



Evaluation of the Quality of Financial Statements and Their Implications for Corporate Tax Reporting at CV Maha Karya Teknik

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Abstract

Financial statements have a very crucial role as the main basis in the preparation and submission of tax statements, so their quality directly has implications for the level of compliance and transparency of the company's taxation. The authenticity of this research lies in the evaluation of the quality of financial statements as the foundation of tax reporting through the analysis of transaction recording systems and tax practices in medium-scale companies. This study aims to assess the extent to which the quality of financial statements serves as a reliable basis in tax reporting. The research uses a qualitative approach by collecting data through the analysis of financial statements for the period January 1 to December 31, 2024 as well as interviews with five informants who are directly involved in the tax reporting process, ranging from directors to administrative staff, with Tax Compliance Theory as the framework of analysis. The results of the study show that the company has implemented transaction recording and tax reporting quite well, although there is still a need to improve the reporting mechanism to be more systematic and in line with tax provisions. These findings have implications for the need to strengthen the quality of financial statements and transaction recording systems to improve tax compliance, minimize the risk of sanctions, and strengthen the company's credibility before tax authorities.

Keywords: Financial Statement Quality, Tax Reporting, Tax Compliance, Transaction Recording

INTRODUCTION

Financial statements have a strategic role in a company's accountability system because they are a formal representation of an entity's financial condition, performance, and economic position. In the context of taxation, financial statements not only function as an information tool for management and stakeholders, but also become the main basis for determining corporate tax liabilities (Ibrahim et al., 2025; Markhumah & Sutopo, 2025; Meilandri, 2025). The accuracy and reliability of tax reports are highly dependent on the quality of the financial statements produced from the transaction recording system implemented by the company (Candra et al., 2025). Therefore, any weakness in transaction recording and financial reporting has the potential to cause distortions in tax reporting, which can ultimately have an impact on the company's level of compliance and fiscal transparency.

Normatively, tax reporting obligations are a consequence of the company's economic activities which are strictly regulated in tax laws and regulations. Law Number 28 of 2007 concerning General Provisions and Tax Procedures (UU KUP/Ketentuan Umum dan Tata Cara Perpajakan), as amended last by Law Number 7 of 2021 concerning the Harmonization of Tax Regulations (UU HPP/Harmonisasi Peraturan Perpajakan), emphasizes that every Corporate Taxpayer is obliged to calculate, pay, and report his taxes correctly, completely, and clearly. This provision is strengthened by the obligation to carry out bookkeeping and financial recording as stipulated in Articles 28 and 29 of the UU KUP. Violations of these provisions not only have implications for administrative sanctions, but can also lead to criminal sanctions as stipulated in Article 38 and Article 39 of the UU KUP. This shows that the quality of financial statements and tax reporting has a strong legal dimension and cannot be separated from business sustainability.

In practice, even though tax regulations have been comprehensively drafted, the level of compliance of corporate tax reporting still shows significant variation. A number of previous studies have revealed that tax non-compliance is often caused not solely by tax avoidance intentions and tax morals, but also by the limitations of the transaction recording system, the low quality of financial statements, and the lack of understanding of applicable tax provisions (Zulkarnain et al., 2024) (Gaghana & Gamaliel, 2021; Khamisah et al., 2023; Sriniyati, 2020). This condition causes the tax reports submitted not to fully reflect the company's actual financial condition, thereby increasing the risk of fiscal corrections, sanctions, and a decline in the company's credibility in the eyes of tax authorities .

Academic studies on tax reporting generally place tax compliance as the main variable influenced by external factors, such as tax sanctions, fiscal supervision, and the implementation of technology-based tax administration systems (Tatnya et al., 2023; Windasari & Nawawi, 2022). On the other hand, research that focuses on the quality of financial statements is more directed at compliance with accounting standards and their implications for economic decision-making and company performance (Pratiwi et al., 2022). Although the two streams of research develop in parallel, the integration between the quality of financial statements, transaction recording systems, and the quality of tax reporting is still relatively rare, especially in the context of non-public and medium-scale companies.

