



## **Analysis of Input Tax Recalculation to Hospital Services (Case Study at PT CRB)**

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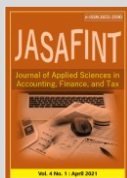
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**Abstract.** PT CRB is a taxpayer who has a business in the field of medical health services specifically eye hospital. Initially, PT CRB only reported its monthly Value Added Tax (VAT) from January to December 2019. However, the reported amount of Input Tax wasn't in accordance. Input Taxes from drug purchases can't be separated exactly between delivery of drugs that are VAT payable and non-VAT payable, so the Input Taxes can't be fully credited and must be calculated with the guidelines of the Minister of Finance Regulation No. 135/PMK.11/2014. The purpose of this research was to determine the calculation of PT CRB Input Tax in 2019, the results of the recalculation of Input Taxes in accordance with PMK 135/PMK.11/2014, and the analysis of recalculated Input Taxes impact. The types of data used in this research are qualitative and quantitative data with secondary data sources. Data collection in this research is using interview techniques and documentation techniques. The data analysis technique used in this research is quantitative descriptive data analysis. Based on the results of the research, it can be concluded that the calculation of Input Tax on hospital services before recalculation shows that the total Input Tax reported by PT CRB in 2019 is about Rp. 180,518,250 and it has been fully credited. Results of the recalculation of Input Tax on hospital services at PT CRB 2019 based on PMK 135/PMK.11/2014 is Input Tax that can be credited during the January to December 2019 tax period is only Rp 63,914,935. The results of recalculated Input Taxes impact analysis are in the form of underpaid VAT of Rp 116,603,315 that be the main impact and the impact of administrative sanctions in the form of interest of 2% due to late payment of taxes.

**Keywords:** *Hospital Service, Value Added Tax, Input Tax, PMK 135/PMK.11/2014*

### **1. Introduction**

Indonesia continues to promote national development to achieve the welfare of its people. National development is financed by various sources of state income, namely taxes, non-taxes, and grants. The largest source of state income in Indonesia comes from taxes. One type of source of state income that comes from taxes is Value Added Tax (VAT) [1]. VAT has two main components, namely Input Tax and Output Tax. Based on Article 1 of Law no. 42 of 2009, Input Tax is a Value Added Tax that should have been paid by a Taxable Entrepreneur due to the acquisition of Taxable Goods and / or the acquisition of Taxable Services and / or the utilization of Intangible Taxable Goods from outside the



Customs Area and / or utilization of Taxable Services from outside the Customs Area and / or import of Taxable Goods. Meanwhile, Output Tax is the payable Value Added Tax which must be collected by a Taxable Entrepreneur who delivers Taxable Goods, delivery of Taxable Services, exports of Tangible Taxable Goods, exports of Intangible Taxable Goods, and / or exports of Taxable Services [1].

Medical health services also have an important role in advancing public welfare, so it is hoped that the government will encourage medical health services provided by related parties such as hospitals to be reached by the public without burden taxes. This has been regulated in Law No. 42 of 2009 concerning Value Added Tax Article 4A paragraph 3 letter (a), which states that the delivery of services in the field of medical health services is a type of service that is not subject to VAT. Medical health services, of course, have a very close relationship with administering drugs to patients. However, drugs are one of the taxable goods regulated in the VAT Article 4A paragraph 2. These drugs are usually provided at pharmacy installations that can be found in every hospital.

The pharmacy unit in the hospital does not only serve inpatients but also outpatients. Likewise, with PT CRB, which is a taxpayer who has a business in the field of medical health services, namely eye hospitals. Initially, PT CRB only reported periodic VAT SPT every month from January to December 2019, but the reported amount of Input Tax was not in accordance. Based on the Circular Letter of the Director General of Taxes Number SE-06/PJ.52/2000 regarding VAT on Drug Replacement at Hospitals, it is stated that for medicines consumed by inpatients, VAT is not payable. Meanwhile, the medicines given to outpatients are still payable by VAT.

