ANALYSIS OF TAX ACCOUNTING’S IMPLEMENTATION ON ACCOUNTS RECEIVABLE: CASE STUDY IN FREIGHT SERVICE MSME COMPANIES

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ABSTRACT

Accounting applications in companies are applied using generally accepted accounting standards so that financial statements are more objective, clear, and understood by all parties. Companies need to pay attention to the application of tax accounting so that the preparation of financial statements is following tax regulations. The objectives to be achieved in this study are to analyze the application of accounts receivable accounting and the application of Value Added Tax related to receivables in freight service companies with medium scale based on tax provisions and PSAK. Data analysis in this study using qualitative analysis with a descriptive approach. The results of the analysis have been carried out on three freight service companies with medium scale showed that two companies measured and recorded receivables following the PSAK No. 23 (revised 2014), PSAK No. 55, and PSAK No. 68 (revised 2015), while one company did not. Other results showed that two companies perform presentation and disclosure of receivables and their allowance following PSAK No. 1 and PSAK No. 71, while one company did not.Collection of Value Added Tax on the transaction of Financial Accounting Standards following the Regulation of the Minister of Finance Number 207/PMK.10/2015 and the Value Added Tax Act No. 42 (2009). The company should record the receipt of the settlement of accounts receivable that have been written off based on the provisions of the applicable accounting standards and the company record the receipts into the cash account and accounts receivable account as a reduction in receivables. There are still not many studies that discuss the application of tax accounting for accounts receivable in MSMEs and expected credit loss during COVID-19 pandemic.

Keywords: Tax Accounting, Accrual Based, Account Receivable, Value Added Tax, Freight Service Companies

ABSTRAK


Kata Kunci: Akuntansi Pajak, Basis Akrual, Piutang, Pajak Pertambahan Nilai, Perusahaan Jasa Pengangkutan
1. INTRODUCTION
1.1. Background

Micro, Micro, small, and medium enterprises are often associated with capital limitation that are owned by individuals or individual business entities in run a business. Indonesia is still developing in various field, so the importance of the existence of the perpetrators of micro, small, and medium enterprises need to be considered (Ardillah & Farhanah, 2022). Micro, small, and medium enterprises together with cooperatives have a place specifically below Ministry Cooperatives and micro, small, and medium enterprises (Ardillah, 2020). Micro, small, and medium enterprises can expand employment opportunities by providing economic service broadly to the community and play a role in the process of increasing the economic growth and making improvements for the community’s income (Syahputri & Firmansyah, 2019).

To be superior in competition, companies must have good management. The main goal of the company to achieve profit maximally with effective, efficient, and economical ways that has resulted from the company's operational activities (Efendi & Saprudin, 2019). Companies that have operational activities need financial reports to monitor the company's business activities. Financial statements can be used by several interested parties other than the owner or management (Gischa, 2020). Every company has assets to support its business activities which can be expressed in units of money and from economic sources owned by the company (Haryono, 2012). Companies in carrying out business activities are more focused on increasing the volume of sales of goods or services that are offered by the company, where managers must determine a policy to achieve that focus to achieve target sales (Iswahyudi & Darminto, 2019). Receivables are one component that is considered very important in the statement of financial position because the fairness of its assessment in financial statements is strongly influenced by accuracy in processing receivables (Manuel, et.al, 2017).

Accounts receivables that are part of the assets are claims or claims of the company against other parties whose repayment can be made in the form of money, goods, or services (Setiawan, 2010). Accounts receivable can be in the form of bills that arise due to the sale of goods merchandise and services or sales of other assets held on credit (Ariyati, 2019). The greater the receivables, the greater the need for funds invested in receivables. The greater the receivables, the greater the risks that arise in addition to increasing profit (Rudiyanto and Hariyanti, 2016). The company needs to manage the receivables according to the credit period that had been given to the customer when the receivables were due to maturity (Padachi, 2006).

