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ABSTRACT

This study analyzes the precise accounting and taxation for tooling cost at PT XYZ. PT. XYZ pays tooling cost to PT. PQR. PT XYZ needs tooling to produce seatbelt and airbag for PT HOA. This research is a case study and uses qualitative descriptive analysis technique based on documentation and experts' interviews. The result of this study is that tooling cost could be recognized as fixed asset regarding experts' interviews and regarding accounting and taxation regulations. Tooling cost could be recognized as fixed assets if its benefit is more than one period. Otherwise, it will be recognized as expenses. Tooling cost is also could be recognized as fixed asset – leasing in accounting perspective by PT HOA, if it substantially fulfils the leasing criteria or substantially contains leasing. Taxation does not recognize transaction containing leasing. Thus, tooling cost could not be recognized as leasing in tax perspective.

Keywords: tooling cost, tax disputes, lease substance

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1. INTRODUCTION

A manufacturing enterprise conducts production activity by processing raw materials into finished goods. The manufacturing enterprise requires certain equipment and spare parts. The manufacturing enterprise procures spare parts through tooling contracts. Tooling is the process of obtaining, creating, or using the right equipment for a specific purpose (Cambridge, 2022).

Tooling cost amount is considered to be material depends on the materiality level determined by the enterprise or the external auditor. Tooling cost has the urgency not only in terms of materiality but also in the accounting recognition. Tooling cost could be recognized as an expense or an asset. The accounting recognition of tooling costs affects the profit, financial ratios, and the corporate tax payable amount.

This study discusses the accounting and tax recognition of tooling cost in PT XYZ. Tooling in this study is the procurement of tools needed in the production of seatbelt or airbag. PT XYZ purchases tooling by installment per month to PT PQR. PT XYZ is limited in using the tooling for one customer only, named PT HOA. PT XYZ having tax dispute with tax auditor in the recognition of tooling cost. PT XTZ recognizes tooling cost as expenses while the tax auditor recognizes it as fixed asset.

This study not only discusses precise tooling cost recognition as an expense or fixed asset but also discusses the lease transaction matter. PT XYZ may recognize tooling cost as fixed asset under finance lease asset. PT XYZ uses tooling for seatbelt and airbag production to PT HOA only. Therefore, this specific use probably fulfills the fixed asset under the finance lease asset criterion.

The lease transaction is stipulated in PSAK 30. PSAK 30 has effectively changed to PSAK 73 as of January 1, 2020. A criterion of a

financial lease asset or right-of-use asset is the specific use by one party (DSAK, 2021). If an asset is used by several parties, the asset doesn't categorize as fixed asset under finance lease asset or a right-of-use lease asset. In addition, the form of agreement between both parties is refers to ISAK 8. ISAK 8 stipulates specific clauses that needed to be disclosed on agreement.

There are four analyses in this study. First, it analyzes the accounting and taxation for tooling procurement carried out by PT XYZ. Second, it analyzes the recognition

Of tooling cost in PT XYZ whether as an expense or as fixed asset. Third, it analyzes whether tooling cost fulfils transaction containing the lease between PT XYZ and PT HOA. Lastly, it analyzes the solution for tooling procurement and provide recommendation journal entries in PT XYZ.

The main objective of this study is to determine the precise accounting and taxation for tooling cost. This study is expected to solve the different perspective between PT XYZ and the tax authority. This study becomes the reference for enterprises who have the similar problems as well as PT XYZ. Furthermore, this study shall prevent the tax dispute for tooling cost.

2. LITERATURE REVIEW

Literature review of this study consists of accounting standard, tax regulation, and earnings management and tax avoidance. Each of them has their own perspective on tooling cost. Further analysis for each is explained in the next subsection.

2.1. ACCOUNTING STANDARD

PSAK 16 stipulates accounting for fixed assets, starting from the definition, recognition, measurement, termination, and disclosure of fixed assets. The criteria of fixed assets are: (i) generates economic benefits in the future and (ii) measures the cost reliably. The characteristic of fixed assets is

that they have a useful life of at least one year. The useful life of each fixed asset may vary according to accounting estimates and enterprise policies. Parts and equipment are recognized as fixed assets if: (i) used in enterprise business and (ii) have useful life of more than one year. Recognizing tooling cost as fixed asset, tooling is presented as fixed asset in the statement of financial position. Calculating the depreciation amount of fixed asset tooling is required.

