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Tax Avoidance practices for calculating Fiscal Correction of Income Tax Payable Expences

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Abstract

The purpose of this research is to study and analyze whether there is tax avoidance practice on the calculation of the fiscal correction of income and income tax expenses due to PT TMCI. This research is quantitative research with a descriptive approach. The data used in this study comes from primary data in the form of PT TMCI's 2019 financial statements. This research's analytical method is the fiscal correction method based on the Taxation Law and Government Regulation. This study indicates that there are tax avoidance practices on salary expenses and cellphone expenses whose treatment is not following the Taxation Law and Government Regulations in calculating fiscal corrections so that the company payable income tax becomes smaller.

1 Introduction

Income tax was first applied to Indonesian plantation companies in 1925 under the corporate name tax. The tax laws in Indonesia have been amended several times, the most recent change being law number 36 of 2008. This tax regulation discussion has had a positive impact on state revenue growth. The composition of state income from the income tax sector tends to be dominated by corporate income tax because corporate income tax is relatively easy to monitor. Sahilatua & Noviari, (2013) state that corporate income tax occupies an essential priority about corporate expense budgeting so that companies make tax planning efforts to streamline tax payments without putting aside obligations.

A tax burden that is not appropriately planned will burden the company's finances (Su'un & Ahmad, 2020). A high tax burden will reduce the amount of net income to reduce the company's overall value. The increased tax burden will make taxpayers try to minimize the tax burden in various ways, starting in the same way. Still exist within the frame of taxation regulations up to those that violate taxation regulations (Sudirman & Muslim, 2018). The company management has always wanted to optimize its profits to provide maximum signals in earnings for investors.

The level of income tax expense paid by companies depends on the income earned. Likewise, with costs,

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the appropriate charging of fees is the main thing that must be known by the company. Many costs are incurred by the company but cannot be used as a deduction for income tax. This is why tax avoidance practices are essential to discuss, seeing that companies and countries have different goals and interests (Rifani et al., 2019).

Companies as taxpayers try to pay the smallest possible tax due. The company identifies tax payments as an expense that will reduce profits (Pelu et al., 2020; Nurfadlia, 2020). For company management, a high tax burden will reduce the company's financial performance. This will encourage company management to reduce its tax payments in various ways, both legally and illegally (Siregar & Widyawati, 2016; Sudirman & Muslim, 2018). Meanwhile, the government will maximize the tax collected because it is an essential revenue source that will be used to finance state expenditures, both routine expenses and development expenditures (Asrul et al., 2018). This results in differences in motives between the government and companies that cause conflicts of interest, so there is the possibility of taxpayers avoiding taxes

Tax planning practice is one strategy that managers can use to save tax burdens to increase the company's net profit. In general, tax planning is a legal action because it is still within the regulatory framework by taking advantage of loopholes in the applicable tax regulations (Sudirman & Muslim, 2018). However, some companies carry out tax planning that is not under taxation provisions based on the phenomenon that there are companies that report losses in their financial statements and do not pay taxes for five consecutive years or even more, among others, which are suspected of being due to tax avoidance practices with exploiting the gap between financial reporting based on accounting standards and tax laws or commonly known as the tax book gap, this requires more attention from the government, especially the Directorate General of Taxes. It is difficult to obtain exact figures for companies that do not pay taxes due to losses in their financial statements. Cases concerning tax avoidance practices carried out by well-known companies such as Apple Inc., Starbucks, and other issues have reduced state revenues in the taxation sector.

The practice of tax avoidance in Indonesia has become a serious problem (Winarsih, 2018), where most business entities were running their operations in the mineral and coal industry sectors, and several foreign companies in Indonesia practice tax avoidance (Suara.com, 2017). One of the company's strategies in minimizing its tax burden (tax avoidance) is done with fiscal corrections. Fiscal correction, according to Muljono & Wicaksono (2009), is a tax calculation correction caused by differences in recognition of methods, useful life, and age in calculating commercial profit with fiscal terms. Fiscal corrections occur because of differences in commercial and fiscal recognition. This difference occurs because of differences in the timing of revenue recognition and costs for calculating profit. An expense or income is recognized in commercial accounting and is not yet identified on a fiscal basis, or vice versa. This difference is temporary because it will be closed in the period after that. According to Suandy (2014), the time difference is a temporary difference due to the inequality in the timing of recognizing income and expenses between tax regulations and Financial Accounting Standards.

