

Optimizing Corporate Tax Efficiency Through Article 21 Tax Planning Under Indonesia's Tax Harmonization Law

*Efficiency, Tax
Planning and
Harmonization Law*

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ABSTRACT

This study examines the implementation of tax planning for Income Tax Article 21 (PPH 21) as a strategy to improve corporate tax efficiency in the context of Indonesia's Law on Harmonization of Tax Regulations (UU HPP). From a corporate perspective, taxes are considered a financial burden; therefore, effective planning is essential to reduce costs while complying with applicable regulations. This research aims to analyze and compare three PPH 21 withholding methods—Gross, Net, and Gross-Up—at PT X, a service company, in order to identify the most efficient approach that minimizes the corporate income tax burden and maximizes employee take-home pay. The study employs a descriptive quantitative method using 2024 payroll and corporate tax data. The findings indicate that the Net Method yields the highest level of efficiency, as it allows the company to bear the tax burden, which is recognized as a deductible expense under current fiscal rules. Consequently, this reduces the company's taxable income and overall corporate tax liability. Additionally, this method provides greater financial benefits to employees, enhancing their motivation and retention. These results suggest that strategic tax planning, when aligned with regulatory provisions, can simultaneously optimize corporate tax outcomes and employee welfare.

Keywords: Efficiency Strategy, Income Tax Article 21, Gross Method, Net Method, Gross Up Method, Harmonization Law

INTRODUCTION

The taxation system currently in effect in Indonesia is the Self Assessment System. This policy provides space for Taxpayers to determine the amount of tax to be paid in accordance with applicable tax regulations. There are differences of interest between taxpayers who want efficiency, while from the government's perspective, in this case the tax authorities, the tax is the largest state revenue and the amount continues to increase from year to year. In the State Budget Posture, tax is the largest revenue reaching almost 80% and contributing 40.8% of Income Tax (Kementerian Keuangan 2024). Income tax revenue is obtained mostly from Employee Tax which is commonly known as Income Tax Article 21. Technical implementation instructions in calculating, depositing and reporting it are regulated in the Regulation of the Director General of Taxes Number Per-16/PJ/2016. Income Tax Article 21 is a type of tax imposed on work or services received or obtained including salaries, wages, allowances, honorariums, commissions, bonuses, gratuities, pensions, or other forms of compensation including in kind and/or employment

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in various forms and names, received by individual taxpayers who are in the territory of Indonesia as a result of the work, position, services, or activities they carry out (Undang-Undang Nomor 7 Tahun 2021). Article 21 Income Tax can be deducted from employees by the company or paid by the company and can even be grossed up. (Manrejo and Ariandyen 2022). In relation to this, taxpayers can carry out tax planning related to withholding Income Tax Article 21. According to (Anwar 2018) states that tax planning is a strategy that can be used to fulfill tax payment obligations without violating legal regulations. Tax Evasion is an effort to reduce the tax burden legally in accordance with the provisions of tax regulations, without violating the constitution or existing tax regulations. Taxpayers can carry out tax planning with the aim of saving on tax payments. This is important to avoid fiscal corrections so that the goal of achieving efficiency can be achieved (Anwar 2018).

According to Anwar (2018) in fulfilling the obligation of Income Tax Article 21, taxpayers can approach with 3 (three) deduction methods, namely the Gross Method, Net Method, and Gross Up Method. These methods are commonly applied, but were not discovered by one particular person, but are concepts developed in tax practice to facilitate income tax calculations (Manrejo and Ariandyen 2022). In its implementation, the three methods have their own advantages and disadvantages, the determination of the choice of method applied will depend on the company's management policy. From the description above, the author will conduct an in-depth analysis related to the calculation and implications of the Gross, Net and Gross Up methods to determine the best choice to be applied in a company. In this case, the author analyzed data obtained from PT X, which is a company in the service sector. In making deductions for Income Tax Article 21 on employee income, PT X has so far applied the Net method. In this analysis, it is expected to provide a significant impact in the form of strategic recommendations in making efficiency efforts and at the same time as a reference in planning Income Tax Article 21 for taxpayers in general in accordance with the latest tax provisions.

