

Tax Accounting For Fixed Assets: IFRS Based Indonesian Fiscal Reconciliation

Stephana Dyah Ayu R, Sih Mirmaning D.E, St. Lily Indarto, and Agnes Arie M.

Abstract— This research discusses the comparisons between calculation and recognition of fixed assets based on international accounting standards (IFRS) and based on Indonesian Taxation Laws. High number and many types of fixed assets, besides tax payers lack capability of tax reporting, leads high complexity problem in fixed asset tax accounting.

Comparative analysis was generated a different treatment of fixed assets based on IFRS and based Indonesian Tax Law. This study found an appropriate fiscal reconciliation models to recognize fixed asset in tax-accounting. This fiscal reconciliation model of taxation accounting can accommodate both of international accounting standard (IFRS) and fixed asset accounting standard based Indonesian taxation law. After that, this research also developed new software to accommodate both Indonesian taxation rules and IFRS-based Accounting Standards.

Used tax payers and consultant from Indonesia, this research attempted to measure Technology Acceptance Models (TAM) for the tax reconciliation system. Technology Acceptance Models (TAM) measured with Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) [8]. SPSS result shows that both of Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) have high level.

Keywords— IFRS, fixed assets, TAM, tax-accounting.

I. INTRODUCTION

International Financial Reporting Standard (IFRS) is a standard that is used by more than one hundred countries of the five continents as a prevailing standard of financial report [9]. The adoption of IFRS in Indonesia started in 2008 with the change of Financial Accounting Standards Nr. 50 and 55. *Dewan Standard Akuntansi Keuangan/DSAK* (Financial Accounting Standard Board) */Ikatan Akuntan Indonesia/IAI* (Indonesian Accountants Association) continuously made some standard revisions. This process was continuously committed until 2010. After that process *Dewan Standard Akuntansi Keuangan/DSAK* (Financial Accounting Standard Board) */Ikatan Akuntan Indonesia/IAI* (Indonesian

Accountants Association), issued very comprehensive change of Indonesian Accounting Standard. This new standard was implemented in 2011 [3]. The new Indonesian Accounting Standard is IFRS based.

In Indonesian Accounting Standard with IFRS based the financial accounting standards which regulating fixed assets has significant changes. The changes had substantial impacts on the fixed assets reporting. Its relates to a method of recording and valuation of changes assets in New Financial Accounting Standards implemented in Indonesia.

Unfortunately, the big change in Financial Accounting Standards implemented in Indonesia are not directly followed by a change of taxation rules. Indonesian taxation rules provision on controlling fixed asset valuation. This makes the difference of fixed assets counting model based on the standards set by IAI has a great difference, and it makes a high complexity of tax reporting. Therefore it is necessary for the synchronization process. Synchronization process is then known as fiscal reconciliation process. Reconciliation process is done by adjusting the fiscal records of commercial financial statements to the tax rules.

Government as the regulator has substantial responsibility of environmental and community health improvement in terms of infrastructure. Infrastructure development requires substantial funds, and for Indonesian government's largest revenue comes from taxes. Unfortunately, tax revenue in Indonesia is not maximized yet, because of the high level of tax evasion. In our prior study, it is caused by complexity of tax reporting.

The current research is an exploratory study on the production of systems that can assist taxpayers with tax payments technology. The previous research found that the perceived complexity by the taxpayer was extremely influential on taxpayer compliance rate for taxpayers Personal and Corporate Taxpayers. Rini Hastuti and Stephana Dyah Ayu [2] found that the higher the level of perceived complexity, the lower their compliance in paying taxes. Therefore, it is important to reduce the level of complexity in order to increase taxpayer compliance rate.

The research was conducted with the aim of simplifying the calculation of tax payments related to fixed assets to long-term is expected to reduce the perceived complexity when performing the duty of taxpayers.

This research to simplify the calculation of fixed assets as fixed assets is the most complex types of calculation. This is because the amount and types of assets remain highly variable. Moreover the value of fixed assets is significant to the

Stephana Dyah Ayu R is with the Faculty of Economic and Business Soegijapranata Catholic University Semarang, Indonesia (Phone + 62 85640004262 E-mail: stephana@unika.ac.id).

