



ANALYSIS OF TAXATION IMPLEMENTATION IN CONSTRUCTION COMPANY (CASE STUDY OF PT DMK)

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Abstract

Taxes are income that taxpayers must pay to the state. The object of this research is PT DMK, which is engaged in construction services. Income from construction services will be subject to a final tax rate. This research aims to find out the application of taxation at PT DMK and the cases it has experienced. This research uses a qualitative method with primary data from interviews with the company and other supporting data such as the company's financial statements. This company uses tax regulations such as VAT, Income Tax 21, Income Tax 23, and Corporate Income Tax and has understood these tax provisions. Based on the interview results, PT DMK has implemented tax regulations properly in its company and stated that there has never been a problem in implementing corporate tax reporting to the state, such as delays in payment. However, there has been a case related to VAT, and the tax consultant who handled the problem has resolved the problem with the applicable tax provisions.

Keywords: Taxes, Tax regulations, Tax sanctions.

INTRODUCTION

A country's primary revenue comes from funds received from taxpayers through the tax payments they make. A proportional increase in taxes contributes to a better financial condition for the country. However, from the perspective of taxpayers, tax payments are considered a liability or burden that must be carried (Londorang et al., 2014). The tax revenue can be utilized to finance the needs and interests of domestic development for the prosperity of the people. The associated effects and benefits can be seen both from the community's point of view as a taxpayer and from the state's point of view as a recipient of tax payments (M. A. Andaki et al., 2015). Only taxes can fill the state budget revenue; foreign aid is no longer considered the primary source of income (Nini et al., 2013). To increase tax revenue, the government always tries to implement tax policies and regulations to create a favorable business environment and encourage people to comply with their tax obligations. According to Article 1 of Law No. 16/2009 on General Provisions and Tax Procedures, taxes refer to payment obligations that individuals or entities must make to the state. This tax is a forced action based on the law that does not provide direct rewards to the payer and is used to fulfill state objectives to increase the nation's overall prosperity. The payment of taxes is, therefore, a sign of the government's commitment and the role played by taxpayers to actively and jointly fulfill their tax responsibilities regarding government financing and national development.

Among the many taxpayers, companies operating in the construction services sector are among the entities that fulfill their tax obligations to support infrastructure development and improvement (Ratuela et al., 2018). The government regulates various regulations and laws related to the construction services sector. Construction services are crucial in all process stages, such as planning, supervision, installation, and maintenance of building and land construction (Milanovira, 2015). Tax regulations that apply to companies in the construction services sector also have specific rules, considering that the taxation of companies in the construction services sector differs from corporate taxpayers in general (Nurhayati, 2010). In order to accommodate



the operating cycle that lasts more than one year, the income and expenses of construction service companies are calculated using a particular method. Tax rules related to income in the construction services business are regulated in Government Regulation No. 40 Year 2009. The regulation explains that income earned from businesses in construction services is subject to a final tax rate by the provisions in Taxation Law Number 36 of 2008 concerning Income Tax Article 4 Paragraph 2, which is final. This means that the income is not calculated with other income in the calculation of income tax payable.

In the context of applying income tax on businesses in construction services, a very relevant factor is revenue. The main concern regarding revenue is how the company determines and reports its revenue and when it should be recognized. Due to the construction projects carried out have different completion times. Therefore, a guideline called Financial Accounting Standards regulates revenue and cost recognition in contracts by issuing a statement numbered PSAK 34 concerning Construction Contract Accounting. Another problem experienced by construction service businesses, as previously researched by (Harjanti & Hetika, 2020) found that PT X needed to fully understand the application of tax laws and regulations related to income tax for construction service companies. They are still trying to determine whether the income earned can be deducted from Income Tax Article 4 Paragraph 2 of Income Tax Article 23. Therefore, we are interested in conducting a re-research on the application of tax accounting, including aspects of taxation relevant to the construction services business field and the types of taxes involved, such as Income Tax Article 21 for employees, Income Tax Article 23, Income Tax Article 4 Paragraph 2, and VAT. This is because we must recognize that applying accounting in a commercial context differs from applying accounting in a tax (fiscal) context.

