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Tax Planning Article 21 PT PH Groups in Indonesia

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Abstract.

The highest source of Indonesian state revenue to date still comes from tax revenues, especially income tax, including income tax article 21. Apart from that, the latest regulations in Law No. 7/2021 state that in-kind/enjoyment is a tax object, so that companies as taxpayers have to bear the responsibility. tax expense. In this case, it is necessary to carry out tax planning to regulate financial activities in order to minimize the tax burden and streamline company expenses. This research aims to assess the level of efficiency of Article 21 tax planning on the company's tax burden. This research focuses on the Article 21 Tax calculation methods, namely the gross method, net method, mixed method and gross up method. The comparative method is used in this research to get the highest value. Data uses secondary data obtained PT PH Groups. The results of this analysis show that applying the gross up method is able to minimize the tax burden paid by the company. The implications of this research state that companies incur Article 21 Tax costs by providing tax benefits of the same amount as the tax owed so that the company's total burden remains in the highest position while the tax burden is the lowest. Thus, the impact is that the tax burden borne becomes smaller.

Keywords: Tax Planning, Gross up Method, Net Method,Tax Article 21.

INTRODUCTION

Tax is an important aspect for the development process of Indonesian nation whose goal is to improve the welfare of its people. Among these types of taxes, there is one tax so called Tax which plays great role and contributes a lots to the country listed of the State Budget (APBN). Cited from this reason, taxes are a crucial factor in the development process of a nation as well as manifest of the increasing of people's welfare.

Based on the Law Number 7 of 2021 Concerning Harmonization of Tax Regulations which was passed on October 29, 2021 and declared that in-kind gifts to employees are taxable objects for employees who receive them, so those gifts could be paid either by employers or companies. This policy is refers to harmonization of the treatment for in-kind/gifts which was previously excluded from the tax object so the companies did not required to pay, the new implication seen the state revenue will increase by making this in-kind/gifts as tax object.

Tax Article 21 is one of the taxes which often deals directly to the public, especially employees. Tax Article 21 is a tax towards income in the form of salaries, wages, honorarium, allowances and other payments in the name and form in connection with work or position, services and activities perform by individuals. This tax would be deducted by Tax Article 21 cutters, including by the company where the employee works.

Based on Resmi (2019), Tax could be refers to tax which set on tax subjects for the amount of income they have in one year. The definition of Tax according to the Law Number 36 of 2007 Concerning Tax Article 1 which declared that Tax could be charged to the Tax Subject for the Income earned each year. Furthermore, Resmi (2019) also defined that Tax Article 21 explains taxes on domestic individual taxpayers on income from the work they do, services and other activities. This income is in the form of salaries, wages, allowances, honorarium and others. If the income is obtained from abroad, the rest will be regulated as Tax Article 26.

On it practices, taxpayers always strive to achieve the goals set, namely high company value. Employees are given adequate appreciation in order to provide maximum contribution, on the one hand the company also required to be efficient. In responding to this matters, specifically those are related to Tax Article 21, companies need to find out the appropriate method to used, namely Net Method, Gross Method, Gross up Method, besides they also can use the Mix Method. And Each of method has different fiscal implications (Manrejo & Ariandyen, 2022).

According to Yuliana et al. (2021), if it viewed by business activities, taxes are burdens which can reduce the net profit, while from the government’s view, these taxes could be defines as Income and its amount will continues to increase every year. If the company makes profits, then the taxes paid would be increase as well. In response to these issues, the company, in this case the tax department, are needs to do tax savings. Beside that, the company also needs to take various ways to minimize the tax burden and streamline the company’s burden.

As a form of effort in reducing the tax burden for taxpayers is through tax planning. Elicited from Pohan (2017), tax planning is an activity that includes managing taxes so the taxes paid by companies are truly effective. Tax planning itself is a process or legal method which perform by taxpayers so their tax obligations could be lower as possible without violating existing tax regulations. Based on Putra (2019), the preparation of tax planning for company begins with strategy to simplify the tax burden or so called tax savings. And also what the company does should be legal (tax evasion) to avoid future tax penalties. To make this tax planning works as intended, the companies should analyze further relates to the methods and policies that used as well as develop strategies to achieve tax efficiency correctly. One of the tax planning that needs to be done is to apply the rules that have been determined without having to violate tax regulations (tax avoidance).Tax planning has a function in measuring the amount of tax that need to be paid in the implementation of taxpayer compliance (tax avoidance). According to Suandy defined that through careful planning and conducting research as well as calculations on the applicable tax rules, those taxpayers would be able to produce types of tax-saving measures for companies (Anzali & Fitria, 2020).

