

The Effect of Profitability, Sales Growth, and Capital Intensity on Tax Avoidance

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Abstract

This study aims to analyze the effect of profitability, sales growth, and capital intensity on tax avoidance. This type of research is a quantitative research. In this study, researchers examined tax avoidance at consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the period 2018-2020 by using independent variables, namely, profitability, sales growth, and capital intensity. The population of this study is the consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the period 2018-2020. The sampling method was purposive sampling and obtained as many as 94 samples. The data used in this study is secondary data in the form of financial statements of companies in the consumer goods industry sector listed on the Indonesia Stock Exchange. The analysis technique used is multiple linear regression analysis, descriptive statistics, classical assumption test, and hypothesis testing with SPSS Version 25 program. The results show that profitability and sales growth have an effect on tax avoidance.

Article Type: Empirical

Keywords: Profitability; Sales Growth; Capital Intensity; Tax Avoidance.

1. Introduction

Based on "Law of the Republic of Indonesia No. 11 of 2020" Tax is a mandatory contribution to the state that is owed by individuals or entities that are coercive based on the law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people". Tax is a sector that plays an important role in the economy, because compared to other sources of income, taxes are a large source of government revenue. Even though taxes are an important part of the state, there are still many taxpayers who do not comply with their tax obligations. During this time there are still many tax violations and irregularities, especially in Indonesia. This is because in the implementation process, companies and the government have different interests in taxation (Yustrianthe & Fatniasih, 2021).

Differences in goals or interests between the government and companies create problems for taxpayers, and companies as taxpayers want to pay as little tax as possible. This is because taxes can reduce profits or profits. Meanwhile, the government expects the highest possible tax revenue to fund the management of government administration. (Darmawan & Sukartha, 2014).

Opportunities for tax evasion are also due to the fact that the Indonesian government adheres to a self-assessment system in its tax collection system, which gives taxpayers the right to calculate the amount of tax owed on their own. (Razif & Rasyidah, 2019). Taxpayers have full discretion to calculate, pay and report their own tax obligations. The application of this tax seems to provide an opportunity for taxpayers to manipulate the amount of tax that should be paid in order to reduce business costs, including the tax burden. The weakness of this taxation system is that it can lead to tax fraud and violations in the form of efforts to avoid or fight taxes. One way of fighting against taxes is tax avoidance (Mulyani, et al., 2014).

Tax avoidance is an effort to reduce the tax burden, but not violate tax regulations (Fiska & Rusdi, 2020). The purpose of corporate tax avoidance is to reduce the tax burden paid so that the company's profits remain maximized. Companies that carry out tax avoidance activities will bring risks to the company, which means that the company will receive sanctions and the company's reputation in the eyes of the public will be very bad. If tax avoidance activities continue to be carried out, then government revenue will be in the field of taxation will not be maximal (Sari & Kinasih, 2021). Tax evasion is a complex and unique problem, because in this case tax evasion is not (legally) against the law, but on the other hand companies do not expect tax evasion (Stawati., V, 2020).

One phenomenon of tax avoidance practices in Indonesia is the tax evasion case of PT Adaro Energy, which is

suspected of being involved in a tax evasion case. The tax evasion case carried out by PT Adaro Energy uses a way to gain huge profits through its subsidiary in a country with low tax jurisdiction in Singapore called Coaltrade Services International, which is then resold by Coaltrade Services International at a higher price. PT Adaro Energy did this from 2009 to 2017. In addition, Global Witness also found that Coaltrade Services International received commissions from third parties who were subsidiaries of other PT Adaro Energy companies. It is known that the coal sales commission was 4 million USD per year before 2009, then in 2009-2017 it was 55 USD per year. Coaltrade Services International also used this opportunity to turn a profit and book in Singapore. Coaltrade Services International also transferred profits to a tax haven in Mauritius, Indian Ocean, as this country did not collect taxes before and after 2017 (Thomas, 2019).

There are several factors that influence a company's tax avoidance, including profitability, sales growth and capital intensity. Profitability is a company's financial performance that generates profits over a certain period of time. One of the profitability ratios is Return On Assets (ROA) (Dewinta & Setiawan, 2016). The higher the Return on Assets (ROA), the better the company's financial performance. ROA can be determined by the company's net profit and corporate income tax. Therefore, the greater the profit the company earns, the more taxes it has to pay (Eksandy & Ema, 2019). In the research that has been done proves that profitability affects tax evasion (Sinaga & Sudjiman, 2021). However, this is not in line with the research that has been done, which proves that profitability has no effect on tax evasion (Ardianti, PN H, 2019).

