



Analysis of the Treatment of Income Tax Article 25 Overpayment at PT AWD

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Abstract: The outbreak of the COVID-19 pandemic in Indonesia has greatly impacted various sectors, including PT AWD which is engaged in SPA services. PT AWD experienced a significant decrease in turnover, causing an overpayment of taxes caused by the payment of tax installments that have been paid every month. Based on this phenomenon, this study was conducted to determine the impact that occurs on PT AWD if it makes restitution or tax burden in managing the tax overpayment. This study was processed using descriptive qualitative techniques with primary data, namely the results of interviews with the employees of PT AWD, and secondary data in the form of company financial statements. Based on this research, it is known that if PT AWD makes restitution, PT AWD will get back the cash that has been paid on condition that it is able to meet the requirements for implementing restitution and comply with its tax obligations. Meanwhile, if PT AWD makes an imposition, the overpayment tax cannot be taken back by the company. Because the overpayment tax has been recognized as an expense in the company's financial statements, so this treatment is more advisable for taxpayers who have a relatively low nominal tax overpayment.

Keywords: *Overpayment Taxes, Income Tax Article 25, Restitution, Tax Burden.*

1. Introduction

State income is an important element in development for the progress of a country. The supporting factor for this is of course based on the level of the country's economy and its people [1]. The country's economic growth can be observed from the development of goods and services production activities so that there is an increase in Gross Domestic Product (GDP) [2]. Based on the GDP growth graph data, it is shown that in 2020 the percentage level of Indonesia's GDP is in the position of -2.07% [3]. This decrease was caused by the Covid-19 virus pandemic in almost all parts of the world. This condition causes the economy to sluggish which causes people's purchasing power to decrease, so that corporate income and taxes payable also decrease.

However, it is often found that tax payments are greater than they should be when taxpayers experience a decrease in income. This is due to the existence of monthly installments of Income Tax Article 25 by taxpayers to reduce the tax burden at the end of the year. The calculation and payment of Article 25 Income Tax installments using this self-assessment system uses the assumption system that argues that the amount of tax payable this year is the same as the amount of tax payable in the previous year [4]. The use of this system in the collection of Article 25 Income Tax installments certainly causes a difference that will be found at the end of the year, whether it is an excess difference or a less difference [5]. The emergence of this difference is due to changes in operating income which continue to change every year. If an underpayment difference is found, the taxpayer is required to pay off the shortfall before reporting the Annual Income Tax Return [6]. However, if the calculation results indicate an excess, the excess tax can be reclaimed in accordance with the applicable rules and regulations or can be recognized as tax expense in the company's financial statements, considering that this tax overpayment cannot be compensated for in the next tax year [7].

As experienced by PT AWD which is engaged in SPA services, in 2020 it was affected by the Covid-19 outbreak so that it experienced a significant decrease in turnover. This causes PT AWD to have an overpaid tax status of Rp. 161,233,926.00 because it has paid monthly tax installments. This overpaid status must be managed properly by the company. The existence of the option of making restitution or tax burden to manage this overpaid tax makes companies have to be careful in making decisions, moreover that each option has a different impact on the company's finances.

Based on this phenomenon, researchers are encouraged to find out and research further about the impact that occurs when making restitution or tax burden into the company's financial statements. So it is expected to find the best profitable steps for the company in managing overpayment taxes related to the Article 25 Income Tax installments.

2. Literature Review

2.1 *Planned Behavior Theory*

Actions taken by someone are always based on the intention that appears first, as explained by Ajzen (1991) in the theory of Planned Behavior [8]. Through this theory, we can see the relationship between the intentions in a person in this context is the taxpayer's actions in the treatment of overpaid taxes [9].

2.2 *Income Tax Article 25*

Taxes are mandatory payments imposed on individuals and organizations so that they can help stimulate the economy [10]. To reduce the burden on taxpayers at the end of the year, a policy is issued regarding installments of taxes in the current year which are paid by taxpayers every month, hereinafter referred to as Income Tax Article 25 [11]. The determination of the amount of installments that must be paid each month is determined using the principle of collection of fictitious steles, so that the amount of tax payable in the current year will be considered the same as the amount of income tax payable according to the Annual Income Tax Return of the previous tax year [12].

