

Assets and Liabilities Related to Tax Amnesty on Financial Statement of Listed Companies

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Abstract—This study analyzed the participation of companies listed on the Indonesian Stock Exchange in 2016 in response to tax amnesty, based on industry classifications, the presentation of assets and liabilities related to tax amnesty, and disclosures of assets related to tax amnesty. Methods of descriptive qualitative research are adopted in this study, along with content analysis, applied to data from financial statements of listed companies' financial statements in 2016. The results of the analysis show that, of a sample of 559 companies, 194 (34.7%) participated in the 2016 tax amnesty. There were two alternatives to the presentation of assets and liabilities in the context of this tax amnesty, which were separately from other assets and liabilities, a path followed by 25 companies, and together with other assets and liabilities that, used by 169 companies. Among the 194 companies, 46, or 23.71%, did not disclose the net value of their tax amnesty assets, and 131, or 72.29%, recorded the net value tax amnesty assets as additional paid-in capital.

Keywords—*tax amnesty, tax amnesty assets, accounting for tax amnesty assets and liabilities*

I. INTRODUCTION

The factors in tax noncompliance and how to reduce the numbers of noncompliant entities are considered important topics by many countries [1]. Many policies have been created to reduce tax noncompliance. Among these is tax amnesty, which is also intended, ultimately, to increase tax revenues [2]; Indonesia has pursued both these goals with its tax amnesties of 1984, 2008, and 2016. The 1984 tax amnesty required that the beneficiaries be registered taxpayers; they could be forgiven if they fulfill the requirements of Presidential Decree No. 26 in 1984. Taxpayers were required to pay a redemption fee in the 1984 amnesty as well, 1% for those had been reporting in 1984 and 10% for those who had not. Unregistered taxpayers were forgiven by if they registered at the tax office. The 2006 tax amnesty, usually called the sunset policy, was founded on the basis of Law Number 28/2007. The sunset policy had no requirement for a redemption fee, instead assigning no penalty to anyone who admitted their error and corrected the most recent tax filing.

The 2016 tax amnesty in Indonesia was regulated by Law Number 11/2016. It occurred over three periods: the first went from July to September 2016, the second went from October to the end of 2016, and the last began with 2017, lasting until March of that year. During the first period, the cost of the redemption fee was the least; it increased for the second period, and went up again for the third. The fee was calculated

from the tariff and net value of the assets declared under the tax amnesty. Taxpayers were required to declare their undeclared or not fully declared assets in 2015 if they wished to participate in the amnesty.

The declaration of undeclared or not fully declared assets entailed that taxpayers reveal the errors in previous required annual tax reporting to the Ministry of Finance. The Indonesian generally accepted accounting principles (PSAK), as a guide to the preparation of financial statements, includes in its conceptual framework the requirement that financial statements must faithfully represent financial reality. Information from financial statements is less reliable if the entity reporting does not ensure that they are faithful representations.

Listed companies in Indonesia that use PSAK in preparing their financial reporting must be guided by PSAK 70: accounting standards of tax amnesty assets and liabilities. PSAK 70 gives the options in its guidance for entities on how to measure, present, and disclose the assets and liability that will be featured in the amnesty. First, there is the general option, in which requires the use of the relevant accounting standards, PSAK Number 25: accounting policies, changes in accounting estimates and errors; second, there is the specific option, in which, guided by paragraphs 10–23 of PSAK 70, the entity can o measure, present, and to disclose certain assets and liabilities. The second option guides the entity to present the assets and liabilities that pertain to the tax amnesty separately from the other assets and liabilities of the firm, or together but with certain specific aspects. According to PSAK, assets must be measured by fair value when the assets are recognized by the entity. In some circumstances, tax amnesty assets cannot define by the fair value when the asset is recognized, so PSAK grants the option to measure it using a tax amnesty acknowledgment letter (SKPP). This second option guides the entity in measuring asset values with an SKPP. PSAK 70 guides the entity in disclosing the value of assets and liabilities for tax amnesty, disclose the date of the SKPP, and record the net value of the relevant assets in paid-in capital. Entities that use PSAK 70 to account for their tax amnesty assets thereby admit to submitting an unfaithful financial statement in 2015. This study responds to the question “How do Indonesian listed companies that participate in the tax amnesty program present and disclose their tax amnesty assets and liabilities?” using information from 2016 financial statements in listed company that participated in tax amnesty on 2016, based on industry classification, examining the assets and liabilities they presented and disclosed.