Input Tax originating from drug purchases cannot be separated with certainly for delivery of drugs that are subject to VAT and aren't subject to VAT so that the Input Tax cannot be fully credited and must be calculated according to the guidelines of the Minister of Finance Regulation Number 135/PMK.11/2014. The results of these calculations will give an impact on the Value Added Tax overpayment or Value Added Tax underpaid. If the result is an underpayment of VAT and the taxpayer pays by exceeding the tax payment deadline, the taxpayer will be subject to administrative sanctions.

Research on recalculation based on the Minister of Finance Regulation No. 135/PMK.11/2014 had previously carried out by Kusumastuti and Alisya [3] with objects in the fishing industry and fisheries development, it was found that after reviewing the applicable regulations, the recalculation mechanism for the Input Tax which was first calculated by the Taxable Entrepreneur before recalculation is based on estimates after it is known that the value of the payable and non-payable submission of VAT is exempted for one year, it can be recalculated based on a Regulation of the Minister of Finance. Meanwhile, the objectives in this study were to determine the calculation of Input Tax on hospital services at PT CRB before recalculation, to know the results of the recalculation of Input Tax on hospital services at PT CRB based on PMK 135/ PMK.11/2014, and to analysis the impact. The recalculation of PT CRB's Input Tax is carried out based on PMK 135/PMK.11/2014.

## 2. Literature Review

### 2.1 Definition of Tax

Taxes are compulsory contributions to the state which is owed by private persons or entities of a coercive nature based on law, without receiving direct compensation and used for state needs for the greatest welfare of the people [4].

### 2.2 Value Added Tax (VAT)

Value Added Tax (VAT) is a tax that is collected and charged to personal taxpayers or corporate taxpayers who have become Taxable Entrepreneurs (PKP) for the sale and purchase of goods and services [5]. The legal basis for the imposition of VAT tax is the Basic Law No. 42 of 2009. If viewed from its history, Value Added Tax is a substitute for income tax. According to Mardiasmo [6], The reason for the reimbursement is because the Sales Tax is deemed no longer sufficient to accommodate community activities and has not achieved the target of development needs, among others to increase state revenue, encourage exports and equalize tax imposition.



### 2.3 Hospital Services

Decision of the Minister of Health No. 129/Menkes/SK/II/2008 concerning Minimum Hospital Service Standards [7] states that the minimum hospital service standards are essentially the types of hospital services that are obliged to be implemented by the government, be it the provincial/regency/city governments with a set performance standard, such as emergency services, outpatient services, and so on.

### 2.4 Director General of Taxes Circular Number SE-06/PJ.52/2000

Based on SE-06/PJ.52/2000 [8] Regarding Value Added Tax on replacement of drugs in hospitals, it is stated that the delivery of drugs by the pharmaceutical installation (drug room) is not subject to VAT, but for the delivery of drugs by the pharmaceutical installation to outpatients still payable VAT.

### 2.5 PMK No. 135/PMK.11/2014

Regulation of the Minister of Finance of the Republic of Indonesia No. 135/PMK.011/2014 [9] is an advanced regulation previously regulated in the Minister of Finance Regulation No. 78/PMK.03/2010 [10] which states the Input Tax crediting calculation formula for businesses that deliver tax payable and are not tax payable are:

$$P = PM \times Z \quad (1)$$

Where P is the amount of Input Tax that can be credited, PM is the Input Tax that is paid by the Hospital at the time of purchasing the drug, and Z is the ratio between the tax payable to the total submission.

### 2.6 Administrative Sanctions

According to Mardiasmo [6], Imposition of sanctions is given to create taxpayer compliance in carrying out tax obligations. Tax sanctions are a guarantee that the tax laws and regulations (taxation norms) will be obeyed, obeyed and obeyed. Or in other words, tax sanctions are a deterrent so that taxpayers do not violate taxation norms. Based on the KUP Law No. 16 of 2009[4], administrative sanctions are divided into fines, interest penalties, and increase sanctions.

