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Total Benchmarking for Assessing the Fairness of Financial Reports and Fulfillment of Tax Obligations in the Pharmaceutical Industry Listed on the Indonesian Stock Exchange

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Abstract:

Taxes are the main source of state revenue. Taxpayer compliance testing is needed to optimize tax revenues. The Directorate General of Taxes issued total benchmarking as a tool to detect taxpayer compliance. The aim of this Scientific Work is to assess the fairness of financial reports and assess compliance with tax obligations based on total benchmarking ratios. This research uses descriptive quantitative methods. The research population includes Taxpayers in the Pharmaceutical Industry Business Field Classification. The research sample consisted of pharmaceutical industry companies listed on the Indonesian Stock Exchange. The data source used is secondary data obtained from the official website of the Indonesia Stock Exchange (IDX) and the data collection technique is carried out using the documentation method. The data analysis technique involves comparing the company's financial ratios with benchmarking as a benchmark for testing taxpayer compliance.

Keywords: Benchmarks, Financial Ratios, Pharmaceutical Industry Companies

BACKGROUND

Tax is a mandatory contribution that can be imposed without accepting direct counter-performance aimed at the prosperity of citizens (Undang-Undang Replubik Indonesia Nomor 28 Tahun 2007, n.d.). In the Indonesian context, the source of state income is dominated by tax revenues. Taxes are the backbone of state finances because they make a significant contribution to the state budget which is used for various purposes, from infrastructure development to providing public services. Therefore, optimizing tax revenues is the government's main focus to ensure the availability of sufficient funds to support various national programs.

The tax system implemented in Indonesia uses a Self-Assessment system, where taxpayers are entrusted with calculating, paying and reporting the amount of tax owed themselves in accordance with applicable regulations. Although this method aims to provide convenience and flexibility to taxpayers, on the other hand, this system also opens up gaps for tax avoidance and evasion practices. This occurs because of the potential for manipulation of financial reports by taxpayers, either intentionally or unintentionally, to reduce the amount of tax that must be paid.

The practice of tax avoidance or evasion is an action that is detrimental to the state because it reduces the amount of income that should be received. Various efforts have been made by the Directorate General of Taxes (DGT) to minimize the practice of tax avoidance or evasion, but these

challenges still persist. One indicator that shows this challenge is Indonesia's tax ratio, which is still relatively low compared to other countries, especially countries that are members of the Organization for Economic Cooperation and Development (OECD) and countries in the Asia Pacific. Tax ratio is a comparison between tax revenues and Gross Domestic Product (GDP), which reflects how much tax contributes to a country's economy. Indonesia's tax ratio in 2021 is 10.9%, while the average tax ratio for OECD countries is 34.1% and the average for Asia Pacific countries is 19.8%. (Tax-to-GDP Ratio Revenue Statistics in Asia and the Pacific 2023 – Indonesia Range Asia and Pacific Indonesia, n.d.)

The low tax ratio in Indonesia indicates that there are problems in the effectiveness of the tax system, both in terms of policy, administration and taxpayer compliance. One of the steps taken by the DGT to overcome this problem is to use Total Benchmarking as a tool for testing tax compliance. Total Benchmarking is a comparison method used by the DGT to assess the fairness of taxpayers' tax reporting by comparing relevant internal and external data. This tool is designed to detect indications of non-compliance and tax evasion, as well as providing an initial signal (trigger) to the DGT to carry out further examinations of suspected taxpayers.

In Total Benchmarking, DGT utilizes various data and information, such as data from company financial reports, third party transaction data, industry data, and other data sourced from collaboration with government and private agencies. The data is analyzed to see whether there are significant gaps between the reports submitted by taxpayers and the actual conditions. If any irregularities are found, the DGT will take further action, ranging from clarification to intensive inspection. The use of Total Benchmarking is expected to increase taxpayer compliance and reduce tax avoidance or evasion practices. In this way, state tax revenues can be increased, which in turn will contribute to increasing Indonesia's tax ratio. Apart from that, the use of Total Benchmarking can also increase public confidence in a transparent and fair tax system, because taxpayers will feel that every person and company is monitored closely and equally.