According to the 1945 Law Article 23 paragraph (2), it is stated that all taxes are for state needs and one of the sources of state income is from taxes. Taxes are very potential in contributing to state income, especially Value Added Tax, which is a tax on domestic consumption and is imposed on the consumption of taxable goods and taxable services in the customs area (Ardillah, 2021). Company activities that generate income from sales are inseparable from the imposition of Value Added Tax (VAT). Value Added Tax (VAT) arises due to the sale or purchase of goods to consumers or customers and the VAT must be deposited directly by the company to the State. Value Added Tax (VAT) itself means that on domestic consumption, VAT must be imposed by corporate taxpayers, individual taxpayers, and government taxpayers. Objective and indirect taxes are the nature of Value Added Tax (VAT). The Financial Accounting Standards Board of the Indonesian Institute of Accountants has issued a publication based on a decision regarding the instructions for preparing financial reports for entities based on the principles of Financial Accounting Standards (SAK), which aims to realize that the uncertainty caused by the COVID-19 pandemic can significantly affect the judgment of financial statements. The implementation of PSAK No. 71 Financial Instruments, which was initially implemented on January 1, 2020 as a guidance in considering whether the Covid-19 pandemic may affect the calculation of expected credit loss (ECL).

This research was conducted from the research conducted by Efendi & Saprudin (2019) qualitatively which analyzed trade receivables on operating cash flow with the result that an increase in trade receivables affected cash flow. This research also replicate the application of the implementation of accounting policies that including account receivable management from Syahputri & Firmansyah (2019) which resulted of PT. XYZ generally has good accounts receivable management because PT XYZ has a collection procedure of receivable to clients and PT. XYZ does not yet have an adequate account receivable management policy because of PT. XYZ does not have good credit standards and credit terms, but the collection policy is quite effective by the company. This research also replicating the evaluation of implementation of PSAK No. 71 concerning expected credit loss from Orah, et al. (2021). There are still not many studies that discuss the application of tax accounting for accounts receivable in MSMEs and expected credit loss during COVID-19 pandemic. This research will examine the application of accounts receivable accounting under the provisions of generally accepted accounting standards and the application of Value Added Tax related to accounts receivable on service companies according to tax regulation such as Regulation of the Minister of Finance Number 207/PMK.10/2015 and Value Added Tax Act No. 42 (2009) and financial accounting regulation such as PSAK No. 1, PSAK No. 23 (revised 2014), PSAK No. 55, PSAK No. 68 (revised 2015), and PSAK No. 71.
1.2. Theoretical Framework

1.2.1. Accounting Standard

The accounting profession has made several standards that are generally accepted and universally practiced. The accounting standard is a standard method and format in recording and presenting financial statement information. Statement of Financial Accounting Standards contain Statements of Statement of Financial Accounting Standards and Interpretation of Statement of Financial Accounting Standards prepared by the Financial Accounting Standards Board. Statement of Financial Accounting Standards is prepared with the aim of making financial statements more objective, clear, and understandable by all parties (Cahyono, 2011). The purpose of making accounting standards is as follows (Bahri, 2016).

1. Uniformity of financial statements as well as, relevant and reliable financial reports.
2. Facilitate the preparation of financial statements because of the standard guidelines to minimize the let from the compiler.

The advantages of utilizing Statement of Financial Accounting Standards are to build the comparability of financial statements, give quality data on global capital business sectors, eliminate boundaries to worldwide capital streams by lessening contrasts in financial reporting prerequisites, and decrease financial reporting costs for worldwide substances and expenses for financial analysis for analysts (Bahri, 2016).

1.2.2. Tax Accounting

Tax accounting is an art in recording, classifying, summarizing, and interpreting financial transactions carried out by companies and aims to determine the amount of taxable income. Taxable income is income that is used as the basis for determining expenses and income tax payable earned or received in a tax year to be used as a basis for determining expenses and/or income tax payable by the company as a taxpayer (Subekti, 2012). Tax accounting involves the process of recording, classifying, and summarizing a financial transaction concerning tax obligations and ending with the preparation of fiscal financial statements following the relevant tax provisions and regulations as the basis for making Annual Tax Returns (Supriyanto, 2011). The purpose of holding tax accounting is to enable companies to pay taxes following government regulations and to present the relationship of a transaction to existing rates and taxes (Ahmad & Sholeh, 2018).

Value Added Tax accounting can be implemented with the situation as follows (Mubarok, et.al, 2019).

1. When submitting Taxable Goods or Taxable Services
   a. Export
   b. Domestic delivery (VAT is collected by itself, collected by collector, uncollected, released)
2. When Obtaining Taxable Goods or Taxable Services
3. Self-building activities.
4. At the end of the adjustment period for the Taxable Employers.