(DSAK, 2021) PSAK 73 replaces PSAK 30 as of January 1, 2020. Enterprises implement PSAK 73 earlier if they implement PSAK 72 as well. PSAK 73 stipulates the identification of leasing, the accounting treatment for lessees and lessors,

measurements and disclosures in financial statements. The primary difference between PSAK 73 and PSAK 30 is on the lessee side.

(Corporate Finance Institute, 2022) defines financial ratios as a form of quantitative measurement for enterprise performance. Financial ratios measure the profitability, liquidity, operational risks, and efficiency. Determining recognition of tooling cost as expenses or fixed assets affects the financial ratios.

2.2. TAX REGULATION

Tax authority has tooling cost regulation. Article 28 paragraph 7 of the General Law of Taxation and its explanation states: “taxation follows accounting standards as long as the tax authorities doesn’t issue specific tax regulation. Article 6 paragraph 1 Income Tax Law categorizes expenses in two; (i) expenses with useful life less than one year and (ii) expenses with useful life more than one year. Article 9 paragraph 2 Income Tax Law defines expenses with useful life of more than one year is recorded as affixed asset. The expense is recorded through depreciation expenses. PMK No.96/PMK.03/2009 categorizes tooling as tangible assets. The framework

taxation rules for tooling cost can be seen in **Appendix 1**.

Tax authority has specific regulation for leasing, which is KMK 1169/KMK.01/1991. It categorizes two types of leasing, which are financial lease and operating lease. Lease transaction is categorized as finance lease when it fulfills all of the three criteria; (i) the amount of lease payment plus residual value shall cover the cost of goods and lessor's profit, (ii) achieves minimum lease period of 2 years for fixed asset group I, 3 years for fixed asset group II and III; and 7 years for building, (iii) contains right options for lessee. Lease transaction is categorized as operating lease when it fulfills all of the two criteria; (i) the amount of lease payment plus residual value shall not cover the cost of goods and lessor's profit; and (ii) no right options for lessee.

2.3. EARNING MANAGEMENT AND TAX AVOIDANCE

Earning management is permitted as long as it is carried out in accordance with the applicable accounting rules (Prihadi, 2019). Earning management is conducted by selecting the accounting method to achieve the higher profit. It is permitted as long as the enterprise uses precise accounting methods. Regarding to (Cambridge, 2022), earning management is an accounting technique to increase profit. Enterprise seems to have greater performance because of the higher profit recorded.

Enterprise conducts tax avoidance by using loopholes in taxation rules. Tax avoidance is a legal tax management and does not conflict with taxation rules (Santoso & Rahayu, 2013). Tax avoidance aims to create efficiency in enterprise's tax expense (Pohan, 2018).

Determining recognition of tooling cost as expense or fixed asset is the example of tax avoidance and earning management. Although each of recognition results to expenses being recorded, the account classification and the amount are different. Recognizing tooling cost as tooling expense, the expense is classified as tooling expense and the amount is the incurred

expenditure. Recognizing tooling cost as fixed asset, the expense is classified as depreciation expenses and the amount is based on the tooling usage. Tooling expense and depreciation expense are deductible from tax perspective.

Earning management in tooling transaction arises if the amount of tooling expense is manipulated. It is manipulated by selecting the recognition of tooling cost giving the higher expenses amount. As the result, the commercial profit becomes lower. If commercial profit gets lower, the corporate tax payable gets lower as well. This circumstance will lead to the tax avoidance issue.

3. RESEARCH METHODOLOGY

Research methodology for this study are literature and document review and experts' interview. References for literature review are PSAK, ISAK, General Provisions of Taxation, Income Tax Law, Tax Court Law, PMK, and KMK. References for document review are primary and secondary documents.

Primary documents are documents related to tooling cost, such as airbag and seatbelt sales agreement, quotation form between PT XYZ and PT HOA, Quotation form between PT PQR and PT XYZ, PT XYZ's audited financial statement report, SPHP, Tax Objection Letter, e.tc. Secondary document is tax court decision which has the similar problem with PT XYZ. The enterprises having similar case in tooling cost are PT Surya Toto Indonesia and PT Honda Logistics Indonesia.

