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# Preface

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**Journal of Applied Sciences in Accounting, Finance, and Tax** is a forum provided for researchers, both from universities, practitioners and the industrial world. The publication is a result of research, studies or ideas on Accounting, Finance, and Tax.

JASAFINT is published with a focus and scope on issues on Accounting (Financial Accounting, Management Accounting, Public Accounting, Auditing, and Accounting Information Systems), Finance (Capital Market, Financial Statements Analysis, and Financing), and Tax (Income Tax, VAT, Tax Audit, and Tax Accounting).

Managed by the Department of Accounting and published by Politeknik Negeri Bali Research and Community Service Center (P3M-PNB), this journal is intended to disseminate scientific knowledge and the application of the Accounting, Finance and Tax and is expected to be able to broaden the readers' perspective and enrich the scientific repertoire.

Published on April and October (since 2018), the journal accepts articles in English with mentioned format: research results, literature studies and work reports in line with the focus and scope of JASAFINT.

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## Analysis of Financial Conditions with the Altman Z-Score Method to Predict Bankruptcy (Case Study at PT Bintang Grana Darma)

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**Abstract.** The development of tourism in Lombok island leads to increasingly fierce business competition in the field of hospitality services. The hotels are unable to compete due to a decrease in room occupancy rates which ultimately leads to bankruptcy. This study was conducted to determine the financial condition of *PT Bintang Grana Darma* with the Altman Z-Score method to predict the bankruptcy in the period of 2014-2018. The study approach used was a quantitative descriptive approach. This study used secondary data in the form of financial statement data for the period 2014-2018. Financial condition was measured using a modified version of the Altman Z-Score financial ratio. The four ratios used are Working Capital to Total Assets, Retained Earnings to Total Assets, EBIT to Total Assets, Book Value of Equity to Book Value of Total Debt. Based on the results of the Altman Z-Score analysis, PT Bintang Grana Darma's financial condition is not bankrupt or in a healthy condition. It can be seen that PT Bintang Grana Darma produced the highest Z-Score of 11.2737 in 2018, the lowest Z-Score of 7.9764 in 2017 or the average Z-Score of 8.9807 which is above the point cut-off of  $Z > 2.60$  falls into the non-bankrupt criteria.

### 1. Background

Bankruptcy can be interpreted as a company in carrying out operations to achieve success [1]. Bankruptcy does not suddenly occur, financial difficulties that continue will be difficult for the company to maintain in the future. The company must be earlier in conducting the analysis in order to make the company does not increase bankruptcy. Financial statements can be used by companies to do analysis. One method of financial ratio analysis that can be used to predict bankruptcy is the Z-Score analysis. Z-Score analysis combines several financial ratios and each ratio is given a different weight. From this calculation will produce a value of money that can show the company's finances which are grouped into three categories, namely: bankrupt, gray area, and not bankrupt.

PT Bintang Grana Darma or better known as Hotel Lombok Garden is one of the hotels in the city of Mataram, West Nusa Tenggara Province. The development of tourism in Lombok Island over the past few years developed quite significantly. This number can be seen from the Room Occupancy Rate (ROR) the number of guests staying in star hotels (3, 4 and 5) in 2017 received 940,777 people, consisting of 740,717 domestic guests and 200,060 foreign guests [2]. The number of tourists from abroad also led to the emergence of many star hotels and non-star hotels in West Nusa Tenggara. For the past five years the number of hotels in West Nusa Tenggara has calculated a significant increase. In

2017 the number of hotels in West Nusa Tenggara took 947 hotels, with details of 882 non-star hotels and 65 star hotels [2].

The more hotels in West Nusa Tenggara, the tougher competition in the field of hospitality services. This has an impact on the purpose of the hotel is to make a profit with guaranteed continuity. PT Bintang Grana Darma's revenue in the last five years has improved the decline from 2014-2018. The natural disaster of the earthquake that struck Lombok Island in August 2018 also had an impact on hotel occupancy rates on Lombok Island. West Nusa Tenggara, Chairman of the Indonesian Hotel and Restaurant Association, Lalu Abdul Hadi Faishal said that after the earthquake disaster, hotel occupancy decreased by 70% [3]. Based on this background, the purpose of this study is to determine the financial condition of PT Bintang Grana Darma by using the Altman Z-Score method to predict bankruptcy.

## 2. Literature Review

Financial statement analysis is the preparation of financial statements based on relevant data, and is carried out with the correct accounting and valuation procedures so that the actual financial condition of the company will be seen [4]. The purpose of the analysis of financial statements is a very important tool to obtain information relating to the financial position on the results that have achieved by the company concerned [5]. Bankruptcy is usually interpreted as a failure of the company in running the company's operations in gaining the profits [5]. Edward I Altman was a researcher who discovered a Z-Score analysis model for the first time. The analysis method is also known as Multiple Discriminant Analysis (MDA). The method is used by Altman to measure the magnitude of the coefficients of each independent variable used to predict the possibility of bankruptcy in a company. However, the first Altman analysis model can only be applied to companies engaged in large-scale public manufacturing [6]. The use of the Altman model as a measure of bankruptcy performance is not permanent or stagnant but rather evolves over time, where the testing and discovery of the model continue to be extended by Altman to its application not only to public manufacturing companies but includes non-public manufacturing companies, non-manufacturing companies, and corporate bond companies [7].

## 3. Research Methods

This research uses quantitative data types. The data source used in this study is a secondary data source. Data collection procedures in this study are documentation, with the research sample in the form of a statement of financial position (balance sheet) and profit/loss statement of PT Bintang Grana Darma for the period 2014-2018. The analysis technique used in research is quantitative descriptive analysis, where after the data is obtained and processed, the data is analyzed and compared so that it can be useful for researchers. In this research the focus is:

- 1) Working Capital to Total Assets ( $X_1$ ), used to measure the company's ability to generate working capital from total assets owned by the company.
- 2) Retained Earnings to Total Assets ( $X_2$ ), used to measure the company's ability to generate retained earnings from total assets owned by the company.
- 3) Earnings Before Interest and Tax to Total Assets ( $X_3$ ), used to measure the company's ability to generate operating profits from the total assets owned by the company.
- 4) Book Value of Equity to Book Value of Total Debt ( $X_4$ ), used to measure a company's ability to meet obligations, especially its long-term obligations with the book value of equity owned by a company

The four ratios have a relationship and will be used in the analysis of PT Bintang Grana Darma's financial condition using the modified version of the Altman Z-Score formula as follow:

$$Z = 6,56X_1 + 3,26X_2 + 6,72X_3 + 1,05X_4$$

To analyze the financial condition of PT Bintang Grana Darma by using a modified version of the Altman Z-Score formula, the analysis procedures that will be carried out are:

- 1) Calculate the Working Capital to Total Assets (X1) ratio, using the formula:

$$X_1 = \frac{\text{Working Capital}}{\text{Total Asset}}$$

- 2) Calculate the ratio of Retained Earning to Total Assets (X2), using the formula:

$$X_2 = \frac{\text{Retained Earnings}}{\text{Total Asset}}$$

- 3) Calculate the ratio of Earning Before Interest and Tax to Total Assets (X3), using the formula:

$$X_3 = \frac{\text{Earning Before Interest and Tax}}{\text{Total Asset}}$$

- 4) Calculate the ratio of Book Value of Equity to Book Value of Total Debt (X4), using the formula:

$$X_4 = \frac{\text{Book Value of Equity}}{\text{Book Value of Total Debt}}$$

With the cut-off point as follows:

- Not bankrupt (The company is in good health) =  $Z > 2.60$
- Gray area (Cannot be determined whether healthy or bankrupt) =  $1.10 < Z < 2.60$
- Bankrupt (Potentially bankrupt company) =  $Z < 1.10$

#### 4. Result and Discussion

##### 4.1 Ratio X<sub>1</sub> (Working Capital : Total Asset)

This ratio shows the company's ability to generate net working capital from the total assets owned by the company. Net working capital is obtained based on a calculation of the amount of current assets minus the amount of current debt. If the company has net working capital that is positive, then the company will not experience difficulties in fulfilling its obligations. Following are the results of the calculation of the ratio of working capital to total assets of the company over the past five years, which are presented in Table 1 below:

**Table 1.** Ratio Working Capital to Total Asset

No.	Year	Working Capital (Rp)	Total Asset (Rp)	Ratio Result
1	2014	6.527.307.151,79	28.585.977.504,33	0,2283
2	2015	7.907.556.793,36	30.259.114.998,59	0,2613
3	2016	4.855.902.595,20	32.343.241.901,37	0,1501
4	2017	5.773.140.896,94	34.690.486.870,84	0,1664
5	2018	5.750.509.054,05	34.262.033.725,57	0,1678

##### 4.2 Ratio X<sub>2</sub> (Retained Earnings : Total Asset)

This ratio shows the company's ability to generate retained earnings from the total assets owned by the company. Retained earnings is the amount of profit that is not distributed to shareholders in the form of dividends used for company development. The lower the value of the ratio of retained earnings to total assets, the smaller the role of retained earnings to the total assets of the company so that the probability of the company experiencing financial distress is higher. The following results of the calculation of the ratio of retained earnings to total assets of the company over the past five years are presented in Table 2 below:

**Table 2.** Ratio Retained Earnings to Total Asset

No	Year	Retained Earnings (Rp)	Total Asset (Rp)	Ratio Result
1	2014	7.465.805.728,05	28.585.977.504,33	0,2612
2	2015	9.285.595.141,28	30.259.114.998,59	0,3069
3	2016	10.909.274.114,55	32.343.241.901,37	0,3373
4	2017	12.502.607.007,98	34.690.486.870,84	0,3604
5	2018	14.063.635.259,58	34.262.033.725,57	0,4105

#### 4.3 Ratio $X_3$ (Earnings Before Interest and Tax : Total Asset)

The ratio used to describe the ability of a company to generate operating profit from the total assets owned by the company. The intended operating profit is operating profit before being burdened with payment of interest and tax expense. The smaller the value of the ratio reflects that the company's ability to generate profits before interest and taxes from the assets used is smaller so that the probability of the company against financial distress is higher. Following are the results of the calculation of the EBIT ratio to the total assets of the company over the past five years which are presented in Table 3 below:

**Table 3.** Ratio EBIT to Total Asset

No	Year	EBIT (Rp)	Total Asset (Rp)	Ratio Result
1	2014	2.358.067.425,98	28.585.977.504,33	0,0825
2	2015	2.259.798.030,25	30.259.114.998,59	0,0747
3	2016	2.064.331.201,81	32.343.241.901,37	0,0638
4	2017	2.016.530.853,74	34.690.486.870,84	0,0581
5	2018	1.981.525.753,49	34.262.033.725,57	0,0578

#### 4.4 Ratio $X_4$ (Book Value of Equity : Book Value of Total Debt)

This ratio illustrates the ability of a company to meet obligations, especially long-term obligations with the book value of equity owned by the company. The book value of equity is obtained from the entire amount of equity. The book value of equity provides information about the value of the resources owned by the company. While the amount of the book value of liabilities is obtained from the sum of current liabilities and long-term liabilities. If the value of the ratio is negative, indicating the smaller ability of the company to meet its obligations from equity, where the obligation includes short-term and long-term obligations so that the probability of financial distress for the company is higher. Following are the results of the calculation of the ratio of book value of equity to the book value of corporate debt for the last five years, which are presented in the Table below:

**Table 4.** Ratio Book Value of Equity to Book Value of Total Debt

No.	Year	Book Value of Equity (Rp)	Book Value of Total Debt Rp)	Ratio Result
1	2014	23.815.805.728,05	4.770.171.776,28	4,9927
2	2015	25.635.595.141,28	4.623.519.857,31	5,5446
3	2016	27.259.274.114,55	5.083.967.786,82	5,3618
4	2017	28.852.607.007,98	5.837.879.862,86	4,9423
5	2018	30.413.635.259,58	3.848.398.466,00	7,9029

#### 4.5 Analysis Result of Z-Score Altman

After all ratio calculations are known, the overall results of the ratio calculation are multiplied by their respective weights and summed according to the provisions of the Altman Z-Score calculation method, which shows how big the level of business failure of this company. The following results of the calculation of company ratio analysis for the past five years are presented in Table 5 below:



**Table 5.** The Calculation Result of Altman Analysis

No	Year	6,56X1	3,62X2	6,72X3	1,05X4	Z-Score	Z-Score Criteria
1	2014	1,4979	0,9454	0,5543	5,2423	8,2400	Not Bankrupt
2	2015	1,7143	1,1109	0,5019	5,8218	9,1489	Not Bankrupt
3	2016	0,9849	1,2210	0,4289	5,6299	8,2647	Not Bankrupt
4	2017	1,0917	1,3047	0,3906	5,1894	7,9764	Not Bankrupt
5	2018	1,1010	1,4859	0,3886	8,2981	11,2737	Not Bankrupt
The Highest		1,7143	1,4859	0,5543	8,2981	11,2737	
The Lowest		0,9849	0,9454	0,3886	5,1894	7,9764	Not Bankrupt
The Average		1,2780	1,2136	0,4529	6,0363	8,9807	

Based on the calculations that have been made, it is known that the financial condition of PT Bintang Grana Darma is in good health. PT Bintang Grana Darma produced the highest Z-Score in 2018 of 11.2737 then the lowest Z-Score of 7.9764 in 2017 or the average Z-Score of 8.9807 which is above the cut-off point off i.e.  $Z > 2.60$  falls into the criteria of not going bankrupt or the company is in good health.

One of the ratios that affect the assessment of bankruptcy predictions using the Altman model is the ratio of working capital to total assets. The ratio of working capital to total assets got the highest return in 2015 of 1.7143, while the lowest ratio in 2016 was 0.9849. The decrease in the ratio was due to the increase in current debt owned by the company where in 2015 the company's debt amounted to Rp 190,449,367.26 then in 2016 there was an increase in company debt of Rp 1,112,229,403.86, this must be anticipated so that liquidity capability could be more guaranteed. If the company has net working capital that is negative, then the company will experience difficulties in fulfilling its obligations. This was experienced by previous research on PT Titan Kimia Nusantara Tbk in 2010 resulting in a Z-Score below the cut-off point or in estimating bankruptcy. PT Titan Kimia Nusantara Tbk has four ratios with the lowest value in 2010, namely the ratio of working capital to total assets of -0.12, retained earnings to total assets of -0.3, debit to total assets of 0.0, and book value of equity to book value to total debt 0.3 [8].

The ratio of retained earnings to total assets obtained the highest ratio in 2018 of 1.4859 while the lowest ratio occurred in 2014 of 0.9454. This positive result must be maintained and improved by the company. The higher the value of the ratio of retained earnings to total assets, the greater the role of retained earnings to total assets of the company so that the probability of financial distress experienced by the company is lower. Previous research at PT Ace Hardware Indonesia Tbk was identified as being a healthy company or a company that was not experiencing financial difficulties, because it was caused by an increase in the ratio of retained earnings to total assets during 2011-2015 which increased so that the probability of companies experiencing financial distress became lower [9].

The results of the ratio of earnings before interest and tax to total assets obtained the highest ratio in 2014 of 0.5543 with a pretty good indication, while the lowest ratio occurred in 2018 of 0.3886. During 2014 to 2018, the ratio decreased but was still in the positive category and needed to be maintained. The greater the value of this ratio reflects that the company's ability to generate operating income from the assets used is greater so that the probability of the company against financial distress is lower. Suteja (2018), conducted research on PT Ace Hardware Indonesia Tbk, where the company is a healthy company or a company that is not experiencing financial difficulties, caused by the ratio of earnings before interest and tax to total assets during 2011-2015 is positive so that the probability companies experiencing financial distress becomes lower [9].

The book value of equity ratio to book value of total debt gets the highest ratio in 2018 of 8.22981 while the lowest ratio results occurs in 2017 of 5.1894. This positive result must be maintained and improved by the company. If the value of this ratio is positive, it indicates the greater ability of the company to meet its obligations from equity, so the probability of financial distress for the company is lower. Arsana and Syakbani (2017), conducted research on KSP Madani NTB, where KSP Madani NTB is a healthy company or a company that is not experiencing financial difficulties, caused by the ratio of

book value of equity to book value of total debt during 2007-2016 an increase so that the probability of a company experiencing financial distress becomes lower [10].

Even though PT Bintang Grana Darma is not bankrupt or in good health, the company must remain vigilant in conducting its business. This method is only an early detection of the potential bankruptcy of a company from the financial side of the company, because bankruptcy of a company is not only seen from the financial or internal side, but many other factors that cause the bankruptcy of the company such as external factors that cause the company experiencing financial difficulties.

## 5. Conclusions

Based on the results of the analysis and discussion, it can be concluded that the financial condition of PT Bintang Grana Darma is not bankrupt or in a healthy condition. PT Bintang Grana Darma produced the highest Z-Score value of 11.2737 in 2018, the value of Z -The lowest score of 7.9764 in 2017 or the average Z-Score is 8.9807 which is above the cut-off point of  $Z > 2.60$  included in the non-bankrupt criteria (the company is in good health). This is due to the growth of assets and working capital of PT Bintang Grana Darma in good condition although the profit growth of PT Bintang Grana Darma is not in line with the growth of assets and working capital. The potential bankruptcy of a company can increase in the future if the company's management does not make improvements to the company's financial condition

## 6. Acknowledgments

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## Analysis of Receivables Management to Control the Risk of Uncollected Receivables at Ayodya Resort Bali

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**Abstract.** This study aims to determine 1) management of receivables at Ayodya Resort Bali 2) the efforts to control the risk of uncollected receivables at Ayodya Resort Bali. Data used in this study were aging schedules, credit sales, total receivables, credit policy. Measuring instruments used to conduct this research were 5C analysis to analyze credit standards, accounts receivable policy to analyze receivables collection compliance, related ratios to receivables such as accounts receivable turnover ratios, average receivables collection ratios, arrears ratios and billing ratios to assess performance of receivables, a backup method for calculating receivable losses to control the risk of uncollectible receivables. The results of receivables management were classified not good after being analyzed using three indicators. The first indicator is not fulfilled based on the 5C analysis for credit standards. The second indicator is not fulfilled because the collection of accounts receivable is not in correspondence with hotel credit policy. The third indicator is not fulfilled because the results of the analysis on receivable performance using the ratios are not optimal. The amount of receivables is classified high, so it needs to establish an allowance for losses in an effort to control the risk of bad debt.

**Keywords:** account receivable management, bad debt, account receivable ratio

### 1. Introduction

The development of tourism in Bali cause an increase the competition on the hotels amount. In the face and to win the competition, the managers created marketing strategies to compete. The strategy is often applied in the effort to increase sales volume, companies often sell on credit in addition cash transaction [1]. As for the impact of applying credit sales, the hotel will have receivables. Receivables represent rights or claims to debtor for products and services that have been enjoyed by the debtor [2]. If the receivables are not managed properly, there is a risk of being uncollectible.

Well receivable management will affect the success of the hotel in carrying out sales policies on credit [3]. Receivable management is intended to be able to manage receivables so that the hotel (creditor) will continue to work on strategies in control the risk of uncollectible accounts than they can be reduced, so that creditors can get the maximum profit according to their target.

Ayodya Resort Bali is one the company that applies credit sales policy. Due to credit sales at Ayodya Resort Bali have receivables that can be classified as credit cards, travel agency-local, and travel agency-abroad. The following is the classification of accounts receivable from Ayodya Resort Bali in 2016, 2017 and 2018 on Table 1.

**Table 1.** Classification of Receivables  
At Ayodya Resort Bali in 2016, 2017 and 2018

Year	Amount of Receivable	Current Receivable	1 - 60 Days	> 60 Days
2016	6.560.016.207	2.740.511.926	2.964.589.716	854.914.565
2017	8.333.791.306	3.877.552.132	2.929.733.959	1.526.505.215
2018	8.382.460.233	4.208.673.757	3.347.006.476	826.780.000

Based on Table 1 it can be seen the high amount of outstanding receivables is increase that indicates in credit risk, both in the category of bad credit and uncollectible or bad debt. The next problem is the Account Receivable Department at Ayodya Resort Bali does not create allowance for loss receivable to anticipate the risk of uncollected receivables. In an effort to take care the risk of uncollectible accounts, receivable management analysis is very necessary. Based on the description of the background on the problem, it is necessary to discuss the management of accounts receivable and the efforts to control the risk of uncollectible receivables at the Ayodya Resort Bali.

## 2. Literature Review

### 2.1 Account Receivable

Account receivable is a claim to another party that arises due to the sale of merchandise or services by credit transition [4]. Receivables can be classified as trade receivables and other receivables [5]. Receivables due to credit sales can provide benefits, but it also lead to risks and costs. There are advantages to credit sales there are increasing sales, increasing profits, and winning competition [6]. Risks that will arise such as the risk of not being paid all of the receivables, the risk of not being paid some of the receivables, the risk of late payment, and the risk of embedded capital [5]. As for the costs that will arise such as the cost of writing off receivables, the cost of collecting receivables, administrative costs, and the cost of funding sources [6].

### 2.2 Accounts Receivable Management

Accounts receivable management is the management of receivable so the credit policy reach to be optimal, it is achieving a balance between costs due to credit policy and the benefits derived from these policy [7]. Accounts receivable management policies include credit standards, credit terms, collection of accounts receivable, evaluating debtor, collecting and analyzing information [8]. The policy of collecting a company's receivables is a procedure that must be followed when the receivables were outstanding. The action they can do by letters, telephone, personal visits, and juridical actions [9]. Credit quality is strongly influenced by five variables, it called 5C including character, capacity, capital, condition and collateral [2]. Measuring instruments to assess the performance of receivables can be done by using financial ratios that related on receivables [10]. There are formula of financial ratios that can be used in assessing receivables performance as follows:

#### 1) Receivable Turn Over

$$\text{Receivable Turn Over} = \frac{\text{Credit Sales}}{\text{Receivable Average}}$$

Calculate receivable average:

$$\text{Receivable Average} = \frac{\text{Receivable Begenning Balance} + \text{Receivable Ending Balance}}{2}$$

#### 2) Days of Receivable

$$\text{Days of Receivable} = \frac{365}{\text{Receivable Turn Over}}$$

### 3) Arrears Ratio

$$\text{Arrears Ratio} = \frac{\text{Receivable arrears at ending period}}{\text{Receivable total at the same period}} \times 100\%$$

### 4) Billing Ratio

$$\text{Billing Ratio} = \frac{\text{Billing Receivable Total}}{\text{Receivable Total}} \times 100\%$$

### 2.3 *Uncollected Receivable*

Uncollected receivables are losses that require recording in journal entries of the account, a decrease in receivable assets as well as those related to earnings and shareholder equity [11]. So many corporate debtors may include debtors who cannot fulfill their duty to pay the debts of the company, for example a debtor declared bankrupt by the court. The troubled receivables of the debtor are stated as non-collectible receivables [4]. The method of recording uncollectible accounts can be done in two ways, there are the direct write-off method and allowance method [11]. Calculation of collectible receivables using the allowance method, it can be done by using the analysis of the age of receivables. Aging Schedule Analysis is made by applying a different percentage to the age of the receivables.

