THE EFFECT OF THE IMPLEMENTATION OF TAX PLANNING ON INCOME TAX PAYMENTS (STUDY ON THE CONSUMER GOODS INDUSTRY SECTOR IDX 2021 PERIOD)

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ABSTRACT

Taxes are one of the sources of state revenue which will then be managed by the state to engineer economic activities, including financing the state budget to support the welfare of the community. Therefore, the management of government spending depends on tax revenues. One of the sources of state revenue is through corporate income tax. Therefore, this study aims to determine the application of tax planning to the payment of corporate income tax. The data used are quantitative data processed based on the causal associative descriptive method. Obtained 44 samples from 53 companies listed on the IDX. The results showed that tax planning has a very low relationship with the direction of positive relationships. The significance test resulted in that tax planning had an insignificant influence on corporate income tax revenues for the government with a contribution of 0.8%.
Keywords*: tax planning, corporate income tax*

INTRODUCTION

The Indonesian government through its Finance Minister Sri Mulyani, has announced that the state revenues were able to achieve the target and realization after the 2021 State Budget, which amounted to 1,743.6 trillion rupiah. This achievement is a truly extraordinary achievement from the cooperation of tax officials. Even though it is something that should be difficult to achieve with the emergence of the Covid-19 pandemic case. Where this pandemic has resulted in the government having to take very radical policies in the context of restoring the country's economy (Lathifa, 2021).

The achievement of this tax revenue target is related to the contribution of corporate income tax (PPh) which has been the largest contributor. Of the total state tax revenues, corporate income tax has a contribution of around 32.5%, of which 93.3% comes from non-oil and gas PPh revenues. The personal income tax contribution is about 20%. Although there is a downward trend in the amount of PPh contribution to the state revenue, corporate income tax is the largest contributor to PPh other than PPh 21, excise stamps, confiscated objects, fiscal facilities in strategic industries, RPP for Free Trade Areas and Free Ports (KPBPB) as well as RPP for Regional of Special Economics (Atpetsi, 2020).

The awareness and compliance of taxpayers in implementing their responsibilities in paying taxes regularly and accordingly has a major contribution to increasing and achieving the state revenue targets through taxes even though they cannot get direct rewards (Lathifa, 2022). However, this responsibility is not only carried out by individual taxpayers, but also corporate taxpayers who are also bound by government policies in the tax sector. The Director General of Taxes Suryo Utomo revealed that the success of achieving tax revenue targets is not only the efforts of tax officials, but also the awareness and compliance of the taxpayers, both individuals and entities in carrying out their responsibilities to the state (Lathifa, 2021).

The taxpayer's awareness and compliance on one hand is a burden on the company because of the reduction in the amount of profit due to paying taxes. This decrease in profit has an impact on the decline in the company's economic capacity. In dealing with this obligation, the company seeks various ways so that tax payments can be calculated as effectively and efficiently as possible through tax planning without violating the applicable tax regulations.

The efforts to fulfill minimum tax obligations in a complete, correct and timely manner without disturbing the continuity and reducing the company's economy are the objectives of tax planning. Several tax planning actions can be made by the company, including by choosing a lower tax rate. Another way that can be done is to make transactions that are not tax objects. Delaying the making of tax invoices for a certain time is another alternative to tax planning, in addition to trying to avoid overpayment transactions and making the most of tax credits.

As previously stated, most of the income from PPh comes from the non-oil and gas industry, one of which is the consumer goods industry. Companies in the consumer goods industry sector include producing finished goods from raw materials into large-scale production (Idris, 2021). This research focuses on the consumer goods industry, due to contradictory results due to the Covid-19 pandemic, namely a slowdown in household consumption. Where the consumer goods industry is mostly in household needs. This is the impact of a decline in business performance, and increase in the price of imported raw materials due to the weakening of the rupiah exchange rate against the US dollar and business competition (Thertina, 2019). With the control of the Covid-19 Pandemic, the Ministry of Industry hopes that there will be growth in the non-oil and gas processing industry of 3.95% due to the national economic recovery, so this industry is expected to support the national economic recovery in 2021. This national economic recovery is expected to increase the competitiveness of the business climate through certain stimuli.

