Case Analysis " Analysis Of Income Tax Planning Article 21 As An Efforts To Save Corporate Income Tax Expense At Pt. CAS "

CHAIRANI NOER - BC211120174

Final Semester Exams
Withholding Tax Course
Academic Year 2021/2022

DOI: 10.29322/IJSRP.12.08.2022.p12804
http://dx.doi.org/10.29322/IJSRP.12.08.2022.p12804

Paper Received Date: 11th July 2022
Paper Acceptance Date: 27th July 2022
Paper Publication Date: 6th August 2022

Abstract- Income tax is an important component of the company, where the tax information in the financial statements has its administration. This tax planning is used by almost every company in carrying out tax management to get the highest possible income and reduce the lowest possible costs. This study aims to formulate the form of corporate policy in planning PPh Article 21, whether it is following the applicable taxation tax provisions, and to see the effectiveness and optimization of PPh Article 21 planning at PT CAS to minimize corporate tax payments. The calculating PPh Article 21 uses the Net method, a method of withholding tax where the company bears Income Tax Article 21 for employees. The Gross-Up method is a method of withholding taxes. The company provides tax allowances for Income Tax Article 21, which is formulated as the amount equal to the amount of Income Tax Article 21, which will be deducted from employees. This type of research is grounded research. Types and sources of data are secondary data in the form of Annual SPT and Periodic Income Tax articles 21 years 2016, 2017, and 2018. Data analysis uses taxonomic analysis. The findings of this study resulted in policies formulated by corporations, including (1) payment of health insurance benefits from insurance companies, particularly employees of class IV; (2) pension payments to pension funds are designated for employees in groups III and IV to be registered as pension fund participants, while groups I and II are registered one year before entering retirement age; (3) PT CAS uses two methods of withholding income tax article 21, namely the Net method and the Gross-Up method in saving corporate tax.

The writing of the final project aims to compare the calculation of income PPh 21 using the Gross Method, Net, Gross up Method, or an alternative method of PPh method supported in part. Comparison of the calculation aims to find out which methods can be used by the company, assuming the method that can provide just repayments between companies or employees. Data collection methods are used by way of interviews, observation, and documentation. The results of this study showed that each method has advantages and disadvantages.

Index Terms- Tax Planning, Tax Article 21, Net Method, Gross Method, Gross-up Method

I. Introduction

Tax is one of the important instruments in state revenue to finance government expenditures. According to Suandy (2013: 1), these expenditures can be in the form of routine expenditures and investment expenditures to finance expenditures related to state development. Based on a copy of the Director General of Taxes Decree Number KEP 95//PJ/2015 concerning the Strategic Plan of the Directorate General of Taxes for 2015-2019 in the context of optimizing audits to reduce transfer pricing, tax avoidance, and tax evasion practices in the context of data matching that focuses on leading sectors from each Regional Office (Kanwil) (Husain & Alang, 2019). These practices are part of the company's tax planning. On the other hand, taxes are a burden that will reduce the net profit of the company (Prawasti, 2014). The goal of seeking maximum or maximum profit (profit-oriented) will certainly be covered by the company as a business entity. Income Tax which is an important component of the company, where the existence of tax information in the financial statements has its administration as regulated in the Statement of Financial Accounting Standards (PSAK) Number 46 concerning Income Tax Accounting. There are many types of income tax, namely Income Tax Articles 21, 22, 23, 24, 25, 26 and ends in Article 28/29. As a practitioner or accountant, of course, I will highlight the calculation of Income Tax planning (hereinafter referred to as 'PPh'). Tax planning practices can be carried out by the object of Article 21 Income Tax on employees in carrying out the analysis and calculations. There are 3 (three) methods, including (1) Gross Method, namely the employee bears the tax burden himself; (2) Net Basis, namely the company bears the employee tax burden in the form of benefits in kind; (3) The tax allowance method is given on a flat basis or the Gross-Up method. The benefits of this tax planning can be used by the company as a strategic consideration to regulate cash flow (liquidity) and savings (profitability) of corporate taxes (Pohan, 2017, p. 44). The interests mentioned above as well as the condition of the company, make management look for ways so that both can be achieved. One way that can be used is tax planning (Endriati, Hidayati, & Junaidi, 2017). This tax planning is used by almost every company in tax management, as is the case with PT. "CAS" to get the highest possible revenue and keep expenses as low as possible. This profitability benefit is expected by PT CAS because the corporate tax burden and Article 21 tax burden borne by the company is large enough that tax planning is needed which is part of the corporate strategy. Corporate Income Tax) from 2016 to 2017, from 6 billion to 26 billion and in 2018 it decreased to 13 billion while the Income Tax Article 21 in 2016 was 10 billion, in 2017 it was Rp. 8 billion and in 2018 it was Rp. 8 billion.

