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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 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 avoidanceis 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

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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 330,983,600	Rp 427,392,000	RP 1,100,000,000
Asset Age	8 years	8 years	8 years
Depreciation Method	Straight line	Straight line	Straight line
Residual value	There is no	There is no	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 330,983,000	Rp 427,392,000	RP 1,100,000,000
Asset Age	8 years	8 years	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	4 years or 48 months	4 years or 48 months
The method for installment payments	Annuity method	Annuity method	Annuity method
Interest rates used	Fix rate	Fix rate	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
Price of each unit	RP 330,983,600	Rp 427,392,000	RP 1,100,000,000
Asset Age	8 years old	8 years	8 years
Discount factor	5% per year or 0.417% 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
The term of the loan	4 years or 48 months	4 years or 48 months	4 years or 48 months
Interest rates used	*Fix rate*	*Fix rate*	*Fix rate*

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		
1	12.5%	330,983,600	41,372,950	289,610,650	0.9524	39,402,810
2	12.5%	289,610,650	41,372,950	248,237,700	0.9070	37,526,485
3	12.5%	248,237,700	41,372,950	206,864,750	0.8638	35,739,510
4	12.5%	206,864,750	41,372,950	165,491,800	0.8227	34,037,628
5	12.5%	165,491,800	41,372,950	124,118,850	0.7835	32,416,789
6	12.5%	124,118,850	41,372,950	82,745,900	0.7462	30,873,132
7	12.5%	82,745,900	41,372,950	41,372,950	0.7107	29,402,983
8	12.5%	41,372,950	41,372,950	0	0.6768	28,002,841
		Total	330,983,600			267,402,178

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		
1	12.5%	427,392,000	53,424,000	373,968,000	0.9524	50,880,000
2	12.5%	373,968,000	53,424,000	320,544,000	0.9070	48,457,143
3	12.5%	320,544,000	53,424,000	267,120,000	0.8638	46,149,660
4	12.5%	267,120,000	53,424,000	213,696,000	0.8227	43,952,057
5	12.5%	213,696,000	53,424,000	160,272,000	0.7835	41,859,102
6	12.5%	160,272,000	53,424,000	106,848,000	0.7462	39,865,811
7	12.5%	106,848,000	53,424,000	53,424,000	0.7107	37,967,439
8	12.5%	53,424,000	53,424,000	0	0.6768	36,159,466
		Total	427,392,000			345,290,678

Chiller

Year	Rates (%)	Initial Book Value Period (Rp)	Depreciation Cost (RP)	Book Value End of Period (Rp)	Discount factor (5%)	Present value
0				1,100,000,000		
1	12.5%	1,100,000,000	137,500,000	962,500,000	0.9524	130,952,381
2	12.5%	962,500,000	137,500,000	825,000,000	0.9070	124,716,553
3	12.5%	825,000,000	137,500,000	687,500,000	0.8638	118,777,670
4	12.5%	687,500,000	137,500,000	550,000,000	0.8227	113,121,590
5	12.5%	550,000,000	137,500,000	412,500,000	0.7835	107,734,848
6	12.5%	412,500,000	137,500,000	275,000,000	0.7462	102,604,617
7	12.5%	275,000,000	137,500,000	137,500,000	0.7107	97,718,683
8	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)

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 interset factor annuity (PVIFA) as follows:

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

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

$$\text{a Kijang Innova} = \frac{\text{PV loan}}{\text{PVIFA}} = \frac{330{,}983{,}000}{36{,}9326} = \text{Rp } 8{,}961{,}802{,}600$$

$$\text{a Hi Ace Commuter} = \frac{\text{PV loan}}{\text{PVIFA}} = \frac{427{,}392{,}000}{36{,}9326} = \text{Rp } 11{,}572{,}204$$

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 11,572,204 for 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 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.

