This research is a qualitative descriptive study conducted on Giat Printing Malang. The main objective of this study is to provide an overview of the concept of Activity Based Costing will be able to produce a calculation of the cost of production more accurately.

Data collection methods used in this study is documentation. Documentation is a technique by collecting data through company documents regarding the data associated with the Cost of Production. Research subjects in this study is the Cost of Production at Active Printing Malang. The research object in this study is the data associated with the determination of the Cost of Production. Cost of Production with the results obtained by the traditional method for Cigarette Paper is Rp 213,500.15 and for Cigarette Packaging for Rp 1,536,547.74. Cost of Production using Activity-Based Costing System obtained results for Paper of cigarettes Production cost is Rp 199,544.74 and Packaging for Cigarettes by Rp1,618,341.93.

The results showed that the Activity-Based Costing System when compared with the traditional method gives greater yields on cigarette packs and lower in cigarette paper. Differences that occur due to the overhead of loading on each product. In traditional methods of overhead costs for each product is only charged to only one cost driver is the number of production units. In Activity-Based Costing System overhead on each product charged at some cost driver that Activity-Based Costing System is able to allocate costs to each activity based on the exact product consumption each activity.