Sales growth is another factor in measuring tax avoidance. Sales growth is an increase in sales from one period to the next. Sales growth is an important part of the company because sales growth plays an important role in managing working capital. Sales growth can show the quality of the company's sales growth. Companies can predict how much profit they will generate by looking at sales growth (Dewinta & Setiawan, 2016). Greater sales growth will lead to an increase in taxable income, thereby increasing the tax burden. In the research that has been done it proves that sales growth has an effect on tax evasion (Ainniyya, et al., 2021). However, this is not in line with the research that has been done, which proves that sales growth has no effect on tax evasion (Yustrianthe & Fatniasih, 2021).

The next cause of tax avoidance is capital intensity. Capital intensity refers to the amount of assets invested in the form of fixed assets. Ownership of fixed assets can reduce corporate taxes because of the depreciation costs associated with fixed assets. Thus, the higher the capital intensity, the higher the company's ability to avoid taxes (Dharma & Noviani (2017). The research that has been done proves that capital intensity has an effect on tax avoidance (Anggraini & Astri, 2020). However, this research is not in line with research that has been done, which proves that capital intensity has no effect on tax avoidance (Zoebar & Miftah, 2020).

Based on the background above and from several studies that have been conducted on tax avoidance. However, giving inconsistent results or still found differences in research results. Thus, researchers want to raise the same topic, namely about tax avoidance. Because there are still many companies that practice tax avoidance where companies consider that taxes are a burden that can reduce company profits so that companies want tax payments to be as minimal as possible. Meanwhile, the government hopes that tax revenues will be as high as possible because taxes are a large source of government revenue compared to other sources of income. Tax avoidance practices by companies can result in reduced state tax revenues.

2. Literature Review

2.1 Agency Theory

Agency theory is a contract signed between the principal (company owner-main shareholder) and the agent (in this case the company manager) to carry out company activities. As the owner of the company, the principal is obliged to provide facilities and funds for the operational needs of the company. At the same time, an agent as a company manager is obliged to manage the company entrusted to him by the shareholders, and to bring prosperity and benefits to shareholders by increasing the value of the company. (Santoso, 2015:8).

2.1.1 The Political Cost Theory

The political cost hypothesis theory states that large and successful companies have a high level of company visibility (Watts & Zimmerman, 1983). This means that companies that develop will become the center of attention or interests of various parties such as the government, media and society (Praditasari & Setiawan, 2017). The political cost hypothesis theory argues that large companies will prefer accounting to reduce income statements than small companies (Belkaoui, 2007:13). Therefore, large companies will choose accounting policies that tend to reduce reported profits to minimize the political costs they incur. Because the higher the profits the company gets, the greater the tax burden it has to pay. Companies that are tax aggressive tend to shift current profits into the future and choose accounting policies that reduce profits (Adnyani & Astika, 2019).

2.1.2 Tax Avoidance

Tax avoidance or more often we call it tax avoidance is a tax planning that is carried out legally by reducing the tax object which is the basis for tax imposition, and remaining in accordance with the applicable tax laws and regulations. (Halim, et al., 2020:8). Tax avoidance is an obstacle that occurs in tax collection so that what happens is a reduction in cash receipts to the state. This tax avoidance is an active resistance from the Taxpayer (Sinaga & Malau, 2021). Tax evasion is not a violation of the tax law and is not considered ethically wrong in relation to taxpayers to reduce, avoid, minimize or alleviate the tax burden in a manner permitted by the tax law (Haryani et al., 2015).

2.1.3 Profitability

The level of profitability is measured using Return on Assets (ROA). ROA is an indicator that reflects a company's financial performance. The more profits earned, the more it can be proven that the company's financial performance is good. Therefore, the better the assets managed by the company, the higher the company's profitability. When the company reaches maximum profit, the tax that must be paid by the company increases along with the increase in company profits, so the company has the opportunity to position itself in a tax plan that reduces the amount of tax liability to minimize the tax burden. (Kurniasih & Ratna Sari, 2013).

2.1.4 Sales Growth

Sales growth is one level of sales growth that is useful for measuring the company's sales performance. The ability of a company to increase sales from time to time can be demonstrated through revenue growth. If the level of sales increases, tax evasion will increase. This is because when sales increase, profits will also increase, so companies have to pay higher taxes. Therefore, companies do tax avoidance so that the company's burden is not high (Oktamawati, 2017).

2.1.5 Capital Intensity

Capital Intensity is a financing activity carried out by a sustainable company with financing using fixed assets or capital intensity. Capital intensity refers to a company's ability to use its fixed assets (Sinaga & Malau, 2021). Capital intensity describes the proportion of company assets that are invested in fixed assets. Owning assets can reduce the taxes paid by the company because it has depreciation costs associated with fixed assets (Kalbuana et al., 2020).

