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Fiscal Correction Analysis of Commercial Loss Profit Report in Determining the Income of Income Establishment at PT. Medan

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ABSTRACT

This study aims to determine how the application of tax accounting in accordance with applicable tax laws and to determine the calculation of income tax (VAT) in accordance with law No. 36 of 2008. This research is a qualitative research. This research was conducted at PT. Asam Jawa Medan.

This study uses a qualitative research type with a descriptive approach. Descriptive qualitative research is intended to describe and describe the phenomena that exist, both natural and human engineering, which are more concerned about the characteristics, quality, interrelationships between activities. This research was conducted at PT. Asam Jawa Medan. Data collection techniques used in this study were documentation and interviews. Data analysis with descriptive method is to describe the state of the financial statements of the phenomena that occur by collecting data, carrying out fiscal corrections in accordance with Law No. 36/2008 and calculating the income tax payable. The type of data used is secondary data.

Based on the results of the study note that PT. Asam Jawa has applied tax accounting in accordance with applicable tax regulations, but in the calculation of income tax (PPh) of PT. Tamarind is not in accordance with Law No. 36 of 2008. From the results of this study it is also known that PT. Tamarind in the Calculation of Income Tax (PPh) of PT. Tamarind is not yet in accordance with Law Number 36 of 2008.

Keywords: Fiscal Correction of Commercial Income Statement, Income Tax

PRELIMINARY

1.1. Background

The independence of a nation can be measured by the nation's ability to carry out and finance its own development. One source of development funding comes from tax revenue. Taxes are a tool for the government in achieving its goals to get direct and indirect revenues from the public, to finance routine expenditures and social and economic development of the community. Free tax can be said as a civic obligation in the form of devotion and active role of citizens and members of the public to finance various state needs in the form of national development whose implementation is regulated in laws and regulations for the purpose of the welfare of the nation and state

Calculation of Income Tax at the end of the year for Corporate Taxpayers is based on a fiscal income statement. Fiscal profit and loss are prepared based on commercial income that has been adjusted to tax regulations (through reconciliation). The reconciliation (adjustment) will result in a fiscal correction, so that the report is only in accordance with the provisions of the Taxation Law.

Currently there are 3 systems applied in tax collection, namely the *official assessment system, self assessment system, and withholding tax system.* For the system of payment of income tax in force today is based on the tax collection system that gives authority, trust responsibility to the taxpayer to compute, calculate, pay, and self-reported tax rate ya n g to be paid, which is called the *self -assessment system* (Thomas Sumarsan, 2013: 14).

To carry out tax obligations based on the *self-assessment system*, guidelines are needed to calculate the amount of taxable income, one of which can be known through the implementation of a systematic record called bookkeeping in the form of financial statements consisting of balance sheets, income statements, statements of changes in equity, reports cash flow, and notes to financial statements (IAI, 2007: 1.2).

Financial statements are prepared with the aim of providing information relating to finance, performance, and changes in the financial position of a company that is beneficial to a large number of users in making economic decisions. Financial statements, hereinafter referred to as commercial financial statements are basically prepared based on the Statement of Financial Accounting Standards (SFAS).

The obligation to conduct bookkeeping or accounting is regulated in Law 16 of 2000 concerning general provisions and taxation procedures (KUP) article 28 stated "Individual taxpayers who carry out business activities or free and compulsory work in Indonesia must compile bookkeeping". Such bookkeeping consists of at least records of assets, liabilities or debt, capital, income and expenses, as well as sales and purchases and can be calculated the amount of tax (all types of taxes) owed (Zulia, 2010: 1)

In contrast to commercial financial statements, fiscal financial reports are financial reports that are prepared in accordance with tax regulations and are used for tax calculation purposes (Erly Suandy, 2008: 75). The taxation provisions have certain criteria regarding the measurement and recognition of elements that are generally contained in financial statements. That measure, may not be in line with accounting principles (commercial). For example: differences in the concept of depreciation can choose one, according to PSAK No. 16 of 2007, namely the straight-line method, the declining balance method, and the number of units' method. Whereas in the taxation provisions, assets are grouped based on the type of assets, useful life, and tariffs which are governed by the minister of finance regulation. In the case of the depreciation method used in the preparation of the fiscal report based on Law Number 36 of 2008 Article 11 concerning income tax, namely based on the straight-line method and the declining balance method, which is carried out consistently.

The tax law does not specifically regulate the form of financial reporting, it only provides restrictions on certain things, both in the recognition of income and costs. Companies can prepare accounting financial reports (commercial) in a separate fiscal financial report or make a fiscal correction to commercial financial statements (Suandy, 2008: 75).

There are two types of fiscal adjustments, namely: Positive Fiscal Adjustment and Negative Fiscal Adjustment. Positive fiscal adjustments are adjustments that will result in an increase in taxable income which will ultimately make the income tax of the debts of the Agency also increase. Negative fiscal adjustment is an adjustment that will result in a decrease in taxable income. In fiscal terms, there is income which is a tax object and not a tax object. Income that is subject to tax is subject to income tax which is not final and some is subject to final nature. While costs / expenses, some can be deducted from gross income or often called *deductible expenses* and some cannot be deducted from gross income or often called *nondeductible expense*.

There are several differences in accounting / accounting methods between accounting and fiscal, for example depreciation, amortization, inventory valuation, reserves and so on. As a result of these differences can result in greater or smaller fiscal profits (often also called Taxable Profit), so as not to reduce the amount of tax that should be paid.