The problems PT PH Groups as a taxpayer responds to regulations relating to changes in nature, which were previously not a tax object (Law Number 36 of 2008), are now becoming a tax object (Law Number 7 of 2021). From several previous studies, it was found that Article 21 Income Tax using the gross up method can save on corporate tax payments (Anzali & Fitria, 2020; Ratnasari, Lau, & Yoga, 2020; Usmani & Afriady, 2019; Wijayanti & Anwar, 2020). Therefore, if in kind can be used as a tax object, Tax 21 for individuals (employees) will increase because the tax object increases, especially for groups of employees who have high incomes, but for capital owners who get facilities or in kind greater than employees others, including the problems that occurred at tax payer.

The changes in the provisions of gifts and pleasure in HPP Law No.7 year 2021 makes the concept of taxable-deductible and non-taxable-deductible would be apply normally because these in-kind gifts and pleasure in any form will be treated the same, namely as income from the recipient's side and costs from the giver's side. Through these changes, the practice of tax planning by the use of gifts and pleasure would becomes limited. However, this changed did not completely rule out the possibility of taxpayers, especially corporate taxpayers, to conduct tax planning by the use of other instruments. Given these problems, the author considers that this research topic is still very relevant for research because it helps taxpayers in conducting tax planning, especially the changes in the existing rules in Law HPP Number 7/2021.

Based on the phenomena described above, the research concept framework is as follows:

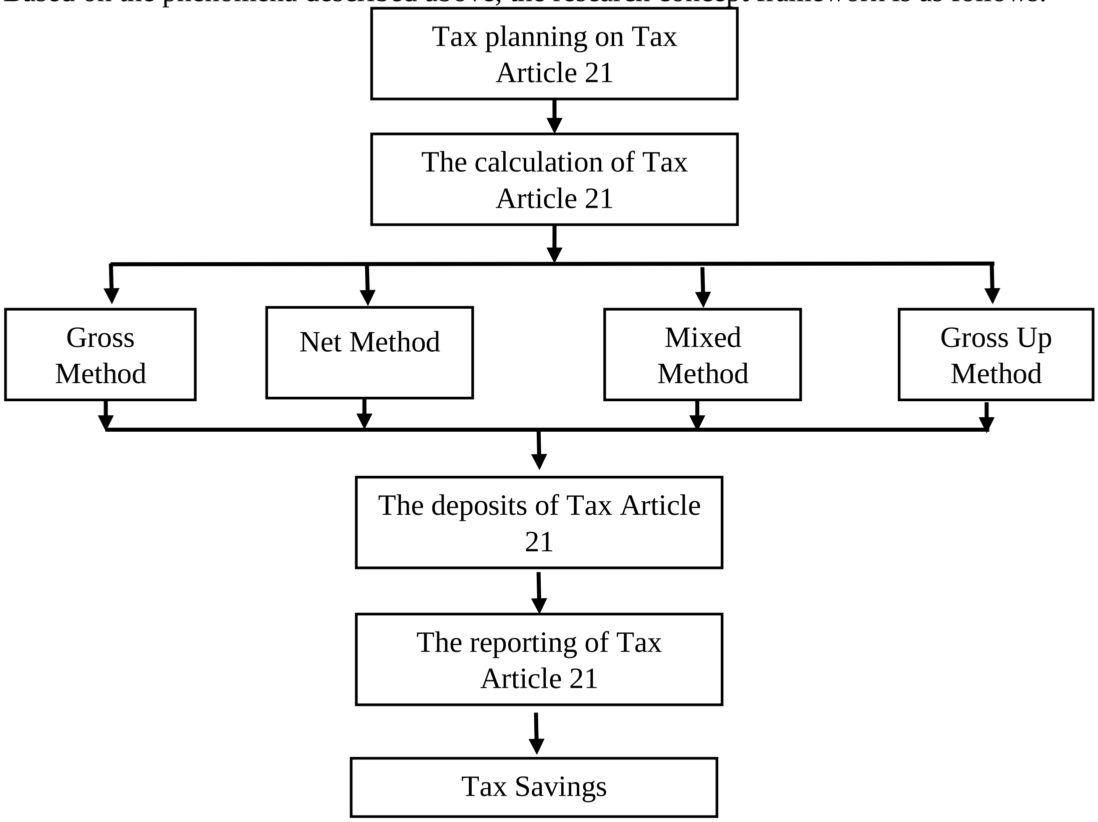

Figure 1. Conceptual Framework

RESEARCH METHOD

Research Design

Researchers use quantitative research methods. Through this quantitative research by means the research that uses a lot of numbers, starting from data collection, data interpretation to gathering the final results from the data (Sandu & Sodik, 2015). This type of research used descriptive research which describes and explains the phenomenon or symptoms occurs which digging up to classify the problems and situations as it is. So the researchers used comparative method. Cited from Nazir, as also quoted by Subhi (2019), who found that comparative research is a type of descriptive research that primarily seeks answers about causes and effects by exploring the factors that cause this particular phenomenon.

The data are gathered from the company and will be collected and then calculated its simulations will be made for further comparison of its application. Through this method, the researchers are intending to conduct a simulation of Tax Article 21 estimation through the gross method, net method, mixed method, and gross up method then compare one to another with hope to obtain the most efficient value.

Population and Research Sample

This research was conducted at PT KP Groups, which is a new company founded in 2019 and has a Business Field Classification (KLU). The number of employees was 8 people and all of them were used as samples. The type of non-probability sampling used in this research is saturated sampling or also called census. According to Sugiyono (2019), the definition of saturated sampling is a sampling technique when all members of the population are sampled. This can be done if the population is relatively small, less than

30 or the research wants to make generalizations with very small errors. Another term for a saturated sample is a census, where the entire population is sampled. This is because the entire population is sampled by taking into account income tax in one year based on Law Number 7 of 2021 concerning Harmonization of Tax Regulations.

Data Analysis Technique

The data analysis technique used by the authors in this study is descriptive analysis by collecting data, classifying data from companies then it analyze to present adequate results based on actual conditions. In analyzing the data, the writer uses several stages, such as:

1. Collect data based on the provisions, namely financial reports and employee payroll.
2. Perform an estimation, analysis of distribution and reporting the Tax Article 21.
3. Analyzing the Implementation of Tax Planning on Tax Article 21 in order to seizing tax payment more efficiency based on existing data.
4. Comparing the taxes that should be paid through the use of gross method, net method, mixed method, and gross up method.
5. Make conclusions from the data analysis results which obtained through gross method, net method, mixed method and gross up method.

The Calculation Method of Tax Article 21

To Assessing the Tax Article 21, there are 4 (four) alternatives that can be used. Based on Sahilatua & Noviari (2013) as mentioned by Juniawaty (2018), these 4 alternatives are fit to use, such as:

1. Net Method
   According to the total income tax that should be paid under name of Tax Article 21, it will be borne by the company concerned in the form of part or all of the benefits in-kind. Wages earned by employees which are not subject to these Tax Article 21 deductions because the company paid all cost or burden of its Tax Article 21.
2. Gross Method
   Based upon the total income tax generated by Tax Article 21, it will be borne by the employees themselves, so their incomes will reduced. The term which commonly used is that this Tax Article 21 income are deducted by the company.
3. Gross Up Method
   Tax Article 21 is given as allowances then the amount of allowance will increase the employee income and which later will deducted as subject to Tax Article 21. The amount from the gross method tax credit is equal to the amount of Tax Article 21 payable per employee. Choosing the gross up method requires an extensive analysis, although the cost of covering employee Tax Article 21 can be taxed as an expense in calculating company taxes. However, if the company loss, the option is clearly unprofitable because the company's expenses will increase. This causing tax benefits provided to employees are an additional to employee income, which certainly affect to increase of the Tax of Article 21.
4. Mixed Method
   Based on facts, that companies often use this combine tax method to calculate Tax Article 21 for employees. This method is known as the Mixed Method. The purpose of this method is to divide the burden of Tax Article 21 between company expenses and employee expenses. This mixed method is the company's policy regarding employee compensation which certainly put attention to several aspects and ideally specified in the employment contract.

