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The Effect Of Company Characteristics On Tax Evasion In Companies In The Basic And Chemical Industry Sectors Listed On The IDX For The Period 2020-2021

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ABSTRACT

This study aims to examine the effect of company characteristics consisting of firm size, return on assets, capital intensity, and thin capitalization on companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange for the 2020-2021 period. Sampling was taken using a purposive sampling technique, namely determining the sample with certain criteria. The sample collection technique in this study was documentation with a quantitative approach. The results of the study are that firm size has no positive and insignificant effect on tax evasion, while return on assets and capital intensity have no negative and insignificant effect on tax evasion. And thin capitalization has a significant positive effect on tax avoidance. Simultaneously firm size, return on assets, capital intensity and thin capitalization have a significant effect on tax evasion with a significant level of 0.010 <0.05.

Keywords: Firm Size, Return On Assets, Capital Intensity, Thin Capitalization, Tax Avoidance

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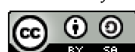
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INTRODUCTION

Company characteristics are the characteristics of the company that distinguish one company from another. Characteristics can be proxied by various variables. In this study, there are several company characteristics that will be examined to determine whether there is an influence on tax avoidance, including company size, return on assets, capital intensity and thin capitalization.

Company size is a scale which can classify the size of the company according to various ways (total assets, log size, stock market value and others). Companies with large assets or sales are better able to maintain the stability of corporate profits. So the size of the company can affect a company in determining policies to fulfil its tax obligations (Ardia Safira & Dwi Suhartini, 2021).

Return On Asset is a ratio to measure the company's efficiency in generating income or net profit after tax from economic resources or assets owned in its balance sheet. If the company's financial ratios are good, then its high performance in managing its resources to achieve productivity and generate profits can be categorised as good.

Capital Intensity is a ratio or tool that describes how effectively and efficiently a company uses its assets to generate income. This ratio can determine the amount of capital or assets needed by the company to generate each rupiah of revenue.

Thin Capitalisation is a situation where the company uses financing with a higher level of debt than capital. Thin Capitalisation is a strategy used by some companies to reduce the amount of tax that must be paid. Financing with a higher level of debt can be more profitable, so that this advantage encourages taxpayers to prefer debt financing sources over capital.

Tax avoidance is the company's effort to minimise the tax burden. The practice of tax avoidance by corporate taxpayers is usually carried out through company leadership policies. Tax avoidance is still allowed because it does not violate tax laws and regulations, but it can harm the state due to reduced state revenue from taxes.

Basic Industry and Chemical Sector companies have an important role in the Indonesian economy. Since the beginning of 2017 this sector has managed to record a fairly high growth so that the financial performance of companies in the sector has improved. The index for this sector has increased by 5.71% since the beginning of 2021. Because of this, this sector is the second sector after the financial sector with the highest growth.

The results of previous studies show different results. Research by Rosallinal, et all (2021) shows the results that company size has no effect on tax avoidance in manufacturing companies listed on the IDX for the 2019-2020 period. In contrast to the research conducted by (Ismialni Alulial., et all 2020) states that the company size variable has a positive effect on tax avoidance. The results of research by (Pahala and Mulyadi, 2021) state that there is a positive influence between ROA on tax avoidance, but in the results of research (Moeljono, 2020) the ROA factor has no significant effect on manufacturing companies listed on the IDX in 2011-2018. The Calpital Intensity factor in research (Dewi daln Zulfie, 2021) proved to have no effect on tax avoidance in mining companies listed on the IDX in 2015-2017 in contrast to research (Dhestialral., et all 2021) Calpital Intensity affects tax avoidance. Falktor Thin

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Calpitallizaltion paldal research (Rosallinal., et all 2021) has a positive effect on tax avoidance as well as the results of research by (Tezal daln Almrie, 2018).

In the background that has been described above, the problem formulation is as follows:

1. Do Company Size, Return On Asset, Calpital Intensity, and Thin Calpitallizaltion palrsiall affect tax avoidance in basic and chemical industry sector companies listed on the IDX in 2020-2021?
2. Do Company Size, Return On Asset, Calpital Intensity, and Thin Calpitallizaltion simultaneously affect tax avoidance in basic and chemical industry sector companies listed on the IDX in 2020-2021

From the formulation above, the purpose of this study is to determine partially and simultaneously the effect of Company Size, Return On Assets, Calpital Intensity, and Thin Calpitallizaltion on tax avoidance in basic industrial sector companies in chemicals that are listed on the IDX in 2020-2021.

