Conference Paper

Analysis of Tax Amnesty Implementation in the Financial Statements of Publicly Listed Companies in Indonesia

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Abstract
This study aims to analyze Indonesian companies that present and disclose tax amnesty in their financial statements according to PSAK 70. The analysis is conducted on the characteristics of the companies, the choice of accounting policies for tax amnesty, the presentation of tax amnesty assets and liabilities, the effects of equity from tax amnesty, and the disclosure of the redemption money. This research employs a descriptive qualitative method by analyzing financial reports for the year 2016, which are downloaded from the website of the Indonesia Stock Exchange. In 2016, 194 publicly listed companies participated in tax amnesty. The result shows that the highest participation comes from the property, real estate and building construction industry. The result also shows that 23 companies explicitly state their choice of accounting policies. In addition, 26 companies present tax amnesty assets and liabilities separately from other assets and liabilities, and 83 companies disclose the amount of redemption money.

Keywords: tax amnesty, financial statements, PSAK 70, accounting policy, presentation and disclosure

1. Introduction

In 2016, the Indonesian government resumed tax amnesty after it was implemented in 1984. The government issued Law No. 11 of 2016 on Tax Amnesty to regulate this policy. In addition to this law, the government also issued Minister of Finance Regulation No. 118/PMK.03/2106 to assist the implementation of Law No. 11 of 2016 (the tax amnesty law).

According to the tax amnesty law, tax amnesty is a waiver of taxes due, tax administration sanctions and tax crime sanctions, which can be granted by paying redemption money (uang tebusan) as stipulated in this law. The amount of redemption money is calculated by multiplying the redemption money rates with the imposition base. Meanwhile, the imposition base is calculated based on the Net Asset Value (assets minus liabilities) that are declared in the Asset Declaration Letter for Tax Amnesty (Surat Pernyataan Harta untuk Pengampunan Pajak/SPHPP).

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In response to the implementation of tax amnesty, the Indonesian Financial Accounting Standards Board (DSAK-IAI) issued PSAK 70 on Accounting for Tax Amnesty Assets and Liabilities as the relevant accounting standard, which provides requirements regarding presentation and disclosure of tax amnesty assets and liabilities. PSAK 70 is intended for an entity which recognizes assets and liabilities in its financial statements, in accordance with the provisions of the tax amnesty law. PSAK 70 provides two accounting policy choices to present and disclose tax amnesty assets and liabilities. The options are: (1) to follow the general provisions under PSAK 25 on Accounting Policies, Changes in Accounting Estimates, and Errors; or (2) to follow the specific provisions in PSAK 70.

An entity can choose to apply the provisions in PSAK 25 if the entity presents and discloses tax amnesty assets and liabilities in its financial statements under the relevant Financial Accounting Standards (SAK). If an entity applies the provisions in PSAK 70, tax amnesty assets are measured at cost in accordance with the Tax Amnesty Approval (Surat Keterangan Pengampunan Pajak/SKPP). Meanwhile, tax amnesty liabilities are measured at the amount of cash or cash equivalents that will settle the contractual obligation related to the acquisition of tax amnesty assets. The difference between amounts initially recognized for tax amnesty assets and tax amnesty liabilities must be presented as an additional retained earnings in the statement of financial position, for entities with bookkeeping requirements. The amount of redemption money is charged to profit or loss in the period when the SKPP was received. PSAK 70 also provides a provision that tax amnesty assets and liabilities are presented separately from other assets and liabilities in the statement of financial position.

Tax amnesty provides some advantages for taxpayers by reducing or removing taxes due, interest sanctions, administration sanctions, tax crime sanctions, and tax audit. On the other hand, if an entity applies for tax amnesty, it indicates that the entity admits to have committed intentional tax non-compliance by not recognizing some assets and liabilities in the past financial statements. Thus, there may be a risk of material misstatement for the addition of tax amnesty assets and liabilities, which have not been reported previously and shall be corrected retrospectively, moderately, or prospectively. This can affect the reliability of the information presented in previous years’ audited financial statements that have been published. Hence, entities will consider these potential advantages and disadvantages before deciding to apply for tax amnesty.