1.2.3. Financial Statements

Financial statements are fundamentally the consequence of a bookkeeping interaction that can be utilized as a specialized instrument between monetary information with an interest in the information or exercises of the organization (Munawir, 2017). The purpose of financial statements is to give complete data in regards to the organization's monetary position, financial performance, and cash flows (Nur, 2020). The organization's financial statements are prepared as a type of the board responsibility to parties with an interest in the organization's presentation accomplished during a specific period. For internal and outside parties the organization's financial statements are utilized as a wellspring of data or tool to comprehend the organization's monetary condition for the reasons for settling on monetary choices. As per PSAK No. 1 sections 08, 09, 10, 11, and 12, completed financial statements comprising of the accompanying parts (Indonesian Institute of Accountants, 2015).

1. Statement of financial position at the end of the period.

   Statement of financial position is a new term to replace the existing term, namely balance sheet. The balance sheet is also known as a balance sheet which has the first meaning of being balanced. the second meaning is the remainder or balance. The balance sheet is prepared using the accounting equation (Assets = Debt + Equity). This equation is used as a way for the company to record all transactions that occur in the company, thus from the beginning, the balance sheet has been designed to be balanced. The right side of the balance sheet describes the company's sources of funds where the company obtains funding from two parties, namely creditors with their debts and investors with their capital. Then, the source of funds obtained by the company will be invested in assets which in the statement of financial position are on the left side (Prihadi, 2019).

2. Statement of comprehensive income for the period

   The income statement describes the performance of a company for a period. Investors are very concerned about the performance reported by issuers. The income statement describes the difference between
income and expenses (Prihadi, 2019). According to PSAK No. 1, it is regulated that the reporting of comprehensive income should at least include the following items:

a. Income
b. Financial costs
c. Share of profit or loss of associates and joint ventures accounted for using the equity method
d. Tax burden
e. A single amount which includes the total of:
f. Profit or loss after tax from discontinued operations
g. After-tax gain or loss recognized at fair value fewer costs to sell or from the disposal of the asset or group disposed of in discontinued operations.
h. Profit and loss
i. Each component of other comprehensive income classified according to characteristic
j. Share of other comprehensive income of associates and joint ventures accounted for using the equity method
k. Total comprehensive profit or loss

3. Statement of changes in equity during the period.

A cash flow statement is a report that presents a definite outline of all cash inflows and surges, or the sources and employments of cash during a period. Information about a company's cash flows is helpful for clients of financial statements as a reason for surveying the organization's capacity to produce cash and cash equivalents. The primary reason for the organization to prepare a cash flow statement is to give pertinent data about an organization's cash receipts and installments during a period (Ichsan, 2019).

5. Notes to financial statements.

Notes to the financial statement containing a synopsis of significant bookkeeping strategies, other illustrative data, and complete financial statements will incorporate notes to the financial statements. Fundamentally, the financial statements of public organizations and privately owned businesses are something very similar with the distinction just in regards to a couple of extra things, such as the responsibility of the president director and finance director for the correctness of the contents of the financial statements, obligation to audit the year-end financial statements, additional completeness in financial reporting, and statement of financial position at the beginning of the comparative period presented when the entity applies an accounting policy (Prihadi, 2019).

1.2.4. Receivables

Receivables are company claims for money, goods, or services to other parties due to past transactions that recorded in the company’s statement of financial position when there was the sale of goods or services on credit (Gorondutse, 2016). Receivables are stated at the gross amount of the invoice less the estimated uncollectible amount. The gross amount of receivables must still be presented on the balance sheet followed by an allowance for doubtful receivables or estimated uncollectible amounts (Pertiwi et al., 2020). The classification of receivables is as follows (Frida, 2021).

1. Accounts Receivable

Accounts receivable is the amount that will be billed from customers as a result of selling goods or services on credit. These accounts receivable have a normal balance next to the debit under the normal balance of assets. Because it is included in current assets, accounts receivable are relatively short for the period of collection. Accounts receivable shows receivables arising from the sale of goods or services produced by the company on credit. Receivables are recorded by debiting the accounts receivable account. These accounts receivable are normally expected to be collected in a relatively short period, such as 30 or 60 days, so they are classified as current assets.