According to Suandy (2008: 75) states that, "Companies can compile financial accounting reports (commercial) and fiscal financial statements separately or make fiscal corrections to commercial financial statements". The tax laws do not specifically regulate the form of financial reporting, only provide restrictions on certain things, both in recognition of income and costs.

The difference between a commercial income statement and a fiscal income statement based on its loading can be distinguished by two kinds, namely a fixed difference and a time difference. Permanent difference, namely the costs incurred by the company that should not be deducted from taxable income. Time difference, which is the difference in the imposition of a fee where the period of loading is different.

PT. Asam Jawa Medan which is a foreign investment company (PMA) and is engaged in oil palm plantations. In the income statement of PT. Asam Jawa Medan there are cost components that are excluded as tax objects, for example costs given to employees / employees in the form of enjoyment facilities that are often called in kind such as employee housing assistance, health services and employee welfare are only recognized 50% by the tax authorities, official vehicles, donations, depreciation costs, and so on. From the description above, it can be concluded that the recognition of revenues and costs according to Indonesian GAAP and applicable income tax laws differ from each other.

Fiscal (reconciliation) correction is the process of adjusting for commercial profits that are different from fiscal provisions to obtain net income or profits in accordance with tax provisions. With this fiscal reconciliation process, the Taxpayer does not need to make a double bookkeeping, but rather to make one bookkeeping based on SAK. After that, a fiscal reconciliation is made to obtain a fiscal profit that will be used as the basis for calculating income tax.

From the financial statements of PT. Asam Jawa Medan shows that there are costs that are not corrected by taxes. It seems that employee welfare should be corrected entirely in accordance with Law Number 36 of 2008 article 9 paragraph 1 letter e. which states that rewards in connection with employment provided in kind or enjoyment are not permitted as deductions from income. Then employee housing assistance, and depreciation costs. Where the cost of depreciation must be in accordance with the tax provisions of Law No. 36 of 2008 article 2 paragraph (6) concerning the application of fiscal depreciation rates.

Therefore, the authors argue that the fiscal correction is very meaningful in calculating the amount of corporate income tax owing to the importance of taxes for the implementation of government functions and national development. Therefore, the author feels interested to discuss and further explore it through the writing of a journal entitled **"Analysis of Fiscal Corrections to the Commercial Profit and Loss Statement in Determining Income Tax Obligations at PT. Medan"**

1.2. Problem Identification

From the background of the above problems, the writer can identify the problem, namely:

1. The cost of housing assistance for employees that should be corrected fiscal but not in fiscal correction.
2. The existence of employee welfare should all be corrected fiscal but only partially corrected by fiscal.

1.3. Formulation of the problem

Based on the description of the background that has been stated previously, the authors formulate the problem that forms the basis of research in the preparation of this thesis, namely:

1. Is PT. Asam Jawa has implemented tax accounting in accordance with applicable tax regulations?
2. What that led to the calculation of income tax (VAT) PT. Tamarind not conformed n un dang Act No. 36 of 2008?

1.4. Research Objectives and Benefits

As for the objectives of the authors of the research conducted are as follows:

1. To analyze whether PT. Asam Jawa has applied tax accounting in accordance with applicable tax regulations.
2. To analyze what causes the calculation of income tax (PPh) of PT. Tamarind is not in accordance with law Number 36 of 2008.

While the benefits of this research are:

1. For writers, as a means of learning to improve the ability in the field of scientific research and train writers to express these problems systematically so as to support the development of science.
2. For the company, this research is expected to be useful to give consideration or input regarding fiscal correction in accordance with tax regulations in calculating the amount of income tax payable.
3. For tax authorities / tax authorities, this study can provide an overview of taxpayer compliance and inputs to increase tax revenue.

THEORETICAL BASIS

2.1. Theoretical Description

2.1.1. Fiscal Correction

1. Definition of Fiscal Correction

Fiscal (reconciliation) correction is the process of adjusting for commercial profits that are different from fiscal provisions to obtain net income or profits in accordance with tax provisions. According to Setiawan and Musri (2006: 421) states as "Fiscal reconciliation is the adjustment of provisions according to commercial accounting or accounting that must be adjusted according to tax provisions". Overall the purpose of a financial accounting is to make a fixed comparison between income and expenses concerned. Therefore, if there is a difference between the amount of income calculated based on the provisions of tax legislation and the amount of income calculated for financial accounting purposes, then according to the generally accepted provisions that the calculation of income tax is first based on the income made for the purpose of the accounting.

2. Types of Fiscal Corrections

Differences due to fiscal corrections can lead to corrections that can be either positive or negative.

a. Positive Correction

Positive Fiscal Correction is an adjustment to commercial net income (excluding the income element subject to final PPh and not included in the Tax Object) in order to calculate the Taxable Income based on the Income Tax Act and its implementing regulations, which are to increase income and / or reduce costs commercial, which includes:

1) Adjustment Based on Article 9 paragraph (1) letter a of the Income Tax Law, profit distribution in whatever name and form such as dividends paid by insurance companies to policyholders, and the distribution of the remainder of the cooperative's business results. If the distribution of profits has been recognized as a taxpayer operating costs, adjustments must be made.
2) Adjustments based on Article 9 paragraph (1) letter b of the Income Tax Law, company expenses for the purchase / repair of houses or private / family vehicles, and other expenses for the benefit of shareholders, allies, or members, cannot be charged as company expenses.
3) Adjustments based on Article 9 paragraph (1) letter c of the Income Tax Law, the formation or fertilization of reserve funds in a fiscal manner cannot be charged as company expenses. However, for certain types of businesses that are economically required to have a reserve to cover expenses or losses that will occur in the future. Fiscally allowed, which is limited to: uncollectible receivables for bank businesses and leases with option rights (*financial lease*), reserve claims and allowance for losses for insurance businesses, and reserves for reclamation costs for mining businesses (Minister of Finance Decree Number 80 / KMK.04 / 1995 and the decision of the Minister of Finance Number of the Minister of Finance Number 204 / KMK.04 / 2000)
4) Based on Article 9 paragraph (1) letter d, health insurance premiums, accident insurance, life insurance, dual purpose insurance and scholarship insurance are not company costs (so if they have been calculated as costs in calculating commercial profits, positive adjustments must be made). Unless the premium is paid by the employer as a corporate taxpayer and the premium is calculated as income for the recipient.
5) Based on Article 9 paragraph (1) letter e of the Income Tax Law, concerning the provision of food and drinks for all employees as well as compensation or rewards in kind or enjoyment in certain areas and relating to the implementation of work that can be deducted from the gross income of the employer (Decree of the Minister of Finance Number 83 / PMK.03 / 2009).
6) Adjustments based on Article 9 paragraph (1) letter f of the Income Tax Law, payment of salaries, honoraria, and other benefits in connection with work or services provided to shareholders or related parties as referred to in Article 18 paragraph (4) of the Income Tax Law , can be charged as company costs as long as the amount does not exceed

the fairness. Fairness is measured based on generally accepted standards for work with the same qualifications carried out by parties who have no special relationship. The difference that exceeds the fairness can be categorized as profit sharing. So it must be adjusted to commercial income (Munawi r in Fitria, 2017: 29).

7) Based on Article 4 paragraph (3) letter a of the Income Tax Law, assistance or donations and property received by religious bodies, educational institutions, social agencies, or small businesses including cooperatives established by the Minister of Finance, is not an affair as long as there is no relationship business, work, ownership, or control between the parties concerned. Therefore, it is in accordance with the principle of *taxability and deductibility.* Adjustment to Article 9 paragraph (1) letter g of the Income Tax Law, for taxpayers providing assistance or donations and said property, cannot be charged as company expenses. Zakat on income paid by domestic taxpayers owned by Muslims can be deducted from gross income in calculating taxable income, provided that:
   a) Income subject to zakat is a tax object which has been reported in the Annual Tax Return;
   b) Payment of zakat is made to the Amil Zakat Agency (BAZ) or Amil Zakat institution (LAZ) which is formed or authorized by the central / regional government. Thus, the zakat on assets other than income and zakat on income that does not meet these requirements cannot be charged as company expenses (the tax treatment is the same as donations).
8) Adjustments based on Article 9 paragraph (1) letter h of the Income Tax Law, Income Tax tax credit is not a company expense.
9) Based on Article 4 paragraph (3) letter i of the Income Tax Law, the share of profits determined or obtained by members of limited liability companies whose capital is not divided into shares, partnerships, associations, firms, and joints is not income. Therefore, according to the principle of *taxability and deductibility,* adjustments based on Article 9 paragraph (1) letter j of the Income Tax Law, for the company, salary payments to its members cannot be charged as company expenses.
10) Adjustments based on Article 9 paragraph (1) letter k of the Income Tax Law, administrative sanctions in the form of interest, and increases, as well as criminal sanctions in the form of fines relating to the implementation of legislation in the field of taxation do not constitute company expenses. (Munawir in Fitria, 2017: 30).
11) Adjustments based on Article 7 of Government Regulation Number 138 of 2000, with the decision of the director General of Taxes can be determined when the cost is recognized in certain cases and for certain taxpayers in accordance with Government policy. (Decree of the Director General of Taxation Number Kep-SE184 / PJ / 2002 and Circular of the Director General of Taxation Number SE-08 / PJ.42 / 2002).
12) Adjustments based on general provisions of Article 4 and Article 6 of the Income Tax Law and its implementing regulations, in terms of:
   a) There is income that is not commercially recognized but includes a Tax Object that is subject to Income Tax not final;
   b) There are other company costs or losses that are recognized commercially but cannot be recognized in fiscal terms.
13) Adjustment of depreciation and / or amortization expenses that exceed or are not in accordance with the provisions of Law Number 17/2000 Regarding Income Tax or Fiscal Amortization and Register.

b. Negative Corrections

Negative Fiscal Correction is an adjustment to commercial net income (excluding the income element subject to final PPh and not included in the Tax Object) in the context of calculating Taxable Income based on the Income Tax Law and its implementing regulations, which is to reduce income and or increase commercial costs. Which cover:

1) Fiscal Depreciation and Amortization is smaller than depreciation and amortization according to the provisions of tax legislation or Fiscal Depreciation and Amortization List.

2) Adjustments based on article 7 of Government Regulation Number 138 of 2000, by the Decree of the Director General of Taxes, can be stipulated at the time of recognition in certain matters and for certain taxpayers in accordance with government policy. (Decree of the Director General of Tax Number Kep-184 / PJ / 2002 and Circular of the Director General of Taxes Number SE-08 / PJ.42 / 2002).
3) Adjustments based on general provisions of Article 6 of the Income Tax Law and its implementing regulations, in the event that there are other company costs or losses that are not commercially recognized but can be recognized fiscally (Munawir in Fitria, 2017: 33).