Sih Mirmaning D.A is with Faculty of Economic and Business Soegijapranata Catholic University Semarang, Indonesia (E-mail: sihmirmaning@unika.ac.id).

St. Lily Indarto is PhD student of Faculty of Economic and Business Soegijapranata Catholic University Semarang, Indonesia (E-mail: sli@unika.ac.id).

Agnes Arie M., is with Faculty of Economic and Business Soegijapranata Catholic University Semarang, Indonesia (E-mail: agnes@gmail.com).

financial statements, so that the reconciliation process would be devastating to the company.

In the long term, simplifying of procedur and calculation is expected to increase the willingness of taxpayers to calculate their own taxes in compliance principles calculations of self-assessment. It is expected to increase the independence of the taxpayers according to the principles of self-assessment.

II. LITERATURE REVIEWS

Fixed Assets

Property and equipment are often a significant component in the Balance Sheet Fixed Company. Asset are tangible and long term. In term used in IAS 16 Property and equipment is defined as tangible assets held for use in the production or supply of goods or services, for rent to another party, or to administrative purposes, and are expected to be used for more than one period [4].

A qualified fixed assets to be recognized as a fixed asset should initially be measured at cost. Acquisition expenses of fixed assets consist of a) The acquisition price, including import duties and taxes which should not be credited net of purchase discounts and other pieces; b) Costs that are directly attributable to bringing the asset to the location and condition necessary for an asset is ready for use in accordance with the intent and purpose of management; c) The estimated initial cost of dismantling and removing the item and restoring the site on assets. Liability for the costs incurred 1) when the asset is acquired, or 2) because the entity uses the asset over a given period for purposes other than to produce inventories [10].

Depreciation

Depreciation is systematic allocation of the depreciable amount (depreciable amount) of an asset over the useful life (useful life). Depreciation method can be done by three methods such as Straight line method, Declining Balance method and Number of unit method. In Straight line method value of fixed asset is fixed throughout the useful life of the asset's residual value does not change. In Declining Balance method value of fixed asset is loadings decrease over the life of the benefit. Number of units method value of fixed asset is loading based on the useful of fixed asset [5].

Tax Accounting

The fundamental difference between the financial accounting tax accounting is on the ultimate goal to be achieved. Financial accounting aims to present fairly the financial position of the state or results of operations as an entity that can be used as a basis for decision-making, so that is the main concept of matching between revenues and expenses in the financial statements. Accounting taxation aims to determine the amount of taxable income in a tax year. While the principles, objectives and considerations in the determination of income tax, related to financial accounting, therefore there is a difference then the tax rules with generally acceptable accounting principles set out in Indonesia which are then bridged with SFAS No.46 [3]. Accounting earnings

according to GAAP is net income or loss for the period by the Financial Accounting Standards before deducting the tax burden. While the taxable income or taxable income means the income or loss for the period is calculated based on the tax regulations and the basis for calculation of income tax.

Fiscal reconciliation

Based on the above concepts, it is seen that there are significant differences between commercial accounting and tax accounting [8]. Therefore it is necessary for the synchronization process. Synchronization process is then known as fiscal reconciliation process. Reconciliation process is done by adjusting the fiscal records of commercial financial statements to the tax rules. Thus commercial financial report will be able to present the taxable income in accordance with the fiscal demands of the financial statements.

Technology Acceptance Model (TAM)

In this research, the main model research base used is the Technology Acceptance Model (TAM) developed by Davies [1]. Like other research on behavioral aspects of technology absorption, TAM was derived from psychology theory. The theory Davies [8] issued is Theory of Reasoned Action.

TAM is used to predict the acceptability from adoption of a tool or technology. Under TAM model developer or resercher can identify possible modifications. This modification needed for the technology to be higher accepted by users.

TAM explained that acceptance of technology specially a new ones can be measured by two main instruments. They are perceived benefits and perceived ease of use. In this research we use terminology perceived usefulness to show perceived benefits from technology.

Both of TAM instrument will contributed in improving the performance of a person with the thecnology. The easier in use of an software system means less effort. Its means that in order to improve some person performance, less effort nedded using the information system than with manual way.