The research gap in this study lies in the limited studies that comprehensively evaluate tax reporting by placing financial statements as the starting point of analysis. Most previous research has tended to examine tax compliance as the end result, without delving deeply into the process

of recording transactions and preparing financial statements that are the main basis for tax reporting. In fact, the quality of tax reporting is largely determined by the accuracy, completeness, and consistency of transaction data recorded throughout the accounting period. This gap shows the need for a research approach that assesses tax reporting more holistically, starting from the transaction recording system to the tax practices implemented by companies. In addition, corporate tax practices, such as tax planning, the use of legitimate tax incentives or facilities, and the timeliness of reporting, also affect the quality of tax reporting (Anggeraini et al., 2022).

Tax practices that are not supported by an adequate transaction recording system have the potential to result in tax reporting that is not optimal and difficult to account. On the other hand, a good transaction recording system without being balanced with an adequate understanding of tax practices can also cause errors in tax calculation and reporting. Therefore, the relationship between the transaction recording system, the quality of financial statements, and tax practices needs to be analyzed simultaneously. In the context of CV MKT as a medium-sized company, evaluation of the quality of financial statements and tax reporting is becoming increasingly relevant. Companies at this scale generally face limited human resources and accounting information systems, which can affect the quality of transaction recording and tax reporting. On the other hand, companies are still required to fulfill all tax obligations in accordance with applicable regulations. This condition makes the CV MKT an appropriate empirical context to examine how the transaction recording system and tax practices have implications for the quality of tax reporting.

The novelty of this research lies in an evaluative approach that places the quality of financial statements as the basis for tax reporting by integrating the analysis of transaction recording systems and tax practices in one study framework. This study not only assesses the level of tax compliance normatively, but also examines the company's internal processes that produce financial data as tax reporting material. Thus, this research makes a theoretical contribution in enriching the literature on the relationship between accounting and taxation, as well as a practical contribution in the form of recommendations for improving the tax reporting system based on strengthening the quality of financial statements.

Based on this description, the purpose of this study is to evaluate the quality of CV MKT financial statements as the basis for tax reporting by reviewing the company's tax practices and transaction recording system. In particular, this study aims to (1) assess the suitability of tax reporting with applicable tax provisions, (2) analyze the reliability and accuracy of the transaction recording system as the foundation of financial statements, and (3) formulate strategic recommendations to improve the quality, transparency, and compliance of corporate tax reporting in a sustainable manner.

METHODS

Research Design

This study uses a descriptive qualitative approach with the aim of obtaining an in-depth understanding (Candra et al., 2025) of the practice of preparing financial statements (Haria Saputri et al., 2025) that have implications for tax statements at CV Maha Karya Teknik (MKT) domiciled in Bojonegoro Regency, East Java Province, Indonesia. The qualitative approach was chosen because this study focuses on the process, mechanism, and interpretation of the company's internal actors in carrying out tax obligations, rather than on testing causal relationships statistically

(Bingham et al., 2019) (Candra et al., 2024). Through this approach, researchers can comprehensively uncover the factual conditions of tax reporting based on experiences and practices that take place within the organization (Arda & Chandra, 2024).

Data Types and Sources

The data used in this study consisted of primary data and secondary data. Primary data was obtained through semi-structured interviews with informants who were directly involved in financial management, transaction recording, and corporate tax reporting. Meanwhile, secondary data was obtained from company documents (Kuswibowo & Suksesty, 2023), including financial statements, proof of transactions, and tax reporting documents for the period January 1 to December 31, 2024. The use of these two types of data aims to increase the depth of analysis and strengthen the validity of research findings through triangulation of data sources.

Data Collection Techniques

The main data collection techniques in this study were semi-structured interviews and documentation. Interviews are conducted directly with informants using interview guidelines that are compiled based on the focus of the research, but still provide space for informants to convey information more broadly and in-depth (Candra, 2023). This technique allows researchers to explore tax practices, transaction recording processes, and informants' perceptions of the quality of tax reporting produced. In addition to interviews, the researcher also conducts a documentation study of financial statements and tax documents to obtain an objective picture of the recording and reporting system implemented by the company.