## 3. Research Method

The types of data in this study are qualitative data in the form of company business processes, and quantitative data in the form of PT CRB's financial statements and Value Added Tax recapitulation. The data sources in this study are secondary data in the form of PT CRB financial reports, VAT recapitulation, standard tax invoice data, and detailed sales data. Data collection techniques in this study are interviews and documentation.

The data analysis technique in this research is descriptive quantitative where data is collected, then calculated and analysed so that it can provide a clear picture of how the results of the recalculation of input taxes on hospital services are in accordance with applicable regulations. The stages of the quantitative descriptive data analysis technique for this study are as follows:

- a. Obtain an understanding of the relevant regulations in recalculating the Input Tax on drug purchases.
- b. Collecting the necessary data, such as the PT CRB 2019 Financial Report, standard tax invoice data, along with Value Added Tax recapitulation.
- c. Analyse the data that has been obtained.
- d. Recapitulate and identify Input Tax at PT CRB.
- e. Identifying PT CRB revenue data.
- f. Analyse the recalculation of Input Tax on hospital services at PT CRB.
- g. Analysing the impact of the recalculation of Input Tax on PT CRB so that it can fulfil its obligations as a Taxpayer in accordance with applicable regulations.
- h. Analyse administrative sanctions that may arise as a result of the recalculation of the Input Tax.

#### 4. Result and Discussion

##### 4.1 Calculation of Input Tax on Hospital Services at PT CRB Before Recalculation

Every service available at PT CRB is supported by various facilities such as medical equipment and medicines. The tax imposed on PT CRB when purchasing medical equipment, vehicles and medicines is called an Input Tax. When PT CRB starts operating, it will undoubtedly serve patients, both inpatients, outpatients, One Day Care (ODC) patients, and also optical sales. Medical health services are not subject to VAT, but these services cannot be separated from giving drugs to patients. The medicines are given to these patients still owed VAT as well as the sale of optics. The tax imposed on the delivery of medicines to patients and the sale of optics is an output tax.

The following is a detailed calculation of the Value Added Tax for PT CRB which is payable in the tax period January to December 2019.

**Table 1.** Calculation VAT Payable in January – December 2019

Period	Input Tax	Output Tax	VAT Over (Less) Payment
January	17.445.865	21.688.730	(4.242.865)
February	18.445.865	22.358.730	(3.912.865)
March	19.247.919	22.896.106	(3.648.187)
April	8.991.159	10.124.076	(1.132.918)
May	6.915.019	10.633.063	(3.718.044)
June	21.247.919	24.236.106	(2.988.187)
July	5.843.702	14.517.688	(8.673.986)
August	13.655.077	19.612.208	(5.957.131)
September	7.945.807	15.715.219	(7.769.412)
October	16.247.910	45.388.560	(29.140.650)
November	21.493.817	41.063.129	(19.569.312)
December	23.038.190	43.036.106	(19.997.916)
<b>Total</b>	<b>180.518.250</b>	<b>291.269.720</b>	<b>(110.751.471)</b>

Based on Table 1, it can be seen that the amount of PT CRB 2019 Input Tax is Rp 180,518,250 and the total output tax is Rp 291,269,720. The Input Tax has been fully credited by PT CRB resulting in an underpayment of tax of Rp 110,751,471. The underpayment of tax has been deposited into the state treasury in the month following the month of the payment concerned. For example, underpayment of January taxes will be paid in February, and so on.

##### 4.2 The results of Input Tax recalculation on Hospital Services at PT CRB Based on PMK 135/PMK.11/2014

PT CRB recapitulates the amount of tax paid at the end of the 2019 tax year. In 2020, PT CRB made adjustments to the amount of tax paid to the state treasury. That happened because the Input Tax on medicines purchased by PT CRB cannot be fully credited. Therefore, it is necessary to recalculate based on the Minister of Finance Regulation Number 135 / PMK.11 / 2014. In order to recalculate, PT CRB's turnover must be known. The following is the PT CRB turnover table for 2019

