The Impact of Tax Planning in Value Added Tax (VAT) for Companies

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Abstract:- Companies in reducing the burden of value added tax (VAT) can use tax planning as a method that is often used. This study aims to determine the effect of tax planning on the VAT burden in companies whether it can take place effectively or not. This research method utilizes Systematic Literature Review (SLR), namely analysis of journals in the last 10 years. The results of the study show that there is a positive and effective effect of tax planning in companies so that they can minimize the VAT burden, but there are also companies that have not been effective in implementing tax planning. For this reason, it is hoped that companies in carrying out tax planning must understand and know more about taxation, especially tax regulations so that they can minimize the company's tax burden without having to do it illegally.

Keywords:- *Tax Planning, Value Added Tax Burden, Systematic Literature Review.*

I. INTRODUCTION

For a country, tax is an essential source of income and can be used as a fund for capital expenditure whether for regular expenditure as well as for development of a country. Tax is a charge or contribution collected based on constitution as a fund for capital expenditure. According to Law Number 6 Year 1983 Regarding General Tax Provisions and Procedures, tax is defined as compulsory contribution to the state owed by individuals or entities that are coercive under the law, without reference to any direct benefit in return and used for the needs of the state for the greatest prosperity of the people (1).

For the government, tax is the greatest source for the development and expenditure. However, for corporate, tax is seen as the opposite view. For corporate, tax is seen as a burden because it takes some amount from the profit gained. Corporate is tax subject, therefore it is applied as tax object trough Value added Tax (VAT). The greater the profit, the greater the tax is. The profit in financial report define the amount of tax that should be paid (2).

It is common that companies reduce their manufacturing cost or other cost to increase profits. In other words, companies do many ways to put off tax payment to increase profits. Therefore, companies need *Tax Planning* as a strategy in managing company accounts and financial accounts, so companies can minimize tax liability trough legal methods (3). *Tax planning* is a result of economic development as a result of efforts done by companies to decrease the amount of tax that should be paid legally. *Tax planning* started by determining whether a transaction affected tax. For transactions that affect tax, it can be optimize or decreasing the amounts or put off payment. *Tax planning* is often used by the companies as an object to decrease tax in VAT (Value added Tax), each manufacturing activities relates to VAT (4).

According to data collected in 2020, companies owed VAT that tends to fluctuate because it increase and decrease drastically. During the pandemic, it is fluctuate more regarding that companies are not able to increase tax credit. Therefore, tax payment is greater. The pandemic affected the companies, such as decreasing sales comparing to the previous periods. As a result, companies decide to put off tax payments of owed VAT.

Based on the introduction, the writer is interested to discuss problems related to *Tax Planning* and Value Added Tax. Therefore, the title of the research is “The Impact Tax Planning in Value Added Tax (VAT) for Companies.”

II. LITERATURE REVIEW

- *Definition of Tax Planning*

Pohan defined Tax Planning as series of strategies to manage company account and financial account to minimize tax obligation in legal ways (5). The aim of tax planning is to decrease tax or avoid tax by taxpayer which is done legally to decrease tax (6). Tax planning is also defined as an effort to decrease tax in euphemism way. Tax planning is an effort to run business or tax payer transactions to decrease owed tax legally. In tax phenomenon, it is possible to decrease or avoid and put off tax legally. Therefore, each tax payers such as corporate is hoped to be smart and understand tax planning in taking decisions (7). *Tax planning* is also defined as the sustainable effort done by tax payers. Therefore, every aspect related to tax can be managed economically, effectively and efficiently. The aim is to get maximum contribution for the business done by companies as tax payers by not sacrificing state revenue interest (8).