Based on the explanation above, this study aims to provide research results that can provide input to PT DMK in regularly improving their understanding of the tax regulations that apply to construction service companies. It is intended that the company can fulfill its tax obligations by applicable regulations. In addition, companies also need to take more careful steps in carrying out tax obligations, especially in calculating taxes to be paid.

LITERATURE REVIEW

Conceptual of Taxation

Tax is a mandatory contribution made by an individual or an entity that is compelling based on an Act against the State that is owed, without any direct reciprocity, which is used for the benefit of the State and the greatest prosperity of its people (Hakim et al., 2023). Meanwhile, according to the Big Indonesian Dictionary, abbreviated as KBBI, tax is a mandatory levy in the form of money paid by indigenous people as a compulsory contribution to the State or government concerning income, property, purchase price of goods, and others. Taxes as a contribution to the State (whose nature is mandatory) are owed by taxpayers according to statutory regulations without return. They are directly used to finance public expenditures related to the State's interests as the government's organizer.

Theory of Tax Compliance

Tax compliance is a theory that explains a person's obedience to the rules. Compliance with taxation is the responsibility of a government and its people as taxpayers to fulfill all obligatory activities in taxation and exercise their rights. Simply put, tax compliance refers to fulfilling tax obligations as determined by law entirely and freely (Rahmadhani et al., 2020). Tax non-compliance can occur in various forms, such as submitting tax returns that fail within a predetermined period or are not presented, then low income, and failure to pay taxes on the due date (Saputra & Meivira, 2020).



Tax Planning

Tax planning is one of the steps related to potential tax consequences, which emphasizes controlling every transaction that has an impact on taxes (Zain, 2008). The step aims to ensure that the control of each transaction can optimize the amount of tax to be paid by the company through the practice of tax avoidance and tax evasion, both of which are criminal acts in the fiscal scope.

Tax planning for ITA 21 for tax-paying companies can be done by changing non-deductible costs to deductible and changing income that is a tax subject to income that is not a tax subject. Then, the company can also Maximize the allocation of employee costs as operating or fiscal costs and change the provision of benefit in kind into money so that it can be deducted (Ompusunggu, 2011).

Meanwhile, tax planning for VAT can be done by two methods, namely optimizing creditable input VAT and delaying the making of tax invoices on the sale of Taxable Goods (BKP) / Taxable Services (JKP) whose payment is still pending. By conducting export activities, companies can reduce the amount of Value Added Tax (VAT) that must be paid by requesting a tax refund (restitution) or compensating the tax for the next tax period payment because the export tax rate is generally set at 0% (Resmi, 2015).

In addition, tax planning for Corporate Income Tax cannot be done separately without considering other taxes. This is because the calculation of Corporate Income Tax has a relationship or interdependence with Income Tax Article 21, Income Tax Article 22, Income Tax Article 23/26, Final Income Tax, and VAT (Pohan, 2013). The relationship between these taxes can be explained as follows:

- a. The total sales turnover recorded in the Corporate Income Tax Return (SPT) must match the total sales turnover recorded in the summary of the Periodic VAT Return at the end of the tax year. If there is a difference, an adjustment is required.
- b. When a company chooses the net, gross, or gross-up method in calculating Income Tax Article 21, the decision will affect the amount of Corporate Income Tax.
- c. Expenditures for salaries, wages, honoraria, and other aspects of employee welfare recorded in the Corporate Income Tax Return (CITR) must align with the Tax Imposition Base (DPP) of ITA 21 in the form of gross income paid to employees. If there is a difference, an adjustment is required.
- d. Providing in-kind is not permitted as a fiscally deductible expense, except as regulated in Minister of Finance Regulation No. 82/PMK.03/2011.
- e. In the financial statements or balance sheet, Income Tax Article 22/23/26 becomes the basis for calculating the Corporate Income Tax that must be paid. If the company's income has been subject to Final Income Tax, the income is no longer counted as income, which is the basis for calculating the Corporate Income Tax payable.