However, issues related to the effectiveness of Total Benchmarking raise critical questions. Do the indicators produced by this tool really reflect the actual situation of taxpayers in Indonesia? This research is intended to re-examine whether the ratios presented in the Total Benchmarking issued by the DGT are indeed accurate in representing the actual situation of taxpayers in Indonesia. This research will compare the financial ratios of pharmaceutical industry companies listed on the Indonesia Stock Exchange with benchmarks issued by the DGT.

The pharmaceutical industry was chosen because this sector has quite specific characteristics and has shown significant growth in recent years, supported by the Covid-19 pandemic. By comparing the financial ratios of companies in this sub-sector with the ratios set by the DGT, it is hoped that a clearer picture can be obtained regarding the accuracy and effectiveness of Total Benchmarking in detecting tax non-compliance.

THEORETICAL FRAMEWORK

Understanding Benchmarks

Benchmarks are standards or reference points used to measure and compare the performance or quality of an object, such as a process, product or service. Benchmarks were first initiated by Robert Camp (1989) who defined benchmarking as a continuous process for measuring and comparing products, services and practices against the best leaders in their industry. The goal is

to identify best practices that can be implemented to improve organizational performance. Camp developed a systematic methodology for conducting benchmarking, which includes identifying areas to benchmark, selecting benchmarking partners, collecting and analyzing data, and implementing identified best practices. Through his work at Xerox, Camp demonstrated how benchmarking can be applied in real business contexts to achieve significant performance improvements.

David T. Kearns (1990) defines benchmarking as a management tool used to find the best way to carry out a process or achieve a goal by comparing it with other companies that are considered the best in carrying out the process. Benchmarking according to Kearns is not only limited to measurement and comparison, but also includes the application of best practices discovered from the results of the comparison.

Meanwhile, Michael J. Spendolini (1992) stated that benchmarking is a systematic and continuous process for identifying, analyzing and adapting best practices from other organizations in order to achieve superior performance. Spendolini outlines five main steps in the benchmarking process, which systematically guide organizations in conducting benchmarking, namely determining the focus of benchmarking, determining benchmarking partners, collecting benchmarking data, analyzing data and identifying gaps then adapting and implementing best practices. Spendolini highlights several main benefits of implementing benchmarking, namely that by adopting best practices, organizations can increase the efficiency and effectiveness of their operations and can improve the quality of products and services, which ultimately increases customer satisfaction. Benchmarking encourages organizations to learn from industry leaders and implement innovations that have proven effective elsewhere. Benchmarking helps organizations understand their position in the market and identify areas that need improvement to remain competitive.

Benchmark Models Used in the World

Several benchmarking models that are commonly used in various countries and industries are as follows:

1. Process Benchmarking: This model focuses on analyzing and comparing specific operational processes to identify best practices.
2. Performance Benchmarking: This model involves comparing key performance indicators (KPIs) to assess organizational efficiency and effectiveness.
3. Strategic Benchmarking: Used to assess long-term strategies and policies. Organizations may compare their business strategies with competitors or industry leaders to develop better initiatives.
4. Functional Benchmarking: Specializes in comparing certain functions within an organization, such as human resources, marketing, or finance, with the best in the industry.
5. External Benchmarking: Involves comparing performance and practices with other organizations outside the same industry or sector.
6. Internal Benchmarking: This is done by comparing units or departments within the same organization to identify internal best practices.

Total Benchmarking of the Directorate General of Taxes

The Directorate General of Taxes (DGT) adopts a benchmarking model to carry out the function of coaching and supervising taxpayers. Assuming that taxpayers with similar characteristics tend to have similar business behavior, the financial and tax conditions of each taxpayer can be compared with benchmarks that represent these characteristics. Through this comparison, the DGT can systematically detect taxpayers who are at high risk of non-compliance, so that appropriate follow-up can be taken.

The benchmarking carried out by DGT is designed in a concept called Total Benchmarking. Total Benchmarking is defined as the process of comparing ratios related to a company's profit level and various inputs in business activities with ratios that are considered standard for a particular business group. Apart from that, it also pays attention to the relationship between ratios to assess the fairness of financial performance and the fulfillment of taxpayers' tax obligations. Total Benchmarking characteristics include:

- Preparation of benchmarks based on business groups.
- Benchmarking is carried out on ratios related to profit levels and company inputs.
- Pay attention to the relationship between ratios.
- Focus on assessing the fairness of financial performance and fulfillment of tax obligations.