III. RESEARCH METHODOLOGY

A. Data Collection

Data collecting activities were conducted in several steps consisting of library studies and collecting questionnaires.

A.1 Library study

Our literature study was conducted in order to obtain the correct understandings on the substance of the research. This study explored some literatures about IFRS standard, IFRS and Non Standards Act - legislation relating to the taxation of fixed assets. In this study, researcher also explored some literatures from working papers, books, articles, magazines, newspapers and other publications about fixed asset.

A.2. Questionnaire Collecting

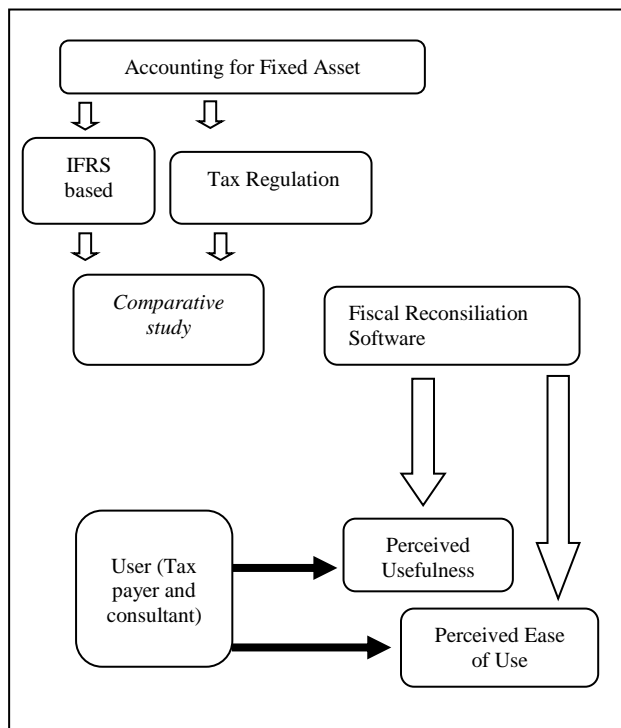
In this study, the data collecting was conducted by giving questionnaires to the participants. The questionnaires use to

measured perception about Fiscal Reconciliation Software which make in this reserch.

B. Data Analysis

After collecting data, the team conduct three stage of research as shown in Figure 2.

Figure 2. Research Model



B.1. Comparative study

The study was conducted by using the method of literature study, by comparing the IFRS standard, IFRS and Non Standards Act - legislation relating to the taxation of fixed assets. With a comparative analysis of the flow of accounting information systems found fiscal reconciliation of fixed assets. Reconciliation system fiscal fixed assets which can later convert these financial statements based on IFRS into the financial report based company law - tax law.

B.2. Developed Fiscal Reconciliation Software

After compare the standard, we developed the accounting software program taxation fixed assets that have to accommodate the needs of both IFRS standards compliance tax regulation. This software is *Fiscal Reconciliation Software*. This software was made under open source. This software make users to reduce the effort required to improve performance.

B.3 Measures acceptability of Fiscal Reconciliation Software

In this third stage, we use 42 taxpayers and tax-consultant as participants. All of this participant had at least one year tax reporting. The other important criteria is that the participans has voluntary participation in our research. It means that want to try the software. Their main task was to have a try-out of the *Fiscal Reconciliation Software*. In selecting the participants, there are some conditions should be fulfilled.

Erlambang Nahartyo [6] says the conditions should be fulfilled was about the participants' voluntariness, disclosure, confidentiality, beside the quality sameness of treatment and experiment.

Acceptability of this Fiscal Reconciliation Software is measured by using the Technology Acceptance Models (TAM). Venkatesh, V. and Davis, F.D [10] mention that Technology Acceptance Models (TAM) shown with Perceived Usefulness (PU) and Perceived Ease of Use (PEOU).

According to Davis [1] we definite Perceived Usefulness (PU) as the level of benefits experienced by the taxpayers when they use the Fiscal Reconciliation Software. A high score when the taxpayers feel that fiscal reconciliation software is useful for them. On the contrary, a low score means that the taxpayers feel that the software isn't useful for them. According to Davis [1] we definite PEOU as a variable measuring how easy the system used. A high score is given when our participant feel that the Fiscal Reconciliation Software is easily used while a low score is given when they feel that the software is not easy to be used. In this research, both questioners are modified to the make them relevant within the context of the fixed asset tax accounting.

