RESEARCH ARTICLE

TAX PLANNING IMPLEMENTATION IN PURCHASES OF FIXED ASSETS DECISION (CASE STUDY OF HMS SURABAYA, INDONESIA)

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Abstract
Revenue growth followed by income tax growth makes many companies doing tax planning in order to minimize tax payments. Tax planning is a legal method because it is still guided by the provisions of taxation. In this study, tax planning will be carried out using the leasing method. The company used in this case study is HMS which operating in the hospitality sector. HMS plans to add three fixed assets, namely the Kijang Innova car, the Hi Ace Commuter car, and a chiller. HMS needs to do tax planning so that the income tax can be optimal. It is necessary to do an analysis in the selection of alternative purchase of fixed assets by cash, bank credit, or leasing. The purpose of this study are to determine the most profitable alternative for purchasing fixed assets in saving income tax. The method used in this research is qualitative method. The results of this study are alternative leasing can result in tax savings on two fixed assets, where it shows that tax savings do not always come from the use of alternative leasing. Tax savings depend on factors that affect deductible expenses.

Introduction:
Income Tax according to the Directorate General of Taxes (Direktorat Jenderal Pajak) (2012) is tax paid to individuals or entities that are received or obtained in the Tax Year. The revenue and profit growth in company makes income tax being higher too. The large amount of income tax expense on the company results in the company's net profit being small. The existence of a net profit that is less than the maximum results in many companies in Indonesia doing tax planning in order to minimize income tax payments.

According to Zain (2007), tax planning is an act of structuring related to the potential consequences of taxation, the pressure being on controlling each transaction for which there are tax consequences. The aim is how these controls can streamline the amount of tax that will be transferred to the government, through what is referred to as tax avoidance and not tax evasion which is a fiscal crime that will not be tolerated. Darussalam (2009) argues if viewed from a legal perspective, it is clear that tax avoidance is valid as long as no crime is found at the time of the examination, but for tax evasion is clearly a violation of the law. According Suandy (2011), tax planning can be done by several methods, namely by leasing, revaluation of fixed assets, depreciation of fixed assets, transfer pricing, and others.

HMS is a historic hospitality company in Surabaya. One of the competitive advantages of HMS is that it provides several facilities for customers, which are city tour, bromo tour and airport pick up. Right now, HMS requires two
additional cars, namely the Hi Ace Car and the Kijang Innova Car to support the facility due to an increase in customer demand, and can also be used for other operational activities. HMS also requires a new cooling machine (chiller) because it has been too old. HMS has not yet determined the purchase alternative that will be used to buy two cars and one chiller. The procurement of these three fixed assets can be applied in tax planning so that the income tax burden can be optimized. For this reason, HMS needs to plan for the selection of alternatives for the purchase of its fixed assets, namely by selecting alternative purchases through cash, bank credit, or leasing that are the most profitable in terms of Income Tax.

Based on the background, the focus of this research is to apply tax planning to do a comparison of the purchase of two cars and a chiller through three financing alternatives, namely cash, bank credit and leasing with option rights, then determine which alternative is most advantageous in terms of the Income Tax.

Research Methods:
This type of research is qualitative study. The object of this study is the application of tax planning to HMS in accordance with applicable regulations, namely PP No. 36 tahun 2008 concerning income tax. The subjects in this study were the Finance Director and Asset Manager from HMS, Bank Central Asia and Astra Credit Companies and BNI Multifinance. In conducting data collection, the data collection technique used in this research is Field Study. There are two research data used in this study, that are data from interviews and documentation. The data analysis method used in this research is descriptive.

Results And Discussion:
Car and Chiller data needed:
Tables 1, 2 and 3 below are the data needed regarding the purchase of cars and chillers in cash, credit and leasing with option rights.

Table 1: Data for Cash Purchases Alternative.

| Data                                      | Information                                      |
|-------------------------------------------|-------------------------------------------------|
| Asset Type                                | Kijang Innova VM / T                            |
|                                          | Hi Ace Commuter M / T                            |
|                                          | Air Cooled Screw Chiller DNC-680ADH              |
| Price of each unit                        | Rp 330,983,000                                  |
| Asset Age                                 | 8 years                                         |
| Depreciation Method                       | Straight line                                   |
| Residual value                            | There is no                                     |
| Discount factor                           | 5% per year or 0.417% per month                 |

Source: Research Data (2016)

Table 2: Data for Bank Credit Purchases Alternative.