The interview combines perspective from experts and academicians. The interviewees consisted of four interviewees. Interviewee A is selected as representative of accounting and tax division at PT XYZ. Interviewee B is selected as a partner of public accounting firm and has no relationship with PT XYZ. Interviewee C is selected as a partner of tax consultant and assist

the tax dispute in PT XYZ. Interviewee D is selected as intermediate accounting lecturer at one of the reputable state colleges. The interviewees have skills and knowledge in their own areas of expertise. They have been working for more than two decades.

The interviewees are given the question list that has been approved by the supervisor. The questions consist of their perspective about precise accounting and tax for tooling cost, solution for tooling cost disputes that occur, and advice to prevent similar tax disputes for tooling cost in the future.

The interview for interviewee A is conducted through questionnaires. The interviews for interviewees B, C, and D are conducted by online interview through Google Meet for two hours. A comparison between the questionnaires answered by interviewee A and PT XYZ document is conducted for validity checking. Both of them are no different.

4. ORGANIZATION PROFILE

PT XYZ is a manufacturing enterprise producing seatbelt and airbag. PT XYZ needs tooling for production activity. Tooling in this study refers to the procurement of tools. There are three parties involved in this study, which are: PT XYZ, PT PQR, and PT HOA. Illustration of tooling transaction between them can be seen in **Appendix 2**.

PT XYZ purchases tooling from PT PQR by installment per month for twenty-four months. PT XYZ faces tax dispute with tax auditor for the recognition of tooling cost. PT XYZ recognizes as tooling expenses in the amount of installment paid. Tax auditor recognizes as fixed asset. Therefore, the expense recorded must be through depreciation. Tax auditor claims tooling is recognized as a fixed asset by PT XYZ based on transaction documents. Tax auditor claims tooling is owned by PT XYZ regarding to PMK No.96.PMK03/2009. This PMK stipulates tooling as one of the assets of the non-building group. The details of tax objects can be seen in

Appendix 3.

Discussion on this study is not limited in determines tooling cost as expense or fixed asset. Discussion in this study analyzes further on the limitation in tooling usage. Practically, PT XYZ uses tooling for producing to PT HOA only. In addition, PT XYZ obtains margin from PT HOA regarding tooling transaction. This circumstance possibly fulfils finance lease asset or right of use lease asset transaction criteria. If the tooling cost fulfils the lease transaction criteria, the tax dispute in determines tooling cost shall be recognized as expense or fixed asset is no longer relevant.

5. ANALYSIS

The analysis of this study consists of four stages. First, it determines the precise tooling cost recognition – as direct expense or as fixed asset. The tooling cost shall be determined as fixed asset. The accounting standard used is PSAK 16.

Second, it determines the owner of fixed asset – tooling. According to tax auditor, Tooling cost shall be recognized as fixed asset by PT XYZ. However, there is a limitation in tooling usage. Tooling is limited for PT XYZ's production to PT HOA. It could be inferred that tooling cost contains leasing, substantially in the form of specific use.

Third, it tests the substance of leasing. This analysis uses current regulations in the tooling cost tax dispute that occurred – year 2018, which are PSAK 30 and KMK 1169/KMK.01/1991. This analysis determines what type of lease tooling cost is – finance lease or operating lease. Tooling cost shall not match with two types of leases, the tooling cost is not be recognized as lease.

Four, it determines the tooling cost as general financing transaction. It is a matter of fact that tooling cost is not recognized as lease asset; instead, it is recognized as general financing transaction.

PT XYZ is the party finances tooling from PT PQR. This tooling is needed for supporting seatbelt and airbag production to PT HOA. Moreover, PT HOA reimburses the tooling cost purchased by PT XYZ through airbag and seatbelt's sales price. The analysis stages for this study can be seen in **Appendix 4**.

5.1. ANALYSIS OF TOOLING COST RECOGNITION

Recognition of tooling cost depends on the characteristic and enterprise's

policy. Supporting opinion by Interviewee B;

...."Enterprise shall have a policy for tooling transaction. The policy stipulates maximum amount of expenditure could be recognized as expense. Shall the amount of tooling transaction exceed the amount permitted, those expenditure is recognized as fixed asset." (Interviewee B, 2022).

PT XYZ has no policy for tooling transaction maximum amount. PT XYZ recognized tooling cost as tooling expense. Its amount is the installment paid to PT PQR.

Tooling cost in PT XYZ is tested to fixed asset recognition criteria according to PSAK 16. The criteria contain; (i) tangible, (ii) reliably measure, (iii) used for business and (iv) usage life more than one year. One of criteria shall not fulfill, recognize tooling cost as fixed is not permitted. Fixed asset test can be seen in **Appendix 5**.