Research Informant

The research informants were selected using purposive sampling (Saefullah et al., 2025), which is based on consideration of position, role, and direct involvement in the process of recording transactions and tax reporting (Creswell & Creswell, 2018). The number of informants is considered adequate because it represents the organizational structure and flow of tax management in the CV MKT. The informants involved in this study include directors as tax policy decision-makers, financial parties as the person in charge of financial and tax statements, and administrative and operational staff who are directly involved in recording daily transactions. The composition of this informant allows researchers to obtain a comprehensive perspective from policy to technical implementation.

Data Analysis Techniques

Data analysis was carried out using thematic analysis with systematic stages. The first stage is data reduction, which is the process of selecting, grouping, and simplifying interview and documentation data to suit the focus of the research (Agustina et al., 2024). The second stage is the presentation of data, which is compiling data that has been reduced into the form of a systematic descriptive narrative to facilitate understanding patterns and relationships between findings (Rita et al., 2025). The third stage is conclusion drawing and verification, which is interpreting research findings to answer the formulation of the problem and ensuring the

consistency and validity of the analysis results. The analysis process is carried out repeatedly until stable findings are obtained and represent the company's empirical condition.

Theoretical Framework of Analysis

This study uses Tax Compliance Theory as the main analytical framework. This theory explains that the level of tax compliance is influenced by various factors, including taxpayers' understanding of regulations, the quality of the transaction recording system, attitudes towards tax authorities, and perceptions of tax sanctions and incentives (Avida & Ernandi, 2024; Lukovszki et al., 2025; Mumbi et al., 2025; Puklavec et al., 2025). In this study, tax compliance theory is used to analyze the extent to which the quality of financial statements, which is certainly the forerunner of the company's transaction recording system and tax practices applied in the company, contributes to the quality and compliance of tax reporting. This theoretical framework assists researchers in relating empirical findings to academically relevant concepts and theories.

RESULT AND DISCUSSION

Results

Correlation of Financial Statement Quality and Tax Calculation

The results of the study show that the quality of financial statements in companies is closely related to the transaction recording system implemented by the company. Based on the review of financial statements and tax documents, we consistently submit the Annual Return (SPT/ Surat Pemberitahuan) in accordance with the applicable time provisions and report financial data in complete and detail. Transaction recording is carried out systematically for every business activity and every project carried out. All transactions are recorded with a clear separation between the transaction value and the inherent tax components, such as Value Added Tax (VAT) and final Income Tax (PPh/Pajak Penghasilan), according to the type of transaction. The recording is supported by adequate source documents, including invoices, withholding evidence, and tax reporting archives. The results of the study also show that the regularity and completeness of transaction recording are reflected in the presentation of the company's financial statements. The data on business circulation, income, and tax liabilities presented in the financial statements are consistent with the data reported in the tax documents. Financial statements are structured and supported by complete transaction documentation, so that financial information can be properly searched and verified. Overall, the transaction recording system implemented allows for the presentation of accurate and documented financial and tax reporting and reporting, as reflected in the consistency of financial data and completeness of supporting documents found during the research process.

Based on data on the Annual Corporate Taxpayer Income Tax Return for the 2024 Tax Year, the company reported a business turnover of IDR 1,740,762,000. To obtain the business circulation, the company recorded a Cost of Goods Sold (HPP/ Harga Pokok Penjualan) of IDR 1,479,647,700, all of which came from the purchase of materials or merchandise. In the same report, there was no recording of initial or final inventories, and no cost posts of raw materials, auxiliary materials, goods in process, or finished goods were found. In addition to HPP, the company recorded other business expenses of IDR 92,500,000. These costs consist of salary, wages, bonuses, THR, and the like of IDR 48,000,000, as well as other costs of IDR 44,500,000 which are not further detailed in the cost category 1 to 10 in the Annual Tax Return Attachment. The Annual Tax Return data and its detailed attachments also show that the company does not record depreciation and amortization costs, both for production machinery and other fixed assets, and there is no recording of rental costs, loan interest costs, transportation costs, marketing/promotion costs, or other business costs outside the mentioned posts.