### 2.4 *Risk Management for Uncollected Receivable*

Risk management is a field of science that discusses how an organization applies measures in mapping various existing problems by applying various management approaches [10].

## 3. Methodology

This research uses primary and secondary data. Primary data in this study include the results of interviews with Credit Managers related to indicators of the activities on passing the prospective debtor at Ayodya Resort Bali in the last 3 years, especially on credit standards. Meanwhile, secondary data in the form of aging account receivable schedule, data on cash and credit sales, data on the amount of accounts receivable, data on accounts receivable, credit standard and collecting policy at Ayodya Resort Bali in the last 3 years. The procedures of collecting data by interviews, documentation and observation. The analysis technique used is descriptive analysis technique to describe and concludes the data obtained from each analysis tools. There are the analytical tools for each method: 1) Credit standards is analyzed by 5C, namely: Character, Capacity, Capital, Collateral and Condition. 2) Receivable collection is analyzed using the receivables policy at the Ayodya Resort Bali. 3) The assessment of the receivables performance is analyzed by using the accounts receivable turnover ratio, the average days of collecting receivables, the arrears ratio and the billing ratio. 4) Analysis the age of receivables lead by the accounts receivable will be grouped based on each characteristics of the age, including current receivable, 1-30 days, 31-60 days, 61-90 days, and above 91 days. Furthermore, a percentage for each age will be made and then calculated the allowance for losses from receivables that must be formed in concerned of the period.

## 4. Result and Discussion

### 4.1 *Ayodya Resort Bali Receivable Management*

#### 4.1.1 *5C Analysis*

The Hotels which is implementing a credit policy must have a credit standard is used as a guide in determining the granting of credit facilities to travel agents. The results of the study in the 5C analysis, Ayodya Resort Bali fulfilled three C factors in providing credit facilities to travel agents. Two criteria that are not met are capital and collateral because they cannot be analyzed. This is due to supporting data to conduct an analysis in the form of financial statements that are difficult to obtain, so the capital factor tends to be ignored by the hotel and is deemed fulfilled. While the application of the guarantee is considered difficult because it can lead to the desire of the debtor to get higher benefits such as cheaper room rates. The three C's analyzed result that all travel agents fulfilled of character, capacity, and

condition. Thus, Ayodya Resort Bali Hotel in providing credit facilities to travel agents has not considered the 5C factor and each agent does not fulfilled these criteria.

#### 4.1.2 Collection of Receivables

Collection of receivables at the Ayodya Resort Bali Hotel starts from sending an invoice to a travel agent that has an obligation to the hotel. Making invoices and sending invoices is in fact done by Account Receivables once a week, whereas the receivables policy for invoicing states that "For Travel Agent: All invoices has to be generate from A/R system and must be ready to dispatched with all necessary documents to al debtors with in Forty Eight (48) hours after departure date and/or settle to City Ledger". The policies and the reality that occur are not appropriate, this results in a longer time to collect receivables. Not all invoices sent to travel agents are received on time. There are receivables that are on due date, but no payment has been received. In the credit policy for the follow-up, it is stated that reminder delivery for all receivables is more than 30 days, 60 days and 90 days. The sentence contained in the reminder is made with increasingly urgent words, and changes the signatory of the letter and recipient based on the type of reminder. In fact, the reminder is not applied according to policy. It cause, the Credit Manager prefers to contact directly by phone to the debtor concerned without coercion. Ayodya Resort Bali Hotel receivables collection does not fulfil the criteria for collecting receivables if it is adjusted on hotel credit policy. There are some discrepancies such as invoice delivery that is not on time and the application of reminder letters that are not in accordance with the policy

#### 4.1.3 Accounts Receivable Performance Ratio at Ayodya Resort Bali

##### 4.1.3.1 Receivable Turnover Ratio

**Table 2.** Receivable Turnover Ratio  
At Ayodya Resort Bali in 2016, 2017 and 2018

Year	Credit Card	Overseas Agent	Local Agent
2016	37.39	7.12	6.22
2017	41.50	6.03	5.66
2018	31.88	6.56	4.98

The Account Receivable Turnover ratio measures the level of hotel receivable turnover into cash [2]. Calculation of receivables turnover ratio in 2016, 2017 and 2018 for sub credit cards are 37.39 times, 41.50 times and 31.88 times. Overseas Agent produces calculations from 2016, 2017 and 2018 of 7.12 times, 6.03 times and 6.56 times. Local Agent in 2016, 2017, and 2018 are 6.22 times, 5.66 times, 4.98 times. The higher the ratio shows that the working capital invested in receivables is lower [10]. The credit turnover rate for credit cards produces the best ratio.

##### 4.1.3.2 Ratio of Average Collection Period

**Table 3.** Average Collection Period  
At Ayodya Resort Bali in 2016, 2017 and 2018

Year	Credit Card	Overseas Agent	Local Agent
2016	10	51	59
2017	9	60	64
2018	11	56	73

This ratio measures the time period of receivables to cash [2]. The average day of collection of receivables to credit cards from 2016 to 2018 are 10 days, 9 days and 12 days. Overseas Agent sub-accounts show the results of 51 days, 60 days and 56 days for 2016, 2017, and 2018. Local Agent from 2016 to 2018 resulted in calculations of 59 days, 64 days and 73 days. The lower of ratio results is better. Then the credit card sub-accounts produce the best ratio.

4.1.3.3 *Arrears Ratio*

**Table 4.** Arrears Ratio  
At Ayodya Resort Bali in 2016, 2017 and 2018

Year	Overseas Agent	Local Agent
2016	11.08%	7.30%
2017	9.51%	12.07%
2018	7.15%	11.51%

The arrears ratio is used to determine the amount of outstanding and unbilled receivables from a number of credit sales made. The ratio of arrears in the credit card sub-accounts in 2016, 2017 and 2018 cannot be identified, because the credit card is not determined how long it is said to be in arrears. For the overseas agent in 2016, 2017 and 2018 amounted to 11.08%, 9.51% and 7.15%. And for local agents 7.30%, 12.07%, and 11.51% for 2016, 2017 and 2018. The lower of this ratio result is better.

4.1.3.4 *Billing Ratio*

**Table 5.** Billing Ratio  
At Ayodya Resort Bali in 2016, 2017 and 2018

Year	Credit Card	Overseas Agent	Local Agent
2016	97.48%	86.71%	88.19%
2017	97.49%	84.57%	81.89%
2018	96.33%	88.79%	83.22%

This ratio is used to determine the extent to which billing activities are carried out or how much receivable are collected from the total receivables owned by the company. Billing ratio for credit card sub-accounts in 2016, 2017 and 2018 shows the results of 97.48%, 97.49%, and 96.33%. Overseas agent produces a ratio calculation of 86.71%, 84.57%, and 88.79% for 2016, 2017, and 2018. While the local agent produces a calculation ratio from 2016 to 2018 which is 88.19%, 81.89%, and 83.22%. The higher of this ratio result is better.

Overall, the assessment of the performance on travel agent receivables can be classified on below of the established standard, caused the term  $n / 30$  has not been reached.

4.2 *Uncollectible Receivables Control at Ayodya Resort Bali*4.2.1 *Accounts receivable loss reserves must be established by Ayodya Resort Bali*

Ayodya Resort Bali does not establish allowance for loss receivable, this is contrary to the matching principal in which income and expenses must be matched in the same period. The high risk of uncollectible receivables, the hotel is suggested to form a reserve for loss of receivables in an effort to control the risk of uncollectible receivables. The decision to control risk is to carry out a policy to anticipate risks before they occur. Journal required as of December 31, 2016, namely:

Bad Debt Expenses	IDR 467,664,917.00
Allowance for Bad Debt	IDR 467,664,917.00

The absence of reserves for loss receivables results in higher profits presented on report of profit and loss IDR 467,664,917.00, this is because there is no loss on accounts receivable. In 2017 the allowance for receivables losses must be established amounted to IDR 664,309,173.00 so that the required journals as of December 31, 2017 are:

Bad Debt Expenses	IDR 664,309,173.00
Allowance for Bad Debt	IDR 664,309,173.00

As a result of not forming a reserve for loss receivables, the profit presented in the report on profit and loss is higher at IDR 664,309,173.00, the cause is that there is no loss on accounts receivable. In 2018 the allowance for losses on receivables must be established amounted to IDR 580,337,298.00 so that the required journals as of December 31, 2018 are:

Bad Debt Expenses	IDR 580,337,298.00
Allowance for Bad Debt	IDR 580,337,298.00

The non-establishment of reserves for loss receivables results in higher profit presented on report of profit and loss IDR 580,337,298.00.

## 4.2.2 Restructuring

Credit requirements for local and foreign travel agents who want to get credit facilities must be monitored and tightened regarding the maximum credit limit that must be given. It because in the initial stages of passing the travel agent who obtained a credit facility is more emphasis on how the character of the debtor in paying. Accounts receivable collection and invoice making need a new employee recruitment that specifically manages the receivables from the travel agent that needs special attention due to a problematic condition. So that the application of invoice delivery policy can be implemented to be maximum.

## 5. Conclusion

Based on the analysis results that have been described, it can be concluded as follows:

Overall management of accounts receivable at Ayodya Resort Bali not optimal after being analyzed using three indicators. The first indicator is not met based on the 5C analysis for the standard of granting credit to travel agents because only 3 of the 5 criteria are met including character, capacity and condition while the 2 criteria are not met, there are capital and collateral. The second indicator is not fulfilled because the collection of receivables is not in accordance with hotel policy, which results in late delivery of invoices. The third indicator is not fulfilled because the results of the analysis of accounts receivable performance use the ratio is not optimal.

The efforts to control the risk of uncollectible receivables at the Ayodya Resort Bali Hotel, there are the establishment of allowance for loss receivables and restructuring within the maximum credit limit, monitor the character of the debtor when paying and related to the process of collecting receivables and making invoices to travel agents need special attention.

## 6. Acknowledgment

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## Analysis of the Effect of Debt to Profit on PT Bukit Uluwatu Villa, Tbk

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**Abstract.** The main purpose of a company is to get optimal profit, if the company's profit decreases, the company must increase its business capital so that the company can continue to operate. Generally, because of the need for funds is too high, the company decides to increase capital from external sources such as debt. The purpose of this study is to determine whether there is an influence of short-term debt and long-term debt on the company's operating profit. The type of data used was a quantitative data type in the form of a statement of financial position and income statement from 2010 to 2018. The data source was a secondary data source from idx.co.id, and the data were collected using documentation method. The analysis technique applied was a quantitative analysis technique in the form of multiple linear regression analysis. This study found that partially and simultaneously short-term debt and long-term debt had no significant effect on operating profit of PT Bukit Uluwatu Villa, Tbk.

**Keyword:** Short-term debt, Long-term debt, Profit

### 1. Introduction

PT Bukit Uluwatu Villa is a hotel that was founded in December 2000 focusing on environmentally friendly hotels and resorts. Based on the financial statements of PT Bukit Uluwatu Villa for 9 years, namely in 2010-2018, it appears that there is no clear relationship between debt and profits generated. Company management always strives to achieve the company's main goal, which is to generate profits. Companies can use the profits generated as additional capital for the company's operations, so that the company's survival can be guaranteed. The relationship of total debt to earnings is to add short-term debt, long-term debt and equity capital which is intended to expand company activities, expand production activities, and expand marketing activities with the aim of earning as much profit as possible, so that debt and profit are interrelated [7]. If the company's profit decreases, then the additional capital for the company's operational activities can be reduced. Deficiency of capital can disrupt the company's operations, so additional capital is needed, such as debt. This study intends to examine whether there is an influence between debt and profits generated by the company.

### 2. Methodology

The type of data applied in this research is a quantitative data type in the form of financial statements. The data source of this research is secondary data source from idx.co.id. Data collecting technic in this research is by documentation which is a method carried out by looking at and studying documents, records, and other information from idx.co.id to get the company's financial statements [14]. The financial statements used in this study are the report from the financial position and income statement of PT Bukit Uluwatu Villa Tbk for 9 years, from 2010 to 2018 to find out short-term debt, long-term

debt and operating profit. The analysis technique used in this study is a quantitative analysis technique in the form of multiple linear regression analysis. The following is data of short-term debt, long-term debt and operating profit of PT Bukit Uluwatu Villa, Tbk from 2010 to 2018.

Table 1. data of short-term debt, long-term debt and operating profit of PT Bukit Uluwatu Villa, Tbk

YEAR	SHORT-TERM DEBT	LONG-TERM DEBT	OPERATIONAL PROFIT
2010	169.740.179.092	252.094.209.346	62.790.637.039
2011	114.451.066.809	236.732.162.586	79.397.763.246
2012	143.636.313.447	311.304.596.377	86.145.399.258
2013	205.297.343.351	439.932.950.220	95.265.625.623
2014	241.720.098.704	543.339.357.588	57.505.447.984
2015	378.948.112.101	780.401.506.960	(5.205.304.397)
2016	486.882.986.981	775.601.283.501	60.225.134.872
2017	1.085.707.448.074	489.210.859.571	1.840.826.187
2018	1.094.036.856.252	693.317.993.326	90.017.703.478

Source. idx.co.id

### 3. Hypothesis

The hypothesis is a temporary answer to the formulation of the research problem.

H1 : Short-term debt has a partial effect on PT Bukit Uluwatu Villa's profit

H2 : Long-term debt has a partial effect on PT Bukit Uluwatu Villa's profit

H3 : Short-term debt and long-term debt simultaneously affect the profit of PT Bukit Uluwatu Villa

### 4. Result and Discussion

#### 4.1 The Classic Assumption Test

The classic assumption test is performed to determine the condition of existing data, determine the appropriate analysis model and to avoid the possibility of problems in regression analysis [9]. The classic assumption test applied is normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

##### 4.1.1 Normality Test

Normality test is to determine whether the residual value is normally distributed or not [15]. The data tested in this normality test are the independent variables in the form of short-term debt and long-term debt and the dependent variable in the form of operating profit. The results of this normality test can be seen in table 2 below:

Table 2. Normality Test

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		9
Normal Parameters <sup>a,b</sup>	Mean	,0000110
	Std. Deviation	3,34228757E10
Most Extreme Differences	Absolute	,144
	Positive	,144
	Negative	-,143
Kolmogorov-Smirnov Z		,433
Asymp. Sig. (2-tailed)		,992

a. Test distribution is Normal.

b. Calculated from data.

Based on table 2 above, it is known that the significance value of Asymp. Sig (2-tailed) of 0.992 is greater than 0.05. In accordance with the basis of decision making in the Kolmogorov-smirnov normality test, it can be concluded that the data are normally distributed. Normality requirements have been fulfilled in the regression model because the data are normally distributed.

#### 4.1.2 Multicollinearity Test

Multicollinearity test is to test whether there is a perfect correlation between independent variables in the regression model [15]. The data tested in this multicollinearity test are independent variables in the form of short-term debt and long-term debt. The results of this multicollinearity test can be seen in the following table 3.

Table 3. Multicollinearity Test  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	9,250E10	3,463E10		2,671	,037		
Short-term debt	-,016	,040	-,164	-,385	,714	,754	1,327
Long-term debt	-,054	,074	-,312	-,731	,492	,754	1,327

a. Dependent Variable: Operating profit

The basis for decision making in multicollinearity tests can be done by looking at the Tolerance and VIF values. Based on table 3 in the Collinearity Statistics section it is known that the Tolerance value of short-term debt and long-term debt is 0.754, greater than 0.10, respectively. The VIF value of short-term debt and long-term debt is 1.327, less than 10.00, respectively. In accordance with the basis for decision making in the multicollinearity test it can be concluded that there were no symptoms of multicollinearity in the regression model. That means there is no perfect correlation between the independent variables, so the multicollinearity test requirements in the regression model have been fulfilled.

#### 4.1.3 Heteroscedasticity test

Heteroscedasticity test is a test to see whether there is an inequality of variance from one observation to another [15]. The data tested in this heteroscedasticity test are independent variables in the form of short-

term debt and long-term debt. The results of this heteroscedasticity test can be seen in the following table 4.

Table 4. Heteroscedasticity  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1,698E9	1,280E10		-,133	,899
Short-term debt	,033	,015	,633	2,212	,069
Long-term debt	,025	,027	,259	,904	,401

a. Dependent Variable: Abs\_RES

In interpreting the results of heteroscedasticity test with glacier test can be done by looking at table 4. with the variable Abs\_RES acting as the dependent variable. Based on table 4 it is known that the significance value (Sig) for the short-term debt variable is 0.069, while the significance value (Sig) for the long-term debt variable is 0.401. In accordance with the basis of decision making in the glejser test it can be concluded that there were no symptoms of heteroscedasticity in the regression model. It means that there is an inequality of variance from one observation to another, so that the heteroscedasticity test requirements in the regression model have been fulfilled.

#### 4.1.4 Autocorrelation test

Autocorrelation test is to see whether there is a correlation between a t period with the previous period [15]. The data tested in this autocorrelation test are the independent variables in the form of short-term debt and long-term debt and the dependent variable in the form of operating profit. The results of this autocorrelation test can be seen in table 5.

Table 5. Autocorrelation  
Runs Test

	Unstandardize d Residual
Test Value <sup>a</sup>	1,42983E9
Cases < Test Value	4
Cases >= Test Value	5
Total Cases	9
Number of Runs	6
Z	,040
Asymp. Sig. (2-tailed)	,968

a. Median

Based on table 5 it is known that the Asymp value. Sig. (2-tailed) of 0.968 is greater than 0.05. In accordance with the basis for decision making in the autocorrelation test with a run test, it can be concluded that there are no indication or autocorrelation problems.

#### 4.2 Multiple regression analysis

The requirements for multiple regression analysis have been fulfilled, namely the classic assumption test which consists of a normality test, a multicollinearity test, a heteroscedasticity test, and an

autocorrelation test so that a regression analysis can be performed. The following are the results of multiple regression analysis:

#### 4.2.1 Table ANOVA

Table 6. ANOVA

ANOVA<sup>b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1,900E21	2	9,501E20	,638	,561 <sup>a</sup>
Residual	8,937E21	6	1,489E21		
Total	1,084E22	8			

a. Predictors: (Constant), Long-term debt (X2), short-term debt (X1)

b. Dependent Variable: Operating profit (Y)

Table 6 provides information about the presence or absence of the effect of short-term debt variables and long-term debt simultaneously on the variable of operating profit.

##### 3.2.1.1 Based on the value of Sig. Anova output

Based on the significance value (Sig.) In the table above, the Sig value is known. is 0.561 so according to the basis of decision making in the F test it can be concluded that the hypothesis is rejected or in other words short-term debt and long-term debt simultaneously have no effect on operating profit.

##### 3.2.1.2 Based on comparison F value Calculate with F table

Based on the SPSS output table above, it is known that the calculated F value is 0.638 smaller than F table 4.71. In accordance with the basis of decision making in the F test, it can be concluded that the hypothesis is rejected or in other words, short-term debt and long-term debt are simultaneously not effect on operating profit.

#### 4.2.2 Table Coefficient

Table 7. Coefficient

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,250E10	3,463E10		2,671	,037
Short-term debt (X1)	-,016	,040	-,164	-,385	,714
Long-term debt (X2)	-,054	,074	-,312	-,731	,492

a. Dependent Variable: Operating profit (Y)

Table 7 provides information about the regression equation and whether there is a partial influence of short-term debt and long-term debt on the variable of operating profit. The regression equation formula in the analysis or research is as follows:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = 92.500.000.000 - 0,016 X_1 - 0,054 X_2$$

A constant of 92,500,000,000 means that if there is no short-term debt and long-term debt, then operating profit is 92,500,000,000. Regression coefficient of -0.016 means that for every additional Rp 1, short-term debt will reduce the profit by 1.6%. A regression coefficient of -0.054 means that for each additional Rp. 1, long-term debt will reduce operational profit by 5.4%.

Meanwhile, to find out whether or not the influence of short-term debt variables and long-term debt partially (individually) on operating profit can be seen as follows:

#### 3.2.2.1 Based on the significance value (Sig.)

Based on the SPSS Coefficients output table above, it is known the significance value (Sig.) Of short-term debt variable of 0.714, which is greater than 0.05, so according to the basis of decision making in the t test, it can be concluded that the hypothesis (H1) is rejected or there is no short-term debt effect to operational profit, while the significance value (Sig.) of long-term debt variable is 0.492, which is greater than 0.05 then according to the basis of decision making in the t test, it can be concluded that the hypothesis (H2) is rejected or there is no influence of term debt length of business profit.

#### 3.2.2.2 Based on the comparison t value Calculate with t table

Based on the SPSS output table above, it is known that the t-value of the short-term debt variable is -0.385 smaller than t table 2.447 so according to the basis of decision making in the t test it can be concluded that the hypothesis is rejected or in other words short-term debt has no effect on business earnings. The t-value of the variable long-term debt is -0.731 smaller than t table 2.447, so according to the basis of decision making in the t test it can be concluded that the hypothesis is rejected or in other words long-term debt has no effect on operational profit.

## 5. Conclusion

Based on the multiple linear regression analysis conducted in the above discussion, the results show that short-term debt and long-term debt have a negative effect on operational profit. The results of hypothesis testing using the t test stated that short-term debt and long-term debt had no partial effect on operational profit, so H1 and H2 were rejected. The results of hypothesis testing using the F test states that short-term debt and long-term debt do not have a simultaneous effect on operational profit, so H3 is rejected.

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## The Effect of Taxation Understanding and Taxpayer Attitudes on Taxpayer Compliance with Implementation of E-Filing System as Mediation Variable

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**Abstract.** The tax revenues have not reached the target because the level of taxpayer compliance is still low. One of the efforts done by *Direktorat Jenderal Pajak* to improve taxpayer compliance is by implementing the e-filing system in tax reporting. The purpose of this study is to determine the effect of taxation understanding, and taxpayer attitudes on taxpayer compliance with implementation of e-filing system as mediation variable. The type of data used in this study are primary data obtained through questionnaires by respondents. The sample in the study was based on purposive sampling method with total sample of 100 individual taxpayers registered at the KPP *Pratama Badung Selatan*. Statistical testing used to test hypotheses was Partial Least Square (PLS) with SmartPLS 3.0. The results of this study showed that taxation understanding and the implementation of e-filing system have a positive and significant effect on taxpayer compliance. Taxpayer attitude has a negative and not significant effect on taxpayer compliance. Taxation understanding has a positive and significant effect on the implementation of e-filing system. Taxpayer attitude has a positive and not significant effect on the implementation of e-filing system. The implementation of e-filing system can mediate taxation understanding, and the implementation of e-filing systems cannot mediate taxpayer attitude on taxpayer compliance. The next research is expected to add other variables besides taxation understanding variable, taxpayer attitude, implementation of e-filing system, and taxpayer compliance.