Tooling cost in PT XYZ fulfils all the fixed asset criteria. Supporting opinions by Interviewees;

... " Tooling could be utilized for more than one year. " (Interviewee A, 2022)

....PT XYZ shall recognize tooling cost as fixed asset due to the fact tooling lifetime usage is more than one year. " (Interviewee B. 2022)

However, PT XYZ never recognizes tooling cost as fixed asset.

The tooling cost shall be recognized as fixed asset, the party

recognizes fixed asset has to be analyzed further. PT XYZ is limited in using the tooling for PT HOA only. These circumstances are taken into account to the lease transaction issues between PT XYZ and PT HOA. The lease test is explained in section 5.3.

5.2. EVALUATION OF TOOLING COST IN TAX PERSPECTIVE

Regulation of the Minister of Finance No. 96 / PMK.03 / 2009 stipulates Types of Assets Included in the Group of Non-Building Tangible Assets. It explains the types of tangible assets in manufacturing companies. According to PMK, tooling in PT XYZ case is equivalent to jigs, dies, and moulds. It is not straightforward to explain the tooling criteria to be recognized as asset. It is also not explaining the types of tooling specifically. It is only describing dies, jigs, and moulds as an example of supporting components in manufacturing companies that could be used for long term.

Regulation references for each of tooling cost recognition is different. Recognizing tooling cost as expense, the taxation rules refer to Article 6 paragraph 1 of the Income Tax Law. Recognizing tooling cost as fixed asset, taxation rules refer to PMK No. 96/PMK.03/2009.

PT XYZ is limited to using the tooling for PT HOA only. Fulfilling the “specific used” criteria for lease substantially, tooling cost may recognize as lease transaction between both party in accounting perspective. However, taxation does not recognize the substance of leasing. Taxation has no substance over form principle.

5.3. ANALYSIS OF TOOLING COST DISPUTE IN PT XYZ

Tax dispute for tooling cost occurs between PT XYZ and Tax Auditor. This tax dispute is for fiscal year 2018. PT XYZ recognizes tooling cost as expense in the amount of the instalment paid to PT PQR. PT XYZ never recognizes tooling cost as fixed asset. Tax auditor claims tooling cost must be recognized as fixed asset in accordance with PMK.

96/PMK.03/2009. However, there is a historical fact that tax auditor always permits tooling cost as expense until fiscal year 2017.

The tooling cost shall be recognized as fixed asset, the ultimate owner of tooling needs to be analyzed further. PT XYZ exposes transaction containing leasing because of limitation in tooling used. The analysis in this study continues to lease transaction test referring to KMK 1169 / KMK.01 / 1991. Supporting opinion by Interviewee C;

“The basis of the tax rules used is KMK 1169 / KMK.01 / 1991. This taxation rule is not different from PSAK 30, the accounting standard for lease ” (Interviewee C, 2022). Tooling transaction substantially shall contain lease, the lessee is PT XYZ and the lessor is PT HOA. Transaction contains leasing when it matches all the criteria of finance lease or operating lease. When one criterion is not fulfilled, the transaction may not be recognized as leasing. It will be recognized as general financing transaction. Lease test for tooling cost in PT XYZ are in **Appendix 6 and Appendix 7**.

Tooling cost in PT XYZ is not recognized as finance lease or operating lease. It is recognized as general financing transaction. Moreover, the owner of fixed asset - tooling shall be PT HOA.

5.4. SOLUTIONS AND RECOMMENDATIONS FOR TOOLING RECOGNITION IN PT XYZ

Tax dispute in determining tooling cost as expense or fixed asset is no longer necessary because lease transaction issues have arisen. Assuming tooling cost is containing lease, PSAK 30 and KMK 1169/KMK.01/1991 is the regulation references for lease. PSAK 30 is used for accounting standard as year tax dispute occurs in 2018. PT HOA is the owner of fixed asset – tooling. PT HOA shall recognize and discloses in financial statement as asset under lease.

PT XYZ shall implement the recommendation journal entries as the short-term solution. The recommendation journal entries can be seen in

Appendix 8. PT XYZ shall conduct agreement with PT HOA in form of specific clause for tooling usage as the long-term solution. PT XYZ shall implement PSAK 73 as the long-term solution. It enforces the specific usage as dedicated use. Moreover, it enforces finance lease status.