The results of research conducted by Vallentino and Yuniarwati (2024) stated that the Gross Up method is the most efficient method from the company's perspective and the best for employees. The Gross Up method is the best analysis and comparison result when compared to the Net Method and the Gross Method. (Sitorus and Simanjuntak 2023), (Manrejo and Ariandyen 2022), (Engkol et al. 2023), (Narulita, Soraya, and Baderi 2025), (Gunawan 2020), (Dea Anisa Sidabutar and Hotman Tohir Pohan 2024), (Prayendra 2024), (Maiza Putra 2022), However, different research results show that the Net Method is the best analysis method when compared to the Gross Method and the Gross Up Method. (Surmayanti et al. 2017), (Hendrawan Hendrawan, Putri Awalina, and Agus Athori 2024).

The purpose of this study is to conduct a comparison of the best analysts to obtain efficiency for the company and how to obtain optimal benefits for its employees for the 2024 fiscal year based on the latest tax regulations after harmonization in various articles and paragraphs in accordance with current demands and developments (Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan 2021).

LITERATURE REVIEW

Income Tax Article 21

Based on Law No. 36 of 2008 concerning Income Tax, Income Tax Article 21 is a tax on income in connection with work, services, or activities in any name and in any form received or obtained by domestic individual Taxpayers (Undang - Undang Nomor 36 Tahun 2008 tentang Pajak Penghasilan 2008). This policy has been harmonized/aligned in 2021, especially for Income Tax Article 21, which is related to changes in nature/enjoyment that were previously excluded as tax objects, so in this latest regulation it becomes a tax object. This is regulated in Article 4 (paragraph 1) which reads that any additional economic capacity received or obtained by Taxpayers, whether originating from Indonesia or from outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, with any name and in any form, including

replacement or compensation in connection with, work or services received or obtained including salary, wages, allowances, orarium, commission, bonus, gratuity, pension, or other forms of compensation including in-kind and/or cosiness (Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan 2021).

In terms of implementing regulations and technical instructions regarding procedures for calculating, depositing and reporting Article 21 Income Tax (PER-16/PJ/2016). Regarding the non-taxable income limit (PTKP) of IDR 54,000,000 for each taxpayer and additional taxpayer status and dependents of a maximum of 3 (three) people. (101/PMK.010/2016). In relation to the ease of making calculations, payments and reporting for individual taxpayers, the average effective rate is known to be effective starting in the 2024 tax year (Peraturan Pemerintah Nomor 58 Tahun 2024).

Corporate Income Tax

Corporate Income Tax is a tax imposed on income earned by corporate taxpayers. (UU No 36 tahun 2008 tentang Pajak Penghasilan 2008). Corporate Income Tax is a tax imposed on income earned by corporate taxpayers. The income of a corporation or company is any increase in economic capacity received or obtained by corporate taxpayers, both from within and outside the country, for any purpose including increasing wealth, consumption, investment, and so on. The basis for imposing corporate income tax is imposed on tax subjects on income received or obtained by corporations/companies and Permanent Establishments (PEs) in the tax year. Permanent establishments or PEs are tax subjects whose tax treatment is the same as corporate taxpayers.

(UU No 36 tahun 2008 tentang Pajak Penghasilan 2008). Income Tax can be grouped into 2 (two), namely Income Tax, Non-Final Income Tax is income tax imposed on income received by Corporate Taxpayers based on Article 17 and Article 31E of the Income Tax Law and Final Income Tax as regulated in Article 4 Paragraph 2 of the Income Tax Law. Income that is an Object of Corporate Tax as stated in Article 4 Paragraph of the HPP Law which includes compensation or compensation in connection with work or services received or obtained including salary, wages, allowances, honorariums, commissions, bonuses, gratuities, pensions, or other forms of compensation including in kind and/or enjoyment, unless otherwise specified in this Law, prizes from job or activity lotteries and awards, business profits, profits due to sales or transfer of assets, interest including premiums, discounts, and compensation due to debt repayment guarantees, dividends in any name and form, including dividends from insurance companies to policyholders, royalties or compensation for the use of rights, rent and other income in connection with the use of assets, receipt or acquisition of periodic payments, profits due to debt relief, except up to a certain amount stipulated by Government Regulation, foreign exchange rate differences, excess differences due to asset revaluation, insurance premiums, contributions received/obtained by associations from their members consisting of Taxpayers who run businesses/freelance work, additional net wealth originating from income that has not been taxed, income from Sharia-based businesses, interest compensation according to the KUP Law, Bank Indonesia surplus (Undang-Undang Nomor 7 Tahun 2021 Tentang Harmonisasi Peraturan Perpajakan, 2021).