This research is motivated by several previous research findings regarding tax planning on the object of PPh Article 21: 1) A study in analyzing the role of tax planning to minimize the PPh burden that must be paid by PT "ESP" to provide an overview of tax planning analysis and find the best alternative for tax savings which has an impact on net income after tax. The research method uses case study analysis. The results of the analysis are PT. ESP has not implemented comprehensive tax planning and there are still many tax plans made by companies that contain high tax risk, both on the tax base and sanctions (Sumadi, 2004). 2) Study in analyzing PPh Article 21 to minimize tax costs at PT. XYZ aims to explain the provisions of the affected tax law and to find out whether the tax planning carried out can minimize the amount of tax burden that must be paid. The research method uses descriptive analysis. The results of the analysis are PT. XYZ agrees to the requirements that affect taxes and achieves the planning objectives themselves so that the implementation of tax planning at PT. XYZ becomes better and more effective (Herman, 2006). 3) Case Studies in the application at PT. A for the analysis of tax planning which aims to optimize Income Tax legally so as not to harm the state and companies. The results of the study resulted in tax planning with 2 (two) techniques, namely the provision of cash allowances and the provision of in-kind, then the difference in the application of tax planning can save the tax generated by the company and following applicable regulations (Novayanti, 2012). 4) Studies in analyzing the calculation of interest rewards and tax sanctions on Tax Court Decisions (Gunawan, 2013). 5) A study on profit shifting and tax planning aggressiveness by multinational companies that contributed to the results, namely the existence of profit shifts and IP-based profit shifting-based profit shifting arrangements in tax avoidance practices then the provision of tax cuts in an internationally coordinated manner (Fuest, Spengel, Finke, Heckemeyer, & Nusser, 2013). 6) The study in analyzing the Article 21 Income Tax of employees with a comparison of the Net and Gross-Up methods at PT. Pegadaian (Persero) Tuminting Branch. The research method uses comparative descriptive analysis. The results of the analysis conclude that there is a company error in the calculation of PTKP which has an impact on increasing the calculation of employee income tax. The importance of applying the Net method in calculating Article 21 Income Tax so that the income tax paid by the company is following the actual situation and can reduce the amount of Article 21 income tax paid by employees (Arham, 2016). 7) Study in analyzing Article 21 Income Tax at PT. X in Mojokerto using the Net Basis, Gross Method, Tax Allowance Method, and Gross-Up Method. The results of the analysis conclude that companies using a Net Basis in the application of the calculation of Income Tax Article 21 and the Gross-Up Method can save corporate taxes (Roring, 2018). 8) Case Study in the application at PT. XYZ on the analysis of Article 21 income tax planning which aims to streamline the corporate income tax burden. The research method uses descriptive quantitative. The results of the study resulted in the efficiency of the corporate income tax burden of PT. XYZ on the implementation of tax planning by maximizing the salary component related to Income Tax Article 21 by choosing the gross-up method as a deduction from income (Sihotang, 2018).

Based on the general description of the company's data on profitability and corporate tax burden and the findings of previous research in analyzing and implementing tax planning, the above provides an overview for PT CAS to identify the factors that underlie corporate policy in planning Income Tax Article 21 with the research objectives, namely: (1) Formulate the form of corporate policy in the planning of Income Tax Article 21 whether it is following the applicable taxation provisions; and (2) Seeing the effectiveness and optimization of Article 21 PPh planning at PT CAS to minimize corporate tax payments.

B.1 THEORY BASIS

1. Tax Analysis and Planning

Tax Planning according to Mr. Dr. Prianto Budi S, Ak., CA., MBA (2019) is the first step in tax management (a means to fulfill tax obligations properly but the amount of tax paid can be reduced as low as possible to obtain the expected profit and liquidity). The next step is the implementation of tax obligations (tax implementation) and tax control (tax control). At this tax planning stage, collection and research on tax regulations are carried out. The goal is to select the type of tax-saving measures to be taken. In general, the emphasis on tax planning is to minimize tax obligations.

An analysis is an important component in starting an activity. In the context of accounting science, this analysis can enrich information about company finances and help to create and design for its users, namely accountants (Kuang & Tin, 2010). The process of gathering requirements is carried out intensively to be able to specify the needs of the device so that it can be like what is needed by the user (Husain T., 2017). This information can be specifically addressed to internal and external stakeholders of the company. The size of the tax sector in generating state revenues and tax management for corporations in tax planning. Tax planning (tax planning) is the organization of taxpayers, both individuals and business entities, by carrying out a process in such a way that is still within the tax provisions so that corporations can formulate a minimum amount of tax payments (Pohan, 2017).