Objectives and Benefits of Total Benchmarking

The objectives of total benchmarking are as follows:

- Serve as a guide and comparison with the conditions of the Annual Tax Return reported by taxpayers.
- Assist in monitoring taxpayer compliance, especially regarding material compliance.

The benefits of total benchmarking are as follows:

- As a tool for intensification programs or exploring tax potential.
- As an aid in calculating the tax gap.

Benchmark Ratios

DGT uses 14 ratios which include operational performance measurements, input ratios, VAT ratios and non-business activity ratios. The selection of these ratios is based on the consideration that these ratios must be able to provide a comprehensive picture of the company's operational activities during a certain period and relate to all types of taxes that are the taxpayer's obligations. These ratios include:

1. Gross Profit Margin (GPM)
2. Operating Profit Margin (OPM)
3. Pretax Profit Margin (PPM)
4. Corporate Tax to Turn Over Ratio (CTTOR)
5. Net Profit Margin (NPM)
6. Dividend Payout Ratio (DPR)
7. VAT ratio (pn)
8. Salary/Sales Ratio (g)
9. Interest/Sales Ratio (b)

10. Rent/Sales Ratio(s)
11. Depreciation/Sales Ratio (py)
12. Other Income/Sales Ratio (pl)
13. Other Expenses/Sales Ratio (bl)
14. Other Input/Sales Ratio (x)

METHOD

The research method used in this research is a quantitative method with a descriptive approach. This approach is expected to be able to describe and reveal problems, circumstances or events or reveal facts in more depth regarding the Total Benchmarking ratio in assessing the fairness of financial statements and assessing compliance with tax obligations. This research uses secondary data sources. The research subjects are pharmaceutical industry companies listed on the Indonesia Stock Exchange during 2021, 2022 and 2023. The data collection technique is carried out by collecting financial reports of registered pharmaceutical industry companies and available on the Indonesia Stock Exchange page on the site https://www.idx. co.id

Data analysis technique using the method of calculating 14 total benchmarking ratios for 7 pharmaceutical industry companies which were collected based on financial reports and then compared with the benchmark values issued by the Directorate General of Taxes. The comparison of ratios and benchmark values becomes a benchmark for the fairness of financial reports and compliance with tax obligations.

How to calculate 14 total benchmarking ratios:

a. Gross Profit Margin (GPM), namely the ratio between gross profit to sales;
b. Operating Profit Margin (OPM), namely the ratio between net profit from operations to sales;
c. Pretax Profit Margin (PPM), namely the ratio between net profit before income tax is imposed on sales;
d. Corporate Tax to Turn Over Ratio (CTTOR), namely the ratio between income tax payable to sales;
e. Net Profit Margin (NPM), namely the ratio between net profit after income tax to sales;
f. Dividend Payout Ratio (DPR), namely the ratio between the amount of cash dividends paid to net profit after tax;
g. Input VAT Ratio (pn), namely the ratio between the amount of Input VAT credited in one tax year to Sales, excluding input tax credited from inter-branch transactions;
h. Ratio (g) salary costs to sales;
i. Ratio (b) interest expense to sales;
j. Ratio(s) of rental costs to sales;
k. Ratio (py) of depreciation costs to sales;
l. Ratio (x) of other “intermediate inputs” to sales;
m. Ratio (pl) of other business income to sales; And
n. Ratio (bl) of other expenses to sales.

Due to limited data obtained regarding the amount of Input VAT, the Input VAT ratio (pn) was not tested in this research.

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RESULT

The data used in this research are pharmaceutical industry companies in Indonesia which are listed on the Indonesia Stock Exchange from 2021-2023. The choice of time period was chosen because of the availability of available financial report data. We obtained 6 companies with the pharmaceutical industry business classification that can be used in research. The sample details can be seen in table 1.