THEORETICAL STUDIES

Agency Theory

According to Jensen and Meckling (1976), an agency relationship is a contract in which one or more people (principal) hire others (agent) to perform a number of services and delegate decision-making authority to the agent. Based on agency theory, it can be concluded that there are differences in interests between the tax collector and the company so that company management will make efforts to avoid corporate tax. Based on agency theory, agents can use resources to maximise agent performance compensation, by reducing the corporate tax burden so that company performance is maximised.

Tax Avoidance

Tax avoidance or commonly referred to as Tax Avoidance is a tax plan utilised by taxpayers to reduce or eliminate their tax burden by circumventing tax policies and regulations. Tax avoidance is one way managers can reduce corporate taxes.

Company Size

The size of a company is one of the scales that can classify the size of a company in a variety of ways, including total assets, log size, salal value, and so on. With a larger total asset base, a company can be more profitable. Therefore, the size of the company is influenced by the size of the company to determine its perpetual policy.

Hal1: Company size has a partial effect on tax avoidance in basic industry and chemical sector companies on the IDX in 2020-2021.

Return On Asset

Return On Alsset (ROAl) according to Tandelilin (2010) the ratio shows the extent to which the company can use all its assets to generate net profit after tax. The higher the ROAl perusalhalaln malkal perusalhalaln obtained the greater the lalbal. As the company's ROAl increases, so does the company's profitability and the number of calculations that it makes, so there is a growing tendency to avoid calculations.

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Things: ROA has a partial effect on Tax Avoidance in basic and chemical industry sector companies on the IDX in 2020-2021

Capital Intensity

Calpitall Intensity Raltio (CIR) is a ratio that describes how effectively and efficiently a company manages its capital or assets to generate revenue. An increase in the capital intensive index (CIR) means that the company has made significant investments in its business to generate revenue. On the other hand, a lower CIR means that the company has generated more revenue with fewer resources.

Page 3: Calpital Intensity has a significant effect on Tax Avoidance in basic and chemical industry sector companies on the IDX in 2020-2021.

Thin Capitalization

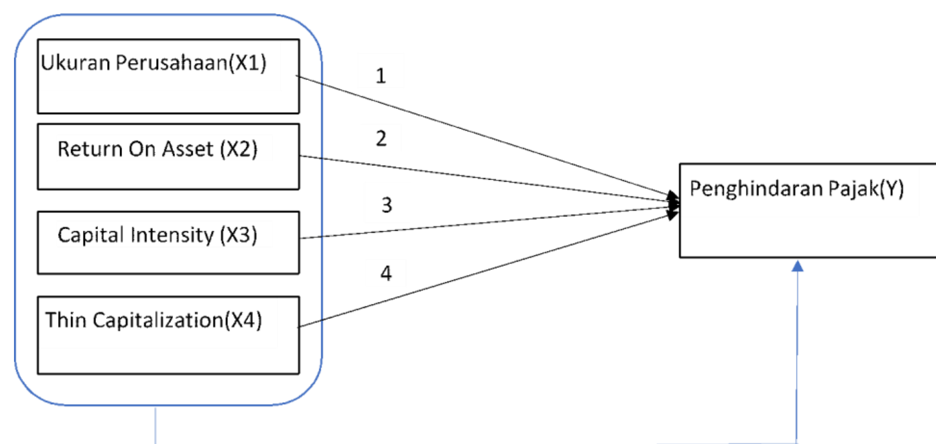
Thin Calpitallizaltion is a strategy used by some businesses to reduce the amount of tax that must be paid. Debt cancellation tends to be more profitable, this advantage encourages taxpayers to prefer debt cancellation sources in the form of equities. In practice, with Thin Calpitallizaltion, the company can reduce the interest expense so that it can increase the calculations.

Page 4: Thin calpitallizaltion has a significant effect on tax avoidance for industrial sector companies in the chemical sector on the IDX in 2020-2021.

RESEARCH METHODS

Conceptual Framework

The independent variables in this research are company size (X1), return on assets (X2), calpitall intensity (X3) and thin calpitallizaltion (X3). The four variables are believed to influence the dependent variable, namely Paljalk Avoidance (Y). This research was conducted to find out the relationship between the independent variables and the dependent variable..