| Data                                      | Information                                      |
|-------------------------------------------|-------------------------------------------------|
| Set Type                                  | Kijang Innova VM / T                            |
|                                          | Hi Ace Commuter M / T                            |
|                                          | Air Cooled Screw Chiller DNC-680ADH              |
| Price of each unit                        | Rp 427,392,000                                  |
| Asset Age                                 | 8 years                                         |
| Discount factor                           | 5% per year or 0.417% per month                 |
| Credit Interest                           | 13.5% per year or 1.125% per month              |
| The term of the loan                      | 4 years or 48 months                            |
| The method for installment payments       | Annuity method                                  |
| Interest rates used                       | Fix rate                                        |

Source: Research Data (2016)

Table 3: Data on Leasing Purchases with option rights Alternative.

| Data                                      | Information                                      |
|-------------------------------------------|-------------------------------------------------|
| Asset Type                                | Kijang Innova VM / T                            |
|                                          | Hi Ace Commuter                                 |
|                                          | Air Cooled Screw Chiller DNC-680ADH              |
### Screw Chiller DNC-680ADH

| Asset Age | 8 years old | 8 years | 8 years |
|-----------|-------------|---------|---------|
| Discount factor | 5% per year or 0.417% per month | 5% per year or 0.65% per month | 9.63% per year or 0.82% per month |

| Flower leasing | 7.79% per year or 0.65% per month | 7.75% per year or 0.646% per month | 9.63% per year or 0.802% per month |
|----------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Advance leasing | Rp 66,196,720 | Rp 149,587,200 | Rp 330,000,000 |
| Value of leasing | Rp 264,786,880 | Rp 277,804,800 | Rp 770,000,000 |
| The value of the option agreed | Rp 99,295,080 | Rp 128,217,600 | Rp 550,000,000 |
| Execution costs | Rp 532,470 | Rp 1,072,487 | Rp 88,800 |
| Provision fee | Rp 1,950,000 | Rp 1,950,000 | Rp 5,675,000 |

**Source:** Research Data (2016)

### Analysis and Discussion of the Three Alternatives for Car and Chiller Purchases:

#### Analysis and Discussion of Cash Alternatives:

In the alternative cash purchase data does not use data in the form of interest and installments, so that the burden can be used to reduce PKP in accordance with PP No. 36 of 2008 is the cost of depreciation. Table 4 is the calculation of depreciation expense for each asset along with the present value.

#### Table 4: Depreciation Costs for Cash Purchases Alternative Kijang Innova.

| Year | Rates (%) | Initial Book Value Period (Rp) | Depreciation Cost (Rp) | Book Value End of Period (Rp) | Discount factor (5%) | Present value |
|------|-----------|-------------------------------|-----------------------|-----------------------------|----------------------|---------------|
| 0    |           | 330,983,600                  | 41,372,950            | 289,610,650                | 0.9524               | 39,402,810    |
| 1    | 12.5%     | 330,983,600                  | 41,372,950            | 248,237,700                | 0.9070               | 37,526,485    |
| 2    | 12.5%     | 289,610,650                  | 41,372,950            | 206,864,750                | 0.8638               | 35,739,510    |
| 3    | 12.5%     | 248,237,700                  | 41,372,950            | 165,491,800                | 0.8227               | 34,037,628    |
| 4    | 12.5%     | 206,864,750                  | 41,372,950            | 124,118,850                | 0.7835               | 32,416,789    |
| 5    | 12.5%     | 165,491,800                  | 41,372,950            | 82,745,900                 | 0.7462               | 30,873,132    |
| 6    | 12.5%     | 124,118,850                  | 41,372,950            | 41,372,950                 | 0.7107               | 29,402,983    |
| 7    | 12.5%     | 82,745,900                   | 41,372,950            | 0                         | 0.6768               | 28,002,841    |
| 8    | 12.5%     | 41,372,950                   | 0                      | 0                          |                      | 267,402,178   |

**Total** 330,983,600

#### Hi Ace Commuter

| Year | Rates (%) | Initial Book Value Period (Rp) | Depreciation Cost (Rp) | Book Value End of Period (Rp) | Discount factor (5%) | Present value |
|------|-----------|-------------------------------|-----------------------|-----------------------------|----------------------|---------------|
| 0    |           | 427,392,000                  | 53,424,000            | 373,968,000                | 0.9524               | 50,880,000    |
| 1    | 12.5%     | 427,392,000                  | 53,424,000            | 320,544,000                | 0.9070               | 48,457,143    |
| 2    | 12.5%     | 373,968,000                  | 53,424,000            | 267,120,000                | 0.8638               | 46,149,660    |
| 3    | 12.5%     | 320,544,000                  | 53,424,000            | 213,696,000                | 0.8227               | 43,952,057    |
| 4    | 12.5%     | 267,120,000                  | 53,424,000            | 160,272,000                | 0.7835               | 41,859,102    |
| 5    | 12.5%     | 213,696,000                  | 53,424,000            | 106,848,000                | 0.7462               | 39,865,811    |
| 6    | 12.5%     | 160,272,000                  | 53,424,000            | 53,424,000                 | 0.7107               | 37,967,439    |
| 7    | 12.5%     | 106,848,000                  | 53,424,000            | 0                          | 0.6768               | 36,159,466    |
| 8    | 12.5%     | 53,424,000                   | 53,424,000            | 0                          |                      | 345,290,678   |