6. CONCLUSION

Enterprise may recognize tooling cost as expense or fixed asset. It depends on tooling's characteristics. Recognizing tooling cost as expense, Article 6 paragraph 1 of the Income Tax Law is the standard reference. Recognizing tooling cost as fixed asset, PSAK 16 and PMK No. 96 / PMK.03 / 2009 are the standard references.

Different perspective may occur between tax auditor and enterprise as tax payer in determining tooling cost recognition – as expense or fixed asset. Each type of recognition affects the earning management, financial ratio, and the amount of corporate tax payable.

Tax dispute between taxpayer and tax auditor in determining the precise tooling cost recognition may occur. This circumstance possibly happens because accounting and tax have different perspective for certain matters, such as the substance over form concept.

PT XYZ purchases tooling from PT PQR in form of production activity to PT HOA. PT XYZ recognizes tooling cost as expenses in the amount of installment paid to PT PQR. Tax auditor doesn't permit it. Tax auditor claims tooling cost shall be recognized as fixed asset by PT XYZ.

There are four facts confirming that tooling cost could not be recognized as fixed asset by PT XYZ. First, PT XYZ charges tooling cost to PT HOA through sales price. Second, PT XYZ uses tooling only for production activity to PT HOA. Third, PT XYZ gives the tooling to PT HOA when it is no longer used. Fourth, PT XYZ adds margin through sales price as its own profit.

Tooling in PT XYZ substantially seems lease transaction. However,

PSAK 30 and KMK 1169/KMK.01/1991 could not accommodate lease status. PSAK 73 accommodates the lease status but it could not be applied because the tax dispute year occurred is 2018. PSAK 73 enforces the specific use in terms of dedicated use – fulfils the finance lease status. Therefore, the owner of fixed asset – tooling is PT HOA.

Taxation is rule-based. Taxation refers to KMK 1169/KMK.01/1991 in determining dedicated used fixed asset – tooling owned by PT HOA. This regulation is unable to categorize tooling cost as finance lease or operating lease. Thus, tooling cost is not categorized as lease fixed asset. Tooling cost in PT XYZ is general financing in tax perspective. PT XYZ conducts prefinancing tooling cost for PT HOA. PT XYZ obtains margin through seatbelt and airbag's sales price to PT HOA.

Accounting and Tax have different perspectives in several aspects. However, it shall not create tax dispute. Tax authority shall evaluate their own regulation in order to aligning the accounting standard.

This study is limited in PT XYZ's tax dispute case for tooling cost. This study is limited to four experts' interview. This study is not yet able to bridge the difference perspective between accounting and taxation in tooling cost recognition. There are two recommendations for PT XYZ. First, PT XYZ implements the journal recommendation. It can be seen in Appendix 8. Second, PT XYZ implements PSAK 73 for the forward years and conducts specific clause of the tooling's owner in agreement.

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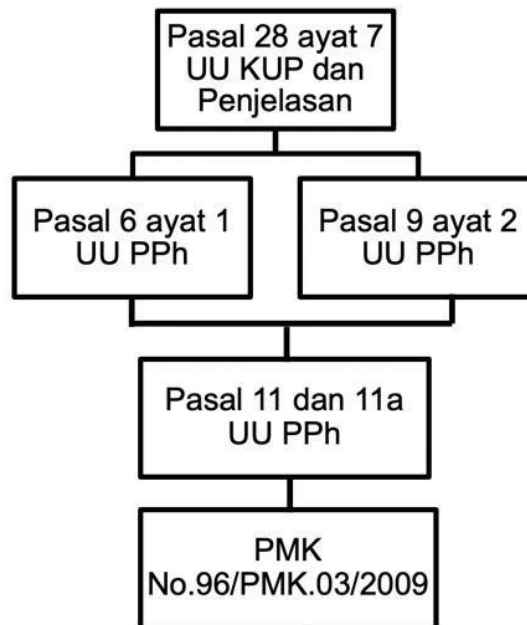
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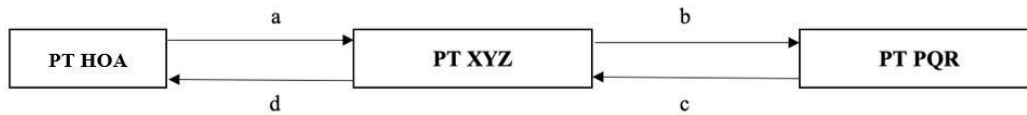
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APPENDIX

