



TAX MANAGEMENT IN THE INFORMATION TECHNOLOGY SECTOR: CASE STUDY OF PT AAS

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Abstract

This study explores the tax management scheme implemented by PT AAS, a company operating in the IT sector, to optimize its tax liabilities while adhering to Indonesian tax regulations. The research investigates the company's tax planning strategies, internal policies, and the effectiveness of its tax management practices. The company has participated in tax amnesty programs but has not yet utilized tax incentives for research and development investments. The study highlights the company's effective internal tax reporting and payment procedures, which are managed without external tax consultants due to the company's size. Challenges such as late tax reporting due to delayed payments from clients are addressed through internal financial management strategies. Overall, the research underscores the importance of meticulous tax planning and management in ensuring regulatory compliance and optimizing tax liabilities. This case study provides insights into how PT AAS navigates the complexities of tax regulations and maintains a commitment to effective tax management practices.

Keywords: Tax Amnesty, Tax Compliance, Tax Incentives, Tax Management, Tax Planning

INTRODUCTION

Technological development is one of the continuous global progressions occurring worldwide. Countries across the globe must pay attention to technological advancements, especially nations that still rely heavily on the taxation sector for their revenue, such as Indonesia. The Indonesian government should recognize that taxes from the technology industry hold immense potential if managed correctly. Furthermore, the fact that Indonesia has one of the largest populations in the world creates a significant advantage for the Indonesian government (Bangun et al., 2022).

Taxation is a legally mandated activity governed by laws and regulations that necessitate penalties, such as administrative sanctions which represent unnecessary resource utilization. Therefore, to prevent the waste of business resources resulting from such impositions, it is crucial to manage tax responsibilities appropriately and effectively.

Beyond being mandatory, paying taxes represents part of every citizen's right to participate in funding national progress. Compliance with tax payments reflects the tax obligations imposed by the state. In the context of taxation, taxpayer compliance refers to the willingness of taxpayers to adhere to all tax regulations, or can be viewed as the readiness of taxpayers to submit to a country's tax laws (Saumaningsih & Paulina, 2023). The fulfillment of tax obligations must be accompanied by proper tax management. Tax management is a systematic tool within corporate management functions consisting of planning, categorization, implementation, and effective and efficient supervision.

In this article, researchers have interviewed and analyzed the tax management scheme of PT AAS, a technology company established in 2011. PT AAS is a technology enabler company that provides digital platform solutions for banking, cooperatives, and the payment industry, while



also supporting businesses and creating innovative technologies. To achieve optimal tax compliance and efficient management of taxation aspects in implementing taxation in the technology sector, PT AAS must apply appropriate tax management strategies by considering the constantly changing business environment and evolving tax regulations.

Through this analysis of the tax management scheme, it is hoped that it can educate how PT AAS conducts their tax management. Additionally, this research can provide a more comprehensive understanding regarding the importance of tax management in the sustainability and growth of companies in the technology sector.

LITERATURE REVIEW

Tax Management

Tax management is a management strategy aimed at controlling, organizing, and supervising taxation aspects within a company to optimize business value while fulfilling tax obligations according to regulations and legislation. According to Gunadi (2015), tax management is a company's effort to plan, organize, direct, and control tax policies and procedures to minimize tax burdens that must be paid. The objective is to maximize after-tax profits while still complying with applicable tax regulations. Tax management encompasses several primary functions, such as: (1) Tax Planning: Planning and optimizing taxation so that taxes paid by the company are truly efficient and effective; (2) Tax Implementation: Carrying out tax obligations in a timely manner and in accordance with applicable tax regulations. (3) Tax Control: Monitoring and controlling taxation aspects to ensure that the company fulfills tax obligations effectively and efficiently.

Tax management aims to minimize tax debt risk, save costs, and increase company liquidity, as well as ensure that the company meets tax obligations according to regulations and legislation.

Tax Compliance

Tax compliance is the level at which taxpayers fulfill all tax obligations determined by law without requiring additional action from tax authorities (James & Alley, 2004). Tax compliance, or "tax compliance," is a behavior where taxpayers fulfill all tax obligations and exercise their taxation rights in a timely manner and in accordance with applicable tax regulations. According to Mardiasmo (2016), tax compliance is the level of willingness and ability of taxpayers to fulfill tax obligations in accordance with applicable laws and regulations, including reporting, payment, and implementation of other administrative obligations in a timely and accurate manner.

Tax compliance is very important in improving fiscal balance and ensuring that taxes paid by citizens are used for common interests such as infrastructure development, defense, health, education, and social programs.

Information Technology

Information technology is all forms of technology used to create, store, modify, and use information in various forms that include business data, personal data, and government data (Laudon & Laudon, 2014). According to Haag & Cummings (2012), information technology is various forms of technology that help individuals and organizations manage, process, and disseminate information. This technology includes computers, software, networks, and other communication devices.

Information technology (IT) is technology built with computer technology as its main basis. The development of information technology brings this technology's main applications to data processing that leads to information. IT has become technology with broader influence and



implications compared to computer technology, which initially only developed in the world of computation and calculation.

METHODS

The research method used in this study is qualitative research. The qualitative method approach is a research process that aims to understand human or social phenomena by producing deep and complex pictures that can be communicated with words, reporting detailed perspectives obtained from informant sources, and conducting research in a natural environment (Walidin, Saifullah & Tabrani, 2015). This research uses qualitative methods because the data obtained comes from the results of researcher interviews with PT AAS.

RESULTS AND DISCUSSION

PT AAS Tax Planning Strategy

PT AAS, which is a company in the IT field, uses several strategies to optimize their tax burden. Based on interviews with the company, they consistently comply with Indonesian tax regulations. This company imposes VAT on every service they sell, which follows the rate increase from 10% to 11% and is expected to follow the next increase to 12%. Additionally, they also impose a 2% Income Tax Article 23 deduction on issued service bills.

