

# Implementation Of Tax Planning For PPh 21 As A Tax Payment Efficiency Strategy To PT SS In Responding The UU HPP

Putu Agus Yuki Ananda <sup>1\*</sup>, I Dewa Made Partika <sup>2</sup>, and Ni Nyoman Aryaningsih <sup>3</sup>

<sup>1</sup> Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

<sup>2</sup> Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

<sup>3</sup> Managerial Accounting Undergraduate Study Program, Accounting Department, Bali State Polytechnic

\*Corresponding Author: [agusyuki85@gmail.com](mailto:agusyuki85@gmail.com)

**Abstract:** This study aims to evaluate the implementation of tax planning and appropriate tax planning design for PT SS related to PPh Article 21 and to compare the resulting corporate income tax savings with the application of the withholding method of Article 21 income tax and to respond to the Law on the Harmonization of Tax Regulations. This study analyzed primary data and secondary data obtained through data collection techniques by conducting interviews and documentation. The data analysis technique used is qualitative analysis. The results of this study indicate that the alternatif Gross Up method will provide savings in the burden of corporate income tax compared to the application of the alternative initial method of PT SS, namely the Net Method. The alternative application of the Gross Up method can provide efficiency for the resulting Corporate Income Tax when compared to the Net method. This study contributes to PT SS by implying that it should consider alternative appropriate tax planning so that the results of tax savings can be utilized in making tax payments, especially Article 21 Income Tax.

**Keywords:** Tax Planning, Income Tax Article 21, Corporate Income Tax, Gross Up Method, Harmonized Law on Tax Regulations

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## Introduction

Taxes are dues paid by the people to the state that are included in the state treasury that implements the law and its implementation can be forced without repayment. The dues are used by the state to make payments in the public interest (Mardiasmo, 2019). The tax object is an act, circumstance or event that causes the tax subject to be taxed. The object of income tax includes income or income received by WP which adds to the economic capabilities of WP, either to be consumed or to increase WP's wealth, or received domestically or abroad in any form (Juniawaty, 2018). Tax efficiency is a step to manage taxes by comparing the inputs and outputs of a process that does not waste costs, carrying out collection tasks properly and correctly, and by using labor or materials that are in accordance with needs (Sahin, 2019). How to streamline the tax burden (tax savings) is legal is the best step. This is done, so that in the future taxpayers are not subject to sanctions (Usman & Rizkina, 2020).

Planning is the determination of strategies, policies, projects, programs, procedures, methods, systems, and budgets needed to achieve standards (Dr. Setiadi Cahyono Putro & Ahmad Mursyidun Nidhom, 2021). Tax planning is an early stage in tax management (Liana, 2020). Good tax planning allows taxpayers to avoid the imposition of tax sanctions, both administrative sanctions and criminal sanctions. Two activities that can be done in tax planning are *tax avoidance* and *tax evasion*, both of which are tax saving measures. The difference is that *tax avoidance* is an act of reducing tax debt legally or not breaking the law while *tax evasion* is an act of reducing tax debt illegally or unlawfully. One of the benefits of *tax avoidance* is to increase *tax savings* which has the potential to reduce tax payments so that it has the potential to increase cash flow (Braithwaite, 2017).

The business and strategy carried out by this company is usually referred to as tax planning or *tax sheltering* (Putra, 2019). The tax planning of PPh 21 that can be done is by providing cash benefits from the company to employees, which is how to reduce income or increase the costs that can be deducted from income so that taxable income decreases on the benefits of existing labor regulations (Zaluchu, 2021). The purpose of implementing tax planning during the Covid-19 pandemic which results in the withholding method of article 21 can save taxes and covid-19 also affects the reduction of income tax article 21 by utilizing tax incentive receipts from the government (Abdurrahman & Mildawati, 2021).

## Method

This research is qualitative with a case study approach. Qualitative research case studies are research on a case involving many sources of information. This type of research studies and explores a single and specific case thoroughly, so that the results of this study are subjective and should not be generalized.

To obtain data and information with the problems studied, this research was carried out by taking annual financial data conducted at PT SS located in Badung, Bali, Indonesia. The data taken to conduct this study include primary and secondary data. The primary data in this study is in the form of information about the implementation of tax planning. Meanwhile, secondary data is in the form of quantitative data, namely the salary list of permanent employees in 2022 and the company's 2022 income statement.

Data collection is a very important action in research. This study used two data collection techniques, namely documentation and interviews. The data that has been collected is processed using three methods of withholding Income Tax Article 21, namely metode *Net Basis*, which is a method where PPh Article 21 is deducted by the company without reducing employee salaries, metode *Gross*, namely PPh Article 21 deducted from employee salaries, reducing income received by employees, and metode *Gross Up*, that is, by providing tax benefits in the amount of Income Tax Article 21 employees, so that in the end no amount is deducted from the employee's salary.