The presence of this tax installment will certainly lead to underpaid or overpaid status at the end of the year due to the calculation based on past financial conditions [13]. With the discrepancy found, the taxpayer has the right to request a refund of the overpayment if the difference stated on the Annual Income Tax Return is worth more and is obliged to pay back the tax payable if the difference is found to be less, it aims to confirm the payment of the installments that have been paid in accordance with the tax payable in the current tax year [14].

2.3 *Restitution*

Restitution or refunds of overpaid taxes can occur if the tax paid is greater than the amount of tax payable. As a result of this difference, the taxpayer has the right to make restitution which has become the government's obligation to return the tax that was more paid by the taxpayer [15]. In addition to

overpayment, restitution can also be caused by taxable entrepreneurs who carry out export activities of taxable goods with luxury groups and the discovery of collection errors [16]. The application for restitution can be made in writing by filling in the available application fields in the Annual Income Tax Return column after the tax year ends and waiting for the issuance of the Overpaid Tax Assessment Letter if the audit has been carried out in accordance with the explanation contained in Undang-Undang Nomor 16 Tahun 2009.

2.4 Tax Burden

Some taxpayers are reluctant to make restitution for various reasons such as the time span for the restitution process which is considered too long, unpreparedness in facing the examination, to the lack of responsiveness and education of the tax service officers themselves [17]. Other decisions and actions that can be taken by the taxpayer, in this case the corporate taxpayer who manages the tax is overpaid in addition to restitution by admitting the overpaid tax becomes a tax burden into the account on other financial statements [18]. This process can be done by making fiscal corrections to the company's financial statements accordance with applicable tax regulations [19]. Fiscal corrections are carried out by taxpayers to adjust income and expenses in commercial accounting with fiscal accounting.

3. Research Method

This research is a descriptive qualitative type to identify the impact of the implementation of restitution and tax burden in accordance with the phenomena that occur in PT AWD. This study uses primary data, namely the results of interviews with the finance department and tax consultants of PT AWD, while secondary data used is the financial statements of PT AWD. The data collected in this study were tested for validity using triangulation so that the data used were valid and accountable data. In this study, the researcher attempts to summarize the results of systematic data analysis which will be described based on facts and theories regarding the treatment of overpaid income tax.

4. Result and Discussion

4.1 Description of Research Results

4.1.1 Overpayment of Article 25 Income Tax Installments

Article 25 income tax installments collected based on a fictitious steles which assumes that the tax payable this year is equal to the amount of tax payable in the previous year. This installment is paid every month by the taxpayer in accordance with Undang-Undang Nomor 36 Tahun 2008 [20]. According to the tax consultant PT AWD, the collection of Article 25 income tax installments is considered sufficient to have a positive and negative impact on companies that depend on the condition of the company itself. As experienced by PT AWD in March 2020, there has been a significant decrease in turnover so it has decided to apply for a reduction in installments according to the Decree of the Director General of Taxes Number KEP-537/PJ./2000 [21]. This application is expected to help companies reduce the amount of taxes paid at the end of the year, but it turns out that the amount of overpaid taxes is around Rp161.233.926,00. As stated by the tax consultant PT AWD that the presence of tax incentives is only to ease the company's cash flow in the current year, especially during the difficult time, and not to reduce the amount of tax payable. The existence of this overpaid tax must be managed properly by the company, either through restitution or admitting it as an expense into the company's financial statements.

4.1.2 Restitution of Article 25 Income Tax Overpaid

Restitution submission is one of the steps that can help improve the company's cash flow, especially in difficult conditions, as explained by tax consultant PT AWD. Before the restitution can be granted, the tax payer must conduct an audit by the tax payer. Related to this inspection activity, taxpayers are required to complete documents related to the company's business activities. PT AWD has prepared

documents such as Trial Balance, balance sheet, profit and loss statement, general ledger, list of fixed assets and depreciation, PHR archives from January to December, Income Tax Article 21 archives from January to December, Income Tax Article 23 archives from January to December, and Income Tax Article 4 paragraph (2) archives from January to December.

