

# Tax Planning Analysis: Centralization of Documentation System for Evidence of Income Tax Income (PPH) Article 23 for the Purpose of Corporation Income Tax Saving (Case Study at “X” Corp. in Bandung)

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Article 23 of Income Tax is a tax that is not final and is deducted by another party. Based on the proof of deduction, the deduction of income tax article 23 becomes a tax credit at the Corporate Income Tax at the end of the tax year. However, in practice, especially in large-size service companies that have branches to remote areas such as in PT X as examined, this tax credit can be less than optimal. This study aims to find out how to optimize the crediting of PPh 23 in order to save corporate income tax. The research method in this study uses quantitative descriptive methods. The researcher conducted an analysis to obtain a real picture of optimizing the crediting of Article 23 Income Tax in saving the corporate income tax by PT "X". The results showed that the crediting of Article 23 Income Tax could be lost due to delay or loss of documents that must be received. Through the centralized evidence proofing system that we compiled and proposed, the amount of delay and loss of the withholding tax Article 23 document that occurred at the branch office was avoided so that the crediting of Article 23 Income Tax could be optimized.

**Key words:** *Income Tax, Article 23 Income Tax, tax credit.*

## Introduction

Tax is one of the sources of state income that is very important for the implementation and improvement of national development, aimed at improving the prosperity and welfare of the community. Since tax reform was implemented with the issuance of the new tax law in 1983, the taxation system has changed from office assessment to self-assessment (for example for Income Tax and Value Added Tax).

In addition to the self-assessment system, the tax collection system applied in Indonesia is a withholding tax. In a withholding tax system, third parties are given the trust to carry out the obligation to cut or collect taxes on incomes paid to recipients of income while depositing it to the state treasury. At the end of the tax year, taxes that have been deducted or collected and have been deposited into the state treasury will be a deduction from taxes or tax credits for parties who are deducted by attaching proof of deduction or collection in annual tax reporting.

Withholding PPh by other parties, including the deduction of PPh Article 23. Receipt of Proof of Withholding of Income Tax Article 23 received by a taxpayer last year, can affect the calculation of the corporate income tax installments for the current year. Therefore, administering Proof of Withholding of Income Tax Article 23 is an important thing for taxpayers because it can reduce the amount of corporate income tax.

Proof of Withholding of Article 23 Income Tax managed by PT "X" is a deduction made by the partner on the income of services that have been paid to PT "X". In general, the services that are the object of Article 23 Income Tax at PT "X" are management services or agency services, and also for expedition services, that are imposed in September 2015 in accordance with the applicable Minister of Finance Regulation.

As one of the corporate taxpayers, PT "X" has also utilized the deduction of Article 23 Income Tax by partners as a tax income tax Article 25. Table 1.1 below shows a comparison of the amount of receipt of Withholding Income Tax Article 23 on Corporate Income Tax:

**Table 1.1:** Register Tax Article 23 Income Tax and "X" PT Corporate Income Tax Fiscal Year 2011 to 2016

Years	Tax Credit Income Tax Article 23		Corporate Income Tax (Rp)	Percentage
	Numbers (sheets)	Total (Rp)		
2011	7.932	8.155.152.436	13.596.227.500	59,98
2012	9.681	11.473.615.520	60.096.154.500	19,09
2013	12.864	12.611.588.685	83.348.808.000	15,13
2014	15.715	12.616.523.437	64.499.881.250	19,56
2015	17.182	18.710.200.258	35.726.841.500	52,37
2016	20.088	22.532.930.714	81.504.309.538	27,64

Resources: "X" Corp. Financial Statement (data processed)

Table 1.1 shows the percentage of the amount of tax Article 23 with Income Tax credit from 2011 to 2016. In 2011 and 2015 the percentage of tax credit to corporate income tax reached more than 50% (fifty percent). Specifically, 59.98% in the year 2011 and 52.37% in the year 2015.

There are 204 branch offices of companies that currently manage the receipt of evidence of withholding tax Article 23 from a total of 227 branch offices with NPWP. The recapitulation of the amount of withholding tax Article 23 by other parties on the income received by the company in the period 2013 to 2016 can be seen in table 1.2 as follows:

**Table 1.2:** List of Withholding Tax Article 23 of PT "X" Fiscal Years 2013 to 2016

Regional	Amount of Withholding Tax 23 Year 2013 (Rp)	Amount of Withholding Tax 23 Year 2014 (Rp)	Amount of Withholding Tax 23 Year 2015 (Rp)	Amount of Withholding Tax 23 Year 2016 (Rp)
Reg I	70.796.517	247.464.044	272.553.931	313.597.655
Reg II	167.026.483	210.198.303	257.252.862	260.533.171
Reg III	169.686.610	203.394.870	213.813.936	328.324.148
Reg IV	542.820.016	527.135.507	1.308.500.918	7.299.430.025
Reg V	798.708.122	607.425.883	409.637.806	518.366.265
Reg VI	413.488.411	443.126.642	464.899.737	552.546.453
Reg VII	350.854.113	364.654.725	288.290.936	626.917.605
Reg VIII	129.798.444	152.840.713	177.307.918	196.942.181
Reg IX	88.526.036	108.540.791	116.118.195	152.237.059