Gross Method

The Gross method is a tax calculation method in which employees bear their own income tax obligations. The company does not provide tax benefits to employees, so employees must pay income tax directly. The implication is that employees will receive a higher gross income, but must pay income tax directly, which will reduce their income. The employee's Take Home Pay will be reduced by the amount of tax owed and will then be deducted by the employer from each employee, so that the employee's take-home income will be smaller.

Net Method

The Net Method is a method of calculating Article 21 income tax by which the company bears the entire tax burden of its employees. The company chooses this method

as a policy in calculating Article 21 income tax for employees, because it is considered not to burden its employees in paying and recalculating the tax owed for each employee. The burden incurred by the company to bear Article 21 Income Tax for employees is recognized fiscally, in line with the new tax regulations that in-kind/enjoyment becomes Taxable Income, so that employers can finance it (Peraturan Menteri Keuangan Nomor 66 2023).

Gross Up Method

The Gross Up method is a tax calculation method in which a company provides tax allowances to employees in the amount of their income tax liability. The company calculates the amount of tax allowances needed to cover the employee's income tax liability, and provides these allowances to its employees. The implication is that employees will receive income without tax deductions, because the company has provided tax allowances in the amount of tax owed. In the tax concept, if taxable income is normal, it is deductible expenses. Based on the concept, tax allowances which are tax objects are met and can be financed by the company.

METHODS

This research adopts a descriptive quantitative approach to analyze the implementation of tax planning strategies related to Income Tax Article 21 (PPh 21) at PT X, a service company located in South Jakarta. The objective is to evaluate and compare the efficiency implications of three tax calculation methods—Gross, Net, and Gross-Up—in reducing corporate tax liabilities while optimizing employee benefits. The study utilizes secondary data derived from PT X's internal records for the 2024 fiscal year, including:

1. Employee PPh 21 monthly tax reports (SPT Masa PPh 21),
2. The company's Annual Corporate Tax Return (SPT Tahunan Badan),
3. Financial statements (Income Statement and Commercial Balance Sheet).

Each method of PPh 21 calculation is applied to the same payroll dataset to simulate and compare the resulting corporate tax obligations and employee take-home pay. The analysis follows current tax provisions as stipulated in the Law on Harmonization of Tax Regulations (UU HPP 2021), the Minister of Finance Regulation No. 66/PMK.03/2023, and Government Regulation No. 58/2023 on average effective tax rates (TER). The research involves calculating the tax burden under each method and assessing its impact on: Taxable income of the company, Corporate Income Tax (CIT) payable, Employee compensation and net salary, and Fiscal deductibility of employer-borne taxes. The results are then compared to determine the most efficient method in both corporate and employee perspectives.

RESULTS AND DISCUSSION

The results of observations made by PT X in carrying out its tax obligations by implementing the Self Assessment System (SAS), so that the company independently carries out the process of calculating, calculating, paying and reporting the amount of tax owed in the 2024 tax year.

In calculating Income Tax Article 21, there are several sources of income for employees such as basic salary, tax allowances provided by the company of 5% of salary, meal allowances (partially), other compensation and in kind in the form of uniforms. PT X until 2024 implemented a policy with the Income Tax Article 21 calculation method using the Net Method, where Income Tax Article 21 is borne by the company so that employee take home pay is not deducted by Income Tax Article 21. The results of the analysis show that the Net Method is the best when compared to the other two models, namely the Gross and Gross Up Methods.

PT X fulfills its tax obligations by implementing the applicable taxation system, namely the Self Assessment System, namely taxpayers independently calculate, calculate, deposit and report their tax obligations (Asrinanda, Yossi 2018). In the self-assessment system, taxpayers are given the authority to assess, pay, and report taxes that should be

owed, based on applicable tax regulations, without having to wait for the issuance of tax decisions by the Directorate General of Taxes (DJP). The tax authorities are then responsible for ensuring and re-verifying the tax reports submitted by taxpayers, whether they are correct, complete, and clear in accordance with the provisions (UU No 36 tahun 2008 tentang Pajak Penghasilan 2008). This approach places more responsibility on taxpayers and reduces direct intervention by tax authorities in the tax calculation and payment process. In addition, tax reform also introduces various incentives and administrative facilities for taxpayers who comply with their tax obligations in a timely manner (Manrejo, Sumarno 2020).