2. Notes Receivable

Notes receivable are the company's invoices to the note maker. The note maker in question is a party who is indebted to the company, either through a purchase or a loan of money. The debtor agrees with the creditor to pay the amount borrowed along with interest within the agreed period. The normal balance of notes receivable is the same as accounts receivable that are debited. However, the classification of notes receivable can be current or non-current. Notes receivable which can be said to be current, namely those arising from the sale of goods or services on credit, are a substitute for accounts receivables that have not been received until the credit deadline.
3. Other Receivables
Other receivables are generally classified and reported separately in the balance sheet. Examples such as interest receivables, dividends receivable, tax receivables, and bills to employees.

1.2.5. Accounts Receivable’s Accounting Implication
According to PSAK 23 (revised 2014), receivables originating from the sale of services are generally recognized when the service is rendered or when the service is performed, while the sale of goods is generally when the goods have been transferred to the buyer. Recognition of receivables is often related to revenue recognition because in general, revenue recognition is recorded when the profit-generating process has been completed and cash can be realized. Under the PSAK No. 55, receivables are recorded at their maturity value (gross amount) less the estimated amount that will not be received, meaning that receivables must be recorded at the amount to be billed.

Accounting for accounts receivable is generally divided into three category as follows (Sastroatmodjo & Purnairawan, 2021).

1. Accounting at the time of recognition of accounts receivable
   a. Accounts receivables are recognized when a sale is made on credit, which has the following journal:
      Accounts Receivable xxx
      Sales xxx
   b. Accounts receivable are recognized (-) when the sales returns/rebates are made on credit, the journals required are:
      Sales Returns xxx
      Accounts Receivable xxx
   c. Accounts receivable are recognized (-) when the customer makes a payment to the company, the journals required are:
      Cash xxx
      Accounts Receivable xxx

2. Accounting at the time of recognition of accounts receivable
   a. Accounts receivables are recognized when a sale is made on credit, which has the following journal:
      Accounts Receivable xxx
      Sales xxx
   b. Accounts receivable are recognized (-) when the sales returns/rebates are made on credit, the journals required are:
      Sales Returns xxx
      Accounts Receivable xxx
   c. Accounts receivable are recognized (-) when the customer makes a payment to the company, the journals required are:
      Cash xxx
      Accounts Receivable xxx

3. Accounting at the time of valuation and reporting of accounts receivable
Accounts receivables are valued and reported at the cash value that is expected to be obtained in the future, but sometimes there are various reasons for the customer not being able to pay off the receivables. This makes accounts receivables unable to be realized into cash, so the company will write off accounts receivables and consider the write-off of receivables as an expense. In carrying out the write-off of receivables according to generally accepted accounting provisions, two methods can be used, namely the direct method and the indirect method. The direct method or direct method is a method of writing off receivables if the receivables are uncollectible and not based on estimates. The indirect method or indirect method is a method of writing off receivables using an estimate of receivables that do not exceed the time of billing. The longer the age of the receivables receivable, the smaller the level of collectible receivables is possible. Receivables that are not possible to be collected are considered as receivable losses, so this method is known as allowance for receivable losses. The journal for the write-off of receivables is presented in table 1 below.

Table 1
Write-Off Journal

<table>
<thead>
<tr>
<th>Direct Method</th>
<th>Indirect Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journal of the estimated amount of bad debts:</td>
<td></td>
</tr>
<tr>
<td>No entry</td>
<td>Bad Debt Expense Allowance for x x</td>
</tr>
</tbody>
</table>
Journal to record write-off of accounts receivable

<table>
<thead>
<tr>
<th>Doubtful accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful accounts</td>
</tr>
<tr>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>Bad Debt Expense</td>
</tr>
<tr>
<td>Accounts Receivable</td>
</tr>
</tbody>
</table>

Journal to the record collection of cash if accounts receivable repaid in the future

| Accounts receivable | x |
| Bad debt expense | x |
| Accounts receivable | x |
| Allowance for doubtful accounts | x |

4. Accounting at the time of release or transfer accounts receivable

This relates to the transfer of receivables as the company transfers its accounts receivables to other parties (financial institutions, banks, and pawnshops) to accelerate cash receipts from their receivables. Companies do this transfer of accounts receivable usually for the following reasons.

1. Collection of receivables frequently consumes a long time and is additionally more costly, so that organizations will acknowledge cash that is more than the sum that ought to be gotten from receivables, given that money can be gotten all the more rapidly.
2. The circumstance and state of the organization that is encountering challenges in acquiring a loan and high-interest rate, so the receivables possessed by the organization quite far and as fast as conceivable should be changed over into cash.