The calculation of the amount of tax payable Article 21 for a year which often called as gross up method, the authors use formula based on Law No.7 of 2021, which as bellows:

Layer 1: For taxable income 0 – 60,000,000

$\text{Tax payable article 21} = \text{Taxable income x } 5\%/0{,}9525$

Layer 2: For taxable income 60.000.000 – 250.000.000)

$$\text{Tax payable article } 21 = \text{Taxable income x } 15\% - 6.000.000/0{,}85$$
Layer 3: For taxable income 250.000.000-500.000.000
$$\text{Tax payable article } 21 = \text{Taxable income x } 25\% - 31.000.000/0{,}75$$
Layer 4: For taxable income 500.000.000-5.000.000.000
$$\text{Tax payable article } 21 = \text{Taxable income x } 30\% - 56.000.000/0{,}70$$
Layer 5: For taxable income of more than 5.000.000.000
$$\text{Tax payable article } 21 = \text{Taxable income x } 35\% - 306/0{,}65$$

RESULT AND DISCUSSION

The Calculation of Tax Article 21

Gross method is a method for calculating the Tax Article 21 where employees bear the amount of income tax themselves and usually deducted directly from the employee's salary. The calculations results through gross method will not add more burden to the company so the company's profit before tax becomes high. This because the tax is directly deducted from the employee's income.

Table 1. Presents the Calculation of Tax by Gross Method

No.	Name	Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble per year	Take Home Pay
1	A	188,607,600	6,000,000	54,000,000	128,607,000	13,291,050	175,316,550
2	B	169,107,600	6,000,000	54,000,000	109,107,000	10,366,050	158,741,550
3	C	149,607,600	6,000,000	54,000,000	89,607,000	7,441,050	142,166,550
4	D	120,207,600	6,000,000	54,000,000	60,207,000	3,010,350	117,197,250
5	E	94,303,800	4,715,190	54,000,000	35,588,000	1,779,400	92,524,400
6	F	75,303,800	3,765,190	54,000,000	17,538,000	876,900	74,426,900
7	G	68,153,800	3,407,690	54,000,000	10,746,000	537,300	67,616,500
8	H	68,153,800	3,407,690	54,000,000	10,746,000	537,300	67,616,500
Total		933,445,600			462,146,000	37,839,400	895,606,200

Source: Author processed data

Net method is a method for calculating the Tax Article 21 where the company bears all income tax from its employees but did not add to the total gross income of the employee concerned. The results from calculations through net method will add more burden to the company in accounting but will be corrected when doing fiscal calculations, this because the tax is borne by the employer.

Table 2. Presents the Calculation of Tax Article 21 through Net Method

No.	Name	Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble per year	Take Home Pay
1	A	188,607,600	6,000,000	54,000,000	128,607,000	13,291,050	188,607,600
2	B	169,107,600	6,000,000	54,000,000	109,107,000	10,366,050	169,107,600
3	C	149,607,600	6,000,000	54,000,000	89,607,000	7,441,050	149,607,600
4	D	120,207,600	6,000,000	54,000,000	60,207,000	3,010,350	120,207,600
5	E	94,303,800	4,715,190	54,000,000	35,588,000	1,779,400	94,303,800
6	F	75,303,800	3,765,190	54,000,000	17,538,000	876,900	75,303,800

No.	Name	Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble per year	Take Home Pay
7	G	68,153,800	3,407,690	54,000,000	10,746,000	537,300	68,153,800
8	H	68,153,800	3,407,690	54,000,000	10,746,000	537,300	68,153,800
Total		933,445,600			462,146,000	37,839,400	933,445,600

Source: Author processed data

Mixed method is a method for counting the Tax Article 21 where the Tax Article 21 is partly borne by the company and half borne by the employee, but it does not add to the total gross income of the employee concerned. The calculations results through mixed method will add more burden to the company in accounting but will be corrected when doing fiscal calculations. This cause by the existence of tax liability policy, namely some of borne by employees and some of borne by employers or companies.

Table 3. Presents the Calculation of Tax Article 21 through Mixed Method

No	Name	Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble	Tax Article 21 which is borne by employees	Tax Article 21 which is borne by the company	Take Home Pay
1	A	188,607,600	6,000,000	54,000,000	128,607,000	13,291,050	6,645,525	6,645,525	181,962,075
2	B	169,107,600	6,000,000	54,000,000	109,107,000	10,366,050	5,183,025	5,183,025	163,924,575
3	C	149,607,600	6,000,000	54,000,000	89,607,000	7,441,050	3,720,525	3,720,525	145,887,075
4	D	120,207,600	6,000,000	54,000,000	60,207,000	3,010,350	1,505,175	1,505,175	118,702,425
5	E	94,303,800	4,715,190	54,000,000	35,588,000	1,779,400	889,700	889,700	93,414,100
6	F	75,303,800	3,765,190	54,000,000	17,538,000	876,900	438,450	438,450	74,865,350
7	G	68,153,800	3,407,690	54,000,000	10,746,000	537,300	268,650	268,650	67,885,150
8	H	68,153,800	3,407,690	54,000,000	10,746,000	537,300	268,650	268,650	67,885,150
Total		933,445,600			462,146,000	37,839,400	18919,700	18,919,700	914,525,900