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 tarif in accordance with PP No. 36 of 2008, where the chiller is a fixed asset that is included in group two with an 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 Leasing Alternatives 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.

$$\text{Kijang Innova PVIFA} = \frac{1-(1+r)^{-n}}{r} = \frac{1-(1+0.65\%)^{-48}}{0.65\%} = 41.11985693$$

$$\text{PVIFA Hi Ace Commuter} = \frac{1-(1+r)^{-n}}{r} = \frac{1-(1+0.646\%)^{-48}}{0.646\%} = 41{,}15788999$$

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

$$a \text{ Kijang Innova} = \frac{\text{loan PV}}{PVIFA} = \frac{264{,}786{,}880}{41.1199} = \text{Rp } 6{,}439{,}392$$

$$a \text{ Hi Ace Commuter} = \frac{PV \text{ loan}}{PVIFA} = \frac{277{,}804{,}000}{41{,}1579} = \text{Rp } 6{,}749{,}734$$

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 *resent 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	Option Value			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	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	Option Value			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	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:

$$PVIFA = \frac{1-(1+r)^{-n}}{r} = \frac{1-(1+0.802\%)^{-48}}{0.802\%} = 39.71028415$$

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

The calculation of the total lease installments that must be paid is 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 Rp 160,741,262, with a present value of Rp 149,826,319 . The total principal installment for 48 months is RP 770,000,000, with a present value of RP 692,097,787. 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		
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 Rp. 68,750,000 obtained from 12.5% multiplied by the value of the option. The total depreciation expense is RP 550,000,000 with a present value of 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 Rp 5,675,000 which is paid once at the beginning of the transaction. The execution fee charged is Rp.88,800 per month, so the total execution cost for 48 months is Rp 4,022,400 with a present value of Rp3,638,557 .

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.

	Cash		Bank credit		Leasing with option rights	
	Nominal	**PV**	**Nominal**	**PV**	**Nominal**	**PV**
Deductible expense						
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

Deductible expense amount	330,983,600	267,402,178	430,167,125	359,776,664	435,894,452	384,885,688
Income tax (25%) that can be saved	82,745,900	66,850,545	107,541,781	89,944,166	108,973,613	96,221,422
Tax saving						
Comparison of Leasing Tax Savings by Cash					26,227,713	29,370,877
Comparison of Leasing Tax Savings by Credit					1,431,832	6,277,256

Source: Data Research (2016)

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					277,804,800	250,006,865
Interest fees			128,073,783	119,281,401	46,182,421	43,063,468
Cost of depreciation	427,392,000	345,290,678	427,392,000	345,290,678	128,217,600	103,587,204
Provision fee					1,950,000	1,950,000
Execution costs					51,479,366	46,566,883
Deductible expense amount	427,392,000	345,290,678	555,465,783	464,572,080	505,634,187	445,174,419
Income tax (25%) that can be saved	106,848,000	86,322,670	138,866,446	116,143,020	126,408,547	111,293,605
Tax saving						
Comparison of Bank Credit Tax Savings by Cash					32,018,446	29,820,350
Comparison of Bank Credit Tax Savings by Leasing					12,457,899	4,849,415

Source: D ata Research (2016)

Table 9:- Comparison of Chiller Purchase Tax Savings.

	Cash		**Bank credit**		**Leasing with option rights**	
	Nominal	**PV**	**Nominal**	**PV**	**Nominal**	**PV**
Deductible expense						
Principal					770,000,000	692,097,787
Interest fees			329,629,852	307,000,461	160,741,262	149,826,319
Cost of depreciation	1,100,000,000	888,691,754	1,100,000,000	888,691,754	550,000,000	444,345,877
Provision fee					5,675,000	5,675,000
Execution costs					4,022,400	3,638,557
Deductible expense amount	1,100,000,000	888,691,754	1,429,629,852	1,195,692,216	1,490,438,662	1,295,583,541
Income tax (25%) that can be saved	275,000,000	222,172,939	357,407,463	298,923,054	372,609,666	323,895,885
Tax saving						
Comparison of Leasing Tax Savings by Cash					97,609,666	101,722,947
Comparison of Leasing Tax Savings by Credit					15,202,203	24,972,831

Source : Data Advanced Research n (2016)

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

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						
	Cash		**Bank credit**		**Option leasing**	
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

	Cash		**Bank credit**		**Option leasing**	
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						
	Cash		**Bank credit**		**Option leasing**	
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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