According to the Income Tax Law as lastly amended number 36 of 2008 Article 6, namely *deductible* expense. Here are the details:

1) Costs for obtaining, collecting, and maintaining income, including the cost of purchasing materials, costs related to work dam in the form of money, interest, royalties, sales fees, waste treatment costs, insurance premiums, administrative costs, and taxes except PPh.
2) Depreciation on expenses for obtaining tangible assets and amortization of expenditures to obtain rights and for other costs that have a useful life of more than 1 year as referred to in Article 11 and Article 11A of the Income Tax Law.
3) Contributions to pension funds whose establishment has been approved by the Minister of Finance;
4) Losses due to the sale or transfer of assets owned and used in company greetings or owned to obtain, collect and maintain income;
5) Foreign exchange rate losses;
6) Costs for company research and development carried out in Indonesia;
7) Fees for scholarships, internships, and training
8) Receivables that are obviously not collectible, provided that:
   a) Has been charged as a cost in the commercial income statement;
   b) Taxpayers must submit a list of receivables that cannot be collected to the Directorate General of Taxes;
   c) The billing case has been submitted to the district court or government agency that handles the State's receivables, or there is a written agreement regarding the write off of debt / debt relief between the creditor and the debtor concerned, or has been published in general and special operations, or there is recognition from the debtor that the debt is has been written off for a certain amount of debt; and
   d) The requirements in letter c do not apply to the elimination of uncollectible opportunities for small debtors as referred to in Article 4 paragraph (1) of the 2009 Income Tax Law.
9) Establishment of reserve funds as explained below, namely:
   In accordance with PMK no. 81 / PMK.03 / 2009 dated April 22, 2009 stipulates the formation of the following reserve funds may be deducted from gross income (deductible *expense)*.
   a) Reserves for uncollectible accounts for the business of banks and other business entities that extend credit, other leases which provide reserves for options for leasing with option rights, consumer finance companies, and factoring companies, which include:
      (i) Reserves for uncollectible accounts for:
         - Commercial banks that carry out conventional business activities;
         - Commercial banks that carry out business activities based on Sharia principles;
         - People's credit banks that carry out business activities on a conventional basis;
         - People's credit banks that carry out business activities based on sharia principles; (Munawir in Fitria, 2017: 36)
      (ii) Special allowance for allowance for financing for other business entities that distribute credit, namely allowance for financing allowances for business

entities other than commercial banks and people's credit banks that extend credit to the public, which includes:
- Savings and loan cooperatives, and
- PT. National Capital Madani (Persero);

(iii) Allowance for uncollectible losses for leases with option rights, namely reserves for uncollectible receivables for financing activities by providing capital goods for use by the lessee for a specified period of time based on installment payments with option rights (Finance *Lease)*;

(iv) Reserves for uncollectible accounts for consumer finance companies, namely reserves for uncollectible receivables for companies that carry out financing activities for the procurement of goods based on the needs of consumers with installment payments;

(v) Allowance for uncollectible accounts for factoring companies, namely reserves for uncollectible accounts for companies that conduct financing activities in the form of purchases of short-term trade receivables of a company and the management of these receivables.

b) Reserves for the insurance business, which include:
   (i) Reserves of own insurance premiums and own dependent claims for insurance companies;
   (ii) Premium reserves for life insurance companies;

c) Reserve reserves for the Deposit Insurance Corporation, which is a guarantee reserve for institutions that function to guarantee deposits of depositing customers and take an active part in maintaining the stability of the banking system in accordance with their authority;

d) Reserves of reclamation costs for mining businesses, namely reserve costs for activities aimed at improving or managing the use of disturbed land as a result of mining business activities in order to function and be effective according to their designation;

e) Reserve the cost of replanting for forestry business, that is, the cost of replanting costs for companies that are required to replant forests that have been exploited for businesses related to the management system that is relevant to forests, forest areas, and forest products that are held in an integrated manner ; and

f) Reserve the cost of closing and maintaining industrial waste disposal sites, which are the costs of closing and maintaining costs for companies that process industrial waste which includes storage, collection, transportation, utilization, processing of industrial waste and the accumulation of industrial waste treatment.

10) Changes or rewards in connection with work or services provided in kind and enjoyment, such as:
   a) Provision of food and drinks for all employees;
   b) Reimbursement or compensation in the form of in kind and pleasure in certain regions; and
   c) Reimbursement or compensation in the form of in kind and enjoyment related to the implementation of work.

11) Grants that are given, assistance or donations between the giver and the recipient have a business, employment, ownership, or ownership relationship.

12) Zakat on income, as stipulated in Act Number 36 of 2008 concerning Management of Zakat, namely:
   a) Obviously paid by corporate taxpayers owned by Muslim entrepreneurs;
   b) To the amil zakat body or institution established or authorized by the Government.

13) Cost of subscribing or refilling credit and repairing cell phones owned and used by the company for certain employees because of their position or job. Charging as company expense is only 50% of the total cost of subscribing or refilling credit and repairing the relevant tax year (Decree of the Director General of Taxes No. Kep-220 / PJ. / 2002).

14) Costs for routine maintenance or repairs of sedan or similar vehicles, including routine company expenses for the purchase / use of fuel, which are owned

and used for certain employees because of their position or work. Charging as company expense is only 50% of the total cost of routine maintenance or repairs in the relevant tax year (Decree of the Director General of Taxes No. Kep-220 / PJ / 2002).

15) Contribution in the context of national disaster management stipulated in a Government Regulation (PP. No. 93. 2010).
16) Contribution in the context of research and development carried out in Indonesia (PP No. 93 of 2010).
17) Costs for building social infrastructure (PP No. 93 of 2010).
18) Contribution of educational facilities (PP No. 93 of 2010).
19) Contribution in the context of sports development (PP No. 93 of 2010). (IAI, 2015: 305)

3. Difference in Fiscal Correction

a. Permanent / Permanent Difference

Differences continue to occur because of differences in recognition of expenses and revenues between commercial and fiscal reporting.