- *Definition of Value added Tax*

Value Added Tax (VAT) is a tax which is payable on sales of goods and services within the custom area of the state (9). VAT according to Law Number 42 Year 2009 is tax that is payable on sales of goods and services within the custom area of the state by individual or legal entity. VAT has strategic and important role in state revenue distribution. According to VAT law, VAT is, “Value Added Tax (VAT) is tax imposed to taxable goods within the custom area by

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entrepreneurs and intangible taxable goods from outside custom area. Submission of taxable service within custom area by entrepreneurs and intangible taxable service from outside custom area and on the import of taxable goods and export of taxable goods by taxable entrepreneur" (8).

III. RESEARCH METHODS

This research method utilizes SLR (Systematic Literature Review). Data collected through various literature sources, that is accredited journals, whether national or international journals to discuss the impact of tax planning in value added tax. There were 10 journals collected through the database of Google Scholar. The keyword used tax planning, value added tax limits in the last 10 years, from 2014 - 2024. SLR method refers to a certain research method and development to collect and evaluate research related to a certain (10). The advantage of SLR method is the ability to identify, study, evaluate and interpret all available research related to the topic in a certain interesting phenomena (11). "SLR is a research method to synthesize results of the research, as a result, the fact become more comprehensive and fair. So, it can be given to policy makers. In general, there are 3 steps in composing research using SLR method, they are planning stage, conducting stage, and reporting stage. "Research using SLR method started with planning, conducting, and reporting".

Searching on a data of research journals 2014-2024 about the impact of tax towards Value added Tax (VAT)

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Conducting stage is carried out by processing searching result. 10 articles are analyzed by considering research results and findings related to the impact of *tax planning* in the burden of VAT

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Analyze and taking conclusion in reporting stage so that the result can be beneficial for company as reference and consideration to take decision

IV. HASIL DAN PEMBAHASAN

Based on the analysis of 10 nationally and internationally accredited journals, analysis using SLR methods in the same type of journals will be summarized as follow.

Table 1 Hasil Dan Pembahasan

Author and Year	Title of the Journals	Research Finding
Ayu Zulfani, Muhammad Arief, Rizky Filhayati Ramble (2021)	"Analysis of Tax Planning Implementation in Owed VAT of CV Arya"	Strategy of *tax planning* as an effort in Value Added Tax (VAT) efficiency in a company.
Nurdiansyah, D. H., Ruchjana, E. T., & Alfarisi, M. (2020)	"The Analysis of Tax Planning Implementation on Added Tax (Case Study at PT Toyotomo Indonesia and PT RKN Forge Indonesia)"	PT Toyotomo Indonesia applied tax planning to decrease VAT. The effort done was maximizing VAT as credit, getting taxable goods or taxable service from taxable entrepreneur, put off tax fracture of sales for owed company.
Romansyah, A (2017)	"Analysis of Tax Planning Implementation of Import Taxable Goods and Value Added Tax for Imported Machinery to Increase Cost Efficiency in PT Bio Farma (Persero)"	The result showed that tax planning to decrease VAT was done by importing machinery so that company was free from VAT.
F. Sonbay, E., Djamhuri, A., & Baridwan, Z. (2022)	"Tax Planning Value Added Tax (Vat) and Article 4 (2) Tax on Income in Indonesia"	The result showed that *tax planning* was not effective in minimizing VAT. Companies purchased taxable goods or taxable service ineffectively, putt of making tax fracture, and the company did not aware to pay tax because lack of knowledge in tax.
Shifa Miarti Aziza, Memen Kustiawan, Ida Farida Adi Prawira (2023)	"Can Tax Planning Minimizing or Increasing VAT of a Company?"	The result showed that *tax planning* in VAT can carry out effective or ineffective result for a company.
Moch Luqman Nur Hakim (2016)	"Tax Planning of VAT as an Effort to Decrease Tax in 2014 (Case Study PT "X" in Gresik)"	The result showed that the company has knowledge in *tax planning* that was proven by tax credit according to Law Number 42 year 2009. However, the credit was considered as not maximum so that VAT can be more efficient.
Dwiyatmoko Pujiwidodo (2017)	"Analysis of Tax Planning Implementation in Minimizing Owed VAT in Cv. Mikita	The result showed that after implementing *tax planning* in VAT by optimizing tax credit from purchasing transaction of goods or services in operation cost. The result showed