Appendix 1 – Taxation Rules Framework for Tooling Cost



Appendix 2 – Illustration for Tooling Cost Transaction



Notes:

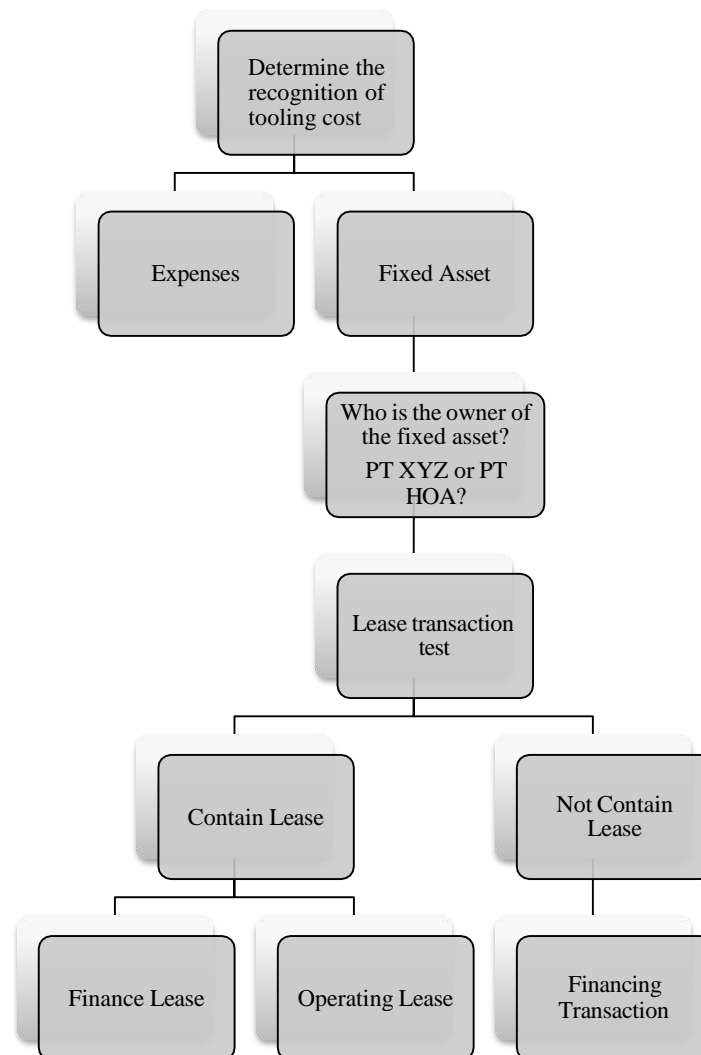
- a. Seatbelt and Airbag agreement, it contains tooling designed by PT HOA
- b. Purchase Tooling by installment for twenty-four times
- c. Delivery Tooling
- d. Sales seatbelt and airbag, including tooling cost + margin charges based on tooling utilization.

Appendix 3 – Tax Dispute Object

No	Type of Fiscal Correction	Amount (IDR)	Notes
1	Positive	6.077.804.163	Account reclassification (expense to fixed asset)
2	Negative	1.919.698.257	Fixed Asset - Tooling Depreciation
Netto (Positive)		4.158.105.906	

*) Impact on Tax Expense: 25% x 4.158.105.906 = Rp1.039.526.477

Appendix 4 – Stages of Analysis



**Appendix 5 – Fixed
 Asset Test**

No	Fixed Asset Criteria	Tooling Transaction in PT XYZ
1	Tangible	Yes
2	Reliably measurable	Yes
3	Used for business	Yes
4	Usage life is more than one year	Yes

Source: Author's
 Analysis

Appendix 6 - Finance Lease Test

No	Finance Lease Criteria	Yes / No	Analysis
1.	The amount of lease payment plus residual value shall cover the cost of goods and lessor's profit.	Yes	PT XYZ charges PT HOA in the amount of tooling usage plus margin. Thus, it covers the cost of goods and lessor profit.
2.	Achieves minimum lease period, 2 years for fixed asset group I, 3 years for fixed asset group II and III and 7 years for building.	Yes	Tooling is used for more than one year
3.	Contains right options for lessee	No	No agreement clause states PT HOA has the options.