Thus, the company's total commercial expenses in the 2024 Tax Year were recorded at IDR 1,572,147,700 which is the accumulation of the Cost of Goods Sold (COGS) and all other operating costs. After accounting for all operating expenses, including depreciation expense of fixed assets, the company earned an operating profit (commercial profit before tax) of IDR 168,614,300. This value is profit after depreciation and amortization, so it does not represent EBITDA.

Based on the results of fiscal reconciliation prepared in accordance with the provisions of the Income Tax Law and outlined in the Attachment to the Annual Corporate Income Tax Return Form 1771-II, no difference in treatment was found between commercial and fiscal accounting, so no fiscal corrections were made either positive or negative. Therefore, the commercial net income is equal to the Taxable Income (PKP) for the 2024 Tax Year of IDR 168,614,300. For the PKP, the Corporate Income Tax payable is calculated based on the rate of Article 17 of the Income Tax Law of 22%, which is IDR 34,815,240. Thus, the profit after tax generated by the company is IDR 133,799,060, while the company's final tax position is determined based on the comparison between the payable Corporate Income Tax and the reported tax credit in the Annual Corporate Income Tax Return for the 2024 Tax Year.

Financial Transaction Recording Practices

The results of interviews and document searches show that the company implements a systematic and documented financial transaction recording system. All income and expenditure transactions are recorded in detail and used as the basis for the preparation of financial statements and tax reporting.

Sisimei Putri Utami as the person in charge of administration said:

"Every note, invoice, and proof of transfer is kept in an organized manner. We use a computer-based record-keeping system that allows us to track all expenses and income easily, both for internal and tax purposes" translated from Indonesian.

In addition to the administrative part, the transaction recording process also involves field staff. Every purchase transaction made in the field is accompanied by a recording and proof of transaction which is then submitted to the administration.

Azis Fatoni, one of the field staff, stated:

"Even though I am more in the field, every time I make a transaction or purchase of goods, I am always asked to record and submit proof of purchase. All that data goes to the administration, so there are no undocumented transactions" translated from Indonesian.

This practice shows that all company transactions, whether carried out in the office or in the field, are recorded and collected in one centralized financial recording system.

Tax Reporting

Based on the Annual Corporate Income Tax Return Form 1771-I for the 2024 tax year, the company submits tax reports in accordance with applicable regulations. The data reported in the tax return shows the conformity between commercial financial statements, business turnover overview, and tax calculations, both in terms of business turnover, Tax Basis (DPP/Dasar Pengenaan Pajak), Value Added Tax (VAT), and Income Tax.

Based on the Business Circulation Overview for the period January 1 to December 31, 2024, the company obtained a total turnover of IDR 1,740,762,000 from nine activities/work projects. Of this amount, the DPP was recorded at IDR 1,568,257,369, with output VAT of IDR 172,508,311. All transactions listed in the business turnover overview are the basis for calculating the company's tax obligations and are in line with the business turnover value reported in the Annual Tax Return.

Regarding Income Tax, the data on the business turnover overview shows that the company's tax obligations are entirely subject to Final Income Tax Article 4 paragraph (2) with a total of IDR 27,444,504. There is no withholding or collection of Non-Final Income Tax, either Article 22 or Article 23, as reflected in the income tax column which has a value of zero. The value of Final Income Tax is calculated based on each work transaction and is summed up in one tax reporting period.

In the Form 1771-I submitted, no positive fiscal adjustments were found, such as the formation of a reserve fund that was not allowed, in-kind charges, or payments to parties who had special relationships that exceeded reasonableness. All fees charged in the financial statements are used as the basis for calculating net income and are supported by documented proof of transactions.

Meia Anggraini as the person in charge of finance said:

"We try to always fulfill tax obligations correctly and in accordance with the provisions. We report all expenses openly, and every reporting process is done in consultation with a tax consultant if necessary" translated from Indonesian.

In addition, Nita Setya Rahayu as Director emphasized:

"We are very selective in determining what costs can be charged to the company. Everything must be explainable, supported by proof of transactions, and in accordance with accounting principles and tax provisions" translated from Indonesian.

Based on the suitability of data between the overview of business circulation, financial statements, and Annual Tax Returns, the timeliness of the submission of the tax return, the absence of positive fiscal adjustments, and the completeness of transaction documentation, corporate tax reporting shows administrative compliance with the applicable tax provisions in the 2024 tax year.