**Keywords:** Taxation Understanding, Taxpayer Attitude, Implementation of E-Filing System, and Taxpayer Compliance

### 1. Introduction

The biggest source of state revenue comes from the tax sector. Based on data from ([www.pajak.go.id](http://www.pajak.go.id)) 70% source of infrastructure funding comes from taxes. Based on data from ([www.cnbcindonesia.com](http://www.cnbcindonesia.com)) Kementerian Keuangan disclose tax receipts in 2018 reaches Rp. 1,315.9 Trillion or only 92% realized from the 2018 State Budget target of Rp. 1,424 Trillion. Realization of tax revenues in 2018 increased from 2017. However, 2017 taxes revenues did not reach the target of Rp 1,147.5 Trillion or 89.4% of the target of Rp 1,283.6 Trillion. Tax is the largest source of state revenue so naturally it is supported by the compliance of the people throughout Indonesia in fulfilling their tax obligations. Forms of community support for collecting tax revenues in nation-building by calculating, paying and reporting income tax correctly and on time. Compliance of taxpayers in Kantor Wilayah (Kanwil) Direktorat Jenderal Pajak in Bali Province can be seen in Table 1, the high rate of submission of Annual Tax Returns is on individual taxpayers so that this research is focused on individual taxpayers.

**Table 1.** Taxpayer compliance ratio at Kanwil DJP Bali Province in 2018

Corporate Taxpayer			Individual Taxpayer		
Registered Taxpayers Must Report Notice	Realization	Ratio	Registered Taxpayers Must Report Notice	Realization	Ratio
27.671	19.402	70%	304.380	277.810	91%

One way the government maximizes tax revenue is to implement the self assessment system. Self assessment system gives trust to the taxpayer to calculate, deposit, and report the tax itself. The successful implementation of this system is supported by an understanding of taxation that is owned by taxpayers. A taxpayer who is obedient in taxation activities when fully understanding of tax regulations [1]. The attitude of taxpayers is one of the factors that effect taxpayer compliance in addition to understanding taxation. Attitudes are positive and negative thoughts and feelings that encourage a person's behavior. Rational attitude effect on tax compliance [2].

One of the efforts made by Direktorat Jenderal Pajak (DJP) to increase public compliance in fulfilling that tax obligations is by holding a tax reform. The tax reform is the implementation of e-filing system or electronic filing system. E-filing makes it easy for taxpayers to submit report tax returns so that they are expected to increase tax compliance.

According to information obtained from (www.metrobali.com) The Head of Kanwil DJP said that Badung Regency as a tourism area has considerable tax potential and many of taxpayers. These causes tax collection in Badung to be 2 (two) tax office, namely KPP Pratama Badung Utara and KPP Pratama Badung Selatan. In Table 2 it can see that the gap ratio between the targets and the realization of tax revenue at the KPP Pratama Badung Selatan is lower than KPP Pratama Badung Utara. Therefore, this research was carried out at the KPP Pratama Badung Selatan.

**Table 2.** Comparison ratio between target and realization of tax revenue on the Badung district tax office in 2018

Information	Ratio
KPP Pratama Badung Selatan	91%
KPP Pratama Badung Utara	94,71%

Comparison of the number of compulsory annuals tax return through e-filing with the total taxpayer report on annual tax return at KPP Pratama Badung Selatan can see in Table 3, as follows:

**Table 3.** Total annual tax return with e-filing at KPP Pratama Badung Selatan 2016-2018

Year	Annual Tax Return Report	Annual Tax Return Report with E-Filing	Ratio
2016	20.501	14.080	69%
2017	21.612	18.496	86%
2018	21.715	19.225	89%

Based on background of the problem described, the formulation of the problem in this study, namely: 1) how is the effect of understanding taxation on taxpayer compliance at KPP Pratama Badung Selatan ?, 2) how is the effect of taxpayer attitude on taxpayer compliance at KPP Pratama Badung Selatan ?, 3) how is the effect of understanding taxation on the implementation of the e-filing system at KPP Pratama Badung Selatan ?, 4) how is the effect of taxpayer attitude on the implementation of e-filing system at KPP Pratama Badung Selatan ?, 5) how is the effect of the implementation e-filing system on tax compliance at KPP Pratama Badung Selatan ?, 6) how does the implementation of e-filing system mediate the effect of understanding taxation on taxpayer compliance at KPP Pratama Badung



Selatan ?, and 7) how does the implementation of e-filing system mediate the effect of taxpayer attitude on taxpayer compliance at KPP Pratama Badung Selatan ?

## 2. Research Methods

### 2.1 Data types

Qualitative data in this study is answers from respondents to the statements in the questionnaire. Quantitative data in this study is in the form of scores on the answers given by respondents to the statements in the questionnaire using the Likert scale 1-5 as the determination of the answer score.

### 2.2 Data source

Secondary data in this study is target data and realization of tax revenues throughout Indonesia, data on taxpayer compliance of all taxes office in Kanwil DJP Provinsi Bali, target data and realization of tax revenues in Badung Regency tax office, and data to total of submission annual tax return with *e-filing* in Kantor Pelayanan Pajak (KPP) Pratama Badung Selatan. The primary data in this study is data obtained from the results of questionnaires originating from individual taxpayers who have business activities or not that registered in Kantor Pelayanan Pajak (KPP) Pratama Badung Selatan.

### 2.3 Data collection procedures

Interviews are carried out to taxpayers who are in KPP Badung Selatan in relation to the type of taxpayer and ownership of the taxpayer number. Interviews were conducted to get the right respondents, namely respondents who are individual taxpayers and already have a taxpayer number. Likert scale is used in calculating the numerical weight of the results of the questionnaire.

### 2.4 Sample determination procedure

The population in this study is all individual taxpayers found at KPP Pratama Badung Selatan. Determination of the number of samples is determined using the Slovin formula. The number of samples in this study were 100 Individual Taxpayers.

### 2.5 Analysis technique

The analysis technique in this study uses descriptive statistical analysis and Partial Least Square (PLS) which is operated through the SmartPLS 3.0.

## 3. Result and Discussion

### 3.1 Descriptive statistics

The indicators used as assessment criteria for understanding taxation adopted from the study Agustiningsih (2016).

**Table 4.** Descriptive statistics analysis of understanding taxation variables

Statement	Answer					Mean	Std. Dev.	Infor.
	STS	TS	RG	S	SS			
I understand my obligation as a taxpayer in register to get a NPWP.	0	2	3	67	28	4,21	0,59	Very good
I calculate my tax obligations by myself.	1	4	21	56	18	3,86	0,79	Very good
I know how to fill out and report taxes.	0	2	18	60	20	3,98	0,69	Very good
I know the deadline for reporting period and annual tax return.	0	2	5	67	26	4,17	0,60	Very good
I know the current taxation system in Indonesia is self assessment.	0	0	21	58	21	4,00	0,65	Very good

I know the function of tax as a source of state income.	0	1	5	59	35	4,28	0,60	Very good
I know that taxes are used for government funding.	0	1	9	54	36	4,25	0,65	Very good
I know the sanctions obtained if it's too late or cheating on paying taxes.	0	1	15	59	25	4,08	0,66	Very good

Based on Table 4 shows that taxpayers know clearly about the tax function as one source of state income. Mean value of  $X_{1.6}$  "I know the function of tax as a source of state income" is the highest of 4,28. However, the mean value of  $X_{1.2}$  "I calculate my tax obligations by myself" is the lowest of 3,86. This shows that not all taxpayers calculate their own tax obligations.  $X_{1.2}$  gets the lowest mean value compared to other items, but still stays in the very good category.

Some indicators that are used as taxpayer attitude assessment criteria adopt some research Sani and Habibie (2017).

**Table 5.** Descriptive statistics analysis of taxpayer attitude

Statement	Answer					Mean	Std. Dev.	Infor.
	STS	TS	RG	S	SS			
I have the desire to pay taxes less than I should.	12	31	16	29	12	2,98	1,25	Pretty good
I feel that the use of taxes are not transparent.	5	29	33	25	8	3,02	1,03	Pretty good
I feel disadvantaged by the taxation system.	18	50	21	7	4	2,29	0,97	Pretty good
I feel that tax regulations are difficult.	7	35	34	16	8	2,83	1,04	Pretty good
I feel a big tax rate.	6	24	35	29	6	3,05	1,00	Pretty good
I feel there are many types of tax rates at this time.	5	14	25	43	13	3,45	1,04	Pretty good

Based on Table 5 shows that taxpayers feel the current tax rate is a lot. Mean value of  $X_{2.6}$  "I feel there are many types of tax rates at this time" is the highest of 3,45. However, mean value of  $X_{2.3}$  "I feel disadvantaged by the taxation system" is the lowest of 2,29. This shows that the taxation system is made for people's welfare so that taxpayers do not feel disadvantaged.

The indicator used to assess the criteria for the effectiveness and efficiency of e-filing adopt from Rahayu's book (2017:161).

**Table 6.** Descriptive statistics analysis of the implementation e-filing system

Statement	Answer					Mean	Std. Dev.	Infor.
	STS	TS	RG	S	SS			
I am easy to submit tax returns.	0	2	1	46	51	4,46	0,62	Very good
I can access at any time.	0	1	3	55	41	4,36	0,59	Very good
I can deliver at maturity even though it is a holiday and delivered on time.	1	4	9	48	38	4,18	0,83	Very good
I can access anywhere.	1	3	4	48	44	4,31	0,77	Very good

Verification of receipts electronic tax returns from DJP that are personal and confidential.	1	2	5	58	34	4,22	0,72	Very good
There is evidence of electronic report tax returns receipts from DJP submitted real time after verification has been carried out.	1	2	1	59	37	4,29	0,68	Very good
I can save paper because I don't need to use print out (paperless).	1	5	1	41	52	4,38	0,82	Very good

Based on Table 6 shows that taxpayers feel the ease in delivering annual tax returns with the implementation of e-filing system. Mean value of  $Y_{1.1}$  "I am easy to submit tax returns" is the highest of 4,46. However, mean value of  $Y_{1.3}$  "I can deliver at maturity even though it is a holiday and delivered on time" is the lowest value of 4,18. This shows that taxpayers have fear when delivering report tax return at maturity because there is a possibility that a system will occur.  $Y_{1.3}$  gets the lowest mean value compared to other items, but still stays in the very good category.

The indicators used in assessing taxpayer compliance are in accordance with Undang-Undang Nomor 16 tahun 2009 about general provisions and procedures for taxation.

**Table 7.** Descriptive statistics analysis of taxpayer compliance

Statement	Answer					Mean	Std. Dev.	Infor.
	STS	TS	RG	S	SS			
I registered myself as a taxpayer to have a tax registration number.	0	3	2	59	36	4,28	0,65	High
I volunteered to the tax service office as a taxpayer.	1	4	2	62	31	4,18	0,74	High
I am obedient in reporting tax returns.	0	3	5	65	27	4,16	0,64	High
I always calculate the tax payable correctly.	0	2	14	61	23	4,05	0,67	High
I always pay tax payable on time.	0	2	11	62	25	4,10	0,67	High
I am obedient in paying outstanding tax arrears.	0	2	9	67	22	4,09	0,62	High

Based on Table 7 shows that taxpayers have an awareness in registering themselves as taxpayers to get tax registration number. Mean value of  $Y_{2.1}$  "I registered myself as a taxpayer to have a tax registration number." is the highest of 4,28. However, mean value of  $Y_{2.4}$  "I always calculate the tax payable correctly" is the lowest value of 4,05. This shows that sometimes errors occur when the taxpayer calculates the tax payable.  $Y_{2.4}$  get the lowest mean value compared to other items, but remain in the high category.

### 3.2 Evaluation of the Measurement Model (Outer Model)

#### 3.2.1 Convergent Validity

Taxpayer attitude variable has an invalid loading factor value. That causes 2 (two) items from the variable to be discarded, that is:  $X_{2.5}$  and  $X_{2.6}$ . After 2 (two) items are discarded, the value of the loading factor of each variable becomes valid and there is no need to discard other items. Figure 1 shows the value of each item / indicator score has a value greater than 0,6 so, it can be concluded that individual indicators are considered reliable.

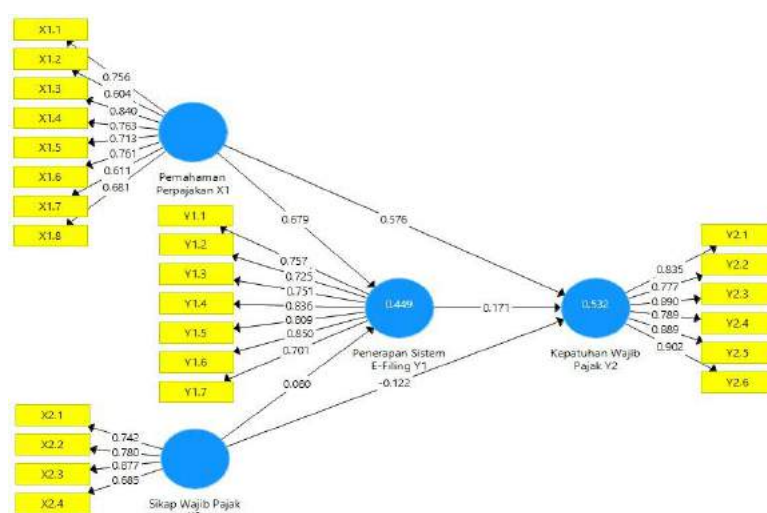


Figure 1. Path diagram

### 3.2.2 Discriminant Validity

The results in Table 8 shows that each variable produces AVE value greater than 0.50, so all variables used are declared valid.

**Table 8. Average Variance Extracted (Ave)**

	AVE	AVE requirements	Keterangan
Understanding Taxation ( $X_1$ )	0,52	0,50	Valid
Taxpayer Attitude ( $X_2$ )	0,60	0,50	Valid
The Implementation of E-Filing System ( $Y_1$ )	0,60	0,50	Valid
Taxpayer Compliance ( $Y_2$ )	0,72	0,50	Valid

### 3.2.3 Uji Reliabilitas

The results in Table 9 shows that each variable produces a value greater than 0.70, so all variables used are declared reliable.

**Table 9. Cronbach's Alpha and Composite Reliability**

	Cronbach's Alpha	Composite Reliability	Requirements	Information
Understanding Taxation ( $X_1$ )	0,86	0,90	0,70	Reliabel
Taxpayer Attitude ( $X_2$ )	0,78	0,86	0,70	Reliabel
The Implementation of E-Filing System ( $Y_1$ )	0,89	0,91	0,70	Reliabel
Taxpayer Compliance ( $Y_2$ )	0,92	0,94	0,70	Reliabel

### 3.3 Structural Model Evaluation (Inner Model)

In Table 10 shows the value of  $R^2$  of the taxpayer compliance variable ( $Y_2$ ) of 0.53. Based on these results, it can be concluded that understanding taxation ( $X_1$ ), taxpayer attitude ( $X_2$ ) and the implementation of e-filing system ( $Y_1$ ) have an effect of 53.2% or called moderate.

<b>Table 10. <i>R Square</i></b>		
	<i>R Square</i>	<i>R Square Adjusted</i>
The Implementation of E-Filing System ( $Y_1$ )	0,45	0,44
Taxpayer Compliance ( $Y_2$ )	0,53	0,52

### 3.4 Hypothesis testing

The significant level used is 5% with a T-statistic value of 1.96. The T-statistic value > 1.96 indicates that the hypothesis is accepted, whereas if the T-statistic value < 1.96 indicates the hypothesis is rejected.

#### 3.4.1 Direct effect

<b>Tabel 11. <i>Path Coefficient (Bootstrapping)</i></b>			
	<i>Original Sample (O)</i>	<i>T Statistics</i>	<i>P Values</i>
Understanding Taxation ( $X_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,58	6,26	0,00
Taxpayer Attitude Pajak ( $X_2$ ) --> Taxpayer Compliance ( $Y_2$ )	-0,12	1,71	0,08
Understanding Taxation ( $X_1$ ) --> The Implementation of E-Filing System ( $Y_1$ )	0,68	9,65	0,00
Taxpayer Attitude ( $X_2$ ) --> The Implementation of E-Filing System ( $Y_1$ )	0,08	0,97	0,33
The Implementation of E-Filing System ( $Y_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,17	2,53	0,01

Understanding taxation ( $X_1$ ) has a positive effect with a coefficient of 0,58 and significant with a T-statistic value of 6,26 on tax compliance ( $Y_2$ ). Taxpayer attitude ( $X_2$ ) has a negative effect with a coefficient of -0,122 and not significant with a T-statistic value of 1,71 on taxpayer compliance ( $Y_2$ ). Understanding taxation ( $X_1$ ) has a positive effect with a coefficient of 0,68 and significant with a T-statistic value of 9,65 on the implementation of e-filing system ( $Y_1$ ). Taxpayer attitude ( $X_2$ ) has a positive effect with a coefficient of 0,08 and is not significant with a T-statistic value of 0,97 on the implementation of e-filing system ( $Y_1$ ). The implementation of e-filing system ( $Y_1$ ) has a positive effect with a coefficient of 0,17 and significant with a T-statistic value of 2,53 on taxpayer compliance ( $Y_2$ ).

## 3.4.2 Indirect effect

**Tabel 12.** *Specific Indirect Effects (Bootstrapping)*

	Original Sample (O)	T Statistics	P Values
Understanding Taxation ( $X_1$ ) --> The Implementation of E-Filing System ( $Y_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,12	2,22	0,03
Taxpayer Attitude ( $X_2$ ) --> The Implementation of E-Filing System ( $Y_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,01	0,92	0,36

Understanding taxation ( $X_1$ ) has a positive and significant effect on taxpayer compliance ( $Y_2$ ) through the implementation of e-filing system ( $Y_1$ ) with a coefficient of 0,12 and a T-statistic value of 2,22. Taxpayer attitude ( $X_2$ ) has a positive and not significant effect on taxpayer compliance ( $Y_2$ ) through the implementation of e-filing system ( $Y_1$ ) with a coefficient of 0,01 and a T-statistic value of 0,92.

## 3.4.3 Effect of mediation

**Table 13** Effect of mediation

	Original sample	T Statistics	T table	Information	Conclusion
Understanding Taxation ( $X_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,58	6,26	1,96	significant	mediate
Understanding Taxation ( $X_1$ ) --> The Implementation of E-Filing System ( $Y_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,17	2,22	1,96	significant	
Taxpayer Attitude ( $X_2$ ) --> Taxpayer Compliance ( $Y_2$ )	-0,12	1,71	1,96	not significant	not mediate
Taxpayer Attitude ( $X_2$ ) --> The Implementation of E-Filing System ( $Y_1$ ) --> Taxpayer Compliance ( $Y_2$ )	0,01	0,92	1,96	not significant	

The implementation of e-filing system ( $Y_1$ ) can mediate understanding taxation ( $X_1$ ) on taxpayer compliance ( $Y_2$ ) because there are significant direct effects and significant indirect effects. The implementation of e-filing system ( $Y_1$ ) cannot mediate taxpayer attitude ( $X_2$ ) on taxpayer compliance ( $Y_2$ ) because there is no significant direct effect and insignificant indirect effects.

## 3.5 Discussion

3.5.1 The effect of understanding taxation ( $X_1$ ) on taxpayer compliance ( $Y_2$ )

Understanding taxation ( $X_1$ ) has a positive and significant effect on taxpayer compliance ( $Y_2$ ). The

results of this study is in accordance with the results of the study from Agustiningsih (2016) that the level of understanding taxation has a positive and significant effect on taxpayer compliance at KPP Pratama Yogyakarta [1]. Research results from Rahayu, Setiawan, Troena, and Sudjatno (2017) knowledge and understanding of tax regulations affect taxpayer compliance [3]. Research results from Ananda, Kumadji, and Husaini (2015) understanding taxation has a partially significant effect on taxpayer compliance [4]. Taxpayers who have an understanding of tax provisions, such as: systems, procedures, functions, and tax sanctions will carry out their tax obligations properly. The understanding of taxation will foster awareness for taxpayers about the importance of paying taxes to build the Indonesian nation.

### *3.5.2 The effect of taxpayer attitude ( $X_2$ ) on taxpayer compliance ( $Y_2$ )*

Taxpayer attitude ( $X_2$ ) has a negative and not significant effect on taxpayer compliance ( $Y_2$ ). The results of this study is in accordance with the results of the study Febriani and Kusmuriyanto (2015) that the attitude of taxpayers has a negative and not significant effect on taxpayer compliance at KPP Pratama Semarang Candisari[5]. Research results from Tuwo (2016) the attitude of taxpayers does not have a significant effect on taxpayer compliance in paying Land and Building Taxes in the Kelurahan Tara-Tara Kota Tomohon[6]. This study shows that the attitude of taxpayers does not effect on taxpayer compliance so, it is necessary to impose more detailed and serious sanctions and tax audits. Taxpayers intentionally do not fulfill their tax obligations because of a feeling of rejection of the applicable tax regulations.

### *3.5.3 The effect of understanding taxation ( $X_1$ ) on the implementation of e-filing system ( $Y_1$ )*

Understanding taxation ( $X_1$ ) has a positive and significant effect on the implementation of e-filing system ( $Y_1$ ). The results of this study is in accordance with the results of the study Syakura and Ginting (2017) tax knowledge affects the intention to use e-filing [7]. Taxpayers who have an understanding of taxation will provide convenience in learning and using the system so that they can increase the interest of taxpayers in the use of e-filing.

### *3.5.4 The effect of taxpayer attitude ( $X_2$ ) on the implementation of e-filing system ( $Y_1$ )*

Taxpayer attitude ( $X_2$ ) has a positive and not significant effect on the implementation of the e-filing system ( $Y_1$ ). The results of this study is in accordance with the results of the study Tallaha, Shukor, and Hassan (2014) that behavioral control does not show a significant relationship with the intention to use e-filing on individual taxpayers at Kota Kuala Lumpur, Malaysia[8]. Taxpayers tend to find it difficult to use e-filing and cannot handle it themselves. This causes the tendency of the taxpayer's attitude does not affect the implementation of the e-filing system.

### *3.5.5 The effect of the implementation of e-filing system ( $Y_1$ ) on taxpayer compliance ( $Y_2$ )*

The implementation of e-filing system ( $Y_1$ ) has a significant and significant effect on taxpayer compliance ( $Y_2$ ). The results of this study is in accordance with the results of the study Muturi and Kiarie (2015) the online tax system has a significant influence on tax compliance trends among small taxpayers in Meru District [9]. Research results from Wasao (2014) online systems affect the level of tax compliance among small taxpayers at Nairobi Timur[10]. Research results from Susmita and Supadmi (2016) the application of e-filing has a positive effect on the compliance of individual taxpayer reporting at KPP Pratama Denpasar Timur[11]. The application of a good e-filing system is expected to provide convenience for taxpayers in reporting tax returns.

*3.5.6 The implementation of e-filing system ( $Y_1$ ) mediating the effect of understanding taxation ( $X_1$ ) on taxpayer compliance ( $Y_2$ )*

The implementation of e-filing system ( $Y_1$ ) can mediate understanding taxation ( $X_1$ ) on taxpayer compliance ( $Y_2$ ). The results of this study is consistent with the results of the study Syakura and Ginting (2017) tax knowledge affects taxpayer compliance through the intention of using e-filing [7]. This shows that the better understanding of taxation owned by taxpayers will increase taxpayer compliance There is information about the application of e-filing to facilitate reporting process tax returns letters will help taxpayers improve tax compliance.