Reg X	174.362.480	186.446.354	247.745.680	379.210.074
Reg XI	9.094.810	10.884.501	29.222.305	64.724.370
Jumlah Reg I s.d XI	2.915.162.042	3.062.112.333	3.785.344.224	10.692.829.006
Kantor Pusat	11.518.389.431	9.985.443.062	15.195.705.525	12.326.534.915
Jumlah Reg & Pusat	14.433.551.473	13.047.555.395	18.981.049.749	23.019.363.921

Resources: Tax Information System "X" Corp. (data processed)

Table 1.2 above shows that the number of withholdings of Article 23 Income Tax is more directly received by the Head Office than those received through the Branch Office, which is more than 50% of the total deduction of Article 23 Income Tax nationally, which is Rp. 23,019,363,921, -.

Withholding of Article 23 Income Tax, on income received by the company from partners, not all of which can be credited, because up to the implementation of the reporting of the Agency's SPT, the company does not receive documents for the deduction of Article 23 PPh carried out by the related partner. The deduction of Income Tax Article 23 data that cannot be credited to the Corporate Income Tax can be seen in table 1.2.

The deduction of Article 23 Income Tax carried out by the partner PT "X" is a deduction from the income receipt from agency services. Proof of Withholding of Income Tax Article 23 received from partners, can be a tax credit if it meets the complete requirements of both formal and material requirements. The formal requirement in question is that the deduction of Article 23 Income Tax that is carried out by partners must be accompanied by valid proof of deduction. Table 1.3 below shows the deduction of Income Tax Article 23 but does not accept the Withholding Proof of Article 23 Income Tax.

**Table 1.3:** Income Tax Article 23 withholding data that cannot be credited Fiscal Years 2013 to 2016

Years	Missing document		Invalid Document		Total	
	Number of Sheet	Amount of Money	Number of Sheet	Amount of Money	Number of Sheet	Amount of Money
2013	2.728	1.725.993.304	647	95.969.484	3.375	1.821.962.788
2014	1.932	320.184.649	226	110.847.309	2.158	431.031.958
2015	1.338	214.039.453	448	56.810.038	1.786	270.849.491
2016	1.270	461.961.450	272	24.471.757	1.542	486.433.207
Jumlah	7.268	2.722.178.856	1.593	288.098.588	8.861	3.010.277.444

Resources: Tax Information System "X" Corp. (data processed)

Based on the interviews that the researchers conducted with several informants, namely officials and executors of tax managers at the Head Office, it can be seen that the cause of not being credited with the deduction of Article 23 Income Tax, has been carried out by these partners is further explained as follows:

- a. There is a delay in receiving documents from partners, i.e. new documents are received at the Head Office after the process of preparing the Corporate Income Tax is complete. This delay is mainly due to the submission of documents from partners through branch offices. Some branch status partners do not issue evidence of Withholding Income Tax Article 23, but wait from their respective headquarters.
- b. Orderliness in the delivery of Proof of Withholding Article 23 documents by partners should be sent through the branch office, but the partners send directly to the head office. This can cause delays in the verification process at the Head Office because the Proof of Withholding of Income Tax Article 23 must still be administered in advance by the branch office.
- c. Employee disorder, especially in inputting and sending documents at branch offices. This is more due the level of activity in the sending of documents that are piling up at the end of the year and it is possible that the original documents will be lost. Withholding of Article 23 Income Tax that cannot be credited against Corporate Income Tax can occur both at the branch office and at the head office.

Based on the data and description above, there is a phenomenon that in the management of administrative deductions of Article 23 Income Tax, which are spread across all PT "X" branches. There is a difference between the deduction of Article 23 Income Tax that has been done by another party by crediting Article 23 Income Tax in the calculation of Corporate Income Tax in PT "X". In order to become a tax credit at the end of the tax year, the administration of withholding tax Article 23 must be correct and neat. The greater the amount

of Proof of Withholding Income Tax Article 23 received, the less the amount of corporate income tax that must be deposited at the end of the tax year so that it can assist management in managing the company's cash flow. Therefore, the authors are interested in conducting an analysis of the company in hopes of finding a solution to save tax payments.