II. LITERATURE REVIEW

Tax amnesty provides taxpayers an opportunity to pay accumulated tax liabilities without fear of penalty [3]. Tax amnesty is able to bring a noncompliant taxpayer into compliance. Jurisdictions that have allowed tax amnesty in 2002–2012 include Australia, Belgium, Canada, Germany, Greece, Italy, Portugal, Russia, South Africa, Spain, and the United States [4]. After a tax amnesty, the previously taxpayer will be in the same condition as the noncompliant one. Such amnesties do not always bring benefits, especially where they have been performed multiple times, in which case taxpayers come to expect another amnesty will come in the future, motivating them to reduce compliance with existing tax regulation [5].

In 2016, Indonesian taxpayers could participate in the amnesty program as provided by the government in Law Number 11/2016. The participants in the amnesty were required to declare all undeclared or not fully declared assets from 2015. Then, they paid taxpayer a percentage of the net value of the declared assets, called a redemption fee. As a consequence of following this law, include the written off of loss carry-forward and prepaid tax (deferred tax asset). The tax program was supported by the Institute of Indonesia Chartered Accountants (IAI) through PSAK 70, which gives guidance in tax amnesty asset and liability accounting treatment.

Then, there another step that is different between the two alternatives arises, namely, in the presentation of the tax amnesty assets and liabilities. The entity can present the assets and liabilities separately from assets and liabilities or as apart from of them. In the relevant accounting standard, it is more usual for the entity to present the tax amnesty assets and liabilities separately from other assets and liabilities. In this option, the entity must not present the tax amnesty assets and liabilities measured by fair value. The second option guides the entity to measure the tax amnesty assets and liabilities using an SKPP, and it allows them to be measured again at fair value. If the entity chooses second option and remeasures the assets and liabilities at fair value, it must reclassify them, not separately but as a part of the other assets and liabilities.

PSAK 70 guides the entity to disclose the value of the tax amnesty assets and liability, the date of the SKPP, and record the net value of the tax amnesty assets and liabilities in additional paid-in capital, if the entity chooses the second option. There is a gap between PSAK 70 and Indonesian law on the net value of the tax amnesty assets and liabilities. The law guides taxpayers to record the net value of the assets and liabilities as retained earnings, but PSAK requires them to be recorded record as additional paid-in capital if the entity chooses the second option. PSAK 70 guides the entity to record it as additional paid-in capital because the participation of the entity in tax amnesty is not the regular order of business but is a contribution from the stockholder. These assets and liabilities are not equity transactions, so they can be recorded as share capital. However, the entity that chooses the common option can record the net value of the tax amnesty assets and liabilities as retained earnings, using PSAK 25, if the net value of the tax amnesty assets is immaterial.

III. RESEARCH METHODOLOGY

This study used a descriptive qualitative approach to answer the research question. Description, a style of qualitative research, is a method of presenting actual information to answer a question [6]. Using a descriptive qualitative method, the author hopes that the study can present the companies participating in tax amnesty, tax amnesty assets and liabilities; and the disclosure of net value of these. The descriptive qualitative method used in this study will give information that presents the companies participating in tax amnesty, tax amnesty assets and liabilities; and =disclosures of the net value of these in the financial statements used to make decisions.