2.2 Hypothesis Development

2.2.1 The Effect of Profitability on Tax Avoidance

Profitability is a ratio that shows the amount of profit generated by a company in a certain period. The profit generated by the company will be used as the basis for determining the amount of corporate income tax (Ardianti, PN H 2019). Profitability can be measured using the Return on Assets (ROA) proxy. The higher the ROA value, the higher the company's profits and the better the management of a company's assets (Dewinta & Setiawan, 2016).

Profitability has a relationship with agency theory (agency theory). In agency theory it is explained that there is a contractual relationship between two or more people where one is called the principal and the other is called the agent (Jensen & Meckling 1976). Principals (shareholders) entrust agents (company managers) under agreed contracts with the aim of getting the highest profit. Agents who are bound by a contractual relationship with the principal are responsible for managing the business and communicating the results. To get high compensation, agents will try to show good performance, for example by maximizing company profits. This will encourage agents to avoid taxes. So, based on the agency theory above, if there is an increase in a company's profits, a company tends to avoid taxes.

The research that has been done has succeeded in proving that profitability has a significant effect on tax evasion (Kurniasih & Ratna Sari, 2013). Just as the research that has been done proves that profitability affects tax avoidance (tax avoidance) (Sinaga & Sudjiman, 2021). Each increase obtained ROA, the tax burden to be paid will also increase. Therefore, the company's needs tend to be enlarged through company expenses. So when the company's expenses increase, it causes the profitability that the company earns to decrease so that the tax burden that must be borne will decrease. Based on the description above, the hypothesis can be formulated as follows:

H1 : Profitability has an effect on tax avoidance

2.2.2 The Effect of Sales Growth on Tax Avoidance

Sales growth is a growth rate that is useful for measuring a company's sales performance. The ability of a company to increase sales from time to time can be demonstrated through revenue growth (Oktamawati, 2017). Increased sales growth tends to bring large profits to companies, so companies tend to avoid taxes.

Based on agency theory, agents sometimes use other means to achieve good results. Agents will try to manage the tax burden by increasing the company's profits through increased sales, thereby increasing the tax burden. Thus, companies with increased sales growth are more likely to avoid taxes.

The research that has been done has succeeded in proving that sales growth has a significant effect on tax evasion because the greater the sales, the greater the income or profit earned, the greater the tax burden borne by the company (Purwanti & Sugiyarti, 2017). Just as the research that has been done proves that sales growth has an effect on tax evasion (Ainniyya, et al., 2021) and (Oktamawati, 2017). The high sales growth indicates an increase in the level of tax evasion. Changes in the company's sales value will directly change profits so that it will also affect the amount of tax. Based on the description above, the hypothesis can be formulated as follows:

H2 : Sales Growth has an effect on tax avoidance.

2.2.3 The Effect of Capital Intensity on Tax Avoidance

Basically, fixed assets are depreciated, which is reflected in the depreciation expense in the company's financial statements. This depreciation is deducted from income when calculating corporate taxes. In other words, the higher the depreciation expense, the lower the tax rate the company has to pay. This has a significant impact on companies, where a high capital intensity ratio indicates a low tax rate and a low tax rate indicates that the company is doing tax evasion. (Ayem & Setyadi, 2019).

Capital intensity related to the political cost hypothesis theory (political cost hypothesis). The political cost hypothesis theory argues that large companies rather than small companies will choose accounting to reduce reported earnings (Belkaoui, 2007:13). Large companies here mean companies that have a lot of assets (wealth) that are used in company activities to increase sales of their products. Because large companies face more government scrutiny, firms with capital-intensive conditions will report conservatively to avoid high political costs. In this case, the company can also choose the depreciation method which can reduce the company's declared profit, thereby reducing the company's tax burden.

Research that has been done proves that capital intensity has a significant effect on tax evasion. The greater the intensity of a company's fixed assets will increase tax avoidance practices (Dharma & Noviari, 2017). Just as the research that has been done proves that capital intensity has an effect on tax avoidance (Anggraini & Astri, 2020). Almost all fixed assets will experience a decrease in value, and this will become an expense in the company's financial statements. Although this depreciation expense is a deductible expense when calculating corporate taxes. Companies that have large fixed assets tend to do tax avoidance by minimizing the tax burden (Dharma & Noviari, 2017). Based on the description above, the hypothesis can be formulated as follows:

H3 : Capital Intensity has an effect on tax avoidance.

