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THE EQUALIZATION OF PERIODIC VAT RETURN AND ANNUAL TAX RETURN OF CV. LAJ FOR THE YEAR OF 2020

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ABSTRACT

This research has several purposes, namely to discover the factors that cause difference in the value of gross income reported in Periodic Value Added Tax Return and Annual Tax Return as well as to find out how to perform equalization process to Periodic Value Added Tax Return and Annual Tax Return. This study uses a qualitative descriptive research approach to CV. LAJ, corporate taxpayer who is the subject of this research. With the aim of obtaining data needed in this research, the methods used by the researcher include natural observation, interviews, and documentation studies. The outcomes of the equalization process indicate that the difference in the value of gross income is caused by other operating income transactions, other operating expenses, bonuses, sale discounts, sale returns, claim compensation and cancellation or replacement of output tax invoices.

Keywords: *equalization, gross income, Periodic Value Added Tax Return, Annual Tax Return*

1. INTRODUCTION

Developing countries such as Indonesia has a variety of resources, both from nature and human. Indonesia's largest source of state income comes from tax collection. Based on General Provisions and Tax Procedures Number 28 of 2007, tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the law, with no direct compensation and is used for state purposes for the prosperity of the people as much as possible. The government enforces the withholding tax system and self assessment system for tax collection system. This system is implemented by the government by entrusting taxpayers to collect taxes from incomes and depositing the amount of tax liabilities. One of the types of tax that applies this system is Value Added Tax (VAT).

Entrepreneurs are required to credit the amount of input Value Added Tax (VAT) against the total value of the output Value Added Tax (VAT) every tax period. The credited Value Added Tax (VAT) is reported in Periodic Value Added Tax Return which will then attached to Annual Tax Return at the end of the fiscal year. Every Taxpayer is obliged to declare the amount of paid off tax debts in Annual Tax Return every year. Taxpayers must report the values of gross income received whether they are subject to the tax payable or not. However, there are several problems that are possible to cause difference in the value of recorded and reported gross income. When it comes to reporting tax payable, there are some aspects of taxation and accounting that cause the value of gross income reported in the Tax Return is different from the number that is recorded in the company's financial statements. Revenues from business activities carried out by taxpayers can be classified into types of income that are subject to Value Added Tax (VAT). However, not every income is recognized as gross income in the financial statements. This results in difference in the value of gross income recognized by the company in the financial statements and that is declared in the Tax Return.

Therefore, tax equalization must be carried out in order to find the cause of the difference in order to avoid tax corrections which can be executed by the tax authorities and provide evidence and explanation regarding the difference to the tax authorities.

Tax equalization is the adjustment of the bookkeeping of the value of income or expenses by taxpayer, either an individual or an entity in the financial statements with the amount of tax basis that is reported to the government. Tax equalization can be done on Periodic Value Added Tax Return and Tax Return. The purposes of tax equalization are to monitor the suitability of reported value of gross income with the value that is recorded in the company's financial statements and to ensure tax compliance. By conducting tax equalization, taxpayers have the opportunity to provide adequate evidence in the event of an audit performed by the tax authorities.

Based on the data analysis carried out by the researcher, it was found that there were differences in the value of gross income in Periodic Value Added Tax Return and Annual Tax Return in 2020. LAJ. The company sells ceramics and granites for its business activities. CV. LAJ has fulfilled its obligations in paying tax payable in 2020. However, the results of reporting the value of gross income carried out by the company create differences in the two tax returns. Therefore, an equalization process must be conducted in order to discover the reasons that cause difference in the value of gross income.

2. THEORETICAL REVIEW

Gross Income

Whenever sale transactions of goods and/or services occur, the income from the transactions is recognized as gross income by the company. Gross income is recognized when the seller receives payment and when the seller delivers the goods to the buyer or completes part or all of a job. In order to sell goods or to fulfill work according to the buyer's request, the company is charged with expenses such as operational expense, employee salary expense, and other expense. Moreover, the company can also encounter some sales returns from customer or give sales discounts to customer in any form. Gross income is calculated by adding up the total income and the reduction in sales obtained from business activities. Gross income is the amount of income received for business activities carried out by entrepreneurs before deducting the relevant costs. Gross income can as well be gained from interest, royalties, rental income, and dividends from stock investment.