Source: Author processed data

Gross up method is a method for assessing the Tax Article 21 where the company provides tax allowance which have similar amount as the tax owed by the employee concerned. The calculations results by the use of gross up method will add an extra burden to the company in accounting and will not be corrected fiscally because the allowance is an addition to the employee's income provided. This occur due to the tax benefits which are part of employee's income are the same as the amount of tax payable and this can be deducted by the employer's side.

Table 4. Presents the Calculation of Tax Article 21 through Gross Up Method

No.	Name	Annual Gross Income	Tax Article 21 Allowance	Gross Up's Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble per year	Take Home Pay
1	A	188,607,600	15,636,600	204,244,200	6,000,000	54,000,000	144,244,000	15,636,600	188,607,600
2	B	169,107,600	12,195,300	181,302,900	6,000,000	54,000,000	121,302,000	12,195,300	169,107,600
3	C	149,607,600	8,754,150	158,361,750	6,000,000	54,000,000	94,323,000	8,754,150	149,607,600
4	D	120,207,600	3,168,800	123,376,400	6,000,000	54,000,000	63,376,000	3,168,800	120,207,600

No.	Name	Annual Gross Income	Tax Article 21 Allowance	Gross Up's Annual Gross Income	Position allowance	Non-taxable income	Taxable Income	Tax Payble per year	Take Home Pay
5	E	94,303,800	1,868,400	96,171,950	4,808,843	54,000,000	37,368,000	1,868,400	94,303,800
6	F	75,303,800	920,400	76,224,450	3,810,965	54,000,000	18,408,000	920,400	75,303,800
7	G	68,153,800	564,150	68,717,850	3,435,969	54,000,000	11,283,000	564,150	68,153,800
8	H	68,153,800	564,150	68,717,850	3,435,969	54,000,000	11,283,000	564,150	68,153,800
	Total	933,445,600	43,671,750	977,117,350			501,587,000	43,671,750	933,455,600

Source: Author processed data

The Deposit of Tax Article 21

After calculating and collecting The Tax Article 21 the next process is deposited through the post office or bank which has been appointed by the Minister of Finance for each month. The due date of deposit is no longer than the 10th (tenth) of the following month and its reporting should not go beyond the 20th of following month, this need to be done in order to avoid late deposit fees. The Data can be obtained through e-Billing document (Tax Deposit Letter) for each tax period during period of 2016. Then e-Billing will be evaluated to look out whether it complies with existing regulations based on Director General of Taxes Regulation number PER/16/PJ/2016.

Table 5. Illustrates Payment flow of Tax Article 21

No.	Tax Period	Taxes Type	Place of Deposit	Deposit Date	Information
1	January	Normal	-	-	Heven’t Deposit
2	February	Normal	-	-	Heven’t Deposit
3	March	Normal	-	-	Heven’t Deposit
4	April	Normal	-	-	Heven’t Deposit
5	May	Normal	-	-	Heven’t Deposit
6	June	Normal	-	-	Heven’t Deposit
7	July	Normal	-	-	Heven’t Deposit

Source: Author processed data

According to the research results from the data which received by the researchers, it is known that those taxpayers haven’t made any deposit of the Tax Article 21 at all. Fines will be Refers to the BI Interest Rate, plus the percentage of fines according to the provisions which stated in the tax cluster Job Creation Law which divided by 12 months with effective on the date the penalty calculation starts. This certainly will lead to the sanctions for late payments which later could be billed by the KPP (tax office).

The Tax Article 21 Reporting

In addition PT PH Groups, should be declare its tax payments using Income Tax Returns (SPT) in full, accurate and clear. Income return could be submitted at the Main Tax Service Office where the Taxpayers are registered or at the nearest post office. The deadline for this Income return submission during each the period is the 20th (twentieth) of each month.

Table 6. Presents the Report of Tax Article 21

No.	Tax Period	Taxes Type	Place of Deposit	Information
1	January	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
2	February	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
3	March	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
4	April	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
5	May	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
6	June	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit
7	July	Normal	KPP Jakarta Setiabudi Tiga	Heven't Deposit

Source: Author processed data

Cited from the research results of data which received by the researcher, it could be seen that those taxpayer did not made to pay any Tax Article 21 reporting at all, because they did not made a payment either. This situation will certainly put then in a penalty for late reporting which cost of IDR 100,000 per period, which later would be billed by the Tax office.

