



Research Paper

Implementation of Tax Management on the Distribution of Company Profits to Shareholders, Case Study At Pt X

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Abstract—Tax planning is part of tax management, companies can manage to streamline tax payments to the government. Having an understanding of tax regulations and updating knowledge of tax regulations is very important in carrying out tax management, so that companies can continue to apply tax management in every decision making.

The distribution of dividends or *tantiem* distribution to shareholders who also serve as the board of directors and board of commissioners who also have other positions is one of the company's decisions that need to be considered in tax management. The amount distributed by the company depends on the decision of the board of directors and is approved by the shareholders at the General Meeting of Shareholders (GMS). Most companies will pay out their dividends once a year, but some companies pay out "additional" dividends several times a year which are called interim dividends.

The aim of this research is to explain about the application of tax management in the distribution of company profits which have increased rapidly in one year to shareholders who also serve as the board of directors and board of commissioners as well as having other positions. The methodology used is a qualitative inductive method in the form of a case study using sources from interviews and observations of data provided by PT X.

Index Terms: Tax Management, Interim Dividend, Dividend Policy

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I. BACKGROUND

The minimization of the tax burden can be done in various ways, ranging from those that are still within the framework of tax regulations to those that violate tax regulations. Efforts to minimize taxes euphemistically are often referred to as tax planning. Generally, tax planning refers to the process of manipulating the taxpayer's business and transactions so that the tax debt is minimal but still within the framework of taxation regulations. However, tax planning can also be positive as a plan for fulfilling tax obligations in a complete, correct, and timely manner so as to avoid wasted resources. Taxes that are assumed to be costs or expenses greatly affect the company's management in increasing profits. Economically, tax is a profit deduction element that is available to the company to be distributed as dividends or to be reinvested. The avoidance of waste is an optimization of the allocation of company resources that is more productive and efficient so that minimizing the waste of these resources can properly maximize performance.

In a company, there are often shareholders who also act as managers, either as directors or commissioners. And if the shareholder who is concurrently the manager expects to get a share of the profits for the current year. What is the right choice to give, whether in the form of a bonus or an interim dividend. This choice has a consequence that the amount of tax to be paid varies. Therefore, companies need a proper tax planning so that the company pays taxes as efficiently as possible as long as it is still in accordance with applicable tax regulations.

II. LITERATURE REVIEW

Tax Management

Suandy (2008: 6-7), defines "tax management is a means to meet tax obligations properly but the amount of tax can be reduced as low as possible to obtain the expected profit and liquidity". Suandy (2008: 6) states that the objectives of tax management can be achieved through tax management functions which consist of:

1. Tax Planning
2. Tax Implementation

3. Tax Control

To minimize tax obligations, it can be done in various ways, both those that still comply with taxation provisions (lawful) and those that violate taxation regulations (unlawful). The measures used in measuring taxpayer regulatory compliance are as follows:

- a. Tax saving, the taxpayer's efforts to avoid tax payable by refraining from buying products that have value added tax or deliberately reducing the hours of work or work they can do so that their income becomes small and thus avoiding large income taxes
- b. Tax avoidance, namely efforts of taxpayers not to commit acts that are subject to tax or efforts that are still within the framework of the tax laws and regulations to reduce the amount of tax owed.

MSME Final Income Tax

Government Regulation of the Republic of Indonesia Number 23 of 2018 concerning Income Tax on Income from Businesses Received or Obtained by Taxpayers With Certain Gross Turnover (PP-23) is a government regulation that discusses income tax on income from businesses that is received by taxpayers with gross turnover. certain. Taxpayers with a gross turnover of less than IDR 4.8 billion in a year are entitled to take advantage of PP-23.

Definition of Dividend

Dividends are a portion of profits distributed to shareholders. Dividends are part of the profits paid by the company to shareholders. Therefore, dividends are part of the income expected by shareholders. The size of the dividends paid will greatly affect the achievement of the goal of maximizing welfare for shareholders.¹

Based on Article 4 paragraph (1) letter g of the Income Tax Law, which includes the object of tax is dividends, in whatever name and form, including dividends from insurance companies to policyholders, and distribution of the remaining income of the cooperative unless otherwise stipulated by taxation provisions. In the elucidation of Article 4 paragraph (1) letter g, it is also emphasized that the definition of dividends includes:

1. distribution of profit, either directly or indirectly, under whatever name and form;
2. repayment due to liquidation in excess of the paid-up capital;
3. the provision of bonus shares without deposit, including bonus shares derived from the capitalization of the additional paid-in capital;
4. distribution of profit in the form of shares;
5. recording of additional capital without deposit;
6. an amount that exceeds the amount of paid up shares received or acquired by the shareholders because of the buyback of shares by the company concerned;
7. repayment in whole or in part of the paid-up capital, if profits have been made in the past years, unless the repayment is the result of a legal reduction of the authorized capital (statutory);
8. payments in connection with signs of profit, including those received as redemption for signs of profit;
9. a share of profit in connection with bond ownership;
10. a share of profit received by the policy holder;
11. distribution in the form of remaining proceeds to cooperative members;
12. company expenses for the personal needs of shareholders which are charged as company expenses.

Dividen Interim

Interim dividends are temporary dividends that are declared and paid before the Company's annual profit is determined by the GMS. Usually payments are made periodically such as quarterly during the year. interim dividends represent temporary distribution of the Company's profits or profits. Not yet a final dividend based on the resolution of the GMS. The distribution is only based on the appointment of the board of directors.² Government Regulation of the Republic of Indonesia Number 94 of 2010 concerning Calculation of Taxable Income and Payment of Income Tax in the Current Year Article 6 states that the distribution of profit directly and / or indirectly from retained earnings including retained earnings based on the projection of profit for the current year is a tax object. Domestic Individual Taxpayers who receive or receive income in the form of dividends, then the income of such dividends is deducted with final Income Tax Article 4 paragraph (2) amounting to 10% of the gross income as regulated in PP. 19 of 2009 dated 9 February 2009.