Construction Services

According to (Hakim et al., 2023) Construction services are a form of activity in the economic, social, and cultural fields that play an essential role in achieving various goals that support the achievement of national development. The current laws and regulations do not aim to provide benefits for developing construction services according to their characteristics, thus causing the need for a conducive business environment for optimal competition and community benefits. Construction services include consulting services such as construction planning, construction work, and construction supervision. The construction service business includes architectural, civil, mechanical, electrical, and environmental management work and equipment. Since construction work takes a long time, perhaps exceeding one year, the company will only recognize unpaid taxes once the construction process is complete.



Previous Research

Research related to taxation in construction companies has been conducted previously by (Rahmadhani et al., 2020) From the analysis and research results, the authors can conclude several points. First, the Construction Services Company PT Sarana Bangun Perkasa in 2017 has tax obligations, which include Income Tax Article 21, Income Tax Article 23, Income Tax Article 4 paragraph 2, VAT, and Annual Tax Return. Based on filling out questionnaires and analyzing using a Guttman scale, the second point is that tax staff at this company are considered to have understood the regulations related to applicable taxation. Then, the third point, according to the tax object based on the law for the calculation of taxation applicable in the company in 2017, has been done correctly for each article. Furthermore, for the fourth point, related to the deposit of Income Tax Article 21 and VAT, the company has not been carried out based on applicable regulations due to the large number of taxes deposited late, then for Income Tax Article 23 and Income Tax Article 4 paragraph 2 during 2017 there were no deposit transactions to the state because no collection or withholding occurred. The last point is that because many taxes are reported beyond the deadline date for reporting Periodic Tax Returns, the reporting of applicable taxation is said to be different.

PT X performs tax calculations using Income Tax Article 4 paragraph 2 and not Income Tax Article 23 and is by applicable laws and regulations (Harjanti & Hetika, 2020). PT X makes income tax payments by tax laws and regulations because they are paid before the 10th of the following month. This shows that the company has a high level of tax compliance. According to (Ningsih et al., 2024) most of the calculations of the final income tax article 4 paragraph 2 for construction services at PT Conspec are by the provisions of PP No. 40 of 2009 with a rate of 3%. Suppose the service user has the status of a tax withholding. In that case, the final income tax article 4, paragraph 2 on construction services is deducted by the service user at the time of payment with the time limit for depositing to the state on the 10th of the following month. The deposit system no longer uses a Tax Payment Slip (SSP), but for the payment of the tax period, it has used an e-billing system.

Reporting of Income Tax Article 4 paragraph 2 on construction services in 2021 carried out by PT Conspec Pertama Indonesia as a user of construction services at PT Repon Indonesia, PT Coneval Indonesia, and PT Aceh Millennium often experiences problems with delays in documents to be attached to the Periodic Tax Return which results in delays in reporting Final Income Tax Article 4 paragraph 2 on construction services deducted. This document is needed so that the use of rates in calculating taxes is correct according to the service provider's business qualifications, according to (Heriana et al., 2023). Based on this analysis, PT OMG still gets compensation for losses for Corporate Income Tax obligations and has several other tax obligations, such as obligations for Income Tax Article 21, Income Tax 23, Income Tax 25, Income Tax Article 4 paragraph 2, and VAT. The method PT OMG uses in calculating Income Tax Article 21 uses the Gross-Up method; this method bears the burden of Income Tax Article 21 as part of the benefits in the employee's salary component. Moreover, other tax obligations withhold Income Tax 23 on equipment maintenance and repair services; for Income Tax 4, paragraph 2 arises because the building used in the company's operations is a rental building. It can be concluded that PT OMG has carried out tax management well because it is known that it has made efforts to save the amount of tax that must be paid without violating applicable regulations.

