

Analysis of Vat Payment Reporting Methods for Business Partners at PT X in Gresik

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Article history: Received November 24, 2025; revised December 14, 2025; accepted January 02, 2026

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ABSTRACT

This study discusses the analysis of business partner payments without VAT deductions leading to overpayments at Company X. The purpose of this research is to analyze the impact of payments from business partners made without deducting VAT, which causes overpayments to Company X, and to enhance understanding of efficient payment practices. This research employs a qualitative research method. Data analysis was conducted through interviews and observation. The results of this study indicate that the verification and VAT deduction processes are not yet running optimally. This is demonstrated by the existence of business partner payment transactions from January to June 2025 conducted without VAT deductions, which can result in overpayments where Company X receives funds exceeding the issued invoices. This impacts financial efficiency.

Keywords: Payment Without VAT Deduction, Overpayment, Payment Verification Process

INTRODUCTION

Business activities in Indonesia have shown that taxes hold a strategic position in maintaining national economic continuity. Taxes are not only understood as an obligation inherent to every taxpayer, but also function as a state policy instrument for collecting revenue to support development financing and equitable public welfare. Yanto and Dewi (2020) state that tax is the primary source of state revenue used to finance various public expenditures, including infrastructure development, such as roads, bridges, schools, buildings, and other supporting facilities for state interests. One type of tax that plays an important role in economic activity is the value-added tax (VAT), a levy imposed on transactions involving the supply of goods and services by individual or corporate taxpayers who have been designated as Taxable Entrepreneurs (PKP) (Dewi et al., 2021). Therefore, accuracy in applying VAT deductions and reporting mechanisms is a crucial factor in maintaining tax compliance and ensuring the accuracy of corporate financial transactions.

This study was conducted at Company X, a business entity operating in the administrative area of Gresik City. In line with organizational development and market dynamics, Company X demonstrates a continuous commitment to improve service quality in an effort to strengthen user satisfaction and trust. This commitment is realized through the implementation of various systematically designed service strategies, one of which involves external parties in the form of business partners. Business partners' involvement plays an important role in supporting the smoothness of a company's operational processes, particularly in ensuring the effectiveness of service delivery to customers. Through this collaboration model, Company X strives to maintain consistent service quality while optimally tailoring the services provided according to consumer needs.

However, in practice, the implementation of VAT deductions on transactions between the company and business partners does not always proceed in accordance with the applicable regulations. The complexity of tax regulations, limited understanding of business partners, and weak internal control systems can potentially trigger payments without VAT deductions. This condition can lead to overpayment, a situation in which the company receives funds that exceed the net

transaction value that should have been received. The phenomenon of payments without VAT deductions is expected to occur at Company X, particularly in transactions with business partners from January to June 2025. This situation potentially causes inefficiencies in a company's financial and administrative management. Therefore, this study is important for analyzing the payment process without VAT deductions, identifying the factors causing overpayments, and examining their impact on the financial management of Company X.

LITERATURE REVIEW

Tax

Within the state's financial structure, taxes hold a very important position as the main pillar of state revenue. This is reflected in the dominance of the tax sector in the State Revenue and Expenditure Budget (APBN). (Wicaksono, 2022) states that tax is a source of state revenue, even though its amount is relatively the largest compared to other revenue sources. This is reflected in the composition of the State Revenue and Expenditure Budget (APBN), in which the tax sector contributes the most to revenue. (Sihombing & Sibagariang, 2020) Tax has a strategic role as the main source of state income, as well as a fiscal policy instrument used to direct economic activities and support the implementation of national development. Furthermore, tax functions as a means of income redistribution to encourage social justice and increase public welfare. Tax also plays a role in maintaining economic stability by controlling economic conditions to maintain a balance. Through the management and optimization of tax revenue, the government gains adequate fiscal capacity to finance infrastructure development and provide public services sustainably.

Value Added Tax (VAT)

(Hutasoit & Siregar, 2024) state that value-added tax (VAT) is an indirect tax classified as a domestic consumption tax on both goods and services. As regulated in Law Number 42 of 2009, which amends Law Number 8 of 1983 concerning Value Added Tax (VAT) and Sales Tax on Luxury Goods (PPnBM), VAT is a tax imposed on the consumption of goods and services produced within the customs territory and levied in stages at every stage of its production or distribution. Therefore, every transaction requiring tax deductions can prevent a leakage in state revenue. Value Added Tax (VAT) is an indirect type of tax, meaning the tax is deposited by another party (the entrepreneur) who is not the taxpayer; in other words, the taxpayer (final consumer) does not directly deposit the tax they bear (Dorit Andila et al., 2024).