Allowance for doubtful accounts based on taxation will be recognized if it is uncollectible. The case for collection is submitted to the District Court or the State Receivables and Auction Affairs Agency (BUPLN). However, based on commercial reporting, trade receivables are set aside based on the accounts' age analysis. Based on tax regulations, assets originating from a capital lease cannot be depreciated by the lessee, so the lease's principal installments must be recognized as an expense. Commercial reporting requires the depreciation of assets resulting from a capital lease. Permanent Difference occurs because income and expense transactions are recognized in commercial accounting and not recognized on a fiscal basis. According to the fiscal, fixed differences result in accounting profit (loss) permanently different from taxable gain (income). Although fiscal correction is the difference between tax regulations and financial accounting standards (SAK) that must be carried out by taxpayers, often, the application is still inaccurate, resulting in a massive amount of fiscal corrections. This causes companies to tend to report losses and practice tax avoidance.

PT TMCI, as one of the taxpayers, needs to calculate fixes in making its annual financial reports. This company must calculate, information, and pay the tax payable based on the self-assessment system adopted by the tax system in Indonesia. Implementing the self-assessment system in the Indonesian tax law seems to provide an opportunity for taxpayers to reduce the amount of tax to be paid. Taxpayers, in this case, PT TMCI, of course, want to reduce company costs, including the tax burden. Table 1 shows that PT TMCI was recorded to have benefited throughout 2015 and 2016. However, the profit in the following year tends to decline.

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Moreover, in 2014, 2017, and 2018 PT TMCI suffered losses. In fact, in 2017 and 2018, the company suffered losses in a row. This is undoubtedly an impossibility in charging fees, so it is necessary to study in depth whether PT TMCI in calculating the amount of income tax owed is by the applicable laws and regulations.
Table 1. Commercial and Fiscal Income Statement

No	Tahun	L/R Commercial	L/R Fiscal
1	2014	Rp -27.594.385.230	Rp -26.123.887.000
2	2015	Rp 7.592.718.221	Rp 13.773.362.000
3	2016	Rp 4.861.448.729	Rp 9.262.843.000
4	2017	Rp -28.010.170.426	Rp -26.941.272.000
5	2018	Rp -9.825.321.190	Rp -4.932.354.000

According to Jensen & Meckling (1976), agency theory concerns the contractual relationship between company members. This contractual relationship occurs when one or more people (principal) employ another person (agent) by giving delegation of authority to make several decisions. In this relationship, the management as the agent will do what the owner/leader asks as the principal. One of them is to get profit, and the principal asks the agent to do tax management through tax avoidance. Of course, what is asked by the principal for welfare for himself and the agent. The agency problem occurs when the head of the company, as the principal, wants to make efficient tax payments to get benefits using tax avoidance practices by tax regulations. This is done by the management as the agent, regardless of whether the tax payment efficiency steps violate the provisions of tax laws and regulations. Even though this can pay taxes efficiently and the company gets the benefits expected, later, it will hurt the company if it violates the tax laws. This is done by the management solely for the benefit of itself without thinking about the impact the company will receive in the future.

Agency Theory explains the relationship between the owner as to principal and management as an agent. These agency relationships include management and owners (bonus plan hypothesis), between power and creditors (debt covenant hypothesis), and between management and the government (political cost hypothesis). These three relationships are known as the hypothesis in the positive accounting theory. According to Januarti (2004), positive accounting theory is a part of agency theory that aims to describe and explain what and how financial information is presented and communicated to accounting information users. This is because the positive accounting theory recognizes three agency relationships after the hypothesis by Watts & Zimmerman. The hypothesis in the positive accounting theory formulated by Watts & Zimmerman (1986) is:

Bonus Plan Hypothesis, This hypothesis explains that the company has a bonus plan. Bonuses are a form of material incentives. With executive incentives, managers will tend to use accounting methods that can play with the size of the accounting numbers in the financial statements. This is done to get the maximum bonus each year because of the company's profit level measures manager performance. Regarding tax avoidance practices, managers will minimize the tax burden by making efficient tax payments to get a large profit. The bonus they get is also massive.