Source: Author's Analysis (2022)

**Appendix 7 - Operating Lease
Test**

No	Operating Lease Criteria	Yes / No	Analysis
1.	The amount of lease payment plus residual value shall not cover the cost of goods and lessor's profit,	No	PT XYZ charges PT HOA in the amount of tooling usage plus margin. Thus, it covers the cost of goods and lessor profit.
2.	No right options for lessee.	Yes	No agreement clause states PT HOA has the options.

Source: Author's Analysis
(2022)

Appendix 8 – Illustrations and Recommendations for *Tooling Journaling*

Calculation of Tooling Cost Charge Value to PT HOA

Information	Total for production capacity of 4,800 units	Value per 1 Unit
The <i>purchase value of tooling</i> from PT PQR	Rp2.400.000.000	Rp500.000
Margin (20%)	480.000.000	100.000
Total value charged to the PT HOA	Rp2.880.000.000	Rp600.000

Calculation of the Installment Value of PT XYZ to PT PQR

Information	Sum
Purchase Value	Rp2.400.000.000
INPUT VAT	240.000.000
Total Purchases	Rp2.640.000.000
Monthly Installments (Total Purchases /24x instalments)	Rp110.000.000

Production Capacity and Actual Production of *Tooling*

Information	Sum
Production Capacity	4.800 unit
Actual Production	500 unit

*) Assumption of actual production = units sold

Selling Price and Production Cost per *Seatbelt* Unit

Information	Sum	Note
Selling Price	1.800.000	including profit on the use of <i>tooling</i>
Production Costs	500.000	

Appendix 8 – Illustrations and Recommendations for Tooling Journaling
(Continued) Journal Illustration

Information	PT HOA		PT XYZ	
Record tooling purchases from PT PQR	<i>Fixed Assets – Tooling.</i>	2.880.000.000	<i>Other Receivable to PT HOA.</i>	2.880.000.000
	<i>Other Payable from PT XYZ.</i>	2.880.000.000	<i>VAT-in</i>	240.000.000
			<i>Trade Payable to PT PQR</i>	2.640.000.000
			<i>Unearned Profit</i>	110.000.000
Record instalment payments for tooling purchases to PT PQR	<i>No Entry</i>		<i>Trade Payable to PT PQR.</i>	1.320.000.000
			<i>Cash</i>	1.320.000.000
			(Rp110.000.000 x 12)	
Record sale seatbelts to PT HOA	<i>Inventory – RM(Seatbelt)</i>	900.000.000	<i>Trade Receivable to PT HOA</i>	990.000.000
	<i>VAT-in</i>	90.000.000	<i>Sales</i>	900.000.000*
	<i>Trade Payable to PT XYZ</i>	990.000.000	<i>VAT-out</i>	90.000.000
			(Selling Price per unit x Unit Sold = Rp1.800.000 x 500 unit)	
Recorded COGS for the sale of PT XYZ seatbelts to PT HOA	<i>No Entry</i>		<i>Cost of Goods Sold</i>	250.000.000
			<i>Inventory – FG</i>	250.000.000
			(COGS per unit x unit produced = Rp500.000 x 500 unit)	
Record the cost of tooling in production and profit realized for tooling financing	<i>Depre fixed assets – tooling</i>	300.000.000		
	<i>Acc Depreciation</i>	300.000.000		
	<i>Other Payable from PT XYZ.</i>	300.000.000	<i>Bank</i>	300.000.000
	<i>Cost of Goods Sold – Car</i>	300.000.000	<i>Other Receivables to PT HOA</i>	300.000.000
			<i>Unarmed Profit**</i>	50.000.000
			<i>Other Income (P/L)</i>	50.000.000

Information	PT HOA	PT XYZ
		* <i>Tooling</i> purchase price per unit at PT PQR x actual production to PT HOA = Rp500,000 x 500 units
		**Margin per unit of <i>tooling</i> purchase x actual production to PT HOA = Rp100,000 x 500 units

Tooling and Seatbelt Sales Profit Calculation

Information	Sales Amount per unit	Number of Sales of 500 units (Sales Amount er unit x 500)
<i>Advantages of Selling Tooling</i>	Rp100.000 x 500 unit	Rp50.000.000
<i>Seatbelt Sales Advantages</i>	Rp700.000 (Seatbelt Selling Price – COGS Seatbelt – Tooling Expenses – Tooling Purchase Profit = Rp 1.800.000 – 500.000 – 500.000 – 100.000)	Rp350.000.000