2.3 Research Framework

From the development of the hypothesis above, the research framework that can be proposed is as follows:

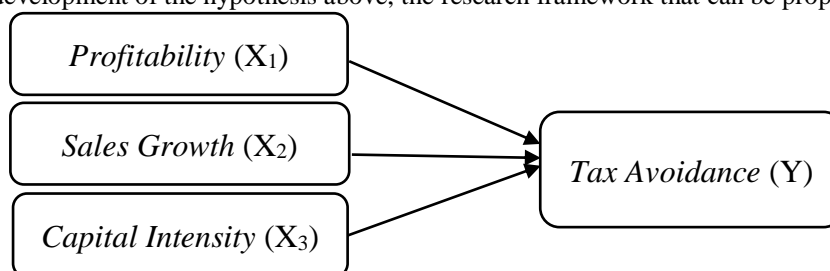


Figure 1. Research Framework

Based on Figure 1 of the conceptual framework above, it can be seen that there are three factors that are thought to influence tax avoidance, namely profitability, sales growth and capital intensity.

3. Research Methodology

3.1 Type, Location, Population and Research Sample

This research is a quantitative research. The population in this study are consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The method used in determining the sample is to use the purposive sampling method where the technique of determining the sample of the population is carried out with certain considerations. The number of samples used in this study were 94 samples.

3.2 Types, Sources, and Techniques of Data Collection

The type of data used in this research is documentary data. Source of data used in this research is secondary data. This research was conducted on consumer goods industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period. Observations were made through internet media with the website www.idx.co.id.

3.3 Variable Operational Definition and Variable Measurement

3.3.1 Tax Avoidance (Y)

Tax avoidance is not a violation of the law, but it is an attempt by the taxpayer to reduce, avoid, minimize or lighten the tax burden in a way that is possible in taxes. (Haryani et al., 2015). Tax evasion will be measured using the Cash Effective Tax Rates (CETR) proxy, because Cash Effective Tax Rates (CETR) can assess tax payments from cash flow reports, so that you can find out how much cash is actually issued by the company. The smaller the Cash Effective Tax Rates (CETR) value, the greater the tax evasion, and vice versa. CETR can be calculated using the formula for paying taxes divided by profit before tax (Puspita & Febrianti, 2018).

$$CETR = \frac{\text{Tax Payment}}{\text{Profit Before Tax}}$$

3.3.2 Profitability (X1)

In this study the profitability ratio used is ROA (Return on Assets). This ratio is important in assessing the effectiveness and efficiency of the company's management in managing all of the company's assets. The greater the ROA, the more efficient the use of company assets or the greater the return on the same assets, and vice versa (Sudana, 2015:25). This ratio is sought by comparing net profit after tax with all assets. The ROA calculation formula is as follows (Hidayat, 2018):

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

3.3.4 Sales Growth (X2)

Sales growth is the ratio used to measure sales growth from one period to the next. This study uses the measurement of sales growth (sales growth) because it can predict how much profit the company will get from its sales growth. Sales growth can be measured by calculating current year's sales minus last year's sales and dividing last year's sales. The formula for calculating sales growth is as follows:(Oktamawati, 2017).

$$Sales\ Growth = \frac{Sales\ t - Sales - t}{Sales - t}$$

3.3.5 Capital Intensity (X3)

Capital intensity (capital intensity) refers to the amount of assets invested in fixed assets. Ownership of fixed assets can reduce corporate taxes because of the depreciation costs associated with fixed assets. Thus, the higher the capital intensity, the higher the company's ability to avoid taxes (Dharma & Noviari (2017)).*Capital intensity* can be measured through a comparison of fixed assets to the total assets of a company. This research is based on research that has been conducted by (Marlinda et al., 2020):

$$CI = \frac{Total\ Fixed\ Assets}{Total\ Assets}$$

3.4 Data Analysis Method

4.2.1 Multiple Linier Regression Analysis

Data analysis techniques in this study used multiple linear regression methods to examine the relationship between variables and hypotheses in more detail in this study. Each hypothesis will be tested using SPSS Version 25 software to test the relationship between variables.

4. Research Results

4.2 Overview of Research Objects

The research data is secondary data obtained from the Indonesia Stock Exchange website (www.idx.co.id) in the form of annual reports of consumer goods industry companies published from 2018-2020. Sampling was carried out using a purposive sampling method where the sample selection technique was carried out with certain considerations. The samples obtained in this study were 94 samples that fulfilled the sampling which would be followed by analysis and hypothesis testing. The following is the acquisition of a sample of the criteria that have been determined:

Tabel 1. Purposive Sampling Result

No.	Criteria	Amount
1.	Costumer goods sector companies listed on the IDX during 2018-2020.	64
2.	Companies that do not report financial reports consecutively during 2018-2020.	8
3.	Companies that do not present financial statements in rupiah	0
4.	Companies that experienced losses during the study period (2018-2020 period).	19
5.	Companies that do not present complete data related to research variables.	1
Total company research period		36
The number of samples for 3 years of the study period		108
Processed data		94

Source: processed data

4.2 Analysis of Research Results

4.2.1 Descriptive Statistical Analysis

Table 2. Descriptive Statistical Analysis Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	94	0,06	0,57	0,2572	0,11061
Profitabilitas	94	0,00	0,35	0,0968	0,06611
Sales Growth	94	-0,34	0,57	0,0649	0,14808
Capital Intensity	94	0,04	0,76	0,3423	0,15718
Valid N (listwise)	94				

Source: Data output results with SPSS 25, 2022

Based on the results of the descriptive statistical test, it can be seen that the number of observations from this study is 108 based on the last 3 periods of annual financial reports (2018-2020) with a sample of 36 companies. However, there are 14 outlier data. So that the number of samples after the outliers is 94 samples. Outlier data is data that has a unique characteristic even when viewed it is very much different from other observations and can appear in extreme forms for both single variables and combination variables.

