TAX ACCOUNTING ANALYSIS ON ELECTRONIC FINANCIAL PRODUCTS IN INDONESIA

Oktavia
Universitas Kristen Krida Wacana
Email: oktavia@ukrida.ac.id

Abstract

Accounting is based on the capacity to describe in numbers the numerous financial activities of a firm, which has to be taken into consideration whenever decisions are being made about that company. The administration of taxes is an essential component in the growth of Indonesia. Because of the advent of new financial products that help improve taxpayer declarations and, as a consequence, the economy of the nation, this sort of accounting has had a significant expansion in recent years. This is a digital version of a traditional financial product. The overarching objective of this research is to investigate tax accounting methods that are based on electronic financial instruments. This research takes both a qualitative and a descriptive approach to data collection and analysis. Our results are predicated on the utilization of electronic financial products as well as the reality of tax accounting that is based on electronic financial product data. It was determined that these electronic documents, such as electronic invoices, contribute to the promotion and development of a new tax culture that facilitates the growth of countries by making their accounting and declarations much simpler and more accessible. This new tax culture is beneficial to the growth of countries because it allows countries to more easily keep track of their financial transactions.

***Keywords**: Accounting, Taxes, Financial Reports, Electronic Documents.*

A. INTRODUCTION

Accounting terms developed according to the characteristics of the time. The beginning of these changes occurred after the industrial revolution. The transition from a feudal, agricultural, and exchange economy to an industrial and financial economy greatly influenced accounting (Putri & Rizaldi, 2021). That is why accounting has developed with humans and therefore with the development of technology and knowledge of individual or collective finance and economics. There is a relationship between accounting and the environment in which it operates, so that the former is subject to it and, at the same time, is able to influence it, both are constantly evolving, in dialogue and interrelatedness, so that accounting has reflected environmental changes and, in turn, also influences society (Hariadi , 2005).

Now it is important to be able to detail the importance of financial accounting in society. Financial Accounting is one that is in charge of obtaining financial information from any organization to produce results based on the economic situation. This is very interesting information for managers and employees, and also external users such as shareholders, administration, banks or suppliers (Andini, 2015). Because financial accounting is also based on accounting for organizational resources. Therefore, resources are taken into account by administration, economics and accounting. Administration works on resources, because this is the rational use of these resources and the economy produces utilities, by converting resources into products, so that they are useful (Kabuhung, 2013).

These terms, accounting and economics, are important to be able to differentiate between the two and not to allow confusion in organizations as accounting results in decision making in senior positions. The difference between finance and economics is that finance refers to the value expressed in monetary units, strictly refers to costs and prices on the date the operation is performed (Ruslan & Alimuddin, 2012). Economics refers to current values. This highlights the importance of accounting being able to reach the public in a more efficient and effective manner. Therefore, it produces information that tries to represent the reality it has influenced itself and will no doubt be modified only by issuing statements in this regard (Winarno, 2017).

The tax system is directly related to the economic, social and political system. Where the definition of the taxation system depends on the applicable laws and regulations and its use in each country is carried out by applying it in the form of tax accounting (Muljono & Wicaksono, 2009). Tax Accounting is a process of recording, classifying and summarizing a financial transaction related to tax obligations and ending with the preparation of fiscal financial reports in accordance with the relevant tax provisions and regulations as the basis for making Annual Tax Returns (Supriyanto, 2011).

The taxation system is considered one of the most important financial policy tools, and a strategy on which the state relies in implementing the plan (Sutedi, 2022). And collect permanent income from internal sources to increase the yield of sovereign state resources and to provide a suitable climate to attract investment, with the aim of contributing to promoting sustainable economic development and achieving social justice (Prastiwi, 2019). Tax revenue in Indonesia, according to a report from the directorate general of taxation, is around 44.7% of total state revenue.

Technology has given a boost to the country's economy. One of the terms that has developed in administration, economics and accounting concepts is electronic money. Electronic money is a rechargeable instrument which can be a card that stores value or an electronic token stored in computer memory. In contrast, the Internet is a means of payment that allows remote access to customers' bank accounts. The so-called mobile payments made via cell phones also fall into this last group. The Internet and mobile phones are characterized as channels through which payment instructions enter the payment system (Hidayati et al., 2006).

Of course, this electronic money produces economic effects for the organizations or people who promote it. Among them: a potential increase in GDP of up to 3%, formalization of remittances and payments, collection of taxes on transactions that were previously invisible, increased savings, created credit expansion, visibility and traceability of transactions, and reduced printing and cash management (Gen, 2018).