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	Cookies”	that in 2014 companies implemented tax planning could save tax of VAT, therefore it decreased tax burden of the company implementing *tax planning* compared to previous years.
Yuyun, Bebi Hilda Agustin, Srikalimah (2022)	“Evaluation of Tax Planning To Increase Value added Tax Efficiency (Case Study PT Agrimara Cipta Nutrindo)”	The result showed that company implemented tax planning efficiently by maximizing tax credit. However, in implementing *tax planning* company needs to put off tax credit.
Arum Puspita Wardhani, Dinik Fitri Rahajeng Pangestui (2019)	“Withholding Tax System for Tax Collection”	The result showed that withholding tax system in general can increase tax collection in Indonesia.
Meylinda Kusviyanti (2020)	“Implementing Tax Planning for Value Added Tax Efficiency in PT Rahmi Ida Nusantara Surabaya”	The result showed that the implementation of *tax planning*done byPT Rahmi Ida Nusantara was efficient to pay Value Added Tax (VAT). Tax planning was done by putting off tax credit to pay the tax monthly. Moreover, tax planning in purchasing taxable goods of taxable services was carried out with efficiency 6.59%.

Based on the analysis, *tax planning* affected VAT. Tax planning can decrease VAT. Therefore, well tax planning is needed.

Based on the result, companies applied tax planning in VAT to decrease tax and gain more profit. So far, there are many ways that companies have not tried yet to reduce VAT such as inefficient tax in putting off tax fracture, inefficiency tax planning by putting off tax credit, purchasing taxable goods or taxable services outside custom area. If tax planning was done efficiently, VAT will also be more efficient (3). Tax planning in VAT can be applied trough various ways such as increasing VAT as credit, getting taxable goods or taxable services from custom area, putting off tax fracture of sales for owed company purchasing (13). Meanwhile, in other research, tax planning was done by purchasing imported machinery so that company is free from tax. So that, fund for VAT can be used for other things (14).

Companies implemented tax planning efficiently and effectively carried out good impact in decreasing VAT. Based on the research, *tax planning* in VAT can be done by applying tax credit efficiently so that company can save up to Rp 81 million. It showed that VAT of the company decrease from the previous year, from Rp 212 million to Rp 131 million (8). Based on the research done in PT Agimara Cipta Nutrindo the same result was achieved. The implementation of *tax planning* carried out positive impact. That was efficiency in minimizing value added tax. *Tax planning* was done trough maximizing tax credit (7).

The result showed that the implementation of *tax planning* done by PT Rahmi Ida Nusantara was efficient in value added tax (VAT). Tax planning was done by putting off tax credit and paying the tax monthly. Tax planning in purchasing taxable goods or taxable services was 6.59% (15).

Based on the analysis, *tax planning* has not implemented effectively yet. It was showed from various finding that company was insufficient payment because tax credit was not maximum that affected on company liquidity (6). Companies focused on credit and purchased taxable goods or taxable services ineffectively. In taking decision, some companies did not understand well about tax and did not aware to pay tax. Problems in implementing tax planning such as incapable human resources to decrease tax as well as tax regulation that cause inefficient tax credit, therefore tax planning needs to be revise. Companies also put off to make tax fracture (16). It makes *tax planning* ineffective in decreasing VAT.

V. CONCLUSION

Tax Planning affected VAT. The impact is effectiveness or ineffectiveness in minimizing Value Added Tax (VAT). In implementing *tax planning* effectively, company makes various efforts such as maximizing VAT as credit, getting taxable goods or taxable services from custom area, putting off to make tax fracture or purchasing imported machinery. Meanwhile, ineffective implementation of *tax planning* was caused by company awareness in paying tax. Therefore, company is hoped to understand and has knowledge about tax in making tax planning, especially about tax regulation, so that company can minimize tax legally.

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