Due to the potential disadvantages, there is a possibility that publicly listed companies may not apply for tax amnesty because they do not want to sacrifice the credibility of their financial statements which have been reported and audited. However, some of Indonesian publicly listed companies applied for tax amnesty, although they may tend to
present and disclose tax amnesty inexplicitly in their financial statements. The possible reason for this inexplicit presentation and disclosure is that these companies may see the impacts of tax amnesty as immaterial, which PSAK 70 allows them to not present and disclosure these immaterial impacts.

Based on this background, this study analyzes the characteristics of Indonesian publicly listed companies which applied for tax amnesty, based on industry classification, auditor, and company size. This study also examines the implementation of accounting policy options on tax amnesty assets and liabilities under PSAK 70, as well as analyzes the presentation of tax amnesty assets and liabilities and its impacts on equity. Furthermore, this research examines the disclosure of redemption money in the companies’ financial statements.

This study is expected to contribute to the literature on tax amnesty. In addition, this study can provide understanding about the practical implication of PSAK 70 as the relevant standard for entities which apply for tax amnesty in Indonesia. This research also provides a recommendation to relevant authorities regarding the accounting impacts of tax amnesty.

2. Literature Review

2.1. Tax amnesty

According to Law No. 11 of 2016, tax amnesty is a ‘forgiveness’ program given by the Indonesian government to taxpayers within a specified period. All taxpayers are eligible for tax amnesty. The program waives taxes due, tax administration sanctions, and tax crime sanctions, which can be granted by paying redemption money as stipulated in the tax amnesty law. In addition, taxpayers can expect some other tax incentives if they apply for tax amnesty, such as exemption from tax audit, preliminary investigation, and tax crime investigation. Tax amnesty is granted on tax obligations that have not been paid up to the latest fiscal year. In order to obtain tax amnesty, taxpayers need to declare their assets using the Asset Declaration Letter for Tax Amnesty (Surat Pernyataan Harta untutk Pengampunan Pajak/SPHPP).

In Indonesia, the tax amnesty program has been implemented several times, starting in 1964, in 1984, in 2008, and the most recent program was implemented in 2016. The recent tax amnesty began in July 2016 and ended in March 2017, which was divided into three periods: Quarter I 2016 (July-September), Quarter II 2016 (October-December), and Quarter III 2017 (January-March). According to the tax amnesty law, the
rates of redemption money that are charged to taxpayers is progressive, which the rate increases in each period, as described in Table 1.

| No. | SPHPP submission period | Redemption Money rates | Taxpayers with turnover up to Rp 4.8 billion as of 31 December 2015 |
|-----|-------------------------|------------------------|---------------------------------------------------------------|
|     |                         | Onshore assets declaration -- retained in Indonesia for minimum of three years / Offshore assets declaration -- repatriated to and invested in Indonesia for minimum of three years | Offshore assets declaration -- not repatriated to Indonesia | Assets declaration up to Rp 10 billion | Assets declaration above Rp 10 billion |
| 1   | July – September 2016   | 2%                     | 4%                | 0.5% | 2% |
| 2   | October – December 2016 | 3%                     | 6%                |       |     |
| 3   | January – March 2017    | 5%                     | 10%               |       |     |

Source: Adapted from PwC Indonesia (2016)

2.2. Accounting policy for tax amnesty assets and liabilities

In 2016, DSAK-IAI issued PSAK 70 on Accounting for Tax Amnesty Assets and Liabilities to provide specific accounting treatments related to the application of the tax amnesty law. PSAK 70 provides accounting policy options for entities which recognize assets and liabilities in accordance with the provisions of the tax amnesty law. An entity can use one of these accounting policy options to present and disclose tax amnesty assets and liabilities in its financial statements.

2.2.1. PSAK 70: 'Accounting for Tax Amnesty Assets and Liabilities'

PSAK 70 provides specific provisions regarding presentation and disclosure of tax amnesty assets and liabilities. Tax amnesty assets shall be measured at the amount reported in the SKPP, and tax amnesty liabilities shall be measured at the contractual obligation to deliver cash or cash equivalents directly related to the acquisition of tax amnesty assets. The difference between tax amnesty assets and tax amnesty liabilities shall be recorded in equity as Additional Paid-In Capital (APIC). The redemption money,
which is paid by the taxpayer, shall be charged to profit or loss in the period when the SKPP was received.

