Tax calculation and accounting treatment upon revaluation of company's fixed assets and its relationship with the company's performance (a case study at: PT. X)

Ogi Dharmawan Sutiono, author

Abstrak

<i>There are many countries in the Asia Pacific region, including Indonesia, which are impacted by the continued worsening of economy, particularly due to currency depreciation within the respective countries. The main impact is that there is bad lacking of liquidity, currency rate fluctuating, and high interest rate. To improve the situation, one way to conduct is through revaluating a company's fixed assets.

Revaluating the fixed assets should mean to re-evaluate the company's fixed assets as impacted by the increment of the value of the said fixed assets in the market, or too low valuation of the assets within the financial reports, in that the assets value may not reflect any proper value.

PT "X", as a corporation lining in the field of pharmaceutical industries (drugs for humans as well as animals), owns a number of assets, which are mostly imported commodities. The management decides to revaluate its fixed assets. The purpose of doing the revaluation is to increase the companies equity, which is experiencing deficit, and to utilize existing fiscal deficits.

The assessment implied is Current Value Adjustment, i.e., valuating the fixed assets based on the current value. Valuation is normally performed by an authorized valuator.

This activity of fixed assets revaluation is, however, not recommended within financial accounting, because the Financial Accounting Standard follows the assets valuation based on procurement price or trade price. This activity shall be made possible if there is a government's decision. Therefore, the government, through the Decree of the Minister of Finance No. 3341KMK.0411998, allows chance to revaluation of company's fixed assets.</i>