Debt Convenant Hypothesis, This is related to the conditions that must be met by the company in the debt covenant. Most debt covenants have requirements that the borrower must meet during the contract period. When companies begin to be threatened with violating debt covenants, company managers will try to avoid the occurrence of these debt agreements by choosing accounting methods that can increase revenue or profit. Violation of debt covenants can result in sanctions, limiting managers' actions in managing the company. The management will increase profits (doing income increasing) to avoid or at least delay the agreement's breach. So, to prevent debt conveniently, managers will usually practice tax avoidance to increase company profits.

Political Cost Hypothesis, Companies dealing with political costs tend to engineer profit reduction to minimize the political values they have to bear. Political costs include all costs borne by companies related to government regulations, government subsidies, tax rates, labor demands, and so on. Managers will not practice tax avoidance because it avoids the spotlight from external parties (stakeholders and shareholders).

This positive accounting theory will make managers more careful (conservatism) in doing tax avoidance. Trade-off theory (balancing theory) is a theory that balances benefits (tax protection) and sacrifices (interest) arising from the use of debt by companies. This theory is further explained in Frank & Goyal (2005) that the company will increase debt when the tax savings (tax shield) is more significant than the sacrifice, and the use of the debt will stop when there is a balance between protection and rejections due to the use of the debt. This

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can be used as another step that can be taken for tax avoidance, which is, of course, still under taxation provisions.

Tax avoidance practice is an effort of taxpayers to take advantage of opportunities in the tax law to pay lower taxes. Law of the Republic of Indonesia No. 36 of 2008 concerning Income Tax Article 6 states that depreciation of expenses for obtaining tangible assets and amortization of costs for obtaining intangible assets can be deducted from gross income in the framework of calculating taxable income so that the tax burden will be smaller.

Thus, the depreciation expense of fixed assets can reduce taxable income, so that the greater the intensity of fixed assets, the smaller the company's tax burden. Income tax calculation using fiscal correction (fiscal reconciliation), by adjusting commercial reports with fiscal reports shows differences, namely fixed differences and time differences. A permanent difference is that accounting profit and income create accounting problems and do not affect future tax obligations. A permanent difference is that accounting profit and income create accounting problems and do not affect future tax obligations. From the fiscal correction adjustments, fixed differences and time differences will result in the calculation of total profit according to taxation provisions, and the real profit is called Taxable Income (PKP).

2 Research Method

This research uses descriptive quantitative with a case study approach. According to Yin (2011), a case study is an empirical investigation investigating contemporary phenomena in the context of real-life, especially when the boundaries between phenomena and contexts are not clear. The data used in the 2019 PT TMCI financial report data obtained from company documentation and secondary data in the form of tax laws and books are used as references. According to Sugiyono (2015), data collection techniques are the most strategic steps in research because the study's primary purpose is to get data. The data used in the 2019 PT TMCI financial report data obtained from company documentation and secondary data in the form of tax laws and books are used as references. According to Sugiyono (2015), data collection techniques are the most strategic steps in research because the study's primary purpose is to get data. Data processing results are then carried out fiscal corrections on accounts that have been processed between fixed differences and time differences into positive fiscal modifications (increased taxable profit) or negative fiscal revisions (reduced taxable gain) into the fiscal correction format. It calculated the taxable profit that will be used in the calculation of corporate tax payable based on the fiscal correction format that was done in the previous stage. Next, classify the tax rates according to taxable income by tax regulations and government regulations. The basis for the imposition of rates in the calculation of income tax is by the taxable income and related regulations as follows:

1. Taxable income below 4.8 billion at a rate of 1% (final tax). Government Regulation Number 46 of 2013.
2. Taxable Income between 4.8 Billion - 50 Billion with a Proportional Rate of the Proportion of Subsidies 50% × 25%. The Proportion of Non-Subsidized, 25%. Income Tax Laws Regulation Article 31E.
3. Taxable Income above 50 Billion, 25% rate. Income Tax Law Regulation Article 17.
4. Taxable income is first rounded down in full thousands of rupiah, then calculates the amount of tax owed by the company with the formula: Income Tax Payable = Tax Rate x Taxable Income.
5. Conclude.