The dependent variable (Y), namely tax avoidance proxied by CETR, shows that the lowest (minimum) value is 0,06 from PT. Hartadinata Abadi Tbk in 2018, while the maximum value is 0,57 from PT. Kimia Farma (Persero) Tbk in 2019, the average value is 0,2572 and the standard deviation is 0,11061.

The Independent Variable (X1), namely profitability proxied by ROA (Return On Assets) shows the lowest (minimum) value of 0.00 from PT. Kimia Farma (Persero) Tbk in 2020, while the maximum value is 0.35 from PT. Unilever Tbk in 2020, the average value is 0,0968 and the standard deviation is 0,06611. This indicates that the low level of ROA is the result, so that the company is able to earn profits with the total assets owned by the company are still relatively low.

The independent variable (X2), namely sales growth, shows the lowest (minimum) value of -0,34 from PT. Delta Djakarta Tbk in 2020, while the maximum value is 0,57 from PT. Merck Sharpe Dohme Pharma Tbk in 2020, the average value is 0,0649 and the standard deviation is 0,14808. A negative sales growth value means that sales or revenue are lower than the previous year. This indicates that the level of tax avoidance practices carried out by PT. Delta Djakarta Tbk is low because the level of sales growth has decreased.

The independent variable (X3), namely capital intensity, shows the lowest (minimum) value of 0,04 from PT. Hartadinata Abadi Tbk in 2019, while the maximum value is 0,76 from PT. Sariguna Primatirta Tbk in 2020, the average value is 0.3423 and the standard deviation is 0, 15718.

4.2.2 Classic Assumption Test

4.2.2.1 Normality Test

The normality test aims to test whether a data in the study has a normal distribution or not. The normality test in this study used the Kolmogorov-Smimov Test. Data is declared normally distributed if the data has a significant level > 0.05 (Ghozali, 2018:161). Here are the results from the normality test presented in the following table:

Table 3. KS Sample Normality Test Result
 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		94
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	0,10154442
Most Extreme Differences	Absolute	0,082
	Positive	0,082
	Negative	-0,068
Test Statistic		0,082
Asymp. Sig. (2-tailed)		0,136 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Source: Data output results with SPSS 25, 2022

Based on the table above it is known that the results of the normality test using the Kolmogorov Smirnov Test show a probability value of $0,136 > 0,05$. Thus, it can be concluded that the normality test conducted in this study can be said to be normal.

The normality test can also be seen using the Normal P-Plot chart. The results of the data normality test using the Normal P-Plot graph are presented in the following figure:

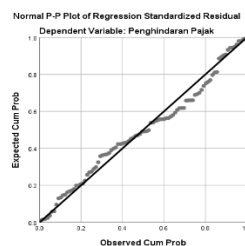


Figure 2. Normal P-Plot Graph

Based on the picture above, it can be seen that the results of the normality test using the Normal P-Plot chart show that the data points (plots) spread around the diagonal line. Thus, it can be concluded that the normality test conducted in this study can be said to be normal.

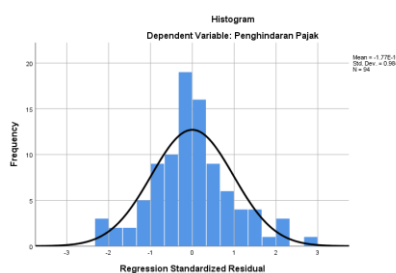


Figure 3. Histogram Graph

Based on the picture above, it can be seen that the results of the normality test using a histogram chart on the

dependent variable, namely tax avoidance, show that the pattern presented follows the existing histogram flow. Therefore, it can be concluded that the normality test conducted in this study can be said to be normal.