**Total** 427,392,000
HMS determines the use of the straight-line method in the depreciation of its fixed assets. Depreciation described in the table uses a tariff of 12.5%, because it is in accordance with PP No.36 of 2008, where cars and chillers are included in group two, which have an useful life of eight years. The use of the straight-line method causes depreciation that occurs on all three assets but is the same every year.

**Analysis and Discussion of Bank Credit Alternatives:**

**Analysis and Discussion of Bank Credit Alternatives for Cars:**

Bank loan interest costs are calculated from the amount of credit installment payments for each period. The first step in calculating the cost of loan interest is to calculate the present value interest factor annuity (PVIFA) as follows:

$$PVIFA = \frac{1 - \left(1 + r\right)^{-n}}{r} = \frac{1 - \left(1 + 1.125\%\right)^{-48}}{1.125\%} = 36.93263674$$

The calculation shows that the credit installment payments for each period are:

- For the Kijang Innova, the total installment fee per period is Rp 8,961,802,600.
- For the Hi Ace Commuter, the total installment fee per period is Rp 113,121,590.

Based on the results of these calculations, the amount of credit installments to be paid each month amounted to Rp 8,961,802,600 for the Kijang Innova, and Rp 113,121,590 for the Hi Ace Commuter. The method for payment of installments used is the annuity method, so that the loan installments paid remain the same until the end of the contract which is four years. The bank interest rate charged for credit is 13.5% per year or 1.125% per month, so the total interest cost for purchasing the Kijang Innova is Rp 99,183,525. The total installment fee per period is Rp 430,166,524,806, and the total principal installment is Rp 330,983,000 which is obtained from the reduction between the installment of credit per period and interest expense.

The interest rate charged on the purchase of the Hi Ace Commuter is also 13.5% per year or 1.125% per month, so the total cost to be paid is Rp 128,073,783, with a total loan installment per period of Rp 555,465,783. The total principal installment is Rp 427,392,000. After calculating installments and interest costs, it is also necessary to calculate interest costs in the present value. The interest expense based on the present value is smaller, namely at Kijang Innova, the nominal interest cost is Rp 99,159,065 and the interest cost based on the present value is Rp 92,374,485. Likewise with Hi Ace Commuter, where the nominal interest cost shows a figure of Rp 128,042,182, with a present value of Rp 119,281,401. This is influenced by the discount factor of 5% per year or 0.417% per month.

In addition to interest costs, the cost that can be deducted from PKP on bank credit alternatives is depreciation costs. Depreciation costs imposed in the alternative purchase of bank credit are the same as cash alternatives, can be seen in table 5, due to the same conditions in terms of depreciation costs, namely the car has been recognized as HMS's fixed assets since the beginning of the transaction. The total depreciation that occurred at the Kijang Innova was at the acquisition price of Rp 330,983,600 with details of Rp 41,372,950 per year. On Hi Ace Commuter, the total depreciation expense incurred is Rp 427,392,000 with RP 53,424,000 depreciation per year.

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**Table 5**

| Year | Rates (%) | Initial Book Value Period (Rp) | Depreciation Cost (RP) | Book Value End of Period (Rp) | Discount factor (5%) | Present value |
|------|-----------|--------------------------------|------------------------|-------------------------------|----------------------|--------------|
| 0    | 12.5%     | 1,100,000,000                  | 137,500,000            | 962,500,000                   | 0.9524               | 130,952,381  |
| 1    | 12.5%     | 962,500,000                    | 137,500,000            | 825,000,000                   | 0.9070               | 124,716,553  |
| 2    | 12.5%     | 825,000,000                    | 137,500,000            | 687,500,000                   | 0.8638               | 118,777,670  |
| 3    | 12.5%     | 687,500,000                    | 137,500,000            | 550,000,000                   | 0.8227               | 113,121,590  |
| 4    | 12.5%     | 550,000,000                    | 137,500,000            | 412,500,000                   | 0.7835               | 107,734,848  |
| 5    | 12.5%     | 412,500,000                    | 137,500,000            | 275,000,000                   | 0.7462               | 102,604,617  |
| 6    | 12.5%     | 275,000,000                    | 137,500,000            | 137,500,000                   | 0.7107               | 97,718,683   |
| 7    | 12.5%     | 137,500,000                    | 137,500,000            | 0                              | 0.6768               | 93,065,412   |
| Total|           | 1,100,000,000                  |                        | 888,691,754                   |                      |              |