Discussion

Reconciliation of Commercial Financial Statements and Corporate Tax Reporting

Recording transactions is the main foundation in the preparation of financial statements, and the quality of financial statements directly determines the quality of tax reporting. Without systematic, complete, and documented record of transactions, reliable financial reports cannot be produced, so tax reporting risks inaccuracy. Therefore, this discussion begins with an analysis of transaction recording practices and the quality of the company's financial statements as a prerequisite before assessing the quality of tax reporting. The results of the study show that the company has implemented consistent and structured transaction recording, reflected in the compatibility between the overview of business operations, income statements, and supporting documents for transactions during the period from January 1 to December 31, 2024. Business turnover of IDR 1,740,762,000 is recorded in detail per project and recapitulated systematically in the financial statements. These findings are in line with research (Ningtyas & Gustinya, 2018) which states that the recording of project-based transactions and the separation of the basic value of tax imposition (DPP) improves the reliability of financial statements and simplifies the tax reporting process.

The quality of the company's financial statements is also reflected in the alignment between revenue and expenses recorded. Cost of Goods Sold amounted to IDR 1,479,647,700 and operating expenses amounted to IDR 92,500,000 were reported consistently without any difference between internal records and financial statements. These conditions support the findings (Athaya et al., 2025) which concludes that financial statements prepared based on transparent and well-documented transaction recording tend to have a high level of reliability. Thus, the empirical results of this study confirm that the company has produced quality financial statements as the basis for tax reporting. Once the quality of the financial statements is confirmed, the analysis continues on the company's tax reporting. The financial statement data is used directly

as the basis for the preparation of the Annual Corporate Income Tax Return Form 1771-I for the 2024 tax year. The absence of positive fiscal adjustments indicates that the commercial financial statements have been aligned with tax provisions. These findings are in line with (Cahya et al., 2021) which emphasizes that the conformity between financial statements and Annual Tax Returns is the main indicator of the quality of tax reporting and administrative compliance of corporate taxpayers.

In terms of tax obligations, the company reported Final Income Tax Article 4 paragraph (2) of IDR 27,444,504 which was calculated based on business turnover and in accordance with the provisions of construction services taxation. All company income is subject to final tax without any non-final income tax, which shows accuracy in determining the type of tax payable. These results reinforce the findings (Hapsari et al., 2023) which states that an understanding of the characteristics of the tax object and the proper application of tariffs reflects a high level of tax compliance. Overall, the empirical results of this study show that the quality of corporate tax reporting is a direct consequence of orderly transaction recording practices and reliable financial reporting.

These findings are consistent with Tax Compliance Theory which emphasizes the importance of voluntary compliance, where taxpayers consciously and voluntarily fulfill their tax obligations based on a sound financial administration system. This research not only confirms previous theories and research, but also emphasizes that improving the quality of recording transactions and financial statements is the main prerequisite in realizing quality and compliant tax reporting.

Table 1 Reconciliation of Financial Statements and Tax Reporting in 2024

Report Components	Commercial Report (IDR)	Fiscal Correction (+/-) (IDR)	Fiscal Report (IDR)	Remarks
Business Circulation	1.740.762.000	0	1.740.762.000	There is no difference in recognition
Cost of Goods Sold	1.479.647.700	0	1.479.647.700	As per fiscal provisions
Gross Profit	261.114.300	0	261.114.300	Consistent
Operating Expenses (Salary, Transportation, etc.)	92.500.000	0	92.500.000	Reasonable & reducible load
Operating Profit Before Tax	168.614.300	0	168.614.300	No fiscal correction
Taxable Income (PKP)	-	-	168.614.300	Based on the results of the reconciliation
Corporate Income Tax Payable (22%)	-	-	34.815.240	Article 17 of the Income Tax Law
Net Profit After Tax	-	-	133.799.060	MCO – Income Tax payable

Source: Data processed from CV MKT, 2025

Table 1 presents a reconciliation between commercial financial statements and corporate fiscal statements in the 2024 Tax Year. The reconciliation shows that all major components of the financial statements, ranging from business circulation, cost of goods sold, gross profit, operating expenses, to profit before tax, have not experienced a fiscal correction because there is no difference in treatment between commercial accounting and tax provisions. Thus, business profit

before tax is commercially equal to Taxable Income (PKP). Based on the PKP, the Corporate Income Tax payable is calculated according to the rate of Article 17 of the Income Tax Law. This condition reflects that the preparation of the company's financial statements has been in line with the applicable fiscal provisions.