¹ Lukman Syamsuddin, *Manajemen Keuangan Perusahaan*, Cetakan Ke-11, PT. Raja Grafindo Persada, Jakarta, 2011, hlm. 32.

² Lihat Undang-Undang Nomor 40 Tahun 2007 Tentang Perseroan Terbatas, Pasal 72.

Interim Dividend Distribution Terms

Based on Law Number 40 of 2017 Article 72, it is stated that interim dividends are distributed in the current year with due observance of the following provisions:

- (1) A Company may distribute interim dividends before the Company's financial year ends as long as it is stipulated in the articles of association of the Company.
- (2) The interim dividend distribution as referred to in paragraph (1) may be made if the total net assets of the Company do not become less than the total issued and paid up capital plus the mandatory reserve.
- (3) The interim dividend distribution as referred to in paragraph (2) may not interfere or cause the Company to fail to fulfill its obligations to creditors or interfere with the Company's activities.
- (4) The distribution of interim dividends is determined based on the decision of the Board of Directors after obtaining the approval of the Board of Commissioners, with due observance of the provisions in paragraph (2) and paragraph (3).
- (5) In the event that after the financial year ends it turns out that the Company suffers a loss, the interim dividends which have been distributed must be returned by the shareholders to the Company.
- (6) The Board of Directors and the Board of Commissioners are jointly and severally responsible for the loss of the Company, in the event that the shareholder is unable to return the interim dividend as referred to in paragraph (5).

Tantiem

Tantiem / Production Service is an award given by the GMS to members of the board of directors every year if the company earns a profit (Suryatingsih and Siregar, 2007).

In Regulation of the Director General of Taxation Number PER - 16 / PJ / 2016 (PER-16) Regarding Technical Guidelines for Withholding, Deposit and Reporting Income Tax Article 21 and / or Income Tax Article 26 In connection with the work, services and activities of an individual, it is stated that tantiem is income that is irregularities given to employees so that companies are required to deduct Income Tax Article 21.

III. RESEARCH METHODOLOGY

According to Sugiyono, research is a scientific way to obtain data with specific purposes and uses. Based on the type of approach, research can be divided into two types, quantitative and qualitative research. The approach used in this research is a qualitative approach, thinking to solve problems systematically, empirically and controlled by using numbers. The object of research in data collection was carried out at PT X (not real name) which is domiciled in Jakarta, a company engaged in technology.

IV. RESEARCH RESULT

Overview of PT X

PT X is a company engaged in digital technology that is located and operates in Indonesia. PT X was established in 2018 and is still classified as a Micro, Small and Medium Enterprise (MSME) as stated in PP-23. In the current year 2020, the shareholders who are all members of the board of directors and commissioners who have the positions of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operational Officer (COO), expect additional income from of the company's profits which experienced a rapid increase in the current year.

The shareholders are all management of the company, namely the board of directors and the board of commissioners, who also have the positions of CEO, CFO and COO, so that all of them receive a monthly salary from the company. then the option that can be used is the distribution of tantiem or interim dividends. In addition, PT X is a company that provides article 21 income tax facilities borne by the company for all employees and management, including employees who also have positions on the board of directors and board of commissioners. The following is a description of the shareholders of PT X:

No	Name	Position	Share Percentage	Ownership	Salary per month	Status
1	AAA	President Director, CEO	40%		Rp 60.000.000	K/1
2	BBB	Director, COO	35%		Rp 50.000.000	K/1
3	CCC	Commissioner, CFO	25%		Rp 50.000.000	K/2

Comparison of the Calculation of Income Tax on Tantiem and Interim Dividends

The amount of company profit that PT X wants to distribute to the shareholders who are entirely the board of directors and the board of commissioners is Rp 1,000,000,000.

The table below shows PPh 21 payable on tantiem:

No	Name	Position	Salary/month	Income tax 21 per month on salary	PPh 21 per month on salary + tantiem	PPh 21 per month on tantiem
1	AAA	President Director, CEO	Rp60.000.000	11.691.667	131.691.667	120.000.000
2	BBB	Direktur, COO	Rp50.000.000	8.691.667	113.691.667	105.000.000
3	CCC	Komisaris, CFO	Rp50.000.000	8.579.167	83.579.167	75.000.000
Total				28.962.501	328.962.501	300.000.000

The table below shows Final Income Tax payable on interim dividends:

No	Nama	Jabatan	Kepemilikan Saham	Dividen	PPh
1	AAA	Direkur Utama, CEO	40%	400.000.000	40.000.000
2	BBB	Direktur, COO	35%	350.000.000	35.000.000
3	CCC	Komisaris, CFO	25%	250.000.000	25.000.000
Total				1.000.000.000	100.000.000

Based on the above calculation, if PT X chooses to distribute bonuses, the tax to be paid is Rp. 300,000,000, while if PT X chooses to distribute interim dividends, the tax to be paid is Rp. 100,000,000.

V. CONCLUSION

PT X is an MSME that meets the requirements of PP-23 so that its Corporate Income Tax is payable for Final PPh. In this case, distributing interim dividends in the current year PT X can get greater tax savings than distributing bonuses. PT X may distribute interim dividends provided that they have complied with all requirements. If at the end of the year it turns out that PT X has suffered a loss or the dividends that may be distributed are less than the interim dividends that have been distributed, the shareholders are required to return the difference between the amount of interim dividends that have been distributed during the current year and the amount of dividends that may be distributed in that year. The Board of Directors and the Board of Commissioners are jointly and severally liable if the shareholders cannot return the difference.

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