

# Analysis of the impact of corporate social responsibility implementation on deductible expense (PT. Timah Tbk)

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**Abstract.** This research examined the analysis of the impact of corporate social responsibility implementation on deductible expense. The problem in this research is the impact of Corporate Social Responsibility as a Deductible Expense. The purpose of this study was to determine the impact of the Implementation of Corporate Social Responsibility on the company's Deductible Expense. The research method used is descriptive quantitative method. The data source used in this research is secondary data. Secondary data is taken from the company's 2019 financial statements published by the Indonesia Stock Exchange through the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)). Data analysis aims to evaluate and interpret the data collected by document analysis. The results show that the cost of CSR needs has an impact on the Deductible Expense so that the company's burden is reduced from the previous amount of Rp. 1,857,976,000,000 to be Rp. Rp. 1,345,212,821,837. Reducing the company's CSR costs is included in the company's PPh costs. The calculation of company income tax before Deductible Expense on CSR is Rp. 124,714,800,000 while the income tax after Deductible Expense on CSR is Rp. 112,190,643,851.

**Keywords:** Corporate Social Responsibility; Deductible Expense.

## 1 Introduction

Corporate Social Responsibility is an action or concept taken by the company (according to the company's capacity) as a form of their responsibility to the social or environment around the company. There are also those who say that Corporate Social Responsibility is a phenomenon of corporate strategy that accommodates the needs and interests of its stakeholders. In fact, not infrequently the responsibility for CSR is fixed to certain sections or divisions. CSR activities are a strategic decision that involves all company resources or a comprehensive strategic decision. (Rachman, 2011).

Corporate Social Responsibility (CSR) in Indonesia is known as corporate social responsibility. Article 74 of chapter V of Law No. 40 of 2007 concerning Limited Liability Companies (UUPT) regulates Social and Environmental Responsibility, in which a company that carries out its business activities in or related to natural resources is capacity to carry out the said social and environmental responsibilities.

CSR policies require a more in-depth study in their implementation, because the CSR policies set by the company are in various forms of work programs. The form of work program

chosen by the company will cause problems in the taxation aspect, both in terms of Income Tax and Value Added Tax.

Concerning the cost of corporate social responsibility (CSR), Law Number 36 of 2008 concerning income tax which is the fourth amendment to Law Number 7 of 1983 has accommodated in article 6 paragraph 1 letters i to m which regulates the types of donations concerning liability. The company's social services that can be financed by the company are donations in the context of national disaster management, research and development carried out in Indonesia, development of social infrastructure, educational facilities and sports development, the provisions of which are regulated by the Government Regulations. This is supported by PP No. 93 of 2010 regarding CSR costs which may be a reduction in gross income as regulated in the PPh Law No. 36 of 2008.

Through article 6 paragraph 1 of the Income Tax Law, it is hoped that companies will realize that CSR is not an additional burden for the company but instead there are tax benefits that arise because expenses related to CSR may be a reduction in gross income. From the point of view of income tax, companies usually have a strategy so that all costs incurred for the chosen CSR program can be fixed as expenses that can reduce income. (Ernawati, 2016:6-7).

PT. Timah has carried out various CSR programs as a form of responsibility to the environment, in which PT Timah is one of the mining companies that have impacts and risks from its business activities. Mining activities have the potential to change landscapes and ecosystems. In addition, mining activities can affect the sustainability of environment functions such as changes in landscape, residual processes (residual processing), noise, air pollution and others.

PT Timah Tbk realizes that business continuity is not only based on economic aspects (profit) but also has a close relationship with employee performance, meeting customer needs, and increasing community welfare (people) and at a broader level is increasing environmental sustainability (planet). Therefore, PT Timah Tbk is committed to carrying out various corporate social responsibility (CSR) activities that aim to provide sustainable benefits for the surrounding community and also invites employees to be able to actively create added value for the welfare of the community and environment. PT Timah's commitment and concern for the community states that mining businesses must provide the maximum economic and social benefits for the welfare of the Indonesian people and in the context of creating sustainable development mining activities must be carried out by taking into account the principles of the environment, transparency and community participation.

The formulation of the problem in this study is how the impact of the implementation of Corporate Social Responsibility on Deductible Expense at PT. Timah (Persero) Tbk in 2019?

The purpose of this study was to determine the impact of the implementation of Corporate Social Responsibility on Deductible Expense.

## **2 Method**

This type of research is a quantitative descriptive method, which is research that has the aim of describing a phenomenon, events, symptoms, and events that occur factually, systematically, and accurately. Because in this research the author processes company data related to the costs of Corporate Social Responsibility (CSR) which may be a reduction in gross income.

The source of data in this study is secondary data. Secondary data sources are data obtained from a second source in the form of notes or documentation. (Bungin, 2017: 132) . In this study, researchers obtain data through documents or see from the annual reports of companies that have reported corporate social responsibility to their companies. Sumber data dalam penelitian ini adalah data sekunder.