IV. RESEARCH RESULT

A. Comparative Model Development

Research that has been done to give the results of a procedure that simplifies the process of converting the value of fixed assets based on IFRS into fixed assets in accordance with the tax regulations.

The first phase should be done by the taxpayer is to first calculate the depreciation of an asset according to accounting standards that are now based on IFRS.

The second stage is performed to check whether the assets are still held until the end of the period. If not by the end of the period, then the depreciation is considered zero. If depreciation is zero, then the reconciliation proceeds directly to the final stage. However, if the asset is still owned at the end of the period should be continued in three stages.

The third stage is to be done is to check whether the taxpayer conducted revaluation of the assets concerned. If the revaluation is done, then use the new value, whereas otherwise it recorded value of the old asset.

The fourth stage of the taxpayer to do is re reclassify their assets. This must be done because the Regulation of the Minister of Finance of the Republic of Indonesia No.96 /PMK.03/2009 to make the classification of the assets owned by the company. Broadly speaking, the assets of the company are classified into 4 groups.

TABLE I
CLASSIFICATION OF FIXED ASSETS OWNED BY EACH INDUSTRY SECTOR

Aset Group 1	Aset Group 2	Aset Group 3	Aset Group 4
Agricultural, horticultural, forestry, fisheries		No item	No item
Food and beverage industry		No item	No item
Semi-conductor industry		No item	No item
Water Mooring Equipment Rental Services In		No item	No item

Mobile Telecommunication Services	No item	No item
No item	No item	No item
No item	No item	Weaving and dyeing
Timber		No item
	No item	Kimia
industrial Machinery		No item
Telecommunication		No item
Construction		
Transportation and Warehousing		

After that we must calculate the value of fixed assets depreciation using the depreciation rates in accordance with the rates for each group as shown in Table 2.

TABLE II
EACH GROUP ASSET DEPRECIATION RATE

Group Assets	Asset Useful Life	Depreciation rates (%)	
		straight line	Declining Balance
Group 1	4 year	25%	50%
Group 2	8 year	12.5%	25%
Group 3	16 year	6.25%	12.5%
Group 4	20 year	5%	10%
Permanent buildings	10 year	10%	-
Semi Permanent Building	5 year	20%	-

Reconciliation Fiscal impact corrected fiscal emergence of positive and negative fiscal correction in the commercial financial statements are prepared to comply with the financial statements fiscal. Fiscal correction calculation is done by subtracting the depreciated value of fixed assets in accordance with IFRS the value of fixed assets depreciation according to the Tax. Fiscal correction values for fixed assets included in the tax return reporting taxpayer. Placement value of the reporting fis

cal correction SPT Taxpayer conducted in accordance with appropriate conditions in Table 3.

TABLE III
EACH GROUP ASSET DEPRECIATION RATE

Comparison Value	Fiscal Reconciliation
IFRS depreciation > Tax Depreciation	Positive Fiscal Correction
IFRS depreciation < Depreciation Tax	Fiscal Correction negative
IFRS depreciation = Depreciation Tax	No Fiscal Correction

B. Fiscal Reconciliation Software

In second stge of our research, we develop Fiscal Reconciliation Software to calculate fixed asset. This new software was present fixed assets report according both of tax regulation and IFRS standard from IAI. The difference emerging of the fixed asset calculation between the taxation regulation and IFRS will be displayed in fiscal reconciliation report. The purpose of the new software is to mitigate tax payer complexity in counting fixed asset, so that increase self - assessment tax reporting.

The accounting software program will accommodate the needs of both IFRS standards compliance tax regulation. This software is *Fiscal Reconciliation Software*. This software was made under open source. But still can be used in many program such as Microsoft Windows 8, but Microsoft

Windows 7. This software make users to reduce the effort required to improve performance.

C. Fiscal Reconciliation Software

The SPSS result shows that Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) have high level. As shown in Table 4, Perceived Usefulness (PU) has mean 12.69.