However, in the implementation of restitution, it is often found that there are differences in the calculation when the restitution is realized with the amount submitted by the taxpayer. This is a consideration for PT AWD in applying for restitution. Tax consultant PT AWD stated that discrepancies that are often encountered in the implementation of restitution can be avoided by completing the documents and ensuring that the company's financial statements are in accordance with the existing corporate income tax return. The long process of restitution is considered very complicated and complex for taxpayers so that it tends to cause fraud in compiling the company's financial statements, even though restitution itself is carried out as a form of testing the level of taxpayer compliance. Based on the results of interviews, it is known that the implementation of restitution can provide many benefits if the taxpayer knows the tax gray area and follows the development of current tax regulations and policies, especially now that restitution applications can be carried out online together with the reporting of the Corporate Annual Tax Return reporting. Obstacles that are still often encountered in the implementation of restitution are only when waiting for the results of the examination by an account representative that sometimes exceeds the period of 30 days. This long process is usually caused by incomplete documents uploaded by the taxpayer, so it takes additional time to reconfirm to the taxpayer.

4.1.3 Tax Burden of Article 25 Income Tax Overpaid

Tax burden is another option in managing overpaid taxes by recognizing the overpayment becomes a tax burden. Based on the results of interviews with the finance department of PT AWD, she was explained that the implementation of this tax burden would certainly make the company feel burdened, especially when in difficult conditions and the amount charged was quite large. This step is considered quite efficient for corporate taxpayers who have a low nominal amount of overpaid tax, because when compared to a long restitution process, this is considered quite efficient. Recognition of overpaid tax due to the installment of Income Tax Article 25 must be journaled first and then positive fiscal correction, because the income tax account cannot be charged to the company's fiscal financial statements. If the taxpayer carries out the burdening process, usually the taxpayer will receive an SP2DK from the Tax Office to provide information on the alleged non-fulfillment of his tax obligations, because this treatment is only carried out within the scope of the company.

4.2 Discussion and Findings

4.2.1 Impact of Restitution on Article 25 Income Tax Overpayment in PT AWD

In accordance with the theory of planned behavior, that a person's actions always come from the intentions within the person. With this phenomenon, the company certainly has the intention to manage this overpaid tax which can be implemented through one of the options, namely the restitution. Based on Article 29 paragraph (3) and paragraph (3) letter a of Undang-Undang Nomor 16 Tahun 2009 concerning General Provisions and Tax Procedures, it is stated that in the context of the audit, the taxpayer must show documents related to business activities and income as prepared by PT AWD [22]. Through the implementation of this restitution, the company can take back its rights to be used for company operations. If the restitution process is granted 100%, the company must make a cash receipts journal by writing off the advance for Income Tax Article 25 which was previously paid with the journal entry,

Cash	Rp161.233.926,00
Prepaid Income Tax Article 25	Rp161.233.926,00

On the other hand, it is still often found that taxpayers are anxious in carrying out the complicated restitution process and the amount of realization is not in accordance with the amount submitted. Of course this anxiety can actually be overcome by knowing the gaps in taxation procedures that are still in accordance with applicable tax regulations, so that the tax authorities can find out in detail about the actual state of the company and have fulfilled their obligations in managing overpaid taxes. In addition, another thing that is considered in carrying out this restitution process is that the examination process carried out by the Account Representative takes quite a long time if the documents required for the examination of restitution activities are not uploaded completely, so it requires additional time for the Account Representative to complete his work.

4.2.1. *Impact of Tax Burden on Article 25 Income Tax Overpayment in PT AWD*

Management of overpaid taxes is often a consideration for taxpayers. The majority of taxpayers who are less likely to want to restitution will take steps to burden the overpayment of taxes into the company's financial statements. Of course, this will cause an increase amount of expenses so it risks reducing the company's profit, because the amount of overpayment is not taken back by the company from the state treasury. There are many supporting factors that cause taxpayers not to want to carry out the restitution process, such as the amount of realizations that are not in accordance with the number of submissions to the long and time-consuming restitution process. For some taxpayers, accounting treatment with the imposition of this tax overpayment becomes an alternative choice if the amount of overpaid tax owned by the taxpayer is still relatively low.

For the implementation of this imposition, the amount of installments of Income Tax Article 25 that have been paid previously will be recognized as an expense of Income Tax Article 25 in the amount of overpayment tax owned by the company. The journal that must be made by the company when burden are,

Burden of Income Tax Article 25	Rp161.233.926,00
Prepaid Income Tax Article 25	Rp161.233.926,00

After the journal entry is carried out, the tax burden that has been credited must be corrected for positive fiscal in the company's fiscal financial statements. This is done because the income tax expense cannot be recognized in the company's fiscal financial statements as shown in the Table 1.

