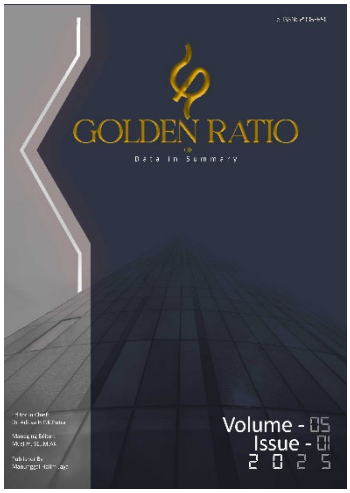
https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis

ISSN [Online]: 2776-6411




Received: October 30, 2024
Revised: November 12, 2024
Accepted: December 01, 2024

*Corresponding author: Asnandi Wati, Department of Accounting, Faculty of Economics, Universitas Mercu Buana Yogyakarta, Yogyakarta, Indonesia.

E-mail: asnandywati79@gmail.com

DATA IN SUMMARY | ACCOUNTING, MANAGEMENT, BUSINESS, ECONOMIC

# Factors Affecting Tax Aggressiveness Case Study of Manufacturing Companies Listed on the IDX

**Asnandi Wati[1], Tutut Dewi Astuti[2],**

[1,2,] Department of Accounting, Faculty of Economics, Universitas Mercu Buana Yogyakarta, Yogyakarta, Indonesia. Email: asnandywati79@gmail.com

**Abstract:** Tax aggressiveness is the engineering of taxable income through tax planning efforts by a company, either by using legal tactics (tax avoidance) or criminal (tax evasion). The purpose of this study is to examine the factors that affect tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange (IDX). The variables used in this study are company size, corporate governance, liquidity, leverage, and fixed asset intensity. The population in this study is manufacturing companies listed on the Indonesia Stock Exchange for the period 2020 to 2022. The sample of this study was selected using the purposive sampling method and data were taken from 13 samples. The results of this study show that the size of the company, corporate governance, has a significant effect on tax aggressiveness. Leverage, the intensity of fixed assets, affects tax aggressiveness. Meanwhile, liquidity has no effect on tax aggressiveness.

**Keywords**: Tax Aggressiveness, Company Size, Corporate Governance, Liquidity, Leverage, Fixed Asset Intensity.

## 1. INTRODUCTION

Manufacturing is a large-scale processing industry business that can result in high taxes and complicated transactions. These factors can be used by businesses to manipulate subsequent transactions in order to carry out tax evasion or aggressive taxation (Andriani & Ridlo, 2019). One of the challenges in increasing tax collection is taxpayers' non-compliance with tax obligations. Nonetheless, companies view taxes as a burden that can reduce their income or net profit because they are corporate taxpayers. This is done so that companies can try to reduce their tax payments, namely by using proactive tax planning. Aggressive tax planning occurs when businesses intentionally or unintentionally alter their taxable income to lower their tax liability (tax avoidance). Especially in Indonesia, taxes are one of the main sources of state funding. The government actively seeks state revenue, but the community also makes a significant contribution as taxpayers. State revenue is used by the government for national development. Since taxes are very important to the state, taxes must be collected as efficiently as possible to increase tax revenues and finance regional and state spending. As a result, the role of tax revenue is increasing every year in relation to total state revenue. But in reality, tax collection in Indonesia has not been able to reach its full potential. The number of business entities from various industrial sectors in Indonesia that are classified as business entity taxpayers (Toly & Arianto, 2014). "The greater the income obtained by the business entity, the greater the tax that must be paid."

Tax-aggressive activities by companies that ignore tax regulations cause one of the components that contribute to tax revenue to be unrealized (Ramadhani et al., 2020). "According to Frank et al. (2009) in Arizoni et al. (2020), companies commit tax aggression by using tax planning to manipulate taxable income, both legally (tax evasion) and illegally (tax evasion). The aggressive tax strategy that

https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis ISSN [Online]: 2776-6411

the company carries out is motivated by various factors." (Susanto et al., 2018). "Therefore, the government's goal to increase tax revenues clashes with the desire of companies to obtain a low tax burden to maximize profits." (Junensie et al., 2020). There is a conflict of interest due to a difference in purpose. Based on the results of several previous studies, such as "Hendi Prihanto, Kurnia Sari Dewi, Nirwan Mulyatno, Frans Augusta, and Adipermana (2022), a number of factors, such as debt levels, profitability, company size, leverage, capital intensity, and the application of corporate social responsibility, have a significant influence on tax aggressiveness."

