Tax Planning for Telecommunication Equipment Retail Trade Entrepreneurs

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Abstract: ***Taxes are the main source of government revenue used to finance household expenses and needs. One of the taxes levied in Indonesia is Income Tax (PPh) for both individuals and entities. Indonesia uses a self-assessment system in tax collection, namely a tax collection system that authorizes taxpayers to determine the amount of tax owed. In this system, taxpayers are entrusted with calculating, paying, and self-stating the taxes owed. The trust given by the government allows taxpayers to implement strategies in managing business operations so that the amount spent on tax costs can be minimized through a method called tax planning or Tax Planning. Income tax is the main contributor to state revenue so that every year the Indonesian government has its strategy to further increase state revenue from the tax sector. This is a manifestation of the realization of the budget function, namely "putting as much money as possible into the state treasury" (Erly, 2016: 12). One of the most recent strategies is the issuance of Government Regulation Number 23 of 2018, which replaces Government Regulation Number 46 of 2013. Each regulation has its advantages and disadvantages, for PP No. The calculation rate for the tax payable is indeed small, namely 0.5% multiplied by turnover, but if you have a loss it cannot be compensated, then if you have a tax credit, it cannot be credited. In contrast to the general income tax rate, the tax rate is higher, namely 12.5% multiplied by profit, but if there is a loss, it can be compensated, and if it has a tax credit, it can also be credited. The ultimate goal to be achieved from tax planning is to minimize the tax burden that can be achieved but not only do careful planning, but also by going through several stages such as organizing, implementing, and controlling well and under control. Tax management has a very broad function, which involves planning, organizing, implementing, and supervising, therefore in this journal we only focus on the discussion of Tax Planning. As for the tax subject, we choose the tax subject of entrepreneurs who are engaged in the retail trade of telecommunications equipment. Through the discussion we have chosen, it is hoped that the reader can clearly understand the importance of tax planning in running a business, either by individuals or by business entities in the form of a limited liability company or CV.***

Keywords: Telecommunication, tax planning, government, income tax

1. Introduction

Tax is one of the sources of state revenue which is very important for the continuity of the country's development, especially in Indonesia. During the New Order government, state financing and development were financed by oil, gas, and foreign credit, but now state financing and development financing has been shifted to the tax sector. Indonesia uses a self-assessment system in tax collection which is regulated in Law Number 6 of 1983, last amended by Law Number 16 of 2009, concerning General Provisions and Tax Procedures (Mardiasmo, 2011: 22).

A self-assessment system is a tax collection system that authorizes taxpayers to determine the amount of tax that must be paid. In this system, taxpayers are entrusted with calculating, paying, and self-reporting the taxes owed (Mardiasmo, 2011: 7).

For business entities, taxes are a burden that will reduce net income. Differences in the field of taxation generally occur between companies and the government due to differences in interests in which companies want to pay as little tax as possible while the government is as much as possible. Because of these differences, many companies try to minimize the tax burden so that the tax burden paid to the state is reduced but use tax calculation methods that are not by the established tax regulations.

Minimizing the tax burden can be done in various ways, from tax avoidance to tax evasion. Tax evasion is an effort to minimize taxes that violate tax regulations where this is a form of tax fraud, while tax avoidance is an effort to minimize taxes by tax regulations, but practically it is still unacceptable. From these things, it is obtained the importance of tax planning for all taxpayers, especially for corporate taxpayers to minimize their taxes and also as a plan to fulfill tax obligations in a complete, correct and timely manner to avoid wasting resources.

2. Theory Basis

2.1 Tax planning

Tax planning is a form of tax administration function to save tax legally. According to Erly (2008: 6), "tax planning is the first step in tax management, the stage is the collection and investigation of tax regulations to choose the types of tax-saving measures to be implemented". Tax planning generally focuses on the business manipulation process and taxpayer transactions so that the tax payment obligation is as small as possible but remains within the limits of tax law.

Zain (2007: 119) defines "Tax planning is the process of organizing the business of a taxpayer or a group of taxpayers in such a way that their tax debts, both income taxes, and other taxes, are in the lowest possible position, as long as this is possible both by the provisions of the regulations and the law. Tax laws and commercially. "

The implementation of correct and proper tax planning can be considered very important and profitable for the company. In general, the implementation of tax planning has a good purpose, which includes:

1) To reduce the tax liability owed.
2) To maximize the profit after tax.
3) To minimize the risk of a tax surprise (Tax Surprise) when a tax audit is carried out by the tax authorities.
4) To effectively implement all tax provisions relating to the implementation of the marketing function, purchasing function, and financial function in tax withholding and collection.

2.2 Income Tax

Income tax is a tax imposed on tax subjects on income received or generated in a tax year, while according to (Mardiasmo, 2011) the object is income, namely the additional economic capacity of the Taxpayer, whether originating from Indonesia, which can be used for consumption or consumption. to increase the wealth of the Taxpayer concerned, in any way.

From the above understanding, it can be concluded that income tax is a type of tax collected based on the income earned by the taxpayer in a tax year.