Companies listed on the Indonesian Stock Exchange (IDX) and that participated in tax amnesty in 2016 are the objects of study. The data are from financial statements, with secondary data from IDX to correct analyses. There are 559 companies listed on as of October 31, 2017, but only 530 financial statements available.

This study used content analysis to analyze data from financial reports; this method systematically examines texts and other media to obtain information directly and indirectly [6]. This study analyzes the content of financial statements using the keywords tax amnesty and tax amnesty assets.” Analysis phase is explained below:

1. Participation by the entities in question in the 2016 amnesty can determined from financial statements. Their SKPPs state their participation in the amnesty. Any date of an SKPP after December 31, 2016 is not within the scope of this study.
2. The presentation of the tax amnesty assets and liabilities is given in statement of financial position. This study examined the presentation in financial statements of the company that participated in tax amnesty in 2016.
3. Disclosures of are given by the entity in notes of financial statement. A disclosure of the use of PSAK 70 alone is not disclosure of participation.
4. The disclosure of the net value of tax amnesty assets and liabilities is given in financial statements. The net value of these in equity is found in statements of changes in equity.

IV. RESEARCH FINDINGS

A. *Participation of Listed Companies in Tax Amnesty by Industry Classification*

There are 559 companies listed on IDX, grouped into nine industry classifications: agriculture; mining; basic and chemical industry; miscellaneous industry; consumer goods; property and building construction; infrastructure, utility, and transportation; finance; and trade, services, and investment.

In all, 194 participants IDX-listed companies participated in tax amnesty, most of which are in the property and building construction industry boasts the highest number, of companies participating in the tax amnesty, 35 of 64 listed companies, or 54.69%. The trade, services, and investment industry have the greatest number of subsectors and number of companies in total, but just 58 participated in tax amnesty, or 44.62% of the total number companies in this industry.

TABLE I. PARTICIPATION OF LISTED COMPANIES IN TAX AMNESTY BASED ON INDUSTRY CLASSIFICATION

Industry classifications	Number of companies	Number of companies participating tax amnesty	Percentage
Agriculture	18	6	33.33%
Mining	45	12	26.67%
Basic and chemical industry	68	14	20.59%
Miscellaneous industry	42	13	30.95%
Consumer goods	44	12	27.27%
Property and building construction	64	35	54.69%
Infrastructure, utility, and transportation	58	23	39.66%
Finance	90	21	23.33%
Trade, services, and investment	130	58	44.62%
Total	559	194	34.70%

B. Presentation of Tax Amnesty Assets and Liabilities

The options for treating tax amnesty assets and liabilities imply different styles of presentation, namely, to present tax amnesty assets and liabilities separately from others or together with them. The commoner option is to present them together with similar assets and liabilities. The other option guides to them to be presented separately

There are 26 companies, of 194 listed companies, who participated in the tax amnesty program and presented their tax amnesty assets and liabilities separately from other assets and liabilities. Most, 168 companies, presented these assets and liabilities together with their others. Then, 144 companies did not disclose the option that they chose, 10 companies disclosed that they chose the common option, and 40 companies disclosed that they chose the specific option. Of the 26 companies that presented their assets and liabilities separately, 19 of them did not disclose the option that they chose, and 7 of them disclosed that they chose the less-common option. Of the companies that presented their assets and liabilities among their other ones, 125 of them did not disclose the option that they choose, 10 companies chose the common option, and 33 companies chose the less-common option. Two of the companies that presented their tax amnesty assets and liabilities among other ones restated their financial statement. *Exploitasi Energi Indonesia* and *Island Concepts Indonesia* restated their 2015 financial statements because of their participation in the tax amnesty.

Champion Pacific Indonesia (IGAR) disclosed that it chose the less-common option and presented its tax amnesty assets and liabilities separately from its other ones. *IGAR* disclosed the less-common option in its financial statement. *IGAR* presented its tax amnesty assets and liabilities separately from its other ones as current assets and liabilities, which totaled Rp. 29,000,000 in its statement of financial position.