## Literature Review

Article 23 of Income Tax is one type of repayment of income tax in the current year through deductions of third parties, which is a tax installment that may be credited against the income tax payable for the tax year concerned, except for final income tax (Abuyamin, 2012). Article 23 of Income Tax is imposed on payments, not purchases. This means that Article 23 Income Tax is not imposed on goods transactions, but is subject to transactions as follows:

- Services other than construction services and services not regulated in other services regulated by the Minister of Finance.
- Rent other than leasing land and/or buildings.
- Payment of interest other than; bond interest, banking interest, cooperative deposit interest, interest paid to the bank, interest paid to the SGU leasing company Option Rights, interest paid to financial institutions, Interest to BUMN / BUMD specifically established to provide financing facilities for micro, small businesses, middle and cooperatives.
- Award Prizes.
- Dividends paid to the Agency.
- Royalties

The Article 23 Income Tax Cutter is regulated in Article 23 of the Income Tax Law and DGT Decree No. 50 / PJ / 1994 are as follows:

- For corporate taxpayers who pay money or charge for services, leases other than land and building leases, rents other than ships, dividends, royalties, award prizes and interest on cooperative deposits, interest between companies other than banks and leasing leases with option rights.
- Whereas for Individual Taxpayers, it is those who use bookkeeping or are appointed by the Directorate General of Taxes, for example accountants, architects, doctors, or notaries.

Withholding Income Tax by the parties, as referred to in Article 23 paragraph (1) and paragraph (3) of the Income Tax Act, is carried out at the end of the month: a. Paid income; b. Provided for payment of income; or c. The maturity of payment of the income in question, depending on the events that occur first. Article 23 Income Tax is usually paid for a tax year and can be credited at the end of the year.

According to Law Number 6 of 1983, as amended by Law Number 16 of 2009 concerning General Provisions and Procedures for Taxation, what is meant by Tax Credit for Income Tax is a tax paid by the Taxpayer plus the tax principal payable in a Tax Collection Letter because the Income Tax in the current year is not or is underpaid, plus tax deducted or levied, plus tax on income paid or payable abroad, minus the preliminary return of excess tax, which is tax deductible owed.

Income Tax Withholding and Collection is the application of a taxation system that uses a Withholding System where a tax paid by a person or entity is deducted or collected by a third party. The third party is obliged to collect income tax from the purchase or sale of goods or cut income tax from recipients of income, deposit the tax to the state treasury through a Perception Bank or Post Office and report it to the Tax Service Office (KPP), Practical Instructions for Withholding and Collection of Income Taxes. 2010).

The implementation of the withholding and collection tax is basically a tax paid in the prepaid tax year. This is intended to pay off the tax close to the amount of tax that will be owed for the tax year concerned, so that it can alleviate the annual tax burden of Article 29 Income Tax. One of the income taxes that is deposited and reported by another party is Article 23 Income Tax, namely paid taxes related to the utilization of services, or lease payments other than building land or investment.

The arrangement regarding the crediting of Article 23 Income Tax on Corporate Income Tax is about the provisions for when the Income Tax Article 23 is cut (the date of proof of deduction) and about when it can be credited (the tax year).

Calculation of corporate income tax is imposed on taxable income. In determining taxable income, gross income must be calculated, then reduced by expenses of taxable objects that can be deducted from gross income. The difference between the two (gross-deductible income) is the taxable income. Due to differences between commercial profit and fiscal profit, because not all provisions of the Financial Accounting Standards are the same as tax regulations, fiscal reconciliation needs to be done.

Fiscal reconciliation, or also called fiscal correction, is an adjustment to commercial financial statements to compile fiscal financial statements (Suandy, 2011). Fiscal correction is carried out because of differences in the recognition of income and costs between commercial and fiscal financial statements, giving rise to differences in calculating the amount of taxable income.

Fiscal reconciliation (correction) is the process of adjusting for commercial profits that are different from fiscal provisions, to produce net income / profits that are in accordance with

tax provisions (Agoes & Trisnawati, 2007). Fiscal reconciliation is the adjustment of provisions according to commercial accounting or accounting that must be adjusted according to tax provisions (Setiawan & Musri, 2012).

Fiscal reconciliation is an adjustment between commercial financial statements and fiscal financial statements, through permanent differences and temporary differences, or positive fiscal corrections and negative fiscal corrections (Zain, 2007).

Fiscal correction occurs because of differences in recognition on a commercial and fiscal basis. The difference can be:

1. Permanent Difference

Permanent difference (permanent difference), namely the difference between account earnings and taxable income, caused by tax provisions but will not cause accounting problems and does not give effect to tax obligations in the future. This difference consists of income that has been deducted from final PPh, income that is not an object of tax, expenditure which is included in a non deductible expense (Article 9 paragraph 1 of the Income Tax Law) and is not included in deductible expense (Article 6 paragraph 1 of Income Tax Law).

2. Temporary differences

Temporary differences are differences in accounting profits and taxable profits caused by tax provisions and provide future influence in a certain period of time so that the effect on accounting profits and taxable income eventually becomes the same.

There are several systematic approaches that can be performed in order to design a tax plan, but all of them are based on the general formula for tax calculation, such as the income tax calculation formula in table 2.1 (Pohan, 2013).