*3.5.7 The implementation of e-filing system ( $Y_1$ ) mediating the effect of taxpayer attitude ( $X_2$ ) on taxpayer compliance ( $Y_2$ )*

The implementation of e-filing system ( $Y_1$ ) cannot mediate the attitude taxpayer ( $X_2$ ) on taxpayer compliance ( $Y_2$ ). This is because taxpayers have the desire to pay taxes smaller than they should. The implementation of this e-filing system cannot mediate the effect of taxpayer attitudes on mandatory compliance.

#### 4. Conclusions

Based on the results of the analysis and discussion, the conclusion as follows: understanding taxation has a positive and significant effect on taxpayer compliance, taxpayer attitude has a negative and not significant effect on taxpayer compliance, understanding of taxation has a positive and significant effect on the implementation of e-filing systems, taxpayer attitude has a positive and not significant effect on the implementation of e-filing system, the implementation of e-filing system has a positive and significant effect on taxpayer compliance, the implementation of e-filing system can mediate understanding of taxation on taxpayer compliance, and the implementation of e-filing systems cannot mediate taxpayer attitude on taxpayer compliance.

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## Analysis of Food and Beverage Cost Control in WBS

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**Abstract:** This study aims to determine (1) the factors that cause the difference of food and beverage costs between actual costs and standard costs, (2) control of food and beverage costs at WBS. The data used in this study were food and beverage reconciliation reports, recipe cards and SOP (Standard Operating Procedures) on the functions involved in controlling food and beverage costs. The measuring instruments used to conduct this study were cost of food and beverage sold, food and beverage cost percentage, food and beverage cost percentage difference, and SOP on the functions involved in controlling food and beverage costs. The results showed that (1) the occurrence of food and beverage cost differences during these periods were due to an increase in gross cost of food sold and gross cost of beverage sold; (2) food and beverage controls is basically adequate, but is less consistent in applying the applicable SOP so that problems were found such as purchases from non-suppliers due to lack of food stocks, received goods with quantities that didn't match the market list order or purchase order, and the implementation of standard recipe and standard portion size is not optimal in the preparation of food and beverage.

### 1. Introduction

One of the tourist facilities and services that are often used by tourists is hotels. An hotel is a company managed by its owner by providing food, beverage and room facilities to people who travel and are able to pay a reasonable amount in accordance with services received without special agreements [1]. As one source of income that contributes significantly to hotels, food and beverage sales must pay attention to the costs incurred in producing food and beverage themselves. To be able to achieve the optimal income target, it is necessary to control the cost of food and beverages that are carried out to the maximum extent possible without reducing the quality of the food and beverage produced. The budget for the hotel is a standard cost that is used as a reference in carrying out planned and expected activities in accordance with what has been budgeted or standardized.

With the standard cost, it is expected that the costs incurred for food and beverage can be controlled so the profits can be obtained optimally. However, in the operational implementation the actual cost is often not appropriate with the standard costs by the company, so there is a variance. The variance that occurs can be favorable and unfavorable. Favorable variance occurs when the actual value of the cost does not exceed the value of the standard cost, whereas the unfavorable variance occurs if the actual value of the cost is greater than the value of the standard cost.

WBS is one of the five star hotels. In addition to the sale of rooms, WBS also sells food and beverage products made through several outlets owned by the hotel. The hotel management has standardized the cost of food and beverage. However, in the operational implementation the actual cost is often not appropriate with the standard costs.

**Table 1.** Comparison of Standard with Actual Food and Beverage Costs in 2018

Month	Food				Beverage			
	Standard Food cost		Actual Food Cost		Standard Beverage cost		Actual Beverage Cost	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost
January	6.263.227.133	1.967.637.550	7.522.515.102	2.346.761.153	4.402.959.974	1.209.104.577	4.271.045.772	1.220.594.373
February	7.349.552.118	2.309.502.097	6.507.927.243	2.098.497.316	5.249.256.104	1.377.944.140	3.040.141.957	833.308.238
March	6.144.671.397	1.918.365.488	7.291.532.726	2.445.750.680	4.801.462.226	1.289.014.789	4.474.488.930	1.299.140.451
April	7.843.189.055	2.449.624.164	7.857.740.946	2.605.351.852	5.936.201.715	1.569.416.163	4.421.234.045	1.265.278.301
May	7.360.208.299	2.391.587.344	7.083.160.212	2.424.433.088	5.204.780.711	1.433.049.350	4.976.176.610	1.346.574.792
June	7.176.226.769	2.330.388.308	7.133.957.092	2.464.689.440	5.305.509.945	1.391.773.341	4.123.725.112	1.195.572.086
July	8.859.627.896	2.779.475.434	9.367.734.317	2.932.124.285	6.416.549.733	1.672.578.008	5.388.926.100	1.476.259.844
August	9.297.319.982	2.923.520.677	8.858.983.648	2.720.812.443	6.799.196.446	1.828.194.645	5.578.460.407	1.487.069.707
September	8.002.135.249	2.521.805.925	7.224.659.950	2.408.593.147	7.384.983.668	1.975.112.410	5.355.609.382	1.419.967.082
October	7.877.429.713	2.477.213.175	8.763.727.005	2.885.677.810	5.388.273.313	1.529.294.766	6.417.259.889	1.832.650.854
November	6.272.487.932	1.964.374.326	6.111.614.865	2.015.671.984	4.732.239.767	1.252.156.234	3.985.316.988	1.093.816.711
December	9.824.330.811	3.078.822.983	9.001.998.927	2.821.941.436	7.798.919.421	2.084.410.546	6.104.210.148	1.629.561.416

Based on Table 1, actual food and beverage costs experience inefficiencies. The inefficiencies that occur are due to the actual food and beverage costs that have exceeded the standard costs by management. This study aims to analyze the causes of the variance of food and beverage costs between the standard cost and the actual cost and to control the cost of food and beverage that must be done by WBS in order to achieve the standard costs.

## 2. Literature Review

### 2.1. Cost

Cost is the acquisition price sacrificed in order to earn income and will be used as a deduction from income [2]. Costs also can be interpreted as a sacrifice that can reduce cash or other assets to achieve goals, both those that can be charged at this time and in the future [3].

### 2.2. Controlling

Control is the management's effort to achieve the stated objectives by making continuous comparisons between implementation and plan [4]. Control is the process of re-checking, evaluating and always monitoring reports, whether the implementation does not deviate from the intended purpose [2].

### 2.3. Food and Beverage Cost

The cost of food or beverage is a cost that occurs during processing to serving the food or beverage is ready to be served to the guests [5]. The cost of food (beverage) is all food ingredients (beverage) that are used to produce any kind of food (beverage) [6].

### 2.4. Standard Food and Beverage Cost

Standard cost is a fee determined in advance, which is the amount of costs that should have been incurred to make one product unit or to finance certain activities, under the assumption of economic conditions, efficiency, and certain other factors [7]. To be able to control the standard food cost (basic food cost), a standard size is needed. This standard size is a management tool to achieve the target of food staple prices. The standard food cost is the result of the interaction between various other standard sizes such as standard recipes, standard quantities, raw material specifications, and standard yields [6].

### 2.5. Actual Food and Beverage Cost

The actual cost is the cost of food or beverage which happens after the food or beverage is processed or after the processing process until it is ready to be served [7]. The actual cost of food is the cost of food that actually occurs to produce food for an accounting period [6].

## 2.6. Variance of Food and Beverage Cost

The actual deviation from standard costs is called variance. There are two type of variance, such as favorable and unfavorable. Favorable variance occurred when the standard cost is greater than the actual cost and the unfavorable variance occurred if the standard cost is smaller than the actual cost.

## 3. Research Methods

Quantitative data in this study are actual food and beverage costs, standard food and beverage costs, and food and beverage reconciliation report in 2018. The qualitative data used in this study is Standard Operational Procedure (SOP) related to the activities of the functions involved in controlling the costs of food and beverage. This research uses quantitative and qualitative descriptive analysis techniques. The formula used as a tool in solving problems in this study are as follows:

### 3.1. Cost of Food and Beverage Sold

$$\text{Cost of Food and Beverage Sold} = \text{Opening Inventory} + \text{Purchases} - \text{Closing Inventory} \pm \text{Adjustment}$$

### 3.2. Food and Beverage Cost Percentage

$$\text{Food Cost Percentage} = \frac{\text{Cost of Food Sold}}{\text{Food Sales}} \times 100\%$$

$$\text{Beverage Cost Percentage} = \frac{\text{Cost of Beverage Sold}}{\text{Beverage Sales}} \times 100\%$$

### 3.3. Variance of Food and Beverage Cost

$$\text{Food Cost Variance} = \text{Standard Food Cost Percentage} - \text{Actual Food Cost Percentage}$$

$$\text{Beverage Cost Variance} = \text{Standard Beverage Cost Percentage} - \text{Actual Beverage Cost Percentage}$$

## 4. Result and Discussion

### 4.1. The Cause of Variance

During 2018, the amount of actual food and beverage costs greater than the standard food and beverage costs, which caused variance. The variance that occurs during the period January to December 2018 is an unfavorable variance. The amount of food cost variance is 1.07% and 0.91% for beverage cost. The variance that occurs is greater than the tolerance limit of the variance that have been arranged by management. The variance limit is 0.5%.

The variance in food cost caused by unfavorable variance which occurred was 0.82% in February, 2.32% in March, 1.92% in April, 1.73% in May, 2, 07% in June, 1.82% in September, 1.48% in October, 1.66% in November, and 0.01% in December. Whereas on beverage cost, the variance caused by unfavorable variance was 1.12% in January, 1.16% in February, 2.19% in March, 2.18% in April, 2.76% in June, 1.33% in July, 0.18% in October, and 0.99% in November.

**Table 2.** Comparison of Standard with Actual and Variance of Food and Beverage Costs in 2018

<i>Month</i>	<i>Food</i>			<i>Beverage</i>		
	<i>Standar</i>	<i>Actual</i>	<i>Variance</i>	<i>Standar</i>	<i>Actual</i>	<i>Variance</i>
<i>January</i>	31,42%	31,20%	0,22%	27,46%	28,58%	-1,12%
<i>February</i>	31,42%	32,25%	-0,82%	26,25%	27,41%	-1,16%
<i>March</i>	31,22%	33,54%	-2,32%	26,85%	29,03%	-2,19%
<i>April</i>	31,23%	33,16%	-1,92%	26,44%	28,62%	-2,18%
<i>May</i>	32,49%	34,23%	-1,73%	27,53%	27,06%	0,47%
<i>June</i>	32,47%	34,55%	-2,07%	26,23%	28,99%	-2,76%
<i>July</i>	31,37%	31,30%	0,07%	26,07%	27,39%	-1,33%
<i>August</i>	31,44%	30,71%	0,73%	26,89%	26,66%	0,23%
<i>September</i>	31,51%	33,34%	-1,82%	26,74%	26,51%	0,23%
<i>October</i>	31,45%	32,93%	-1,48%	28,38%	28,56%	-0,18%
<i>November</i>	31,32%	32,98%	-1,66%	26,46%	27,45%	-0,99%
<i>December</i>	31,34%	31,35%	-0,01%	26,73%	26,70%	0,03%
<b>Total</b>	<b>378,69%</b>	<b>391,53%</b>	<b>-12,83%</b>	<b>322,03%</b>	<b>332,96%</b>	<b>-10,93%</b>
<b>Average</b>	<b>31,56%</b>	<b>32,63%</b>	<b>-1,07%</b>	<b>26,84%</b>	<b>27,75%</b>	<b>-0,91%</b>

The unfavorable variance occurs due to the increase of gross cost of food and beverage sold caused by purchases that exceed the standards. In addition, it is caused by the existence of food to beverage and beverage to food that are not in accordance with the management's standard. The increase of costs incurred without being followed by an increase of revenue.

#### 4.2. Controlling Food and Beverage Cost

To achieve the actual food and beverages cost, management requires the involvement of several hotel functions. The functions involved in controlling food and beverage costs such as purchasing department, receiving department, store, production and sales department. All activities carried out affect the amount of food and beverage costs incurred by the hotel, so it is necessary to apply a good control to achieve the management goals.

In the purchasing department the control has been carried out quite well. However, there are still problems that occur in purchasing function activities such as frequent purchases of ingredients that are not from hotel suppliers. This happened because of an impromptu request from the kitchen due to a shortage of perishable food ingredients. Ingredients from non-hotel suppliers are often not in accordance with the quality standards and prices by the hotel. This causes an increase in food costs.

The controlling in the receiving department is quite good. But there are still problems such as the receiving department often receives goods with a higher quantity than the quantity listed in the market list order or purchase order. This certainly causes an increase in food cost.

In the store, all of activities has been going well. All procedures have been carried out optimally, consistently. and in accordance with the standard operating procedure.

The controlling of the food and beverage production is divided into 2 activities, namely pre-preparation activities and preparation. In pre-preparation activities carried out by hotel management emphasizes the achievement of yield standards that must be obtained for a material, which is used as a reference in conducting pre-preparation activities. In terms of food and beverage preparation activities, control is aimed at the compatibility between the actual cost of food and beverages that are actually produced with the standard cost of goods specified in the standard recipe form. The kitchen does not use recipe cards effectively and consistently when produce food and beverage. This causes the difference between the standard food and beverage cost based on the recipe card and the actual food and beverage cost.

Food and beverage sales activities include recording, cash receipts and reporting sales in restaurants for restaurant operations. The sales activity at the hotel restaurant starts with orders made by guests that will be recorded on the captain order by the restaurant waiter/waitress. Captain orders are made 3 copies

which will then be handed over to the cashier, kitchen and bar section, and to the waiter/waitress itself. While the captain order received by the cashier will be inputted to the hotel sales system to make a bill with an open status or not yet paid. The bill paid by the guest will then be posted to the system according to the type of payment made by the guest (cash, credit, or room charge). If during the process the guest changes the ordered menu or cancels the order, then it must get an authorization from the restaurant manager. All bills from the sale of food and beverages will be collected by each outlet every day and will be submitted to the auditor's income as proof of sales. In this part, it is known that management has a good control system for the activities of the sales department and all these procedures have been carried out optimally and consistently by the parties concerned.

## 5. Conclusions and Suggestions

Based on the results of research and discussion related to the analysis of food and beverage cost control, it can be concluded that:

1. The factors causing the occurrence of unfavorable variance in food and beverage costs are caused by high gross cost of food and gross cost of beverage due to the purchases, food to beverage and beverage to food that do not reach the management standards. In addition, the occurrence of unfavorable variance that occur in food and beverage costs also caused by an increase in costs incurred not followed by an increase in the amount of revenue.
2. Food and beverage cost control carried out by the WBS hotel, especially that carried out on the activities of functions related to food and beverage costs are basically adequate and have been supported by procedures that lead to cost control measures. But in the implementation of these procedures have not been implemented optimally and consistently so that problems are still found such as the purchase of goods outside the supplier due to an impromptu demand by the kitchen so that the material obtained is not in accordance with the desired standards, receipt of goods from suppliers with the quantity not in accordance with market list orders and purchase orders, and ignoring the recipe cards during the process of preparing food and beverage that results in the waste of food and beverage and does not achieve the quality of food and drinks produced.

The advice can be given based on the results of research that has been done is as follows:

1. Coordination between cost control and also those involved in food and beverage procurement and processing activities needs to be further increased so that food and beverage costs can be controlled more optimally.
2. Executive chefs need to collaborate with cost control in terms of monitoring the amount of food supplies so that purchases do not occur suddenly which results in mismatches in the quality and price of the ingredients obtained.
3. The receiving department should not accept goods from the supplier if the quantity of goods carried exceeds the quantity listed in the market list order or purchase order.
4. Cost control, executive chef and f & b manager need to control the use of standard recipe, and also the standard portion size in production activities, especially in preparation activities so that the taste and the amount of costs incurred to make the food and drink in accordance with management goals .

## 6. Acknowledgment

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## Management Audit As an Evaluation Tool of Hotel Room Revenue Performance

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**Abstract.** The biggest revenue of a hotel comes from room sales, which is 52,4%. Therefore, room revenue is the most important aspect to consider. This study focuses on hotel room revenue performance at Fairmont Sanur Beach Bali. Hotel room revenue performance is assessed from the achievement of the realization of hotel room revenue budget. The existence of unfavorable differences between budget and realization of the hotel room revenue indicated by hotel room revenue is not performing well therefore it is necessary to identify the cause of the differences. This study aims to evaluate and to find out the cause why hotel room revenue in Fairmont Sanur Beach Bali does not perform well. Research method used is descriptive analysis techniques, namely through the stages of management audit. The data used in this study are qualitative and quantitative data, obtained through interviews and documentations. The result shows that the cause of hotel room revenue does not perform well is the occupancy rate that did not reach the target as a result of a decrease in the number of guests on the market segment who comes to Bali. Moreover, the promotion program of Fairmont Sanur Beach Bali has not been able to capture the market, so though there was an increase in the number of guests, the occupancy rate did not increase. Based on these findings, recommendations are then given to improve hotel room revenue performance in the future.

**Keywords:** Management Audit, Performance Evaluation, Hotel Room Revenue

### 1. Introduction

The biggest revenue of a hotel comes from room sales, which is 52,4%[1]. Therefore, room revenue is the most important to consider. In operation, hotel has a standard that must be achieved in hotel room revenue, the standard is hotel room revenue budget. If there is a difference between the budget and realization, it can lead favorable or unfavorable difference. Favorable difference illustrates the good performance of hotel room revenue because the realization of hotel room revenue is bigger than the budget. The unfavorable difference illustrates the hotel room revenue not performing well because the realization of hotel room revenue is smaller than the budget [2]

Fairmont Sanur Beach Bali is a five star hotel under the management of AccorHotels. The hotel is located at Jalan Kusumasari No. 8 Semawang, Sanur. Fairmont Sanur Beach Bali has 120 rooms consisting of 94 suites and 26 villas and several supporting facilities such as restaurants, meeting rooms, spa, swimming pool, fitness center, and kids club. In addition to facilities, Fairmont Sanur Beach Bali also has many attractive offers given to guests who come and stay such as various promotions for room and food discounts, tours, pick up and drop off to the airport, happy hour, and shuttle buses around Sanur. Facilities and offers given to guests who come and stay are expected to increase hotel revenue. However, based on preliminary interviews with the Director of Revenue Management, it is known that



in a few months in 2018, the hotel room revenue performance is considered not performing well because the hotel room revenue does not reach a standard, namely hotel room revenue budget.

As a result of the preliminary interview, it was found that the condition which was considered as the cause of hotel room revenue did not perform well, namely the occupancy rate of the room could not reach the expected target. Room occupancy rate is a comparison between the number of rooms sold and the number of rooms available [3]. If conditions that contain weaknesses are left and not evaluated, it will give a bad impact to the hotel. Therefore, further analysis is needed to find out the weaknesses that occur.

The tool that can be used is management audit. Management audit is a tool used to evaluate the effectiveness and efficiency of policies, activities and programs implemented by a company [4]. The implementation of a management audit of hotel room revenue performance at Fairmont Sanur Beach Bali is expected to assist management in tracing the cause of hotel room revenue not perform well. So that management can find out the weaknesses that occur and evaluate the policies that have been implemented and take the right decisions so that problems that have occurred do not happen again in the future.

## **2. Literature Review**

### *2.1 Management Audit*

Management audits are designed to examine the activities and programs carried out or part of the entity that can be audited to assess and report whether programs and activities that have been planned can be achieved and do not violate the rules and policies that have been set. The scope of the management audit covers all or part of the aspects of management activities. There are three main elements of management audit, namely criteria, causes, and effects.

To conduct a management audit, there are five stages of management audit that must be passed. First, a preliminary audit is carried out to obtain information about the background of the object being audited. Second, review and testing of management controls, with the aim of assessing the effectiveness and efficiency of management controls in supporting the achievement of company objectives. The third stage is detailed audit, that aims to collect a competent and sufficient data to support the objectives of the audit. Forth stage is reporting, that aims to communicating the results of the audit and recommendations given to interested parties. And the last is follow up which aims to encourage the authorized parties to do follow-up or improvement based on the recommendations that given [4].

### *2.2 Hotel Room Revenue*

Hotel room revenue is revenue that derived from the sales of hotel rooms. Hotel room revenue is the biggest source of income of hotel that accounts for 52,5% of total revenue [1].

### *2.3 Performance Evaluation*

Performance is simply interpreted as the results achieved and how to do it [5]. Performance is the level of achievement of an activity, program or policy in realizing the goals, objectives, vision and mission of a company as outlined in the formulation of a strategic scheme [6].

## **3. Research Methods**

The research uses qualitative data covering results of interviews with the Director of Revenue Management and policies relating to hotel room revenue performance in 2018, and quantitative data that used in this research are budget and realization of hotel room revenue, room occupancy rates, room prices, and market segments, and data of tourist visits to Bali in 2017 and 2018. The data was collected by interview and documentation.

The analysis technique used in this research is descriptive qualitative analysis technique. The analysis is carried out based on the stages of management audit which starts from the preliminary audit, review and testing of management control, detailed audits, reporting and follow-up.

#### 4. Result and discussion

##### 4.1 Variance Analysis

The object of this research is the hotel room revenue performance. To find out the performance of hotel room revenue, calculated by variance analysis between the realization with the budget.

**Table 1.** Variance Analysis Between Realization of Hotel Room Revenue With the Budget

Month	Budget	Realization	Variance	F/U
January	4,694,008,000	6,016,825,220	1,322,817,220	F
February	4,445,254,000	5,551,773,647	1,106,519,647	F
March	5,700,640,000	6,287,569,292	586,929,292	F
April	6,693,500,000	7,210,375,095	516,875,095	F
May	6,532,900,000	7,047,937,991	515,037,991	F
June	6,925,600,000	8,442,926,494	1,517,326,494	F
July	10,065,825,000	10,906,407,457	840,582,457	F
August	11,456,500,000	11,568,951,820	112,451,820	F
September	7,954,815,000	8,067,431,787	112,616,787	F
October	7,706,775,000	9,208,283,649	1,501,508,649	F
November	6,201,250,000	5,455,684,631	(745,565,369)	U
December	8,275,825,000	7,491,338,522	(784,486,478)	U
Total	86,652,892,000	93,255,505,605	6,602,613,605	F

Based on the results of calculations in table 1, on average the realization of room revenue has reached the budget. However, when viewed from the realization of each month, in November and December, the realization of room revenue did not reach the budget.

##### 4.2 Identification the Causes of Hotel Room Revenue Difference in November 2018

Based on table 1, there is an unfavorable difference between the budget and the realization of hotel room revenue in November 2018. After conducting further studies, it was identified that performance of hotel room revenue is not well in November was caused by the occupancy room rate achieved only amounted to 59.6%, while the target set was 72.9%. This is caused by the realization of room sales from the FIT (Free Individual Traveler) segment not achieving the set targets. The targeted number of 2,185 rooms, while the realization only reached 1,865 rooms. There was an unfavorable difference of 320 rooms with a percentage of -14.65%. In the Group segment, the targeted number of 290 rooms, while the realization only reached 204 rooms. There was an unfavorable difference of 86 rooms with a percentage of -29.66%. This condition is supported by a downward trend in several target markets to Bali when compared to November 2017, which is presented in table 2.