Suryamas Dutamakmur (SMDM) and its subsidiaries disclosed that they chose the common option and presented their tax amnesty assets and liabilities as part of their assets and liabilities. *SMDM* In its financial statement, they disclosed that they chose the common option, recognizing tax amnesty assets and liabilities in accordance with the relevant PSAK dictates.

TABLE II. OPTIONS FOR PRESENTATION OF TAX AMNESTY ASSETS AND LIABILITIES

	Presented separately	Presented together with others	Total
Companies using the less-common option	7	33	40
Companies using the common option	0	10	10
Companies not disclosing	19	125	144
Total	26	168	194

Victoria Insurance (VINS) disclosed that it chose the less-common option in its financial statement and presented the tax amnesty assets and liabilities as part of its other assets and liabilities. *VINS* disclosed that it reclassified its tax amnesty assets and liabilities because it remeasured the investee tax amnesty assets and liabilities to obtain control of them. PSAK 65, the consolidated financial statement guide allows an entity to remeasure its investee assets and liabilities if the entity is control of the investee.

Two companies have restated their financial statements, namely *Exploitasi Energi Indonesia (CNKO)* and *Island Concepts Indonesia (ICON)*. *CNKO* and *ICON* restated their financial statements retrospectively, in connection with PSAK 70. *CNKO* restated its 2015 financial statement, and *ICON* restated its 2014 and 2015 financial statement.

C. Disclosure of Tax Amnesty Assets and Liabilities

The disclosure of tax amnesty assets and liabilities is guided by PSAK 70 according to the date of the SKPP and the value of the assets and liabilities. The disclosure of their net value of assets and liabilities is also guided by PSAK 70, which records it in equity as additional paid-in capital.

1) *Disclosure of Date of SKPP.* PSAK 70 gives the options guiding the entity to disclose the date of SKPP to allow the date of recognition of tax amnesty assets and liabilities.

Of 194 companies participating in tax amnesty, 75 did not disclose the date or the number of the SKPP, 119 companies disclosed the date of the SKPP, 6 disclosed the number of the SKPP, and 26 disclosed the date, and 87 disclosed the number and date of the SKPP.

Siloam International Hospitals (SILO) disclosed the number of the SKPP but not its date of SKPP. *SILO* disclosed that it and its subsidiaries obtained an SKPP on a date between September and October 2016. *Ancora Indonesia Resource (OKAS)* disclosed the date of its SKPP but not its number. *OKAS* disclosed that it obtained an SKPP on November 21, 2016. *OKAS* recorded the tax amnesty assets as cash, totaling Rp. 300,000,000.

Mitra Pemuda (MTRA) disclosed the date and the number of its SKPP, obtained on October 20, 2016 for *Mitra Palmil*, its subsidiary. The total of tax amnesty assets for *MTRA* was Rp. 2,440,000,000 and for its subsidiary was Rp. 147,805,000.

1) *The Disclosure of the Value of Tax Amnesty Assets and Liabilities.* The disclosure of value of tax amnesty assets informs the financial statement user of value of the tax amnesty assets and liabilities, based on SKPP. PSAK 70 guides the entity to disclose this value. Many companies disclose not just the value but the type of it.

TABLE III. DISCLOSURE OF SKPP

	Number of companies	Percentage
Companies that disclose the number of the SKPP	6	3.09%
Companies that disclose the date of the SKPP	26	13.40%
Companies that disclose the date and the number of the SKPP	87	44.85%
Companies that do not disclose the date or number of the SKPP	75	38.66%
Total	194	

There are 136 companies that disclosed the value of their tax amnesty and 68 companies that did not. Then, 86 of 136 companies which disclosed the value of tax amnesty and its type. The value of a tax amnesty is different from its net value, which is the difference between tax amnesty assets and liabilities, as guided by PSAK 70 to be recorded as additional paid-in capital.