Tax

The definition of tax according to Prof. Edwin Robert Anderson Seligman (1925) is "… is a compulsory contribution from the person to the government to defray the expenses incurred in the common interest of all without reference to special benefits conferred." In other words, the taxpayer contributes to the government in order to provide funds for the public interest, regardless of the special benefits received. The meaning of tax according to Soeparman Soemahamidjaja is a mandatory contribution in the form of money or goods collected by the government based on the rule of law which aims to fund the burdens of common interests for actualizing public welfare. In Mardiasmo, Rochmat Soemitro stated that tax is a contribution to the state treasury based on the law (which is enforced) without getting a reciprocal service (contra-achievement) that can be shown directly and which is used to pay general expenses.

Value Added Tax (VAT)

According to Alexander Hery, Value Added Tax (VAT) is levied by a taxable enterprise on every transaction of selling and/or importing Taxable Goods and/or Taxable Services and can be credited. Enterprise is an individual or company that runs businesses in any forms, such as manufacturing, import/export activities, trading or providing services.

Tax Return

Taxpayers make the sum of the tax debt imposed from the tax object and/or assets and obligations first and then make payments or deposits and report through a Tax Return. There are two types of Tax Return, which are Periodic Tax Return that is used by taxpayers to declare tax debts during a tax period and Annual Tax Return, that is reported for a tax year.

The Periodic Value Added Tax Return is a report used by corporate taxpayers to announce the Value Added Tax (VAT) and Sales Tax on Luxury Goods. Taxpayers describe the total value of Value Added Tax (VAT) and/or Sales Tax on Luxury Goods for each tax period in one year on the Periodic Value Added Tax Return.

Annual corporate Tax Return must be submitted by taxpayers every year. The report is used by the company to announce the sum of taxes on tax objects, non-tax objects, assets and liabilities for one tax year based on the applicable tax laws.

Equalization of VAT Return and Annual Tax Return

Rani Maulida (2018) reveals that tax equalization is implemented to examine the compatibility of the value of one type of tax with another which has a significant connection. Taxpayers perform tax equalization to check the equality of recorded gross income which is a tax object in the financial statements and the reported one in the Tax Return. According to Angelia and Retnaningtyas Widuri, the difference in the value of gross income between the Periodic Value Added Tax Return and Annual Tax Return must be investigated to detect the cause. Thus, equalization is not carried out to find the same value between the two Tax Return, however, is to discover the reasons that cause difference in the value of gross income between financial statements and Tax Return. This must be explained in detail by the company in the submission of the Tax Return.

Apart from that, taxpayers also have the opportunity to prepare themselves when an audit is carried out by the tax authorities in order to avoid the risk of being obliged to pay sanctions if an error is found in the submission of the Tax Return. By doing tax equalization, taxpayers can also ensure that the reported tax obligations is executed properly. If there is a difference in the value of gross income as a result from tax equalization process, the Taxpayer must learn and give an explanation regarding the contributing factors.

Tax equalization can be done on three tax objects, such as: (1) Equalization of income and tax basis of output Value Added Tax (VAT); (2) Equalization of expense and objects of income tax; (3) Equalization of expense and tax basis of input Value Added Tax (VAT).

In order to avoid the occurrence of improper reporting tax payables and to find the factors causing the difference in income with the object of Value Added Tax (VAT), an equalization of the Periodic Value Added Tax Return and Annual Tax Return is carried out. Taxpayers accomplish tax equalization process by comparing the amount of income reported in Annual Tax Return with the one in Periodic Value Added Tax Return for one tax year.

This equalization process can be carried out in several stages, as follows: (1) Obtain data regarding the value of the reported income from taxpayer's business activities in Annual Tax Return; (2) Obtain data regarding the value of the tax basis from the sale of taxable goods and/or taxable services reported by the company every tax period in one tax year; (3) Adjust the total value of recorded gross income in the company's financial statements with the value of reported tax basis from sale transactions for each tax period in one year in Periodic Value Added Tax Return; (4) Make an analysis of the findings regarding the difference in the value of gross income and provide solutions that do not conflict with tax regulations during the concerned tax period.