Table 4 also show high Perceived Ease of Use (PEOU) level with mean 11,92. As general, both tax payers and consultant have high acceptance to the software.

TABLE IV
DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std.Deviation
PU	42	10.00	15.00	12.6905	1.35229
PEOU	42	8.00	14.00	11.9286	1.33239
Valid N (listwise)	42				

The SPSS result shows that both of Perceived Usefulness (PU) and Perceived Ease of Use (PEOU) have high level. As shown in Table 4, Perceived Usefulness (PU) has mean 12.69, and as shown in table 5, this number is categorized as high level PU. Table 4 also shows high Perceived Ease of Use (PEOU) level with mean 11.92. According to table five, this number is categorized as high level PEOU.

TABLE V
MEAN LEVEL

	Mean	Low Level	Medium Level	High Level	Notes
PU	12.6905	3 -6,33	6.33- 10.66	10.66 – 15	High
PEOU	11.9286	3 -6,33	6.33- 10.66	10.66 – 15	High

High PU and PEOU indicates that they have high Technology Acceptance Models (TAM). Because of that, this research proof that both tax payers and consultant in Indonesia will be prospected users of Fiscal Reconciliation Software.

V.CONCLUSION

A high score Perceived Usefulness (PU) in Descriptive Statistics means that the taxpayers feel that fiscal reconciliation software is useful for them. SPSS result also show that the participant also feel that the Fiscal Reconciliation Software is easily used. As general, both tax payers and consultant have high acceptance to the software. Simplification of the tax reconciliation process is used to reduce the level of complexity in order to increase taxpayer compliance rate. With an increase in compliance, it is expected that tax revenues can be increased so that construction can proceed smoothly.

REFERENCES

- [1] Davis, F. D. 1989, *Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology*, *MIS Quarterly*, 13(3), 319-340.
- [2] Hastuti Rini, Stephana Dyah Ayu Ratnaningsih. *Faktor Sosio Ekonomi dan Persepsi Wajib Pajak: Pengaruhnya Terhadap Kompleksitas dan Ketidakadilan Sistem Perpajakan, serta Kepatuhan Pajak*. Paper Presented in ISEI National Conference, Surabaya 26-27 November 2007, pp 30-45.
- [3] Ikatan Akuntan Indonesia, *Standart Akuntansi Indonesia*, 2012
- [4] International Accounting Standart Board (IASB). *International Accounting Standart*. Reissued in December 2003.
- [5] Kieso, Donald E, Weygand, Jerry J and Paul D. Kimmel. *Financial Accounting. IFRS Edition*. 2011. John Wiley & Sons, Inc
- [6] Nahartyo, Erlambang. 2013. *Desain dan Implementasi Riset Eksperimen*. UPP STIM YKPN, Yogyakarta, Indonesia.
- [7] Ratnaningsih, Stephana Dyah Ayu, S.M Damar Endah, Agenes Ariece M, St. Lily Indarto “ *Technology Acceptance Models For the New Fix Assets Tax Accounting System* ” , Paper Presented in International Conference on Business Economic and Social Science, Bali 26-27 June 2014, pp 24-25.
- [8] Ratnaningsih, Stephana Dyah Ayu, S.M Damar Endah, Agenes Ariece M, St. Lily Indarto “ *Pengembangan Model Akuntansi Perpajakan dan Perangkat Lunak Untuk Rekonsiliasi Fiskal Aset tetap berbasis IFRS* ” , Unpublished Research Report Funded by Indonesian Government, 2012.
- [9] Ratnaningsih, Stephana Dyah Ayu, S.M Damar Endah, Agenes Ariece M, St. Lily Indarto “ *Improving Technology Acceptance Models For the New Fix Assets Tax Accounting System* ” , Paper Presented in Kuala Lumpur International Bussiness, Economics and Law Conference, Kuala Lumpur 29-30 November 2014, pp 24-25.
- [10] Venkatesh, V. and Davis, F.D. 2000, A Theoretical Extension of the Technology Acceptance Model: Four Longitudinal Field Studies, *Management Science*, 46, 186-204.