**Table 2.** Income PT CRB in 2019

Period	Inpatient Income	Outpatient Income	Optical Sales Income	TOTAL
January	110.554.894	863.530.767	-	974.085.661
February	111.554.884	542.453.703	-	654.008.587
March	112.356.928	547.712.358	-	660.069.286
April	102.100.158	106.107.494	-	208.207.652
May	100.024.008	130.159.848	-	230.183.856
June	114.356.898	690.140.847	-	804.497.745
July	98.952.671	335.495.999	6.024.076	440.472.747
August	106.764.036	516.622.574	4.633.063	628.019.673
September	101.054.756	521.630.817	3.915.280	626.600.853
October	123.961.760	822.410.254	68.586.156	1.014.958.170
November	657.276.997	516.622.574	80.243.750	1.254.143.321
December	319.519.999	521.630.817	94.754.992	935.905.808
<b>TOTAL</b>	<b>2.058.477.990</b>	<b>6.114.518.051</b>	<b>258.157.318</b>	<b>8.431.153.358</b>

The Table 2 is showing the total turnover of PT CRB in 2019 is Rp 8,431,153,358 with details of inpatient income of Rp 2,058,477,990, outpatient income of Rp 6,114,518,051, and optical income of Rp 258,157,318. One Day Care (ODC) services are combined with inpatient sales where VAT is not payable, while outpatient sales are subject to VAT 10% of the value of medicines delivered to patients, and optical sales are subject to 10% VAT. Besides having to know the total turnover of PT CRB in 2019, it is also necessary to know the amount of the Tax Imposition Base (DPP) from PT CRB so that you can find out the amount of VAT owed.

**Table 3.** Sales That are Payable VAT PT CRB in 2019

Period	SALES THAT ARE PAYABLE VAT			
	Optical Sales	Outpatient Medicine	Tax Basis	VAT
January	-	216.887.296	216.887.296	21.688.730
February	-	223.587.296	223.587.296	22.358.730
March	-	228.961.059	228.961.059	22.896.106
April	-	101.240.765	101.240.765	10.124.076
May	-	106.330.627	106.330.627	10.633.063
Juni	-	242.361.059	242.361.059	24.236.106
July	6.024.076	139.152.804	145.176.881	14.517.688
August	4.633.063	191.489.016	196.122.079	19.612.208
September	3.915.280	153.236.907	157.152.187	15.715.219
October	68.586.156	385.299.448	453.885.604	45.388.560
November	80.243.750	330.387.544	410.631.294	41.063.129
December	94.754.992	335.606.064	430.361.056	43.036.106
<b>TOTAL</b>	<b>258.157.318</b>	<b>2.654.539.884</b>	<b>2.912.697.202</b>	<b>291.269.720</b>

Based on Table 3, sales that are payable Value Added Tax at PT CRB 2019 amounting to Rp 258,157,318 are VAT levied on optical sales and medicines given to outpatients subject to VAT of Rp 2,654,539,884. So that the Basic Tax Imposition (DPP) at PT CRB is Rp 2,912,697,202. The amount of Value Added Tax (VAT) is 10% of the Basic Tax Imposition (DPP), then 10% x Rp 2,912,697,202, which is Rp 291,269,720. PT CRB at the end of the tax period has fully credited the Input Tax for every

purchase transaction of Taxable Goods. However, the Input Tax cannot be credited entirely because the total amount of the input tax is a combination of taxable goods purchase where not all taxable goods are subject to Value Added Tax (VAT). Taxable goods, mostly medicines, have different characteristics or treatments. If they are given to inpatients, the drugs are not subject to VAT. Therefore, it is necessary to recalculate the Input Tax based on PMK 135 / PMK.11 / 2014, which is formulated as follows:

$$P = \frac{X}{Y} \times PM \quad (2)$$

P represents to the amount of Input Tax that can be credited, X represents to the amount of drug delivery (outpatient) and optical sales, Y represents to the total turnover, and PM represents to the total of all Input Tax that has been paid. The results of this recalculation can be seen that in January amounting to Rp 3,884,449, February amounting to Rp 6,306,127, March amounting to Rp 6,676,608, April amounting to Rp 4,371,942, May Rp 3,194,309, June amounted to Rp 6,401,097, July amounted to Rp 1,926,045, August amounted to Rp 4,264,296, September amounted to Rp 1,992,817, October amounted to Rp 7,266,006, November amounted to Rp 7,037,500, and VAT underpayment in December amounting to Rp 10,593,737.