Recognition of income and expenses that cause the existence of a fixed difference include that in tax accounting the following terms are known:

1) Income as a tax object;
2) Income is not a tax object;
3) Income is subject to Final Income Tax;
4) Costs as a deduction from gross income;
5) Costs are not a deduction from gross income.

The foregoing results in different fiscal profits from commercial profits. Fiscal corrections related to differences will still be *terminated* in the fiscal year concerned and will not have an impact in subsequent years. Permanent / permanent differences can be grouped into two, positive and negative.

Positive permanent difference occurs when there is a commercial profit that is not recognized by the taxation provisions. While negative permanent differences occur if there is an expense as a commercial profit expense that is not recognized by the taxation provisions.

b. Time / Temporary Difference

Time difference is a temporary difference due to the unequal time of recognition of income and expenses between tax regulations and Financial Accounting Standards. This time difference results in a shift in recognition from one tax year to another. The time difference can be grouped into two namely positive and negative. A positive time difference occurs when the recognition of an expense under SAK is slower than the recognition of an expense according to taxation provisions, whereas a negative time difference occurs when the recognition of an expense under SAK is faster than an acknowledgment of an expense according to tax provisions.

2.1.2. Commercial Income Statement

1. Definition of Corporate Income Tax (PPh)

According to Agoes and Trisnawati (2009: 3) states as follows, the income statement is a report that shows income and expenses for a certain period of time, for example a month or a year. This report is based on the concept of matching, which is a concept that compares expenses with revenue generated during the period in which they are incurred.

In tax accounting, the Income Statement, abbreviated as R / L, is more commonly referred to as the Income Statement, with the expectation that the Taxpayer is more familiar with the words of profit than loss. In connection with the term profit, there are two notions that should not be distinguished. The two terms are commercial profit and fiscal profit.

a. Commercial Profit

Commercial net income is the amount of profit calculated by the taxpayer according to the accounting system and procedures recognized in the Financial Accounting Standards (SAK).

b. Fiscal Profit

Fiscal profit for corporate taxpayers is identical to taxable income, but for Individual Taxpayers, from fiscal income to become taxable profit must be reduced first with Non-Taxable Income (PTKP).

2. How to Make a Profit and Loss Statement

Taxpayers in making income statements, can use various methods such as the following:

a. Not yet considering fiscal correction
b. Already consider fiscal correction
c. Income is subject to Final Income Tax

2.1.3. Corporate Income Tax (PPh)

1. Definition of Corporate Income Tax (PPh)

Income Tax is a tax that is levied on a tax subject on income received or obtained in a tax year. Corporate Income Tax (Corporate Income Tax) is tax that is imposed on income received or obtained by the Agency as referred to in the KUP Law.

The subjects of Corporate Income Tax are:

a. Domestic corporate taxpayers, namely bodies established or domiciled in Indonesia.
b. Taxpayers Foreign bodies, i.e. entities that are not established or not domiciled in Indonesia that conduct business or conduct activities through BUT in Indonesia, and or entities which are not established and not domiciled in Indonesia that receive income from Indonesia not from conducting business through BUT in Indonesia.

The object of corporate income tax is income, i.e. any additional economic capability that is received or obtained by corporate taxpayers both from Indonesia and from outside Indonesia, which can be used for consumption or to increase the wealth of the taxpayer concerned, by name and in any shape.

2. Component Calculation of Corporate Income Tax

In calculating Corporate Income Tax, a minimum of 7 (seven) components that are very important are required, namely:

a. Income which is subject to tax
b. Income that is excluded as Tax Object.
c. Income for which the final tax is imposed
d. Costs that may be deducted from gross income
e. Costs that cannot be deducted from gross income
f. Allowable costs of 50%
g. Costs that use a nominative list are in accordance with the Director General of Taxes circular

3. Deduction of Corporate Income Tax

The deduction of Corporate Income is due

a. Income Tax Article 22
b. Income Tax Article 23
c. Income Tax Article 24
d. Income Tax Article 25

4. Corporate Taxpayer Income Tax Rates

According to Article 17 paragraph (1) letter b of Law Number 7 of 1983 concerning Income Tax as amended several times, the latest by Law Number 36 of 2008 states that the tax rate for domestic corporate taxpayers and permanent establishments is 28% (twenty eight percent), valid for 2008 and 2009. While for 2010 and thereafter the applicable tariff is 25% (twenty-five percent). In Article 31E paragraph (1) of the 2008 Income Tax Act, if a domestic taxpayer has a gross circulation of up to Rp 50,000,000,000 (fifty billion rupiahs), he will get facilities in the form of a tariff reduction of 50% from the normal rate.

RESEARCH METHODS

3.1. Research Approach

The method used in this research is descriptive method, namely research conducted by collecting data in accordance with the actual situation with the aim of revealing facts and looking for information about the cause of this problem and how to solve it.

3.2. Definition of Variable Operations

The operational definition is an explanation of the variables that will be observed solving the problem. In this study there is one variable that will be examined, namely: Fiscal correction of the income statement as a determinant of the income tax payable. Fiscal correction of income statement as a determinant of corporate income tax payable is the process of adjusting for profits that differ between commercial and fiscal terms to obtain net income or profit in accordance with tax provisions (fiscal profit) to be used as the basis for calculating the amount of corporate income tax owed by the company.