Table 1 Pharmaceutical Industry Company Financial Report

NO	Code	Company	Financial Report		
			2021	2022	2023
1	KLBF	PT Kalbe Farma Tbk	v	v	-*
2	SIDO	PT Industri Jamu dan Farmasi Sido Muncul Tbk	v	v	v
3	TSPC	PT Tempo Scan Pacific Tbk	v	v	v
4	KAEF	PT Kimia Farma Tbk	v	v	v
5	PEHA	PT Phapros Tbk	v	v	v
6	DVLA	PT Darya-Varia Laboratoria Tbk.	v	v	v

(Source: Indonesia Stock Exchange /IDX)

**) 2023 annual financial report data has not yet been released*

Based on table 1 above, there are 6 pharmaceutical industry companies' financial report data from 2021-2023. There is only 1 company, namely PT Kalbe Farma Tbk, whose 2023 financial report does not exist because it has not been released.

Based on the results of calculating 13 total benchmark ratios for the financial reports of pharmaceutical industry companies in 2021-2023, the results obtained are as shown in table 2.

Table 2.1 Company Benchmark Total Ratio for the Pharmaceutical Industry in 2023

NO	Benchmark Ratio	Company						Mean
		KLBF	SIDO	TSPC	KAEF	PEHA	DVLA	
1	GPM	38,83%	56,61%	35,85%	-	51,12%	51,58%	46,80%
2	OPM	12,13%	34,88%	9,55%	-	6,62%	9,40%	14,52%
3	PPM	11,84%	34,20%	12,22%	-	0,76%	10,13%	13,83%
4	CTTOR	2,72%	7,54%	2,69%	-	0,16%	2,40%	3,10%
5	NPM	9,12%	26,66%	9,53%	-	0,59%	7,74%	10,73%
6	DPR	63,26%	112,34%	54,11%	-	197,16%	92,61%	103,90%
7	G	9,96%	12,81%	9,26%	-	28,97%	22,61%	16,72%
8	B	0,31%	0,02%	0,63%	-	6,34%	0,00%	1,46%
9	S	0,94%	0,11%	0,31%	-	0,23%	0,76%	0,47%
10	Py	2,40%	2,91%	2,02%	-	4,81%	1,87%	2,80%
11	X	47,56%	27,54%	51,93%		8,53%	23,18%	31,75%
12	Pl	0,56%	1,55%	5,18%	-	3,28%	0,85%	2,28%

13	Bl	0,85%	2,22%	2,51%	-	2,87%	0,20%	1,73%

(Source: processed from financial reports of pharmaceutical industry companies listed on the IDX)

Based on table 2.1, the average GPM of pharmaceutical industry companies listed on the IDX in 2023 is 46.8%, OPM is 14.52%, PPM is 13.83%, CTTOR is 3.10%, NPM is 10.73%, DPR is 103.9%, salary cost ratio is 16.72%, interest cost ratio is 1.46%, rental cost ratio is 0.47%, depreciation cost ratio is 2.8%, other input cost ratio is 31,75%, other income ratio is 2.28% and other expense ratio is 1.73%.

Table 2.2 Total Benchmark Ratios for KLU Pharmaceutical Industry Companies in 2022

NO	Benchmark	Company						Mean
	Ratios	KLBF	SIDO	TSPC	KAEF	PEHA	DVLA	
1	GPM	40,45%	56,10%	33,98%	37,40%	49,99%	52,48%	45,07%
2	OPM	14,62%	35,56%	5,53%	3,19%	8,08%	9,16%	12,69%
3	PPM	15,41%	36,73%	10,85%	0,52%	3,55%	10,49%	12,93%
4	CTTOR	3,49%	8,15%	2,39%	1,50%	1,21%	2,70%	3,24%
5	NPM	11,92%	28,58%	8,47%	-0,98%	2,34%	7,79%	9,69%
6	DPR	47,28%	96,68%	32,60%	-96,14%	24,25%	83,98%	31,44%
7	G	9,55%	12,31%	8,93%	22,89%	25,62%	20,51%	16,64%
8	B	0,19%	0,02%	0,57%	5,42%	5,15%	0,01%	1,89%
9	S	0,97%	0,08%	0,30%	0,28%	0,20%	0,83%	0,44%
10	Py	2,53%	2,47%	2,02%	5,44%	4,55%	1,73%	3,12%
11	X	46,31%	29,02%	54,20%	28,57%	14,49%	24,44%	32,84%
12	Pl	1,16%	1,19%	6,34%	3,76%	0,81%	1,41%	2,45%
13	Bl	0,37%	0,02%	1,02%	1,13%	0,24%	0,23%	0,50%

