As mentioned in the data above, the VAT calculation, reporting, and payment are already in accordance with the VAT regulation. The recording of the VAT, on the other hand, is not in compliance with the VAT regulation. With the amount of rectification done by PT. Intitera Primayudha from the year 2018 to 2020, there are 23 rectifications done. Based on the data provided by the company, there are several reasons as to the rectifications such as: Found an error after re-calculation. To comply with the request of the customer to do a replacement of the issued tax invoice. Found an unrecorded input VAT.

From the total of 23 rectifications of VAT tax return, 9 rectifications due to unrecorded input VAT, while 5 rectifications are from the missing input of the tax invoices. This means that 60.86% of the rectification is done due to a human error. The human error mentioned is the missing input of a tax invoice or unrecorded/loss data of the input VAT invoice.

There are also several rectifications due to the overdue VAT invoice because the company found the VAT invoice after the validity period, which is 3 months according to Article 13 paragraph 1 of the VAT Law, which stated that the long period is a tax invoice is valid is only 3 months.

The employee does all of the rectification done by the company before the company gets any warning letter issued by the tax officers. According to the interview done with the staff handling the taxation related work at the company PT. Intitera Primayudha, several points become

apparent regarding the condition of the company's lack of effective implementation of the taxation system on the company, such as: The company does not provide basic training for employees that work on the taxation application. The company employs a consultant for tax accounting but only comes once a problem arises and not before. Input VAT is done by retrieving a hard copy from the service/goods provider. Reporting for the VAT tax return is still done through the website of DJP Online for the first half of the year.

Based on the results of the data analysis that has been done, the amount of tax paid is calculated accordingly and correctly. Although there is a slight offset from the recalculation at the end of the year, it is generally can still be ignored and does not affect the amount of tax that needs to be paid.

The input VAT invoice is found/collected after the validity of the tax invoice is due (3 months after the issuance of the VAT invoice). This results in the normal (first report) of the tax return being invalid/wrong. The company would need to rectify the period of the month the tax invoice is issued and to compensate it to the month the VAT invoice is recorded. One of the input VAT which is included for the company input VAT, is not supposed to be creditable by the company because the input VAT is for purchasing a car owned by the director of the company. As stated in Article 9 paragraph 8 VAT law, input VAT crediting cannot be applied to expenditures for the acquisition of taxable goods or taxable services that do not have a direct relationship with business activities. And with that regulation, the input VAT is not supposed to be creditable by the company.

From the data of the reporting of the tax return, all of the value-added tax return form reporting is done by PT. Intitera Primayudha is at the end of the next month, which is the deadline for reporting tax returns. As the company never received any warning letter or any fines regarding the lateness of reporting tax returns, it can be concluded that is reporting of the tax return is punctual. With the website of the reporting tax return changes, the company still uses the DJP for most of the tax reporting. The payment of the tax return at PT. Intitera Primayudha during the year 2018 to 2020 follows the regulation. There are several tax returns payment which is on the exact last day of the month that can be seen from the tax return reported through DJP. Although it is still within the deadline of the payment, it is often the transaction method used by the company that delays the payment process resulting in a late payment for the tax return. The process of the payment usually takes about 3-5 working days. With the time the company made all of the underpayment tax return, it shows that the company still abide by the tax return payment law accordingly.

During the interview with one of the staff with the responsibility to handle the taxation of the company, it is revealed that the staff didn't receive any training or teaching of any kind regarding the regulation update of taxation law. Even regarding the taxation application used to register tax invoice is learned independently with no supervision. This will cause more analysis of the just implemented law which will delay the implementation of the regulation to the company.

## **V. CONCLUSION**

This research analyzes the implementation of tax systems in a company, namely PT. Intitera Primayudha for the period tax year of 2018-2020. The research data is taken from the data provided by the company for the year and the results of the interview with the tax accounting staff of the company. In general, PT. Intitera didn't implement the value-added tax recording, calculation, payment, and reporting effectively according to the VAT regulation.

Based on the research findings and hypothesis testing that has been done can be concluded as such: From 2018 to 2020, there are 28 rectifications, implementation of VAT is not effective due to the amount of rectification. For example, in April 2018, the rectification showed that the price was not compatible with the invoice from the company. The recording of the value-added tax at PT. Intitera Primayudha during the year 2018-2020 is not in compliance with the regulation. The company is often late in recording tax invoices, especially the input VAT, which causes the company to rectify tax returns. The calculation for the tax return for each month of the year 2018 until 2020 is already in compliance with the regulation. The calculation already uses the standard formulation system without error. The company also uses the standard rate of VAT for

imported goods, which is 10%. The calculation for the tax payable for the month compared the input VAT and output VAT accordingly without error.

The reporting for the tax return for each month of the year 2018 until 2020 is already in compliance with the regulation deadline. The company reported the tax return monthly before the end of the next month. The company never charges fines for any lateness in reporting tax returns. The company reported tax returns through the website of DJP during the year 2018 to 2020. The tax return treatment at PT. Intitera Primayudha during 2018 – 2020 is already in compliance with the regulation. The company used every overpayment by compensating it for the next month. For the underpayment, the company paid accordingly and timely. The payment of the tax return at PT. Intitera Primayudha during the year 2018 to 2020 is in compliance with the regulation. There are several tax returns payment which is on the exact last day of the month that can be seen from the tax return reported through DJP.

Based on the conclusion above, there are several suggestions that can be given by the writer as follows:

1. Every transaction done by the company should directly be recorded into the VAT system to reduce the chance of unimputed tax invoices. At least, H+1 of when the transaction is done. And periodically, the company must do a recheck of the input VAT to confirm the transactions done by the controller.
2. For the next step, the company must improve the system in recording the VAT. For example, using the prepopulated data system on the *e-faktur* to take data of the Input VAT might help in reducing the amount of rectification needed to be done since there might be a human error in recovering the hard copy of the input VAT invoice. They could consider being more aware of the VAT calculation, reporting, paying, and implementation regulation updates.
3. Since the huge number of rectifications may affect the company's reputation with the tax officers, the writer suggests that once the company flourishes and grows bigger, they might have to consider creating a group of employees that focus on each taxation term VAT & Income tax. The company may have to give regular update training to the employee regarding taxation updates which might help keep the company up to date and avoid complications that might arise in the future.
4. Since many problems arise due to a lack of knowledge of the regulation and law, the government especially DJP can help enterprises in understanding the regulation by giving intensive and gradual training. The government can also open many channels to distribute updates or information that is easy to reach that might help the companies understand the regulation.
5. For the future researcher, it is recommended to expand the research by having additional information by using subjects not limited to one company.

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