Source: Research Data (2016)
Analysis and Discussion of Bank Credit Alternatives for Chiller:
The calculation of the cost of credit interest on the purchase of a chiller is the same as the calculation on purchasing a car. The following is PVIFA loan interest on the chiller.
\[
PVIFA = \frac{1 - (1 + r)^{-n}}{r} = \frac{1 - (1 + 1.125\%)^{-48}}{1.125\%} = 36.93263674
\]
The calculation shows that the credit installment payments for each period are:
\[
a \text{Chiller} = \frac{PV \text{ loan}}{PVIFA} = \frac{1,100,000,000}{36,9326} = \text{Rp 29,783,955}
\]

Based on the results of these calculations, the amount of the chiller purchase credit installments to be paid each month is Rp. 29,783,955, so the total loan installments paid are Rp. 1,429,629,852. Total cost accrued interest in the amount of Rp 329 629 852. This value is obtained from the value of the remaining loan multiplied by the credit interest rate, which is 1.125% per period. From the two values, the value of the principal installment is obtained, namely the loan installment is reduced by the interest cost so that the principal installment is Rp 1,100,000,000. The calculation of the present value of the interest expense for the purchase of a chiller is Rp. 307,000,461, which indicates a value less than the interest cost without the present value. The calculation of costs other than interest costs that can be a deduction of PKP is the cost of depreciation, such as on a car purchase. Depreciation costs imposed on alternative purchases of bank loans are the same as cash alternatives, can be seen in table 5.

Chiller depreciation costs that occur annually are Rp. 137,500,000. This value is obtained from the acquisition price multiplied by the tariff in accordance with PP No. 36 of 2008, where the chiller is a fixed asset that is included in group two with a useful life of eight years. The total depreciation that occurred on the purchase of a chiller on bank credit was the same as in the cash alternative, which was Rp 1,100,000,000. This value is the same as the acquisition price because it has no residual value. The present value of the total depreciation expense incurred is Rp 888,691,754.

Analysis and Discussion of Alternative Leasing:
Analysis and Discussion of Alternative Leasing for Cars:
According to Poere and Rosita (2013), if a company purchases fixed assets through leasing, then all costs incurred to lease payments plus administrative costs of leasing, which include payment of costs insurance and other costs that can be financed in order to calculate taxable income. One of the costs that can be financed is the lease installments per period. The calculation of the lease installment is the same as the calculation of the loan installment by calculating the PVIFA first. PVIFA calculation is as follows.
Kijang Innova PVIFA = \[
\frac{1 - (1 + r)^{-n}}{r} = \frac{1 - (1 + 0.65\%)^{-48}}{0.65\%} = 41.11985693
\]

PVIFA Hi Ace Commuter = \[
\frac{1 - (1 + r)^{-n}}{r} = \frac{1 - (1 + 0.646\%)^{-48}}{0.646\%} = 41.15788999
\]
The calculation shows that the lease installment payments for each period are:
\[
a \text{Kijang Innova} = \frac{loan \times PV}{PVIFA} = \frac{264,786,880}{41.1199} = \text{Rp 6,439,392}
\]
\[
a \text{Hi Ace Commuter} = \frac{loan \times PV}{PVIFA} = \frac{277,804,000}{41,1579} = \text{Rp 6,749,734}
\]

In the alternative calculation of leasing, installment leasing show the same number of each period, which is due to the installment payment method is the method prescribed annuity. The total installment of Kijang Innova leasing is RP 309,090,819, while for Hi Ace Commuter is 323,987,221. The interest rate for leasing that is charged on purchasing the Kijang Innova is 7.79% per year or 0.65% per month. The total interest expense to be paid over 48 months is RP 44,303,939, so the total principal installment is RP 264,786,880 obtained from the lease installment deducted by the interest expense. In contrast to Kijang Innova, the interest rate of leasing that is charged on the purchase of Hi Ace Commuter is Rp. 7.75% per year or 0.646% per month. The total interest expense to be paid over 48 months is RP 46,182,421, so that the total principal installment is RP 277,804,800.