The commercial's data, financial statements presented are reconciled with fiscal corrections, and the calculation of the amount of income tax payable that must be paid based on the tax regulations is then summarized as the result or answer of the research conducted so that it answers the problem formulation that has been determined

3 Result and Discussion

Result

Describing research data is a step that cannot be separated from data analysis activities as a prerequisite for

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entering the discussion stage and drawing conclusions from the research results. The sample-set is in the form of PT TMCI's 2019 financial statements. Financial reports are the final results of a company's activities. They are made to provide an overview of the company's operational activities in one accounting period, making it easier for parties with an internal or external interest in making decisions. The resulting financial statements are in the form of balance sheets, income statements, cash flow statements, and changes in equity.

Companies must prepare fiscal financial reports by carrying out positive fiscal reconciliations and negative budgetary corrections for tax purposes. The emergence of positive fiscal corrections and negative fiscal corrections is due to adjustments in the recording and recognizing costs and revenues in accounting provisions and taxation provisions. In the framework of calculating fiscal corrections, the researcher first presents financial statements starting on January 1, 2019, and ending on December 31, 2019, to see the condition of assets, liabilities, and equity as well as net income received according to commercial calculations. The currency used to prepare the financial statements is the Indonesian Rupiah (Rp). The following are some of the Commercial Financial Reports available at PT TMCI 2019:

Financial Position Report

The financial position report is a financial report that presents information about the company's financial position at a particular time or date. In the balance sheet, some accounts must be arranged systematically according to their nature and purpose so that the balance sheet becomes informative. These accounts include a list of assets, debts, and capital.

Income Statement is part of a company's financial statements produced in an accounting period that describes the elements of company income and expenses to make a net profit or loss. The difference between revenue and costs is the company's profit or the loss experienced by the company in one period.

Concluded that PT TMCI's commercial income statement is as follows.:

Net sales ……………………………………….	Rp 603,825,091,928.26
Cost of goods sold ……………………………..	Rp (574,376,582,504.80)
Gross profit …………………………………….	Rp 29,448,509,423.46
Operating expenses …………………………….	Rp. (21,267,543,894.58)
Operating profit ……………………………….	Rp 8,180,965,528.88
Other income …………………………………..	Rp 16,231,194,048.61
Other Expenses …………………………………	Rp (141,374,615.78)
Profit before Income Tax ………………………	Rp 30,196,075,339.92.

Implementation of Fiscal Reconciliation of Commercial Financial Statements as the basis for Calculating PT TMCI's 2019 Corporate Income Tax

At the end of the year, the company must prepare commercial, financial reports for tax purposes. Subsequent adjustments in retail financial statements emerged due to differences in recognition of income and expenses in a certain period (financial year) between the recognition of revenue under PSAK and recognition of income based on tax laws. PSAK only guides in preparing commercial financial statements and does not explicitly regulate accounting treatment related to tax laws and regulations. Therefore, a fiscal reconciliation of commercial, financial reports emerged for tax purposes. Fiscal reconciliation is carried out by taxpayers because there are differences in calculations, especially profit, according to accounting, with gain according to taxation.

Commercial or business financial reports are intended to assess the private sector's economic performance and financial condition, while fiscal financial accounts are more aimed at calculating taxes. For commercial or business purposes, financial statements are prepared based on SAK, while for budgetary purposes, financial statements are designed based on tax regulations. The difference between the two bases for preparing the financial statements results in a difference in calculating an entity's profit (loss). Fiscal reconciliation will produce fiscal financial reports that can be used as the basis for calculating PT TMCI's 2019 corporate income tax.