4.2.2.2 Multicollinearity Test

The multicollinearity test aims to test whether there is a strong correlation or relationship between two or more independent variables in a multiple regression model. The multicollinearity test in this study was carried out by looking at the tolerance and VIF values. If the VIF value is < 10 , and the tolerance value is > 0.10 , then there is no multicollinearity in a study.(Ghozali, 2018:107). The following are the results of the normality test which are presented in the following table:

Table 4. Multicollinearity Test Results

Model	Coefficients ^a	Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Profitabilitas	0,930	1,076
	Sales Growth	0,987	1,014
	Capital Intensity	0,923	1,083

a. Dependent Variable: Tax Avoidance

Source: Data output results with SPSS 25, 2022

Based on table 4 above, it shows that the tolerance values in each variable are 0,930, 0,987, and 0,923. The tolerance value of each of these variables is more than 0,10. While the VIF values of each variable are 1,076, 1,014, and 1,083. The VIF value of each of these variables is less than 10. Thus, it can be concluded that in this study there was no multicollinearity between variables.

4.2.2.3 Autocorrelation Test

The autocorrelation test aims to test whether there is a correlation between the t-period confounding error and the t-1 period (previous period) error in the linear regression model. If there is a correlation, it is called an autocorrelation problem. The detection method is to use the Durbin Watson test (DW then compares the test results with the DW table(Ghozali, 2018:111).. Here are the results of the autocorrelation test:

Table 5. Autocorrelation Test Results
 Summary modelb
 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,397 ^a	0,157	0,129	0,10322	2,026

a. Predictors: (Constant), Capital Intensity, Sales Growth, Profitabilitas

b. Dependent Variable: Penghindaran Pajak

Source: Data output results with SPSS 25, 2022

Based on table 5 it can be seen that the Durbin-Watson value has a value of 2,026. This value is compared with the table value using a significance value of 5%, the number of samples is 94 (n) and the number of independent variables is 3 (k = 3), so in the Durbin-Watson table we will get $dL = 1,5991$ and $dU = 1,7306$. Because the Durbin-Watson value of 2,040 is greater than the upper limit (dU) of 1,7306 and less than $4 - 1,7306 = 2,2694$. Then got it can be concluded that the Durbin-Watson value is based on the provisions of $dU < d < (4 - dU)$, namely $1,7306 < 2,026 < 2,2694$ which is obtained in the regression model that there is no autocorrelation. That is, there is no relationship or correlation between the observation data and the previous year's data so that the regression model in this study can be said to be good.

4.2.2.4 Heteroscedasticity Test

The heteroscedasticity test aims to detect whether there is an unequal variance from the residuals for one observation to another. The way to detect the presence or absence of heteroscedasticity is to look at the pattern of dots on the regression scatterplot (Ghozali, 2018:137).

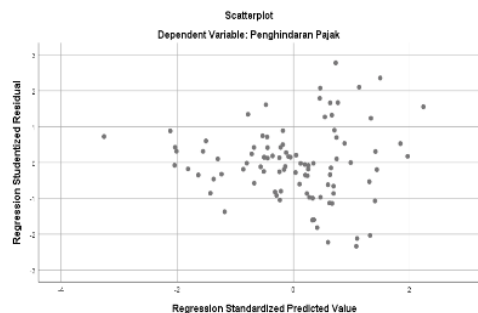


Figure 4. Scatterplot Graph

Based on the scatterplot in the image above, it can be seen that the points spread above and below point 0 on the Y axis and the points form a clear pattern. Thus, it can be concluded that there is no heteroscedasticity in the regression model in this study.

4.2.3 Multiple Linear Regression Analysis

Multiple linear regression analysis was used to analyze the effect of the independent variables consisting of Profitability, Sales Growth, and Capital Intensity on the dependent variable Tax Avoidance. Tests carried out with the help of SPSS Version 25 obtained the results in the following table:

Table 6. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Coefficients ^a			
	B	Std. Error	Standardized Coefficients Beta	t	Sig.	
1	(Constant)	0,350	0,034		10,265	0,000
	Profitabilitas	-0,549	0,168	-0,328	-3,270	0,002
	Sales Growth	-0,158	0,073	-0,211	-2,171	0,033
	Capital Intensity	-0,085	0,071	-0,120	-1,196	0,235

a. Dependent Variable: Tax Avoidance

Source: Data output result with SPSS 25, 2022

1. The results of the regression equation, a constant value of 0,350 is obtained, which means that if without being influenced by the independent variables, namely profitability (X1), sales growth (X2), and capital intensity (X3), as well as tax avoidance are considered constant (fixed), then tax avoidance is projected with CETR (Cash Effective Tax Rate) will have a value of 0,350.
2. The regression coefficient value of the profitability variable (X1) is negative, which is -0,549. This means that profitability (X1) has increased by one unit, then tax evasion (Y) proxied by CETR (Cash Effective Tax Rate) will decrease by -0,549 units assuming the other independent variables are of a fixed value.
3. The regression coefficient value of the sales growth variable (X2) is negative, which is -0,158. This means that sales growth (X2) has increased by one unit, then tax evasion (Y) proxied by the CETR (Cash Effective Tax Rate) will decrease by -0,158 units assuming the other independent variables are of a fixed value.
4. The regression coefficient value of the regression coefficient of the capital intensity variable (X3) is negative, which is -0,085. This means that capital intensity (X3) has increased by one unit, then tax evasion (Y) proxied by the CETR (Cash Effective Tax Rate) will decrease by -0,085 units assuming that the other independent variables have a fixed value.