This burden process is only carried out within the scope of the company and is not detected by the tax authorities. But anything related to the taxpayer's tax obligations will certainly be monitored by the tax authorities, so that if the tax authorities find any indications that the taxpayer has not completed their obligations in this case managing overpaid taxes in accordance with applicable regulations, the Tax Office will send SP2DK to the taxpayer to ask for an explanation. The trigger for receiving SP2DK by taxpayers is because in the KPP data base, taxpayers are still overpaid and have not returned the excess which has actually been charged to the company's financial statements.

4.3 *Research Limitations*

This study only focuses on the impact of the implementation of restitution and also the burden as an option in managing overpaid taxes and at the same time becomes a limitation in this study. So it is better to develop this research, which can then be added related to other methods that can be an option for managing tax overpayments. So that readers can add their insight related to the steps of overpayment tax management and the impact that will be caused through these steps, and can assist taxpayers in making the right decisions for managing overpaid taxes.

Table 1. Fiscal Correction List PT AWD

	Commercial (Rp)	Correction (+) (Rp)	Correction (-) (Rp)	Fiscal (Rp)
REVENUE				
REVENUE	3.785.103.858			3.785.103.858
TOTAL REVENUE	3.785.103.858			3.785.103.858
COST OF REVENUE	428.044.021			428.044.021
GROSS PROFIT	3.357.059.837			3.357.059.837
OPERATING EXPENSES				
Salary & Related	2.988.309.624			2.988.309.624
Transportation	13.060.166			13.060.166
Consultant	26.000.000			26.000.000
Rent	38.000.000			38.000.000
Depreciation	297.333.360			297.333.360
Ammortization	506.505.952			506.505.952
Insurance	116.792.056			116.792.056
Flower & Decoration	12.165.000			12.165.000
Office Supplies	15.856.597			15.856.597
Advertising & Promotion	33.096.000	33.096.000		-
Internet	35.562.500			35.562.500
Cleaning Supplies	1.725.000			1.725.000
Medical	3.100.000	3.100.000		-
Bank Commission	49.252.181			49.252.181
Consumption	2.461.000	2.461.000		-
Electricity	117.237.809			117.237.809
Water Tax	2.705.010			2.705.010
Other Tax	73.900.788	73.900.788		-
Training	20.546.000			20.546.000
Maintenance Building & Furniture	441.910.444			441.910.444
Uniform	15.172.500	15.172.500		-
Printing	10.116.000			10.116.000
Telephone	3.378.080			3.378.080
PPN	2.627.500			2.627.500
Burden of Income Tax Article 25	161.233.926	161.233.926		-
TOTAL OPERATING EXPENSES	4.988.047.493	127.730.288	-	4.699.083.279
PROFIT (LOSS) OPERATIONAL	(1.630.987.656)	127.730.288	-	(1.342.023.442)
NON OPERATIONAL INCOME (EXPENSES)				
Interest Bank Income	19.199.767		19.199.767	-
Bank Administration	(1.836.200)			(1.836.200)
Interest Tax Expense	(3.835.290)	3.835.290		-
TOTAL REVENUE & EXPENSES NON OPR	13.528.277	3.835.290	19.199.767	(1.836.200)
PROFIT (LOSS) BEFORE TAX	(1.617.459.379)	131.565.578	19.199.767	(1.343.859.642)

5. Conclusion

Based on the research that has been carried out, the conclusion that can be drawn is for the restitution process has the advantage of taxpayers in this case PT AWD can take back the cash that has been paid to be later reused in the company's operations. In addition, this process is also in accordance with the applicable regulations so that the fiscus can know the state of the company. The implementation of

restitution can be carried out properly if PT AWD knows and fulfills the specified requirements and prepares the necessary documents so that the restitution can be fully granted. In contrast to the process of imposing overpaid taxes which are recognized as a expense into the company's financial statements. If PT AWD takes this step, then PT AWD will not get back the money it has paid to the state and will certainly affect the level of profit of the company commercially. But the implementation of this option is considered quite helpful in managing overpaid taxes that have a relatively low nominal when it should be compared to the restitution process which is quite long and complicated.

6. Acknowledgment

This research will not be completed properly without the help and encouragement of various parties. Researchers are very grateful to the Department of Accounting Bali State Polytechnic, supervisors, the resource persons who have provided valuable knowledge and guidance, and friends who provide input and motivation so this research can be completed properly.

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