Furthermore, there are optional and mandatory re-measurements of the tax amnesty assets and liabilities. Under the optional approach, the entity is allowed to re-measure tax amnesty assets and liabilities to their fair value as of the SKPP date, in accordance with the relevant SAK. Any differences arising from the re-measured amount and the initially recognized amount shall be adjusted to APIC. Meanwhile, mandatory re-measurement of tax amnesty assets and liabilities as of the SKPP date shall be performed whether the recognition of tax amnesty assets and liabilities results in control over an investee in accordance with PSAK 65.

Tax amnesty assets and liabilities shall be presented separately from other assets and liabilities. If an optional or mandatory re-measurement is carried out, tax amnesty assets and liabilities may be reclassified out from the separate line items and be presented together with similar line items of assets/liabilities. However, it shall not be offset to each other. For the entities that apply the specific provisions in PSAK 70, the application of the provisions is prospective, and a restatement of financial statements for the prior period is not required.

2.2.2. PSAK 25: 'Accounting Policies, Change in Accounting Estimates, and Errors'

The entities may use the existing applicable standards to present and disclose tax amnesty assets and liabilities by applying the provisions under paragraphs 41-53 of PSAK 25. In these provisions, if it is assumed to be a material error, a retrospective presentation is carried out and restatement of the prior period financial statements is required. Material errors in the past period are corrected retrospectively by restating the comparative amount for the prior period in which the errors occurred, or by restating the initial balance of assets, liabilities and equity for the earliest period if the errors occurred before the prior period.

The limitations on retrospective application contained in paragraph 43 of PSAK 25 states that prior period errors are corrected by retrospective re-presentation unless the period effects or the cumulative effects of the errors are impractical to determine. Paragraph 44 states that “if it is impractical to determine the period-specific effects of errors in the comparative information for one or more periods of presentation, the entity restates the opening balance of assets, liabilities and equity for the earliest period in which the retrospective restatement is practical (may be the current period)".
Paragraph 45 states that the entity presents the comparative information to correct errors prospectively from the earliest practical date if it is not practical to determine the cumulative effects, at the beginning of the current period, of errors throughout the past period.

If the entity carries out a retrospective re-presentation, then a restatement is applied to the comparative information for the past period as far back as possible as long as it is practical. The amount resulting from the adjustment related to the period before the presentation of the financial statements shall adjust to the initial balance of each component of equity, which is affected from the earliest presentation period and usually, and the adjustment is typically made on retained earnings.

3. Research Methodology

This research uses a descriptive qualitative method by analyzing secondary data from financial reports of Indonesian publicly listed companies. Financial reports were downloaded directly from the web page of the Indonesia Stock Exchange.

In order to obtain the sample, this study firstly considered the entire population of publicly listed companies in the Indonesia Stock Exchange. These companies must have published their audited financial statements for the year 2016, in which there are 565 companies which have published their financial reports. After conducting a content analysis, there are 194 companies (out of 565 companies) which applied for tax amnesty in 2016. The content analysis was conducted with the keyword 'tax amnesty’ based on the presentation and disclosure of tax amnesty in the notes to financial statements.

The collected secondary data from the financial reports were then grouped according to the scope of the analysis: (1) the characteristics of the company (based on industry classification, public accounting firm, and company size), (2) accounting policy options for tax amnesty, and (3) disclosure of the redemption money. The results of the analysis were summarized for each scope related to the presentation and disclosure of tax amnesty in the company’s financial statements for the year 2016. In the end, a conclusion from the analysis was then presented.
4. Results and Analysis

4.1. Analysis of characteristics of companies which applied for tax amnesty

From the total of 565 public companies listed on the Indonesia Stock Exchange, 194 companies (or 34% of listed companies) applied for tax amnesty in 2016. This result is obtained from a content analysis of companies’ financial statements reported as of 31 December 2016, specifically on the presentation and disclosure of tax amnesty in the notes to financial statements. The remaining 371 companies did not present and disclose their tax amnesty application in the notes to financial statements. However, there is a possibility that these companies applied for tax amnesty, but they did not present and disclose it in their financial statements due to its immaterial impacts.