The calculation of the PT TMCI Corporate Taxpayer's income tax amount as of December 31, 2019, is by the attachment of the annual SPT reported by the Taxpayer:

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Tabel 2. Perhitungan PPh Badan Pasal 29

Kompensasi kerugian fiskal:	
Laba Fiskal	28,883,513,662.42
Kerugian fiskal tahun 2017	(25,954,630,562.72)
Penghasilan kena Pajak	2,928,883,099.70
PPh Badan Terutang	25 % x 2,928,883,099.70
Pajak Penghasilan yang terutang	732,220,750.00
Kredit Pajak:	
PPh pasal 22	(541,020,498.00)
PPh pasal 29 (kurang bayar)	191,200,277.00
Angsuran PPh pasal 25 tahun 2020 setiap bulan	15,933,356.42

Based on Table 2 above, it can be seen that PT TMCI has a net income before tax of IDR 28,883,513,662.42. Because the company has a fiscal loss of IDR 25,954,630,562.72 in 2017, it is deducted from the taxable income before tax, and the taxable income is IDR 2,928,883,099.70. The taxable income is then multiplied by Article 17b with the mechanism that PT TMCI in calculating its payable tax is multiplied by the rate of 25%. So that the income tax that must be paid is IDR 732,220,750.00. However, because of the income tax credit article 22 on sales of Rp. 541,020,498.00, from that amount, it was deducted so that the amount of PPh 25 that must be paid each month for the 2019 tax year is IDR 15,933,356.42.

The suitability of the implementation of fiscal reconciliation in determining the amount of income tax at PT TMCI for 2019 with the applicable Tax Laws.In preparing a taxable profit and loss report, it is necessary to know in advance regarding the Taxation Law, which regulates the commercial income statement's principles, which are available to be adjusted in such a way as to produce a correct taxable income statement. The concept, method of measurement, and recognition of income and expenses between tax provisions and financial accounting standards lead to the need for fiscal correction. In determining a company to practice tax avoidance on the calculation of 2019 corporate income tax, the company needs to make adjustments to the commercial income statement so that it is by the provisions of the applicable tax regulations. The implementation of these adjustments is called Fiscal Correction or Fiscal Reconciliation. With the existence of a fiscal reconciliation in the commercial income statement, which is adjusted to the provisions of the applicable taxation regulations, it will cause positive fiscal corrections and negative fiscal corrections to produce taxable profit and loss used as the basis for calculating the 2019 Corporate Income Tax.

The above taxable income statement can be summarized as follows.:

Net sales ……………………….	Rp	603,825,091,928.26
Cost of goods sold ……………..	Rp	(574,370,184,746.80)
Gross profit …………………….	Rp	29,454,907,181.46
Operating expenses …………….	Rp	(15,351,877,400.71)
Operating profit ………………..	Rp	14,103,029,780.75
Other income …………………..	Rp	16,234,058,389.79
Other Expenses ………………..	Rp	(141,012,830.62)
Profit before Income Tax ……...	Rp	30,196,075,339.92

Based on the data above, the following is the calculation of the PT TMCI 2019 Corporate Taxpayer's income tax as of 31 December 2019 according to the Taxation Provisions as follows:

Table 3. Calculation of Article 29 Corporate Income Tax according to the provisions of the 2019 PT TMCI Taxation Law

Kompensasi kerugian fiskal:	
Laba Fiskal	30,196,075,339.92
Kerugian fiskal tahun 2017	(25,954,630,562.72)
Penghasilan kena Pajak	4,241,444,777.20
PPh Badan Terutang	25 % x 4,241,444,777.20
Pajak Penghasilan yang terutang	1,060,361,194.30
Kredit Pajak:	
PPh pasal 22	(541,020,498.00)
PPh pasal 29 (kurang bayar)	519,340,696.30

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Angsuran PPh pasal 25 tahun 2020 setiap bulan	43,278,391.36

Table 3 shows that the calculation of fiscal corrections on income and expenses in calculating the income tax payable at PT TMCI in 2019 has two reports, namely the commercial income statement and the taxable income statement. The words generate profit before tax with different amounts. It is known that the profit before tax from the commercial income statement is IDR 24,412,159,577.49, and the profit from the taxable income statement is IDR 30,196,075,339.92. There is a difference between the commercial income statement and the taxable income statement amounting to Rp 5,783,915,762.43.