4.2.4 Hypothesis Testing

4.2.4.1 Coefficient of Determination (R²)

The coefficient of determination is used to test whether the independent variables used are able to explain the dependent variable. The following are the results of the coefficient of determination test using the IBM SPSS 25 program:

Table 7. Test Results for the Coefficient of Determination (R²)
 Summary model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,397 ^a	0,157	0,129	0,10322	2,026

a. Predictors: (Constant), Capital Intensity, Sales Growth, Profitabilitas

b. Dependent Variable: Tax Avoidance

Source: Data output result with SPSS 25, 2022

Based on table 8, the Adjusted R² value is 0,129 (12,9%). This means that the independent variables (profitability, sales growth and capital intensity) affect the dependent variable (tax avoidance) by 12,9%. In other words, the dependent variable can be explained by a variation of the independent variable of 12,9%. While the remaining 87,1% is explained or influenced by other variables not included in this research model.

4.2.4.2 Simultaneous Test (Test F)

The F test is used to test whether the independent variables jointly affect the variables. The following are the results of the coefficient of determination test using the IBM SPSS 25 program:

Table 8. Simultaneous Test Results (F)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,179	3	0,060	5,598	0,001 ^b
	Residual	0,959	90	0,011		
	Total	1,138	93			

a. Dependent Variable: Penghindaran Pajak

c. Predictors: (Constant), Capital Intensity, Sales Growth, Profitabilitas

Source: Data output result with SPSS 25, 2022

Based on the table above, we can see that the value of $F_{count} > F_{table}$, namely $5,598 > 2,71$ with a significance of $0,001 < 0,05$. To determine the size of the F_{table} , it can be done by calculating the size of $df_1 (N_1) = k-1$ while $df_2 (N_2) = nk$, where k is the sum of the independent variables and the dependent variable, while n is the number of research samples. In this study $df_1 (N_1) = k-1 = 4-1 = 3$, while $df_2 (N_2) = nk = 94-4 = 90$. So it can be concluded that the variables of profitability, sales growth and capital intensity are together (simultaneously) have a significant effect on tax avoidance.

4.2.4.3 Partial Test (T Test)

The t test is used to test partially (individual) the effect of each independent variable used in this study. The following are the results of the coefficient of determination test using the IBM SPSS 25 program:

Table 9. Partial Test (T Test)

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
B	Std. Error	Beta				
1	(Constant)	0,350	0,034		10,265	0,000
	Profitabilitas	-0,549	0,168	-0,328	-3,270	0,002
	Sales Growth	-0,158	0,073	-0,211	-2,171	0,033
	Capital Intensity	-0,085	0,071	-0,120	-1,196	0,235

d. Dependent Variable: Tax Avoidance

Source: Data output result with SPSS 25, 2022

Testing the first hypothesis in this study is to test whether profitability (X1) has an effect on tax avoidance (Y). The results showed that t_{count} was -3,270 smaller than t_{table} ($t_{count} < t_{table}$) = (-3,270 < -,986) with a significance value of 0,002 ($0,002 < 0,05$). Thus, it can be concluded that H1 is accepted, which means that the variable partially profitability (ROA) has a negative and significant effect on tax avoidance.

Testing the second hypothesis in this study is to test whether sales growth (X2) has an effect on tax avoidance (Y). The results showed that t_{count} was -2,171 which was smaller than t_{table} ($t_{count} < t_{table}$) = (-2,171 < -1,986) with a significance value of 0,033 ($0,033 < 0,05$). Thus, it can be concluded that H2 is accepted, meaning that partially sales growth has a negative and significant effect on tax avoidance.

Testing the second hypothesis in this study is to test whether capital intensity (X3) has an effect on tax avoidance (Y). The results showed that t_{count} was -1,196 greater than t_{table} ($t_{count} > t_{table}$) = (-1,196 > -1,986) with a significance value of 0,235 ($0,235 > 0,05$). Thus, it can be concluded that H3 is rejected, meaning that partially capital intensity has no effect on tax avoidance.