2. Tax Planning and Methods of Withholding Income Tax Article 21

According to Pohan (2013:104), tax planning can begin with the analysis stage, using the tax calculation method and its calculation of income tax to save the tax burden while still paying attention to the principle of legality (taxability deductible). The Directorate General of Taxes defines tax planning as the initial stage in tax management activities to minimize the tax burden without violating the applicable Taxation Law and refers to taxpayer transactions so as not to violate the provisions on tax debts borne by corporations (Klikpajak @Mekari, 2018). The principle of taxability deductibility is the principle that explains items that can/cannot be subject to income tax (tax objects and non-income tax objects) and items that can/cannot be financed (gross income reduction), the mechanism of which is if the party providing remuneration/income can be paid for (deduction of gross income), then on the employee's side it is taxable income. On the other hand, if on the part of the employee the provision of remuneration/income is not income, then on the part of the employer it cannot be financed (not a deduction from gross income) (Pohan, 2017, p. 84). This principle is commonly used and applied in tax planning, Generally, this is done by changing or converting income that is a tax object into income that is not a tax object, or vice versa by changing a non-deductible expense into a deductible expense, with the consequence of a change in the tax payable due to the change in composition. Changes in the amount of tax payable due to fiscal corrections, of course, must be considered which one is more profitable for the company.

The application for calculating Income Tax Article 21 can use the following 3 (three) methods:

- **Net Method**: The net method is a method of withholding taxes carried out by the employer with the amount of Article 21 Income Tax borne by the employer's company. In this method, employees receive a net salary, and Article 21 income tax is borne by the employer. According to Kep. Director General of Taxes No. 31/PJ/2008 article 8 paragraph 1 which explains that non-taxable income withheld income tax article 21 or income tax article 26 includes receipts in kind and enjoyment obtained in any name and form. Article 8 paragraph 2 confirms the statement of the previous article that income in the form of enjoyment is income tax withheld by the employer and income tax borne by the government.
- **Gross Method**: The gross method is a tax deduction method carried out by the employer by deducting Article 21 Income Tax directly from the salaries of its employees. In this method, Article 21 Income Tax is borne by the employee. This method is usually used in start-up companies.
- **Gross-Up Method**: The gross-up method is a tax deduction method carried out by the employer in which the company provides tax allowances to its employees following the amount of tax that must be paid. In this method, employees receive additional allowances following the amount of Article 21 Income Tax. In the Gross-Up Method, the company provides Article 21 income tax benefits which are formulated in the same amount as the amount of Article 21 Income Tax to be deducted from employees (Setiawan, 2013).

3. Definition of Income Tax Article 21

According to Per Director General of Taxes No.16/PJ/2016 Article 1 paragraph 2 Income Tax, namely Income Tax in connection with work, services, and activities carried out by individual Taxpayers of Domestic Tax Subjects, hereinafter referred to as Income Tax Article 21, is a tax on income in the form of salaries, wages, honorarium, allowances, and other payments in any name and any form in connection with work or position, services, and activities carried out by individual domestic Tax Subjects, as referred to in Article 21 of the Income Tax Law. . In simple terms, Article 21 Income Tax deducts the income received by the taxpayer in his work. Article 21 Income Tax is a special income tax imposed on Individual Taxpayers (WPOP). (Adityaningsih, et al, 2016). For employees or individuals who are taxpayers and earn income other than income that has been withheld or paid at the end of the tax year, they are required to report an individual annual income tax return on Article 21 Income Tax which has been withheld by the employer, which can be used as a credit for income tax payable. at the end of the year. (Adityaningsih, et al, 2016).

4. Withholding Income Tax Article 21 (PPh Article 21)

(Adityaningsih, et al, 2016) it is stated that the withholding of Article 21 Income Tax, namely individual and corporate taxpayers included in the Permanent Establishment should withhold tax on income related to work, services, and activities.

5. Income Recipients who are objects of PPh 21

According to (Official, Tax Theory and Cases (10th Edition), states that an individual with the status of a domestic tax object who receives or earns income from activities, work, and services including pension recipients is the recipient of income deducted by Article 21 income tax and/or income tax.

The following are the taxpayers of Article 21 Income Tax:

- Employee
- Recipients of severance pay, pensions, or pension beneficiaries
- Experts (Lawyers, architects, accountants, doctors, consultants, notaries, appraisers/actuaries)
- Art worker
- Athlete
- Educator workers (teachers, trainers, lecturers, extension workers, moderators)
- Authors, researchers, translators
- Service providers in all fields such as computer engineering, application systems, telecommunications, electronics, photography, etc.
- Board of commissioners
- Former employee
- Activity participants

C. RESEARCH ELABORATIONS:

This research is a type of grounded research, which is a type of qualitative research that seeks to build a theory based on the data collected and analyzed. According to Martin and Turner, grounded research is defined as research that seeks to inductively find theory using researchers developing theories of a topic and simultaneously basing theory on empirical Based on the identification of the problem above, the formulation of the problem can be expressed is :

1. How to apply tax planning to save the tax burden on corporate income at PT. CAS
2. Why apply tax planning using the Net Method have not been able to save the burden of corporate income tax?
3. What is the amount of employee salary expense if it is calculated using Gross Method and Gross-Up Method?

C.1 RESEARCH METHODS

1. Types Of Research

This research is a type of grounded research, which is a type of qualitative research that seeks to build a theory based on the data collected and analyzed. According to Martin and Turner, grounded research is defined as research that seeks to inductively find theory using researchers developing theories of a topic and simultaneously basing theory on empirical data or observations (Sarosa, 2012). The types and sources of data used are secondary data in the form of Annual SPT data and Article 21 Income Tax Period, 2016, 2017, and 2018.