4.1.1. Analysis based on industrial classification

Table 2 provides the total number of companies in each industrial classification, as well as the number of companies applying for tax amnesty in each sector. According to Table 2, there are 131 companies (out of 565 listed companies) in the trade, services and investment industry, making this industry the largest one in the industrial classification. The financial industry is the second largest industry (90 companies), which is followed by the basic industry and chemicals (68 companies). It is followed by the property, real estate and building construction industry; infrastructure, utilities and transportation; mining; miscellaneous industry; consumer goods industry; and agriculture.

The percentage of tax amnesty participation in each industry is calculated by comparing the number of companies which applied for tax amnesty with the total number of companies in a particular industry. The highest percentage of the tax amnesty participation comes from the property, real estate and building construction industry (54%). It is followed by trade, services and investment industry (44%), infrastructure, utilities and transportation (38%), agriculture, miscellaneous industry, mining, consumer goods industry, finance, and basic industry and chemicals. It is found that companies in the property, real estate and building construction industry presented and disclosed various tax amnesty assets in their financial statements. These assets include other assets, fixed assets, buildings, cash and banks, venture capital investments, inventories, other receivables, investment property, land, advances, and related-party debt. The presentation and disclosure of these various assets could be one of the factors that make this industry has the highest percentage of tax amnesty participation.
### TABLE 2: Participation of tax amnesty based on industrial classification.

| Sector                                      | Total Number of Companies | Number of Companies which Applied for Tax Amnesty | Percentage |
|---------------------------------------------|----------------------------|-------------------------------------------------|-------------|
| Agriculture                                 | 18                        | 6                                               | 33%         |
| Mining                                     | 45                        | 12                                              | 27%         |
| Basic Industry and Chemicals               | 68                        | 14                                              | 21%         |
| Miscellaneous Industry                     | 43                        | 13                                              | 30%         |
| Consumer Goods Industry                    | 45                        | 12                                              | 27%         |
| Property, Real Estate and Building Construction | 65                        | 35                                              | 54%         |
| Infrastructure, Utilities and Transportation | 60                        | 23                                              | 38%         |
| Finance                                    | 90                        | 21                                              | 23%         |
| Trade, Services and Investment             | 131                       | 58                                              | 44%         |
| **Total**                                  | **565**                   | **194**                                         | **34%**     |

4.1.2. Analysis based on public accounting firm

It can be seen in Table 3 that the Big 4 public accounting firms audited 35 companies which applied for tax amnesty, in which Ernst & Young audited more companies (26 companies) than other Big 4 public accounting firms. Meanwhile, the non-Big 4 public accounting firms audited 159 companies, in which RSM audited more companies (27 companies) than other non-Big 4 public accounting firms. In the ‘Others’ category, there are 35 public accounting firms which audited a total of 80 companies.

This result shows that most companies which applied for tax amnesty were audited by non-Big 4 public accounting firms. It indicates that companies which are audited by non-Big 4 firms may arise a risk of material misstatement for the addition of tax amnesty assets and liabilities, which have not previously been reported and shall be corrected retrospectively, moderately, or prospectively. This material misstatement could affect the reliability of the information in audited financial statements that have been published in the prior years. This could also affect public accounting firms which provide an audit opinion on the fairness of financial statements for all material matters in the prior years’ financial statement.

4.1.3. Analysis based on company size

The company size is measured by the market capitalization, which can represent the value of a company, not the company’s assets. The market capitalization can be
Table 3: Participation of tax amnesty based on public accounting firms.

| Public Accounting Firm Category       | Total Number of Companies | Percentage |
|---------------------------------------|---------------------------|------------|
| **Category of Big 4**                 |                           |            |
| Deloitte                              | 6                         | 3%         |
| PricewaterhouseCoopers                | 1                         | 1%         |
| Ernst & Young                         | 26                        | 13%        |
| KPMG International                    | 2                         | 1%         |
| **Subtotal**                          | 35                        | 18%        |
| **Category of Non-Big 4**             |                           |            |
| BDO International Limited             | 10                        | 5%         |
| Crowe Horwarth International          | 19                        | 10%        |
| RSM                                   | 27                        | 14%        |
| Kreston International                 | 5                         | 3%         |
| PKF                                   | 5                         | 3%         |
| Moore Stephens                        | 13                        | 7%         |
| Others                                | 80                        | 41%        |
| **Subtotal**                          | 159                       | 82%        |
| **Total**                             | 194                       | 100%       |