After calculating the installment of the lease and interest costs of leasing, the need for calculation of installments of leasing and interest cost of leasing is based on the present value. The present value of the total cost of Kijang
Innova leasing is Rp 41,311,428, and the Hi Ace Commuter is Rp 43,063,468. The present value of the principal installment of the Kijang Innova lease is Rp 238,284,010, and at Hi Ace Commuter Rp 250,006,865. Value present value indicates a smaller number, due to the discount factor of 5% per year, or 0.417% per month. After calculating the installment of the lease and interest costs of leasing, fee may be deducted from the PKP is the cost of depreciation. After taking option rights, the acquisition value of fixed assets (at the value of the option) can be depreciated by the company according to the age and assets concerned. Table 5 below is a calculation of the cost of depreciation on the purchase of fixed assets along with the present value.

Table 5:- Depreciation Costs for Leasing Alternative Purchases for Kijang Innova.

| Year | Rates | Initial Book Value Period | Cost of depreciation | Book Value End of Period | Discount factor (5%) | Present value |
|------|-------|---------------------------|----------------------|-------------------------|---------------------|--------------|
| 5    |       |                           |                      | 99,295,080              |                     | 99,295,080   |
| 6    | 12.5% | 99,295,080                | 12,411,885           | 86,883,195              | 0.7462              | 9,261,940    |
| 7    | 12.5% | 86,883,195                | 12,411,885           | 74,471,310              | 0.7107              | 8,820,895    |
| 8    | 12.5% | 74,471,310                | 12,411,885           | 62,059,425              | 0.6768              | 8,400,852    |
| 9    | 12.5% | 62,059,425                | 12,411,885           | 49,647,540              | 0.6446              | 8,000,812    |
| 10   | 12.5% | 49,647,540                | 12,411,885           | 37,235,655              | 0.6139              | 7,619,821    |
| 11   | 12.5% | 37,235,655                | 12,411,885           | 24,823,770              | 0.5847              | 7,256,972    |
| 12   | 12.5% | 24,823,770                | 12,411,885           | 12,411,885              | 0.5568              | 6,911,402    |
| 13   | 12.5% | 12,411,885                |                      |                        | 0.5303              | 6,582,288    |
|      |       | Total                     | 99,295,080           |                        |                     | 62,854,981   |

Hi Ace Commuter

| Year | Rates | Initial Book Value Period | Cost of depreciation | Book Value End of Period | Discount factor (5%) | Present value |
|------|-------|---------------------------|----------------------|-------------------------|---------------------|--------------|
| 5    |       |                           |                      | 128,217,600             |                     | 128,217,600  |
| 6    | 12.5% | 128,217,600               | 16,027,200           | 112,190,400             | 0.7462              | 11,959,743   |
| 7    | 12.5% | 112,190,400               | 16,027,200           | 96,163,200              | 0.7107              | 11,390,232   |
| 8    | 12.5% | 96,163,200                | 16,027,200           | 80,136,000              | 0.6768              | 10,847,840   |
| 9    | 12.5% | 80,136,000                | 16,027,200           | 64,108,800              | 0.6446              | 10,331,276   |
| 10   | 12.5% | 64,108,800                | 16,027,200           | 48,081,600              | 0.6139              | 9,839,310    |
| 11   | 12.5% | 48,081,600                | 16,027,200           | 32,054,400              | 0.5847              | 9,370,772    |
| 12   | 12.5% | 32,054,400                | 16,027,200           | 16,027,200              | 0.5568              | 8,924,545    |
| 13   | 12.5% | 16,027,200                |                      |                        | 0.5303              | 8,499,566    |
|      |       | Total                     | 128,217,600          |                        |                     | 81,163,284   |

Source: Research Data (2016)

In accordance with existing provisions, the first to fourth years are not depreciated. Depreciation of the car is carried out after the lease period is over, the fifth year to the 13th year. The depreciation cost of the Kijang Innova is Rp 12,411,885, which is obtained from the option value of Rp 99,295,080 multiplied by the depreciation rate in accordance with PP No. 36/2008, for cars, which is 12.5% per year. The present value of the total depreciation costs for the Kijang Innova is Rp 62,854,981. Depreciation costs incurred on Hi Ace Commuter is Rp 16,027,200 per year which is obtained from 12.5% depreciation rates multiplied by the option value of Rp 128,217,600. The total depreciation cost is Rp 128,217,600 with a present value of Rp 81,163,284. Value present value indicates a smaller number than the value without calculation of depreciation costs present value.