Discussion

Tax provisions have specific criteria in the financial statements where the measurements are made to determine the amount of tax paid by the taxpayer to the state. Accounting standards have criteria for recognizing and measuring data for the preparation of financial statements to assess the economic performance and financial condition of an entity. Data analysis results indicate a fundamental difference in revenue and expense recognition between the commercial income statement and the taxable income statement. Some revenues and expenses are recognized by fiscal but which are not recognized commercially. Likewise, some revenues and costs are recognized commercially but are not recognized by fiscal. Differences that result from differences in recognition (time of award) or temporary differences in both income and expenses (deferred income/expenses), also due to differences in depreciation expense where the DG of Taxes uses the straightline Method while the company may use the straightline method. other depreciation, which therefore results in differences in the allocation of depreciation expense. The estimated economic life of the fixed assets also contributes to this difference. In other words, the difference in the method used is between commercial accounting and fiscal terms.

Correction of differences in income timing will cause positive modifications when payment is received and will cause negative revisions in subsequent years. This positive correction will cause taxable profit to increase, while negative punishment will cause taxable gain to decrease in the next years. Likewise, modifications to time differences in costs can lead to positive or negative corrections depending on the method used. Based on the description of the income statement in Table 8, it is known that PT TMCI in 2019 has modifications to the time difference for depreciation of fixed assets on the cost of goods sold and operating expenses.

Differences in recognition can also be found in income and expenses between commercial accounting and the Income Tax Law provisions, which are permanent or known as permanent differences. Correction of a fixed income difference will cause a negative sentence, meaning that the revenue recognized by commercial accounting but in fiscal terms must be corrected either because it is not a tax object or because it has been subject to final income tax. This will cause taxable profit to be reduced, causing the income tax payable to be smaller. Correction of fixed cost differences will yield a positive sentence, meaning that costs are recognized by commercial accounting but must be corrected in fiscal terms, causing taxable profit to increase, which will cause the income tax payable to be higher. It means that the fiscal corrections made will not be taken into account with the following tax year's taxable profit. Differences in financial reporting based on financial accounting standards and based on taxation provisions are known as the tax book gap. The tax book gap requires companies to report financial reports by complying with tax regulations. The results of fiscal reconciliation from PT TMCI can be seen as follows:

Based on the description of the income statement in Table 8, it is known that in 2019 PT TMCI carried out a positive fiscal reconciliation of IDR 5,922,426,037.64. The positive budgetary corrections have caused the company's expenses to be smaller and its taxable income to be more significant. On the other hand, the negative fiscal edit of Rp. 138,510,274.60 causes the company's expenses to be more influential, and the company's taxable income to be smaller.

In fiscal correction, this study corrects and corrects the income and expenses that affect the corporate income tax owed by PT TMCI. The financial statements of fiscal reconciliation were reanalyzed against the provisions of the Taxation Law. It turned out that there were fundamental differences in recognition of expenses. PT TMCI's fiscal reconciliation financial statements for the 2019 tax year were reprocessed by researchers to comply with the provisions of the applicable Taxation Law.

The fiscal correction between PT TMCI and the Tax Provisions has two different operating expense accounts, and the first is employee salary expenses of IDR 1,303,290,000.00. According to PT TMCI, employees' salary

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expenses must be corrected negatively. It adds to the value of the amount in the employee salary expense account to Rp.10,802,287,926.96, which was previously only Rp 9,498,997,926.96. The author identifies that this salary expense account's added value is a bonus reserve provided by the company in the previous financial year. Based on the taxation provisions of bonus reserves provided for company employees/workers/employees as stipulated in the Income Tax Law Number 36 of 2008, it states that bonus reserves cannot be recognized as company expenses, so this account cannot be corrected fiscally. Second, in principle, there is no difference between PT TMCI and the Tax Provisions on the mobile phone load account. Both of them still make positive fiscal corrections to this account, but this account's value is the difference. Based on the tax provisions stipulated in the Director-General of Taxes Circular No. SE-09 / PJ.42 / 2002 Article 1 concerning the Treatment of Income Tax on Cellular Phone Usage Fees states that the cost of subscribing or topping up and repairing cellular phones can only be charged as routine company costs of 50%. So that from the calculation results according to the provisions of taxation provisions, the number of telephone charges previously amounted to Rp.203,895,629.00 (commercial) to Rp.101,947,814.50 (fiscal).