**Tabel 2.1:** Corporate Income Tax Calculation Formula

1	Jumlah seluruh penghasilan (worldwide income)	Pasal 4 ayat 1
2	-/- Penghasilan yang bukan objek PPh (non taxable)	Pasal 4 ayat 3
3	Penghasilan bruto (1-2)	
	-/- Biaya fiskal yang boleh dikurangkan(deductible)	Pasal 6 ayat 1, Pasal 11 & 11A
4	(Koreksi biaya fiskal yang tidak boleh dikurangkan dari total biaya)	Pasal 9 ayat 1 & 2
5	Penghasilan netto (3-4)	
6	-/-Kompensasi kerugian	Pasal 6 ayat 2
7	Penghasilan Tidak Kena Pajak (WP OP)	Pasal 7 ayat 1

8	Penghasilan Kena Pajak /PhKP(taxable income) (5-6-7)	
9	Tarif PPh Pasal 17 dan 31 E	Pasal 17 dan 31 E
10	Pajak Penghasilan Terutang (tarif x PhKP)	Pasal 21(WPOP), Ps 22,
11	-/- Kredit Pajak	23, 24, 25
12	PPh Kurang Bayar/Lebih Bayar/Nihil bayar (10-11)	Pasal 28, 28 A, 29

Under the Income Tax Law No. 36 of 2008, as of 2010, the corporate income tax rate applies a single tariff of 25%. In order to minimize the corporate income tax owed, the tax planning strategy is optimized by minimizing the tax burden and maximizing costs that can be excluded from taxation.

Optimizing tax payments is a security measure that must be carried out by taxpayers related to transactions with third parties and safeguarding the company's cash flow, the purpose of which is to bring tax savings (Pohan, 2013).

Optimizing tax payments can be done, among others:

1. Safeguarding business contracts from potential withholding tax deductions.
2. Optimization of crediting of Income Tax that has been paid.
3. Submission of application for the reduction in installments of Income Tax Article 25.
4. Submission of Free Article 22 Income Tax Article and Article 23 Income Tax.
5. Reconciliation or Equalization of Corporate PPh SPT with other SPT.

There are many cases of collection or tax deduction from third parties in business practices, where those who make business contracts, such as sales contracts / construction service contracts / leasing contracts, do not understand or ignore the taxation aspects in detail and in accordance with tax provisions, so that when audited by tax authorities, companies are subject to an obligation to pay withholding tax plus a fine of late deposit of 2% a month from the tax principal. Or conversely, because the contract or cooperation agreement does not strictly regulate the aspects of taxation, the company as a party whose income is deducted, requires documents receipt of proof of tax deductions.

Paid Income Tax Crediting or commonly referred to as tax credit, is the amount of tax payments paid by the Taxpayer himself, after being added to taxes deducted or collected by the Other Party (which are not final) and deducted from all taxes owed at the end of the year tax in question.

Optimizing tax credit can be done through the following steps:

- a. The administration of administration must be well organized and orderly, both in terms of its recording and the completeness of its documentation.

- b. To fulfill formal requirements, especially when the examination takes place, every time a tax is deducted or collected by another party, it is best to immediately ask for Proof of Withholding or Collection of the Income Tax. Penundaah (deferred action) of the request is quite risky, due to factors such as forgetfulness or loss of documents that will take time and energy to retrieve, so avoid waiting until the end of the tax year to request it.

### ***Framework***

Income tax is a tax that is calculated based on tax regulations and is subject to corporate taxable income. In determining taxable income, it must first be calculated what gross income becomes the object, then deducted by deductible expenses. The difference between the two (gross-cost deductible income) is the taxable income (net taxable income) which is the object of imposition of income tax.

The amount of corporate income tax payable is taxable income multiplied by the corporate income tax rate, which is 25%. This is carried out at the end of each tax year to find out if there is an underpayment or overpayment after deducting a tax credit. Tax credit is the amount of tax payments paid by the taxpayer himself, after being added to taxes which are deducted or collected by other parties (which are not final). Tax credit in the form of corporate income tax installments must be paid by the taxpayer for each tax period based on the Income Tax Installment Assessment Letter. While the tax credit in the form of collection or withholding of Income Tax Article 23 can be credited based on evidence of legal deductions provided by other parties who transact with taxpayers.

If the calculation of Corporate Income Tax at the end of the tax year is based on the Audited Profit / Loss Report, then the installment of Corporate Income Tax installments is determined based on the calculation of Corporate Income Tax, in accordance with the Company's Work Plan and Budget (RKAP), which has been ratified by the General Meeting of Shareholders. In determining taxable income, the same means of calculating the corporate income tax at the end of the tax year is implemented by calculating the corporate income tax for installments of corporate income tax.

Tax credit, in the form of withholding Article 23 of Income Tax by Other Parties, which is a deduction from corporate income tax payable in the current year is in accordance with the receipt of 23 years of Income Tax Article withholding evidence. Whereas for calculating Income Tax installments, the tax credit in the form of withholding Income Tax Article 23, in accordance with the tax credit of Income Tax Article 23 in the previous tax year.