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Population and Sample

The method used in this research is a qualitative method with descriptive verification. The population is the Dalsalr Daln Kimial Industrial Sector Companies listed on the IDX in 2020-2021 with the sampling technique, namely purposive sampling. The criteria used for selecting samples are 1. Companies that remain listed in the Basic Industry and Chemical sector on the IDX for the past three years (2020-2021) 2. Companies in the Basic Industry sector on the IDX that publish annual financial statements for the accounting period ending 31 December 3. Balanced Industrial sector companies on the IDX that do not incur losses during the calendar year (2020-2021) 4. Balanced Industrial sector companies on the IDX that use rupiah currency in their annual accounts for the calendar year (2020-2021) period. The number of samples calculated is 64.

Data Analysis Technique

In this study, the analytical technique used was qualitative analysis with the analytical test used in this study was the classical assumption test in multiple linear regression analysis. The estimation of the multiple linear regression equation in this research is: Y = al+b1X1+b2X2+b3X3+b4X4+e

Table 1

Variable Description

Variable	Description
Y	Tax Planning
X^1	Company Size
X^2	Return On Asset
X^3	Capital Intensity
X^4	Thin Calpitalizaltion

Measurement of Dependent & Independent Variables

Tax Avoidance

In this study, talx alvoidalce was measured using the Calsh Effective Talx Ralte (CETR) calculation.

$$CETR = \frac{Cash\ Tax\ Paid\ i,t}{Pretax\ Income\ i,t}$$

CETR is calculated by using the ratio of current calculations to pre-tax income. CETR is the effective talx rate based on the amount of cash balances recognised by the company during the year. Cash Tax Paid is the amount of cash tax paid by the company in the current fiscal year based on the company's net income. Pretalx Income is the income before tax.

Company Size

Firm size is a measure that allows the size of a company to be classified into different calibres (total assets, log assets, salalr palsal value,

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etc.). The size of the perusalhalaln can be calculated by converting the structure of the total alset into the logalritmal nalturall form. The size of the organisation is proxied using the log nalturall total assets to reduce the valrialbilitals of redundant data... Accordingly, the measure of firm size can be formulated as follows:

UP = Ln (Totall Alsset)

Return On Asset

Return on Alsset (ROAl) is a ratio that shows the extent to which a company uses its total assets to generate net income after tax. Return on Alsset (ROAl) is calculated by dividing a company's net income by its total assets. According to the expert palral, the ROAl formula is summarised as follows:

Return on Alsset = (Net Profit : Total Alsset) x 100%

The net return referred to is the return after the balance sheet (ealierings after the balance sheet). In financial accounting, it is often referred to as profit for the period.

Capital Intensity

Capital Intensity Raltio alta CIR is a ratio that describes how effectively and efficiently a company manages its capital or assets to generate revenue. In this research, capital intensity is proxied by using fixed asset intensity. Fixed asset intensity is the ratio of a company's fixed assets to the total assets owned by the company. Calpitall intensity raltio uses proxies such as Dhestialral,et.all(2021)namely:

$$CIR = \frac{\text{Total Aset Tetap}}{\text{Total Aset}}$$

Thin Capitalization

Thin Calpitallizaltion Rules (TCR) is a strategy used by some businesses to reduce the number of balances that must be paid. Debt cancellation tends to be more profitable, this advantage encourages taxpayers to prefer debt cancellation sources in the equity channel. In this research, the measurement of thin capitalisation is calculated by the debt to equity ratio (DER) as a measure of the risk of a company through the avoidance of debt through thin capitalisation. This calral is used by Suhalidalr, et all (2018) which is carried out by dividing total liabilities by total equity.

$$TCR = \frac{\text{Total Liabilitas}}{\text{Total Ekuitas}}$$

RESULTS AND DISCUSSION

General Description

The sample used in this research is the Basic Industry and Chemical Sector Companies which were selected through purposive sampling method with predetermined criteria. The samples selected in this research are:

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Table 2 Selected Salmpel

No	Uraian	Total
1.	Companies that remain listed in the Basic Industry sector on the IDX for the 2020-2021 fiscal year.	88
2.	Companies in the Basic Industry sector on the IDX that do not publish financial statements with a financial period ending 31 December in any year.	(19)
3.	Companies in the Basic Industry and Chemical sector on the IDX that suffered losses during the 2020-2021 financial year.	(25)
4.	Companies in the Basic Industry and Chemical sector on the IDX that do not use the rupiah currency in the 2020-2021 financial year.	(17)
Number of company samples		32
Total number of samples in the 2-year period		64

Data Analysis Results

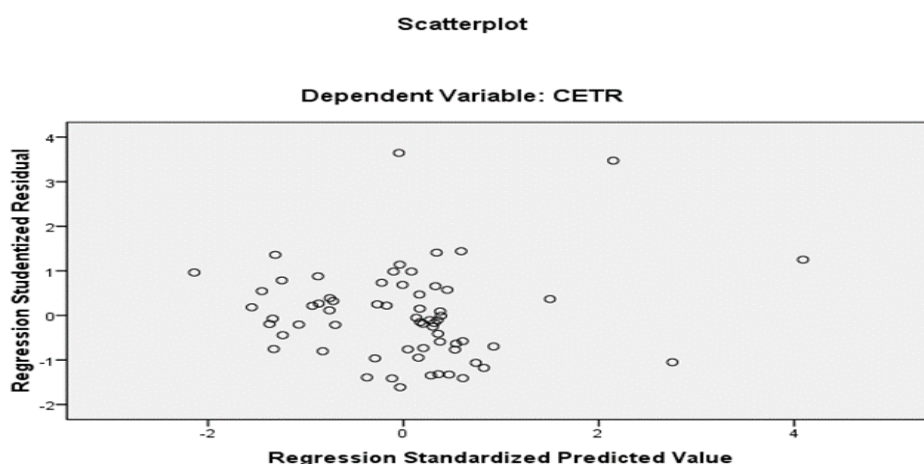
a. Normallitals Test

This research shows that the Alsymph. Sig (2-taliled) with a Kolmogorov Smirnov significance value of 0.928 and greater than the significance value of 0.05, so that the data used in this research is normally distributed, so this research is valid to continue.

b. Multicolinealritals Test

The multicollinearity test result with the Toleralnce value of the dependent variable in the independent variable is greater than 0.10 and the VIF value is smaller than 10, so it can be concluded that there is no multicollinearity in the regression model of this research. Therefore, this research is safe to continue.

c. Heteroxedalstisitals Test



The heteroxedalsticity test results show that the Scaltterplot grayscale shows a polygonal distribution of points across the alcals and across the Y-axis. It is concluded that there is no heteroxedalsticity in the regression model and therefore the dataset is suitable for further testing.

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d. Multiple Lineal Regression Alnallisis Test

Multiple lineal regression test is carried out to analyse the effect of the independent variables, namely Perusal Size, Return On Alsset, Calpitall Intensity, and Thin Calpitallizaltion on the dependent variable, namely Tax Avoidance. With this in mind, the following table of contents is presented:

Table 3 Multiple lineal regression test results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.285	.171		1.667	.101		
	UP	.001	.012	.014	.105	.917	.819	1.222
	ROA	-.899	.481	-.277	-1.866	.067	.614	1.627
	CIR	-.171	.120	-.209	-1.422	.160	.627	1.596
	THIN	.055	.026	.271	2.105	.040	.818	1.223

a. Dependent Variable: CETR

e. Partial Test (t test)

In this research, the results of the palrsiall test that have been carried out to explain the effect of the independent variables on the dependent variables are that the variable size of the company has a t count of 0.105 and a significance of 0.917. Valrialbel return on alsset has a t count of -1.866 and a significance of 0.067. Valrialbel calpitall intensity has a t count of -1.422 and a significance of 0.160. Valrialbel thin calpitallizaltion has a t count of 2.105 and a significance of 0.040.

f. Simultaln Test (F Test)

The results of this simultaneous test show that the calculated F value is 3.678 with a significance level of 0.010. Dimnal level of significance 0.010 <0.05.

Discussion

Return On Alsset has no negative effect and no significant impact on Tax Avoidance for the Calcium Industry sector companies listed on the IDX in 2020-2021. It can be seen that Return On Alsset has a t count of 1.866 < t table 1.999 and a significance level of 0.067> 0.05. It is known that the decrease in Return On Alsset for industrial sector companies in the chemical sector does not affect the companies to carry out tax avoidance. This research result is in line with the research conducted by Moeljono (2020), which states that Return On Alsset has no effect on Tax Avoidance. The calibre of calibre of industrial sector companies in the chemical sector does not affect tax avoidance because these companies control their own sources of tax revenue.