According to (Ilyas and Burton, 2013), in general, the definition of a tax subject is who is taxed. The Income Tax Law confirms that three groups are subject to income tax, namely:

1) Individuals and undivided inheritance as a unit replace those who are entitled.
2) Entities consisting of Limited Liability Companies, Limited Liability Companies, other companies, State-Owned Enterprises and Regional-Owned Enterprises with Cooperatives, Foundations or similar organizations, pension fund institutions, and other forms of business entities.

2.3 Government Regulation Number 23 of 2018

Government Regulation Number 23 of 2018 is a regulation that discusses income tax or business income obtained by taxpayers who have a certain gross turnover in a tax year. This Government Regulation Number 23 comes into force on July 1, 2018. Government Regulation Number 23 of 2018 Article 2 paragraph (2), states that the final income tax rate as referred to in paragraph (1) of Government Regulation Number 23 of 2018 is 0.5% of turnover. The tax base used to calculate income tax is the gross turnover amount.

The purpose of applying Government Regulation Number 23 of 2018 is the lack of contribution of MSME actors to taxes because the 1% rate is still a burden. Based on Government Regulation Number 23 of 2018 concerning income tax on income from businesses that have a certain gross turnover that is subject to tax by article 3 paragraph (1), namely:

1) Individual taxpayer
2) Corporate taxpayers are in the form of cooperatives, limited partnerships, firms, or limited liability companies.

According to Government Regulation Number 23 of 2018 concerning income tax from business income received by taxpayers who have a certain gross turnover, tax objects that are not subject to income tax as described in article 2 paragraph (3) are:

1) Income received or earned by an individual taxpayer from services in connection with independent work.
2) Income received or earned abroad for which tax is payable or has been paid abroad.
3) Income that has been subject to final income tax with the provisions of separate taxation laws and regulations.
4) Income that is excluded as a tax object.

2.4 Income Tax Article 31E of Law 36 of 2008

Article 31E explains that the discounted rate provided for domestic corporate taxpayers with a gross turnover of up to Rp50 billion gets a facility in the form of a 50% reduction in the rate of corporate income tax article 17 (2b) by 25%, which is introduced for taxable income from the circulation section. gross up to Rp.4.8 billion.

2.5 Income Tax Article 25 of Law 36 of 2008

Article 25 Income Tax (PPh Article 25) is a tax that is paid in installments. The goal is to ease the burden on taxpayers, considering that taxes owed must be paid within one year. This payment must be made in person and cannot be represented. The amount of tax as referred to in Article 25 PPh in the current year (tax year after being reported in the Annual SPT) is calculated on the amount of income tax payable last year, minus:

- Income tax withheld by Article 21 (ie according to the tariff of Article 17 paragraph (1) for NPWP holders and an additional 20% for those who do not have a TIN) and Article 23 (15% based on dividends, interest, royalties, and prizes – and 2% based on rent and other income and service fees) – as well as income tax collected by article 22 (100% levy for those who do not have a TIN)
- Income tax paid or payable abroad that may be credited by article 24 and then divided by 12 or the total month in a year's tax period.

Business Entity Taxpayers are Taxpayers who carry out permanent business activities and have obligations as taxpayers, withholding or collecting taxes. The provision of Article 25 Income Tax rate for Corporate Taxpayers is PKP x 25% of Article 17 Paragraph (1) Income Tax Law.

3. Analysis Method

The data analysis method is part of the analysis process where the data collected is then processed to produce conclusions in decision making. In this discussion, the analytical method uses a qualitative approach.

The qualitative data analysis method is a method of processing data in-depth with data from observations, interviews, and literature. In the example case that will be discussed, we collect data from interviews with taxpayers who need tax planning for their business activities. Furthermore, from all the data obtained, the processing is carried out to obtain the information needed in making tax planning decisions. Now it is the time to articulate the research work with ideas gathered in above steps by adopting any of below suitable approaches:

4. Results and Discussion

To analyze the importance of the role of tax planning and its benefits for corporate taxpayers, this discussion uses an example of tax planning for Retail Traders of telecommunications equipment as material for discussion. Through the examples we use, readers will be able to provide clear and complete explanations, discussions, and understandings regarding the functions and benefits of tax planning for the business world, both companies and individuals.

Income tax is a tax imposed on tax subjects on income received or earned in a tax year, according to (Mardiasmo, 2011), the object is income, i. e. any additional economic capacity obtained by the Taxpayer, whether originating from Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, under any name and in any form.

From the above definition, it can be concluded that income tax is a type of tax imposed based on the income earned by the taxpayer in a tax year. In-Law No.36 of 2008 article 4 paragraph (1) it has been explained that the object of the tax is income, namely any additional economic capacity received or obtained by taxpayers, both from within and from abroad, which can be used for consumption or increase the wealth of the taxpayer concerned, by name and in any form.

Government Regulation Number 23 of 2018 was made to facilitate the calculation of income tax. However, this regulation excludes the possibility of a business entity experiencing losses in its business processes. If the taxpayer applies this rule in his tax payment obligations, then the taxpayer must continue to pay taxes no matter the profit or loss. This does not meet one of the requirements for paying taxes, namely the terms of justice according to the applicable rules. The purpose of the issuance of PP No.23 of 2018 is to facilitate and train taxpayers to pay their taxes and carry out bookkeeping, but this regulation is not mandatory for all MSMEs and is optional. In addition to PP No.23 of 2018, taxpayers can apply Article 25 Income Tax (PPh) regulations as a tax calculation scheme.