### **Methodology**

The object in this study is the crediting of Income Tax (PPh) Article 23 and saving of Income Tax (PPh) at PT "X", with the method of research and data analysis using quantitative descriptive methods. This research is qualitative descriptive by making direct observations, interviews, and documentations. Descriptive methods are a method used to examine the status of human groups, an object, a condition, and a system of thought and events that will occur (Sugiyono, 2010).

The data that the author has collected from direct research and literature will be elaborated through analysis to obtain answers to the existing formulas. The analysis used in describing this study is quantitative analysis, which is analysis by calculating the numbers. This analysis was carried out to obtain a real picture of the administrative concentration of withholding Article 23 Income Tax and the implementation of crediting Article 23 Income Tax in the calculation of Corporate Income Tax (Sunyoto, 2013).

## **Result and Discussions**

The Tax Management Section is part of the organization of the Head Office that is appointed to implement and control the management of corporate taxes in accordance with the applicable tax regulations. Structurally within the Treasury and Tax Division under the Finance Directorate. The Tax Management Section is headed by the Tax Management Manager. The main task of the Tax Management Manager is to be responsible for the implementation of taxation, control and development of tax accounting policies in accordance with applicable laws and regulations, and preparation of the company's fiscal reports in accordance with the needs of the company.

With 204 branches of the Examining Office that administer tax administration, in order to increase control and efficiency of tax payments, the company has developed an online application. The company's internal application, called the Tax Information System (SIP), was built in the corridor of applicable tax regulations, making it easier to fulfill tax obligations for executors in all branches. For the purposes of tax reporting to the Directorate General of Taxes, companies still use the e-SPT application that must be used by all taxpayers.

Proof of Withholding of Article 23 Income Tax received by the company is proof of deductions from income, as is the object of Article 23 Income Tax, which is income from work with agency third parties. The income which is the object of Article 23 Income Tax consists of:

- a. Income or fee for receiving payments for telephone bills, electricity, water and bills from finance companies.

- b. Fund distribution income, which is a fee for payment of pension services and the distribution of other third party funds.
- c. Bank channeling income, which is a fee for paying credit services.
- d. Consignment object income, which is a fee for the sale of third party objects.
- e. Expedition services revenue, namely income from shipping services for documents and goods.

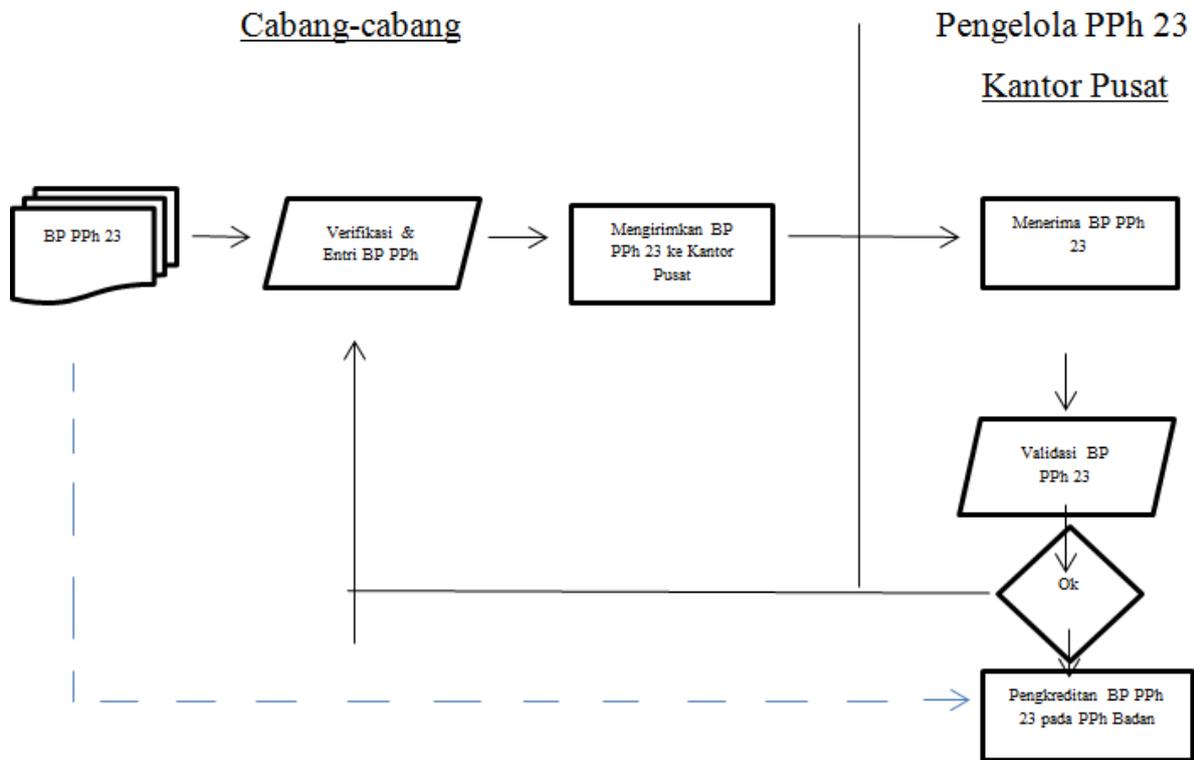
The imposition of the Income Tax Article 23 on all services provided by the company above is 2%, which is included in other service groups as stipulated in the Minister of Finance Regulation (PMK) number 141 / PMK.03 / 2015, concerning Other Services In Article 23 Paragraph (1) Letter C Number 2 of Act Number 7 of 1983, concerning Income Tax As Has Been Already Amended Last Time by Law Number 36 of 2008.

