ABSTRACT

Book-tax differences arising from the misalignment between financial accounting standards and tax regulations remain a persistent issue in corporate tax compliance in Indonesia, particularly within the tourism and recreation industry, where lease transactions often involve companies acting simultaneously as both lessee and lessor. PT X, a company operating in this industry, exemplifies this dual position, creating layered exposure to Final Income Tax (PPh Final) under Article 4 Paragraph (2) on land and building lease transactions. Preliminary observations indicated a real discrepancy between the lease values recorded in the company's financial statements, which are prepared in accordance with PSAK 73 on Leases, and the tax base reported in the Annual Tax Return, which follows Government Regulation No. 34 of 2017. This raises questions regarding the form, causes, and materiality risk implications of such discrepancies. This study employed a qualitative case study approach with data collected through in-depth interviews with three informants and analysis of financial statements, tax returns, withholding tax slips, and lease agreements for the period of October–December 2025. Data were analyzed using the interactive model and supported by source triangulation.

The findings indicate that the discrepancy in tax recording at PT X is primarily administrative and timing-related, caused by delayed receipt of withholding tax slips from counterparties rather than errors in tax base calculation, in addition to conceptual differences between PSAK 73 and PP 34/2017 in measuring lease value. The main contributing factors identified include incomplete determination of tax base components and weaknesses in internal control, particularly in the monitoring and reconciliation aspects. Although the monthly discrepancies remained below the overall and performance materiality thresholds, both thresholds were set on an annual basis, so the cumulative discrepancy over just a three-month period already exceeded both thresholds, indicating a high level of material misstatement risk in accordance with SA 315 and SA 320. This study recommends routine monthly reconciliation, the development of a lease transaction control checklist, and a dedicated standard operating procedure for managing Final Income Tax obligations to strengthen PT X's internal control and tax compliance.

Keywords: *Book-Tax Difference; Final Income Tax; Material Misstatement Risk; Internal Control; Lease Accounting*