Other costs that can also be used as a deduction from PFM are the execution costs and the provision fees. The provision fee charged for purchasing Kijang Innova and Hi Ace Commuter is the same, amounting to Rp 1,950,000 which is paid once at the beginning of the transaction. The execution fee charged on the Kijang Innova is 7,722% of the price of the car divided by 48 months, so the Kijang Innova execution fee per month is Rp 532,470. The total execution cost for 48 months is Rp 25,558,554. The present value of the execution cost is Rp 23,119,596. The total execution cost for the Hi Ace Commuter for 48 months is 12,045% of the acquisition price of Rp 51,479,366 or Rp 1,072,487 per month. The present value of the e-association fee is Rp 46,566,883. Value present value indicates a smaller number for their discount factor of 5% per year, or 0.417% per month.
Analysis and Discussion of Alternative Leasing for Chillers:
Calculation of the cost of leasing on the purchase of a chiller is not much different from a car. The main cost that can be used as a reduction in PKP is the cost of leasing. The initial calculation is to calculate the amount of the lease installments per period. This value is obtained from the PVIFA calculation as follows:

\[ PVIFA = \frac{1}{r} \left( 1 - \frac{1}{(1 + r)^n} \right) = \frac{1}{0.802\%} \left( 1 - \frac{1}{(1 + 0.802\%)^{48}} \right) = 39.71028415 \]

\[ a \text{ Chiller} = \frac{PV \text{ loan}}{PVIFA} = \frac{1,100,000,000}{39.7103} = \text{Rp. 19,390,443} \]

The calculation of the total lease installments that must be paid is \text{Rp} 930,741,262. The interest rate charged for chiller purchases is 9.63\% per year or 0.802\% per month. The total interest cost for the purchase of a chiller for 48 months amounted to \text{Rp} 160,741,262, with a present value of \text{Rp} 149,826,319. In addition to leasing fees, depreciation costs can also be calculated as a PKP deduction. Table 6 below is the calculation of the cost of depreciation on the chiller along with the present value.

Table 6: Depreciation Costs for Leasing Alternative Purchases for Chiller.

| Year | Rates | Initial Book Value Period | Cost of depreciation | Book Value End of Period | Discount factor (5\%) | Present value |
|------|-------|---------------------------|----------------------|--------------------------|-----------------------|--------------|
| 5    | Option Value | 550,000,000 | 550,000,000 | 550,000,000 | 550,000,000 |
| 6    | 12.5\% | 550,000,000 | 68,750,000 | 481,250,000 | 0.7462 | 51,302,309 |
| 7    | 12.5\% | 481,250,000 | 68,750,000 | 412,500,000 | 0.7107 | 48,859,341 |
| 8    | 12.5\% | 412,500,000 | 68,750,000 | 343,750,000 | 0.6768 | 46,532,706 |
| 9    | 12.5\% | 343,750,000 | 68,750,000 | 275,000,000 | 0.6446 | 44,316,863 |
| 10   | 12.5\% | 275,000,000 | 68,750,000 | 206,250,000 | 0.6139 | 42,206,536 |
| 11   | 12.5\% | 206,250,000 | 68,750,000 | 137,500,000 | 0.5847 | 40,196,701 |
| 12   | 12.5\% | 137,500,000 | 68,750,000 | 68,750,000 | 0.5568 | 38,282,572 |
| 13   | 12.5\% | 68,750,000 | 68,750,000 | - | 0.5303 | 36,459,593 |
| Total | | 550,000,000 | | | | 348,156,622 |

Source: Research Data (2016)

Depreciation charge rates charged on chillers in accordance with PP No. 36 of 2008 are 12.5\%, where chillers are included in group two with an useful life of eight years. Depreciation expense every year is \text{Rp} 68,750,000 obtained from 12.5\% multiplied by the value of the option. The total depreciation expense is \text{Rp} 550,000,000 with a present value of \text{Rp} 348,156,622. In addition to calculating depreciation costs, it is also necessary to calculate the provision and execution costs. The provision fee charged for the purchase of a chiller is \text{Rp} 5,675,000 which is paid once at the beginning of the transaction. The execution fee charged is \text{Rp} 88,800 per month, so the total execution cost for 48 months is \text{Rp} 4,022,400 with a present value of \text{Rp} 3,638,557.

Comparison of Tax Savings:
The following is a comparative table of tax savings that will occur by calculating the deductible expense in selecting alternative fixed asset purchases. Tax Savings Comparison is also equipped with calculations based on present value (PV).