1.2.6. Accounts Receivable According to Tax Law

Income Tax Law No. 36 of 2008 Article 9 paragraph 1(c) explains that taxpayers are not allowed to establish a reserve fund (allowance), except for (1) reserve for bad debts for bank business; (2) reserve for bad debts for leasing business with option rights; (3) reserves for insurance business; and (4) reserves for reclamation costs for mining. According to the Regulation of the Minister of Finance Number 207/PMK.010/2015 Article 3 (1), Receivables that are uncollectible as referred to in article 2 can be charged as a deduction from gross income, as long as they meet the following requirements:

1. It has been charged as an expense in the commercial income statement
2. Taxpayers must submit a list of receivables that are uncollectible to the Directorate General of Taxes; and
3. Uncollectible receivables are:
   a. The collection case has been submitted to the District Court or government agency that handles state receivables;
   b. There is a written agreement regarding the write-off of receivables/debt relief between the creditor and the debtor for the uncollectible receivables;
   c. It has been published in a general or special publication; or
   d. There is an acknowledgment from the debtor that the debt has been written off for a certain amount of debt.

Based on PMK. 207/010/2015 Article 3 (3), there are two categories of debtors related to the write-off of uncollectible receivables, namely:

1. Receivables that are uncollectible to small debtors whose amount does not exceed Rp. 100,000,000.00 (one hundred million rupiahs), which is a backlog of the amounts of receivables from several credits granted by a domestic bank/financing institution as a result of giving:
   a. Poor Family Business Loans
   b. Farm Credit (KUT)
   c. Very Simple Home Ownership Loan (KPRSS)
   d. Small Business Credit (KPK)
   e. People's Business Credit (KUR)
f. Other small loans within the framework of Bank Indonesia's credit policy in developing small businesses and cooperatives

2. Receivables that clearly cannot be collected from other minor debtors whose amount does not exceed Rp. 5,000,000.00 (five million rupiah).

1.2.7. Value Added Tax

Value Added Tax (VAT) is a levy imposed on the sale and purchase of goods and services carried out by personal taxpayers or corporate taxpayers who have become Taxable Entrepreneurs. Value Added Tax Act No. 42 (2009) in article 1 states that service is any service activity based on an engagement or legal action that causes goods, facilities, facilities, or rights to be available for use, including services performed to produce goods due to orders or requests with materials and on the instructions of the customer. Taxable Services are services subject to tax based on Value Added Tax Act No. 42 (2009). Article 4 with the imposition of Value Added Tax on the use of Taxable Services from outside the Customs Area within the Customs Area and the Export of Taxable Services by Taxable Employers.

2. METHODS

This study was designed to determine the application of accounting standards and tax accounting related to receivables at three service companies (Taxable Employees) using qualitative methods. The qualitative method is a sort of exploration whose discoveries are not gotten through factual methods or different types of estimation through regular information arrangement (Sugiarto, 2015).

This type of research uses descriptive analysis with a case study approach conducted by five Jakarta’s medium service companies in applying tax accounting for accounts receivables on services transactions. The descriptive method is a method that is used to describe or analyze the result of research but not used to draw the research’s conclusions widely. A case study is a type of qualitative research that explores individuals, groups, institutions, and so on at a certain time. The goal of this approach is to try to find meaning, investigate the process, and gain a deep and complete understanding and understanding of the application of tax accounting in three service companies that included Micro, Small, and Medium Enterprises with Taxable Employers status.

The subject of this research is freight service companies in Jakarta. The researchers selected only three SME’s freight service companies in Jakarta as a sample of this research with medium business scope. The researchers choose these three companies because there was an internal connection with the management to do interviews and observation and the companies’ data can be accessed easily by researchers. Primary data sources in qualitative research are generally obtained through observation and interview techniques. Meanwhile, secondary data sources can be in the form of documentation, with various alternative forms (Nugrahani, 2014). In this study, the data collection techniques used are:

1. Interview. The interview is a cycle of correspondence or connection to gather data through question and answer between the researcher and the informant or exploration subject. The interview is an activity to obtain in-depth information about an issue or topic that was brought up in examination or confirmation of data that has been gotten through different strategies beforehand. This interview has done directly with a minimum of five employees during the weekly research period in each of the companies who gave information identified with the functional activities.