5. Discussion

5.1 The Effect of Profitability on Tax Avoidance

Based on the test using multiple linear regression that has been done shows that the variable profitability affects tax avoidance, with a significance level of .002 less than 0.05 ($0.002 < 0.05$). Every increase that is obtained by ROA, the tax burden to be paid will also increase so that the opportunity to position oneself in tax planning which reduces the total burden of tax obligations increases. The results of this study are in line with previous research conducted by (Kurniasih & Ratna Sari, 2013) and (Sinaga & Sudjiman, 2021) who succeeded in proving the effect

of profitability on tax avoidance. However, this research is not in line with research that has been conducted by (Ardianti, PN H, 2019). The study states that profitability has no effect on tax avoidance.

The results of this study also support the existing theoretical basis, that management is required to provide benefits to principals. To obtain high benefits, tax payments must be kept as low as possible, including when companies earn high profits. Companies must continue to pay low taxes, so companies that earn high profits tend to do tax avoidance as evidenced by a low CETR value.

5.2 *The Effect of Sales Growth on Tax Avoidance*

Based on the test using multiple linear regression that has been done shows that the sales growth variable has an effect on tax avoidance, with a significance level of 0.033 less than 0.05 ($0.033 < 0.05$). The high sales growth indicates an increase in the level of tax avoidance. Companies with high sales growth rates mean that they have good performance and company profits tend to increase, so that the tax payments will also be high, thus management will make tax savings and tend to avoid taxes or make tax savings through tax avoidance. The results of this study are in line with previous research conducted by (Ainniyya, et al., 2021) and (Oktamawati, 2017) which means that sales growth has an effect on tax avoidance. However, this research is not in line with research that has been conducted by (Yustrianthe & Fatniasih, 2021) who succeeded in proving that sales growth has no effect on tax avoidance.

The results of this study also support the existing theoretical basis, that high sales growth indicates an increase in the level of tax evasion. Changes in the company's sales value will directly change profits so that it will also affect the amount of tax agents sometimes use other means to achieve good results. In this case, agent will try to manage the tax burden by increasing the company's profits through increased sales, thereby increasing the tax burden. Thus, companies with increased sales growth are more likely to avoid taxes as evidenced by a low CETR value.

5.3 *The Effect of Capital Intensity on Tax Avoidance*

Based on the test using multiple linear regression that has been done shows that the capital intensity variable has no effect on tax evasion, with a significance level of 0.235 greater than 0.05 ($0.235 > 0.05$). Companies that have high fixed assets do use these fixed assets for operational and investment purposes, not for tax avoidance. The company does not deliberately keep a large proportion of assets to avoid taxes, but the company does use these fixed assets for the company's operational purposes. So that a high proportion of fixed assets will not affect the level of tax avoidance that will be carried out by the company. The results of this study are in line with previous research conducted by (Zoebar & Miftah, 2020) who succeeded in proving that capital intensity has no effect on tax evasion. However, this research is not in line with research that has been conducted by (Dharma & Noviari, 2017) which proves that capital intensity has an effect on tax avoidance.

The results of this study do not support the existing theoretical basis, which states that the greater the intensity of a company's fixed assets will increase the practice of tax avoidance. This is because the ownership of fixed assets can reduce the tax payments paid by the company due to depreciation costs attached to fixed assets.

6. Conclusion

From the results of the above study it can be concluded that profitability affects tax avoidance. The results of this study indicate that each increase obtained ROA, the Cash Effective Tax Rate is lower, a low CETR indicates high tax avoidance activity. This happens because if the company's profitability increases, it indicates the better the company's performance and the greater the profit generated. So this affects the existence of a higher tax burden.

Sales growth effect on tax avoidance. The results of this study indicate that every increase in sales growth, the Cash Effective Tax Rate is lower, a low CETR indicates high tax avoidance activity. This happens because when the company's sales growth increases, indicating increasing profits or profits generated by the company. Therefore, companies do tax avoidance so that the company's burden is not high.

Capital intensity no effect on tax avoidance. The results of this study indicate that the size of a company when viewed from the value of total assets has no influence on the company to practice tax avoidance. Companies that have high fixed assets do use these fixed assets for operational and investment purposes, not for tax avoidance.

This study has several limitations and suggestions that are expected to be a reference for further research. These limitations and suggestions include:

1. Researchers only use the 2018-2020 research observation period. In addition, researchers only used samples from the consumer goods industry sector with a total sample of 36 companies that met the research criteria so that they did not reflect the overall condition of the company regarding tax evasion.
2. From the results of processed data, the regression model in this study, the three independent variables are only able to explain the variation of the dependent variable, namely tax avoidance of 12.9% and for the remaining 87.1% is explained by other variables outside the company.
3. It is hoped that future research will increase the research observation period to more than three research periods and expand the number of samples, not only using the industrial sector, but using all sectors on the Indonesia

- Stock Exchange (IDX) so that it can describe the state of tax evasion in Indonesia.
4. It is hoped that in future research, add or replace other independent variables outside of this research variable, such as leverage, liquidity, firm size and others and use different proxies.

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