2. Data Collection Technique

Data collection techniques in the form of literature studies and documentation obtained from book articles, the internet, and agency documents related to the topic of this research. In addition, field studies and interviews were also conducted using face-to-face and direct question and answer from authorized sources at PT CAS, with tax consultants and tax office employees. The data used in this study is the data for the Annual and Periodic Income Tax Returns article 21 of 2016, 2017, and 2018.

3. Data Analysis Technique

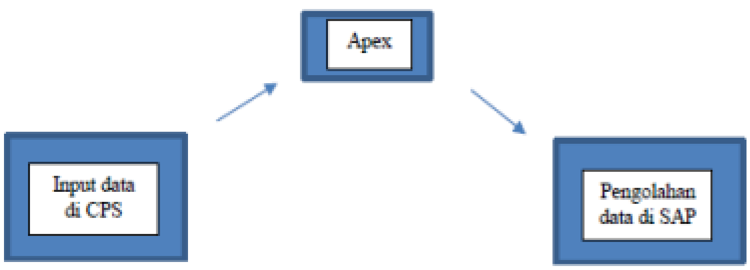
The data analysis method is a data collection process that is then interpreted with techniques and efforts to work through the data, organize the data, group it into a unit that can be further processed, take the essence, seek and find patterns to be important to study and conclude what things can be learned. interpreted to other parties (Bogdan, 1982; Moleong, 2014). The taxonomic analysis method is an analysis of the overall data collected based on a predetermined domain that is the focus of research (Sugiyono, 2017).

D. RESULT OF FINDING

Gross Income, Income Deduction, Taxable Income of PT CAS, and Article 21 Income Tax of PT CAS in conducting tax planning only for permanent employees because for non-permanent employees the taxable income is still below the Non-Taxable Income (PTKP), so there is no tax payable, the number of permanent employees of PT CAS is above a thousand people, so the researcher displays employee data grouped by type of position group and income layer. The following is a table of Gross Income for permanent employees based on employee positions and types of costs for 2016 to 2018:

Article 21 Income Tax Calculation Process

The calculation of income tax article 21 at PT CAS is carried out at the head office using SAP (System Application and Processing), but before entering SAP there is a system developed by a company called CPS to bridge the gap between CPS and SAP there is called the Apex system. description of the system flow in the calculation of PPh 21:



Picture: 21 PPh calculation system flow chart

Transactions are inputted in the CPS system then before the data is withdrawn by SAP it must pass through the Apex system as a medium to bridge between the CPS and SAP systems. After the data is processed by SAP, the value of the tax payable will appear. After the tax payable appears it will automatically be entered into the CPS to be posted to the GL (general ledger). Although the calculation of PPh 21 has been carried out by SAP, reconciliation is still needed between the Human Resources Department (HRD) and Accounting. The reconciliation process is carried out manually between employee cost data per name owned by HRD and general ledger employee cost data per unit owned by Accounting.

Income Tax Planning Article 21

PT CAS to save taxes carries out tax planning practices related to Income Tax Article 21, namely:

1. Payment of health insurance benefits through insurance companies;
2. Payment of pension contributions to pension funds; and
3. The method of withholding Income Tax Article 21.

Barriers to the Implementation of Tax Planning

The corporate policy proposed by the Tax Department to Management in terms of planning income tax article 21 at PT CAS has become the responsibility of the Finance & Accounting Manager and Human Resources Manager in all business units so that whether or not the tax planning method that has become company policy is the responsible business unit. This Article 21 PPh tax planning becomes an obstacle even though there is an adequate system but the implementation of reconciliation between Human Resources and Accounting is still done manually, this causes data inaccuracies in the calculation of PPh 21 in SAP, besides that if the reconciliation is done manually it is feared that late payments and tax reporting, especially in this case PPh article 21, the risk of late payment of a fine of 2% per month and late reporting of IDR 100,000 per mass tax return. Researchers suggest doing a search on the Apex and CPS systems.

Discussion

Interviews were conducted on the management of PT. CAS that tax planning is applied to permanent employees with the following types:

- Payment of Health Insurance Benefits from Guided Insurance Companies to Per-Directorate General of Taxes no. PER-31/PJ./2012 that "payment of insurance benefits or compensation from health, accident, dual life, and scholarship insurance companies" is not included in the definition of income withheld from Article 21 Income Tax. In addition, the implementation of the policy sees from the benefit and cost data that medical expense claims made by class IV employees against the company are greater in value than if they pay premiums to insurance companies, in addition to paying premiums to insurance companies, the costs incurred in the company will be controlled. because it is permanent.
- Payment of Pension Contributions to Pension Funds Referring to Per-Directorate General of Taxes no. PER-31/PJ./2012 that "pension contributions paid to pension funds whose establishment has been approved by the Minister of Finance, and old-age security contributions to Jamsostek organizing bodies paid by the employer" are not included in the definition of income withholding income tax article 21. PT CAS implements a policy for employees of classes III and IV to be registered as participants in the pension fund, while groups I and II are registered 1 year before entering retirement age. The pension fund used is an external pension fund outside the group. The rationale of the corporation for the enactment of employees of class III and IV being registered as participants in the pension fund while groups I and II are registered 1 year before entering retirement age is for employees of class III and IV the pension received is above Rp. 100,000,000,- the applicable rate the final income tax of severance pay for layers of income of Rp100,000,000 up to Rp500,000,000 is 15% while income layers above Rp500,000,000 are 25%. When compared to the pension benefits paid by the pension fund, it is subject to a single rate of 5%.
- • Article 21 Withholding Income Tax Method Following the theory presented by Pohan (2013) that there are three methods of withholding Article 21 Income Tax, two of which are used by PT CAS, namely the Net method and the Gross-Up method, the Net method in 2016 was used for class IV employees while class employees I, II and III use the Gross-Up method. In 2017 and 2018 the Net method was used for employees of class III and IV while employees of class I and II used the Gross-Up method. The selection of the method of withholding income tax article 21 is a corporate policy that is adapted to the company's conditions to save tax. The rationale of the corporation for the implementation of a different deduction method from 2016 to 2018 and in each group is the income layer for group IV employees above Rp. 500,000,000, - so that if you choose the gross-up method, you will be subject to an Article 21 income tax rate of 30% because the tax benefits provided by the company are income for employees, whereas if you choose the Net method, the tax borne by the company does not increase income for employees so that a fiscal correction must be made, this fiscal correction causes tax costs incurred by the company to be not recognized fiscally. After all, the costs are not recognized The tax resulted in an increase in the company's taxable income and automatically the tax payable for Corporate Income Tax at a rate of 25% increased as well. This difference in rates is the basis for corporate thinking in applying different deduction methods to types of employee groups.
- Analysis of PT CAS Article 21 PPh Tax Planning with Withholding Method PT CAS' corporate policy in 2016 in terms of PPh 21 tax planning is for employees of positions I, II, and III using the gross-up method, while for employees of position IV using the Net method. The use of the gross-up method for employees of classes I, II, and III means that the company provides income tax benefits article 21 which is formulated in the amount of Article 21 PPh tax to be deducted from employees. So that the value of Article 21 income tax for employees of classes I, II, and III is Rp. 5,174,583,215, - which is an allowance from the company for employees, fiscally, it can be financed by the company because it is following the principle of Taxability Deductibility, the mechanism of which is if the employer gives compensation/ income can be financed (deduction of gross income), then on the employee's side it is income that is subject to tax. For class IV employees, the method of withholding Income Tax Article 21 uses the Net method, in this case, the company bears Income Tax Article 21 for employees, following the principle of Taxability Deductibility, if on the part of the employee the compensation/income is not income, then the employer cannot pay for it (not income). gross income deduction). So that the value of PPh article 21 for class IV employees is Rp. 6,283.972,585, - fiscally it cannot be financed or cannot be a deduction from company income. From the description above, the following analysis will be obtained:
  a. For employees of classes I, II, and III, the majority of their taxable income are in layers 1 and 2 with tax rates of 5% and 15%.
  b. Group IV employees are mostly in the 4th layer of taxable income with a tax rate of 30%.
  c. The gross-up method used in the Article 21 PPh tax planning for employees classes I, II, and III is appropriate because with this method the tax benefits provided by the company will become the object of Article 21 income tax so that the applicable rate is Article 17 of Law no. 36/2008, the tax rate will be lower in layers 1, 2 and 3 of taxable income, namely 5%, 15%, and 25%, compared to using the Net method, the employee tax borne by the company cannot reduce the company's income so that the company will pay 25% more tax because it will become the object of Corporate Income Tax with a single rate of 25%. The difference in rates between PPh article 21 and the corporate income tax is used by the company as tax planning.
  d. The net method used in planning PPh article 21 for employees class IV is appropriate because by using

this method the employee tax borne by the company does not become the object of PPh article 21 but will become the object of corporate income tax, if it becomes the object of PPh 21 it will be subject to the 4th layer tariff, namely by 30%, while if it becomes the object of corporate income tax, it will be subject to a single rate of 25%, so there is a tax savings of 5% from the difference in the rate of Article 21 PPh with Corporate Income Tax. The corporate policy in 2017 and 2018 in terms of tax planning for PPh 21 is for employees in positions I and II using the gross-up method, while for employees in position groups III and IV using the Net method. The value of PPh article 21 in 2017 and 2018 for employees of classes I and II amounting to Rp.2,292,089,107,- and Rp.2,419,676,641, respectively, is a tax allowance for employees of the company so the allowance for PPh article 21 will increase income. Employees who, of course, comply with the Taxability Deductibility principle of Article 21 income tax allowances can become a cost for the company and are objects of Article 21 income tax which has 4 layers of tariffs, namely 5%, 15%, 25%, and 30%. While the value of PPh article 21 in 2017 and 2018 for employees of class III and IV TAX PLANNING ANALYSIS Lasmini, Astriani, Rachpriliani Universitas Buana Perjuangan Karawang AKBIS|125 amounted to Rp6,879,864,805,- and Rp7,019,334,520, respectively. is a tax borne by the company, so that following the principle of Taxability Deductibility, the tax borne by the company cannot be a deduction for income for the company, in this case, the tax borne by the company is not an object of PPh article 21 but is an object of corporate income tax which has a single rate that is 25%.