Reporting and Calculation Procedures

(Dhyanasaridewi & Hendriyani 2023) state that the value-added tax (VAT) rate uses two tariffs based on Law No. 42 of 2009, which is 10% (January to March 2022) and the Law on Harmonization of Tax Regulations (April to December 2022). Third, in calculating VAT, the crediting method of Input Tax and Output Tax was used. Calculating the amount of value-added tax to be collected and deposited is based on the following formula:

$$11\% \times \text{Tax Base}$$

The steps for reporting Value Added Tax (VAT) are carried out through several stages as follows:

1. Tax Registration: The initial stage that must be carried out is registered as a Taxable Entrepreneur (PKP). At this stage, individuals or business entities must submit a registration application by filling out the prescribed form and completing the required documents according to the tax authority regulations.
2. VAT Calculation: In every activity of supplying taxable goods or services, the calculation of due Value Added Tax (VAT) must be performed. The VAT amount was determined by applying the applicable VAT rate to the tax base of the relevant transaction.
3. Issuance of Tax Invoice: Every entrepreneur conducting a transaction subject to value-added tax (VAT) is obligated to issue a tax invoice. This document must be prepared completely and accurately, containing key elements, including the tax invoice serial number, transaction date, buyer's identity, supply value, and amount of VAT imposed.
4. VAT Collection: In each sales transaction, the entrepreneur collects Value Added Tax (VAT) from the buyer based on the applicable rate. The collected VAT is then recorded as a temporary tax liability until the reporting and payment process is carried out according to the established

regulations.

5. Completion and Submission of VAT Periodic Tax Return (SPT): Taxable Entrepreneurs are obligated to prepare and submit periodic tax returns (SPT) for VAT periodically according to the specified timeframe. This report includes descriptions of supply and acquisition transactions as well as the calculation results of the due Value Added Tax for the relevant period.
6. Payment of Due VAT: After submitting the Periodic Tax Return (SPT) for VAT, the entrepreneur is obligated to pay the due value-added tax to the state treasury. The amount of tax paid is determined based on the difference between the Output Tax and Input Tax that qualifies for credit.
7. Tax Supervision and Compliance: Tax authorities have the right to supervise and examine the reported value-added tax submitted by entrepreneurs. In relation to this, entrepreneurs are required to manage and store all transaction documents and evidence systematically and orderly as a form of fulfilling tax obligations and to support the smoothness of the examination process if needed.

RESEARCH METHOD

This study was conducted by applying qualitative methods as the main approach in the research process. According to (Sugiyono & Lestari 465:2021), a qualitative research method is based on postpositivism, interpretive, or constructive philosophy used to research objects in natural conditions. The qualitative approach provides room for researchers to gain an in-depth understanding of the phenomenon being studied and to dig deeply into human interactions, cultural norms, and social structures, providing insights that are often overlooked in quantitative studies. (Mulyana & Vidiati 2024) This approach was chosen to obtain an in-depth understanding of the payment process and VAT verification mechanisms implemented by Company X. The research location was one of the companies operating in Gresik City, East Java. Company X has various business fields, including workforce provision, bottled drinking water production, travel services, information technology solutions, and training and certification.

The subjects of this study include parties directly involved in the implementation of the payment process and tax verification activities. These subjects were determined to obtain comprehensive data appropriate to the scope of the problem being studied. The data sources in this study consisted of primary and secondary data. Primary data are the main information obtained by researchers directly from the research subjects through predetermined data collection techniques such as interviews, observation, and document review in the field. These data reflect actual conditions and mechanisms that occur in practice. Meanwhile, secondary data serves as supporting data obtained indirectly through intermediary sources, including official documents, internal company archives, financial reports, tax regulations, and various references relevant to the research focus. Secondary data are used to complement, strengthen, and verify findings obtained from primary data, so that the research results become more accurate and scientifically accountable, as stated by (Sulung & Muspawi 2024)

Based on (Daruhadi & Sopiati, 2024), data collection techniques in this study were carried out using in-depth interviews, observation, and documentation. In-depth interviews were conducted to gain a more comprehensive understanding of the payment procedures and implemented Value Added Tax (VAT) deduction mechanisms, including the stages, involved parties, and obstacles encountered in its implementation. The observation techniques were performed through direct observation of the payment processes occurring at the research location. Through this observation, researchers can obtain a factual picture of the workflow, administrative practices, and conformity between implemented procedures and applicable regulations. Documentation techniques were used to review various supporting documents related to the research, such as invoices, payment proofs, tax invoices, and internal correspondence. These documents function as data sources to strengthen and verify the information obtained from interviews and observations.