Evaluation of Tax Administration in the Perspective of Accountability and Governance

Based on an overview of the company's business circulation for the period January 1 to December 31, 2024, this research shows that the company has implemented project transaction recording and tax reporting systematically, accurately, and consistently. Each project is recorded in detail, starting from the type of work, turnover value, tax base (DPP), to the calculation of Value Added Tax (VAT) and related Income Tax (PPh). These findings indicate that the company's tax administration system has been running in accordance with applicable tax provisions. Quantitatively, the total reported turnover of IDR 1,740,762,000 is in line with the DPP of IDR 1,568,257,369 and the total VAT of IDR 172,508,311. The consistency between turnover, DPP, and VAT confirms that the company has implemented the appropriate VAT imposition and reporting mechanism. This reflects compliance with the principle of the self-assessment system in taxation, which requires taxpayers to calculate, deposit, and report their taxes correctly and responsibly. These findings are in line with the tax compliance theory which states that the quality of good records has an impact on the level of compliance of taxpayers (Amalya et al., 2023; Mumbi et al., 2025; Musasizi & Bigirimana, 2022).

From the Income Tax aspect, although no deduction of Article 22 and Article 23 Income Tax was found, the company reported Final Income Tax of IDR 27,444,504. This value reflects the implementation of Final Income Tax on construction services of 2% of the project turnover. The application of this final tax shows that the company has understood the characteristics of the tax object and the applicable tax regime, so as to be able to avoid tax misclassification. These findings reinforce the results of previous research that stated that understanding of tax regulations contributes significantly to tax compliance and minimizes the risk of tax avoidance (Mandasari et al., 2025; Nurwati & Umaimah, 2025; Oktris et al., 2024).

Furthermore, the project details listed in the business turnover overview show that there is transparency and accountability in recording transactions, especially in the calculation of turnover, DPP, and VAT. Transparency is an important element in ensuring that data reported to the Directorate General of Taxes can be accounted for administratively and legally. From the perspective of accountability theory, detailed and well-documented record-keeping practices are a key prerequisite for the creation of trust between business entities and fiscal authorities.

In terms of corporate governance, the existence of the Company's signature and official date on the business turnover overview report strengthens the legality and authenticity aspects of the document. This reflects the application of the principles of responsibility and accountability in good corporate governance. These findings are consistent with the view of corporate governance theory which emphasizes that formal endorsement by top management increases the credibility of financial statements and tax statements in the eyes of stakeholders, including tax authorities (Arieftiara & Utama, 2018; Triwidiyanto & Hendrawan, 2025).

Overall, the results of this study confirm that the company has carried out the tax recording and reporting process accurately, transparently, and in accordance with tax regulations. These findings not only strengthen the empirical evidence regarding corporate tax compliance, but also demonstrate the level of professionalism and integrity in financial management. Thus, the results of this study support the findings of previous research and theories that place the quality of accounting records, regulatory understanding, and good corporate governance as key factors in realizing sustainable tax compliance.