From the description above, the following analysis will be obtained:

- For employees of classes I and II, the majority of their taxable income is in layers 1 and 2 with tax rates of 5% and 15%.
- Employees of class III and IV have no taxable income that is in the 1st layer so the tax rates start from the 2nd layer to the 4th layer, namely 15%, 25%, and 30%, for the 4th layer taxable income in groups III and IV this is the majority.
- The gross-up method used in the planning of PPh Article 21 tax for employees of classes I and II is appropriate because with this method the tax benefits provided by the company will become the object of the Article 21 PPh tax so that the applicable rate is Article 17 of Law no. 36/2008, the tax rate will be lower in layers 1, 2 and 3 of taxable income, namely 5%, 15%, and 25%, compared to using the Net method, the employee tax borne by the company cannot reduce the company's income so that the company will pay 25% more tax because it will become the object of Corporate Income Tax with a single rate of 25%. The difference in rates between PPh article 21 and the corporate income tax is used by the company as tax planning.
- The net method used in planning PPh Article 21 for employees class III and IV is appropriate because by using this method, the employee tax borne by the company will not become the object of PPh article 21 but will become the object of corporate income tax if it becomes the object of PPh 21, it will be subject to layer rates. 4th, which is 30%, while if it becomes the object of Corporate Income Tax, it will be subject to a single rate of 25%, so there is a tax savings of 5% from the difference in the rate of Article 21 PPh with Corporate Income Tax.

- Article 21 PPh planning based on the PPh Law can be done in 2 (two) ways, namely (Pohan, 2013):
  1. Mechanism of Taxability and Deductibility of Income Tax object article 21, and
  2. Withholding Methode
- The legal basis for the application of Article 21 PPh planning is in Government Regulation Article 4 letter d number 138 of 2000. This study seeks the legality of the implementation of tax planning by conducting interviews with tax officials who have a background in auditing and consulting, while the opinion is "In general, the two methods This is not contrary to the tax regulations. However, in implementing the two methods for tax planning, it may be done technically, including violating tax regulations, for example by making an incorrect supporting document or making an incorrect agreement".

PT CAS's corporate policy in planning PPh article 21 tax from 2016 to 2018 is different in the use of the withholding method for position groups, this is due to the condition of the company as a group. The difference in the use of the withholding method based on the type of position group according to the researcher is not effective, it should be TAX PLANNING ANALYSIS Lasmini, Astriani, Rachpriliani Universitas Buana Perjuangan Karawang AKBIS|126 the difference in the use of the withholding method based on layers of income because in the highest position group, namely group IV, there are still employees whose taxable income is are in the 2nd and 3rd layers. The following is the analysis:

a. In 2016. The taxable income of class I, II, and III employees in the 4th layer is Rp. 6,861,907,066, with a tax value of Rp. 2,058,572,120, using a 30% rate, whereas it would be more profitable to use the Corporate Income Tax rate, namely 25% so that employees of classes I, II, and III who are in the 4th layer should use the Net method, with the Net method the income tax planning article 21 will be more optimal. The taxable income of class IV employees in the 2nd layer is Rp. 296,727 .200,- with a tax value of Rp. 44,509,080,- using a 15% rate, but because employees who are in this layer use the net method, the tax rate imposed is 25%, so it should be for employees of class IV who are in this layer. The second one should use the gross-up method so that it is subject to a 15% tariff. Meanwhile, the taxable income of class IV employees who are in the 3rd layer using either the gross-up method or the net method has no effect because the tax rate is the same, namely 25%.

b. In 2017. The taxable income of employees class III and IV in the second layer is Rp. 6,396,482,400,- with a tax value of Rp. 959,472,360, - using a 15% rate, but for employees who are in this layer using the net method so that the tax rate imposed is 25%, so that class IV employees who are in the 2nd layer should use the gross-up method so that they are subject to a 15% rate. Meanwhile, the taxable income of class IV employees who are in the 3rd layer using either the gross-up method or the net method has no effect because the tax rate is the same, namely 25%.

c. In 2018. The taxable income of class III and IV employees in the second layer is Rp. 6,291,191,134,- with a tax value of Rp. 943,678,670,- using a 15% rate, but for employees who are in this layer using the net method so that the tax rate imposed is 25%, so that class IV employees who are in the 2nd layer should use the gross-up method so that they are subject to a 15% rate. Meanwhile, the taxable income of class III and IV employees as well as employees of class I and II who are in the 3rd layer using either the gross-up method or the net method has no effect because the tax rate is the same, namely 25%.