**Table 2.** Comparison of Market Segment Visit to Bali in November 2017 and 2018

Country	November 2017	November 2018	Variance	
			Amount	Percentage
Russian	6,939	6,312	(627)	-9.04%
France	8,418	10,835	2,417	28.71%
German	9,768	4,495	(5,273)	-53.98%
Netherland	5,553	5,788	235	4.23%
China	84,428	73,822	(10,606)	-12.56%
Japan	13,671	17,417	3,746	27.40%
South Korea	10,535	11,368	833	7.91%
Hong Kong	2,238	2,179	(59)	-2.64%
India	20,766	23,738	2,972	14.31%
Malaysia	12,120	19,028	6,908	57.00%
Singapore	8,304	17,409	9,105	109.65%
Australia	71,255	97,776	26,521	37.22%
USA	14,413	16,078	1,665	11.55%
Canada	4,147	4,688	541	13.05%

Based on table 2, a significant decrease was seen in Russian, German, Chinese and Hong Kong guests. The unfavorable difference causes the occupancy room rate that were previously arranged cannot be reached and has an impact on the acquisition of hotel room revenue.

#### *4.3 Identification the Causes of Hotel Room Revenue Difference in November 2018*

Based on table 1, there was an unfavorable difference between the budget and the realization of hotel room revenue in December 2018. After further studies, in December there was a decrease in room occupancy rates. Room occupancy rates achieved were only 54.1%, while the target set was 72.0%. This is caused by the realization of FIT and Group market segment visits that do not reach the set targets. In the FIT segment, the targeted number of 2,265 rooms, while the realization only reached 1,857 rooms. There was an unfavorable difference of 408 rooms with a percentage of -18.01%. Whereas in the Group segment, the targeted number is 260 rooms but the realization only reached 52 rooms. There was an unfavorable difference of 208 rooms with a percentage of -80%. However this is not supported by the number of guests who are the target market of Fairmont Sanur Beach Bali who visited Bali in December 2018 when compared to December 2017, which is presented in table 3.

**Table 3.** Comparison of Market Segment Visit to Bali in December 2017 and 2018

Country	December 2017	December 2018	Variance	
			Amount	Percentage
Russian	9,473	14,316	4,843	51.12%
France	7,086	7,291	205	2.89%
German	7,448	9,082	1,634	21.94%
Netherlands	6,420	6,317	(103)	-1.60%
China	11,332	80,460	69,128	610.02%
Japan	15,163	22,746	7,583	50.01%
South Korea	5,858	13,967	8,109	138.43%
Hong Kong	2,237	2,264	27	1.21%
India	28,083	33,670	5,587	19.90%
Malaysia	13,164	24,193	11,029	83.78%
Singapore	9,447	23,544	14,097	149.22%
Australia	76,605	101,809	25,204	32.90%
USA	15,007	22,796	7,789	51.90%
Canada	3,983	4,259	276	6.93%

Based on table 3, it can be seen that in almost all target markets there has been a high increase in visits, only Dutch guests have decreased by 103 visitors or -1.60% compared to 2017. In terms of the promotion program implemented, Fairmont Sanur Beach Bali implemented all of its programs in December, namely Early Bird, Stay Pay and Gift Certificate, but the implementation of the promotion program has not been able to increase the room occupancy rate. This shows that the Sales & Marketing department cannot capture the market well. As a result, the occupancy rate of rooms that had previously been targeted could not be reached and had an impact on the acquisition of hotel room revenue.

#### 4.4 Recommendation

Based on audit findings that have been identified from previous management audit stages, as for recommendations that can be given to management, management must conduct regular market analysis to determine trends that are happening at market because the market and market tastes will always change. So far, Fairmont Sanur Beach Bali implements the same marketing program from year to year with the main target for European guests, while in 2018 many guests who come are Chinese and Australian guests.

By knowing the trends that occur, the management will know the guests who visit Bali, what is liked by the guests who come, so that it can be used as a guide in making a new marketing program in accordance with the intended target guests, to be right on target. The marketing program must be unique so that it will only be experienced by guests while staying at Fairmont Sanur Beach Bali. In addition, with market analysis, Fairmont Sanur Beach Bali will find out guests who have an increasing trend so that the Sales and Marketing department can collaborate with Travel Agents in the guest's country.

#### 5. Conclusion

Based on the results and discussion that has been presented, it can be concluded that hotel room revenue not performing well occurred in November and December 2018 that caused by the target of room

occupancy rate cannot be achieved due to decrease in guests from the market FIT and Group segments thus affecting the acquisition of hotel room revenue. The decreased in guests from the market segment in November 2018 is supported by a decrease in the number of tourist visits which are the target market of the Fairmont Sanur Beach Bali to Bali, compared to 2017. But in December 2018, the number of guest visits which are the target market of the Fairmont Sanur Beach Bali to Bali tends to increase compared to 2017. The promotional programs implemented by Fairmont Sanur Beach Bali have not been able to capture the market.

Recommendations that can be given are the Sales and Marketing department should innovate their promotional strategies by conducting regular market analysis. Based on this analysis it is better to create a new marketing program that is unique in accordance with the characteristics of the intended target guests. By knowing which guests make a lot of visits to Bali will make it easier to choose travel agents to work with in an effort to increase sales.

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## Analysis of Sales Budgeting Process in Fox Harris Hotel Jimbaran Beach

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**Abstract:** This study aims to describe sales budget preparation process at Fox Harris Hotel Jimbaran Beach. The preparation of the sales budget uses a free hand method by sales forecasting with intuition so that unfavorable variance may occur. Budget reports made by Revenue Manager are not based on accurate analysis. The purpose of this research is to learn how to arrange a sales budget at Fox Harris Hotel Jimbaran Beach. This research method uses quantitative and qualitative descriptive analysis technique. Quantitative analysis technique by calculating standard errors in the preparation of the budget and analysis of the variance of the sales budget on the budget implementation. The data in this study are primary and secondary obtained from interviews, documentation and observation. The result of the study shows that the right method in preparing the sale budget in Fox Harris Hotel Jimbaran Beach is a quadratic method. Difference in the sales budget due to the difference in the quantity and the difference in price.

**Keywords:** *preparation, budget, sales*

### 1. Introduction

A budget is a plan about all company activities. The function of the budget is as a work guideline, work coordination tool, and evaluation tool. The budget in terms of fields is divided into two namely operational budget and financial budget. one of the operational budgets is the sales budget. The sales budget is used as the basis for preparing the master budget therefore the sales budget is called the key budget. Before making a sales budget, the sales forecast is made first. Fox Harris Hotel Jimbaran Beach is a 4 star hotel located in the Jimbaran Village, South Kuta, Badung. Budgeting is made by budgeting committee there are General Manager, Financial Controller, Director of Sales Marketing, dan Revenue Manager. Budgeting committee also coordinates with Tauzia Management and Owner so budgeting in Fox Harris Hotel Jimbaran Beach uses the combined method (top-down budgeting and down-top budgeting). Fox Harris Hotel Jimbaran Beach has not carried out the proper budget preparation process where the method used in sales forecasting is the free hand method. The free hand method has a weakness that is subjective and less accurate. Budget implementers such as employees don't participate in the sales budget preparation process this makes employees not aware of their duties. Revenue managers only use qualitative analysis in preparing budget reports. This results in budget differences and sales realization as showed in table 1.1 as follows:

**Table 1.1** Difference in Sales Budget in 2018

REVENUE	BUDGET	REALIZATION	VARIANCE	
			Rp	%
Room	14.708.222.823,08	11.742.930.256,48	( 2.965.292.566,60)	-20%
Food and Beverage	6.313.082.513,59	5.748.339.437,33	(564.743.076,26)	-9%
Sport and Recreation	106.750.000	109.434.902	2.684.902,00	3%
Guest Laundry	29.300.000	30.896.101	1.596.101,00	5%
Transportation	29.400.000	31.533.044	2.133.044,00	7%
Shops and Other	16.200.000	17.423.016	1.223.016,00	8%
Income				
Total Revenue	21.202.955.336,67	17.680.556.756,81	(3.522.398.579,86)	-17%

Based on table 1.1, it can be seen that the budget and realization result in an unfavorable difference in the sales budget of the Fox Harris Hotel Jimbaran Beach. The difference that occurred in 2018 between the budget and the realization of sales was the unfavorable difference of Rp3,522,398,579.86 (-17%). At Fox Harris Hotel Jimbaran Beach which sets a policy regarding the tolerance limit of the difference is Tauzia Management which is 10% whether it is unfavorable or favorable. The main activities of the hotel are room sales and food and beverage sales. The percentage of the budget and the realization of room sales and food and beverage sales from total sales were 99.2% and 98.9%. Based on the background description above, the researcher is interested in taking the title of the study "Analysis of the Sales Budgeting Process at Fox Harris Hotel Jimbaran Beach".

## 2. Literature Review

### 2.1 Budget

Budget is a plan prepared systematically that covers all company activities expressed in monetary unit that apply for a certain period in the future. [1] The budget preparation process is divided into several stages, including: 1) Determination of Budget Guidelines, namely determining the company's big plans and making a budgeting committee 2) Preparation of the Budget where the marketing manager before preparing the sales budget must prepare a sales forecast. 3) Budget determination includes negotiations to adjust the final plan for each budget component, coordinate and review the budget component and approval and distribution of the budget. 4) Implementation of the budget that is controlling function, manager makes a budget realization report. [2] The purpose of budgeting are: plans are centered on future activities, uses as a guideline in evaluating overall hotel performance, used as a basis for coordinating activity plans, as one of the tools to motivate managers involved in budgeting and tool to communicate the planned goals to be achieved.[4] The requirements for budgeting are realistic meaning that is possible to achieve, flexible means that there no rigidity so that there are opportunities for change according to situation and condition, continuous means that the company's budget requires continuous attention.[7]

### 2.2 Sales Budget

Sales budget is a budget that plans systematically and in more detail about the company's sales during a certain period in the future, which includes plans about the type (quality) of goods to sale, time of sale, and place (area) of marketing. [1] Forecasting is a prediction of what will happen, without effort oracle to influence what happens to match the forecast.[3] Sales forecast method consists of two methods, namely qualitative methods and quantitative methods. The qualitative method uses the basis of opinions, namely the opinions of the seller, the opinions of the sales division managers, the opinion of the executive, the opinions of experts and the opinions of consumers. The quantitative method consists of the free hand method, the least square method, the moment method, and the quadratic method. [2] Free hand method based on intuition and subjective, other methods use mathematic calculation as follows:

Least square method formula:

$$Y = a + b X$$

$$b = \frac{n \sum XY - \sum X \sum Y}{n \sum X^2 - (\sum X)^2} \text{ or } b = \frac{\sum XY}{\sum X^2}, \sum X = 0$$

$$a = \frac{\sum Y}{n} - b \frac{\sum X}{n} \text{ or } a = \frac{\sum Y}{n}, \sum X = 0$$

Moment method formula:

$$Y = a + bX$$

$$\sum Y = n \cdot a + b \sum X$$

$$\sum XY = a \sum X + b \sum X^2$$

Quadratic method formula:

$$Y = a + b X + c (X)^2$$

$$\sum Y = na + c \sum X^2$$

$$\sum X^2 Y = a \sum X^2 + c \sum X^4$$

$$\sum XY = b \sum X^2$$

$$\text{Condition } \sum X = 0$$

Information:

Y = Dependent variable

X = Independent variable

a = Constant value

b = Coefficient of regression direction

n = Data quantity

To determine which method is the most appropriate of the three methods, the forecasting error standard is used. The Standard Forecasting Error (SFE) formula is as follows:

$$SFE = \sqrt{\sum (X-Y)^2 : n-2}$$

Information:

X = real sale

Y = Sales forecast

n = Amount of data analyzed

-2 = 2 degrees of freedom is lost because two population parameters are being predicted with sample values (a and b) [2]

### 2.3 Variance Analysis

The nature of the difference for income is that if the budget is smaller than its realization, the difference is favorable. Meanwhile, if the realization is smaller than the budget, the difference is unfavorable. The formula used to find the percentage of variants that occur is:

$$\text{Variance (\%)} = (\text{Total Variance}) / (\text{Total Budget}) \times 100\%$$

The cause of the difference that occurs can be caused by deviations in quantity or price deviations. The formula used in seeing these deviations:

#### 2.3.1 Quantity Difference

$$PK = (KR - KB) \times HB$$

Information :

PK = Quantity Deviation

KR = Realization Quantity

KB = Budget Quantity

HB = Selling Price per Budget Unit



### 2.3.2 Price Difference

$$PH = (HR - HB) \times KR$$

Information:

PH = Price Deviation (per unit)

HR = Selling Price (per unit) Realization

HB = Selling Price (per unit) Budget

KR = Realization Quantity [1]

## 3. Research Method

The research method uses qualitative data and quantitative data.[6] Qualitative data used the organizational structure of the company at Fox Harris Hotel Jimbaran Beach, the methods and techniques used in preparing the budget, the parties involved in preparing the budget and the causes of the difference between the sales budget and its realization and the flow of the sales budget. Quantitative data used is the policy of tolerance limits of budget irregularities, monthly income statement in 2018 at Fox Harris Hotel Jimbaran Beach. Data collection techniques used were interviews, documentation and observation. The analysis technique used is descriptive quantitative analysis that is at the stage of budget preparation and stage of budget execution and descriptive qualitative techniques at the stage of determining the budget guidelines and the stage of determining the budget.

## 4. Results and Discussion

### 4.1 Determination of budget basis

#### 4.1.1 Set a big plan

Fox Harris Hotel Jimbaran Beach compiled a sales budget by considering the realization of the previous year's sales as a reference for making a budget. Government policies related to sales are highly considered such as the policy of selling rooms to Chinese citizens. The inflation rate is set at 5-8%, the rate of spread of foreign nationals vacationing in Bali and comparing with the quantity of competitors, the use of SWOT analysis and hotel development such as the addition of hotel rooms, laundry facilities for employees and the addition of spa facilities. Determination of the company's big plan is carried out by the budgeting committee by collecting internal and external information. This is in accordance with the factors that must be considered in the preparation of the budget, there are knowledge of purpose and the general policy of the company, historical data, economic conditions, knowledge of tactics, competitor's movements, government policies and company development research.[2]

#### 4.1.2 forming a budget committee

At Fox Harris Hotel Jimbaran Beach the budgeting committee consists of the General Manager, Financial Controller, Revenue Manager and Director of Sales Marketing. Because the number of departments in the company is quite large, therefore the parties contained in the budgeting committee are those who are related to the marketing department, the finance department, and the sales department and the company leadership. The budget preparation process begins in August to determine the next year's budget from January 1 to December 31. The preparation of the budget begins with evaluating the sales budget with the realization of the previous year's sales, from January to July. This is accordance with the formation of budgeting committee consisting of director as leader, financial manager as secretaries and other managers as members.[2]

### 4.2 Budget Preparation

In compiling sales forecasts, revenue managers use the free hand method because it is easy to calculate and prioritizes sales patterns based on intuition. However, this method has many shortcomings which are less accurate because it is based on intuition (feeling). The forecasting method uses statistical and mathematical calculations such as the straight-line trend method (least square method and the moment method) and the non-straight-line method (quadratic parabolic trend method).[1] To determine which method is the most appropriate among the three methods at Fox Harris Hotel Jimbaran Beach, standard

forecasting errors are used. The smallest prediction error value is the most appropriate for Fox Harris Hotel Jimbaran Beach. Based on the data obtained from the company, a comparison of forecasting error standards is made as follows:

**Table 4.1** Comparison of standard forecasting errors in room revenue and food and beverage sales budgets

No	Revenue	Least Square Method	Moment Method	Quadratic Method
1	Room	248.371.712,15	248.371.712,15	153.380.733,73
2	Food and Beverage	141.309.760,26	141.309.760,26	103.964.651,51

From table 4.1 above, it appears that by using the quadratic method, the risk of errors that will occur between the budgeted and the realized is smaller than the least square method and the moment method. Therefore, the quadratic method is the most suitable method to be used of room and food and beverage sales forecasts at Fox Harris Hotel Jimbaran Beach.

#### *4.3 Determination of the Budget*

##### *4.3.1 Negotiations*

The sales budget negotiations at Fox Harris Hotel Jimbaran Beach were carried out by a budget committee consisting of the General Manager, Financial Controller, Revenue Manager and Director of Sales Marketing. Fox Harris Hotel Jimbaran Beach has a lot of employees in its operational activities and therefore to save time and energy in determining the budget only a few parties participate in the negotiations. Participants are parties who have extensive knowledge and insight regarding operational activities, therefore the negotiations chosen are the head of the company's department. This is in accordance with the stage of determining the budget should all parts related to the financial administrator, sales, purchasing and manager meeting activities or negotiations to adjust the final plan.[5]

##### *4.3.2 Coordination*

The activities carried out by many parties in one organization need to be coordinated. At Fox Harris Hotel Jimbaran Beach the coordination is carried out by the budgeting committee, Tausia Management, and the Owner. Because the coordination of the budgeting committee and Tausia Management and Owner will be able to produce a balanced budget because it does not burden various parties. The budget made must reflect fairness and the implementer does not feel pressured but instead motivated.[2]

##### *4.3.3 Ratification and distribution*

A good and perfect budget will be approved by the Owner as the owner of the company along with the General Manager as the executor of the budget. Fox Harris Hotel Jimbaran Beach distributes the budget through the Head of Department it can be efficient in time, but some of the Head of Department who are not involved in the preparation of the budget will not be able to explain to his subordinates about sales targets and ways to achieve these targets. This is not appropriate because it will make the budget difficult to achieve. The compiled budget should be socialized to all employees.[1]

#### *4.4 Budget Execution*

At the budget implementation stage, the revenue manager makes a budget report that will be reported to the general manager and then the general manager will report the budget report to the Owner. Budget reports are submitted in the form of causes and effects that occur from budget differences but the difference is not analyzed in more detail and only prioritizes qualitative factors. The budget report will not be able to detect the exact cause of the difference that occurs so that if it doesn't check it will have a negative impact on the company. The unfavorable difference that occurs in room revenue is

Rp2,965,292,566.60 or 20%. The difference has passed the tolerance limit of 10% which must then be analyzed in order to find out the cause of the difference. The difference in sales budget at Fox Harris Hotel Jimbaran Beach is presented in tables 4.2 and 4.3 as follows:

**Table 4.2** Difference in quantity of room revenue at Fox Harris Hotel Jimbaran Beach

Kind of Room	Real Quantity	Budget Quantity	Price of Budget (Rp)	Variance of Quantity (Rp)
Deluxe Room	27.648	26.971	545.003,22	369.206.981,36
Amount	27.648	26.971	545.003,22	369.206.981,36

**Table 4.3** Difference in price of room revenue at Fox Harris Hotel Jimbaran Beach

Kind of Room	Real Price of Room Sale (Rp)	Budget Price (Rp)	Real Quantity	Variance of Quantity (Rp)
Deluxe Room	424.238,52	545.003,22	27.648	(3.338.904.840,89)
Amount	424.238,52	545.003,22	27.648	(3.338.904.840,89)

Sales budget report from the quantity point, the realization of sales has deviated positively because it has increased sales amount by Rp369.206.981,36. Then from price point the realization of sales has deviated negatively because it has decreased sales amount by Rp3.338.904.840,89. The difference that occurs must be considered.

## 5. Conclusion and Suggestion

Based on the results of research and discussion of the preparation of the sales budget at Fox Harris Hotel Jimbaran Beach, the conclusion is at the stage of determining the budget guidelines in the company has used guidelines from internal and external factors and the formation of the budgeting committee. in the preparation of the budget in forecasting the company uses the free hand method. This method has the disadvantage of being less accurate. The results of the forecasting error show that the quadratic parabolic method is a suitable method for Fox Harris Hotel Jimbaran Beach. A good budget must be supported by good implementation and therefore it is necessary to carry out socialization to employees about the company's budget in order to create harmony. At the end of the budget period, Fox Harris Hotel Jimbaran Beach make a budget report but the report only states the reasons for the estimated deviation should be supported by using accurate analysis. The result of the difference analysis is the difference in room sales occurs because the company increases the occupancy of room sales by decreasing the price of the room sales with the assumption that if the occupancy rate increases, sales in other departments such as food and beverage, sports and recreation, guest laundry, transportation, and shop other income will increase.

Based on these conclusions, it can be given advice to minimize the occurrence of similar things in the future so that it is useful for improving budgeting procedures at Fox Harris Hotel Jimbaran Beach are: Fox Harris Hotel Jimbaran Beach in determining sales predictions can use the quadratic method or quadratic parabolic because the calculation of numbers using statistics will provide accurate results and can minimize the difference in sales budget that occurs. Fox Harris Hotel Jimbaran Beach should socialize employees about the budget that has been set so that all employees have the same goals. Fox Harris Hotel Jimbaran Beach should use budget analysis and comparison and realization in preparing budget reports so that it can be known deviations that have occurred. Deviations that occur will be made conclusions so it is useful to formulate follow-up policies for the company.

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## The Taxpayers Growth and Tax Receipts Relating to the Application of PP 23 of 2018 at KPP Pratama Denpasar Timur

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**Abstract.** Due to less optimal of the application of PP 46 of 2013 makes government attempting to reform this rule by replacing PP 23 which came into force since 1 July 2018 by lowering the final tax rate to 0.5%. This rule is expected to be able to increase the growth of taxpayers and due to the decrease in tax rates will affect tax receipt. The purpose of this research is to determine the differences in taxpayer growth and tax receipt before and after the application of PP 23 of 2018 at KPP Pratama Denpasar Timur. This research method uses comparative with hypothesis testing using statistical tests with the Independent Sample T Test method for the taxpayer growth variable and using the Man Whitney U test method for the tax receipt variable. The results of the taxpayer growth analysis show a significant difference between the growth of taxpayers before and after the application of PP 23 of 2018 with an average increase of 0.05%. The results of the tax receipt analysis show that there is a significant difference between tax receipt before and after the application of PP 23 of 2018 with decrease tax receipt of 23%.

**Keywords:** Taxpayers Growth, Tax Receipt, PP 23 of 2018

### 1. Introduction

Micro, Small and Medium Enterprises (MSMEs) is one of the sectors driving the Indonesian economy. Although the turnover and profit of MSMEs is relatively low, its effect on the Indonesian economy is very high, evidenced by its contribution to Gross Domestic Product (GDP). The percentage of MSME contribution to GDP in 2008 - 2011 was above 50%. The contribution of MSMEs to GDP should be directly proportional to the amount of tax that can be received. However, this is inversely proportional to the realization of tax revenue which only reaches 0.04% of the potential tax revenue for MSMEs[1]. This proves the potential tax revenue from the MSME sector is still very high and can still be explored.