According to (Febrianti, 2018). Value Added Tax is calculated by multiplying the Tax Base with a Tax Rate of 10%. The company records transactions using a tax accounting system, with VAT deposits and reporting made by the end of the month after the end of the tax period. CV. SM's value-added tax calculation, deposit, and reporting system is by Law No. 42 Year 2009 on Value-Added Tax. It starts from calculating and recording value-added tax transactions



referring to tax accounting. The company deposits the underpaid VAT to the state treasury through the perception bank. It reports the VAT Monthly Return every month to KPP Pratama Jakarta Pasar Rebo, with complete archives and a transparent flow system—the recording of CV. SM's value-added tax transactions are by tax accounting. When a terminal payment transaction from a client occurs, the company records an Output VAT journal on the credit side and an Input VAT journal on the debit side when a purchase/acquisition transaction of taxable goods from other taxable persons occurs. Furthermore, for calculating the difference between VAT Output and VAT Input, if the VAT Output is more significant, there will be VAT Underpayment paid by the company at the end of the month after the tax period ends. Conversely, if the Output VAT is smaller, there will be an Overpaid VAT that the company needs to overcome.

According to (Laura et al., 2018) the calculation of Corporate Income Tax at PT Anugerah Abba Prakarsa which is a Construction Services company that has a Certificate of National Construction Services Business License (SIUJKN) is final with a rate of 2% of the Tax Imposition Base and all income and expenses will be subject to last correction. Final payable income tax on construction services is deducted by other parties/employers, and other parties also have proof of withholding from the withholding party. However, due to the calculation system, several companies need help recognizing the 2% final withholding rate. So, within the company, some income is deducted at 4%, which is the withholding rate for construction service work that does not have SBUJK in the implementation of the work.

The amount of Corporate Income Tax Calculation rates on Construction Services Companies according to Government Regulation no. 51 of 2008 JO Government Regulation no. 40 of 2009 seen from the ownership of construction services certificates and qualifications of Construction Implementation Services Businesses in a company, divided into four qualifications namely minor (4 grades) Small, Medium, Large and Large unrestricted. With rates for small construction implementation of 2%, medium and large construction implementation of 3%, and planning and supervision of 4%. If you do not have a certificate, the income tax rate for construction implementation is 4%, and construction supervision is 6%. Each rate is calculated by multiplying the tax base of PT Anugerah Abba Prakarsa, a construction services company that has a construction services certificate. PT. Anugerah Abba Prakarsa is competent enough in its work during the current period, so PT. Anugerah Abba Prakarsa can meet the requirements for making a Certificate of Expertise (SKA), Business Entity Certificate (SBU), and Construction Services Business License (IUJK), and the calculation of corporate income tax on construction services is calculated in final form at the appropriate rate of 2% of the Tax Imposition Base Value.

The reporting mechanism for the Annual Corporate Income Tax Return for Construction Services Companies at PT Anugerah Abba Prakarsa by conducting bookkeeping for each current period by applicable accounting policies and deducting and collecting its tax obligations and other taxes, as well as submitting a Final Tax Return (SPT) so that at the end of the period fiscal corrections are made to any income received and costs incurred for everything related to fiscal activities, at this time is a construction service activity. PT Anugerah Abba Prakarsa has filled out and reported the annual SPT form 1771 to the KPP, where the company is registered at KPP Tamansari Dua. The company has also received proof of receipt of the Annual SPT from the KPP.



METHODS

Type of Data

We use a qualitative method, which contains information about a company, such as company background, organizational structure, company goals, company plans, and company policies, as well as the data obtained from oral and written forms.

Data Source

The data source used in this study is primary data. The data collected comes from an interview with one of the company's finance directors and obtaining financial statement data for the year ending December 31, 2020.

Research Procedures

The research procedure carried out in this study is first by collecting the data needed from the company. Second, identify these data to become research material. Third, formulate the problems that exist in the data that has been provided. Fourth, process and analyze the data that has been given. Fifth, make conclusions from the discussion that has been done.