E. CONCLUSION

The results of the research and discussion above conclude that Article 21 Income Tax Planning that has been carried out by PT CAS has 3 (three) techniques, namely:

1. Payment of health insurance benefits from the Insurance company. PT CAS in providing health facilities to employees, especially TAX PLANNING ANALYSIS Lasmini, Astriani, Rachpriliani Universitas Buana Perjuangan Karawang AKBIS|127 employees group IV is health insurance. After we conducted an interview with the Management of the cost and benefits division within the Human Resources Department, the background for the adoption of this corporate policy regarding health insurance was that after a group analysis, the cost of treatment for group IV employees was higher than if the employee was included as a participant in health insurance. because the majority of group IV employees seek treatment abroad. Medical expenses and health insurance premiums are objects of Article 21 income tax so that management in choosing health insurance as an effort to save taxes is correct.
2. Payment of pensions to pension funds. PT CAS applies a policy for employees of class III and IV to be registered as participants in the pension fund, while groups I and II are registered 1 (one) year before entering retirement age. The pension fund used is an external pension fund outside the group. This corporate policy aims to save tax because pension benefits paid by pension funds are subject to a single rate of 5%, whereas if the company pays the pension for its employees, it will be subject to PPh rates on severance pay according to income layers starting at 0%, 5%, 15%, and 25%.
3. The method of withholding PPh Article 21. PT CAS to save taxes uses 2 (two) methods of withholding PPh article 21, namely the Net method and the Gross-Up method, the use of the withholding method is applied differently between employees of classes I, II, III, and IV each year, the application of different cutting methods depending on the condition of the company as a group. The method of withholding income tax article 21 because it is closely related to corporate income tax, the company's fiscal condition must also be considered, if the company is losing money, management does not use the gross-up method, while if the company is fiscally profitable, the gross-up method will result in tax savings due to the difference in rates between Corporate Income Tax at the rate of Article 21 PPh.
4. PT CAS in implementing tax planning related to PPh article 21 is following tax regulations, this is following Government Regulation article 4 letter d number 138 of 2000 as well as the results of interviews with researchers with tax officials with the examiner and consulting backgrounds as well as with consultants "MI" tax that In general, the method of withholding income tax article 21 and the taxability and deductibility mechanism is not contrary to tax regulations. Article 21 PPh tax planning carried out by PT CAS based on the results of the optimization analysis carried out are:
   a. The payment of health insurance benefits from the insurance company applied by PT CAS to class IV employees is appropriate and optimal because it can reduce the costs that are the object of the Article 21 income tax, namely employee medical expenses, if this class IV employee is not provided with health insurance facilities, the treatment costs will be reduced. This is because of the tendency of employees in group IV to seek treatment abroad and

this does not violate company regulations that give rights to group IV employees to seek treatment abroad, this right is not granted to other groups of employees, due to high medical costs, the cost of income tax article 21 would be high too.

b. Payment of pensions to pension funds carried out by PT CAS for all employees is the right and optimal effort from the company to reduce tax costs, namely by taking advantage of the difference in rates between pensions paid by the company and TAX PLANNING ANALYSIS Lasmini, Astriani, Rachpriliani Buana University Struggle Karawang AKBIS|128 pension funds.

c. The PPh 21 withholding method applied by PT CAS, namely the Net method and the Gross-Up method, is less than optimal because in its application the company is only based on position class if it wants to get optimal tax costs in its application based on the layer of employee taxable income.

F. Suggestion

With the results of the research that have been obtained, it is hoped that the results of this analysis can be useful for all parties as reference material for academics. For future research, it is hoped that this research will be able to expand and develop again. Suggestions for this research are that 3 (three) tax planning techniques that have been carried out by the company can continue to be carried out while taking into account the existing obstacles and other forms of tax planning should always be sought so that the company can optimally make tax savings. Other forms of tax planning that will be carried out by the company must not conflict with the applicable laws and regulations. The root of the problem must be found and then a solution so that manual reconciliation does not occur again, because this causes inaccuracies in the data in the calculation of PPh 21 in SAP, in addition, if the reconciliation is done manually, it is feared that there will be delays in payment and tax reporting, especially in this case PPh article 21, the risk of late payment of a fine of 2% per month and late reporting of Rp. 100,000,- per mass tax return. Researchers suggest searching for the Apex and CPS systems. Tax planning is not only for PPh article 21 but can be done on other types of taxes such as VAT, PPh article 23, and PPh article 22, it takes individuals who can understand taxation and accounting so that they can provide suggestions to management. For this reason, the researcher recommends that management in business units or subsidiaries be given training or workshops regularly to update tax knowledge.