The data obtained from secondary data at PT Timah was analyzed using quantitative methods, namely data processing to determine the Corporate Social Responsibility program whose costs can be reduced by the application of Deductible Expense in 2019 with the following analysis stages:

1. Collecting data on Corporate Social Responsibility costs, which can be deductible or non-deductible expenses
2. Discussing the company's fiscal corrections for corrections of costs or expenses whose provisions are based on tax rules
3. Make a financial report for the company PT Timah which has implemented Law No. 36 of 2008 supported by Government Regulation No. 93 of 2010 to determine the impact of deductible expenses

### 3 Results And Discussions

#### 3.1 Corporate Social Responsibility (CSR) PT. Timah Persero Tbk

CSR has now been confirmed In-Law no. 40 of 2007 concerning Limited Liability Companies (PT) is contained in article 74 which states that companies carrying out activities in the field of or relating to natural resources are obliged to carry out social and environmental responsibilities. In Law no. 49 of 2007 article 74 paragraph 3 explains that companies that do not carry out their social and environmental responsibilities will be subject to sanctions.

In state-owned enterprises, social activities are called PKPL, based on the Decree of the State Minister No. PER-02/MBU/7/2017 is related to PKPL. Regulation of the Minister of Business Entities No. PER-08/MBU/2013 article 9 paragraph 1 states that the company's budget is calculated as a cost, a maximum of 2% of the net profit of the previous year and for BUMN that does not make a profit, the amount is determined without regard to a certain percentage of net profit.

The Partnership and Community Development Program (PKPL) is a social responsibility activity for the community around the company. In a separate financial reporting policy. Following the Regulation of the Minister of Business Entities No. PER-08/MBU/2013 article 9 paragraph 6 states that the bookkeeping of funds for the Partnership Program and Community Development Program which is sourced from the allowance for after-tax profits is still carried out separately from the bookkeeping of the fostering SOEs. For more details, it can be seen from the comprehensive profit/loss report of PT Timah Persero Tbk as follows:

Tabel.1 Income Statement PT Timah Persero TBK Period 31 December 2019

Description	DECEMBER 31, 2019
Operating Revenue	19,302,627,000,000
Beban Pokok Pendapatan	18,167,065,000,000
<b>Gross profit</b>	<b>1,135,562,000,000</b>

Operating expenses	
General and administrative expenses	1,058,983,000,000
Selling expenses	152,530,000,000
Gain on investment property revaluation	180,900,000,000
Other income	63,570,000,000
Interest expense	781,696,000,000
Financial income	26,894,000,000
Share on loss/Net profit of associates	8,991,000,000
Total	1,857,976,000,000
<b>Profit/loss before tax</b>	<b>722,414,000,000</b>

(Data source, 2020)

Based on table 1 above, explains the comprehensive profit/loss report in 2019 issued by the PT Timah company. Throughout 2019 the costs incurred by PT Timah Tbk in social responsibility for social development can be seen from the realization of funds as follows:

Table.2 Realization of Partnership Program Fund of PT. Timah Tbk

NO	Kind of Help	Foster Partner	Disbursement Fund 2019
1	Industry	46	1,455,000,000
2	Trading	209	6,583,000,000
3	Agriculture	4	90,000,000
4	Plantation	17	465,000,000
5	Farm	8	295,000,000
6	Fisheri	23	628,000,000
7	Service	55	1,753,000,000
8	Coaching fund	11	1,065,879,967
Total			12,334,879,967

(Data source, 2020)

Based on the data in table 2, it can be seen that the realization of the Partnership program fund amounted to Rp. 12,334,879,967. Funds are realized to increase the ability of small micro businesses or small cooperative businesses, in the form of providing revolving fund loans to strengthen business capital, which is accompanied by mentoring activities in the form of managerial training, as well as promotional and marketing activities. The partnership program is implemented in various areas that are included in the company's operations.

Table.3 Realization of PT Timah Tbk Community Development Program Funds

NO	Kind of help	Disbursment fund 2019
1	Aid to natural disaster victims	130,000,000
2	Educational or training assistance	1,111,459,498
3	Health improvement assistance	742,785,000

4	Assistance for the development of infrastructure and or public facilities	517,077,000
5	Woship facilities	1,334,200,000
6	Social assistance in the context of poverty alleviation	9,061,570.000
Total		12,897,091,498

(Data source, 2020)

Based on table 3 data, it can be seen that the realization of the number of funds for the Community Development Program is Rp. 12,897,091,498. This fund aims to focus on activities, namely the distribution of environmental development programs for natural disasters, education, health, facilities and infrastructure, religious facilities, nature conservation, and distribution of environmental development for poverty alleviation. The goal to be achieved is to increase the standard of living and the welfare of the community. The partnership program is implemented in various areas that are included in the company's operations.

#### 4 Conclusion

Based on the results of the analysis and discussion that CSR has an impact on deductible expenses, which after the implementation of Law no. 36 of 2008 and supported by PP No. 93/2010, not all CSR costs may be charged as costs, only limited to the costs of education or training, development of infrastructure and public facilities and places of worship.

The impact of the deductible expense can be seen in the company's financial statements where the company's expenses are reduced before the deductible expense is determined, the costs are Rp.1,857,976,000,000 to Rp.1,345,212,821,837. Reducing the company's CSR costs is included in the company's income tax costs. Calculation of corporate income tax before Deductible Expense on CSR is Rp. 124,714,800,000 while the Income Tax after Deductible Expense on CSR is Rp.112,190,643,851.

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