The previous research has focused more on the effect of tax planning on profits and firm value in companies in banking, manufacturing and other sectors (Putra, 2019; Ernawati, 2019; Manangkali, 2019). However, there are still few who have researched how the effect of tax planning on the overall income tax payment in consumer goods industrial sector companies listed on the Indonesia Stock Exchange (IDX), in 2019-2021. This research needs to be done because it can provide additional information on how tax planning affects income tax payments in consumer goods industrial sector companies in 2021. The results of the research can also add a more thorough understanding of tax planning. Therefore, this study wants to know about tax planning on income payments, especially in the consumption industry sector which is on the Indonesia Stock Exchange in the 2021 period.

This study will later want to find out whether there is a correlation in the application of tax planning to income tax payments to industrial companies in the Consumer Goods

Sector, which later aims to find out the correlation of the application of tax planning to income tax payments in industrial companies in the Consumer Goods Sector.

LITERATURE REVIEW AND HYPOTHESIS

Tax

Based on Law no. 28 of 2007 concerning General Provisions and Tax Procedures (KUP), tax is the contribution of the people to the state which has been systematically regulated and has legal force, where the contribution cannot be felt directly but can be felt simultaneously because it is managed by the state. Therefore, the state has an obligation to accept it to be regulated to finance government expenditures and expenditures that are beneficial to the community.

Tax Planning

Tax planning is a form of management action in regulating the payment of tax obligations so that savings occur through the process of minimizing tax obligations. Tax planning does not mean tax evasion and even tax smuggling.

The most important purpose of tax planning is to get the possibility of a company making tax payments in the right amount and not against the law.

Some of the ways that management does in tax planning are looking for the lightest alternative tax rates (tax saving), avoiding transitions subject to tax rates (tax avoidance), delaying the issuance of tax invoices, maximizing the existence of tax credits as a reduction in tax obligations, trying to regulate the tax payment as not to overpay, and master the tax regulations well (Suandy, 2008).

The corporate income tax rate in 2019 is 25% since 2010. Based on article 2 of PP no. 30/2020 the tariff is set at 22% while for 2022 it will be 20%. For corporate taxpayers in the form of a public company, they get 3% relief, which is lower than the general reduction in corporate income tax.

Tax planning as a measuring tool of the effectiveness of tax management which can be measured through the tax retention rate formula is as follows:

$$TRR\ it = \frac{Net\ Income\ it}{Pretax\ income\ it}$$

TRR it becomes a symbol of the company's tax retention rate in year t. Net Income it represents the company's net profit in year t. While pretax income represents the company's profit before tax in year t. The result of this TRR is in a ratio, in the form of a percentage.

Corporate Income Tax

The emergence of income tax due to the income received by every citizen or entity. The Law number 36 year 2008 concerning Income Tax is the latest regulation for the implementation of income tax imposition. The object of income tax is an additional economy received by the taxpayer which can increase the taxpayer’s wealth. The form can be in the form of salaries, honorariums, operating profits, profits from the sale or transfer of assets, tax returns, interest and dividends (Resmi, 2009).

However, there are also objects of income tax that are exempted according to Article 4 Paragraph (3) of the Income Tax Law. The exceptions are as follows, namely assistance or donations, grants received by blood relatives in a straight line, cash deposits in lieu of shares received by the agency, income from pension funds, scholarships and others (Waluyo, 2014).

The corporate income tax indicator uses the amount of income tax paid in the research year with a ratio measurement scale.

Tax Planning On Income Tax Payment

The application of tax planning is a form of management in managing the amount of taxes that must be paid to the government. Therefore, there is a close relationship in the tax planning process on the amount of corporate income tax payments. In principle, the tax planning carried out by the company will control the amount of tax payments. The higher the value of tax planning, the lower the value of corporate income tax payments paid by the company.

Ha: Tax planning has a significant effect on payment of corporate income tax

RESEARCH METHODS

This study uses the financial statements of the consumption industry sector listed on the Indonesia Stock Exchange with data from the 2021 annual report.

The data used is secondary data that is quantitative in nature with a ratio measurement scale of financial planning variables as measured by the TRR indicator. For the variable of corporate income tax payments, it is calculated based on the amount of tax liability payments made by the company. The results of corporate income tax payments are in the form of numbers in ratios.

The data collection technique uses the documentation method by obtaining written evidence from information sources in the form of library documents, previous research results and annual reports that can be downloaded through the official website (Sugiyono, 2015). There are 53 companies in the consumption industry sector, but only 44 companies whose data meet the criteria to be processed in statistics. Therefore, a total of 44 data were processed using SPSS.