To calculate the outstanding corporate income tax, seven components are needed as an important basis for calculating corporate income tax, namely:

1. Income which is subject to tax
2. Income that is excluded as an object of tax in Article 4 paragraph 3 of the Income Tax Law No. 36 of 2008
3. Income whose tax is imposed in the final, in accordance with article 4 paragraph 2 of the Income Tax Law No. 36 of 2008
4. Costs that may be deducted from gross income in accordance with article 6 of the Income Tax Law No. 36 of 2008
5. Costs not deducted from gross income in accordance with article 9 of the Income Tax Law No. 36 of 2008
6. Costs that may be financed by 50% based on the decision of the Director General of Tax No. KEP-220 / PJ / 2002
7. Costs using a nominal list are in accordance with the Director General of Taxes circular No SE-27 / PJ.22 / 1986

3.3. Place and time of research

1. Place of Research

   This research was conducted at PT. Asam Jawa, which is located in Medan city Jl. Gajah Mada No. 40 Medan. The location was chosen because it remembers research topics related to the production process. In addition, the company selected as the object of research is a manufacturing company engaged in the processing of CPO and Kernel.
2. Research Time

   This research was conducted from November 2018 to March 2019.

3.4. Data Types and Sources

1. Data Type

   This type of research used in this research is quantitative and qualitative data.
2. Data source

   Sources of data in this research are secondary and primary data.

3.5. Data collection technique

Data collection techniques used in this study are documentation and interviews. Documentation studies are data collection techniques aimed directly at research subjects in order to obtain information related to research objects.

3.6. Data analysis technique

The steps the authors do in analyzing the data are:

1. Finding and collecting data related to research.

   At this stage the researcher collects all necessary data sourced from books that are relevant to the research data and also of course the documents obtained from the research location.
2. Analyzing data

   Data analysis is an activity to organize, sort, group, code or mark, and categorize it so that a finding is obtained based on the focus or problem to be answered. Through a series of activities, qualitative data that is usually scattered and overlapping can be simplified to finally be easily understood.
3. Interpreting research findings

   In this step, a comparison is made between the results of the first step above with various theories that are adapted to the research theme, where the theories and concepts refer to books or other written sources.

4. Summing up the research results in a description
5. The next step is drawing conclusions and *verification*. The initial conclusions put forward are still temporary, and will change if we do not find strong evidence that supports the next stage of data collection. However, if the conclusions are indeed supported by valid and consistent evidence when the researcher returns to the field to collect data, then the conclusions put forward are conclusions that are credible. The conclusion is expected is a new finding that has never before existed. The findings can be in the form of a description or description of an object that was previously still unclear, so that after examination it becomes clear.

RESEARCH RESULTS AND DISCUSSION
4.1. Research result
1. **Overview of PT Asam Jawa**

PT. Asam Jawa is a large private plantation company engaged in oil palm plantations and processing factories. Palm oil is processed into CPO and Kernels are sold to consumers. PT. Tamarind was established in the framework of the Domestic Investment Law (PMDN) No. 6 of 1968 and No. 12 of 1970, and the company was established under certificate No. 37 dated January 16, 1982 and certificate No. 53 dated October 24, 1983 before Barnang Armino Pulungan, SH, notary in Medan. Received approval from the Minister of Justice of the Republic of Indonesia with Decree Number C2-3259 HT. 01 of 1984 dated 6 June 1984 which was published in the Official Gazette of the Republic of Indonesia State Gazette No. 62 dated 3 August 1984. In accordance with the decree of the Minister of Agriculture in this case the Director General of Plantations, Plantations of PT. Asam Jawa is declared as a large national private plantation, while the legality of a business as a PMDN company is stated in BKPM's Domestic Approval Letter (SPT) No. 261/1 / PMDN / 1983 December 13, 1983.

The reason for giving the name Asam Jawa to PT. Asam Jawa is because at the time of the formulation of the company's name the meeting was held in Asam Jawa village, Kota Pinang District. With the legality mentioned above actually the company PT. Asam Jawa has been working on land since 1982, at Imas Tumbang or commonly referred to as *Land Clearing,* because the land itself is already on relatively dry land and has relatively no significant obstacles in its processing. Facility of plantation area managed by PT. Asam Jawa and has received approval from the Investment Coordinating Board (BKPM) No.261 / 1 / PMDN / 1983.

2. **Research Data Description**

The data that the author presents in the research report so that it can be processed and analyzed more deeply is the financial statements in the form of a balance sheet and income statement of PT Asam Jawa in 2017. The PT Balance Java balance sheet in 2017 as follows:

Table 4.1. Balance Sheet Report of PT. Tamarind
2017

CURRENT ASSET	
- Cash and cash equivalents	30,169,121,980
- Employee receivables	151,714,875
- Other accounts receivable	115,822,405,079
- inventory	27,989,619,872
- down payment	163,158,199
- Taxes paid in advance	305,998,387
- Fees paid in advance	15,246,797
Total Current Assets	174,617,265,190
AKTIVATIDA K CURRENT	
- Investment - Equity Participation	96,500,000,000
- Fixed assets - after deducting akum. Peny in the amount of Rp. 163,546,017,007, - in 2017 and Rp. 154,092,347,498, - in 2016	187,681,478,797
Total Non-Current Assets	284,181,478,797

OTHER ASSETS - Deferred expenses - after deducting the accumulated account by Rp. 1,718,550,000, - in 2017 and Rp. 1,628,100,000 in 2016 - Project in progress Total Other Assets	 90,450,000 1,833,130,957 1,923,580,957
NUMBER OF ASSETS	**460,722,324,944**
LIABILITY AND EQUITY **CURRENT LIABILITY** - Accounts payable - Other debt - tax payable - Accrued expenses Short-term Obligations	 4,183,910,271 49,906,380,130 330,591,905 618,437,676 55,039,319,981
EQUITY - Equity capital - authorized, issued and fully paid up 30,000 shares with a nominal value of Rp. 1.000.000, - per s a ham - The remaining profits are reserved - The remaining profits have not been reserved Total Equity	 30,000,000,000 50,028,562,780 325,654,442,183 405,683,004,963
TOTAL H OBLIGATIONS AND EQUITY	**460,722,324,944**