(Source: processed from financial reports of pharmaceutical industry companies listed on the IDX)

Based on table 2.2, the average GPM of pharmaceutical industry companies listed on the IDX in 2022 is 45.07%, OPM is 12.69%, PPM is 12.93%, CTTOR is 3.24%, NPM is 9.69%, DPR of 31.44%, salary cost ratio is 16.64%, interest cost ratio is 1.89%, rental cost ratio is 0.44%, depreciation cost ratio is 3.12%, other input cost ratio, is 32,84%, other income ratio is 2.45% and other expense ratio is 0.50%.

Table 2.3 Total Benchmark Ratios for Pharmaceutical Industry Companies in 2021

NO	Benchmark	Company						Mean
	Ratios	KLBF	SIDO	TSPC	KAEF	PEHA	DVLA	
1	GPM	42,97%	56,85%	35,68%	34,19%	49,41%	52,38%	45,25%
2	OPM	15,31%	38,80%	9,67%	6,97%	8,57%	9,98%	14,88%
3	PPM	15,78%	40,12%	9,78%	3,06%	1,23%	11,13%	13,52%
4	CTTOR	3,47%	8,76%	1,96%	0,80%	0,15%	3,42%	3,09%
5	NPM	12,31%	31,36%	7,81%	2,25%	1,07%	7,71%	10,42%
6	DPR	40,61%	80,75%	41,03%	2,43%	171,68%	85,62%	70,35%
7	G	10,29%	10,22%	9,88%	19,49%	24,65%	19,56%	15,68%
8	B	0,22%	0,02%	0,47%	4,72%	7,59%	0,01%	2,17%
9	S	1,03%	0,08%	0,26%	0,13%	0,15%	0,55%	0,37%

10	Py	2,57%	2,34%	2,11%	3,79%	5,30%	1,88%	3,00%
11	X	42,92%	30,49%	51,60%	37,68%	12,90%	25,62%	33,54%
12	Pl	0,97%	1,47%	0,78%	1,76%	0,52%	1,41%	1,15%
13	Bl	0,50%	0,14%	0,68%	1,12%	0,51%	0,43%	0,56%

(Source: processed from financial reports of pharmaceutical industry companies listed on the IDX)

Based on table 2.3, the average GPM of pharmaceutical industry companies listed on the IDX in 2021 is 45.25%, OPM is 14.88%, PPM is 13.52%, CTTOR is 3.09%, NPM is 10.42%, DPR of 70.35%, salary cost ratio is 15.68%, interest cost ratio is 2.17%, rental cost ratio is 0.37%, depreciation cost ratio is 3.00%, other input cost ratio is 33,54%, other income ratio is 1.15% and other expense ratio is 0.56%.

The results of the average total benchmarking ratio for pharmaceutical industry companies are compared with the total benchmarking ratio value set by the Directorate General of Taxes for 3 consecutive years, 2005, 2006 and 2007. As the benchmark value set by the DGT for those years is the same, so it is compared with the average total benchmarking ratio for pharmaceutical industry companies in 2021, 2022 and 2023 as outlined in table 3.

Table 3 Comparison of the Total Benchmark Ratio for Pharmaceutical Industry Companies with the DGT Benchmark Ratio

NO	Benchmark Ratios	Company	DGT's Benchmark	Gap	Percentage (%) gap
1	GPM	45,70%	53,96%	-8,26%	-15,30%
2	OPM	14,03%	17,99%	-3,96%	-22,01%
3	PPM	13,42%	21,52%	-8,10%	-37,62%
4	CTTOR	3,15%	5,97%	-2,82%	-47,32%
5	NPM	10,28%	15,55%	-5,27%	-33,91%
6	DPR	68,56%	18,82%	49,74%	264,31%
7	G	16,35%	12,88%	3,47%	26,91%
8	B	1,84%	0,21%	1,63%	776,98%
9	S	0,43%	1,53%	-1,10%	-72,11%
10	Py	2,97%	2,74%	0,23%	8,56%
11	X	32,71%	28,75%	3,96%	13,76%
12	Pl	1,96%	5,62%	-3,66%	-65,12%
13	Bl	0,9%	2,10%	-1,17%	-55,63%