In general, the factors that cause the difference in the value of gross income in the two Tax Returns are:

(1) The issuance of the tax invoice is carried out at a different time from the time of confirmation of receipt/cancellation of the warrant. Tax invoices can be issued by the company at the time of the sale transaction and also when receiving payment. However, the company usually records the transaction immediately when a sale transaction occurs either on credit or cash;

(2) It was found that non-object income of Value Added Tax (VAT) is reported in the Annual Tax Return. The company records sale or income transactions in the financial statements but the income is not subject to Value Added (VAT). As the result, there is a difference in the amount of gross income in the two Tax Returns;

(3) Tax basis which are not included in the income of the Corporate Taxpayer, can be in the form of: (a) Transactions on the sale of goods and or services from branch companies to the center and vice versa; (b) Existence of overseas sale activities (overseas maintenance and return of rental equipment); (c) Personal use or goods are provided free of charge; (d) Transfer or sale of assets according to Article 16D of the Value Added Tax (VAT) Law; (e) The difference in the exchange rate between the time of issuance of the tax invoice and the time of recording and bookkeeping. The exchange rate used by entrepreneurs when recording sales transactions in the financial statements applies when the transactions occur. Meanwhile, the exchange rate that must be used when issuing tax invoices is the rate of exchange for the Minister of Finance;

(4) Advance received. When receiving an advance, the company records it as a liability in the financial statements. However, Value Added Tax (VAT) may be imposed on the receipt of advances. Thus, the company issues a tax invoice when it receives an advance payment but has not yet recognized the transaction [8]. The equalization procedures on the two Tax Returns are carried out by:

Table 1. First Method

Gross income in annual Tax Return	A
Object of output VAT	B
Total (A+B)	C
-/- Object of output VAT in Period VAT Return	D
Difference (C-D)	E
Reported gross income during the year	F
-/- Reported gross income in the next year	G
Difference (E+F-G)	H

Table 2. Second Method

Total value of reported gross income in Periodic VAT Return	A
Total value of reported gross income in Annual Tax Return:	
Gross sales	B
Sale discounts	C
Sale returns	D
Income from export activities	E
-/- Total value of gross income (B+C+D+E)	F
Difference (A-F)	G

If there is still a difference in the value from the calculation using the two methods above, it is possible that there is a sale transaction that has not been reported by the company or the company has made an error in computing the tax payable.

Framework

The framework of this study is as described below.

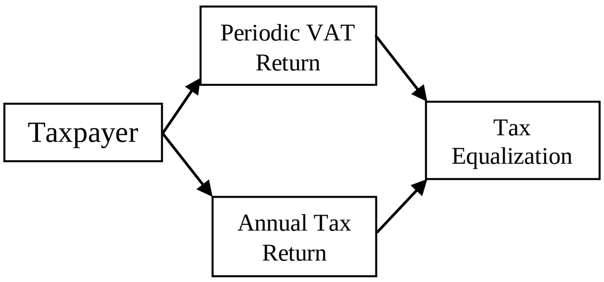

Figure 1. Framework

3. METHODOLOGY

The researcher used a qualitative descriptive approach with CV. LAJ, the subject of this study. The company is located in Medan and carries out its business activities by trading ceramics and granite. According to Strauss and Corbin, descriptive research is conducted to achieve information about conditions or symptoms that are improvised without intending to make general conclusions. In qualitative research, researchers do not use statistical procedures or methods of quantification in inventing a discovery. The methods that is used by the researcher in this study are natural observation, interview, and documentation study.

The researcher conducted an overall observation of the company and obtained the required data for this study such as: financial statements, Annual Tax Return, Periodic Value Added Tax Return and other additional information. The researcher gathered all the data and information through the Operational Manager as the company representative of CV. LAJ.

The researcher performed an interview session directly with the Operational Manager at CV. LAJ to achieve information about the company. The researcher arranged questions in advance to acquired information on certain issues. There were several questions asked by the researcher flexibly according to some current situation.

The researcher used the documentation study method by combining the received data and information related to the problems in this study. The collected documents are from many previous studies such as journals, books, regulations, and so on. These documents provided direction for the researcher to understand essential concepts related to the problems in this study as well as validated and interpreted data from observation and interview. Thus, the researcher was able to draw conclusions.

The researcher used qualitative and quantitative data. Qualitative data are achieved in the form of company's background, company's organizational structure and job descriptions of company's employees. The quantitative data of this study are the value of reported gross income in the Periodic Value Added Tax Return and Statements of Comprehensive Income for each tax period, the value of reported accounts in the Annual Tax Return, as well as those recorded in Statement of Financial Position for the year of 2020.