From this existing balance sheet, we can see that PT. Asam Jawa has a total current asset of Rp 174,617,265,190 which consists of Cash and cash equivalents, Employee receivables, Other receivables, Inventories, Advances, Prepaid taxes, Prepaid expenses. Total fixed assets of Rp 2 84,181,478,797 than investment- P enyertaan Capital, Asset fixed- net Akum. Peny in the amount of Rp. 163,546,017,007, - in 2017 and Rp. 154,092,347,498, - in 2016.

Meanwhile, the total amount of other assets is Rp. 1,923,580,957, comprised of deferred charges - after deduction from the current account amounting to Rp. 1,718,550,000, - in 2017 and Rp. 1,628,100,000 in 2016 and the Project under construction, thus the total number of assets reached Rp. 460,722,324,944

In terms of liabilities, there is a total debt of Rp. 55,039,319,981, obtained from trade payables of Rp. 4,183,910,271, Other payables of Rp. 49,906,380,130, tax payable of Rp. 330,591,905, the accrued fee is Rp. 618,437,676.

While jumla h equity of Rp. 405,683,004,963, consisting of authorized shares, placed and paid in full 30,000 shares with a nominal value of Rp. 1,000,000 per share of Rp. 30,000,000,000, the remaining profit is reserved in the amount of Rp. 50,028,562,780, and the remaining profit has not been reserved for Rp. 325,654,442,183. Therefore, the total Amount of Liabilities and Circuits is Rp. 460,722,324,944. From the income statement of PT. Asam Jawa can be seen the profits earned by the company during one accounting period. With a total profit after tax of Rp 59,908,583,485

4.2. Discussion

1. **Application of Tax Accounting at PT. Tamarind**

Based on the results of researchers' interviews with the Head of Finance of PT. Asam Jawa stated that PT. Asam Jawa has made a fiscal correction on the income statement against the cost of expenses. Among them is the cost of Cost of Goods Sold, is a vital component in the calculation of taxes, because the high- and low-income tax is strongly influenced by the Cost of Goods Sold (COGS). For the same sales value, the higher the COGS, the lower the profit, and of course the tax will be lower. From the above data it can be seen that the Cost of Goods Sold is too large so the cost of goods sold must be corrected by Rp. 907,109,014.

Then the cost of eating and drinking employees, is a cost that has been done by the company as a cost that reduces income included in the company's operational costs, but according to taxation is not a cost that is permitted as a deduction from income, from employee consumption costs of Rp. 702,030,400,- account employee consumption costs and must be corrected positively in accordance with applicable taxation regulations and according to Article 9 paragraph (1) letter e, Law Number 36 of 2008, that the burden of replacement or compensation in connection with work or services provided in kind and enjoyment, except for the provision food and drink for all employees and compensation or compensation in the form of natura and enjoyment in certain regions related to the implementation of work that is regulated by or based on the Minister of Finance Regulation, employee consumption costs cannot be recognized as an expense that will reduce income (*non deductible expense).* So, in the fiscal reconciliation account the cost / expense of employee consumption in the commercial income statement must be corrected positively according to the total consumption cost of Rp. 702,030,400

Then PT. Asam Jawa also corrected the cost of employee welfare. In calculating income tax, employee welfare is made as a material expense, namely a production service expense of Rp. 592,050,137. In fiscal correction the welfare of employees as a deduction from taxable income. Employee benefits as a complementary compensation that is often called "*Fringe Benefits"* is to retain employees in the long run. Complementary compensation is in the form of providing a "*Benefis* " package and administering employee service programs, therefore fees are corrected (adjusted) only partially.

Furthermore, the Head of Finance, PT. Asam Jawa said that it made corrections to the costs of renting office buildings used for the company's daily operations. For these costs do not need to be corrected because it is a component of the cost of reducing gross income in accordance with the Income Tax Law Article 36 of 2008 Article 6 paragraph 1 letter a number 3 concerning costs that can be a reduction of gross income. For this rental fee, a correction of Rp. 297,210,797.

For newspaper and magazine fees, according to the Income Tax (PPh) Law No. 36 of 2008 Article 6 paragraph (1) letter a Fourth Amendment to Law No. 7 of 1983 concerning Income Tax (PPh), that the costs of these newspapers & magazines are included in costs that can be deducted from the company's gross income. Newspaper and magazine expenses have a direct relationship with business activities to obtain, collect and maintain income that is not the object of income tax or the imposition of final income tax. Thus, the costs / expenses of newspapers and magazines in the commercial income statement must be corrected in the amount of Rp. 17,070,000.

Fiscal corrections were also made to the costs of sundries, these sundries had to be corrected in total of Rp 1,1031,646,281, because they did not have supporting evidence or a nominative list of the costs incurred. So, the fee is considered non-existent. With the conclusion that the company has correctly corrected the costs of this sundries.

Furthermore, the Head of Finance, PT. Asam Jawa also carries out Research and Development Costs incurred as contributions to other parties that are not written in the Government Regulation, so the total cost of donations must be corrected positively in the amount of Rp. 69,443,000.