(Source: processed from financial reports of pharmaceutical industry companies listed on the IDX)

Based on table 3, the difference between the company's ratio and the DGT benchmark ratio can be seen from the company's performance ratio, namely GPM is -8.26%, OPM is -3.96%, PPM is -8.10%, CTTOR is -2.82%, and NPM is -5.27%. The results show negative, meaning the company's financial ratios are lower than the DGT benchmark value, which indicates the company's performance is lower than the DGT benchmark. Meanwhile, in terms of the difference in input/cost ratio, namely salary (g) is 3.47%, interest (b) is 1.63%, rent (s) is -1.10%, depreciation (py) is 0.23% and other inputs (x) amounted is 3,96%, showing positive results apart from rental costs which showed negative results.

This shows that the company's cost ratio is higher than the DGT benchmark value, which shows that the costs incurred by the company are higher compared to the DGT benchmark. Of the 13 benchmark ratios, the highest difference is the dividend payout ratio (DPR) is 49.74%. The existence of a high difference indicates that there is an impropriety regarding the distribution of dividends. However, to assess the fairness of dividend components, it is necessary to examine in more depth the operational cash flow, profit and loss statement and dividend policy announced by management. Although overall the difference between financial ratios and the DGT benchmark is still relatively low, below 10% apart from DPR and only 2 ratio components with values above 8%, if you look at the percentage difference there are several company ratios that have a significant percentage difference, PPM of -37.62 %, CTTOR is -47.32%, NPM is -33.91%, interest is 776.98%, rent is -72.11%, other income of -65.12% and other costs is -55.63%. With the significant increase in several benchmark ratios, the author tries to compare the average total benchmark ratios for 2021-2023 which are shown in table 4.

Table 4 Comparison of Total Benchmark Ratios for Pharmaceutical Industry Companies from 2021-2023

NO	Benchmark Ratio	2023	2022	2021	Gap 2023-2022	Gap 2022-2021	Presentage (%) gap 2023-2022	Presentage (%) gap 2022-2021
1	GPM	46,80%	45,07%	45,25%	1,73%	-0,18%	3,84%	-0,40%
2	OPM	14,52%	12,69%	14,88%	1,83%	-2,19%	14,39%	-14,74%
3	PPM	13,83%	12,93%	13,52%	0,91%	-0,59%	7,00%	-4,38%
4	CTTOR	3,10%	3,24%	3,09%	-0,14%	0,15%	-4,26%	4,74%
5	NPM	10,73%	9,69%	10,42%	1,04%	-0,73%	10,75%	-7,02%
6	DPR	103,90%	31,44%	70,35%	72,45%	-38,91%	230,44%	-55,31%
7	G	16,72%	16,64%	15,68%	0,09%	0,95%	0,52%	6,08%
8	B	1,46%	1,89%	2,17%	-0,43%	-0,28%	-22,89%	-12,82%
9	S	0,47%	0,44%	0,37%	0,03%	0,08%	6,02%	20,91%
10	Py	2,80%	3,12%	3,00%	-0,32%	0,12%	-10,29%	4,17%
11	X	31,75%	32,84%	33,54%	-1,09%	-0,70%	-3,32%	-2,08%
12	Pl	2,28%	2,45%	1,15%	-0,16%	1,29%	-6,58%	112,30%
13	Bl	1,73%	0,50%	0,56%	1,23%	-0,06%	244,85%	-10,95%

(Source: processed from financial reports of pharmaceutical industry companies listed on the IDX)

Based on table 4, there is no significant difference in the average total benchmark ratios for 2021, 2022 and 2023 except for the DPR ratio of 72.4% and 38.91%. For the ratios of GPM, OPM, PPM, CTTOR, NPM, salary, interest, rent, depreciation, other inputs, other costs, and other income, the differences from year to year during 2021-2023 are not significant, namely below 2% and only 2 ratios above 1%, namely OPM and other income. In terms of percentage, the difference is also relatively insignificant apart from the DPR, namely 230.44% and -55.31%. For the ratios of GPM, OPM, PPM, CTTOR, NPM, salaries, depreciation, other inputs and other costs, the percentage difference is below 15%. Anything above 15% is interest of -22.89%, rent of 20.91% and other income of 244.85%. When viewed as a whole, the differences during 2021-2023 are not significant.