After conducting the research method, the researcher then analyzed the data that had been received. Data analysis is a process for managing, aligning and grouping data so that researcher is able to receive a result based on the study. Through data analysis, researcher is capable to simplify the data to make it easier to acknowledge. First, the researcher reduced, summarized, and sorted out the data that are fundamental in this study in order to produce a better understanding of the observations to retrace the data in addition to the data obtained previously. And then, the researcher categorized the data obtained and checked the validity of the data then composed and presented it in the form of a report so that the researcher can analyze the relationship between one data and another.

After that, the data generated from data reduction and categorization process were systematically analyzed by the researcher. Then, the researcher drew conclusions temporarily at an early stage. The conclusions made become stronger and clearer in later stages. The researcher verified the conclusions with the applicable tax regulations at each stage of the study. From the results of the verification of the temporary conclusions in the previous stages, the researcher drew a final conclusion.

4. THE RESULTS OF THIS STUDY AND DISCUSSION

CV. LAJ is a company that has a business in trading ceramics and has been established since 2009 and is located in Medan, North Sumatra. CV. LAJ started its business by marketing ceramic products. Along with the increase in the number of regular customers and the increase in buyer satisfaction, it has developed into a ceramics and granite trading company. The goods sold by CV. LAJ are ceramics and granites.

The organizational structure of the company must be arranged distinctly and also in accordance with necessity of the company. An orderly organizational structure will increase the productivity and development of the company's systems. The organizational structure describes the position and division of each individual in detail to establish an outstanding internal system so that business activities can be carried out effortlessly.

CV. LAJ is ruled by a commissioner and a director who are Indonesian. Under the leadership of the director there are financial manager, operational manager and warehouse manager. These managers lead each division according to their job descriptions and interests.

The financial manager is in charge of supervising the movement of cash in and out of the company's bank account or petty cash, cash transaction activities, compiling statement of cash flow and making decisions about how to utilize cash. The duties of the cashier in CV. LAJ is monitoring and being responsible for the petty cash of the company. The cashier also makes daily bookkeeping reports, such as making checks to record retribution expenses, office equipment expenses, fuel expenses, parking/toll expenses, and so on.

In addition to the financial division, the company also has an administrative division under the leadership of an operational manager. The operational manager's job description is to audit financial statements, report Periodic Income Tax Return, report Periodic Value Added Tax Return, and check all the value of company’s accounts. The obligations of administrative staff are to input sale and purchase transactions both from within the country and import activities as well as data on expenses and incomes from operational and non-business activities into the accounting system based on existing evidence of payments and receipts and to record bank account mutation into the accounting system.

The accounting staffs are responsible for making transaction journals, making financial statements, confirming with administrative staff regarding existing transaction data, reconciling bank accounts mutation. Then there is the tax administration staffs are responsible to prepare output tax invoices in the tax application, calculate and report the amount of tax payable which includes Income Tax article 21, article 22 regarding import activities, article 23 on consulting services employed by the company and other expenses that are subject to Income Tax article 23, Income Tax article 25 which is paid in monthly installments, reconciling Value Added Tax (VAT), making Annual Tax Return at the end of the tax year.

In the warehouse division, the manager and all staffs monitor the movement of sold and purchased goods. The warehouse staffs record the number of goods brought in or out of the warehouse, ensure the suitability of the number or type of ordered goods on the sales or purchase invoice with the goods delivered or received, inspect the condition of each ceramic or granite every day to detect which goods are damaged or lost.

The delivery staffs are in charge of delivering sold goods to customer’s destination by bringing travel documents and sale invoices as well as transporting purchased goods to the company from suppliers. Managers in the warehouse division observe all of the warehouse staffs and shipping staffs so that the inventory movement system can be conducted properly.

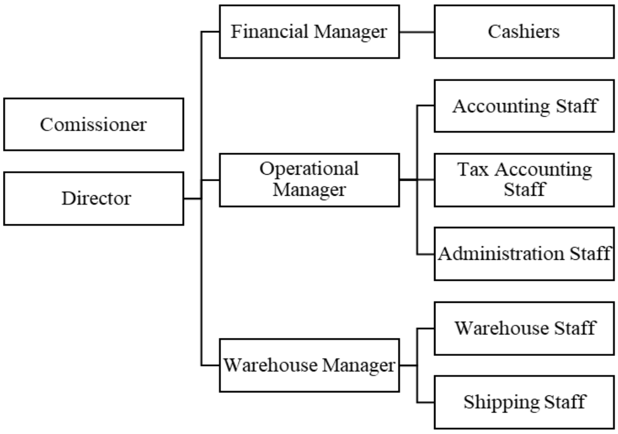

Figure 2. Organizational Structure of CV. LAJ

The company data used to perform tax equalization in the 2020 fiscal year are Statement of Financial Position in 2020, Statement of Comprehensive Income in 2020, Periodic Value Added Tax Return for each tax period in 2020, and Annual Tax Return in 2020. There is a difference in the total value of reported gross income in both Periodic Value Added Tax Return and Annual Tax Return which can be seen in the following table:

Table 3. The Comparison of Gross Income in Financial Statement and Periodic Value Added Tax Return 2020 in Rupiah

Months	*Statement of Comprehensive Income*	*Periodic VAT Return*	*Difference*
January	773,393,016	773,393,016	
February	961,534,346	961,534,346	
March	855,108,325	856,666,686	1,558,361
April	1,012,511,353	1,013,524,476	1,013,123
May	471,415,542	472,859,408	1,443,866
June	1,438,426,100	1,440,805,013	2,378,913
July	1,689,335,256	1,690,723,509	1,388,253
August	2,081,498,083	2,082,557,451	1,059,368
September	1,696,371,040	1,696,371,040	
October	1,138,916,004	1,144,778,179	5,862,175
November	1,237,302,176	1,240,779,935	3,477,759
December	1,335,164,359	1,335,164,359	
Total	**14,690,975,600**	**14,709,157,418**	**18,181,818**

The results of analyzed data in this study indicate the difference in the value of recorded gross income in the company's financial statement and Periodic Value Added Tax Return for 2020 is Rp 18,181,818. The differences occurred in March, April, May, June, July, August, October and November. Based on the carried out data analysis, there are various possibilities that cause differences in the number of gross income in accordance with accounting standards and applicable tax regulations. The results of the analysis will be explained as follows:

Other Operating Income

The company's other operating income can cause a difference in the amount of gross income in Annual Tax Return and Periodic Value Added Tax Return. This is because the company considers that the income is not included in its business activities, namely trading in ceramics and granite. CV. LAJ also provides ceramic installation services which become other business income. The company does not record the amount of revenue received in sales account but reports it in Periodic Value Added Tax Return.

To make it unchallenging for the company to distinguish between the main and other business activities, the income from the installation of ceramics should be recorded as an account of service income or other business income because the company's main business activity is trading ceramics and granite. According to Value Added Tax (VAT) Law Number 42 of 2009 Article 4, ceramic installation services are also objects of Value Added Tax (VAT).

The company received orders to install ceramics for customers once in October 2020. The total revenue from ceramic installations is Rp 5,863,000 (rounded). The company collected Value Added Tax (VAT) at a rate of 10% in the number of Rp 586,300. The company issued an output tax invoice with the caption “Bathroom tile installation services”. However, the company did not record the revenue in the sales account or other operating income for the month of October. This has caused a difference in the total value of gross income in the two Tax Returns in October.

Other Operating Expense

Based on the results of the conducted analysis, the company records freight out as a deduction of sales. In the accounting standard, freight out is included in the general and administrative expense category which is deducted after obtaining the number of gross profit. In April and August, CV. LAJ used the services from transportation companies to deliver ceramic or granite to customers’ destination. The freight expense paid by the company excluding Value Added Tax (VAT) is Rp. 1,014,000 and Rp. 1,060,000 (rounded).

Amount of input Value Added Tax (VAT) that charged to the company are Rp 101,400 and Rp 106,000 which each of these prices has been multiplied by the 10% rate. The company should record transportation expenses in the general and administrative expense so that there is no difference in the total value of gross income between the two Tax Returns.

Bonus

CV. LAJ usually gives bonuses in the form of additional goods to customers who exceed the order limit for goods sold by the company. The company records these items as other expenses. And on the output tax invoice, the company records the items sold and the bonus items as sales on a tax invoice and then deducts the sales amount with the selling price of the bonus item.

According to the Regulation of the Minister of Finance Number 121/PMK.03/2015 article 2 letter b, the tax basis on goods provided by a taxable enterprise for free is the value of selling price minus gross profit earned by the company from the goods. of the item. Thus, the company should record the discount on at the amount of the cost of goods sold from the bonus item.

However, based on the analysis, it is found that two output tax invoices have recognized bonus items as sales items and did not record the selling price of the items in the discounted price while the bonuses are considered as expenses in the income statement. In March and May, CV. LAJ gives ceramic or granite to customers as a bonus which are Rp 879,500 and Rp 1,444,000 (rounded) for the amount of tax basis. The company has recorded the bonus transaction as other expenses in the accounting journal which can then be seen in the income statement.