Then on Interest Income & Giro Services (Final PPh) of PT. Asam Jawa received other income of Rp. 224,032,000, - and interest and services Giro income of Rp. 610,415,418. Interest on Deposits and Giro Services received by the Taxpayer has been deducted with final income tax so that it may not be added to income. This is based on the provisions of article 4 paragraph (2) of the Income Tax Act No. 36 of 2008, which explains that the interest on deposits, savings and discounts on Bank Indonesia Certificates (SBI) received by both corporate and personal taxpayers is deducted from income tax and is final. Therefore PT. Asam Jawa needs to make negative fiscal corrections for other income and interest income and current account services.

According to Agoes and Estralita Trisnawati (2010, p.218) Fiscal Correction is the process of adjusting commercial income that differs from fiscal provisions to generate net income / profits in accordance with taxation provisions. With this fiscal reconciliation process, the Taxpayer does not need to make a double bookkeeping, but rather to make one bookkeeping based on Financial Accounting Standards. After that, a fiscal reconciliation will be made which will be used as the basis for calculating income tax.

In preparing fiscal fiscal reports, taxpayers must refer to tax regulations, so that commercial financial statements made under Indonesian GAAP must be adjusted or made a fiscal correction before calculating the amount of taxable income. Differences in the measurement, concept, and recognition of income and costs between Financial Accounting Standards and taxation provisions cause the need for fiscal correction to be made. This fiscal correction is intended so that profits from commercial reports with fiscal reports can be adjusted to calculate the amount of Income Tax. Fiscal corrections due to time differences and consist of positive and negative corrections. There are different amounts of profits after adjustments between commercial and fiscal financial statements.

Based on the results of the interview it can be concluded that PT. Asam Jawa has implemented a fiscal correction based on the Taxation Law. This can be seen from every correction made based on the law.

2. **Causes of the Calculation of Income Tax (PPh) of PT. Tamarind is not in Accordance with Law Number 36 of 2008**

After the fiscal financial statements have been prepared it can be seen that the Taxable Income (PKP) is Rp. 59,908,583,485. Calculation of Income Tax due using Income Tax Article 31E of Law No. 36 of 2008 concerning Income Taxes using tariffs based on the circulation of gross businesses that obtain facilities and for which there are no facilities. This is due to the amount of gross business circulation that exceeds 4.8 billion to 50 billion.

The following is the calculation of income tax payable by PT Asam Jawa for tax year 2017.

- Taxable income received facilities

  $$\frac{4.800.000}{436.248.181.364} \text{ x } 19.969.527.828 = 219.723$$

  Outstanding income tax received facilities = 25% x 50% x 219,723 = 2,746
- Taxable income that does not get facilities

  19.969.527.828 - 219.723=19.969.527.608

  Income tax due that gets the facility = 25% x 19,969,527,608 = 4,992,381,902
- Income tax due in 2017 = 2,746 + 4,992,381,902 = 13,709,080,702

In calculating the amount of tax payable PT Tamarind by fiscal correction, there is a difference amount of income tax, in which the income tax, indicated Rp. 19,969,527,828, but after the researchers calculated the income tax of Rp. 13,709,080,702.

The large amount of this difference occurs because the correction treatment that is not in accordance with applicable tax regulations also causes the emergence of a difference between commercial and fiscal. In making fiscal corrections, each income received and costs incurred must be traced sources, evidence, and use. After that the income and expenses are adjusted to the applicable tax regulations. In addition, companies must always follow the latest changes in tax regulations, so that the calculation of taxable income can be done correctly.

This result is also in accordance with the results of research conducted by Sianipar (2008) with the research title "Analysis of the calculation of corporate income tax article 25 based on commercial profits with fiscal profits at PT. Indograha Nusa Sarana Medan "where the results of the study indicate that the difference between fiscal profits is caused by differences in depreciation rates according to commercial accounting and fiscal accounting as well as differences in recognition of costs.

The same thing is also in accordance with the research conducted by Siregar (2011) with the research title "Analysis of Fiscal Correction to Calculate the Amount of PP h Payables at PT Perkebunan Nusantar III (Persero) Medan" For tax purposes, the company makes a fiscal correction on the calculation of profit and loss according with the taxation law to produce taxable income which is the basis in calculating the amount of tax owed by the company. The company found permanent differences in terms of recognition of income and burden between financial accounting standards and taxation laws.

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

Based on the results of the research and discussion above, the following conclusions can be drawn:

1. PT. Tamarind is perus a pany the largest private sector engaged in plantation, processing and marketing of the farm. The Company's business activities include the cultivation and processing of oil palm and rubber plants. The Company's main products are Palm Oil (CPO) and Palm Kernel (Kernel) and downstream rubber products.
2. For tax purposes, the company makes a fiscal correction on the calculation of losses in accordance with tax laws to produce taxable income which is the basis for calculating the amount of tax owed by the company.
3. Calculation of Income Tax (PPh) of PT. Tamarind is not yet in accordance with Law Number 36 of 2008.

5.2. Suggestion

Based on the conclusions that have been stated, further suggestions can be given as input for the company, namely:

1. In making fiscal corrections, especially costs that can be deducted from gross income to obtain taxable income, companies must pay attention to the terms and conditions that apply. In this case the actual advertising and promotion costs may be deducted from the gross income by a fiscal correction due to the absence of a nominative list made by the company, as well as newspaper / magazine / floral / sports expenses which are not a reduction of gross income.
2. The company must be more careful in correcting revenues and costs so that it will not result in a difference in the amount of income tax that must be paid by PT Asam Jawa.
3. In correcting income and expenses, it is necessary to pay more attention to the costs that can be deducted from gross income in accordance with taxation law No. 36 of 2008 concerning Income Taxes and related government regulations.

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