Table 4 shows that tax amnesty is more likely to be carried out by companies with small market capitalization. However, the difference in the number of companies participating in tax amnesty between small and large companies is not too large. This indicates that companies with large market capitalization also apply for tax amnesty.

Table 4: Participation of tax amnesty based on the market capitalization of companies.

| Criteria                          | Total Number of Companies | Percentage |
|-----------------------------------|---------------------------|------------|
| Market Capitalization > Median    | 92                        | 47%        |
| Market Capitalization < Median    | 102                       | 53%        |
| **Total**                         | **194**                   | **100%**   |
4.2. Analysis of accounting policy for tax amnesty

PSAK 70 provides accounting policy options for an entity which recognizes assets and liabilities in accordance with provisions of the tax amnesty law. These options can be selected by an entity to present and disclose tax amnesty assets and liabilities in the financial statements. If the entity uses the existing applicable standards to present and disclose tax amnesty assets and liabilities, the provisions under paragraphs 41-53 of PSAK 25 shall be applied. Meanwhile, for the entities applying the specific provisions in PSAK 70, the application of the provisions is prospective and a restatement of financial statements for the prior period is not required. Decisions made by the entity must be consistent for all recognized tax amnesty assets and liabilities.

The analysis of accounting policy for tax amnesty in 194 participating companies is summarized by categorizing whether companies explicitly, implicitly, or do not explicitly state their selection on the two accounting policy choices. Table 5 presents the criteria for this classification. These categories are necessary because there are various presentation and disclosures of the tax amnesty in the notes to financial statements. In addition, there is a statement in the initial introduction of PSAK 70, which states that “a statement in this accounting policy is not required to be applied to elements that are not material”. Therefore, some companies prefer not to explicitly present and disclose their selection on the accounting policy options.

Table 6 shows that there are 150 companies which applied the specific provisions in PSAK 70 to recognize their tax amnesty assets and liabilities, while 15 companies used the provisions in PSAK 25. However, there are 29 companies which the researchers cannot determine their selection to the accounting policy options. This may happen because there are no material impacts on the financial statements, which is in accordance with the initial introduction in the provisions of PSAK 70.

4.2.1. Accounting policy of PSAK 70

According to Table 6, 20 companies explicitly stated that they use the specific provisions in PSAK 70 to recognize tax amnesty assets and liabilities in their financial statements. There are 57 companies that implicitly stated that they use the specific provisions in PSAK 70, while 73 companies inexplicitly stated using these specific provisions. The companies that implicitly stated using special provisions in PSAK 70 recognize the difference between tax amnesty assets and tax amnesty liabilities in equity as additional paid-in capital. Meanwhile, for companies that inexplicitly stated using special provisions
TABLE 5: The criteria of classification in the selection of accounting policy for tax amnesty.

| Criteria            | PSAK 70                                                                 | PSAK 25                                                                 | Cannot be Determined |
|---------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------|
| Explicitly stated   | The company clearly states in the notes to financial statements that it uses the accounting policy options in PSAK 70 prospectively (optional approach) in recognizing or recording the results of tax amnesty. | The company clearly states in the notes to financial statements that it uses PSAK 25 to recognize or record the results of tax amnesty. | Cannot be determined  |
| Implicitly stated   | The company states in the notes to financial statements that it recognizes the difference between tax amnesty assets and tax amnesty liabilities in equity, as the additional paid-in capital or other equity components. | The company states in the notes to financial statements that it recognizes or records the impacts of applying for tax amnesty in accordance with the relevant SAK, or applies PSAK 70 retrospectively, or credits it into profit or loss. | Cannot be determined  |
| Not explicitly stated | The company does not explain the tax amnesty in the notes to financial statements, but there is a presentation of additional paid-in capital for tax amnesty in the statement of changes in equity. | Cannot be determined | There is information about the participation in tax amnesty and its tax impact. However, the company does not recognize, present and disclose clearly in the notes to financial statements. |