Data Collection Method

The data collection method used in the research is qualitative with a field study approach such as interviews and obtaining 2020 financial statement data from the company we will analyze.

RESULT AND DISCUSSION

Imposition of corporate income tax on construction services

The application of corporate tax on construction companies is regulated in PP No. 51 of 2008, which became effective on January 1, 2008. The application of PP No. 51 of 2008 has received a lot of criticism, based on research from (Butar Butar, 2010), The imposition of a final tax on construction companies has made taxpayers protest. With these protests, the government conducted more studies on the law and finally issued PP No. 40 of 2009, which complemented PP No. 51 of 2008. 2022, there was a second change from PP No. 40 of 2009 to PP No. 9 of 2022. Several skills must be acquired in construction services through business certification, consisting of construction planning, construction implementation, and construction supervision, where each tax is charged differently. The imposition of the final income tax rate 4 paragraph 2 on companies in the field of construction implementation is divided into several groups, starting from 2% tax for small business classifications, 3% for medium business classifications, and 4% for significant integrated classifications. The imposition of the final income tax rate is based on the introductory price and not the price after adding value-added tax.

Figure 1 Profit and Loss Statement of PT DMK (Partial) in IDR

LAPORAN LABA (RUGI)		
Untuk Tahun Yang Berakhir 31 Desember 2020		
Dengan Angka Perbandingan Tahun 2019		
<i>(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)</i>		
URAIAN	Per 31 Des 2020	Per 31 Des 2019
Pendapatan Usaha	3.450.782.365	3.228.387.002
Beban Pokok Pendapatan	2.482.837.912	2.355.108.318
Laba (Rugi) Kotor	967.944.453	873.278.684
Taksiran Pajak Penghasilan Badan	17.253.912	16.141.935
Laba (Rugi) Bersih Setelah Pajak	353.599.792	279.652.894

Source : Income Statement of PT DMK (31 Dec 2020)

PT DMK is a construction services company in the field of implementation; the company's medium classification is based on PT DMK's turnover, which reaches 3 billion, as



stated in the company's annual financial report. Thus, the researcher will make a comparison related to the tax that should be paid by PT DMK and the tax that PT DMK has paid. Based on the report above, it is known that the turnover ended on December 31, 2019, and 2020 was 3,228,387,002 and 3,450,782,365. With the final imposition, the turnover will be multiplied by 3% by applicable regulations where the tax payable is 96,851,610 and 103,523,471. In the report presented, it can be seen that the estimated income tax in 2019 and 2020 is only 16,141,935 and 17,253,912, which the calculation results from PT DMK are not in line with the research of (Ningsih et al., 2024) which should use the latest rules. Therefore, there is a considerable difference of around 60,709,675 and 86,269,559. The difference occurs because PT DMK charges an income tax rate based on net business income after deducting related expenses.

In contrast, the final income tax is charged from turnover in the relevant regulations. So, PT DMK should make corrections to its expenses in fiscal reconciliation. This is done to avoid the imposition of sanctions by the Director General of Taxation due to miscalculations resulting in underpayment. If it happens, it will be very detrimental to the company because it will have to spend more money to pay the acceptable transaction. For the future, in 2022 and beyond, PT DMK must follow the rate changes contained in the construction services business regulations, namely PP No. 9 of 2022.

Income Tax 21

In the construction work carried out by PT DMK, workers who must carry it out are needed. The worker will get a reward every month or per day for the work the worker does. With the provision of these wages, tax obligations must be carried out; the tax is ITA 21. ITA 21 is a tax imposed on taxpayers for their compensation or salaries. Regarding the withholding of ITA, the employer or the worker can do 21 tax and submit it himself to the DGT. The legal basis for applying ITA 21 is contained in Law No. 36 of 2008 and updated in the Taxation Harmonization Law of 2022.