The Comparison between Gross Method, Net Method, Mixed Method, and Gross Up Method According to Fiscal

There are differences in calculation and recognition between these four methods. There is no allowance in any form for the gross method itself. Whereas in the net method, mixed method, and gross up method there are costs that are recognized differently from a fiscal perspective.

In the net method and mixed method, the company provides in-kind or pleasurement as form of Tax Article 21 which borne by the company and did not increase the amount of income received by employees, because the regulation of PER/16/PJ/2016 still valid or did not been revoked, so the Tax Article 21 treatment still need to carried out by the employer and needs confirmation with related regulations. Meanwhile, in the gross up method, the company provides tax allowances in order to increase the employee income. So according to fiscal, costs recognized by the net method and mixed method which cannot be deducted by the company.

Table 7. Comparison of Income Statement between Gross Method, Net Method, Mixed Method and Gross Up Method

	Gross Method	**Net Method**	**Mixed Method**	**Gross Up Method**
Income	14,223,844,595	14,223,844,595	14,223,844,595	14,223,844,595
Revenue	12,149,305,284	12,149,305,284	12,149,305,284	12,149,305,284
Gross Profit	2,074,539,312	2,074,539,312	2,074,539,312	2,074,539,312
Operational Expenses				
Salary & holiday allowance	881,800,000	881,800,000	881,800,000	881,800,000
Tax Payble	-	-	-	43,671,750
Business Travel Allowance	51,645,600	51,645,600	51,645,600	51,645,600
Office Supplies Expense	9,859,442	9,859,442	9,859,442	9,859,442
Office stationery& Stamp	8,781,900	8,781,900	8,781,900	8,781,900
Tax Article 21		37,839,400	18,919,700	-
Rent expenses	73,030,001	73,030,001	73,030,001	73,030,001

	Gross Method	Net Method	Mixed Method	Gross Up Method
RTK load	93,852,203	93,852,203	93,852,203	93,852,203
Total Operational Expenses	1,118,969,146	1,156,808,546	1,137,888,846	1,162,640,896
Non-Business Income/(Expenses)				
Current Account Service Income	53,265,960	53,265,960	53,265,960	53,265,960
Bank Administration Fee	(5,406,755)	(5,406,755)	(5,406,755)	(5,406,755)
Bank Interest Tax Fee	(10,653,192)	(10,653,192)	(10,653,192)	(10,653,192)
Total Non-Business Income/(Expenses)	37,206,013	37,206,013	37,206,013	37,206,013
Net Profit Before Fiscal Correction	992,776,178	954,936,778	973,856,478	949,104,428
Positive Fiscal Correction				
Tax Article 21 fee	-	37,839,400	18,919,700	-
Bank Interest Tax Fee	10,653,192	10,653,192	10.653.192	10,653,192
Total Positive Fiscal Corrections	10,653,192	48,492,592	29,572,892	10,653,192
Negative Fiscal Correction				
Interest income	53,265,960	53,265,960	53,265,960	53,265,960
Total Negative Fiscal Corrections	53,265,960	53,265,960	53,265,960	53,265,960
Net Profit After Fiscal Correction	950,163,000	950,163,000	950,163,000	950,163,000
Outstanding of Tax Article 29	**173,896,673**	**173,896,673**	**173,896,673**	**165,903,922**
Net Profit After Tax	818,879,506	781,040,106	799,959,806	783,200,506

Source: Author processed data

Due to there is costs which allows by tax laws and regulations to be charged or not charged in a tax year, it is necessary to conduct fiscal corrections. Fiscal correction is a process in adjusting commercial profits that are different from fiscal provisions to produce net income or profits based on tax regulations. PT PH Groups Profit and Loss Report, the costs or income that are fiscally corrected are:

1. The fee for Tax Article 21
   A positive correction of IDR 18,919,700 for Tax Article 21 costs because in this mixed method part of the Income tax article 21 of employees becomes the responsibility of the company quoted from Article 9 paragraph (1) letter a of Tax Law No. 36 of 2008, costs related to income tax cannot be taxed.
2. Bank Interest Tax Fee
   A positive correction of IDR 10,653,192 on interest tax fee because these are taxes on interest income, where interest income has been subject to Final Income Tax and also costs related to income tax which may not be expensed. This quoted from the Article 9 paragraph (1) letter of Tax Law No. 36 of 2008.
3. Interest Income

Negative correction of IDR 52,265,960 on interest income because it has been subject to Final Income Tax. This in accordance with the Article 4 paragraph (2) of Tax Law No. 36 of 2008.