The types of tax amnesty of assets are financial instruments, fixed assets, prepaid expenses, other assets, investment properties, equipment, and intangible assets. Cash, cash equivalents, stocks, and account receivables are included in financial instruments. Buildings, vehicles, and land are included in fixed assets.

Cowell Development (COWL) disclosed the value and type of its tax amnesty assets. COWL and its subsidiaries, including Plaza Adika Lestari (PAL), Sandi Mitra Selaras (SMS), Satria Pusaka Perkasa (SP3), and Nusantara Prospekindo Sukses (NPS) participated in tax amnesty at a value of Rp. 40,377,567,000 as inventory for COWL, is Rp. 5,282,319,734 as fixed assets for PAL, is Rp. 1,000,000,000 as inventory for SMS, Rp. 145,454,545 as cash for SP3, and Rp. 100,000,000 as cash, for NPS.

Dyandra Media International (DYAN) disclosed that it and its subsidiaries obtained an SKPP and recognized tax amnesty assets amounting to Rp. 3,687,616,500 in 2016. The participation DYAN in the tax amnesty program allowed DYAN to write off its estimated claim for an income tax refund of Rp. 3,208,057,065 and paid a redemption fee of Rp. 78,414,545.

2) *Disclosure of Net Value of The Amnesty Assets.* PSAK 70 guides the entity to record the net value of tax amnesty assets in equity as additional paid-in capital if the entity chooses the specific option. There is gap between PSAK 70 and the tax amnesty law, which provided guidance that it should be recorded in retained earnings. Some companies disclosed net value of tax amnesty in their financial statements or presented it in statements of changes in equity.

TABLE IV. DISCLOSURE OF VALUE OF TAX AMNESTY ASSETS

	Number of companies	Percentage
Companies that disclosed the value and type of tax amnesty assets and liabilities	86	44.33%
Companies that disclosed the value of tax amnesty assets and liabilities	50	25.77%
Companies that did not disclose the value of tax amnesty assets	58	29.90%
Total	194	

TABLE V. DISCLOSURE OF TYPE OF TAX AMNESTY ASSETS

Type of tax amnesty assets	Number of companies
Financial instrument	58
Fixed assets	44
Inventories	14
Prepaid expenses	3
Other assets	3
Investment property	2
Equipment	1
Intangible assets	1

There were 46 companies that did not disclose the net value of the tax amnesty assets and 148 companies that disclosed it, most of them, 131 companies, recording it as additional paid-in capital. There were six companies that disclosed it as retained earnings, six that disclosed it as other equity components, and five that disclosed it as additional paid-in capital and other equity components. There were 92 of 131 companies that recorded it as paid-in capital and did not disclose the option that they chose, 5 that chose the common option, and 34 that chose the specific option. Four of six companies recorded the net value of the tax amnesty assets as retained earnings and did not disclose the option that they chose, and two disclosed that they chose the common option. Two of six companies that recorded net value of tax amnesty assets and liabilities as other equity components and disclosed that they chose the less-common option, while the remainder of them did not disclose the option they chose. Three of five companies that recorded the net value of the tax amnesty assets as additional paid-in capital and other equity components and disclosed that they chose less-common option; two companies that did not disclose the option that they chose.

TABLE VI. DISCLOSURE OF NET VALUE OF TAX AMNESTY

	Net value of tax amnesty assets on equity					Total
	Retained earnings	Paid-in capital	Other equity components	Paid-in capital and other equity components	No disclosure	
Number of companies that chose the less-common option	0	34	2	3	1	40
Number of companies that chose common option	2	5	0	0	3	10
Number of companies that did not disclose the option	4	92	4	2	42	144
Total	6	131	6	5	46	194

Tri Banyan Tirta (ALTO) disclosed net value of tax amnesty assets recorded as retained earnings. ALTO also disclosed that it chose the common option. ALTO and its subsidiaries participated in tax amnesty and had in total tax amnesty assets, including Rp. 20,000,000 in cash. ALTO

recorded the net value of the tax amnesty assets as retained earnings because tax amnesty assets did not have a significant value for the financial statement.