The government is trying to explore the potential of tax revenue carried out through concrete efforts and implemented in the form of government policies. One of the government's efforts to increase tax revenue targeting MSEs is to issue PP 46 which came into force on July 1, 2013. This PP 46 is final which means the taxpayer's tax obligation has been completed if the taxpayer has paid his tax and this final tax cannot be credited. PP 46 applies to individual taxpayers or entities that have businesses with gross circulation not exceeding 4.8 billion rupiah with the intention of providing administrative convenience by applying a single tax rate of 1% multiplied by the taxpayer's turnover making it easier for taxpayers. In addition, the purpose of the application of PP 46 is also to educate the public to be orderly in administration and transparency, as well as provide opportunities for the public to contribute

to the administration of the country in the hope of increasing the number of registered taxpayers and the amount of tax revenue for the medium and long term.

PP 46 looks very easy for taxpayers, in terms of tariffs that are considered low and in terms of administration. In fact, PP 46 raises many pros and cons of MSMEs. The amount of tax calculated based on PP 46 will be greater than the amount of tax calculated using the general tariff mechanism. Corporate taxpayers and MSME must have a profit margin of 8% in order to break even at the 1% rate[2]. While the majority of MSMEs are small entrepreneurs whose profit margins do not reach 8%. Taxpayers also have objections, especially taxpayers who are just starting a business because it is not in accordance with the concept of tax justice (equity principal) which does not reflect the ability to pay[3]. In addition, MSME who are just starting a business, are prone to losses, by using this 1% tariff, MSME's losses cannot be compensated for the following year and taxpayers still have to pay taxes if a loss occurs because the tax calculation basis uses turnover.

The government responded to the complaints of MSMEs by reforming the taxation policy by replacing PP 46 with PP 23, which came into force on July 1, 2018. The previous tariff of 1% dropped to 0.5%, in addition to taxpayers who feel heavier with 0.5% tariffs, they can choose to use rate in Income tax Article 17. To increase tax revenue in the long run and provide legal certainty, this PP applies a time limit for taxpayers to use PP 23 so that taxpayers can learn to bookkeeping. The government hopes that by providing incentives in the form of reducing tax rates, this will encourage the implementation of voluntary tax obligations by registering as a taxpayer, paying taxes and reporting taxes. The decrease in tax rates will also affect the amount of final tax revenue.

The Tax Service Office is a work unit of the Direktorat Jenderal Pajak that carries out services in the field of taxation to the public whether registered or not, within the scope of the Direktorat Jenderal Pajak's work area. One of the Tax Service Offices under the auspices of the Direktorat Jenderal Pajak Kantor Wilayah Provinsi Bali is the KPP Pratama Denpasar Timur which is located on Jalan Tantular No. 4 Renon. KPP Pratama Denpasar Timur has a wider coverage area, not only for taxpayers domiciled in the Denpasar Timur area but also taxpayers residing in the Denpasar Selatan area.

Natalia (2017) conducted research at the KPP Pratama Badung Selatan regarding the analysis of the application of Government Regulation No. 46 of 2013 against the level of tax revenue. The results of this research indicate that there are differences in the level of tax revenue for corporate and individual taxpayers before and after the application of PP No. 46 of 2013[4]

Based on the decrease lack of studies on PP 23, researchers feel that this research is important to do by adding a new variable that is the variable of taxpayer growth because the growth of taxpayers themselves is one of the objectives of the issuance of this rule , so researchers are interested in conducting research with the title "The Taxpayers Growth and Tax Receipts Related to the Application of PP No. 23 of 2018 at the KPP Pratama Denpasar Timur".

Based on this background, the formulation of the problem in this research are: 1) How is the difference in the growth of taxpayers in KPP Pratama Denpasar Timur before and after the application of PP 23? and 2) What is the difference between tax revenue at KPP Pratama Denpasar Timur before and after the application of PP 23? The purpose of this research are: 1) To determine the differences in taxpayer growth in KPP Pratama Denpasar Timur before and after the application of PP 23 and 2) To find out the differences in tax revenue in KPP Pratama Denpasar Timur before and after the application of PP 23.

## 2. Research Methods

### 2.1 Data Types

The type of data in this research is divided into 2, namely quantitative data and qualitative data. Quantitative data in this research consists of data on the number of registered taxpayers and the amount of tax revenue from 1 August 2017 to 13 May 2019 for 11 months. The qualitative data in this research are the results of interviews with one of the tax office employees and also interviews with several MSME who are in the auspices of KPP Pratama Timur Denpasar.

## 2.2 Data Source

The data source in this research is divided into 2, namely primary data and secondary data. Primary data in this research are the results of interviews conducted to one of the tax office employees and also the results of interviews with several MSME. Secondary data in this research are data on the number of registered taxpayers and tax receipts sourced from the KPP Pratama Denpasar Timur.

## 2.3 Data Collection Procedures

This research was conducted by obtaining data through documentation and interview methods. Documents collected as documentation are in the form of the number of taxpayers registered before and after the application of PP 23 and tax receipts with a deposit code 411128-420 before and after the application of PP 23. Interview method is conducted to ensure the data that has been obtained from KPP Pratama Denpasar Timur conducted to one of the employees of the General Section at KPP Pratama Denpasar Timur. Interviews were also carried out to MSME in the Panjer region which aimed to find out the opinions and tax obligations that had been carried out related to PP 23. The interviews were conducted using the structured interview method. The selection of MSME is carried out randomly while it is still under the auspices of the KPP Pratama Denpasar Timur area.

## 2.4 Data Analysis Technique

The data analysis technique used in this research is a quantitative approach that is carried out by statistical tests. The statistical tests conducted in this research were descriptive tests, Independent Sample T-Test and Mann Whitney U test using the help of the Statistical Product and Solution System (SPSS) version 25.0. The stages of data analysis conducted in this research are as follows:

### 2.4.1. Descriptive Test

Descriptive statistics are used to find a general description of the characteristics of the data studied by presenting the highest value, lowest value and average value[5]. In this research, it is used to find a general description of the growth of taxpayers and tax receipts with a deposit code 411128-420.

### 2.4.2. Normality Test

According to Priyanto[6] data normality is a basic requirement that must be met in parametric analysis such as two-sample comparison analysis (Independent Sample T-Test), one-way analysis of variance, and correlation analysis. Normality test is a test that aims to assess the distribution of data in a group of data or variables, whether the data distribution is normally distributed or not. Requirements that must be met are normally distributed data.

The normality test used in this research is the Kolmogorov-Smirnov (1-sample KS) one-sample method. If the test results show that one data group or the entire data group is not normally distributed, then to analyze the comparison of the two averages will be done with the Man-Whitney u test.

Decision making criteria used in the normality test are significance values of more than 0.05. If the significance value  $< 0.05$  then the null hypothesis ( $H_0$ ) is rejected and it can be concluded that the data distribution is not normal. Conversely, if the significance value  $> 0.05$  then the null hypothesis ( $H_0$ ) is accepted and the normal data distribution can be concluded.

### 2.4.3 Homogeneity Test

Homogeneity test is used to find out the variance of population data whether between two or more groups of data have the same or different variants. This test was conducted as a prerequisite in the hypothesis testing namely Independent Sample T-Test and One Way ANOVA[6].

Decision making criteria used are significance values of more than 0.05. If the significance value  $> 0.05$ , then  $H_0$  is accepted, it can be concluded that the data has the same variant so that the Independent Sample T-Test uses the value in the Equal Variance Assumed column. Conversely, if the significance value  $< 0.05$ , then  $H_0$  is rejected and it can be concluded that the data have different variants so that the Independent Sample T-Test uses the values in the Equal Variance Not Assumed column.

#### 2.4.4 Independent Sample T Test

T test is done by comparing the difference between the two average values with the standard error of the average difference of the two samples. The hypothesis testing criteria used are if the value of  $|t_{\text{arithmetic}}| > t_{\text{table}}$ , then the null hypothesis ( $H_0$ ) is rejected. Conversely if the value of  $|t_{\text{arithmetic}}| < t_{\text{table}}$ , then the null hypothesis ( $H_0$ ) is accepted. The value of  $t_{\text{table}}$  can be seen in table  $t$  (Percentage Distribution Point  $t$ ) in the  $n-2$  row, where  $n$  is the number of samples used. Meanwhile, if seen from the level of significance if  $\text{significance} > 0.05$  then the null hypothesis ( $H_0$ ) is accepted and vice versa if the significance  $< 0.05$  then the null hypothesis ( $H_0$ ) is rejected.

#### 2.4.5 Mann-Whitney Sample U Test

The man-Whitney  $u$  test is part of non-parametric statistics which aims to assist researchers in distinguishing the group performance results contained in the sample into 2 groups with 2 different criteria[5]. This test is used to test differences in data groups if the data of one group or the entire group is not normally distributed. Decision making is done by comparing the significance of the calculation results with the specified level of significance. The significance is set at 0.05. If the significance value of the calculation results  $> 0.05$  then the null hypothesis ( $H_0$ ) is accepted and vice versa if the significance value of the calculation results  $< 0.05$  then the null hypothesis ( $H_0$ ) is rejected.

The hypotheses to be tested in this research are:

Ha1 : The growth of taxpayers after the application of PP 23 is significantly different compared to the growth of taxpayers before the application of PP 23.

Ha2 : Tax revenue after the application of PP 23 differs significantly compared to tax revenue issued before the application of PP 23.

### 3. Result and Discussion

#### 3.1. Result

The results of the normality test carried out are:

Table 1. Output Result of Normality Test

Indicators	Period	Asymp. Sig. (2-tailed)
The Taxpayer Growth	Before The Application	0,200
	After The Application	0,200
The Tax Receipt	Before The Application	0,006
	After The Application	0,003

The results of the homogeneity test carried out are:

Table 2. Output Result of Normality Test

Indicators	Sig	Conclusion
The Taxpayer Growth	0,788	Variance assumed equal.

The results of the Independent Sample T Test carried out are:



Table 3. Output Result of Independent Sample T Test

Indicators	t arithmetic	t table	Sig (2-tailed)	Conclusion
The Taxpayer Growth	-3.191	2.086	0,005	Ha1

The results of the Independent Sample T Test carried out are:

Table 4. Output Result of Mann Whitney U Test

Indicators	Sig (2-tailed)	Conclusion
The Tax Receipt	0,005	Ha2

The result of the Descriptive Statistics test carried out are:

Table 5. Output Result of Descriptive Statistics Test

Indicators	Period	N	Max	Min	Average
The Taxpayer Growth	Before The Application	11	496	289	410,55
	After The Application	11	579	417	486,64
The Tax Receipt	Before The Application	11	4.706.456.792	2.802.877.758	3.419.660.104
	After The Application	11	3.671.083.745	2.116.840.510	2.646.376.189

### 3.2. Discussions

#### 3.2.1. Analysis of Taxpayer Growth Before and After the Application of PP 23

After the normality test, it can be seen that the significance value of taxpayer growth before the application of PP 23 is 0.200 which means it is greater than the significance value of 0.05 so it can be concluded that the data has been normally distributed. While the significance value (Asymp. Sig. (2-tailed)) of taxpayer growth after the application of PP 23 is 0.200 which means it is greater than the significance value of 0.05 so it can be concluded that the data has been normally distributed. If the data is normally distributed, to test the average difference can be done using the Independent Sample T test.

After knowing the test method to be used, a homogeneity test is performed as one of the test conditions with the Independent Sample T test method. The significance value (Sig) of taxpayer growth is 0.788, greater than the test criteria, that is the value of 0.05 which means that the data group variance is the same so that the Independent Sample T-Test will use the value in the Equal Variance column Assumed.

After conducting the normality test and homogeneity test, the Independent t-test can be done. The analysis shows that the value of t arithmetic of -3,191 or  $|t \text{ arithmetic}|$  amounted to 3,191 with a t table value of 2,086. This means that the value of  $|t \text{ arithmetic}| > t \text{ table}$  ( $3,191 > 2,086$ ) so that the decision taken is Ha1 accepted. If seen from the significance, the sig value is 0.005. This value is smaller than 0.05 so the decision taken is Ha1 accepted, which means the growth of taxpayers after the application of PP 23 is significantly different compared to the growth of taxpayers before the application of PP 23.

An increase in taxpayer growth as evidenced by the increase in the average growth of taxpayers before the application of PP 23 which reached 411 taxpayers per month with an average percentage of 0.35% increased to 487 taxpayers per month with an average percentage of 0.40 % after the application of PP 23. An increase in taxpayer growth by 0.05%.

The increase in the number of taxpayers is predicted to continue to increase considering there are still potential taxpayers who have not registered themselves, this is evidenced from the results of interviews conducted with several MSMEs in the Panjer area, where the informant does not yet have a NPWP and said that so far not aware of any obligations taxation that must be implemented because it is still focused on product development and does not pay attention to aspects of taxation that must be implemented. The informant thought he was obliged to make tax payments only if his business was more developed.

Based on this, the application of PP 23 has not been maximized because even though there are significant differences, but the increase in taxpayer growth is only 0.05% and there are still many potential taxpayers that can be explored through the socialization of this government regulation to MSME actors and also direct visit to the location of MSMEs.

### *3.2.2. Analysis of Tax Revenue with the Deposit Code 411128-420 Before and After the Application of PP 23*

After the normality test, the significance value income tax revenue before the application of PP 23 is 0.006, which means it is smaller than the significance value of 0.05 so it can be concluded that the data are not normally distributed. While the significance value of tax revenue after the application of PP 23 is 0.003 which means it is smaller than the significance value of 0.05 so it can be concluded that the data are not normally distributed. If one data group or two data groups are not normally distributed, then to test the average difference can be done using the Mann-Whitney U Test method.

The Mann-Whitney U Test shows a sig value of 0.005, where this value is less than 0.05 so the decision taken is  $H_a2$ , which means that tax revenue with a deposit code 411128-420 after the application of PP 23 is significantly different compared to tax revenue with the code deposits 41128-420 before the application of PP 23.

There was a decrease in tax revenue as evidenced by the decrease in average tax revenue before the application of PP 23 which reached Rp3,419,660,104.00 per month decreased to Rp2,646,376,189.00 per month after the application of PP 23. There was a decrease in the amount of revenue compared with a period before the application of PP 23 of 23%.

The decrease in tax revenue was due to a decrease in tax rates. This is evidenced by an increase in gross circulation between the periods before and after the application of PP 23 by 55%. This figure is greater than the average increase in gross circulation over the past 3 years which is 30%. An increase in the amount of gross circulation by 25%. This means, even though the tax rate has decreased, the basic amount of tax has increased, one of the causes being the existence of taxpayers who register themselves and carry out their obligations to pay taxes.

## **4. Conclusions**

Based on the analysis and discussion that has been done before, it can be concluded that: 1) The growth of taxpayers after the application of PP 23 was significantly different compared to the growth of taxpayers before the application of PP 23. There was an increase in the average number of taxpayers growth of 0.05% compared the period before the application of PP 23. 2) Tax revenue with a deposit code 411128-420 after the application of PP 23 is significantly different than the tax revenue with the payment code 411128-420 before the application of PP 23. There was a decrease in tax revenue by 23%. The application of PP 23 in KPP Pratama Denpasar Timur is not yet optimal because the increase in taxpayer growth that occurred is classified as lacking and there are still many potential taxpayers who can be re-explored given this regulation has a long term.

## **5. Acknowledgements**

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considering the wider area and also how much influence the application of PP 23 on the growth of taxpayers and tax revenue.

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## **The Effect of Control Locus, Professional Commitment, and Professional Ethics against Auditors Behavior in The Face of Audit Conflicts**

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**Abstract:** Auditor behavior in the face of audit conflicts is an auditor's action or behavior at the extent to which the auditor is willing to accept client pressure in conflict situations, that is a situation that occurs when auditors and clients disagree in an attestation function which is an indication of auditor behavior in decision making. Auditor behavior in the face of audit conflicts is influenced by various factors such as locus of control, professional commitment, and professional ethics. This study aims to examine the effect of locus of control, professional commitment, and professional ethics on auditor behavior in the face of audit conflicts. Population in this research is all public accounting firm exist in Bali which have been registered in directory of IAPI 2019. This research uses saturated sample or census sample method. The number of respondents used is 68 respondents. The hypothesis was tested with a significance level of 5% (percent). Using Partial Least Square though the Smart PLS 3.0 application. The result shows that the locus of control, professional commitment, and professional ethic has a significant effect on auditor behavior in the face of audit conflicts.

### **1. Introduction**

Public accountants in carrying out their profession often experience ethical dilemmas when facing audit conflict situations. An audit conflict situation occurs when the auditor and client disagree on several aspects of the performance of the attestation function [1].

Events where this audit conflict situation occurs in the case one of the accountants public, namely Marlinna and Merliana Syamsul, who were subject to twelve-month freezing sanctions for not complying with the Public Accountants Professional Standards (SPAP) in conducting general audits the financial statements of PT Sunprima Nusantara Pembiayaan (SNP) Finance and subsidiaries in the 2012 -2016 financial year, which is considered the potential to have a significant effect on the Independent Auditor's Report [2]. This phenomenon should not occur if every auditor has sufficient knowledge, understanding about ethics in carrying out as a professional person.

Auditor behavior in audit conflict situations is influenced by individual and external factors such as locus of control, professional commitment, and professional ethics. This research was conducted in a public accounting firm located in the province of Bali. Based on this background, the objectives of this study is to determine whether locus of control, professional commitment, and professional ethics significantly influence auditor behavior in audit conflict situations.

## 2. Analysis method

### 2.1. Theoretical basis

Auditing is accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Auditing should be done by a competent, independent person [3]. Auditor behavior in conflict situations is the extent to which the auditor is willing to accept client pressure in conflict situations. Conflict situations occur when auditors and clients disagree in an attestation function which is an indication of auditor behavior in ethical decision making [4]. Locus of control is one of the personality variables which is defined as the individual's belief in being able or not to control his own destiny [5]. Professional commitment is the level of individual loyalty to the profession as perceived by individuals. Professional code of ethics is the rules that become the basis for the existence of the profession and as the basis for the formation of public trust. This study aims to examine and obtain empirical evidence of the influence locus of control, professional commitment, professional ethic on auditor behavior in the face of audit conflicts. Based on the theoretical foundation and the results of previous studies, the hypothesis is stated as follows: (H1) Locus of control has a significant effect on auditor behavior in audit conflict situations. (H2) Professional commitment has a significant effect on auditor behavior in audit conflict situations. (H3) Professional ethic has a significant effect on auditor behavior in audit conflict situations.

### 2.2. Research method

The sampling method in this study uses saturated samples or census methods. The number of respondents used in this study was 68 respondents from 12 Public Accounting Firm in Bali. The hypothesis was tested with a significant level of 5% by using the application partial least square (PLS) through the application smartPLS 3.0. The following are the steps for creating modeling with PLS: (a) Designing structural models (inner model), inner model describes the causality relationship between latent variables that are built on the substance of the theory. (b) Designing a measurement model (outer model), in this research the relationship between indicators with latent variables are reflective. (c) Construct path diagram. (d) Conversion path diagram to the system of equations. (e) Estimated. (f) The goodness of fit evaluation, and (g) The hypothesis testing.

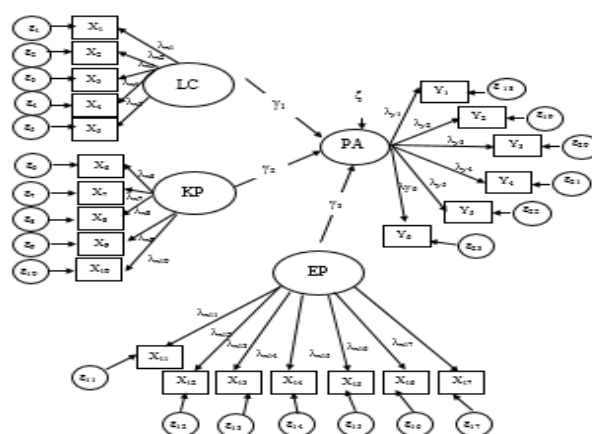


Figure 1. Path diagram

Information:

$\lambda_x$  = Lamda (small) is loading factor exogenous latent variables.

$\lambda_y$  = Lamda (small) is loading factor endogenous latent variables.

$\gamma$  = Gamma (small) is the coefficient of the influence of exogenous variables on endogenous variables.

$\varepsilon$  = Epsilon (small) is a measurement error in the manifest variables on endogenous variables.

$\zeta$  = Zeta (small) is a model error.

**Table 1. List of Indicators Each Variable**

Latent variable	Indicator	Code
Locus of Control	Everything achieved from own business	X <sub>1,1</sub>
	Success because of hard work	X <sub>1,2</sub>
	The ability possessed will determine events in work	X <sub>1,5</sub>
	Luck	X <sub>1,6</sub>
	Events are determined by other people who have power	X <sub>1,7</sub>
Professional Commitment	Acceptance of professional goals	X <sub>2,1</sub>
	Desire to maintain membership	X <sub>2,2</sub>
	Trust and Acceptance of the value of a professional	X <sub>2,3</sub>
	Willingness and engagement for professional interest	X <sub>2,4</sub>
	Loyalty	X <sub>2,5</sub>
Professional Ethic	Integrity	X <sub>3,1</sub>
	Objectivity	X <sub>3,2</sub>
	Professional competence	X <sub>3,3</sub>
	Careful attitude	X <sub>3,4</sub>
	Confidentiality	X <sub>3,5</sub>
	Technical standard	X <sub>3,6</sub>
	Professional behavior	X <sub>3,7</sub>
Auditor behavior in conflict audit situations	Audit environment	Y <sub>1,1</sub>
	Aligning and synergizing in work	Y <sub>1,2</sub>
	Attitude of deviation	Y <sub>1,3</sub>
	Opinion according to facts	Y <sub>1,4</sub>
	Compliance with standards	Y <sub>1,5</sub>
	Compliance with applicable regulations	Y <sub>1,6</sub>

### 3. Results and Discussion

#### 3.1. Result of study

##### 3.1.1. Outer model

In Outer model when indicators are reflective, evaluation is needed in the form of instrument calibration, namely by checking the validity and reliability of the instrument [6]. Validity testing is generally carried out through two methods namely convergent validity and discriminant validity. Convergent validity, this validity is related to the principle of measurements of a construction that is highly correlated. This test can be seen from the result of loading factors and the results of average variance extracted (AVE). The rule of thumb for loading confirmatory research factors is 0.7 and the loading factor value for explanatory research is 0.6 - 0.7 while for AVE must be greater than 0.5 [7]. In this study, the output of SmartPLS for loading factors for each indicator is greater than 0.7. These results state that the indicators used in this study are valid. The output of AVE is as follows:

**Table 2. Output Results Average Variance Extracted**

<b>Construct</b>	<b>Average Variance Extracted (AVE)</b>
<i>Locus of Control</i>	0,680
Professional Commitment	0,678
Professional Ethics	0,680
Auditor Behavior in Audit Conflict Situations	0,652

Table 2 shows that the AVE value of each variable in the study, namely locus of control, professional commitment, professional ethics, and auditor behavior in a conflict audit situation has an AVE value greater than 0.5. This result means that the indicators used in this study have been valid or have met convergent validity.

Discriminant validity, this validity is related to the principle that measurements (manifest variables) of different constructs should not be highly correlated. The results of the discriminant validity test with reflective indicators namely by looking at the cross loading for each variable must be greater than 0.70 [7]. In this study the output of smartPLS for cross loading has been greater than 0.70, this indicates that the indicators used in this study are valid or have met discriminant validity.