(Abdussomad 2021:161) states that the data obtained from the field is substantial; therefore, it needs to be recorded carefully and in detail. The data analysis process in this study was carried out in a structured manner through several stages, including data reduction, data presentation, and

conclusion drawing. Data reduction is the initial analysis stage conducted by selecting, grouping, and summarizing data obtained from the field so that the information used is relevant to the research objectives. The selected data were then presented in a structured form in descriptive narrative, tables, or matrices to facilitate researchers' understanding and interpretation of the data. The next stage is conclusion drawing, which is done through analysis of trends, relationships, and meanings contained in the data, so that research results have validity and can be academically accountable.

RESULTS AND DISCUSSION

Results

The research results indicate that during the period January to June 2025, there was a practice of payments from business partners conducted without going through the Value Added Tax (VAT) deduction mechanism. These payments were executed based on the gross value stated on the invoice, without reduction of the VAT component, as required by applicable tax regulations. Data analysis was conducted in line with the research focus and objectives.

1. The process of payment occurrence from business partners without VAT deduction at Company X

The occurrence of payments from business partners without Value Added Tax (VAT) deductions originated from the invoice issuance stage by Company X. The invoice issued already contained the VAT value component calculated in accordance with the prevailing tax laws and regulations. Subsequently, the invoice was submitted to the business partner and served as the basis for executing the transaction payments. However, at this stage, there was no control mechanism or initial confirmation ensuring that the business partner made the payment after first calculating the VAT deduction obligation, so the payment was based on the gross invoice value stated.

However, in practice, business partners make payments using gross invoice value without deducting the VAT element. The payment was made directly, without prior confirmation, to Company X regarding the VAT deduction mechanism. Consequently, the funds received by the company were larger than the net value that should have been received. Furthermore, the results show that the payment and VAT verification process was conducted only after the funds entered the company's account. This condition caused payment errors to not be prevented from the outset but were only discovered at the administrative checking stage post-transaction. This indicates that internal control at the pre-payment stage was not yet running optimally and became a gap for payments without a VAT deduction.

2. Factors causing overpayment in transactions with Local Government Institution X

The occurrence of overpayments in transactions with Local Government Institution X was caused by several factors. The first factor is the minimal understanding of business partners regarding their obligation to deduct Value Added Tax (VAT). Some business partners do not fully understand that VAT should be deducted before payment to Company X. The second factor is the suboptimal implementation of the Payment and Taxation Standard Operating Procedures (SOP) at Company X. Although the SOP is formally available, its implementation has not been consistent, particularly in terms of pre-payment verification. The VAT checking process conducted after payment is received causes potential errors that cannot be prevented from the start. The third factor is the lack of coordination and communication between Company X and the business partner before payment. The absence of a payment confirmation mechanism causes the business partner to transfer funds directly according to gross invoice value.

These research findings are supported by Internal Correspondence (KORIN) data regarding the return of value-added tax (VAT) at local government institution X from January to June 2025, which shows repeated occurrences of overpayment. This KORIN data were utilized by the company as a corrective mechanism to perform administrative adjustments through the return of the VAT difference previously overpaid by the business partner beyond what should have been stipulated.

3. Impact of overpayment on the effectiveness and efficiency of financial management in Company X

The overpayment due to business partner payments without VAT deduction has a direct impact

on the effectiveness and efficiency of financial management at Company X. From the effectiveness aspect, the funds received in excess cannot be utilized as the company's operational income because they must be returned to the business partner. This condition indicates that cash receipts do not reflect the actual financial performance. From the efficiency aspect, overpayment creates an additional administrative burden for the company through the process of identifying payment discrepancies, preparing Internal Correspondence (KORIN), and executing fund returns. These stages require time allocation and resource utilization, which can be allocated to other operational activities. Furthermore, overpayment potentially causes inaccuracies in cash flow recording and financial reports if not promptly adjusted. Therefore, the occurrence of overpayment indicates that the internal control system and payment verification process still need to be strengthened so that a company's financial management can operate optimally by prioritizing the principles of effectiveness and efficiency in financial management.

Discussion

After the research data were collected through in-depth interview techniques and document review, they were processed and presented in the form of a discussion of the research results. This discussion contains research findings that represent key thoughts and empirical statements obtained from the application of research methods while also being linked to the theoretical review previously outlined. Thus, the analysis is conducted systematically based on field findings aligned with the research focus, namely, regarding the analysis of payments in business partner transactions without Value Added Tax (VAT) deduction at Company X.