Well, one of the agents that regulates this phenomenon is the banking system. It also sees the need to change the way they deliver services which always creates complications in their clients. That is why electronic banking was born. This is a service provided by financial institutions, which can be used 24 hours a day, either through ATMs, points of sale, e-commerce, debit and credit cards, navigation portals, among others; It is automated and allows clients to carry out their banking operations faster in the shortest possible time and convenience, and while receiving high quality service (Alfathihah & Sundari, 2021).

Electronic payment instruments have become a very important line of business for banks, not only because they are a significant source of revenue but also because they are a differential element to attract and retain customers. Besides that, electronic payment instruments can attract consumers to increase spending on consumption of goods and services by using non-cash payments. The advantage is that there is no direct intervention, so payments will be immediately recorded by the system and there will be no manipulation of data and tax revenue obtained from payment transactions will be maximized (Mahfuroh & Wicaksono, 2020).

It is important for them to first understand these advantages (cost savings, ease when comparing offers, bank balance control, etc.), as this will motivate them to adopt online banking in the future (Kristanti, 2020). These advantages have had a marked influence on modern accounting. Now it remains to discover the accounting reality of this electronic financial product. Therefore, this study has a general objective to analyze the current status of tax accounting based on electronic financial products. The methodology used is based on the description and analysis of problems related to the importance of accounting, the application of electronic financial products and the reality of accounting for electronic financial products.

B. METHOD

This research is based on a qualitative methodology based on descriptive methodology, field documentaries, and exploration through a review of published texts, documents, and scientific articles available on the web (Moleong, 2021). Considering the key points for development as important as accounting, current financial products and the realities of electronic financial product tax accounting. Furthermore, the data is analyzed in depth using data analysis techniques through data condensation, data display, and data verification. To measure the validity of the data, researchers used data source triangulation by correlating data obtained from several data sources as described in the data acquisition technique. Data analysis is carried out honestly without any bias as the principles contained in qualitative research.

C. RESULTS AND DISCUSSION

1. Electronic Financing Product Applications

Technological advancement has covered many areas of society, allowing for a better quality of life as previously common problems were minimized. One such problem is the time it takes to complete a certain task or the time it takes to get an answer. In Indonesia, the dynamics of the economic sector keeps financial institutions looking for opportunities to be up-to-date in today's globalized and competitive market, offering products and services that promote greater economic and social development.

One of the most exciting developments is the growth of electronic financial products. This has enabled rapprochement between the public and financial institutions, but above all, they have enabled growth in the acquisition of products and services that were previously a slow and tedious process. The new economy is based on network intercommunication that operates logistically and, of course, supports productive, commercial and business operations, minimizing production costs and the physical effort used to develop these activities (Tazkiyyaturrohmah, 2018).

Other electronic financial products have also been born which enable greater security and customer trust in businesses or banking entities. This is undoubtedly a new financial mechanism that helps reduce response time. One such financial product is a biometric system that allows people to be authenticated through their physical features on a virtual platform (Iqbal & Darmadi, 2005). Another product accelerating this new technological change is mobile payments, which use software implemented in mobile phones, making economic processes more agile. This allows each user to access from their mobile device to make online transactions, inquiries and purchases (Putritama, 2021).

The effect of perceived risk in purchasing online financial services depends on the type of brakes we are considering, being perceived financial, social and psychological risks have a more significant effect. The use of these products poses a risk to society because these tools can be stolen or lost, so that the information can be accessed by anyone. Indirectly these products also generate substantial profits and remain valid despite these limitations. Society will always try to reduce the time spent on traditional financial products. These models can also provide us with guidance on the future development of payment instruments within the e-commerce environment, which is undergoing an accelerated transformation with the introduction of new technologies. The importance of this guide lies in the powerful impact that the transformation of the buying process has on the conformation of financial institutions, their strategies, and their income statements (Tarantang et al., 2019).

The mechanism for this electronic financial product must generate a receipt indicating that the economic process was successful. This is a guarantee of the transfer of goods, delivery in use or provision of services to be used to carry out accounting processes. Can be transmitted via the internet or other electronic media that is not limited by storage space. In Indonesia, sending these receipts is important in order to be able to witness financial transactions in two economic entities. Every invoice issued must have a digital signature to confirm the origin and integrity of the invoice and validate it (Wijaya, 2017).

2. The Reality of Electronic Financial Product Tax Accounting

In recent years, a boom in electronic products that help reduce response times of financial institutions has grown. Banks join this boom by responding through innovative products that comply with international standards and especially with a changing globalized world. Digital banking is a strategic ally for achieving greater financial inclusion by offering ubiquitous access, low fees, high levels of security and increased productivity. It needs to be said that technology does not only mean new products or services, but also implies improvement and/or transformation of existing channels and products (Adiningsih, 2019).