In order to be able to explore in more detail whereas the differences in allowances and take home pay between the four methods could be seen as below:

Table 8. Illustrates the Comparison of Take Home Pay Information

Information	Gross Method (IDR)	Net Method (IDR)	Mixed Method (IDR)	Gross Up Method (IDR)
Wages	703,200,000	703,200,000	703,200,000	703,200,000
Meal & Service Allowances	171,645,600	171,645,600	171,645,600	171,645,600
Holiday bonuses and allowances	58,600,000	58,600,000	58,600,000	58,600,000
Tax Benefits			18,919,700	43,671,750
Employee Gross Income	933,445,600	933,445,600	933,445,600	977,117,350
Tax Article 21	37,839,400	37,839,400	37,839,400	43,671,750
Take Home Pay	895,606,200	933,445,600	914,525,900	933,445,600

Source: Author processed data

In total, the gross up method could serves greater income for employees due to the take home pay which is the largest one compared to other methods. Even though the net method provides the same take home pay as the gross up method, from the company's perspective the employer still has to spend funds to deposit the Tax Article 21 to the state treasury which is now sees as the burden on the employer. So it can be said that the gross up is the better methods to calculate the welfare of its employees (Pohan, 2017).

To determine which method that provides as the maximum tax savings, the impact for arising the fiscal costs should be estimated on the amount of savings on the company tax burden and then this savings would be compared to the previous of Tax Article 21 (Arsyad & Natsir, 2022). The amount of tax savings which generated for each method that can be seen at these following table:

Table 9. Explains the Comparison of Total Tax Savings

Information	Gross Method (IDR)	Net Method (IDR)	Mixed Method (IDR)	Gross Up Method (IDR)
Fiscal Cost	933,455,600	933,455,600	933,455,600	977,117,350
Corporate Income Tax (Tariff 22%)	205,360,232	205,360,232	205,360,232	214,965,817
Tax Article 21 per year	37,839,400	37,839,400	37,839,400	43,671,750
Total Tax Saving	167,520,832	167,520,832	167,520,832	171,294,067

Source: Author processed data

According to the Table 9 above, it is clearly states that the maximum amount of tax savings of gross up method, which is IDR 171,294,067. Thus the most appropriate method for planning the Tax Article 21 taxes in this study is through this gross up method, because this Method based on addition to provides the maximum tax savings and also provides the greatest take home pay to employees. The company income tax in the table is a tax that could be saved efficiently(not paid), so it can concluded that the greater the fiscal cost, the greater the tax that could be saved, because in actual calculations, corporate income tax is calculated based on fiscal profit, not fiscal costs.

And here is the comparison between the total of tax burden after tax planning as quoted from Pohan (2017).

Table 10. Presents Comparison between the Totality of the Tax Burden after Tax Planning

Information	Gross Method (IDR)	Net Method (IDR)	Mixed Method (IDR)	Gross Up Method (IDR)
Tax Article 21				43,671,750
Income Tax	173,896,673	173,896,673	173,896,673	165,903,922
Total Tax (Company Expense)	173,896,673	173,896,673	173,896,673	209,575,672
Tax Article 21 (company expense, not as tax allowance)		37,839,400	18,919,700	
Tax Article 21 (employee expense)	37,839,400		18,919,700	
Total Tax	211,736,073	211,736,073	211,736,073	209,575,672

Source: Author processed data

As total, when calculating employee expenses from the Tax Article Article 21, the gross up method serves greater tax efficiency with a higher profit of IDR 2,160,400.

Tax Burden Efficiency Level

According to Kartikasari et al. (2020) which cited by Latulola (2022), who states in capable of measuring the level of efficiency of tax burden before and after tax planning, the formula which need to used could be drawn as follows:

$$T = \frac{P0-P1}{P0} \text{ x } 100\%$$

Information:

T = The amount of % increase (decrease) efficiency of tax burden

P0 = The amount of the company's tax burden before tax planning

P1 = The amount of the company's tax burden after tax planning

When using the formula as above, the result will be written as below:

$$T = \frac{173.896.673 - 165.903.922}{173.896.673} \text{ x } 100\%$$

$$T = 4{,}596\%$$

These results indicates that the level of efficiency that can be performed by corporate or corporate taxpayers by applying this gross up method are saved of 4.6%.