Corporate Governance is corporate governance, which defines how various members of a company interact with each other and determine the direction of organizational performance (Haruman 2008). In a previous study examining the relationship between corporate tax aggressiveness and corporate governance, Sartori (2010) found that corporate governance can reduce the level of tax aggressiveness by encouraging greater corporate tax compliance. A company's ability to meet its short-term commitments is a sign of its liquidity, which can lead to tax avoidance strategies such as tax aggressiveness. However, companies with poor liquidity cannot make tax reduction their main goal (Fadli, 2016). According to Purwanto's (2016) research, "the act of tax aggression of a company is influenced by liquidity; The more liquid a company is in fulfilling its short-term commitments, the less aggressive the company will be in terms of taxes". The use of the Effective Tax Rates (ETR) proxy to measure leverage shows how the amount of leverage affects tax aggressiveness. This is because, when leverage increases debt, interest expense on loans is reported in the income statement, which can lower the company's taxable income. Thus, the value of a company's ETR decreases along with the increase in debt (Dharma, I. M., & Ardiana, 2016). "Because leverage is a debt strategy that will ultimately generate interest expenses, which can automatically lower profits, the practice of tax avoidance with leverage will be less common than other debt policies." (Zulaikha; Ardyansah, 2014). A high number of fixed assets can be beneficial to a company's operational operations, but it also prevents the company from using depreciation costs as a means to lower net income. Net profit can be increased by using fixed assets for operations, not just by depreciation expenses. Research (Rodriguez, Elena Fernandes; Arias, 2014) "shows that tax aggressiveness is influenced by the intensity of fixed assets. The findings suggest that companies with high fixed asset levels pay less in taxes than companies with low fixed asset levels, which would incur higher tax liabilities."

## 2. RESEARCH DESIGN AND METHOD

The method of this research is to use secondary data, in the form of financial statements or annual reports. The data of this study was collected and assessed by the website of the Indonesia Stock Exchange (IDX). www.idx.co.id. The population in this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022. And the sampling procedure in this study uses a non-random sample method known as purposive sampling. With a total sample of 13. The data in this study was analyzed using Multiple Regression Analysis which was processed using SPSS 21.0 for Windows.

## 3. RESULT AND DISCUSSION

**Table 1. Descriptive Analysis Results**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| UK | 39 | 14.71 | 29.46 | 24.3078 | 4.71218 |
| CG | 39 | -1.65 | .84 | .3889 | .37721 |
| LK | 39 | .12 | 283789456202.07 | 13495185496.6748 | 58993994365.42378 |
| LV | 39 | -1.46 | 2.44 | .4346 | .47905 |
| IAT | 39 | -1.40 | 186249.73 | 12041.1548 | 40826.75396 |

https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis ISSN [Online]: 2776-6411

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| AP | 39 | -.37 | 2.66 | .0041 | .48460 |
| Valid N (Listwise) | 39 | | | | |

Based on the results in table 4.1 shows "Company size as an independent variable (X1) has an average value of 24.0378, a standard deviation of 4.71218, a minimum value of 14.71 and a maximum value of 29.46. Corporate Governance independent variable (X2) has an average value of 0.3889, a standard deviation of 0.37721, a minimum value of -1.65 and a maximum value of 0.84. Liquidity as an independent variable (X3) has an average value of 13.495, a standard deviation of 58.993, a minimum value of 0.12, and a maximum value of 2.8378. Leverage independent (X4) has an average value of 0.4346, standard deviation of 0.47905, minimum value of -1.46 and maximum value of 2.44, fixed asset intensity variable as independent variable (X5) has an average value of 12,041, standard deviation of 48426. minimum value of -1.40 and maximum of 18,624, and tax aggressiveness as dependent variable (Y) has an average value of ,00041, standard deviation of 4.8460. Minimum value of -37 and maximum of 2.66."