However, the company records the bonus items as sales on the output tax invoice. This has caused the difference of the total sales between in statement of comprehensive income and Periodic Value Added Tax Return. The company should also include the total cost of goods sold from the bonus items in the discount on the output tax invoice so as not to cause a loss in inventory value. According to the Value Added Tax of Goods and Services Law Number 42 of 2009 article 1A, bonus goods are included as taxable goods.

Sale Discount

To attract loyal customers, CV. LAJ provides sales discounts as well. At the time of payment, the buyer pays according to the price that has been deducted by the discounted amount. The sales discount amount is deducted from the sales account by the company. For the treatment of sales discount transactions, the company includes the sales discount on the output tax invoice by recording the discount value in the discounted price. According to Value Added Tax (VAT) Law Number 42 of 2009 article 13 paragraph 5 letter c, rebates or discounts must be included in the tax invoice.

However, in July there was a sale discount transaction that was not recorded in the discounted column on the output tax invoice and the amount of the tax basis was still the total sales before being deducted by the discount received by the customer, which was Rp 1,389,000 (Rounded). The customer has paid for the purchase made of the company's goods for the value of the sale which has been reduced by the discount value. Thus, the value of gross income in the two Tax Returns are different.

Sale Return

If the goods sold by the company are damaged or there is a discrepancy with customers' order, the buyers will return the goods to the company. Generally, sale returns will reduce the sale balance as well as the value of the Value Added Tax (VAT) output. When a sale return occurs, the company has recorded the transaction in its financial statements.

Based on the Regulation of the Minister of Finance Number 65/PMK.03/2010 article 4 paragraph 1, a sale return note is made by the buyer. Sale return notes are only recognized in different tax period on condition that the returned goods are damaged or there are some misleading, but if the goods are returned during the same tax period, the seller only cancels or replaces the sales tax invoice so that the sale return note is no longer required. In this case, the sale and the return of goods by the customer were made at different tax periods but the customer did not open the sale return note. The sale return occurred in June and was valued at Rp 2,379,000 (rounded).

According to Value Added Tax (VAT) Law Number 42 of 2009 article 5A paragraph 1, sale returns can reduce the amount of Value Added Tax (VAT) output. Therefore, the difference in total gross income in Periodic Value Added Tax Return is different from that in Annual Tax Return.

Claim Compensation

The company also replaces damaged sold goods to customers by offering new goods without charging any fees. In this situation, the company issues a sale tax invoice for goods that replace the previous damaged goods by adding the goods together with sold goods to the same customer. Generally, the company enters the replaced items in the other expense account and opens an output tax invoice by listing the selling price of the replaced item in the discount column. However, the result of analysis is that there was an output tax invoice in March which recognized the replaced goods as a sale transaction which could be seen from the selling price of the goods that the company did not include in the discounted price so that the amount of the tax basis on Periodic Value Added Tax Return (VAT) became an excess of Rp 679,500 (rounded) from the amount that should be. The company has also recorded the goods in exchange for the replacement in the other expense account. This clearly causes the total gross income in the two Tax Returns to be different.

Cancellation or Replacement of Output Tax Invoices

Sale transactions can be canceled if the goods ordered by the buyer do not match the ones that were sent to the customer or the buyer has decided to make some changes about the description of the ordered goods. The company handles the event by choosing to cancel the tax invoice or issue a replacement of tax invoice. Based on the Regulation of the Director General of Taxes Number PER-24/PJ/2012 article 15 paragraph 3, the cancellation of the tax invoice can be done if there is a termination of a sale transaction. If the buyer only replaces the ordered goods, the company only needs to make a replacement of tax invoice with the buyer who has the same Tax Identification Number as before. If the company incorrectly lists the buyer's identity, the company can only cancel the output tax invoice. The tax invoice serial number listed on the canceled tax invoice cannot be reused.

According to the Regulation of the Director General of Taxes Number PER-24/PJ/2012 article 15 paragraph 4, if the company has reported Periodic Value Added Tax Return in a certain tax period and then a transaction is terminated, the Tax Return must be corrected by the company during the tax period concerned. According to Value Added Tax (VAT) Law Number 42 of 2009 article 5A paragraph 2, cancellation of sale transactions or receipts of Taxable Goods either partially or completely can reduce the value of Value Added Tax (VAT) either output or input.