Based on the research results, it is known that Company X has essentially implemented the value-added tax (VAT) deduction mechanism in every transaction conducted as regulated in the cooperation agreement with business partners. Furthermore, the implementation of deduction, payment, and reporting of VAT is carried out by referring to applicable tax regulations, namely the Minister of Finance Regulation (PMK) and the Regulation of the Director General of Taxes (DJP) as implementing regulations of the value-added tax law. These regulations serve as the legal basis for Company X to carry out tax obligations, both formally and materially, in accordance with government-established policies.

The results of document review sourced from Internal Correspondence (KORIN) data on VAT returns for Local Government Institution X for the period January to June 2025 show that Company X, administratively, has identified and followed up on the occurrence of overpayments originating from business partner payments without Value Added Tax (VAT) deduction. These KORIN data serve as written evidence that the funds received by the company exceeded the net invoice value that should be paid. In summary, the recapitulation of the KORIN data for VAT returns for Local Government Institution X can be presented as follows:

table 1. Overpayment Recapitulation for VAT

NO.	Name	Work	Work Period	Nominal / month	Amount
1	Local government inst. X	Security	January - June	778.266	4.669.596
2	Local government inst. X	Cleanliness	January - June	546.408	3.278.448
TOTAL				7.948.044	

Based on the table, it can be seen that overpayment did not occur only in one specific transaction, but took place repeatedly during the research period. This condition indicates that the problem of payment without VAT deduction is systematic and related to the suboptimal verification mechanism before the payment is made. The existence of KORIN in this research functions as a corrective instrument used by Company X to adjust financial records and fulfill the principle of tax compliance. However, the use of KORIN is more reactive because it is performed after a payment error occurs. In other words, KORIN has not been able to function as an early prevention tool against recurrence in similar cases.

The overpayment received by Company X directly affects the efficiency of the company's financial management. From a financial management perspective, the funds received in excess are not income that can be operationally utilized, but are short-term obligations that must be returned to

the business partner. This condition potentially causes distortion in cash flow recording and financial reports if not immediately adjusted. Furthermore, the fund-return process through KORIN requires additional time, effort, and administrative costs. This shows that overpayment not only impacts tax compliance but also affects work efficiency and the effectiveness of the company's cash management.

Based on the above discussion, it can be said that Company X formally has internal regulations and operational guidelines governing the payment process and VAT deduction. However, the implementation of these SOPs has not yet run optimally, and is also triggered by the lack of clear and explicit information on the invoice regarding the treatment of value-added tax (VAT) on the presented billing value, regardless of whether the amount is inclusive of VAT or still requires deduction according to applicable tax regulations. Particularly at the verification stage, payment is made by the business partner. The lack of understanding of business partners regarding VAT deduction obligations and minimal pre-payment communication are the main factors that trigger overpayment. Therefore, strengthening the internal control system is needed through improved inter-departmental coordination, affirmation of pre-payment verification procedures, and more intensive socialization of business partners regarding tax obligations. Thus, the risk of payment without VAT deduction and the occurrence of overpayment can be minimized so that the financial efficiency and tax compliance of Company X can be improved sustainably.

CONCLUSION

Based on the research results and analysis conducted, it can be concluded that from January to June 2025, practices of payments by business partners conducted without the Value Added Tax (VAT) deduction mechanism at Company X were still found, resulting in overpayment. This condition occurred because of the suboptimal implementation of pre-payment verification procedures and the weak internal control system to ensure that the VAT deduction obligation had been fulfilled by business partners before the transaction was realized. The excess funds received by the company cannot be classified as operational income but are short-term obligations that must be returned to the business partner. This situation impacts the effectiveness and efficiency of a company's financial management, particularly in terms of cash flow recording accuracy and increased administrative burden due to the need for correction and fund return processes. Thus, the findings of this research indicate that the practice of payment without VAT deduction not only has implications for tax compliance but also affects the overall performance of Company X's financial management.

Based on the research conclusion, Company X is advised to conduct comprehensive strengthening of the internal control system, particularly at the verification stage, before payment is realized by business partners. This strengthening can be achieved through the affirmation of administrative and fiscal verification procedures to ensure that the Value-Added Tax (VAT) deduction obligation has been fulfilled according to applicable regulations. Furthermore, the company needs to improve coordination and communication with business partners at the pre-payment stage, including providing clear and written information regarding VAT treatment for each transaction. More intensive socialization regarding tax obligations is also required so that business partners have an adequate and uniform understanding. These efforts are expected to suppress the risk of payments without VAT deduction and prevent the recurrence of overpayment in the following period so that the company's financial management can be carried out in a more planned and efficient manner and aligned with the principles of tax compliance.

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