## Result and Discussion

**Table 1** Comparison of Alternative Net Method and Gross Up Method

Description	Income Tax Article 21		Difference (Rp)	Tax Saving (Rp)
	Method Net (Rp)	Gross Up Method (Rp)		
Salary Amount	1.314.032.939	1.314.032.939		-
Income Tax Article 21 a Year	43.302.190	46.060.042	2.757.852	-
Take home Pay	1.357.335.129	1.360.092.981	2.757.852	-
Corporate Income Tax	22.104.889	17.038.284	5.066.605	5.066.605
Commercial Profit After Tax	178.848.644	137.855.207	40.993.437	
Total Amount of Tax That Must Be Borne By PT SS (PPh Article 21 plus Corporate Income Tax)	65.407.078	63.098.326	2.308.753	2.308.753

Source: Secondary data processed, 2021

Based on Table 1, the application of the Gross Up method in calculating taxes on permanent employees of PT SS will provide savings on corporate income tax payments with a nominal value of RP5,066,605.00. This research resulted in a finding that although the reduction in commercial profit after tax amounted to IDR 46,060,042.00, when juxtaposed with the resulting corporate income tax savings, it is known that this saving is greater than the decrease in profits that occurred. Referring to the results of the analysis of 3 (three) methods of withholding Income Tax Article 21, between the Net method, the Gross method and the Gross Up method, it was found that what can streamline Corporate Income Tax is to use the Gross Up Method. In this case, PT SS will be able to streamline corporate income tax, as can be seen from the savings in corporate income tax generated. This is in sync with the results of research that states that tax cuts by means of Gross Up affect the amount of tax (Chaezahranni, 2016). After conducting a tax planning analysis using the Gross Up method at PT SS, it turned out that the corporate income tax payable decreased by IDR 5,066,605.00. This study confirmed the study obtained similar results. The results of his research revealed that from the comparison of the three calculations carried out, (the method of withholding income tax Article 21 using (Gross Method, Net Method, or Gross Up Method), the Gross Up Method or tax allowance provided by the company in the amount of tax withheld from employees (taxes owed) resulted in efficiency against Corporate Income Tax. In addition to benefiting from savings in corporate income tax payments, it turns out that companies can

strive to improve the welfare and care of their employees, so that employees are motivated to maximize productivity.

The results of this study show that through the application of the Net method when viewed from the whole or total tax that must be borne by PT SS, namely the total of the addition of Income Tax Article 21 and Corporate Income Tax will show an amount of Rp65,407,078.00, while with the application of the Gross Up method, the total amount of tax that must be applied t Anggung by PT SS obtained a smaller amount than the application of the Net method, which amounted to Rp63,098,326.00. The increase in the amount of Income Tax Article 21 due to the addition of income for each employee from the provision of PPh Pasal 21 allowance, sothat it can be known that the difference in the total tax of IDR 2,757,852.00 is equal to the total decrease in commercial profit after tax. Based on these results, it is concluded that overall the tax borne by PT SS in 2021 shows that the company is more efficient and bears Income Tax Article 21 moreclosely if it applies the Net method because of the increase in Income Tax Article 21 with a difference of IDR 2,757,852.00, but when compared to corporate income tax owed which was caused by the application of the Gross Up method which caused a difference in Corporate Income Tax and saved tax of IDR 5,066,605.00. When viewed partially, using the Net method, the total amount of tax that must be borne by PT SS by increasing PPh Article 21 with Corporate Income Tax of IDR 65,407,078.00 while using the Gross Up method, caused a decrease in taxes to be paid by PT SS of IDR 63,098,326.00, which caused a difference and saved the overall tax burden of IDR 2,308,753.00.

## Conclusion

Applying the Gross Up method to PT SS will provide savings in Corporate Income Tax compared to the application of alternative Gross methods and Net methods. It is known that the application of the alternative *Gross Up Method* resulted in an increase in personnel expenses due to the addition of income for each employee from the provision of Income Tax Allowance Article 21. This increase will cause a decrease in profit before tax which has an impact on corporate income tax owed by the company will decrease. In addition, in responding to the HPP Law listed on the theoretical basis of the PPh 21 tariff which changes the rate for Individual and Corporate Taxpayers which results in changes in the calculation of PPh 21 PT SS.

PT SS has applied article 21 income tax deductions using the Net method in the 2021 tax year, but the implementation of planning steps for taxation is still not optimal. The suboptimality can be seen from the cost of Income Tax Article 21 (borne by the company) which experienced a positive fiscal correction, resulting in the inefficiency of paying pt SS Corporate Income Tax. If from the application of the Net method which is then compared with the application of the Gross method, it is obtained that the amount of Corporate Income Tax paid obtains the same results as the Net method, so that it does not provide efficiency in paying Corporate Income Tax. However, when compared to the *Gross Up* method, it can streamline corporate income tax because of the reduced profit on PPh 21 allowance. The implementation of the Net metode will partially make the total tax burden borne by PT SS greater than the total amount of tax arising from the application of the *Gross Up* method.

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