Bakrie Sumatera Plantations (UNSP) disclosed that it chose the specific option and disclosed that it recorded the net value of its tax amnesty assets as additional paid-in capital.

UNSP and its subsidiaries participated in tax amnesty program and had Rp. 7,978,936,000 of net value in tax amnesty assets. Its statement of changes in equity presented that net value of tax amnesty was recorded as additional paid-in capital.

First Media (KBLV) disclosed that it recorded net value of tax amnesty as other equity component and additional paid-in capital. KBLV presented the net value of tax amnesty as other equity component and additional paid-in capital in its statement of changes in equity, totaling Rp. 143,988,000,000 and Rp. 5,125,000,000. The net value of its tax amnesty assets was as other equity component, based on the SKPP obtained by its subsidiaries. The net value of tax amnesty assets was recorded as additional paid-in capital, based on the SKPP obtained by KBLV.

V. CONCLUSIONS, IMPLICATIONS, LIMITATIONS, AND FURTHER RESEARCH SUGGESTIONS

A. Conclusions

In all, 194 listed companies participated in the tax amnesty program, or are 34.70% of 559 listed companies. Of these, 58 companies in the property, real estate, and building construction industry, or 53.13% of 64 companies in this industry, had the highest percentage of participation of companies by industry. In all, 168 of 194 companies had tax amnesty assets as a part of other relevant assets and liabilities, and the remainder presented tax amnesty separately from other assets and liabilities. There were 75, or 38.66%, that did not disclose the date or the number of their SKPP in their financial statements, and the rest of them disclosed the date or the number or both. Most, 44.85%, or 87 companies, disclose the date and the number of their SKPP. There were 58 companies, or 29.90%, that did not disclose the value of their tax amnesty assets, and there were 136 companies that did. In all, 86 of 136 companies disclosed the value and the type of tax amnesty assets, and 46 companies or 23.71% did not disclose recording the net value of tax amnesty assets. There were 148 companies that did disclose the recording, and most of them, 131 companies, recorded it as additional paid-in capital. There were six companies that disclosed it as retained earnings, six companies as other equity components, and five companies as additional paid-in capital and other equity components.

B. Implications

The government, the implementer of the tax amnesty program, can give information to and persuade companies to

participate in tax amnesty programs. The participation of a listed company only reached 34.35%, so the government can still maximize the number reached by informing companies of the benefit of tax amnesty and the consequences to taxpayers that do not participate in tax amnesty program.

The government or Financial Services Authority (OJK) or Indonesian Stock Exchange (IDX) persuade or make some guide to disclose it. The PSAK 70 instructs users to disclose in their financial statements whether tax amnesty assets and liabilities have significant value, so the government or OJK or IDX can make some guide to disclose it in financial statements even though they do not have significant value.

PSAK 70 does not agree with the law on the net value of tax amnesty, so these resources must be harmonized.

C. Limitations and Suggestions for Further Research

The author wishes to convey the limitations of this study's scope and research methodology. The scope of this study is restricted to listed companies that participated in tax amnesty before the end of 2016, but a third period of tax amnesty was conducted in January until March 2017. It is suggested that future research extend the research scope to that participated in the tax amnesty program from the beginning, July 2016, until the end of the period of tax amnesty, March 2017. The extension of the research scope should give more information on the tax amnesty for listed companies. This study used a descriptive qualitative approach to assess tax amnesty assets and liabilities, and it can use other techniques to inform this from other point of view. The suggestion for further research involves the use of other methods or techniques of research into tax amnesty assets and liabilities, of which this study was restricted to the descriptive qualitative approach. Other methods and techniques can give information from other points of view on tax amnesty assets and liabilities.

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