2. Literature study.

Literature study is a strategy of gathering information by exploring the writing to the library and taking books, composting materials, and references. The researcher used journal, books, and tax or accounting regulation as references to form the theory and explain the results from this research.

The type of this study is a descriptive study to evaluate the applicable tax research clusters that focus on the accounting standards development and their interaction (interrelationship) with the related tax system. This study will very certainly lean toward content analysis. However, it will not quantify the coding of the data, although it is allowable in this approach (Vaismoradi et al., 2013). We perform content analysis on the gathered materials, which consist primarily of documents and interview transcripts.

3. RESULTS AND DISCUSSION

3.1. Application of Accounts Receivable following Generally Accepted Accounting Standards

Recognition of accounts receivable occurs when the customer asks for the price of the goods from the sales offer. The sales department makes a price offer for services requested by customers through the company system and sent via email or in person. After that, if the price has been agreed upon by the customer, the customer will issue an order confirmation letter. After the order confirmation letter reaches the sales department, the payment process will be carried out according to the bill and or sales contract. If the customer makes a cash payment, the company will immediately process the sales invoice to complete the service. If the customer makes a credit payment, then when the service has been completed it will be used as the basis for the issuance of a sales invoice (account receivable account) by the company. After the specified time for credit repayment has
expired, the company will carry out the process of collecting accounts receivable (account receivable realization).

1. **The incurrence of accounts receivable**
   
The emergence of receivables on the company due to the provision of services with credit payment. Credit sales have different time frames, ranging from 7 days, 14 days, 30 days, to 3 months. In terms of determining the term of this receivable, the customer will negotiate and the company will conduct brief research related to the customer’s payment track record. The company will recognize accounts receivables for sales and record sales when the delivery of goods has been completed. Concerning the recognition of sales transactions, the company will record the following journal entries.

   **Accounts Receivable** xxx
   
   Sales xxx
   
   VAT Out xxx

2. **Write-off of accounts receivable**
   
The write-off of receivables from the companies is due to uncollectible receivables exceeding a minimum of six months or one year from the maturity period specified in the contract and or bill of sale. The write-off of the company's receivables uses the direct method or allowance method. According to the researcher’s observation, two companies have used the direct method and one company used the allowance method to write off the uncollectible receivables but did not provide a reserve for losses on receivables in its accounting recording activities. Regarding the efforts to write off receivables by the companies, two companies using the direct method will record the following journal entries.

   **Bad Debt Expense** xxx
   
   Accounts Receivable xxx

One company using the allowance method will record the following journal entries.

   **Loss of uncollectible accounts receivable** xxx
   
   Accounts Receivable xxx

3. **Realization of accounts receivables**
   
Realization of accounts receivables to the companies occurs when customers who make credit payments pay off their debts. The companies will realize the cash that has been received when there is a payment via transfer that has entered the company's account or the company's current account has been successfully disbursed. Associated with the realization of accounts receivables into cash obtained by the company, the company will record the following journal entries.

   **Cash** xxx
   
   Accounts Receivable xxx

4. **Presentation of accounts receivables in the statement of financial position**
   
Like companies in general, companies follow accounting standards following PSAK No. 1 (2015) in presenting accounts receivables in the statement of financial position. Accounts receivables are presented in the statement of financial position that represents receivables that are expected to become cash flows from the company's operating activities in the future.

   Companies' accounts receivable is recognized and recorded after earning profit and has been realized, then the recognition of receivables is closely related to revenue recognition. The basis for recognizing the companies' receivables uses the realization basis, where receivables are recognized after the services are rendered and invoices have been issued. Accounts receivable is measured at fair value or at the amount that can be realized and can be received in cash. The amounts of receivables are recognized at the exchange price or the agreement between the company and the customer.

   In determining net realizable value, the companies estimate bad debts using the allowance or reserve method. At the end of the annual reporting period, the company determines the estimated amounts of bad debts which will later be recognized and reported as a loss of receivables in the current period. All companies using the accrual basis in recognition of the receivables. The presentation and disclosure of receivables of all companies are made on the statement of financial position as part of current assets in net amount after deducting an allowance for doubtful accounts by including an explanation in the statement of financial position.