Table 7: Comparison of Kijang Innova Tax Savings.

| Deductible expense | Nominal | PV | Nominal | PV |
|-------------------|---------|----|---------|----|
| Principal         | 264,786,880 | 238,284,010 |
| Interest fees     | 99,183,525 | 92,374,485 | 44,303,939 | 41,311,428 |
| Cost of depreciation | 330,983,600 | 267,402,178 | 330,983,600 | 267,402,178 | 99,295,080 | 80,220,654 |
| Provision fee     | 1,950,000 | 1,950,000 |
| Execution costs   | 25,558,554 | 23,119,596 |
Based on the comparative calculation of the tax savings of the three purchase alternatives for the three fixed assets, it can be seen that two out of three purchases of fixed assets are more profitable in terms of taxes if purchased with alternative leasing with option rights. This is due to deductible expense on leasing alternatives that are higher than

Table 8: Comparison of Hi Ace Commuter Tax Savings.

|                     | Cash | Bank credit | Leasing with option rights |
|---------------------|------|-------------|----------------------------|
|                     | Nominal | PV | Nominal | PV | Nominal | PV |
| Deductible expense  |          |    |          |    |          |    |
| Principal           |          |    |          |    |          |    |
| Interest fees       |          |    |          |    |          |    |
| Cost of depreciation|          |    |          |    |          |    |
| Provision fee       |          |    |          |    |          |    |
| Execution costs     |          |    |          |    |          |    |
| Deductible expense  |          |    |          |    |          |    |
| Principal           |          |    |          |    |          |    |
| Interest fees       |          |    |          |    |          |    |
| Cost of depreciation|          |    |          |    |          |    |
| Provision fee       |          |    |          |    |          |    |
| Execution costs     |          |    |          |    |          |    |

Table 9: Comparison of Chiller Purchase Tax Savings.

|                     | Cash | Bank credit | Leasing with option rights |
|---------------------|------|-------------|----------------------------|
|                     | Nominal | PV | Nominal | PV | Nominal | PV |
| Deductible expense  |          |    |          |    |          |    |
| Principal           |          |    |          |    |          |    |
| Interest fees       |          |    |          |    |          |    |
| Cost of depreciation|          |    |          |    |          |    |
| Provision fee       |          |    |          |    |          |    |
| Execution costs     |          |    |          |    |          |    |
| Deductible expense  |          |    |          |    |          |    |
| Principal           |          |    |          |    |          |    |
| Interest fees       |          |    |          |    |          |    |
| Cost of depreciation|          |    |          |    |          |    |
| Provision fee       |          |    |          |    |          |    |
| Execution costs     |          |    |          |    |          |    |

Source: Data Research (2016)
cash and bank credit alternatives. The deductible expense on bank credit that is higher than leasing on the purchase of Hi Ace Commuter is caused by several things that cause the biggest tax savings to occur on bank credit, not on leasing. The existence of a credit interest rate of 13.5% which is higher than the leasing rate of 7.79% at Kijang Innova, 7.75% on Hi Ace Commuter and 9.63% on Chiller does not always lead to a greater total deductible expense. That is because there are other costs that can be recognized in the alternative leasing but not in the bank credit, namely principal installments, execution costs and provision costs that are quite large. In addition, leasing is not always the biggest alternative for tax savings on all purchases of fixed assets because it is also influenced by other factors, namely the value of the lease and the agreed option value.

The tax planning carried out by the CoRporate Taxpayer is expected to be useful for saving cash out. This is due to the tax which is an element of cost can be reduced, so that the CoRporate Taxpayer can draw up a cash budget more accurately and systematically (Andreas, 2005). For this reason, the calculation of savings comparison alone is not enough if it is not accompanied by the calculation of the ratio of cash outflows in the three alternatives. Table 10 below is a comparison of the three purchase alternatives based on cash outflows on the purchase of the three fixed assets, namely Kijang Innova, Hi Ace Commuter and chiller.

| Table 10:- Cash Outflows Comparison of All Alternative in Three Fixed Assets. |
|---------------------------------------------------------------|
| **Comparison of Kijang Innova Cash Outflows**                |
| **Object comparison** | **Nominal** | **PV** | **Nominal** | **PV** | **Nominal** | **PV** |
| Payment Amount  | 330,983,600 | 267,402,178 | 430,166,953 | 389,117,730 | 402,795,768 | 370,861,462 |
| Tax Savings     | 82,745,900  | 66,850,545  | 107,541,747 | 89,944,136  | 108,973,532 | 96,221,349  |
| Net Cash Outflow| 248,237,700 | 200,551,634 | 322,625,205 | 299,173,593 | 293,822,236 | 274,640,113 |
| Comparison of Cash Outflows By Leasing                      | 45,584,536 | 74,088,479  |
| Comparison of Cash Outflows By Bank Loans                   | 74,387,505 | 98,621,960  |
| Comparison of Leasing Cash Outflows By Bank Credit          | 28,802,969 | 24,533,480  |