The implementation of self-assessment system in tax administration has become a global trend, with many countries both developed and developing adopting it. Countries such as the United States, United Kingdom, Australia, India, and Malaysia have seen some degree of success in improving tax compliance and administrative efficiency through this system (Lisi 2019). In Indonesia, although the concept of self-assessment has been introduced, its implementation still faces specific challenges, such as a low tax compliance culture, limited financial literacy among taxpayers, and technical challenges in data processing and supervision, there is still a lot of room for improvement in maximizing the effectiveness of the Self Assessment System.

Therefore, in adopting the self-assessment system, Indonesia needs to pay attention to developing strategies that strengthen public tax awareness, improve financial literacy, and invest in information technology infrastructure that supports effective data processing and supervision. By overcoming these challenges, Indonesia can increase the success of the implementation of the Self Assessment System in its tax administration, thereby increasing tax compliance and overall administrative efficiency.

The implementation of the Self Assessment System in taxation has the potential to significantly increase the effectiveness and efficiency of tax administration. By giving taxpayers the authority to assess, pay, and report their own taxes, this system can reduce the administrative burden on tax authorities and speed up the tax collection process. (Direktorat Jenderal Pajak Republik Indonesia 2013). This system is especially applicable in the context where information technology can be utilized to support the self-assessment process, allowing taxpayers to fill out and submit tax forms electronically more easily and quickly. The success of the Self Assessment System is highly dependent on taxpayer compliance and integrity as well as the capacity of the tax authorities to carry out effective supervision and audits. Therefore, it is important for the government to continue to improve financial literacy and build awareness and provide tax education to the public. This can help improve taxpayers' understanding of their tax obligations and explain the importance of compliance in the Self Assessment System. In addition, the government also needs to develop an effective supervision system to ensure optimal tax compliance. This supervision system includes the use of technology to conduct data analysis and detection of potential violations, as well as strict law enforcement against tax violations (Saputra 2019).

Thus, the government can create an environment that supports tax compliance and ensures that the Self Assessment System functions well for the benefit of all parties involved. Until now, the system and utilization of information technology by the tax authorities have been well established, and in the future, of course, will be increasingly able to answer the challenges and demands of the development of the times. The government, in this case the Directorate General of Taxes, is required to meet the tax revenue target which continues to increase, but on the one hand, taxpayers also strive to increase their profits by carrying out efficiency, including by carrying out tax planning. (Anwar 2018). Income Tax Article 21 Income Tax is the amount of tax paid each tax period, so it is necessary to manage it to obtain the most optimal efficiency and benefits. (Manrejo, Sumarno 2020).

Based on Table 1.1 above, the Gross income amounted to Rp2,892,760,874, - which is the accumulation of basic salary, tax allowance, meal allowance, honorarium/other compensation, insurance paid by the company, in kind/uniform, THR, leave/bonus and

incentives given by the company to employees. Meanwhile, the amount of tax payment calculation for one tax year 2024 is Rp159,551,700, - this is in accordance with applicable tax regulations (UU No 36 tahun 2008 tentang Pajak Penghasilan). In its implementation, starting from the 2024 tax year, taxpayers will use the Average Effective Tariff or what is known as TER,(PP No. 58 Tahun 2023 2023). Based on the calculation results based on gross income, it can be seen that the amount of tax payable from January to November 2024 is IDR 141,233,556, so that the amount of tax payable or underpayment that must be paid in December is IDR 18,318,145. This amount is the difference between IDR 159,551,700 minus IDR 141,233,556. The results of this calculation are in accordance with tax regulations, namely the Law on Harmonization of Tax Regulations,(UU HPP 2021). The details of the difference in the amount of underpaid tax in December that still has to be paid is Rp 18,575,933,-. can be seen in Table 1.2 below.