3.2. **Recognition, Measurement, and Presentation of Accounts Receivable**

As a rule, the companies have perceived receivables as per the relevant PSAK No. 23 (revised 2014) which expresses that revenue regarding the sale of services should be perceived by reference to the phase of finishing of the transaction on the date of the transaction. Since regarding the above transaction, receivables emerging from the sale of services are for the most part perceived when the services are performed and are perceived depends on the concurred exchange rate. The exchange rate alluded to for this situation is the worth that will be paid by the account holder at a foreordained time and demonstrated by proof as receipt reports and tax invoices. In this manner, as far as the acknowledgment of receivables, the companies have perceived the receivables as per the relevant Statement of Financial Accounting Standards.
If associated with the applicable PSAK No. 55, financial assets are measured at fair value recognized. Based on PSAK No. 68 (revised 2015), fair value is recognized as the price to be received or the price to be paid. Receivables are measured at an amount that represents the present value of expected future cash receipts and accounting requires reporting receivables at net realizable value. This is considered following the applicable financial accounting standard because in measuring the value of assets or liabilities it is permitted to measure or disclose based on fair value and requires reporting of receivables at net realizable value. Thus, in terms of measuring accounts receivable, all companies have measured receivables following the applicable of PSAK No. 55 and PSAK 68 (revised 2015).

The recording carried out by all companies uses the accrual-based accounting method. Concerning the recognition of accounts receivables, the company records accrual-based accounting by debiting the accounts receivable account and crediting the revenue account. All companies estimate the allowance for bad debts recorded at the end of the period by making an adjusting entry that debits the allowance account for bad debts and credits the allowance for doubtful accounts. This treatment is following the applicable PSAK No. 1 which states that the entity prepares financial statements on an accrual basis, except for the statement of cash flows. However, the treatment of write-offs using the allowance method for service companies is not recognized under the provisions of tax laws.

According to PSAK 71 and Income Tax Law, under such a provision, uncollectible receivables constitute deductible expense when qualifying the following requirements such as (1) taxpayers have recorded uncollectible receivable as an expense in the commercial income statement, (2) taxpayers must submit bad debts list to the Directorate General of Taxes; (3) a taxpayers have submitted the collecting case to the State Court or the government agency that handles the state receivables; or (b) there is a written agreement regarding the debt write-off/debt relief between the creditor and the debtor concerned; or (c) taxpayers publish bad debts list in a public or special publication; or (d) the debtor acknowledges having written off a particular amount of debt; and (4) the conditions outlined in number 3 do not apply to the write-off of bad debts owed by small debtors. The condition for this treatment has been done by all the companies who use allowance method to record provision for uncollectible receivables, so the companies have met the following rules of PSAK 71.

At the time of the repayment of receivables that have been written off, one company records account receivables as other income accounts. If this is associated with PSAK No. 55 which states that in recording receipts of receivables that have previously been written off, debit the accounts receivable account and credit the allowance for doubtful accounts to restate the receivables that were previously removed from the books and debit the cash account and credit the accounts receivable account to record the receipt of money from the collection of receivables as is usually done. This recording is considered not under generally accepted PSAK No. 55 because the company did not return the receivables that had previously been written off. This discrepancy will reduce the company's current assets and reported profits more than they should. Thus, related to the recording of uncollectible accounts receivables to become collectible, it can be said that one company has not recorded account receivables following PSAK No. 55 and PSAK No. 71.

Accounts receivables presented in the statement of financial position in all companies represent the net receivables after allowance. If associated with PSAK No. 55, receivables are classified as current assets, and receivables are stated at the gross amount of the receivables less the estimated uncollectible amount. In this case of one company, the gross amounts of receivables must still be presented in the statement of financial position, followed by the allowance for doubtful accounts or the estimated amounts of uncollectible receivables. This presentation is considered not following the generally accepted Statement of Financial Accounting Standards because the company presents receivables in a net amount. However, this discrepancy in the presentation of accounts receivables does not affect the number of assets reported in the financial statements, even though the presentation of accounts receivables in the financial statements is not fair. The presentation of the company's financial statements for the repayment of written-off receivables is not fair and not following generally accepted Financial Accounting Standards because at the time of the repayment of written-off receivables the company records the receipts as other income, which will reduce the total current assets and reported profits exceed the amounts that should be reported. Thus, the presentation and disclosure of accounts receivables in one company have not complied with PSAK No. 1.