With the enactment of PMK 141 / PMK.03 / 2015 there is an expansion of the object of imposition of Article 23 Income Tax, namely the receipt of income from shipping services for letters and packages, which were not subject to Article 23 Income Tax deductions being subject to Article 23 Income Tax deductions.

The process of receiving Article 23 of withholding tax from the branch can be seen in Figure 4.1. The explanation from Figure 4.1 is that, after the Proof of Withholding of Income Tax Article 23 from the partner is verified, the Branch Office carries out data entry in the Tax Information System (SIP) and then the original document Proof of Withholding of Income Tax Article 23 is sent to the Head Office. Furthermore, the Head Office Tax Management Section can validate the receipt of the Article 23 withholding evidence after the original documents have been received from the Branch Office.

The administration of withholding Article 23 PPh can be done at the Branch Office or Head Office, depending on the mechanism for recording transactions and the income collection process to the partners. Proof of Withholding of Article 23 Income Tax received by the Head Office directly from the partner is Proof of Withholding of Income Tax Article 23 from the receipt of income from services collected by the Head Office.

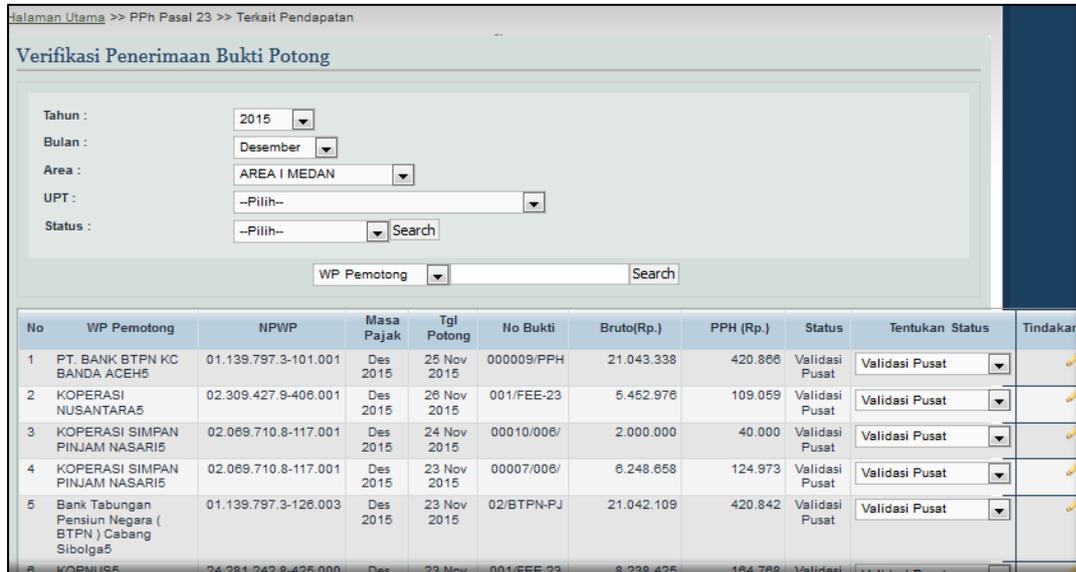
**Picture 4.1.** The Process of Receiving Proof of Withholding of Article 23 Income Tax



The Partner issues Proof of Withholding of Article 23 Income Tax for the Branch Office if the billing and repayment is through the Branch Office. Figure 4.2 below describes the verification module in the PT "X" Tax Information System for receipt of Proof of Withholding Article 23 Income Tax from partners at the Head Office through the Branch Office.

Verification in the module as described above is a process carried out by officers handling PPh Article 23 at the Head Office in verifying receipt of original documents Proof of Withholding of Income Tax Article 23 which has been authenticated by the Branch Office. There are 204 branch offices of companies that currently manage the receipt of evidence of withholding tax Article 23 from a total of 227 branch offices with NPWP.