Table 1.1 Income Tax Article 21 Calculation Data at PT X

No	Nama Pegawai	Status	Gaji Pokok	Tunj Pajak	Uang Makan	Honor/imb lain	Ass. dtg perus	Natura/ Seragam	THR	Cuti/Bonus	Insentif	Jumlah Bruto	PPh 1 tahun
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	KARMARGAPA	TK	116.160.000	5.808.000	-	-	-	-	9.680.000			131.648.000	4.398.750
2	KARRAMAYU	K/2	104.544.000	5.227.200					8.712.000			118.483.200	2.144.600
3	KARTRIHARYA	K/3	290.400.000	14.520.000		97.200.000	14.200.560	5.000.000	24.200.000			445.520.560	59.428.250
4	KARWANDAAS	K/3	-	-				5.000.000	-			5.000.000	-
5	KARRIOMAT	K/3	190.476.808	9.523.840	13.255.000	24.000.000	9.314.316	5.000.000	23.116.118	15.410.745		290.096.827	25.243.050
6	KARANGGARAYU	K/0	153.237.475	7.661.874	12.430.000	15.000.000	7.493.313	5.000.000	18.596.781	12.397.854		231.817.297	19.097.550
7	KARNORKHAUSBE	K/1	153.237.475	7.661.874	12.375.000	24.000.000	7.493.313	5.000.000	18.596.781	12.397.854		240.762.297	19.764.300
8	KARMEGASUMARA	K/2	104.858.996	5.242.950	13.200.000	3.600.000	5.127.605	5.000.000	13.107.374	8.738.250		158.875.175	6.491.700
9	KARTONIHAR	K/3	76.906.817	3.845.341	12.815.000	-	3.760.743	5.000.000	9.333.351	6.222.234		117.883.486	1.917.250
10	KARNATALIAMANA	T/K	61.770.738	3.088.537	12.650.000		3.020.589	5.000.000	7.721.342	5.147.561		98.398.767	1.858.150
11	KARSIRIRA	T/K	69.102.010	3.455.100	12.540.000		3.379.088	5.000.000	8.386.167	5.590.778		107.453.144	2.303.550
12	KARSISWAN	K/1	59.815.278	2.990.764	13.200.000		2.924.967	5.000.000	7.259.136	4.839.674		96.029.818	1.291.700
13	KARSITIBAD	T/K	61.464.132	3.073.207	12.320.000		3.005.596	5.000.000	7.459.239	9.945.653		102.267.827	2.051.950
14	KARHENDRAW	K/2	100.573.335	5.028.667	12.760.000		4.918.036	5.000.000	12.205.502	16.274.003		156.759.543	6.489.000
15	KARMUHHA	T/K	61.177.968	3.058.898	11.550.000		2.991.603	5.000.000	7.424.511	4.949.674		96.152.654	1.746.450
16	KARELLYRACHMA	T/K	57.889.500	2.894.475	3.135.000		2.830.797	-	-	-		66.749.772	-
17	KARAIDARUP	T/K	55.702.248	-	3.975.000		2.723.840	-	4.630.725	-		67.031.813	295.900
18	KARVANDADAM	T/K	73.200.000	-	-		3.579.480	-	6.027.179	-		82.806.659	1.067.150
19	KARADETRIH	K/2	86.400.000	-	3.600.000		4.224.960	-	6.754.033	6.825.000	6.825.000	114.628.993	1.970.050
20	KAROKTAVIANUSBUD	K/2	86.400.000	-	3.600.000		4.224.960	-	7.200.000	6.825.000	6.825.000	115.074.960	1.992.350
21	KARYUNIARSODWI	K/2	43.560.000	-	-		2.130.084	-	3.630.000	-	-	49.320.084	-
	JUMLAH		2.006.876.780	83.080.727	153.405.000	163.800.000	87.343.849	65.000.000	204.040.239	115.564.280	13.650.000	2.892.760.874	159.551.700