**Table 2. Normality test results**

| One-Sample Kolmogorov-Smirnov Test | | | |
|---|---|---|---|
| | | | Unstandardized Residual |
| N | | | 39 |
| Normal Parameters[a b] | Mean | | .0000000 |
| | Std. Deviation | | .03468153 |
| Most Extreme Differences | Absolute | | .153 |
| | Positive | | .147 |
| | Negative | | -.153 |
| Kolmogorov-Smirnov Z | | | .958 |
| Asymp. Sig. (2-tailed) | | | .318 |
| Monte Carlo Sig. (2-tailed) | Sig. | | .282c |
| | 99% Confidence Interval | Lower Bound | .270 |
| | | Upper Bound | .293 |

From the data of table results 2. it can be seen that the Monte Carlo significance value of 0.270 indicates that the value is higher than the significance threshold of 0.05 or 5%. Thus, it can be said that the test data above is classified as normal.

**Table 3. Results of Multicorrelation Test**

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | -.955 | .044 | | -21.645 | .000 | | |
| | UK | .055 | .002 | .538 | 32.304 | .000 | .559 | 1.789 |
| | CG | -1.589 | .024 | -1.237 | -64.970 | .000 | .428 | 2.336 |
| | LK | -1.991E-013 | .000 | -.012 | -.519 | .608 | .287 | 3.484 |
| | LV | .359 | .019 | .355 | 19.096 | .000 | .449 | 2.228 |
| | IAT | 6.399E-006 | .000 | .539 | 20.028 | .000 | .214 | 4.668 |
| a. Dependent Variable: AP | | | | | | | | |

Information about the tolerance value and VIF value obtained from all in table 3. variables > 0.1 and VIF value <10 is collected based on table 3. to prevent multicollinearity as a whole for the factors

https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis ISSN [Online]: 2776-6411

mentioned above. When the tolerance value is more than 0.1 and the VIF value is less than 10, which indicates that there are no signs of multicollinearity, all independent variables meet the requirements.

**Table 4. Autocorrelation Test Results**

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | ,690[a] | ,475 | -,836 | ,45410 | 2,155 |
| a. Predictors: (Constant), LAG_X5, LAG_X2, LAG_X1, LAG_X3, LAG_X4 | | | | | |

Based on the output results in table 4., it states that the DW value is 2.155. The results of this data processing indicate that the research variables do not have symptoms of autocorrelation in the model.

**Table 5. Results of Heteroscedasticity**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -27,930 | 189,061 | | ,148 | ,896 |
| | LNX1 | 8,433 | 58,622 | 1,071 | ,144 | ,899 |
| | LNX2 | ,349 | 2,093 | ,544 | ,167 | ,883 |
| | LNX3 | ,086 | ,698 | ,317 | ,124 | ,913 |
| | LNX4 | ,418 | 3,346 | 1,404 | ,125 | ,912 |
| | LNX5 | ,093 | 1,769 | ,184 | ,053 | ,963 |

Through table 5. information is obtained regarding heteroscedasticity testing using the glejser test. The researcher based on table 5 concluded that "all of the variables above do not experience heteroscedasticity. This can be seen from the significance value for each independent variable, namely > 0.05. It should be noted here that the researcher named the variables during data processing using the code LNX1 as the Company size variable, LNX2 as the corporate governance variable, LNX3 as the liquidity variable, LNX4 as the leverage variable and LNX5 as the Fixed asset intensity variable. while the dependent variable is LNY as Tax aggressiveness.

**Table 6. Multiple Linear Regression Results**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.955 | .044 | | -21.645 | .000 |
| | UK | .055 | .002 | .538 | 32.304 | .000 |
| | CG | -1.589 | .024 | -1.237 | -64.970 | .000 |
| | LK | -1.991E-013 | .000 | -.012 | -.519 | .608 |
| | LV | .359 | .019 | .355 | 19.096 | .000 |
| | IAT | 6.399E-006 | .000 | .539 | 20.028 | .000 |
| a. Dependent Variable: AP | | | | | | |

Based on the regression coefficient table 6 above, the model obtained is that the regression equation is as follows:

$$ETR = \alpha 0 + \beta 1UP + \beta 2CG + \beta 3LI + \beta 4LEV + \beta 5IAT + e$$

From the initial model, the regression equation can be obtained, namely:

$$ETR = -0.955 + 0.055UP - 1.589CG - 1.991LK + 0.359LV + 6.39IAT + e$$

From the regression equation that has been compiled, it can be interpreted as follows:

Constant Value Constant (a) of -0.955 means that if the independent variables, namely company size, corporate governance, liquidity, leverage and fixed asset intensity are considered constant, it can be assessed that tax aggressiveness is 0.955. then Company Size The coefficient value $\boldsymbol{\beta 1}$ is 0.055

https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis ISSN [Online]: 2776-6411

which indicates that for every increase in company size, it can be said that tax aggressiveness will decrease by 0.055. then corporate governance the coefficient value $\beta 2$ is -1.589 which indicates that for every increase in corporate governance, it can be said that tax aggressiveness will decrease by 1.589. then Liquidity The coefficient value $\beta 3$ is -1.991 which indicates that for every increase in liquidity, it can be said that tax aggressiveness will decrease by 1.991. and Leverage The coefficient value $\beta 4$ is 0.359 which indicates that for every increase in leverage, it can be said that tax aggressiveness will decrease by 0.359. The last variable Fixed asset intensity the coefficient value $\beta 5$ is 6.39 indicating that for every increase in fixed asset intensity, it can be said that tax aggressiveness will decrease by 6.39.

**Table 7. T-test Results**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.955 | .044 | | -21.645 | .000 |
| | UK | .055 | .002 | .538 | 32.304 | .000 |
| | CG | -1.589 | .024 | -1.237 | -64.970 | .000 |
| | LK | -1.991E-013 | .000 | -.012 | -.519 | .608 |
| | LV | .359 | .019 | .355 | 19.096 | .000 |
| | IAT | 6.399E-006 | .000 | .539 | 20.028 | .000 |
| a. Dependent Variable: AP | | | | | | |

Based on table 7. The following is a presentation of the results of the hypothesis test (t-test):

Company size variable the results of the hypothesis test of the company size variable are known to have a significant value of 0.000 <0.05, which means that the significant value is smaller than this level of significance, indicating that company size has a significant effect on tax aggressiveness. So that the first hypothesis H1 in this study is accepted. Corporate governance variable the results of the hypothesis test of the corporate governance variable are known to have a significant value of 0.000 <0.05, which means that the significant value is smaller than this level of significance, indicating that corporate governance has a significant effect on tax aggressiveness. So that the first hypothesis H2 in this study is accepted. Liquidity Variable The results of the hypothesis test of the liquidity size variable are known to have a significant value of 0.608> 0.05, which means that the significant value is smaller than this level of significance, indicating that liquidity is rejected and has no effect on tax aggressiveness, so the alternative hypothesis H3 is rejected. Leverage Variable The results of the hypothesis test of the leverage variable are known to have a significant value of 0.000 <0.05, which means that the significant value is smaller than this level of significance, indicating that leverage has an effect on tax aggressiveness. So that the first hypothesis H4 in this study is accepted. Fixed asset intensity variable the results of the hypothesis test of the fixed asset intensity variable are known to have a significant value of 0.000 <0.05, which means that the significant value is smaller than this level of significance, indicating that fixed asset intensity has an effect on tax aggressiveness. So that the first hypothesis H5 in this study is accepted.

From table 7 above, the results of the discussion can be taken where the Effect of Company Size on Tax Aggressiveness. The analysis shows that company size has a significant positive effect on tax aggressiveness. The larger the company size (measured by assets), the greater the possibility of the company carrying out aggressive tax management. This is consistent with agency theory which states that large companies have good asset management and performance, which is attractive to investors, thus encouraging tax aggressiveness. The Effect of Corporate Governance on Tax Aggressiveness. Corporate governance has a significant negative effect on tax aggressiveness. Good governance, especially with institutional ownership, is able to reduce corporate tax aggressiveness. This emphasizes the importance of Good Corporate Governance principles such as transparency and accountability in controlling tax aggressiveness. The Effect of Liquidity on Tax Aggressiveness. Liquidity does not have a significant effect on tax aggressiveness. Companies that have high liquidity are still able to pay their

https://doi.org/10.52970/grdis.v5i1.789

Website: https://goldenratio.id/index.php/grdis ISSN [Online]: 2776-6411

tax obligations without minimizing the tax burden, so that the level of liquidity does not encourage tax aggressiveness. The Effect of Leverage on Tax Aggressiveness. Leverage has a significant positive effect on tax aggressiveness. High leverage (large use of debt) tends to make companies more aggressive in managing their taxes to offset interest expenses. The Effect of Fixed Asset Intensity on Tax Aggressiveness Fixed asset intensity has a significant positive effect on tax aggressiveness. The higher the company's fixed assets, the more complex its operations are, which allows companies to increase profits and implement aggressive tax planning to reduce tax burdens. Overall, these results indicate that company size, leverage, and fixed asset intensity tend to increase tax aggressiveness, while corporate governance decreases tax aggressiveness**.**