In imposing Income Tax 21, 3 methods can be used: gross, gross-up, and net. Of the three methods, we can distinguish them easily by looking at the example transaction journal:

Gross Method

Salary Expenses	XXX	
	Salary Payable	XXX
	Income tax payable 21	XXX

Gross up Method

Salary Expenses	XXX	
Income Tax Allowance 21	XXX	
	Salary Payable	XXX
	Income tax payable 21	XXX

Net Method

Salary Expenses	XXX	
Income Tax Expense 21	XXX	
	Salary Payable	XXX
	Income tax payable 21	XXX

In its application, the net method is rarely used because it is detrimental to the company where there is an Income Tax 21 expense account, which is a non-deductible expense. So, a correction must be made, which makes the company's profit larger and the tax burden larger, and the company must pay taxes that workers should pay. Therefore, the methods that are often used are gross-up and gross. The gross-up method is often used because the ITA 21 allowance



adds to the income and makes ITA 21 debt increase so that the government is not disadvantaged and the company can pay ITA 21 allowances on fiscal reconciliation carried out by the company at the end of the year.

In determining ITA 21, we must also pay attention to Benefit in Kind, which has changed in 2022, where facilities related to Benefit in Kind become tax objects in increasing income through PP No. 55 of 2022. Still, there are exceptions, namely if the benefit in kind is:

- a. Food, foodstuffs, beverages, and refreshments for all employees.
- b. Natura and enjoyment due to assignment in a particular area.
- c. Natura and enjoyment due to necessity in implementing work, such as uniforms and others.
- d. Natura and enjoyment funded by APBN/APBD/APBDesa.
- e. Natura and with certain types and restrictions.

Of the three methods that have been explained, PT DMK has applied the proper method in Income Tax 21, namely the gross method. In the gross method, the company will deduct taxes directly from workers who have been added with benefits in kind so that when construction workers, namely foramen, have an income of 80,000,000 per year plus benefits in kind in the form of food allowances of 25,000,000 per year, then PTKP (TK/0), the net income received is 103,950,000 and the income tax debt is 1,050,000. If in the journal, it will be written as follows:

Salary Expenses	Rp80.000.000	
Income Tax Allowance 21	Rp25.000.000	
	Cash	Rp 103.950.000
	Income tax payable 21	Rp 1.050.000

From the three methods described, PT DMK has applied the proper method in ITA 21, namely the gross method in terms of benefits in kind, which is appropriate where, based on the provisions of PP no. 55 of 2022, the maximum amount of meal money that is not taxed per month is IDR 2,000,000. The use of PT DMK's WHT 21 method is not in line with research conducted by (Heriana et al., 2023), where in the study PT OMG used the gross-up method; this difference is considering that in the study, the company's corporate tax is not final so it would be better to use the gross-up method which can be used as a deductible expense.

Imposition of ITA 4 paragraph 2

For Income Tax Article 4, paragraph 2, a rate of 20% can be imposed on PT DMK's current account income. The provisions of this rate are regulated by Government Regulation Number 131 Year 2000 and KMK Number 51/KMK.04/2001. Regarding income tax on interest on deposits/savings, discounts on Bank Indonesia Certificates (SBI), and current account services.

Figure 2 Income Statement of PT DMK (Partial) in IDR

Pendapatan (Beban) Lain-lain		
Pendapatan Jasa Giro	644.752	770.157
Pendapatan Lain-lain diluar usaha	-	-
Beban Administrasi Bank	(531.360)	(667.176)
Beban Lain-lain	-	-
Jumlah Pendapatan (Beban) Lain-lain	113.392	102.981

Source : Income Statement of PT DMK (31 Dec 2020)

Based on the financial statements, information is presented on the total current account service income ended December 31, 2019, and 2020, amounting to Rp644,752 and Rp770,157. Therefore, PT DMK's current account service income is subject to a rate of 20%. The tax imposition ending on December 31, 2019, and 2020 amounted to Rp 128,950 and Rp 154,031, respectively. For the payment of this income tax bill, the company can deposit it directly to the DGT, or the income tax bill has been deducted and paid by another party, then PT DMK only



receives proof of deduction provided by the other party, which is the treatment of PT DMK by the research of (Heriana et al., 2023)