**Picture 4.2.** Verification Module Acceptance of Proof of Withholding of Income Tax Article 23



No	WP Pemotong	NPWP	Masa Pajak	Tgl Potong	No Bukti	Bruto(Rp.)	PPH (Rp.)	Status	Tentukan Status	Tindakan
1	PT. BANK BTPN KC BANDA ACEH5	01.139.797.3-101.001	Des 2015	25 Nov 2015	000009/PPH	21.043.338	420.886	Validasi Pusat	Validasi Pusat	
2	KOPERASI NUSANTARA5	02.309.427.9-406.001	Des 2015	28 Nov 2015	001/FEE-23	5.452.978	109.059	Validasi Pusat	Validasi Pusat	
3	KOPERASI SIMPAN PINJAM NASARIS	02.069.710.8-117.001	Des 2015	24 Nov 2015	00010/006/	2.000.000	40.000	Validasi Pusat	Validasi Pusat	
4	KOPERASI SIMPAN PINJAM NASARIS	02.069.710.8-117.001	Des 2015	23 Nov 2015	00007/006/	6.248.858	124.973	Validasi Pusat	Validasi Pusat	
5	Bank Tabungan Pensiun Negara ( BTPN ) Cabang Sibolga5	01.139.797.3-128.003	Des 2015	23 Nov 2015	02/BTPN-PJ	21.042.109	420.842	Validasi Pusat	Validasi Pusat	
6	KOPNUS5	04.281.242.8-425.000	Des 2015	23 Nov 2015	001/FEE-23	8.238.425	164.788	Validasi Pusat	Validasi Pusat	

Based on observations and searches of existing documents and data, researchers see that the management of Proof of Withholding of Article 23 Income Tax at PT "X" is quite complex because it involves all existing branches where transactions occur with partners. Regardless of the position of the opponent of the transaction (partner), as long as billing and payment is given to the branch office of PT "X", the Partner deducts Income Tax Article 23 from the branch office.

With a large number of branch offices in scattered locations covering the entire territory of Indonesia, special handling in carrying out the administration of receipt of Proof of Withholding of Article 23 of Income Tax, is required. Every time the Article 23 Income Tax is deducted by other parties, it is better to immediately request the Proof of Withholding of Article 23 withholding tax. Delays in requests are quite risky such as due to forgetfulness or loss of documents, so there is no need to wait until the end of the tax year to request it.

In connection with the explanation set forth in the Circular of the Directorate General of Taxation number SE-12 / PJ.4 / 1996 dated March 25, 1996 concerning the Implementation of Withholding of Article 23 Income Tax, for the smooth acceptance of documents, companies can determine their own mechanism for withholding Income Tax Article 23. Administrative convergence the deduction of Article 23 Income Tax basically is to centralize the administration of billing to partners. This can be done in the event that transactions occur between the same partners (both central and branch status) that transact with the company's branches and head office.

In order to be able to carry out administrative centralization of withholding Article 23 Income Tax, the company can make an agreement with a partner who cooperates in the process of billing and settlement of payments. In the List of Receipts of Withholding Proof of Income Tax Article 23 of the December 2015 Regional I Medan, as attached, the researcher grouped the Proof of Withholding Article 23 document received by the branches in Regional I Medan per cutter partner. Most of the Proof of Withholding of Article 23 Income Tax received at each branch in Medan Region I came from the same partner.

The cooperation agreement with partners contained in the Cooperation Agreement (PKS), must be made centrally by the Head Office. Each of these partners uses the same NPWP, meaning that the partner is only registered in one of the Tax Service Offices (KPP), so that it is easier to merge in the administration of the deduction of Article 23 PPh. With the arrangement that the collection of accounts receivable from partners is carried out by the Head Office, the partner will issue Proof of Withholding of Income Tax Article 23 for the Head Office only.

Based on the deduction of Article 23 Income Tax at branches in Medan Regional I, out of 105 (one hundred and five) sheets of Proof of Withholding of Article 23 Income Tax, it can be recapitulated to only 9 (nine) pieces. With a much smaller amount of Proof of Withholding Tax Article 23 document, the receipt of documents is more orderly and the error rate is smaller.

Considering the receipt of Proof of Withholding Article 23 Income Tax that is spread across branches, the company can try to simplify administrative procedures for managing the deductions of Article 23 Income Tax. This can be initiated by handling the Cooperation Agreement centrally at the head office. Cooperation agreements with national scope include the provision of services by all branches nationally and involving only a portion of branches. Furthermore, the company sets a unit that handles data settlement and collection to partners. Receipt of Proof of Withholding of Article 23 Income Tax from partners must go through the specified unit.

Convergence of withholding tax administration Article 23 can reduce the risk of the difference between the receipt of the Proof of Withholding Article 23 document that should be accepted by the Article 23 Income Tax deduction transaction by the partner which is a loss for the company. With the centralization of administrative deductions of Article 23 Income Tax, the number of documents for Proof of Withholding of Income Tax Article 23 will be much reduced so that it is more efficient in handling them.