## 4. CONCLUSION

Conclusion This study found that several factors have a significant effect on corporate tax aggressiveness. Company size, corporate governance, leverage, and fixed asset intensity have a significant effect, while liquidity does not have a significant effect. This suggests that aspects such as corporate governance and debt use play an important role in encouraging or reducing tax aggressiveness. Suggestion, Further research should extend the observation period so that the sample data is sufficient, especially if outlier data elimination is carried out. It is recommended to increase the accuracy of the annual sampling technique per company to increase the validity of the results. It is necessary to consider additional variables such as corporate social responsibility, transfer pricing, and tax incentives as new independent factors that have the potential to influence tax aggressiveness.

## REFERENCES

Anita, M. F. (2015). Pengaruh corporate social responsibility, leverage, likuiditas, dan ukuran perusahaan terhadap agresivitas pajak. Jom FEKOM, 2(2), 1–15.

Ann, S., & Manurung, A. H. (2019). The influence of liquidity, profitability, intensity inventory, related party debt, and company size to aggressive tax rate. Archives of Business Research, 7(3).

Ariani, M., & Hasymi, M. (2018). Pengaruh profitabilitas, likuiditas, leverage, size, dan capital intensity ratio terhadap effective tax rate (ETR) (Studi kasus pada perusahaan manufaktur yang listing di Bursa Efek Indonesia 2012-2016). Jurnal Profita, 11(3), 452–463.

Brigham, E. F., & Houston, J. F. (2013). Dasar-dasar manajemen keuangan (11th ed.). Salemba Empat.

Darma, S. S. (2020). The effect of liquidity and size of the company towards company tax aggressiveness. JASa (Jurnal Akuntansi, Audit dan Sistem), 4(2), 270–286.

Dinar, M., Yuesti, A., & Dewi, N. P. S. (2020). Pengaruh profitabilitas, likuiditas, dan leverage terhadap agresivitas pajak pada perusahaan manufaktur yang terdaftar di BEI. Jurnal Kharisma, 2(1), 66–76.

Fitri, R. A., & Munandar, A. (2018). The effect of corporate social responsibility, profitability, and leverage toward tax aggressiveness with size of company as moderating variable. Binus Business Review, 9(1), 63.

Harsono, B., & Alvin. (2021). Analisis pengaruh profitabilitas, likuiditas, leverage, tanggung jawab sosial perusahaan terhadap agresivitas pajak. Global Financial Accounting Journal, 5(01), 93–106.

Herlinda, A. R., & Rahmawati, M. I. (2021). Pengaruh profitabilitas, likuiditas, leverage dan ukuran perusahaan terhadap agresivitas pajak. Jurnal Ilmu Riset Akuntansi, 10(1), 1–18.

Himawan, A. (2017). Fitra: Setiap tahun, penghindaran pajak capai Rp110 triliun. Suara.com.

Kartika, A., & Nurhayati, I. (2020). Perusahaan sebagai predictor agresivitas pajak (Studi empiris perusahaan manufaktur subsektor barang konsumsi yang terdaftar di Bursa Efek Indonesia periode 2015-2018). Al Tijarah, 6(3), 121–129.

Kasmir. (2013). Analisis laporan keuangan. Rajawali Pers.

Maulana, I. A. (2020). Faktor-faktor yang mempengaruhi agresivitas pajak pada perusahaan properti dan real estate. KRISNA: Kumpulan Riset Akuntansi, 11(2), 155–163.

Scott, W. R. (2015). Financial accounting theory (7th ed.). Canada Cataloguing.

Sidik, P., & Suhono, S. (2020). Pengaruh profitabilitas dan leverage terhadap agresivitas pajak. E-Jurnal Ekonomi dan Bisnis Universitas Udayana, 11, 1045.