Discussion

Gross method is an method that put the company's total expenses in the lowest position and tax burden paid is in the highest position so the gross method did not affect the efficiency of tax burden. So the Gross method is a method which put company's total expenses in the lowest position and tax burden paid is in the highest position. Therefore gross method did not affect the efficiency of tax burden.

By the use of net method which according to the calculation of Tax Article 21 for employees, this Tax Article 21 which is borne by the company cannot be taxed in calculating Company Income Tax. This causing the Tax Article 21 with net method is not included as a factor for additional income in the calculation of Tax Article 21 for employees. Through this method, the company incurs expenses to cover the Tax Article 21 for its employees which should be deducted from the income of the employee concerned. However, the benefits which costs incurred by the company cannot be felt so these net method did not affect the efficiency of tax burden because these costs did not increase the income for employees but such as in-kind or pleasure facilities.

By the use of gross up method, based on calculation of Tax Article 21 for employees, this Tax Article 21 could given in the form of allowances, so the amount of the allowance will increase the employee's income which is subject to Tax Article 21 and fiscally could be charged as cost in assessing the Company Income Tax. In this method, the company incurs costs to bear this Tax Article 21 for its employees by providing tax allowances in the same amount with amount of tax payable. This put the company's total expenses in the highest position and the tax burden paid is in the lowest position and therefore the gross up method has its influence against the efficiency of tax burden.

This research are in line with the research conducted by Baso et al. (2021), Mantu & Sholeh (2020), and Usmani & Afriady (2019) whereby the gross method due to the absence of Tax Article 21 expense borne by the company will cause the value of Taxable Income to be the same as the net method and mixed method which results in payable of Tax Article 29 are being higher compared to the gross up method. The taxable income between gross method, net method and mixed method are the same, because in this net method and mixed method there involved the Tax Article 21 expenses which based on the Tax Law Article 9 which states that expenses which excludes as expensed need to be corrected fiscally, so fiscally profit will have similar value as the gross method which did not add the Tax Article Article 21 fees.

CONCLUSION

Elicited from the estimation results of Tax Article 21 regarding 4 alternative methods used to calculate Tax Article 21, so it can be concluded: 1) PT PH Groups should change the Tax Article 21 calculation method used, from net method to the gross up method, because by the use of this method, tax payer can make its income tax expense more efficient, as for the 2022 tax year using the new regulations, especially if in kind or the gifts of being tax object will get different conclusion. 2) The Net Method, Gross Method and Mixed Method will get different results if the approach based on Law no. 21 of 2021 concerning Harmonization of Tax Regulations. 3) Implementation of the Net Method, Gross Method and Mixed Method as well as the Gross Up Method will also get different analysis results if the research object is not the same.

Cited from the analysis results, the authors convey the recommendation which can advise PT PH Groups could be able to make a Taxpayer Identification Number (NPWP) so that its calculation will not increase up to 20% higher than its calculation without an NPWP. tax payer should make an improvements to the personnel database regarding the number of family members who are dependents of each employee, because it will affect the calculation of Non-Taxable Incomewhich can push the Tax Article 21 lower. PT PH Groups are expected to be able to deposit and report its Tax Article 21 on time based on specified in the regulations, namely the 10^{th} of the following month for depositing and the 20^{th} for reporting. So that it would be free from administrative sanctions where these sanctions are add to the company's burden.

This research only conducts tax planning in accordance with the tax allowances which actually still in other posts that can be used as allowances for employees in the context of tax planning such as providing meal allowances, health benefits and etc. This calculation method cannot be used by every company with a different type of business, until this research was finished, there were no confirming regulations regarding the treatment of Tax Article 21 which borne by the company that could be considered as in-kind/enjoyment, therefore its calculation treatment still refers to the existing regulations which still valid and have not been revoked, namely the Regulation of the Director General of Taxes number PER/16/PJ/2016.

The limitation in this study is that it only conducts discussions relating to tax planning which is carried out only from the point of view of providing tax allowances which actually still have other policies, such as providing meal allowances, providing health benefits and so on. The tax planning analysis of this research is still specific so that the research results cannot be generalized. Given these limitations, the authors hope that future researchers will explore more deeply and broadly in scope by involving various kinds of policies imposed by the company.

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