The results of this study support the agency theory developed by Jensen & Meckling (1976), which assumes that management (agents) always act for their interests. There is a potential for agents to hide information; even agents may intervene in the report figures presented to be profitable for themselves and detrimental to shareholders. Agents can make tax payments efficiency to get benefits by practicing tax avoidance in calculating fiscal corrections so that the tax burden becomes small to increase the company's net profit. Then for the trade-off theory (balancing theory) developed by Frank & Goyal (2005) which explains that the company will increase debt when the tax savings (tax shield) is more significant than the sacrifice, and the use of the debt will stop when there is a balance between savings and sacrifice. Due to the use of debt is not supportive of this study.

This research is in line with several previous studies such as Sondakh (2016), Saridewi & Noviari (2017), which found that companies making fiscal corrections still have errors in charging their costs; there are costs that should be corrected but not corrected. Of course, this will impact the income tax owed by the company, which is smaller than the provisions of the tax law.

Fiscal corrections made by PT TMCI show differences in the treatment of expenses with tax provisions in this study. This shows that a company has the potential to practice tax avoidance in calculating its fiscal correction. Taxpayers' method to minimize the tax payable that must be paid by tax avoidance is a common practice for taxpayers because, in addition to being profitable for companies, this action does not violate the law. Many companies successfully implement tax avoidance in a sustainable period (Dyreng, Hanlon, & Mydew, 2010). However, tax avoidance practices carried out by companies, both legally and illegally, are a significant government problem because corporate taxes are the leading and most extensive contribution to government revenue.

PT TMCI uses tax avoidance practices to calculate its fiscal correction to minimize the tax payable. This means that the company takes unilateral profits so that the incoming revenue is not much tax deducted from the government. Even though the practice of tax avoidance itself can be categorized as a violation of the Taxation Law, companies that deliberately do tax avoidance will certainly get sanctions, both administratively or even criminal sanctions. In several large cases, tax avoidance can be categorized as a type of crime, tax corruption, or fraud. Of course, the threat of criminal punishment is ready to await the caught perpetrator. PT TMCI needs to make corrections and additional deposits by itself in the amount of the shortfall amount, which indicates the Underpaid status on the Annual Tax Return. Underpaid status does not mean that you have not made a payment, but only the amount of income tax you pay yourself when you report your Annual Tax Return. If the company, in this case, PT TMCI, is not willing to make corrections, the information previously provided in the Annual SPT report is stated to have intentionally submitted an incorrect or incomplete notification letter so that it may be subject to taxation crimes under Tax Law Number 36 of 2008.

4 Conclusions

This study concludes that there are tax avoidance practices carried out by PT TMCI through employee salary expenses and cellphone expenses. The treatment of these two burdens is not by the Taxation Law Number 36

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the Year 2008 and the Director-General of Taxes Circular No. SE-09 / PJ.42 / 2002 in the calculation of fiscal corrections that impact the company's payable income tax is smaller than the provisions of the Taxation Law. This study suggests that the Directorate General of Taxes can carry out routine annual tax returns to calculate corporate fiscal corrections and impose strict sanctions on companies that report not by statutory regulations. Companies do not practice tax avoidance in minimizing their tax obligations. The company is expected to have records in the books of all items in the financial statements that show the differences between financial accounting standards and tax provisions in preparing fiscal reconciliations. This is done to minimize mistakes that will occur in the future. Furthermore, you should immediately make corrections to the 2019 Annual Corporate Income Tax Return before the tax audit is carried out. The error in calculating the amount of Corporate Income Tax owed due to an error in charging costs in the taxable income statement.

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