REFERENCES

Tax Planning : Dr. Prianto Budi S, Ak., CA., MBA. Arham, M. I (2019). (2016). Analysis of Tax Planning for Income Tax Article 21 at PT. Pegadaian (Persero) Tuminting Branch. EMBA: Economics, Management, and Accounting,4(1), 077-086. Bogdan, R. C. (1982). Qualitative Research for Education: An Introduction to Theory and Methods. Boston London: Allyn and Bacon, Inc. DGT. (2015). A copy of the Decree of the Director General of Taxes Number KEP 95//PJ/2015 concerning the Strategic Plan of the Directorate General of Taxes for 2015-2019. Jakarta: Directorate General of Taxes. Endriati, E., Hidayati, N., & Junaidi. (2017). The Effect of Tax Planning on Earnings Management in Manufacturing Companies Listed on the Indonesia Stock Exchange. Scientific Journal of Accounting Research, 6(10), 16-27. Fuest, C., Spengel, C., Finke, K., Heckemeyer, J., & Nusser, H. (2013, October 21). Profit Shifting and 'Aggressive' Tax Planning by Multinational Firms: TAX PLAN ANALYSIS Lasmini, Astriani, Rachpriliani Universitas Buana Perjuangan Karawang AKBIS|129 Issues and Options for Reform. ZEW - Center for European Economic Research Discussion Paper No. 13-078, 13. Gunawan, E. (2013). Analysis of Calculation of Interest Returns and Tax Sanctions on Tax Court Decisions. Master in Accounting. Jakarta: Mercu Buana University. Herman. (2006). Analysis of Article 21 Income Tax Planning at PT. XYZ. Jakarta: University of Indonesia. Husain, T. (2017). Analysis and Design of Health Product Sales Information Systems at PT. A B C. ULTIMA InfoSys,VIII(2), 101-106. Husain, T., & Alang, S. (2019). Influence of Committee and Audit Quality on Tax Avoidance. Business and Entrepreneurship Forum (FORBISWIRA),8(2), 94-106. IAI. (2013). Statement of Financial Accounting Standards. Jakarta: Financial Accounting Standards Board - Indonesian Institute of Accountants. Klikpajak @Mekari. (2018). Tips for Preparing Tax Planning for Your Company. Accessed from: https://klikpajak.id/blog/berita-pajak/tips preparing-planning-tax-for-your-company/. June 25, 2020 Kuang, T. M., & Tin, S. (2010). Analysis of the Development of Behavioral Accounting Research Studies in the Journal of Behavioral Research In Accounting (1998-2003). Journal of Accounting, 2(2), 122-133. Moleong, L. J. (2014). Qualitative Research Methodology (revised ed.). Bandung: Rosdakarya Youth. Novayanti, D. (2012). Analysis of the Implementation of PPh 21 Tax Planning as an Effort to Optimize Income Tax (Case Study of PT.A). Faculty of Economics. Jakarta: University of Indonesia. Pohan, C. A. (2017). Tax Management: Tax and Business Planning Strategy. Jakarta: Kompas Gramedia. Prawasti, W. T. (2014). Tax Planning on Income Tax Article 21 as an Effort to Save Taxes at PT. Santosa Ogrindo. East Java: University of Jember. Roring, S. I. (2018). PPh 21 Planning Analysis at PT. X in Mojokerto. D-III Accounting. Surabaya: Widya Mandala Catholic University. Sani, A., Pusparini, N. N., R., R., Khristiana, Y., Zailani, A. U., & Husain, T. (2020). E-Business Adoption Models in Organizational Contexts on The TAM Extended Model: A Preliminary Assessment. 8th International Conference on Cyber and IT Service Management (CITSM 2020). Pangkalpinang: Syarif Hidayatullah State Islamic University. Sarosa, S. (2012). Qualitative Research Fundamentals. Jakarta: PT Index. Setiawan, H. (2013, July 28). Method of Withholding Income Tax Article 21 as an Alternative to Sharing Expense. Accessed from Ortax Article: https://www.ortax.org/ortax/?mod=issue&page=show&id=52&list=&q=&h l m=5. June 25, 2020. Sihotang, R. C. (2018). Analysis of the Implementation of Tax Planning for PPh Article 21 in Efforts to Efficiency of Corporate Income Tax Burden ANALYSIS OF TAX PLANNING Lasmini, Astriani, Rachpriliani Universitas Buana Perjuangan Karawang AKBIS|130 Usaha (Case Study at PT. XYZ). Faculty of Economics and Business. Bandar Lampung: University of Lampung. Suandy, E. (2013). Tax Planning (5 th ed). Jakarta: Salemba Empat. Sugiyono. (2017). Evaluation Research Methods: Quantitative, Qualitative, and Combination Approaches. Bandung: CV. Alphabet. Sumadi, I. K. (2004). Analysis of the Role of Tax Planning to Minimize Income Tax Burden to be Paid and Increase Net Profit After Tax at PT "ESP". Jakarta: University of Indonesia

AUTHORS

First Author – CHAIRANI NOER - BC211120174

Final Semester Exams
Withholding Tax Course
Academic Year 2021/2022