Based on interviews that the author did with several employees who handled the administration of receipt of Article 23 Income Tax Withholding Evidence, both at the Head

Office and branches, and also the authors observations of supporting documents, there was an explanation that some of the concept of the Article 23 PPh deduction administration had been implemented.

In implementing the installment obligations of the Corporate Income Tax, PT "X" has implemented, as stipulated in Article 4 PMK 208 / PMK.03 / 2009, namely:

- a. The amount of income tax calculated based on the application of the general tariff on fiscal profit and loss according to the relevant tax work plan and budget year (RKAP) which has been ratified by the General Meeting of Shareholders (GMS), reduced by deduction and collection of Income Tax Article 22 and Article 23 and Article 24 Income Tax that is paid or owed abroad in the past tax year, divided by 12 (twelve).
- b. In the event that the RKAP has not been ratified, then the amount of the Income Tax installment Article 25 for the months before the month of ratification is the same as the installment of Article Income Tax for the last 25 months of the previous tax year.

The condition of the economy and the business world sometimes changes and results in a decrease in turnover so that the operating profit specified in the RKAP cannot be achieved. In such a situation, if the installment of a permanent corporate income tax is paid in accordance with the stipulation at the beginning of the tax year, then it is more likely that there will be overpayment of taxes. If the Corporate Income Tax return at the end of the tax year shows the occurrence of excess tax payments, then it can be ascertained and a tax audit will be carried out. The best strategy is not to deliver the Corporate Income Tax Returns to open opportunities for tax audit by reason of overpayment of taxes, because based on experience, each tax audit has the potential to incur a greater tax underpayment.

For PT "X", because the basis of the installment calculation is the RKAP, then to apply for installment changes, the conditions that must be met are the revised RKAP first. The bureaucratic process for submitting RKAP changes is not easy, causing the submission of reduction in corporate income tax installments rarely to be done. If the conditions for achieving the target are not appropriate, this will cause installments greater than the outstanding corporate income tax.

Similar to the installments of the corporate income tax paid by the taxpayer, the deduction of Article 23 Income Tax, that is carried out by the Partner is also referred to as a tax credit, because it can be a deduction from the income tax payable at the end of the year. To fulfill formal requirements, especially when the inspection takes place, every time a tax is deducted by the Partner, the company should immediately request proof of withholding tax. Postponement of requests is quite risky such as forgetfulness or loss of documents that will consume time and energy, so there is no need to wait until the end of the tax year to request it (Manangin, 2016).

Percentage of Article 23 Income Tax Credit to Total Corporate Income Tax payable during the 2011 to 2016 tax year can be seen in table 4.3. Table 4.3 shows that the contribution of tax income tax Article 23 in the calculation of the corporate income tax payable is 32.30%. But after the installment credit of the corporate income tax is calculated first, in calculating the outstanding corporate income tax, then the tax credit contribution of Article 23 Income Tax is 12.19%.

**Tabel 4.3:** List of Analysis of Percentage of Tax Credit for Article 23 Income Tax Against PT "X" PPh Years 2011 to 2016

Years	Corporate Income Tax	Corporate Income Tax less Instalment	Tax Credite PPh 23	% 5 = 4: 2	% 6 = 4: 3
1	2	3	4	5 = 4: 2	6 = 4: 3
2011	13.596.227.500	(6.582.000.479)	8.155.152.436	59,98	(123,90)
2012	60.096.154.500	35.283.970.972	11.473.615.520	19,09	32,52
2013	83.348.808.000	39.393.078.936	12.611.588.685	15,13	32,01
2014	64.499.881.250	12.746.440.754	12.616.523.437	19,56	98,98
2015	35.726.841.500	(30.315.219.820)	18.710.200.258	52,37	(61,72)
2016	81.504.309.538	23.652.037.798	22.532.930.714	27,65	95,27

Resources: Tax Information System "X" Corp. (data processed)

Crediting Article 23 of Income Tax on Corporate Income Tax can help companies regulate cash flow because it can reduce the amount of corporate income tax obligations that must be paid at the end of the tax year. However, if the company does not have a corporate income tax that must be paid, meaning that the company is overpaid, then the deduction of Article 23 Income Tax that has been done by the Partner, can actually disrupt the cash flow because it cannot be immediately utilized (Romadhiny, 2016).

With the centralization of administrative deductions of Article 23 Income Tax in addition to being more efficient in managing the document of proof of deduction, it can also reduce the risk of missing or late receipt of the Proof of Withholding Article 23 document. Thus, the overall deduction of Article 23 income tax can be credited against the corporate income tax and can save the payment of corporate income tax.



## Conclusion

Based on the results of the research and discussion that the author has performed, it can be concluded that optimizing the crediting of Article 23 Income Tax through centralizing administrative deductions of Income Tax Article 23 can save the corporate income tax at PT "X".

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