| **Comparison of Hi Ace Commuter Cash Outflows**             |
| **Object comparison** | **Nominal** | **PV** | **Nominal** | **PV** | **Nominal** | **PV** |
| Payment Amount  | 427,392,000 | 345,290,678 | 555,466,336 | 502,460,262 | 527,003,709 | 491,174,344 |
| Tax Savings     | 106,848,000 | 86,322,670  | 138,866,402 | 116,142,982 | 126,408,527 | 111,293,587 |
| Net Cash Outflow| 320,544,000 | 258,968,009 | 416,599,934 | 386,317,280 | 400,595,181 | 379,880,757 |
| Comparison of Cash Outflows By Leasing                      | 80,051,181 | 120,912,749 |
| Comparison of Cash Outflows By Bank Loans                   | 96,055,934 | 127,349,271 |
| Comparison of Leasing Cash Outflows By Bank Credit          | 16,004,752 | 6,436,522   |

| **Comparison of Chiller Cash Outflows**                    |
| **Object comparison** | **Nominal** | **PV** | **Nominal** | **PV** | **Nominal** | **PV** |
| Payment Amount  | 1,100,000,000 | 888,691,754 | 1,429,631,274 | 1,293,206,910 | 1,270,438,291 | 1,181,237,327 |
| Tax Savings     | 275,000,000  | 222,172,939 | 357,407,350  | 298,922,956  | 372,609,573  | 323,895,801  |
| Net Cash Outflow| 825,000,000  | 666,518,816 | 1,072,223,924 | 994,283,954  | 897,828,718  | 857,341,526  |
| Comparison of Cash Outflows By Leasing                      | 72,828,718  | 190,822,710 |
| Comparison of Cash Outflows By Bank Loans                   | 247,223,924 | 327,765,139 |
| Comparison of Leasing Cash Outflows By Bank Credit          | 174,395,206 | 136,942,428 |

**Source:** Research data (2016).
The payment amount is the amount of cash spent in buying fixed assets. In the cash alternative, the payment amount is the acquisition cost of the fixed assets because it is assumed not through an intermediary. In alternative bank loans, the total payment is the principal installment with credit interest costs. In the alternative leasing, the payment amount represents the down payment for the lease, principal installments, interest costs, execution costs and provision fees. Cash outflow is a reduction in the number of payments with tax savings. In the table it can be seen that the alternative that has the lowest cash outflow is the cash alternative. That is because the cash spent to obtain only the value of fixed assets, without added to the cost of interest and other costs. The alternative that has the highest cash flow is bank credit. That is because there is a fairly high interest rate but the tax savings that occur are not large enough.

The results of the analysis and discussion in this study indicate that tax savings are influenced by several factors that cause the biggest tax savings not always be caused by alternative leasing. These factors are the amount of the lease interest rate used, the lease advance, the value of the lease and the value of the agreed option, as well as the execution costs and the provision fees. However, the existence of a leasing interest rate that is lower than the loan interest rate does not cause savings that occur in bank credit alternatives to be higher than leasing. On the other hand, the highest saving cash outflow lies in the cash alternative caused by the absence of interest costs and other costs that must be paid on this alternative.

**Conclusion:**

The analysis and discussion that has been described shows that the most profitable alternative in purchasing two of the three fixed assets is alternative leasing with option rights. The difference in the biggest tax savings is influenced by several factors that cause the biggest tax savings not always be caused by alternative leasing. These factors are the amount of the lease interest rate used, the lease advance, the value of the lease and the value of the agreed option, as well as the execution costs and the provision fees. However, the existence of a leasing interest rate that is lower than the loan interest rate does not cause savings that occur in bank credit alternatives to be higher than leasing. It is necessary to calculate the ratio of cash outflows from the three alternatives, apart from the aspect of income tax savings. The comparison result of the lowest cash outflow is a cash alternative. That is because the cash spent to obtain only the value of fixed assets, without added to the cost of interest and other costs. The alternative that has the highest cash flow is bank credit. That is because there is a fairly high interest rate but the tax savings that occur are not large enough.

The calculation of the ratio of tax and cash outflows, HMS is expected to be able to choose an alternative purchase according to their needs. This research suggests that HMS uses leasing because in addition to saving tax, cash outflows are not as big as alternative credit, besides the funds owned by HMS can be used for other purposes, so that cash can be used effectively and efficiently.

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