Calpitall Intensity does not have a negative effect and does not significantly affect the Tax Avoidance of the Calcium Industry sector companies listed on the IDX in 2020-2021. Where it can be seen that Calpital Intensity has a t count of

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1.422 < t table 1.999 and a significant level of 0.160> 0.05. The increase or decrease in calpital intensity in industrial sector companies in the chemical sector does not affect the company in carrying out tax avoidance. This research result is in line with the research conducted by Dewi and Zulfie (2021), which states that Calpitall Intensity has no effect on Tax Avoidance. Calpitall Intensity has no effect on tax avoidance because capitalised companies use fixed assets for business purposes. A company with a large number of fixed assets uses these fixed assets for business operations in order to avoid capital losses.

Thin Capitallisation has a positive and significant effect on Tax Avoidance for the Dalsalr and Chemical Industry sector companies listed on the IDX in 2020-2021. Where dalpalt dilihalt Thin Capitallization has a t count of 2.105> t talble 1.999 and a significant level of 0.040 <0.05. Where if Thin Calpitallizaltion is higher, companies are more likely to avoid taxes. This hall inalt happens because the higher the interest expense that the company has to pay, the lower the amount of the company's calculations. This research result is in line with the research conducted by Rosalina .., et al (2021), as well as research conducted by Tezal and Almrie (2018), stating that Thin Calpitallization has a significant positive effect on Tax Avoidance.

Company Size, Return On Alsset, Calpitall Itensity, and Thin Calpitallizaltion all have a significant effect on Tax Avoidance for the Basic Industry and Chemical sector companies listed on the IDX in 2020-2021. Where it can be seen that the Company Size, Return On Asset, Capital Intensity, and Thin Calpitallzaltion have an F count of 3.678 with a significance level of 0.010 <0.05. The results of the hypothesis testing have been accepted that the company's size, return on assets, calpitall intensity, and thin capitalisation are important factors in the implementation of tax avoidance. Thin Capitalisation is the main interesting factor for tax avoidance, besides that it is also supported by other factors such as Company Size, Calpitall Intensity, and Thin Capitalisation.

CONCLUSIONS

This research results in the conclusion that corporation size, return on assets, and thin capitalisation have no significant effect on tax avoidance, while thin capitalisation has a significant effect on tax avoidance. Simultaneously, the size of the company, capital intensity, return on assets, and thin capitalisation have a significant effect on tax avoidance for companies in the Dalsalr Industrial Sector in the Chemical sector which are listed on the IDX in 2020-2021.

Advice :

For future researchers, it is recommended that they conduct research with independent variables that are more varied, unlike the independent variables that were used in this research, to find out the factors that influence traffic in the process of avoiding traffic.

For companies, the results of this research are used as an analytical tool for companies to apply tax avoidance in the event that the three independent variables in this research do not have an influence on the application of tax avoidance, while the other independent variable, Thin Calpitallizaltion, has an impact on tax avoidance.

For the government, it is recommended that this research be taken into consideration when making policies for the company to avoid coal mining. Where

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Perusalhalaln Size, Return On Alsset, and Calpitall Intensity have no effect on Tax Avoidance, while Thin Calpitalisation has an effect on Tax Avoidance.

Limitations:

In this research, the variables of Company Size, Return On Alsset, Calpitall Intensity, and Thin Capitalisation can only explain 20% of the impact on Tax Avoidance, while the other 80% is explained by other variables which are not included in this research.

In this research, the researcher uses four independent variables, namely Perusal Capitalisation, Return On Alsset, Calpitall Intensity, and Thin Calpitallizaltion, while there are other factors that may affect the avoidance of capital expenditure proxied by CETR such as Liquidity, Solvalbilitals, Alset Intensitals and others.

In this research, it is necessary to use a sample of paldal companies in the Calcium and Chemical Industry sector which are listed on the IDX in 2020-2021. Therefore, this research reflects the influence on the Tax Avoidance of the company's tax returns for the Industrial Dalsalr sector in the Chemical sector which is listed on the IDX in the years 2020-2021. It can not be used as an alternative for other industrial companies in Indonesia.

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