The researcher uses an associative quantitative descriptive analysis method that examines the implementation of tax planning on corporate income tax payments in the consumption industry sector listed on the Indonesia Stock Exchange in 2019-2021.

RESULTS AND DISCUSSION

Tax Planning

The way the company does in saving the tax burden without violating the applicable tax regulations is expected to be able to control the decline in profits due to tax payments. The higher the TRR value, the more successful the company is in carrying out the tax planning process properly. In other words, tax planning tries to maximize after-tax income.

This success is supported by management's ability to find loopholes in tax avoidance. Tax planning is done to avoid waste.

Table 1. Descriptive Analysis of Tax Planning on Consumer Industry Sector 2021

Description	Persentage
Minimum	4,70
Maximum	95,06
Average	73,84

Source: Processed from primary data (2022)

The results of statistical data processed shows that there is a cosmetic company listed on the stock exchange in Indonesia that does not carry out tax planning with a TRR value of 4.7%. This result means that the company's net profit is only 4.7% of the profit before tax. The largest TRR value is 95.06% which is applied by the palm oil companies. This means that the amount of net profit owned by the company is not much different from the amount of profit before tax. The average value of tax planning obtained from the consumption industry sector is 73.84%. There are 10 out of 59 companies that have a tax planning value below the average or do not do tax planning. On the other hand, there are only 3 companies that carry out tax planning which is not much different from the regulations made by the government.

Payment of Corporate Income Tax

Corporate income tax provides a significant contribution to government revenue which is used to fund state expenditures and for the distribution of people's prosperity. Income tax is a tax collected because of the income received by the subject who receives the income. The income provides added value for the prosperity and welfare of the recipient, therefore it is subject to income tax.

Table 2. Descriptive Analysis of the Payment of Corporate Income Tax for the Consumption Industry Sector 2021

Description	Rupiah in millions
Minimum	25
Maximum	1.996.967
Average	187.229

Source: Processed from primary data (2022)

Statistics show that there is a company in fishery products that pays the smallest corporate income tax, which is Rp. 25 million. The largest corporate income tax payment was made by a cigarette company, amounting to Rp 1.9 trillion. On average, the consumption industry sector pays corporate income tax of Rp 187 billion. There are 8 companies that pay more than the average corporate income tax by the consumption industry sector studied, including those in the food and beverage, cigarette, pharmaceutical and personal care products and household industries.

Implementation of Tax Planning on Income Tax Payments

Tax planning is a step that must be taken by management in managing tax payments so that the maximum possible savings can be made on the tax burden on company expenses which results in a reduction in company profits. Tax planning does not only make tax payments efficient, but also prevents tax sanctions or penalties. The implementation of tax planning is expected to be able to control the amount that must be done in doing corporate income tax payments.

Table 3. Analysis of Tax Planning on Payment of Corporate Income Tax for the Consumption Industry Sector for the 2021 Period

Description	Decimal
Correlation Coefficient	0,0906
Coefficient of Determination	0,0082
Significance	0,5583

Source: Processed from primary data (2022)

The information we can get from table 3 is that the correlation of tax planning on corporate income tax payments is only 9.06%, so it can be concluded that the correlation of tax planning on corporate income tax payments is very weak. Tax planning has a positive relationship direction, where tax planning will increase the payment of corporate income tax, and vice versa. It can be seen that the contribution of tax planning is 0.82%. The results of the significance test found that the value of sig. 0.5583 > 0.05 so it can be concluded that there is an insignificant effect of tax planning on the payment of Corporate Income Tax in the consumption industry sector listed on the IDX for the 2021 period.

CONCLUSIONS AND RECOMMENDATIONS

Through the results of the research and exposure above, it can be concluded as follows:

1. Tax planning with the payment of Corporate Income Tax has a very low relationship.
2. An increase in the value of tax planning increases the payment of corporate income tax, and vice versa.

3. The amount of contribution of internal control made by tax planning is 0.82%, while the rest is influenced by other factors outside the study.
4. Tax planning has no significant effect on the payment of corporate income tax.

Companies are asked to continue to increase their efforts in tax planning, because there are still few companies that have a high planning value. This insignificant effect is examined only from the point of view of payment of corporate income tax, if the research is carried out on other tax elements it has the possibility of better results.

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