3.3. Accounts Receivable’s Tax Accounting Treatment

The accounting records of trade receivables in all companies are following the provisions of generally accepted accounting standards and tax provisions related to the imposition of Value Added Tax. Value Added Tax has a difference that lies in the Tax Base which is divided into two tariffs, 100% for bills that do not contain transportation costs (freight charges) and 10% for bills that contain transportation costs (freight charges). The company has been confirmed as Taxable Employers and needs to be obliged to collect Value Added Tax for tax invoices. After making a tax invoice, the company creates a back-to-back Debit Note’s bill where the company only bails out inflow funds related to billed fees. A debit note is made by the company without VAT collection
because VAT has been collected on the customer’s invoice bill. The company must attach the customer’s bill when billing the debit note. Concerning Article 11 of Value Added Tax Act No. 42 (2009), customs management services and delivery of handling services is included as the definition of delivery of Taxable Services within the Customs Area which is subject to Value Added Tax because the company acts as an agent representing the interests in managing its customs obligations. The basis of tax imposition is made by reimbursement for the cost in the new bill made by the company (re-invoicing) because the third party’s bill was made on behalf of the forwarder of the company. Based on this information, the amount of Value Added Tax levied by the company to customer or third party is under Minister of Finance Regulation No. 121/PMK.03/2015 which specifically regulates Value Added Tax on freight forwarding service companies.

4. CONCLUSION

Based on the results of analysis of the observation and interview with employee in three companies, the accounts receivables are recorded when sales transactions occur on credit. When viewed from the realization of accounts receivables into cash, the company has recorded accounts receivable following PSAK No. 23 (revised 2014). However, for the recording of uncollectible accounts receivable, it can be said that one company has not recorded accounts receivable following PSAK No. 55 because it recognizes the realization of uncollectible receivables as other income. The companies have measured accounts receivables following PSAK No. 55 and PSAK No. 68 (revised 2015) based on net realizable value. Regarding the write-off of receivables, one of the companies chose to use the write-off method with an allowance, which is not recommended by the Indonesian tax regulations for companies according to PSAK No. 71 and Minister of Finance Number 207/PMK.010/2015. For the companies that has used allowance method to record provision, they has met condition that regulated by PSAK No. 71. Presentation of accounts receivable in all companies has compiled with PSAK No. 1, but disclosure of accounts receivable of one company has not compiled to PSAK No. 23 which presents trade receivables at a net amount. Collection of Value Added Tax on freight forwarding transactions by the company is following Minister of Finance Regulation No. 121/PMK.03/2015 which specifically regulates Value Added Tax with tax base based on other value and is guided by Value Added Tax Act No. 42 of 2009.

The research can make improvements for the company as follows. The company should record the receipt of the settlement of accounts receivable that have been written off based on the provisions of the applicable accounting standards and the company record the receipts into the cash account and accounts receivable account as a reduction in receivables. The company should present trade receivables at the gross amount less the estimated uncollectible trade receivables, so that the presentation of receivables is following the applicable of PSAK. To reduce and avoid uncollectible accounts receivable, companies should apply sanctions to customers who pay receivables more than the maturity period specified in the contract and/or sales invoices. The company should evaluate the collection of accounts receivables consistently, so that the collectability of receivables can be included in the current category with a repayment period of receivables from customers before maturity.

The limitation of this research that can be improved as follows. The subject of this research has only been limited to freight service companies with medium scale as a research sample that needs to be expanded, so the further researcher can expand the research subject with a larger sector and wider company size. The research hasn’t analyzed the application of accounting information systems according to financial accounting standards specifically and only analyze the application of tax accounting in accounts receivable accounts following financial accounting standards based on observation and interview results, so the further researcher can conduct broader research on the application of accounting systems and tax accounting on other accounts instead of trade receivables such as notes and other receivables. The research has only analyzed the application of tax accounting in accounts receivable accounts, so the further researchers can conduct research related to the application of tax accounting to other accounts in the financial statements other than accounts receivable such as inventory and accounts payable.

5. REFERENCES


Ministry of Finance. (2015). Minister of Finance Regulation No. 121/PMK.03/2015. *Third Amendment to the Regulation of the Minister of Finance Number 75/PMK.03/2010 concerning Other Values as the Basis for Tax Imposition*.