Thus, the company may experience an excess in payment/deposit of Value Added Tax (VAT) payable and the value of the overpayment can be compensated for in the next tax period or the company may also be underpaid in paying Value Added Tax (VAT). Based on the results of the analysis, in November there was a transaction of cancellation or changes of sale transactions worth Rp 3,478,000 (rounded) which was recorded in the company's profit and loss statement but the sales tax invoice for the transaction was not canceled or substituted. This has caused the difference in the total of gross income in the two Tax Returns.

To summarize the discussion above, the following table contains conclusions from the results of the analysis. The following is the difference in the total of reported gross income in Annual Tax Return and Periodic Value Added Tax Return as well as the factors that cause the difference:

Table 4. The Results of Equalization Process and Causative Factors (in Rupiah)

Months	*Annual Tax Return*	*Periodic VAT Return*	*Causes*
January	773,393,016	773,393,016	-
February	961,534,346	961,534,346	-
March	855,108,325	855,108,325	Bonus & Claim Compensation
April	1,013,524,476	1,013,524,476	Other Operating Expense
May	471,415,542	471,415,542	Bonus
June	1,438,426,100	1,438,426,100	Sale Return
July	1,689,335,256	1,689,335,256	Sale Discount
August	2,082,557,451	2,082,557,451	Other Operating Expense
September	1,696,371,040	1,696,371,040	-
October	1,144,778,179	1,144,778,179	Other Operating Income
November	1,237,302,176	1,237,302,176	Cancellation or Replacement of Output Tax Invoices
December	1,335,164,359	1,335,164,359	-
Total	14,698,910,266	14,698,910,266	

In this case, the company needs to make corrections to Annual Tax Return and Periodic Value Added Tax Return. According to the Law of the Republic of Indonesia Number 28 of 2007 article 8, the company can make corrections to the Tax Return if there is a revision on a condition that the audit action has not been carried out by the Director General of Taxes. Tax Return can be corrected by the company no later than 2 years before the expiration of the determination period. The expiration period of a Tax Return is 5 years. The company has no restrictions on making corrections to a Tax Return. The company can make corrections as many as it finds an error in reporting the value of the tax payable in a Tax Return. Submission of reports applicable to the government is the last to be reported. The tax officer can still compare the normal Tax Return with the last reported one to find out the reasons for the correction.

5. CONCLUSION

There are several conclusions from the researcher based on the results of data analysis and discussion, namely (1) the company has not reported Periodic Value Added Tax Return and Annual Tax Return correctly due to differences in the value of gross income in the two Tax Returns, (2) By conducting the equalization process, researchers can find out the factors of the difference in the value of gross income in Periodic Value Added Tax Return and Annual Tax Return, (3) the difference in the value of gross income in between Periodic Value Added Tax Return and Annual Tax Return is Rp 18,181,818.

The limitations of this study are: (1) data regarding financial statements and the company's tax compliance are very limited because the company was not able to provide detailed related information to the researcher; (2) lack of knowledge of the researcher about the company due to data collected only from one informant as the company. The company also limited the time and opportunity for the researcher to understand more about it; (3) Informants had difficulty in providing responses to the questions presented by the researcher. The informant may also have no sufficient knowledge about taxation.

Based on the limitations stated above, the researcher are able to provide several suggestions which are explained as follows: (1) companies should keep recording or bookkeeping based on Financial Accounting Standards such as sales, other operating income, other operating expenses, as well as transactions that affect the value of gross income so that there is no error in recording the value in certain accounts; (2) companies as a Taxable Enterprise should follow the applicable tax regulations, especially in the case of Value Added Tax (VAT) Output; (3) The responsible company should pay more attention to the value equation between journal entries and tax output invoices. Before validating the tax invoice, the party responsible for tax administration must re-check the transaction code, tax invoice serial number, type of goods, discounted price, the value of the tax basis and Value Added Tax (VAT) listed on the tax output invoice; (4) To avoid mistakes in reporting Periodic Value Added Tax, the tax administration staff should conduct an equalization process to the total value of gross income between those recorded in the transaction journal and those reported so that the company can make corrections immediately; (5) If there are sale returns and cancellations or replacements made by buyers during different tax periods, then the tax administration staff should promptly correct the Periodic Value Added Tax Return at that time also without delaying to the time of reporting Annual Tax Return.

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