In addition to validity testing, measurement of the model is also done by testing the reliability of a construct. Reliability testing is done to prove the accuracy, consistency, and accuracy of instruments in measuring constructs. Measuring reliability of constructs with reflective indicators can be done in two methods, namely composite reliability and cronbach's alpha [7]. Composite reliability measures internal consistency and its value must be above 0.7 for confirmatory research. Reliability testing can be strengthened by the existence of cronbach's alpha where the consistency of each answer will go through a test. The rule of thumb used to assess cronbach's alpha must be greater than 0.7 for confirmatory studies. The reliability composite value and cronbach's alpha are presented in Table 3 as follows:

**Table 3. Output Results Composite Reliability and Cronbach Alpha**

<b>Construct</b>	<b>Value Composite Reliability</b>	<b>Value Cronbach Alpha</b>
<i>Locus of Control</i>	0,914	0,881
Professional Commitment	0,913	0,881
Professional Ethics	0,937	0,921
Auditor Behavior in Audit Conflict Situations	0,909	0,879

Table 3 shows that the composite value of reliability possessed by each construct is above 0.70, so it can be stated that the indicators used in this study are classified as high and reliable. The cronbach alpha value for each variable is greater than 0.70, so it can be agreed that each variable has a consistency of each answer tested well.

### 3.1.2. Inner model

The structural model in PLS was evaluated using R-square ( $R^2$ ) for each endogenous latent variable as the predictive power of the structural model. The higher the value of  $R^2$  means the better the prediction model of the proposed research model [7]. The results of R-square ( $R^2$ ) in the influence model of locus of control, professional commitment, and professional ethics on auditor behavior in audit conflict situations are 0.706. These results can be interpreted that the construct reliability of auditor behavior in audit conflict situations is 70.6%, while 29.4% is explained by other variables outside the research. The R-square value of 0.706 also indicates that the model in this study is classified as "good".

### 3.2. Discussion

Significance testing is done by looking at the parameter coefficient and T-statistical significance value to determine the effect between variables through bootstrapping procedures. The results of the analysis are presented in Table 4 and Figure 2 as follows:

**Table 4. Hypothesis Test Result**

<b>Description</b>	<b>Original Sampel (O)</b>	<b>T Statistic</b>	<b>P Value</b>
LOC -> Auditor Behavior	0,309	3,193	0,001
Prof. Commitment -> Auditor Behavior	0,235	2,625	0,009
Prof. Ethic -> Auditor Behavior	0,457	2,220	0,027

The H<sub>1</sub> hypothesis in this study states that locus of control has a significant effect on auditor behavior in audit conflict situations. Table 4 shows that the relationship between locus of control has a significant effect on auditor behavior in audit conflict situations is significant with P-value of 0.001 ( $\leq 0,05$ ) and T-statistic value of 3.193 ( $\geq 1,96$ ). The original sample value is 0.390 which indicates that the direction of the relationship between locus of control and auditor behavior in audit conflict situations is positive. These results indicate that the higher the auditor's trust about his actions or actions will be able to determine the success or failure caused by himself (internal locus of control), will further increase the auditor's attitude to provide opinions in accordance with the standards even though the auditor is under client pressure.

The H<sub>2</sub> hypothesis states that professional commitment has a significant effect on auditor behavior in audit conflict situations. Table 4 shows that the relationship between professional commitment has a significant effect on auditor behavior in audit conflict situations is significant with P-value of 0.009 ( $\leq 0.05$ ) and T-statistic value of 2.625 ( $\geq 1,96$ ). The original sample value was 0.235 which indicates that the direction of the relationship between professional commitment and auditor behavior in a conflict audit situation is positive. These results prove that the increase in the desire of the auditor to maintain membership in a profession or organization, will further increase the auditor's attitude to provide opinions in accordance with the standards even though the auditor is under client pressure.

The H<sub>3</sub> hypothesis states that professional ethics influences auditor significance in the relationship of audit conflict. Table 4 shows the relationship between professional ethics has a significant effect on auditor behavior in significant audit conflicts with a P-value of 0.0027 ( $\leq 0.05$ ) and a T-statistic value of 2.220 ( $\geq 1,96$ ). The original sample value was 0.457 which indicates the direction of the relationship between professional ethics and auditors in a positive audit conflict relationship. The results of this study indicate that the higher the auditor's ability to apply the basic principles of professional ethics when carrying out audit assignments, will further increase the auditor's attitude to provide opinions in accordance with the standards even though the auditor is under client pressure.



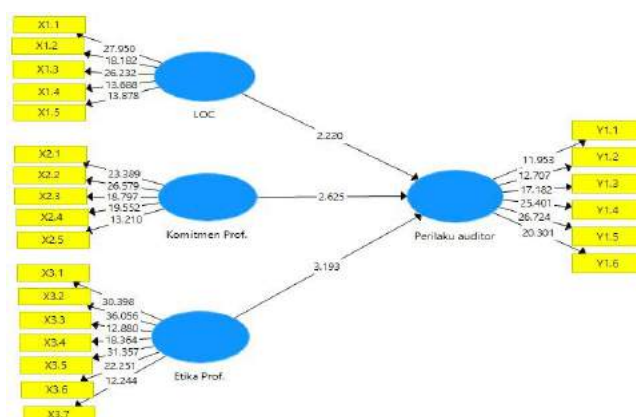


Figure 2. Result Bootstrapping Process

#### 4. Conclusions

Based on the results of research that has been done, it can be concluded that: locus of control has a significant effect on auditor behavior in audit conflict situations, professional commitment has a significant effect on auditor behavior in audit conflict situations and professional ethics significantly influences auditor behavior in audit conflict situations.

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## **Analysis of Fiscal Reconciliation and Application of PMK Number 169/PMK.010/2015 to Commercial Financial Reports in Determining the Income Tax Payable for 2018 (Case Study at PT LBAS)**

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**Abstract.** Tax is one of the biggest source of incomes to increase development and welfare of people's lives but for companies, taxes are considered as a burden in obtaining maximum profit. For this reason, taxation arrangements are needed in accordance with existing regulatory requirements to minimize tax payments. PT LBAS is a company engaged in hospitality services aiming to obtain maximum profit. One way to reach that goal is by making fiscal correction in accordance with applicable tax regulations. The type of data in this study is quantitative and qualitative, and data source is secondary obtained through documentation. The results of this qualitative-descriptive research are PT LBAS financial statements that are not in accordance with tax regulations relating to net income before taxes increased to Rp4,467,665,861.00, the amount of tax underpaid amounting to Rp524,264,758.00. Therefore, when making corrections the company is required to pay off the calculation of the debt equity ratio and nominative list in order to minimize the request for inspection by the tax authorities.

### **1. Introduction**

Indonesia implements a self-assessment system in tax collection. Self-assessment system is a tax collection system that authorizes taxpayers to determine their own amount of tax owed [1], in this system taxpayers are given the trust to calculate, pay, and report the tax payable themselves. Taxpayers in an effort to carry out taxation obligations based on the self-assessment system require guidance in calculating the amount of taxable income, which is one way through the systematic record keeping called bookkeeping. The final results of a bookkeeping process in the form of financial statements consisting of balance sheets, income statements, statements of changes in equity, statements of cash flows, and notes to financial statements [2].

The commercial financial statements are basically prepared based on the Statement of Financial Accounting Standards different from fiscal financial statements. Fiscal financial statements are financial statements that are prepared in accordance with tax regulations and are used for tax calculation purposes [3]. The taxation provisions have certain criteria regarding measurement and recognition of the elements generally contained in financial statements. The measurement and recognition may not be in line with (commercial) accounting principles.

PT LBAS is a company engaged in hospitality tourism which is located in Kerobokan, Badung. In 2018 PT LBAS's commercial profit amounted to Rp613,272,079.00 after a fiscal correction was made, PT LBAS's fiscal profit became Rp2,283,761,226.00 so that there was a difference in profit increase of Rp1,670,489,147.00. Based on this, it appears that there are still many costs that are corrected in fiscal

terms. PT LBAS should be able to further maximize these costs in order to calculate the amount of tax payable in accordance with applicable tax regulations.

PT LBAS includes loan interest costs as a deduction fee in calculating the amount of income tax, so it is necessary to analyze the ratio between debt and capital of the company and compare it with the provisions of PMK Number 169/PMK.010/2015, because if the ratio between debt and capital in PT LBAS exceeds the provisions stipulated by PMK Number 169/PMK.010/2015 and PT LBAS have not yet charged the loan interest fee, so this must be corrected in accordance with PMK regulation Number 169/PMK.010/2015. In addition, PT LBAS also did not attach a calculation of the magnitude of the ratio between debt and capital to the Annual Tax Return.

Based on the case, the first thing PT LBAS has to do is to determine the method that matches with the conditions of PT LBAS.

## 2. Methodology

The definition of fiscal reconciliation is the adjustment of provisions according to commercial accounting or accounting that must be adjusted according to taxation provisions [4]. Fiscal corrections occur because of differences in commercial and fiscal recognition. The difference can be fixed and time difference. The treatment of fiscal correction itself is stated in the Taxation Regulation Law No. 36 regarding Income Tax. Fiscal corrections can be divided into 2, namely positive and negative corrections [5].

In order to compile a reconciliation between commercial financial statements and fiscal financial statements, the order of preparation can be done as follows: 1) Make a list in advance of fiscal formulation in accordance with the provisions of tax legislation, 2) The fiscal depreciation is then allocated according to the allocation made by the company, 3) Arrange reconciliation of cost of goods manufactured, 4) Arrange reconciliation of operational costs, 5) Arrange reconciliation of other income/expenses, 6) Arrange the reconciliation of profit and loss, which is collected and the final amounts of each previous reconciliation [6].

Based on the Minister of Finance Regulation Number 169/PMK.10/2015 established by the Director General of Taxes with PER-25/PJ/2017 concerning the implementation of determining the ratio between corporate debt and capital for the purposes of calculating income tax and procedures for reporting private foreign debt, then some of the main things that are regulated include the following: 1) Debt and capital are calculated from the average balance in one tax year or the portion of the tax year concerned, 2) The highest ratio of debt and capital is four to one (4:1), 4) In the event that the Debt Equity Ratio exceeds four to one (4:1), the loan costs that can be calculated are the amount of the loan costs in accordance with a ratio of four to one (4:1), 3) In the event that a taxpayer has a zero or less than zero equity balance, all borrowing costs cannot be calculated in calculating taxable income [7].

This study uses secondary data in the form of 2018 financial statements, list of debt and equity, general ledger, company profile and the organizational structure of the company. Data collection procedures carried out by documenting. The data analysis technique used in this study is a quantitative method with a descriptive approach based on tax laws.

## 3. Result and Discussion

### 3.1 Fiscal Reconciliation Analysis

Some costs and revenues that have been made by the company for fiscal correction namely

**Table 4.2** Fiscal Correction Made by PT LBAS

Chart of Accounts	Fiscal Correction	Amount
Consumption Expense	Positive	441.203.354,00
Employee Uniform Expense	Positive	32.202.165,00
Health Expense	Positive	336.263.303,00
Spiritual Expense	Positive	84.320.031,00

Donation Expense	Positive	58.252.594,00
Employee Expense	Positive	31.227.088,00
Advertising Expense	Positive	439.544.729,00
Bank Administration Expense	Positive	47.755.316,00
Other Expense	Positive	479.024,00
Credit Card Expense	Positive	199.241.543,00
<b>Total Amount</b>		<b>1.670.489.147,00</b>

From the fiscal correction table above, the number of positive corrections is Rp1.670.489.147,00. PT LBAS has not fully corrected the expenses and income on the fiscal financial statements that have been made before, so the amount of corporate income tax payable is Rp506.490.622,00. PT LBAS has not yet fully corrected the fiscal correction report in accordance with Law Number 36 of 2008 concerning Income Tax.

### 3.2 Application of PMK Number 169/PMK.010/2015

Based on PMK Number 169/PMK.010/2015, the balance of debt and capital is the average balance of bank debt and capital at the end of each month in the tax year concerned, so the average bank debt of PT LBAS is Rp42.895.009.271,00 with the average capital of PT LBAS is Rp5.225.548.621,00. Therefore, the magnitude ratio of debt equity ratio is 8,20871 or 8:1. Based on Article 2 Paragraph (1) of PMK Number 169/PMK.010/2015 states that the magnitude of the ratio between debt and capital is set at a maximum of 4:1. Therefore, the amount of DER at PT LBAS has exceeded the stipulated provisions, so it is necessary to make corrections to the excess charging of loan interest costs at PT LBAS. The correction that needs to be done on the excess burden of loan interest expense on the income statement of PT LBAS is Rp1,420,509,889.00.

### 3.3 Effect of Fiscal Reconciliation and Application of PMK Number 169/PMK.010/2015 to PT LBAS

A fiscal correction report after the application of PMK No. 169 / PMK.010 / 2015 can be seen in table below

**Table 4.5** Fiscal Correction Made by Author

<b>Chart of Accounts</b>	<b>Fiscal Correction</b>	<b>Amount</b>
Direct Service Expense	Positive	1.007.701.177,00
Income Tax Expense	Positive	348.894.244,00
Consumption Expense	Positive	441.203.354,00
Employee Uniform Expense	Positive	32.202.165,00
Health Expense	Positive	336.263.303,00
Spiritual Expense	Positive	84.320.031,00
Donation Expense	Positive	58.252.594,00
Depreciation Expense of Fixed Assets	Positive	26.344.053,00
Employee Expense	Positive	31.227.088,00
Loan Interest Expense	Positive	1.420.509.889,00
Other Expense	Positive	479.024,00
Credit Card Expense	Positive	199.241.543,00
<b>Total Amount</b>		<b>1.670.489.147,00</b>

The explanation of the fiscal correction report in table above is as follows:

- As for some of the expense and revenues corrected, namely direct service expense, income tax expense, depreciation expense of fixed assets, advertising expense, and loan interest expense with a total fiscal correction difference of Rp2,363,904,634.00
- There was a positive fiscal correction of Rp1,420,509,889.00 on the loan interest expense. This is the application of PMK Number 169/PMK.010/2015 at PT LBAS because the ratio of debt

and capital of the company exceeds the provisions stipulated by PMK Number 169/PMK.010/2015 which causes the need to be corrected for the excess charging of the loan interest costs.

- c. Promotion costs are not subject to fiscal correction because they have completed the nominative list as regulated in Article 6 Paragraph (1) of PMK Number 02/PMK.03/2010 concerning Promotion Expenses which can be deducted from gross income.

### 3.4 Calculation of Company Income Tax After Fiscal Reconciliation and Application of PMK Number 169/PMK.010/2015

Based on an analysis of fiscal reconciliation and the application of PMK Number 169/PMK.010/2015 on the 2018 income statement data at PT LBAS, it can be seen that the company's gross circulation in 2018 was Rp21,260,875,612.00. Since the gross circulation of PT LBAS is less than Rp50,000,000,000, the company receives a tariff reduction of 50% as stipulated in Article 31 E of Law Number 36 Year 2008 concerning Income Taxes. So, the total amount of income tax payable PT LBAS after fiscal reconciliation and applying applicable tax regulations is Rp1.030.755.380,00. The following table below is a comparison of the amount of corporate income tax before and after fiscal reconciliation and the application of PMK Number 169/PMK.010/2015

<b>Table 4.6 Comparison of Income Tax Payable</b>	
<b>Description</b>	<b>Tax Income Payable</b>
Income Tax Payable before Fiscal Reconciliation and Application of PMK Number 169/PMK.010/2015	506.490.622
Income Tax Payable after Fiscal Reconciliation and Application of PMK Number 169/PMK.010/2015	1.030.755.380
Income Tax Payable Underpaid	524.264.758

Based on the comparison in table above, it can be seen that the corporate income tax after applying PMK Number 169/PMK.010/2015 is greater than the corporate income tax before the regulation is applied. That is due to a correction of the expenses that should have been corrected in fiscal terms and also due to the application of PMK Number 169/PMK.010/2015. The application of this PMK is a form of fulfilling tax obligations in accordance with applicable regulations so that it can be avoided from tax sanctions which will only add to the loss to the company.

## 4. Conclusion

Revenues and expenses recognized in PT LBAS's fiscal financial statements have not been fully in accordance with Law Number 36 Year 2008 and PMK Number 169/PMK.010/2015. Fiscal reconciliation of PT LBAS commercial financial reports was carried out through a positive fiscal correction (correction) of Rp4,034,393,781.00 and no negative fiscal adjustment (correction) was made on the company's income statement which resulted in changes in net profit before tax value of Rp2,283,761,226 00 became Rp4,467,665,861.00 so that the underpaid income tax payable was Rp524,264,758.00.

## 5. Acknowledgements

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## Tax Planning for Income Tax Article 21 to Maximize Deductible Expenses on PT ABC

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**Abstract.** This study aims to determine the appropriate tax planning application for Article 21 Income Tax for PT ABC so income tax income can be minimized according to applicable tax regulations. The type of data used in this study is quantitative and qualitative data. The data source is secondary. All data are collected by observation and documentation method. The data analysis technique is comparative descriptive analysis. Based on the results of the study it can be concluded that there are differences in income tax expense before and after the implementation of tax planning applied by PT ABC using a net basis method in the calculation of 21 employee income tax in 2018. Tax planning for PT ABC causes taxable income which is the basis for the imposition of corporate income tax to be smaller. Income tax payable before tax planning for 2018 amounted to Rp.232,687,569.00 to Rp. 230,071,387.00 after tax planning. This shows that there is tax savings of Rp.2,616,182.00. This research contributes to PT ABC by providing an alternative method of calculating income tax for 21 employees so as to minimize the tax burden which must be carried out PT ABC.

**Keywords:** tax planning, income tax, deductible expense.

### 1. Introduction

Taxes for the government are a source of income that is used for the common good. The tax sector is the main source of state revenue. Tax is very important for the survival of a country, because with the income from the tax sector, the state can target the state budget, in other words the size of a country's budget is influenced by tax revenue and in addition to the tax collected by the state. From the government side, taxes are the main source of state revenue. But from the company side, taxes are an expense that will reduce the company's net profit. For this reason, certain businesses or strategies are needed by the company to reduce the tax burden owed. The business or strategy undertaken is part of tax planning.

Tax planning is the initial stage to carry out a systematic analysis of various tax treatments with the aim of achieving the fulfillment of minimum tax obligations. To compile a tax plan the steps taken by the company management should not be arbitrary, so the steps used are not categorized as tax smuggling and violate the applicable legal rules. Generally, tax planning refers to the process of engineering the business and transactions of taxpayers to be able to position the tax payable of a company at a minimal amount but still within the framework of tax regulations. So tax planning does not mean tax evasion (tax evasion) which is clearly a violation of the law.

Tax planning can be done for all types of taxes, both direct and indirect taxes. Companies can do various methods to implement their tax planning appropriately, so that it has a positive effect on the burden of income tax that is borne. One way is to choose the method of withholding income tax article 21. According to [1] employee income tax planning can be done by maximizing deductions (maximizing

deduction), is the transfer of gifts in the form of natura to the form of benefits that can be deducted as costs according to the principle can be taxed (taxable) and can be deducted (deductible expense) that is adhered to by the provisions of tax legislation.

According to Zain [1] calculating income tax 21 employees can be used four alternatives. The first alternative is the gross method, which is the employee who will bear the income tax amount himself. The second alternative that can be chosen is the net basis, which is the company or employer who will bear the tax on their employees. The third alternative is the tax allowance method in which the company provides a tax allowance in the amount of PPh owed to employees. The fourth or the last alternative is called the gross up method, which is a company providing tax benefits that the calculation uses the gross up formula, the amount of which is equal to the amount of tax withheld from employees.

Based on previous research, many people considered that gross up method is an effective option to minimize company's income tax. Of the three alternatives used in calculating income tax for 21 employees, namely the gross method, the net basis, and the gross up method will be chosen which alternative is most beneficial for employees and for the company so as to maximize company costs that can be deducted (deductible expense) and have an impact to the amount of Corporate Income that must be paid by the company.

PT ABC is one of the corporate taxpayers engaged in travel services. PT ABC is located on Jl. By Pass Ngurah Rai, Denpasar and registered as a Taxpayer of Small Badung KPP Pratama since 2015. PT ABC taxation obligations, among others, are related to income tax both individuals and entities. In accordance with PER-16 / PJ / 2016 Article 3 letter a concerning Technical Guidelines for Procedures for Withholding, Depositing and Reporting of Article 21 Income Tax and / or Article 26 Taxes Regarding Employment, Services, and Activities of Individuals that employees are private persons is one of the recipients of income deducted by Article 21 Income Tax and / or Article 26 Income Tax.

PT ABC during 2017 has not yet obtained an optimal profit due to tax obligations that are too large. This is due to the company doing 21 employee income tax calculation using a net basis for 2 employees who have positions as President Director & Head of Finance, by bearing Article 21 employee income tax of Rp. 15,650,250.00. Based on the financial statements according to taxation, PPh 21 costs borne by the company cannot be deducted from the company's income because these costs are reimbursement or compensation in connection with work or services provided in kind and enjoyment as regulated in Act Number 36 of 2008 concerning Income Tax Article 9 paragraph (1) letter (e) so that tax planning is needed in order to minimize the burden of tax payments by staying within the frame of applicable tax regulations.

Based on the background, the authors are interested in examining technically and want to find out the most appropriate and profitable tax calculation method for PT ABC. This research emphasizes on PPh 21 tax planning by maximizing tax costs. The fundamental difference of this research with previous research is that the previous research is only focused on the three alternative methods of calculating PPh 21, namely the gross method, the net basis method, and the gross up method without further exploring how the effects of the three alternative methods on company tax costs. This research emphasizes the selection of PPh 21 calculation methods that can give effect to the company's tax costs so that it can be maximized.

## 2. Literature Review

### 2.1 Income Tax

According to [2] income tax is a tax that is levied on income, both income received or obtained by individuals or individuals or different entities within the country and / or abroad, which is payable during the tax year. Income tax subject is anything that has the potential to earn income and is subject to income tax. Based on article 4 paragraph 1 of [2], what is meant by the income tax object is any additional economic capability received or obtained by Taxpayers, both from Indonesia and outside Indonesia, which can be used for consumption or to increase wealth The relevant taxpayer, by name and in any form.



## *2.2 Fiscal and Commercial Financial Statements*

Fiscal financial statements are financial statements that are prepared specifically for the purpose of taxation by referring to the applicable tax regulations. Commercial financial statements can also be converted into fiscal financial statements by making corrections as needed or in accordance with tax regulations. Tax planning covers things like minimizing tax rates and maximizing deductible fiscal costs and maximizing income that is deferred or exempt from taxation.