DISCUSSION

Based on these results, the company's performance ratios, namely GPM, OPM, PPM, CTTOR, and NPM, which are lower compared to the DGT benchmark ratio, can trigger irregularities in the company's financial statements, understated sales so that the tax payable is smaller. Then, for the input/cost ratio, the ratio of salary (g), interest (b), rent (s), depreciation (py) and other inputs (x) which is higher compared to the DGT benchmark ratio, it can also be a trigger for financial reporting improprieties. The company is overstating the burden/costs so that the tax payable is smaller, both in terms of annual income tax and in terms of Pot-Put income tax. The DPR ratio shows a very significant difference which indicates that there is an unfairness in the distribution of dividends. To assess the fairness of dividend components, it is necessary to examine in more depth the operational cash flow, profit and loss statement and dividend policy announced by management. Overall, the company's total benchmark ratio shows lower financial performance than the DGT benchmark. However, companies with financial performance that is lower than the benchmark do not always indicate non-compliance in fulfilling their tax obligations. A more in-depth analysis is needed to determine whether the company is indeed non-compliant or there are other factors that cause differences in performance compared to the benchmark. The author then compared the average total benchmark ratios of companies for 2021-2023 and found that the overall change in the value of the total benchmark ratios was not significant except for the DPR/Dividend Payout Ratio. This can be a reference that allows the benchmark value from the DGT to be no longer relevant in the current era, considering the total benchmark ratio value issued by the DGT in 2005-2007. In terms of the business environment in 2007 and now there are significant differences, namely in 2007 internet and mobile technology was just starting to develop and E-commerce and new social media were growing, but had not yet dominated the market so this influenced companies in marketing the following products. along with the impact of costs/expenses incurred. Meanwhile, technology has now developed rapidly, changing the way businesses operate and interact with customers. Currently e-commerce dominates the market. Then in terms of environmental impact, in 2007 environmental awareness was just starting to increase, but it had not yet become the main focus for many companies. Meanwhile, currently environmental and sustainability issues are becoming the center of attention. Companies face great pressure to reduce their carbon footprint, adopt environmentally friendly business practices, and contribute to sustainable development goals (SDGs), which influence the amount of costs/expenses borne by the company. In terms of markets and consumers, in 2007 consumers were more passive and product choices were more limited. The traditional shopping experience is still dominant. Meanwhile, currently consumers are more active, informed, and have high expectations for a personalized and efficient shopping experience. E-commerce and online shopping have changed the retail landscape significantly. From these various differences, it is possible that the benchmark ratios issued by the DGT can be adjusted to current business/enterprise trends.

CONCLUSION

Based on comparative data on the total benchmark ratio of 6 companies in the pharmaceutical industry sector listed on the IDX, the results obtained were that the company's total benchmark ratio was lower than the DGT benchmark value. Companies with financial performance that is lower than the benchmark do not always indicate non-compliance in fulfilling their tax obligations. A more in-

depth analysis is needed to determine whether the company is indeed non-compliant or there are other factors that cause differences in performance compared to the benchmark. Then, the author compared the average total benchmark ratio of companies in 2021-2023 and found that the change in the total benchmark ratio value as a whole was not significant. Taking various considerations into account of differences in the business environment and others, it is possible for the benchmark ratios issued by the DGT to be adjusted to current business/enterprise trends. With more relevant benchmark ratio values, it is hoped that the Directorate General of Taxes can assess the fairness of company financial reports and non-compliance with tax obligations more precisely so that tax revenues are optimal.

Apart from this, this research contains limitations, especially that the financial report data in this research does not take into account fiscal corrections, so research is needed with data that takes into account fiscal corrections to be more accurate. In addition, research is needed on the total benchmark ratios in other KLUs so as to enrich the research results and help verify whether the benchmarking implemented by the Directorate General of Taxes is in accordance with the real conditions of Taxpayers.

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