PPh article 25 discusses monthly tax installments for Individual Taxpayers (WPOP) and Corporate Taxpayers. One of the requirements for implementing this regulation is that business entities must keep books of account. The calculation method is more complex than PP Number 23 of 2018, but the way this regulation calculates the tax payable takes into account the condition of the taxpayer, i. e. if the corporate taxpayer suffers a loss, the taxpayer is exempted from his obligation to pay taxes.

To calculate income tax, taxpayers can use the PP 23 0.5% rate or the Normal Business Entity Rate of 25% x Taxable Income. PP 23 of 2018 is a final rate of 0.5% calculated from the taxpayer's gross business income. Taxpayers who can take advantage of this regulation are only those who earn less than Rp.4.8 billion, both individuals and corporate taxpayers. These limits explicitly target MSMEs as tax targets.

The imposition of this tariff has a grace period, including:
- 7 (seven) years for individuals
- 4 (four) years for corporate taxpayers in the form of a Cooperative, CV, or Firma
- 3 (three) years for corporate taxpayers in the form of PT

In the case of a company (CV) in early 2021 consulting to make a Tax Planning for a business plan engaged in the retail trade of telecommunications equipment, the business is planned to start in May. According to the CV, the gross margin of its business is 4% of its turnover (gross income). Turnover is estimated at Rp.26 billion per year. Operating costs are estimated at 3% of turnover.

Based on the estimated gross turnover in 2021, the calculation of the income tax payable in 2021 is based on the PP 23 the Year 2018 scheme as follows:

Table 1: Implementation of Tax Planning Using PP 23 of 2018

Period	Estimated Gross Circulation (Rp)	Tax Rate	Final Income Tax 0.5%
May	2, 232, 500, 000	0.5%	11, 162, 500
June	3, 571, 720, 000	0.5%	17, 858, 600
July	2, 740, 700, 000	0.5%	13, 703, 500
August	2, 560, 680, 000	0.5%	12, 803, 400
September	3, 310, 250, 000	0.5%	16, 551, 250
October	4, 117, 300, 000	0.5%	20, 586, 500
November	3, 860, 800, 000	0.5%	19, 304, 000
December	4, 250, 170, 000	0.5%	21, 250, 850
Total	26, 644, 120, 000		133.220.600

Table 2: Implementation of tax planning using Article 17 Income Tax Rates

Sales Turnover	26, 644, 120, 000
Cost of goods sold	25, 529, 300, 000
Operating costs	798, 650, 000
Taxable income	316, 170, 000

Calculation of corporate income tax payable by taxpayers in 2021 with a reduced rate of income tax article 31 E as follows:
Tax payable:
-5% x 50.000.000 = 2, 500, 000
-15% x 200.000.000 = 30, 000, 000
-25% x 66.170.000 = 16, 542, 500
-Income Tax Article 29 = 49, 042, 500
-PPh Article 25/month = 4, 086, 875

Comparison Table of PP 23 of 2018 and Income Tax Article 31E and Installment Income Tax Article 25

Calculation of Taxes Payable in 2021	Amount
PP 23 Year 2018	133, 220, 600
Income Tax Article 31 E	49, 042, 500
Difference	84, 178, 100

Based on the table above, it can be concluded that the application of PPh Article 31 E is more profitable for the mandatory than PP 23 of 2018. The installments of PPh article 25 that are paid by the taxpayer every month are IDR 4, 086, 875 while the estimated final PPh of PP 23 of 2018 is paid in monthly ranges from Rp 11, 162, 500 to Rp 21, 250, 850. Thus, PPh Article 31 E saves more on the tax burden owed by the 2021 taxpayer.

After calculating taxation and comparing taxation mechanisms that produce the smallest tax burden, it can be concluded that PP Article 31 E produces the smallest tax burden for taxpayers who are the subject of research. PP 23 of 2018 resulting from this calculation is greater than the calculation using PP Article 31 E.

5. Conclusion

From the discussion above, it can be concluded that tax planning or tax planning is very necessary for running a business. Tax planning is part of tax management which aims to minimize the tax burden but without violating the provisions of taxation and applicable laws and regulations.

The discussion of the cases above has proven that good tax planning can provide benefits for taxpayers. The amount of the tax burden looks different when it is calculated using two mechanisms, namely PP 23 of 2018 and PPh Article 31 E. Companies that have high turnover do not mean they have high gross margins either. If the corporate taxpayer applies PP 23 of 2018 then the taxpayer must continue to pay taxes calculated from the turnover without considering the possibility of the taxpayer experiencing losses in his business. However, if the taxpayer chooses to use PPh Article 31 E, then the calculation of the tax burden payable takes into account the condition of the taxpayer, i. e. if the corporate taxpayer suffers a loss, the taxpayer is exempted from his obligation to pay taxes.

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