Table 2 Overview of the Company's Business Circulation in 2024

No	Project Description	Turnover (IDR)	DPP (IDR)	VAT (IDR)	Final Income Tax (IDR)
1	Construction of Drainage Channels Ds. Klino Kec.	190.633.000	171.742.227	18.891.645	3.005.489
2	Construction of Drainage Channels RT 15 RW 07 Dsn. Pomahan Ds. Pomahan	190.969.000	172.044.958	18.924.945	3.010.787
3	HIPPAM Ds. Mojosari	195.453.000	176.083.784	19.369.216	3.081.466
4	HIPPAM Ds. Sudah	195.514.000	176.138.739	19.375.261	3.082.428
5	HIPPAM Ds. Sraturejo	195.731.000	176.334.234	19.396.766	3.085.849
6	Construction of Drainage Channels Jl. Besah Malo Ds. Rendeng	190.750.000	171.847.217	18.903.194	3.007.236
7	Construction of Drainage Channels RT 14 RW 04 Dsn. Tlotok Ds. Bubulan	190.850.000	171.937.612	18.913.137	3.008.908
8	Construction of Drainage Channels RT 12 RW 02 Ds. Wedi Kec.	192.204.000	173.157.308	19.047.304	3.030.253
9	Construction of Drainage Channels RT 11 RW 6 Hamlet Kedaton Ds. Klino	198.658.000	178.971.291	19.686.842	3.131.998
Total		1.740.762.000	1.568.257.369	172.508.311	27.444.504

Source: Data processed from CV MKT, 2025

Table 2 presents an overview of the company's business circulation during 2024 which comes from nine construction work projects. Each project is presented with details of the turnover value, Tax Basis (DPP), Value Added Tax (VAT), and Final Income Tax (PPH) collected on the transaction. The VAT and Final Income Tax listed in this table are taxes on transactions and are not treated as a deduction from business turnover or fiscal profit in the Annual Corporate Income Tax Return Form 1771. Therefore, the value of business turnover used in the calculation of fiscal profit and Taxable Income refers to commercial turnover, as reconciled in Table 1. This presentation shows a consistent linkage between transaction data, accounting records, and corporate fiscal reporting.

This practice reflects the transparency and systematization of tax administration, which in the tax literature is seen as an important indicator of formal tax compliance. Previous research has shown that complete and detailed transaction recording has a positive effect on taxpayer compliance levels because it makes it easier to calculate and report taxes correctly (Anugrah & Fitriandi, 2022; Saputra, 2019).

These findings are in line with Tax Compliance Theory which states that Compliance is not only measured from tax payments, but also from honesty, morality of taxpayers, completeness, and accuracy in reporting tax obligations (Mardiyah et al., 2025; Oktris et al., 2024). The detailed disclosure of turnover and taxes payable for each project shows the company's awareness in fulfilling substantive tax obligations. This is reinforced by the results of research which states that

taxpayers with a good recording system tend to have a higher level of compliance because the risk of errors and sanctions can be minimized (Hernando et al., 2025; Saputra, 2019).

In addition, the separation between the DPP and the types of taxes collected, such as VAT and final income tax, reflects the company's understanding of the characteristics of the transaction and its taxation consequences. This practice is in line with the economic approach to tax compliance which emphasizes that perceptions of sanctions and audit risks encourage taxpayers to report taxes correctly and completely (Anugrah & Fitriandi, 2022). Thus, the data in the table shows that the company has implemented a tax administration system that supports tax compliance on an ongoing basis. Overall, the company's business turnover overview supports the findings of previous research and the Tax Compliance Theory framework that transparency, accuracy, and completeness of transaction recording are the main foundations in building tax compliance. Consistent compliance not only fulfills fiscal obligations, but also enhances the company's credibility before tax authorities and stakeholders, as well as contributes to healthy and sustainable business sustainability.

CONCLUSION

Based on the purpose of the research to evaluate the quality of CV MKT financial statements as the basis for tax reporting, the results of the study show that the company's tax reporting in the period under study is in accordance with the applicable tax provisions. The tax practices implemented reflect compliance with Income Tax and Value Added Tax obligations, supported by systematic and consistent recording of transactions. The recording system has proven to be reliable and accurate as the foundation for the preparation of financial statements, so that the financial and tax information produced has an adequate level of reliability and traceability to be accounted for administratively and legally.

In line with these findings, the strategic recommendations proposed are the continuous strengthening of CV MKT tax recording and reporting system to improve quality, transparency, and tax compliance in an ongoing manner. Companies need to strictly integrate information technology in their accounting and taxation systems to minimize recording errors and improve reporting efficiency. In addition, improving the competence of human resources through continuous tax training and strengthening internal control and periodic internal audits must be made a priority policy. These strategic measures are important to ensure that tax compliance is maintained, improve the transparency of financial statements, and strengthen the company's credibility before tax authorities and stakeholders.

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