These electronic products and services attempt to update the financial system as necessary to respond to the demands of today's times and enable the reduction of costs generated by documents embedded in financial processes. The lack of liquidity in the economy has led to a search for new marketing and payment sources that help boost the economy. There is a growing need to engage financial reports with information and communication technology (ICT). Companies have these tools as the spearhead in their financial operations, but unfortunately the professionals in the field, accountants and auditors, have been degraded due to the advancement of these technologies. This situation is very worrying when most business activities are carried out with ICT and many frauds committed in companies are carried out with automated information systems (Mahatmyo (2014).

Unfortunately, this deception is the weakness of these electronic financial products, which generates distrust in a large part of society, which remains rooted in the old financial mechanisms. Statistics on computer crime in Indonesia have increased because people do not report, or are not aware of the existence of the types of criminals on which they can base their complaints, a lack of interest in preventing cases of loss from being counted (Tumalun, 2018).

Despite these drawbacks, the use of electronic products has grown. Organizations utilize information technology for the development of tax accounting information systems and for the production of tax reports for all individuals and institutions interested in evaluating the performance of all types of entities. One of the financial products is electronic documents that represent tax accounting facts that are produced and stored electronically. Currently electronic documents flow a lot because entities realize that it is easier to manage and store information electronically, because the same generation of software is compatible with those used in files (Nurbaiti et al., 2016).

Electronic documents are experiencing a tremendous boom and are becoming the spearhead of government and where many organizations are using them to their advantage. Electronic documents processed by entities, stored in the database of the Directorate General of Taxes and made available to taxpayers in the last three months, who can access, download and view with a set password. Electronic invoices have developed in all financial and economic organizations. Links with accounting and tax declarations are under the protection of the Indonesian tax system to avoid tax evasion. Taxpayers who issue invoices will be known in real time and in real time what their total sales amount was for the month, etc., which will allow them to have more elements to verify compliance with taxpayers' tax obligations (Pazmiño, 2015). It is well identified that incorporation into the e-book system leads to optimal tax collection statistics by demonstrating an increase in the level of these statistics, thus contributing to an increase in taxpayer contributions when reporting their taxes in corrections, it should also be emphasized that the level achieved is not 100% satisfactory as this level of collection has other factors that contribute to its ups and downs (Cacha, 2017).

That is why the use of electronic invoicing generates a series of positive aspects ranging from financial-tax to physical aspects compared to paper invoicing. The biggest benefit is minimizing labor costs, because the benefits are in the cashier, warehouse and accounting areas, which are involved in the electronic invoicing process (Dávila, 2015).

D. CONCLUSION

The importance of accounting in society dates back to ancient times, that is, it has always been involved in the process of human evolution and has therefore undergone changes that allow it to adapt according to needs. Accounting is based on verifying, in numbers, the financial movements of an organization so that they are later taken into account in making decisions. That is why financial reports are the backbone of these companies, but above all useful and efficient management. With accounting, a financial audit can be carried out to determine or verify how the economic operation of a company is. Accounting functionality also includes an important aspect of tax declarations as it verifies that each taxpayer discloses their financial operations for a year and whether there is any profit to be declared in it. That is, accounting covers a lot of space in the administration and economics of an organization.

Technology has developed in recent times. The financial and economic sector cannot be separated from the rise of globalization. New financial products based on electronics and the Internet have been created. This helps the response to the prevailing needs in the community to be met more quickly. There are new electronic financial products such as debit and credit cards, mobile banking, electronic money, electronic documents and electronic invoices. All of this helps improve the quality of life of the individual as answers are obtained from the service in a short time. This builds the trust that has grown because the product provides security protection. Initially, many scams were acquired, which resulted in an immediate response that allowed financial products to grow in the face of these weaknesses. An interesting advantage is that they are highly ecological products, because the traditional paper used to show financial transactions is not produced, thus making a great contribution to protecting the environment.

Now, these electronic financial products provide great power to the country's tax system through electronic invoices. This is connected to the Director General of Taxes data base, so that it will be known what the taxpayer's financial operations are like, avoiding tax fraud. This electronic document will allow the collection of obligations to report income and VAT increases. These benefits will help to continue to contribute to all the mechanisms that ensure the satisfaction of people's needs. Therefore, electronic financial product tax accounting is feasible and growing rapidly because it helps improve accounting techniques and processes, but without forgetting that it not only improves processes, but also has to improve performance, such as accountants and auditors. so that this innovative system does not overwhelm and degrade them.

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