Source: PT X Processed by Researchers

Table 1.2 Amount of Underpaid Tax December 2024

No	Nama Pegawai	Jumlah Bruto	PKP	PPh 1 tahun	Cicilan PPh 21 bulanan (jan-Nov)	PPh 21 Des	PPh 21 Des yg harus dibayar
			Pembulatan				
1	2	13		14			
1	KARMARGAPA	131.648.000	69.325.000	4.398.750	4.358.303	40.447	40.447
2	KARRAMAYU	118.483.200	42.892.000	2.144.600	2.290.449	145.849	-
3	KARTRIHARYA	445.520.560	361.713.000	59.428.250	59.894.792	466.542	-
4	KARWANDAAS	5.000.000	-	-	-	-	-
5	KARRIOMAT	290.096.827	208.287.000	25.243.050	21.853.990	3.389.061	3.389.061
6	KARANGGARAYU	231.817.297	167.317.000	19.097.550	16.236.502	2.861.049	2.861.049
7	KARNORKHAUSBE	240.762.297	171.762.000	19.764.300	16.790.702	2.973.599	2.973.599
8	KARMEGASUMARA	158.875.175	83.278.000	6.491.700	3.404.671	3.087.030	3.087.030
9	KARTONIHAR	117.883.486	38.345.000	1.917.250	1.587.570	329.680	329.680
10	KARNATALIAMANA	98.398.767	37.163.000	1.858.150	1.152.750	705.400	705.400
11	KARSIRIRA	107.453.144	46.071.000	2.303.550	1.878.246	425.304	425.304
12	KARSISWAN	96.029.818	25.834.000	1.291.700	955.213	336.488	336.488
13	KARSITIBAD	102.267.827	41.039.000	2.051.950	1.472.288	579.662	579.662
14	KARHENDRAW	156.759.543	83.260.000	6.489.000	2.999.943	3.489.057	3.489.057
15	KARMUHHA	96.152.654	34.929.000	1.746.450	1.361.793	384.658	384.658
16	KARELLYRACHMA	66.749.772	-	-	-	-	-
17	KARAIDARUP	67.031.813	5.918.000	295.900	573.650	277.750	277.750
18	KARVANDADAM	82.806.659	21.343.000	1.067.150	1.179.090	111.940	-
19	KARADETRIH	114.628.993	39.401.000	1.970.050	1.782.204	187.846	187.846
20	KAROKTAVIANUSBUD	115.074.960	39.847.000	1.992.350	1.461.404	530.946	530.946
21	KARYUNIARSODWI	49.320.084	-	-	-	-	-
	JUMLAH	2.892.760.874	1.517.724.000	159.551.700	141.233.556	18.318.145	18.575.933

Source: PT X Processed by Researchers

If referring to tax regulations, those who must pay tax are those who earn income. Income, namely any additional economic capacity received or obtained by Taxpayers, whether originating from Indonesia or from outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, with any name and in any form (UU HPP 2021).

For companies to obtain optimal efficiency and benefits, the comparative value of Income Tax Article 21 calculations based on Gross, Net and Gross Up calculations at PT X can be seen in Table 1.3 below.

Table 1.3 Comparison of Income Tax Calculation Article 21 with Gross, Net and Gross Up Methods

No	Employee Name	Bruto	PKP	GROSS UP METHOD
			Rounding	
1	2	13		
1	KARMARGAPA	131.648.000	69.325.000	5.175.000
2	KARRAMAYU	118.483.200	42.892.000	2.251.549
3	KARTRIHARYA	445.520.560	361.713.000	79.237.667
4	KARWANDAAS	5.000.000	-	-
5	KARRIOMAT	290.096.827	208.287.000	29.697.706
6	KARANGGARAYU	231.817.297	167.317.000	22.467.706
7	KARNORKHALISBE	240.762.297	171.762.000	23.252.118
8	KARMEGASUMARA	158.875.175	83.278.000	7.637.294
9	KARTONIHAR	117.883.486	38.345.000	2.012.861
10	KARNATALIAMANA	98.398.767	37.163.000	1.950.814
11	KARSRIRA	107.453.144	46.071.000	2.418.425
12	KARSISWAN	96.029.818	25.834.000	1.356.115
13	KARSITIBAD	102.267.827	41.039.000	2.154.278
14	KARHENDRAW	156.759.543	83.260.000	4.370.604
15	KARMUHHAI	96.152.654	34.929.000	1.833.543
16	KARELLYRACHMA	66.749.772	-	-
17	KARAIDARUP	67.031.813	5.918.000	310.656
18	KARVANDADAM	82.806.659	21.343.000	1.120.367
19	KARADETRIH	114.628.993	39.401.000	2.068.294
20	KAROKTAVIANUSBUD	115.074.960	39.847.000	2.091.706
21	KARYUNIARSODWI	49.320.084	-	
		-		
	JUMLAH	2.892.760.874	1.517.724.000	191.406.703