## *2.3 Tax Management*

Tax management is an effort to make tax savings legally can be done through tax management. But keep in mind that the legality of tax management depends on the instruments used. The new legality can be known with certainty after a court decision. According to [3], tax management is a means to fulfill tax obligations in accordance with applicable regulations so that it can reduce the amount of tax paid to obtain optimal profits. The purpose of tax management can be achieved through the functions of tax management, namely tax planning, tax implementation, and tax control. Tax Planning is the preparation of strategies in carrying out tax obligations efficiently with the aim of saving tax payable. Execution of tax obligations (tax implementation) is the fulfillment of tax obligations in accordance with applicable taxation rules. Tax control is the stage of work to ensure that tax regulations have been implemented in accordance with applicable taxation rules.

## *2.4 Tax Planning*

Tax planning is the first step in tax management. At this stage, the collection and research of taxation regulations is carried out in order to be able to select the types of tax saving measures to be taken. [1] revealed that tax planning is an act of structuring related to the potential consequences of taxation, the emphasis being on controlling each transaction for which there are tax consequences. The aim is how these controls can streamline the amount of tax to be transferred to the government, through what is referred to as tax avoidance and not tax evasion.

## *2.5 Empirical Study*

The method of calculating Income Tax Article 21 using the gross method, the net method, or the gross-up method, the most efficient is the gross-up method or the provision of allowances equal to the tax payable [4]. [5] also shows that if the company uses Income Tax Article 21 in the form of gross up, the company will get a profit. The company will not be disadvantaged in fiscal terms because in the payment of Article 21 income tax employees, the company is not subject to positive fiscal corrections. In line with Haryati & Noviari, [6] also concluded that the results of the comparison of tax article 21 calculations with gross up method were more profitable compared to the other method. The opposite is conveyed by [7] with the results of his research which show that the gross up method cannot yet be used as an alternative in tax planning for institutions, because it turns out that the gross income tax debt method borne by the institution is not yet in a position that can benefit the institution. On the other hand, research by [8] concluded the application of tax planning using the Gross Up Method is the most appropriate. The application of the Gross Up Method has proven to be successful in reducing corporate income tax.

## **3. Research Methods**

This research is a quantitative research that compare the three methods of income tax article 21 calculation. Quantitative data is numeric data that can be calculated [9]. In accordance with its shape, quantitative data can be processed or analyzed using mathematical or statistical calculation techniques. A qualitative analysis technique is believed to be able to compare before and after tax planning PPh Article 21 uses the gross method, the net method and the gross-up method. Of the three methods, the next method chosen is the most profitable for employees because the take home pay is intact without deducting PPh 21 and profitable for PT ABC in particular by maximizing the deductible expense of PT

ABC which affects the taxable income and the calculation of the Corporate Income Tax payable owned by PT ABC. The author uses a quantitative research approach as an effort to find the most efficient method to calculation income tax article 21 in order to maximize deductible expense and minimize corporate income tax. The calculation of income tax article 21 payments that are appropriate for PT ABC between the three methods are carried out with descriptive comparative analysis. The research data comes from various literature, data or documents related to the major theme of the research.

#### 4. Result and discussion

PT ABC has 14 employees consisting of president director, operation admin, head of finance, operations staff, office boy, ticketing, accounting staff, and sales staff who must be deducted from Article 21 employees every month. Employees who are owed PPh because their taxable income exceeds the PTKP are two people, Mr. Asekan as president director and Mrs. Asri as head of finance. PT ABC adopted a policy of bearing the tax burden of the two employees, bearing in mind that Mr. Asekan and Mrs. Asri held important positions in the company. Calculation of Income Tax Article 21 employees can be done by three methods, namely: 1) Article 21 Income Tax charged directly from employee salaries (gross method) 2) Article 21 Income Tax is borne by the company or employer (net basis), 3) Article 21 Income Tax using the Gross-up method (provided in the form of a tax allowance).

Income Tax 21 is borne by the company that is given by PT ABC to Mr. Asekan and Mrs. Asri included in the calculation of Article 21 Income Tax for employees on a net basis method. The net basis method is applied by PT ABC so that the take home pay received by Mr. Asekan and Mrs. Asri is intact without deducting income tax because the income tax that should have been paid by Mr. Asekan and Mrs. Asri has been paid by PT ABC. The application of the net basis method is a transfer of the burden from the PPh burden that should be borne by Mr. Asekan and Mrs. Asri to become the PPh burden borne by PT ABC. PT ABC's commercial profit / loss statement needs to be adjusted to the applicable tax rules by fiscal correction so that the profit / loss statement can be used in the calculation of income tax payable. Income tax 21 borne by the company provided by PT ABC to Mr. Asekan and Mrs. Asri is an aspect of the burden that must be carried out positive fiscal correction because these costs are facilities provided to employees in the form of natura or enjoyment. So that the positive fiscal correction from PPh 21 borne by this company can reduce the amount of company burden and increase taxable profit of PT ABC. The increase in taxable income of PT ABC caused the income tax payable to be paid by PT ABC to be even higher.

It is feared that the higher income tax could hamper the company's cash flow so that tax planning is needed by choosing alternative methods of calculating income tax for 21 employees that can enable PT ABC to continue to comply with tax obligations at an efficient cost. This situation is based on the theory of planned behavior which states that taxpayer compliance is influenced by the taxpayer's belief in the outcome of the behavior of the tax obligation implementation [10]. PT ABC has the confidence to get the lowest possible income tax payments with tax planning so that PT ABC can still comply with the implementation of tax obligations in a more efficient manner.

##### 4.1 Tax Planning for Income Tax Article 21

The following is the calculation of Income Tax Article 21 owed by one of the employees of PT ABC by applying the three methods of calculating Income Tax Article 21 presented in Table 1. Mrs. Asri is one of the employees at PTABC who has a position as head of finance. Mrs. Asri earns a yearly gross income of Rp. 83,120,360.00. Mrs. Asri's status is unmarried and has no dependents (TK / 0).

**Table 1.** Calculation of Income Tax Article 21

Description	Income Tax Article 21		
	Employee Borne (Rp)	Assisted by the employer (Rp)	Gross Up Method (Rp)
Yearly Salary	78.536.000	78.536.000	78.536.000
Income Tax Allowances	-	-	1.276.400
Other allowances	-	-	-
Insurance Premiums paid by the employer	4.584.360	4.584.360	4.584.360
<b>Gross income One year</b>	<b>83.120.360</b>	<b>83.120.360</b>	<b>84.396.760</b>
Position allowance	4.156.018	4.156.018	4.219.838
JHT contributions	648.000	648.000	648.000
Annual Net Income	<b>78.316.342</b>	<b>78.316.342</b>	<b>79.528.922</b>
PTKP (TK/0)	54.000.000	54.000.000	54.000.000
<b>PKP</b>	<b>24.316.000</b>	<b>24.316.000</b>	<b>25.528.000</b>
Article 21 Income Tax Yearly	1.215.800	1.215.800	1.276.400
Income Tax Allowances	-	-	1.276.400
Article 21 Income Tax must be deducted	1.215.800	1.215.800	-

Data Table 1. shows the third alternative, namely the calculation of Income Tax Article 21 using the gross-up method, the gross income received by employees is greater than the first and second alternatives, namely Rp. 84,396,760.00. In this alternative Article 21 Income Tax which must be borne by the employee is the same as the tax allowance provided by the company. This results in no reduction in take home pay received by employees but the PPh allowance provided by the company can be a deductible expense in PT ABC's fiscal profit and loss.

## 4.2 Comparison of Take Home Pay, Fiscal Costs, Commercial Costs, and the Difference Between Both

**Table 2.** Comparison of Take Home Pay, Fiscal Costs, Commercial Costs, and the Difference Between Both

Description	Income Tax Article 21		
	Employee Borne (Rp)	Assisted by the employer (Rp)	Gross Up Method (Rp)
<i>Take Home Pay (Rp.)</i>			
Salary	78.536.000	78.536.000	78.536.000
Article 21 Income Tax Allowances	-	-	1.276.400
Reduced:			
Income Tax Article 21	1.215.800	-	1.215.800
Amount	<b>77.320.200</b>	<b>78.536.000</b>	<b>78.536.000</b>
Fiscal Fee			
Gross income	83.120.360	83.120.360	84.396.760
Amount	<b>83.120.360</b>	<b>83.120.360</b>	<b>84.396.760</b>
Commercial costs			
Fiscal Fee	83.120.360	83.120.360	84.396.760
Added:			
Income Tax Article 21	-	1.215.800	-
Amount	<b>83.120.360</b>	<b>84.336.160</b>	<b>84.396.760</b>
Difference in Fiscal Fees & Commercial costs	-	1.215.800	-

The application of three methods for calculating PPh 21 employees provides different treatment for take home pay, fiscal costs and the company's commercial costs.

**Table 3.** Alternative Option

Description	Income Tax Article 21		
	Employee Borne (Rp)	Assisted by the employer (Rp)	Gross Up Method (Rp)
<i>Take Home Pay</i>	77.320.200	78.536.000	78.536.000
Fiscal Fee	83.120.360	83.120.360	84.396.760
Commercial costs	83.120.360	84.336.160	84.396.760
Difference in Fiscal Fees & Commercial costs	-	1.215.800	-

Table 2. summarizes the calculation of Article 21 Income Tax for employees using three alternatives. Table 4.3 explains the overview of take home pay, fiscal costs, commercial costs, and the difference are the factors determining the selection of alternatives. Data Table 2. and Table 3. show that Article 21 Income Tax is borne by the employee and Article 21 Income Tax is provided in the form of a tax allowance that cannot be compared because the take home pay received by the employee is different. Thus the Article 21 Income Tax with the gross-up method is an alternative that should be used by the company because from the point of view of employees, the salary taken home is the same as Article 21 Income Tax borne by the employer in the amount of Rp. 78,536,000, and the company does not bear the

difference between fiscal costs and commercial costs that can increase the amount of corporate income tax.

The third alternative selection will save PT ABC corporate income tax payment of Rp. 1,276,400.00. Article 21 Income Tax paid by PT ABC is not deducted from employee income but is borne by PT ABC in the form of a tax allowance. Article 21 Employee Income Benefits can be a deduction from taxable income so that it has an impact on the decrease in taxable income and a decrease in the income tax payable.

#### 4.3 Comparative Analysis of Income Tax Before and After Using Tax planning

Table 3. Comparison of Net Basis and Gross Up

Description	Article 21 Income Tax		Difference (Rp)	Tax Saving (Rp)
	Net Basis (Rp)	Gross Up (Rp)		
Take Home Pay	78.536.000	78.536.000	-	-
Article 21 Income Tax Due	15.650.250	18.258.150	(2.607.900)	-
Commercial Profit	1.601.367.260	1.598.759.360	2.607.900	-
Fiscal Profit	1.621.378.189	1.603.120.039	18.258.150	-
Corporate Income Tax	232.313.890	229.697.852	2.616.038	2.616.038
Commercial Profit After tax	1.369.053.370	1.369.061.509	8.138	-

Based on the above calculation, it can be concluded that based on the criteria outlined in the technical analysis of the data, by using the gross up method in the calculation of income tax Article 21 employees, the company will save the burden of corporate income tax of Rp 2,616,038.00 and despite a decline in profit commercial after tax of Rp. 8,138.00 but this decrease is smaller than the savings generated if using the gross up method.

#### 5. Conclusion

Based on research conducted at PT ABC, it can be concluded that there are differences in income tax burden before and after the implementation of tax planning due to the fact that in 2018 PT ABC implemented a net basis method in calculating income tax for 21 employees. The application of the gross up method in the calculation of Article 21 income tax employees can save the burden of corporate income tax of Rp 2,616,038.00. The gross up method causes a decrease in commercial profit after tax of Rp. 8,138.00 but this decrease is smaller than the savings generated if using the gross up method.

Tax planning for PT ABC causes taxable income which is the basis for the imposition of corporate income tax to be smaller. This also affects the income tax which is also getting smaller. Income tax payable before tax planning in 2018 amounted to Rp 232,313,890.00 to Rp 229,697,852.00 after tax planning. This shows that there are tax savings of Rp2,616,038.00.

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## Assessment of Risk Profile on LPD in East Denpasar District

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**Abstract:** Lembaga Perkreditan Desa--Village Credit Institutions (LPD), located in almost all indigenous villages in Bali, are financial institutions in which all their activities use funds from traditional village communities. Therefore the level of business health needs to be considered well. LPD will be able to achieve a healthy predicate if the managers are able to work well based on good goals and free from risk. In this regard, it is important to do LPD assessment relating to the risk profile. This study aims to assess the risk profile in terms of credit, liquidity, operational and capital risk factors on the LPDs in East Denpasar District 2016-2018. The types of data in this study is qualitative and quantitative, while data sources are secondary. The procedure for data collection is done by documentation. The results of the study obtained an assessment of risk profile 2015-2017 in terms of credit risk factors in the ratio of earning asset quality and the allowance for removal of earning assets with a very low risk rating. Risk profile assessment is viewed from liquidity risk factors in the liquidity index ratio with a very high risk rating. Risk profile assessment in terms of operational risk factors in the effectiveness ratio with a risk rating is very high and the efficiency ratio with a risk rating is very low. Risk profile assessments in terms of capital risk factors at a minimum capital adequacy ratio are very low. The overall risk profile assessment shows the risk rating is low.

### 1. Introduction

LPD is established to support the increase in economic growth of indigenous village communities in the Province of Bali. Based on the Bali Governor Regulation No. 44 of 2017 concerning Village Credit Institutions outlines that the Village Credit Institutions are financial institutions owned by Pakraman Village, which are domiciled in the authority of the Pakraman Village. The Village Credit Institution was established to assist indigenous villages in the economic field. So that LPDs can continue to survive and compete in carrying out these activities in this globalization era, LPD managers are expected to be able to show a good performance in carrying out all their activities. This means that LPD will be able to achieve a healthy predicate, namely: healthy morale, healthy organization and healthy business if the managers are able to work well based on good goals and free from risk.

In this regard, it is important to assess the risk profile of the LPD. Referring to the Bali Governor Regulation No. 44 of 2017 concerning Village Credit Institutions (LPD), the risk profile assessment consists of credit risk factors, liquidity risk factors, operational risk factors and capital risk factors. Regarding credit risk, the amount of problem loans at the Village Credit Institutions (LPD) in East Denpasar District in 2016-2018 can be seen in Table 1.

**Tabel 1.** Amount of Non-performing Loans at Village Credit Institutions (LPD) In the District of East Denpasar, 2016-2018

No	LPD's Name	2016	2017	2018
1	LPD Angabaya	55.672.000	87.945.000	119.939.000
2	LPD Bekul	105.719.000	84.176.000	87.184.000
3	LPD Kesiman	215.038.000	321.623.000	449.122.000
4	LPD Laplap	22.675.000	40.292.000	165.215.000
5	LPD Pagan	64.228.000	45.323.000	54.387.000
6	LPD Penatih	80.501.000	58.201.000	48.953.000
7	LPD Penatih Puri	39.046.000	32.738.000	49.366.000
8	LPD Pohmanis	122.580.000	92.616.000	104.069.000
9	LPD Sumerta	108.679.000	85.550.000	106.767.000
10	LPD Tanjung Bungkak	141.356.000	171.024.000	159.423.000
11	LPD Tembawu	84.599.000	100.040.000	137.786.000
12	LPD Yang Batu	41.660.000	79.188.000	68.080.000
	Amount (000 Rp.)	1.081.753.000	1.198.716.000	1.550.291.000
	Alteration (%)	-	10,81	29,33

Based on Table 1, it can be explained that the number of problem loans at the Village Credit Institutions (LPD) in East Denpasar District in 2016-2018 increases every year. This shows the problems faced by LPDs in carrying out business activities are customers who are pakraman village manners who have not fully smoothly paid credit installments. Good risk management is needed in overcoming non-performing loans so as not to disrupt LPD business activities.

## 2. Literature Review

### 2.1 Village Credit Institutions (LPD)

Village Credit Institution (LPD) is a financial institution owned by a village which is a traditional village instrument and operational unit and functions as a forum for customary village wealth in the form of money or other securities [1]. The purpose of the establishment of the Village Credit Institution (LPD) is to maintain the economic resilience of the parkraman village karma through regular, targeted savings and productive capital distribution; Eradicate bonded debt, black pawn and others that can be likened to it; Encourage equal distribution and business opportunities for every manners of Parkraman Village; Increase purchasing power, expedite traffic payments and money circulation [1].



## 2.2 Financial Statement

Financial statements are information that describes the condition of a company, where then it will be an information that describes the performance of a company [2]. Financial statements are reports that indicate the level of health of the company at this time or in a certain period [3].

## 2.3 Risk Profile

A risk profile is an assessment of the risks inherent in a bank's business activities, whether quantifiable or not, which have the potential to affect the financial position of the bank. Quality assessment of the application of risk management is an assessment of aspects of risk governance, risk management framework, risk management processes, adequacy of human resources, and adequacy of management information systems as well as the adequacy of risk control systems by taking into account the characteristics and complexity of the bank's business [4].

## 2.4 LPD Risk Rating Factors

### 2.4.1 Credit Risk Factors

1) The ratio of earning asset quality

$$\text{The ratio of earning asset quality} = \frac{\text{Classified productive assets}}{\text{Productive Assets}} \times 100\%$$

2) Allowance ratio for earning assets losses (PPAP)

$$\text{Ratio PPAP} = \frac{\text{CPRR formed}}{\text{CPRR which must be formed}} \times 100\%$$

### 2.4.2 Liquidity Risk Factors

$$\text{Liquidity index} = \frac{\sum B}{\sum A} =$$

### 2.4.3 Operational Risk Factors

1) Effectiveness Ratio

$$\text{Effectiveness Ratio} = 20 - \frac{\text{Productive assets quality ratio}}{0,15}$$

2) Efficiency Ratio

$$\text{Efficiency Ratio} = \frac{\text{Operating costs}}{\text{Operating income}} \times 100\%$$

### 2.4.4 Capital Risk Factors

$$\text{Minimum capital supply liability ratio} = \frac{\text{Capital}}{\text{Risk weighted productive assets}} \times 100\%$$

## 3. Methodology

The data source used in this study is a secondary data source. Secondary data in this study are recapitulation of the Village Credit Institutions (LPD) financial statements in East Denpasar District, consisting of: recapitulation of the balance sheet and income statement for 2016-2018. Data collection procedures used in this study are documentation. The analysis technique used in carrying out this research is a quantitative data analysis technique covering the factors of credit risk, liquidity risk, operational risk, and capital risk. Each factor is assessed to consist of several components that are given a weight according to the magnitude of the risk impact on LPD conditions (Bali Governor Regulation Number 44 Year 2017).

#### 4. Result and Discussion

##### 4.1 Credit Risk Factors

##### 4.1.1 Earning Assets Quality Ratio

**Table 2.** Risk Rating of Earning Assets Quality Ratio in Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Earning Assets Quality Ratio (%)	Ratio Interval	Risk Rating
1	2016	0,38	< 5%	Very Low
2	2017	0,39	< 5%	Very Low
3	2018	0,52	< 5%	Very Low

##### 4.1.2 Allowance for Earning Asset Losses

**Table 3.** Risk Rating of Allowance for Earning Asset Losses at Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Allowance for Earning Asset Losses (%)	Ratio Interval	Risk Rating
1	2016	443,38	> 90%	Very Low
2	2017	444,56	> 90%	Very Low
3	2018	547,10	> 90%	Very Low

##### 4.2 Liquidity Risk Factors

**Table 4.** Risk Rating of the Liquidity Index Ratio in Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Liquidity Index Ratio (Unit)	Ratio Interval	Risk Rating
1	2016	0,26	< 0,66	Very High
2	2017	0,26	< 0,66	Very High
3	2018	0,29	< 0,66	Very High

## 4.3 Operational Risk Factors

## 4.3.1 Effectiveness Ratio

**Table 5.** Risk Rating From the Effectiveness Ratio in Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Effectiveness Ratio (%)	Ratio Interval	Risk Rating
1	2016	17,46	< 55%	Very High
2	2017	17,42	< 55%	Very High
3	2018	16,57	< 55%	Very High

## 4.3.2 Efficiency Ratio

**Table 6.** Risk Rating of the Efficiency Ratio in Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Efficiency Ratio (%)	Ratio Interval	Risk Rating
1	2016	64,01	< 75%	Very Low
2	2017	63,51	< 75%	Very Low
3	2018	64,88	< 75%	Very Low

## 4.4 Capital Risk Factors

**Table 7.** Risk Rating of the Minimum Capital Requirement (KPMR) in Village Credit Institutions (LPD) in East Denpasar District in 2016-2018

No	Year	Minimum Capital Adequacy Ratio (%)	Ratio Interval	Risk Rating
1	2016	30,15	> 15,00%	Very Low
2	2017	30,24	> 15,00%	Very Low
3	2018	38,67	> 15,00%	Very Low

## 4.5 Risk Profile Assessment

**Tabel 8.** Risk Profile Assessment in Credit Institutions  
Village (LPD) in East Denpasar District in 2016-2018

In 2016

Risk Factor	Component	Ratio	Ratio Interval	Risk Rating	Score
1. Credit	a. The ratio of earning asset quality	0,38%	< 5%	Very Low	1
	b. Allowance ratio for earning assets losses	443,38 %	> 90%	Very Low	1
2. Liquidity	Liquidity index ratio	0,26	< 0,66	Very High	5
3. Operational	a. Effectiveness ratio	17,46%	< 55%	Very High	5
	b. Efficiency ratio	64,01%	< 75%	Very Low	1
4. Capital	Capital Ratio	30,15%	> 15%	Very Low	1
Total		-	-	-	14
Risk Average		-	-	-	2,33
Risk Rating		-	-	-	Low

In 2017

Risk Factor	Component	Ratio	Ratio Interval	Risk Rating	Score
1. Credit	a. The ratio of earning asset quality	0,39%	< 5%	Very Low	1
	b. Allowance ratio for earning assets losses	444,56 %	> 90%	Very Low	1

2. Liquidity	Liquidity index ratio	0,29	< 0,66	Very High	5
3. Operational	a. Effectiveness ratio	16,57%	< 55%	Very High	5
	b. Efficiency ratio	63,51%	< 75%	Very Low	1
4. Capital	Capital Ratio	30,24%	> 15%	Very Low	1
Total		-	-	-	14
Risk Average		-	-	-	2,33
Risk Rating		-	-	-	Low

In 2018

Risk Factor	Component	Ratio	Ratio Interval	Risk Rating	Score
1. Credit	a. The ratio of earning asset quality	0,52%	< 5%	Very Low	1
	b. Allowance ratio for earning assets losses	547,10 %	> 90%	Very Low	1
2. Liquidity	Liquidity index ratio	0,26	< 0,66	Very High	5
3. Operational	a. Effectiveness ratio	17,42%	< 55%	Very High	5
	b. Efficiency ratio	64,88%	< 75%	Very Low	1
4. Capital	Capital Ratio	38,67%	> 15%	Very Low	1
Total		-	-	-	14
Risk Average		-	-	-	2,33
Risk Rating		-	-	-	Low

## 5. Conclusion

The risk profile assessment in terms of credit, liquidity, operational and capital risk factors in the Village Credit Institutions (LPD) in East Denpasar District in 2016-2018 all obtained an average score of 2.33, within the risk rating of 1.50-2, 44, which shows the risk rating is low.

## 6. Acknowledgment

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