Imposition of ITA 23

PT DMK uses the basis of imposition of Income Tax 23 when using a service provider of machinery, equipment, electricity, telephone, water, gas, air conditioning, and cable TV, other than those carried out by taxpayers whose scope is in the field of construction and has a license and certification as a construction entrepreneur. For all these services, a rate of 2% is not final and is grouped into the object of income tax withholding 23 for those who have an NPWP and 4% for those who do not have an NPWP. For example, PT DMK rents a crane for project needs for IDR 34,500,000, including tax. In the rental price quote, PT DMK can only pay the nominal amount and does not need to report ITA 23 in the SPT. The total payment amount will be subject to income tax withholding for the vendor. The net value of the crane rental is IDR 33,823,594.4, which can be calculated from the rental price minus the value of the ITA 23 bill, which has been multiplied by the ITA 23 rate, namely $(34,500,000 / 102\%)$. This result aligns with (Heriana et al., 2023).

Imposition of VAT

Since April 2022, the VAT rate has been set at 11% based on the Harmonization of Tax Regulations article 7 of Law No. 7 of 2021 and excluded if PT DMK receives construction service projects for houses of worship and national disasters. PT DMK has two types of taxes, namely input VAT for purchasing taxable goods in supporting projects or business processes and output VAT for delivering services in the form of project results undertaken by PT DMK. VAT can be calculated using the Taxation Basis multiplied by the VAT Rate when the company wants to know whether there is an underpayment or overpayment. This VAT can be calculated by Input Tax minus Output Tax. If PT DMK experiences an underpayment, immediately make payments and report before the company is fined.

Meanwhile, if PT DMK experiences an overpayment, immediately report it so the balance can be credited to the following month's tax period or restituted. All purchase transactions made by PT DMK use invoices. Therefore, PT DMK can also earn tax credits. For the treatment of VAT in the company, it will be imposed on corporate counterparties if individuals are not subject to it. When PT DMK purchases project items at a taxpayer-owned material store, VAT will also be charged. PT DMK and vendors will simultaneously issue invoices, upload invoices on the web, and be reported monthly. These results align with research conducted by (Febrianti, 2018). Every purchase of goods has a tax invoice related to VAT only from vendors registered as taxable entrepreneurs. When the company buys or rents heavy equipment, it will also be subject to VAT, especially if the cooperating vendor is registered as a taxable entrepreneur.

DMK's Taxation Case

During its business, PT DMK has experienced a tax case. This case is related to VAT, and the company asked for help from a tax consultant to solve this problem. Once PT DMK made a transaction for project needs, it was received as VAT and invoices. The VAT bill and invoice for purchasing this material went to Company even though PT DMK was working on the project. The other party should bear the tax on the purchased materials because the consumer has paid the tax to the other party. However, the other party wanted to avoid accepting the VAT claim for the material purchase of PT DMK's company. The other party should pay the tax because the tax money is with the other party. During the consultation, it turned out that PT DMK's position was correct: the tax deposited by the consumer should be paid to the other party holding the VAT money, not the one working on the project, namely PT DMK.

**CONCLUSION**

Based on our results, this research aims to find out information on the application of taxation in a company and the taxation cases that have occurred. The method that has been used is a qualitative method with primary data based on the results of interviews and other supporting documents. Based on the conclusion, PT DMK uses tax regulations such as VAT, Income Tax 21, Income Tax 23, and Corporate Income Tax, and this company has implemented its tax regulations properly. From the interview statement, PT DMK has experienced a tax case related to VAT when making transactions for project needs received in VAT and invoices. At that time, the VAT bill and invoice for material purchases went to another company even though PT DMK was working on the project. The tax deposited by the customer should be paid to the other party holding the VAT money, not the one working on the project. Since these problems, PT DMK has never been subject to tax sanctions due to the due date of payment of taxes not paid or underpaid. PT DMK always strives to deposit tax returns on time through the tax directorate general's office or E-Billing (online deposit through the website).

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