Source: PT X Processed by Researchers

Based on the data in Table 1.3 above, it can be explained that the amount of tax payable using the Gross Up Method is IDR 191,406,703. The amount of tax payable must be the same as the amount of tax allowances provided by the company to its employees. Based on the Regulation of the Minister of Finance Number 66 of 2023 concerning Income Tax Treatment of Replacement or Compensation in Connection with Work or

Services Received or Obtained in Kind/Enjoyment as described in Article 2 paragraph (1) Replacement Costs or Compensation provided in in-kind benefits and/or benefits in connection with work or services can be deducted from gross income to determine taxable income by the employer or provider of compensation or reimbursement in-kind and/or benefits as long as they are costs for obtaining, collecting and maintaining income. (Peraturan Menteri Keuangan Nomor 66 2023). To conduct further analysis, a comparison needs to be made to determine the take home pay for employees using the Gross method, Net method and Grossup method as can be seen in Table 1.4 below.

Table 1.4 Comparative analysis of calculations using the Gross, Net and Gross Up methods

Description	Gross	Net	Gross Up
Gaji Bruto	2.892.760.874	2.892.760.874	2.892.760.874
Tunjangan Pajak (<i>Gross Up</i>)	0	0	191.406.703
Total Penghasilan Bruto	2.892.760.874	2.892.760.874	3.084.167.577
Pengurang	155.334.058	155.334.058	155.334.058
Penghasilan Neto setahun	2.737.426.816	2.737.426.816	2.928.833.519
PTKP	1.237.500.000	1.237.500.000	1.237.500.000
PKP	1.499.926.816	1.499.926.816	1.691.333.519
Pajak terutang	159.551.700	159.551.700	191.406.703
PPh terutang sebulan	13.295.975	13.295.975	15.950.559
THP	2.733.209.174	2.892.760.874	2.892.760.874
Selisih Gross vs Gross Up			159.551.700
Selisih Net vs Gross Up			0

Source: PT X Processed by Researchers

Based on Table 1.4 above, it can be seen that the amount of Income Tax 21 for both the Gross Method and the Net Method is the same, which is Rp159,551,700, - while if using the Gross Up Method calculation, the amount obtained is Rp191,406,703, - where the amount is exactly the same as the amount of tax payable. If observed further, there is a difference of Rp159,551,700, - between the three methods, this amount is the same as the amount of tax payable without Gross up. From the perspective of employee salary receipts, the Gross method is the smallest, which is Rp2,733,209,174, - while the Net and Gross methods have the same amount, which is Rp2,892,760,874, -. Both the Net and Gross Up Methods get the same amount because with both methods the company bears the amount of tax payable and provides tax allowances in the amount of tax payable to employees.

Comparison and Implications of Net, Gross and Gross Up Methods

In its implementation, companies certainly expect high profits with the main strategy being how to carry out efficiency and increase sales or productivity. Tax payments for companies are costs that can be commercially expensed but cannot be fiscally expensed (Non Deductible Expenses). Article 6 of the Income Tax Law No. 36 of 2008 states that the amount of Taxable Income for domestic Taxpayers and permanent establishments is determined based on gross income minus costs to obtain, collect and maintain income including (a.9) taxes (PBB, Stamp Duty, Hotel Tax and Restaurant Tax), except Income Tax. Likewise in Article 9 To determine the amount of Taxable Income for domestic Taxpayers and permanent establishments, it may not be reduced (h). Income Tax. (UU No 36 tahun 2008 tentang Pajak Penghasilan 2008). Along with the Self Assessment System policy that applies in Indonesia, Taxpayers can carry out tax planning strategies in an effort to gain efficiency.

Empirical studies in efforts to carry out efficiency efforts can be seen in the results of the Comparative Analysis and Implications of the Net, Gross and Gross Up Methods can be seen in Table 1.5 below:

Table 1.5 Comparison and Implications of Net, Gross and Gross Up Methods

Uraian	Gross		Net		Gross Up	
	Komersial	Fiskal	Komersial	Fiskal	Komersial	Fiskal
Laba Kotor (Penjualan)	71.329.331.771	71.329.331.771	71.329.331.771	71.329.331.771	71.329.331.771	71.329.331.771
Biaya Operasional:						
Biaya Beban Langsung	65.011.744.343	65.011.744.343	65.011.744.343	65.011.744.343	65.011.744.343	65.011.744.343
Biaya PPh Pasal 21	0	0	159.551.700	159.551.700	191.406.703	191.406.703
Laba Kotor	6.317.587.428	6.317.587.428	6.158.035.728	6.158.035.728	6.126.180.725	6.317.587.428
Biaya Administrasi Umum	5.165.397.369	5.165.397.369	5.165.397.369	5.165.397.369	5.165.397.369	5.165.397.369
Laba Usaha	1.152.190.059	1.152.190.059	992.638.359	992.638.359	960.783.356	1.152.190.059
Pendapatan (beban) lain-lain	1.471.758.935	1.471.758.935	1.471.758.935	1.471.758.935	1.471.758.935	1.471.758.935
EBT	2.623.948.994	2.623.948.994	2.464.397.294	2.464.397.294	2.432.542.291	2.623.948.994
PPh Badan 22%	1.113.781.457	1.113.781.457	1.113.781.457	1.113.781.457	1.113.781.457	1.113.781.457
	577.268.779	577.268.779	542.167.405	542.167.405	535.159.304	577.268.779
EAT	1.510.167.538	1.510.167.538	1.350.615.838	1.350.615.838	1.318.760.835	1.510.167.538
EAT		2.046.680.216		1.922.229.890		2.046.680.216
Jumlah Pajak yang dibayar:						
PPh Pasal 21				159.551.700		191.406.703
PPh Pasal 29		1.113.781.457		1.113.781.457		1.113.781.457
Jumlah		1.113.781.457		1.273.333.157		1.305.188.159
						31.855.003
Jumlah Pajak yang dibayar:						
PPh Pasal 21		0		159.551.700		191.406.703
PPh Pasal 29		577.268.779		542.167.405		577.268.779
Jumlah		577.268.779		701.719.105		768.675.482

Source: PT X Processed by Researchers

Implementation and Operational Implications

Based on Table 1.5, it can be seen that if the company applies the Gross Method, the EAT (Earning After Tax) value is Rp 2,046,680,216, - this amount is the same as when the company applies the Gross Up Method. The smallest amount appears in the Net Method, which is Rp 1,922,229,890, -. In the case of the Gross Method, the company does not cover its employees' taxes so that employees still have to pay Income Tax 21 of Rp 159,551,700, - so that it will automatically reduce the amount of take home pay for each employee. Meanwhile, the largest amount of tax that must be paid by the company is by using the Gross Up Method, which is Rp 768,675,482, - but it should be noted that Rp 191,406,703, - is Income Tax 21 which is grossed up so that it can be financed by the company. Likewise, with the application of the Net Method, the amount of tax paid by the company is Rp 701,719,105, - where this amount includes the amount of employee tax borne of Rp 159,551,700, - which is borne by the company as an employee benefit and can also be financed by the company. This is in line with the current fiscal rules that in-kind/benefits are tax objects so that companies can finance them which are deductible expenses (Peraturan Menteri Keuangan Nomor 66 2023).

CONCLUSION

This study concludes that among the three tax calculation methods analyzed—Gross, Net, and Gross-Up—the **Net Method** is the most efficient for corporate taxpayers in the context of Indonesia's harmonized tax regulations. The Net Method enables the employer to bear the PPh Article 21 obligation on behalf of employees, which not only enhances employee welfare through higher take-home pay but also provides tax deductibility for the employer, thereby reducing the corporate income tax burden.

By applying the Net Method, PT X can optimize its tax planning strategy in accordance with the Law on Harmonization of Tax Regulations (UU HPP 2021) and related fiscal policies. The method aligns with current provisions that allow employer-borne benefits, including in-kind compensation, to be treated as deductible expenses. As a result, the Net Method supports corporate tax efficiency without compromising employee incentives.

This finding highlights the importance of aligning internal payroll policies with national tax regulations to achieve dual benefits: maximizing fiscal efficiency and

enhancing human capital outcomes. The results also reinforce the role of proactive tax planning as a strategic management tool, particularly in a self-assessment tax system.

Recommendations

Every entity must have a size, number of employees, amount of income, policies and taxes and their treatment that are not the same. In line with the implementation of the Self Assessment System, taxpayers can carry out tax management to gain efficiency. Before taxpayers determine the type of method applied, an in-depth analysis should be carried out to gain efficiency so that the company's goals can be achieved better.

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