PT AAS has participated in the tax amnesty program, but they have not yet utilized the tax incentive program for investment in research and technology development. The company's long-term tax strategy depends on mature business planning, which allows them to calculate tax obligations and manage the company's tax burden effectively.

Internal policies related to tax reporting and payment at PT AAS are very strict. This business reports tax-deductible expenses to ensure compliance with applicable tax regulations. Although the company's tax compliance rate is around 75%, this company does not use external tax consultants because its business scale has not reached the threshold that requires the use of such consultants. Instead, they rely on internal knowledge and consult with Account Representatives from the tax office.

PT AAS uses various procedures to manage employee income tax, VAT, and other taxes. These procedures are tailored to the type of transaction carried out. This company imposes VAT and Income Tax Article 23 deductions for software development services. If the project is outsourced, the labor used is subject to Income Tax Article 21. Additionally, they are responsible for operational costs associated with the project, such as labor costs, which are calculated based on the number of employees involved in the project.

PT AAS faces a number of problems in maintaining tax compliance, one of which is untimely tax reporting because the transaction counterparty has not paid. To overcome this problem, they sometimes need to find bailout funds or delay issuing invoices so that taxes can be reported on schedule without reducing the company's cash flow. Nevertheless, this company still pays taxes every year and complies with tax regulations. PT AAS strives to optimize their tax obligations while still complying with applicable regulations. This company does this using mature tax planning strategies, strict internal policies, and effective tax management systems.

Effectiveness of PT AAS Tax Management

The management system is a crucial matter that needs to be carried out in every company. Good tax management can reduce the burden on the company. However, not just management. Rather, good planning also needs to be done as support so that company tax management can be carried out well so that it can avoid late payments and payment of tax penalties to the company.



In tax management, PT AAS tends to make tax payments based on VAT received from company clients. In this case, the company strives to pay taxes in a timely manner. However, in reality, many clients are late in paying VAT, causing the company to experience difficulties. There are several times when the company has to make payments first to avoid late payment and imposition of penalties on the company. According to Law No. 7 of 2021 concerning Harmonization of Tax Regulations, administrative sanctions for Value Added Tax Returns are Rp. 500,000 per tax period return and late payment penalties of 2% per month from the time of unpaid tax costs calculated from the due date until the date of payment.

With these late payments, it can certainly disrupt the operational and financial effectiveness of the company, this is because late payments can reduce incoming cash flow where the company may not have sufficient funds to fulfill its obligations. In addition, these late payments can cause serious financial instability and impact the company's ability to survive and grow in the future. In this case, the company continues to strive to collect payments in a timely manner so that the above things do not happen continuously in the future.

Implementation of Tax Policy in PT AAS

The implementation of tax policies in regulations and tax laws in various business situations in every company in Indonesia varies. The implementation of tax policy in a company can be defined according to Kumalayani (2016) as the basis and series of ideas developed by agencies to carry out tax procedures and ensure compliance in achieving tax payments. The implementation of tax policy is the application of alternative taxes or tax laws by various stakeholders involved in the tax system (Hardika, 2006). Tax policy is an environmental aspect that can influence the implementation of tax policy. The implementation of tax policy will influence compliance in taxpayer awareness. There are several examples of the implementation of tax policies in various company situations such as Corporate Income Tax Article and VAT.

In PT AAS, the company follows the tax regulations in force in Indonesia to be applied as tax policy in the company. So that every tax or bill issued will continue to follow the applicable tax regulations. In the first tax policy, where PT AAS imposes VAT every time they sell their services. VAT is a tax that is credited and imposed repeatedly every time there is Value Added Tax (VAT). This can be imposed on imports or deliveries of goods or services that are taxed by taxable entrepreneurs (Suandy, 2003). VAT in this company continues to update with every changing regulation from 10% to 11% to perhaps if it later rises to 12%, they will continue to follow and implement the development of tax regulations in the company. In this company, which is a website development company, the buyer will be subject to a service tax, namely VAT.

In addition, PT AAS implements tax policies in Income Tax Article 23 and Income Tax Article 21. Income Tax Article 23 according to Akerina (2017) is an income tax drawn from domestic tax income received or collected, as well as types of permanent businesses resulting from capital, services provided, rewards and awards, and others besides those derived. The Article 23 Income Tax deduction in this company will be obtained from the job recipient who will deduct from the bill issued at around 2%. Furthermore, Income Tax Article 21 allows individuals and companies to impose taxes on income received by collectors. Income Tax Article 21 in this company is imposed on automatic experts used by the company.

CONCLUSION

PT AAS implements a well-developed tax planning strategy to optimize their tax burden, including the use of VAT and Income Tax Article 23 deductions in accordance with applicable regulations. The company has participated in the tax amnesty program, but has not yet utilized tax



incentives for research and technology development. The company's internal policies regarding tax reporting and payment are very strict, although they face several challenges, such as delayed tax reporting due to late payments from transaction counterparties. Despite the company's tax compliance rate being around 75%, they do not use external tax consultants and instead rely on internal knowledge and consultation with Account Representatives from the tax office.

The effectiveness of PT AAS's tax management demonstrates the importance of good management and planning systems to reduce the company's tax burden and avoid late payments and tax penalties. The implementation of tax policies in this company is in accordance with applicable regulations in Indonesia, including VAT that is continuously updated according to rate changes and deductions of Income Tax Articles 23 and 21. The tax policies implemented by PT AAS demonstrate the company's commitment to complying with tax regulations and ensuring compliance in tax reporting and payment.

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