TABLE 6: Comparison of the application of accounting policies for tax amnesty.

| Accounting Policy | Explicitly Stated | Implicitly Stated | Not Explicitly Stated | Total Number of Companies |
|-------------------|-------------------|-------------------|-----------------------|--------------------------|
| PSAK 70           | 20                | 57                | 73                    | 150                      |
| PSAK 25           | 3                 | 12                | -                     | 15                       |
| Cannot be determined | -                | -                 | 29                    | 29                       |
| Total             | 23                | 69                | 102                   | 194                      |

in PSAK 70, they can be determined by the presentation of additional paid-in capital in the statement of changes in equity. This shows that some companies still did not disclose their selection of the accounting policy options for tax amnesty. This might be due to immaterial reasons, as stated in the initial introduction of PSAK 70.
4.2.2. Accounting policy of PSAK 25

Table 6 shows that there are 15 companies that applied PSAK 25 for their application of tax amnesty, which three companies explicitly stated their selection of accounting policy accounting options, while twelve companies stated implicitly. The three companies clearly stated in their notes to financial statements that they recognize tax amnesty assets and liabilities based on PSAK 25. They are Tri Banyan Tirta Tbk, PT Chitose International Tbk, and Trisula International Tbk.

If the company applies PSAK 25 for the application of tax amnesty, there is the possibility of containing material or immaterial errors that make the company’s financial statements not in accordance with SAK. The potential material errors should be restated in the financial statements retrospectively. Meanwhile, for potential immaterial errors, the company does not need to restate it, but it should be recorded in the current year’s income statement.

| Impact of Tax Amnesty on Financial Statement | Number of Companies |
|---------------------------------------------|---------------------|
| Companies which restated their financial statements | 2                   |
| Companies which did not restate their financial statements | 13                  |
| Total                                        | 15                  |

Table 7 shows that two companies (i.e. Exploitasi Energi Indonesia Tbk, Island Concepts Indonesia Tbk) restated their financial statements due to the application of accounting policies under PSAK 25. They disclosed it in the independent auditor’s report in the emphasis section. In the statement of changes in equity related to the restatement, each of these companies recognized the impacts of the application of PSAK 70 in the retained earnings by Rp 30,878,685,000 and Rp 2,295,408,298, respectively. Both companies are listed in the trade, services and investment industry, which is also the industry with the second-highest participation in tax amnesty. In addition, they are audited by public accountant firms which are included in the non-Big 4 category. These two companies also have a small market capitalization.

According to Table 6, 102 companies did not explicitly state their selection of accounting policy. This shows that there is a possibility that companies would not state their accounting policy because of immaterial reasons, as stated in the introduction of PSAK 70. If the company applies tax amnesty and its impact is material to the financial statement, the company implies that it has made a misstatement on assets that have
not been reported in the past. This can affect the quality of financial statements and reduce the level of confidence of users of financial statements.

4.3. Analysis of tax amnesty presentation and disclosure in the financial statements

This analysis aims to understand how companies present and disclose their tax amnesty assets and liabilities in the statement of financial position and the statement of changes in equity, based on applicable accounting policy options in PSAK 70.

4.3.1. Presentation of tax amnesty assets and liabilities

According to PSAK 70, tax amnesty assets and liabilities shall be presented separately from other assets and liabilities in the statement of financial position. However, if the entity performed re-measurement of tax amnesty assets and liabilities, the entity could present them into similar assets and liabilities, which is in accordance with the statement in paragraphs 19-20 of PSAK 70.

Meanwhile, for entities that choose the general accounting policies in PSAK 70, they apply the provisions in paragraphs 41-53 of PSAK 25. This is in accordance with the statements in paragraph 24 of PSAK 70, which recognize tax amnesty assets and liabilities in accordance with the relevant SAK and present them with other similar assets and liabilities.