### *4.3 The Impact of the Recalculation of PT CRB's Input Tax Based on PMK 135/PMK.11/2014*

Based on the data that has been presented, there are two impacts of the re-calculation of the Input Tax, namely the Main Impact and the Impact of Sanctions. The main impact is in the form of underpayment of VAT amounting to Rp 116,603,315 as a result of an error in crediting the input tax, while the impact of the sanction is in the form of an interest administration penalty of 2% due to late payment of taxes. If PT CRB will pay the underpayment of taxes in August 2020, then the administrative amount imposed on PT CRB is Rp 29,188,962.

However, this administrative sanction can be partially removed or recognized as stipulated in the Minister of Finance Regulation Number 08 / PMK.03 / 2013 concerning Procedures for Reducing or Eliminating Administrative Sanctions and Reducing or Cancellation of Tax Assessment Letter or Tax Collection Letter. PT CRB can apply for a reduction/waiver or cancellation/elimination of administrative sanctions by using to the Regional Office. These administrative sanctions can be reduced or cancelled from 0% to 100% after being reviewed and considered by the Tax Office. Submitting a request for a reduction or cancellation of this administrative sanction is PT CRB's right as a Taxpayer. However, the consideration and decision on the imposition of this administrative sanction is the right of the Tax Office.

PT CRB cannot confirm the annual turnover had been earned by PT CRB, resulting in an underpayment of taxes. That is the basis for PT CRB to enforce or enforce administrative rules. PT CRB also has not yet ascertained a reliable amount of input tax. This situation is included in the discussion of Chapter II concerning Reduction, Elimination, or Cancellation based on the Taxpayer's Application in the Minister of Finance Regulation No. 08/PMK.03/2013 paragraph (2) letter "a" [11] which states that the Directorate General of Taxes based on the request of the Taxpayer can reduce or administrative sanctions in the form of interest, fines, and increases payable under the provisions of taxation regulations if the regulation was issued due to the fault of the Taxpayer or not due to their responsibility. Therefore, it is appropriate for PT CRB to terminate or abolish this sanction.

## **5. Conclusion**

In accordance with the discussion previously described, the conclusions in this study are as follows.

1. The calculation of Input Tax on hospital services before recalculation shows that the total Input Tax reported by PT CRB in 2019 of Rp 180,518,250 has been fully credited, with the results of all PT CRB Value Added Taxes from January to December 2019 showing VAT underpayment. This underpayment of VAT is due to the greater number of outpatient drugs and optical sales compared to the purchase of taxable goods (BKP) at PT CRB. The underpayment VAT has been deposited into the state treasury in the following month of the concerned payment month.

2. The results of the Input Tax Recalculation on hospital services at PT CRB in 2019 based on PMK 135 / PMK.11 / 2014, namely the Input Tax which can be credited during the Tax Period January to December 2019 is only Rp 63,914,935. Meanwhile, PT CRB has credited all existing Input Taxes amounting to Rp 180,518,250. Therefore, there is a difference that results in the impact of recalculating the Input Tax.
3. The results of the impact analysis from the recalculation of Input Tax resulted in two impacts, namely the significant impact and the impact of sanctions. The main impact is in the form of underpayment of Value Added Tax (VAT) of Rp 116,603,315 where the underpayment must be deposited into the state treasury. Meanwhile, the impact of the sanctions is that PT CRB may be subject to administrative sanctions in the form of 2% interest due to late payment of taxes. However, the administrative sanctions can be partially removed or recognized as regulated in the Minister of Finance Regulation Number 08 / PMK.03 / 2013 concerning Procedures for Reducing or Eliminating Administrative Sanctions and Reducing or Cancellation of Tax Assessment Letters or Tax Collection Letters.

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