Table 8 shows that 26 companies presented tax amnesty assets and liabilities separately in their statement of financial position. There are 139 companies that presented their tax amnesty assets and liabilities with other similar assets and liabilities, while 29 companies cannot be determined.

| Accounting Policy   | Separately from Other Assets and Liabilities | Similar Line Items of Assets/Liabilities | Cannot be Determined | Total Companies |
|---------------------|---------------------------------------------|----------------------------------------|---------------------|-----------------|
| PSAK 70             | 26                                          | 124                                    | -                   | 150             |
| PSAK 25             | -                                           | 15                                     | -                   | 15              |
| Cannot be determined| -                                           | -                                      | 29                  | 29              |
| Total               | 26                                          | 139                                    | 29                  | 194             |

According to Table 9, most companies presented tax amnesty assets as non-current assets, while only three companies presented tax amnesty assets as current assets.
Three companies presented tax amnesty assets as assets in their financial statements, namely Minna Padi Investama Sekuritas Tbk, Panin Sekuritas Tbk, and Tifa Finance Tbk, with a total of Rp 1,418,275,000. These three companies come from the financial industry, which presents assets based on liquidity so that there is no classification of current or non-current assets in the statement of financial position. This is in accordance with the Accounting Guidelines for Securities Company in Chapter 6 (Section 6.42).

| Presentation in the Financial Statements | Total Number of Companies | Amount of Tax Amnesty (in Rp) |
|------------------------------------------|----------------------------|-------------------------------|
| Assets                                   | 3                         | 1,418,275,000                 |
| Current Assets                           | 3                         | 182,927,460                   |
| Non-current Assets                       | 17                        | 97,536,520,439                |
| Current Assets and Non-current Assets    | 1                         | 2,515,866,000                 |
| Non-current Assets and Liabilities       | 1                         | 140,038,000,000               |
| Non-current Liabilities                  | 1                         | (3,248,553,470)               |
| **Total**                                | **26**                    | **238,443,035,429**           |

The remaining 139 companies presented tax amnesty assets and liabilities in similar assets/liabilities, which 124 companies applied PSAK 70 that has re-measurement option on tax amnesty assets and liabilities. There are 15 companies that applied PSAK 25 because tax amnesty assets and liabilities were measured according to SAK at the time of initial recognition, where the assets have been measured on the same basis as similar assets and liabilities. The presentation of tax amnesty assets and liabilities of the remaining 29 companies cannot be determined because they did not disclose it, which may be due to immaterial reasons.

### 4.3.2. Presentation of the impacts of tax amnesty

Based on PSAK 70 paragraph 12, the difference between amounts initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as the additional paid-in capital. Meanwhile, according to Law No. 11 of 2016, the difference between tax amnesty assets and liabilities must be recognized in addition to retained earnings.

Table 10 shows that most companies present the impacts of the tax amnesty in equity as the additional paid-in capital. Meanwhile, two companies recorded it as retained
earnings, 13 companies recorded it directly as expense in profit/loss, and 29 companies cannot be determined.

### TABLE 10: Presentation of the impacts of tax amnesty.

| Presentation                  | PSAK 70 | PSAK 25 | Cannot be Determined | Total Companies |
|------------------------------|---------|---------|----------------------|-----------------|
| Equity                       |         |         |                      |                 |
| Additional paid-in capital   | 139     | -       | -                    | 139             |
| Other components of equity   | 6       | -       | -                    | 6               |
| Others                       | 5       | -       | -                    | 5               |
| Retained earnings            | -       | 2       | -                    | 2               |
| Profit or loss               | -       | 13      | -                    | 13              |
| Cannot be determined         | -       | -       | 29                   | 29              |
| Total                        | 150     | 15      | 29                   | 194             |

4.4. Analysis of tax amnesty redemption money disclosure in financial statements

In order to obtain tax amnesty, the entity is required to pay the redemption money in accordance with the tax amnesty law. According to Table 11, there are only 83 companies which disclosed the redemption money, with a total of Rp 82,288,378,965 (some companies presented it in US Dollars, but it has been equalized the amount into Rupiah by using the Bank Indonesia middle exchange rate of Rp 13,436).

### TABLE 11: Disclosure of tax amnesty redemption money.

|                           | Total Number of Companies | Amount of Redemption Money (in Rp) |
|---------------------------|----------------------------|-----------------------------------|
| Companies which disclosed the redemption money | 83                         | 82,288,378,965                    |
| Companies which did not disclose the redemption money | 111                        | -                                 |
| Total                     | 194                        | 82,288,378,965                    |

According to PSAK 70 paragraph 13, the entity shall charge the redemption money directly to profit or loss in the period when the SKPP was received, and could not present it as tax expense in the profit or loss and other comprehensive income in accordance with PSAK 1 paragraph 82 (d). Table 12 shows that from the 83 companies which disclosed redemption money in profit or loss (see Table 10), 50 companies presented in details the companies’ expenses separately. They presented it as general
and administrative expenses, other income (expenses), operating expenses, and others, with a total of Rp 79,042,601,006.

**Table 12: Presentation of redemption money in details of profit or loss.**

| Presentation of Redemption Money                  | Total Number of Companies | Amount of Redemption Money (in Rp) |
|--------------------------------------------------|---------------------------|-----------------------------------|
| General and administrative expenses              | 14                        | 55,364,844,602                    |
| Other income (expenses)                          | 10                        | 614,307,864                       |
| Operating expenses                               | 5                         | 22,072,025,150                    |
| Current year profit or loss                      | 21                        | 991,423,390                      |
| **Total**                                        | **50**                    | **79,042,601,006**                |

The analysis of the redemption money disclosure shows that most participating companies did not disclose the redemption money that they have paid for tax amnesty. Only 50 companies presented the redemption money in their statement of profit or loss clearly. This may be due to the immaterial impact on the company’s financial statements so that the company did not present and disclose the redemption money.

5. Conclusion

5.1. Conclusion

In 2016, there were 194 companies which applied for tax amnesty. Tax amnesty is mostly carried out by companies in property, real estate and building construction industry. Based on public accounting firm, the Big 4 has audited 35 companies which applied for tax amnesty, while 159 companies were audited by the non-Big 4 public accounting firms. Further, based on market capitalization, the result shows that 53% of companies which applied for tax amnesty have a market capitalization value less than the median of market capitalization. For the presentation and disclosure of tax amnesty, 23 companies disclose information about the accounting policy choice for tax amnesty explicitly. In addition, 26 companies presented tax amnesty assets and liabilities separately, and 83 companies disclosed the amount of redemption money.

5.2. Research implication

According to the result, there are still 29 companies (out of a total of 194 participating companies) which could not be determined about the accounting policy options, the presentation of tax amnesty assets and liabilities, and the impact of equity from tax
amnesty. In addition, 111 companies did not disclose the amount of redemption money. The disclosure of tax amnesty has a risk that can affect the credibility of financial statements, because the company has made a mistake by not reporting some of their assets in the past. Thus, companies tend not to disclose (or have less disclosure on) the tax amnesty when the impact is not material. However, this is in accordance with the statement in the initial introduction of PSAK 70, which states that it is not mandatory to apply the provisions to immaterial elements.

If the Indonesian Directorate General of Taxes (DGT) wants more transparent and accountable information in the financial statements regarding tax amnesty, the DGT must issue additional provisions. The additional provisions should make the company does not tend to choose not to disclose tax amnesty in its financial statements for non-material reasons.

There are differences in the provisions for the presentation of the impact of tax amnesty between tax treatment and accounting treatment. Based on the tax amnesty law (Article 14), the company presents it as an additional retained earnings balance, while according to PSAK 70, it is presented as additional paid-in capital in the statement of financial position. This indicates that there is a diversity of provisions to present the impact of tax amnesty. Meanwhile, in practice, more company tends to present in accordance with PSAK 70.

5.3. Limitation of research and recommendation

This research was conducted only on companies that participate in tax amnesty in 2016, while the tax amnesty period took place from 1 July 2016 to 31 March 2017. Further studies can extend this current research by including companies that follow tax amnesty in 2017. Further research can also be carried out to examine more detail on the disclosure of the type of tax amnesty assets. This is because there is a possibility of revaluation for tax amnesty assets in the following year. Moreover, there are other companies following tax amnesty other than the 194 companies that have been analyzed in this study.

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