The Effect of Leverage, Profitability, Sales Growth, and Capital Intensity on Tax Avoidance in Property and Real Estate Companies

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ABSTRACT:
This research aims to determine the factors influencing tax avoidance in property and real estate listed companies in Indonesia. The population in this research is property and real estate listed companies in Indonesia. This research used 11 property and real estate listed companies registered in Indonesia for three years from 2019-2021, resulting in a sample of 33 companies studied. The sample collection method is library research and field research by collecting data on financial reports of property and real estate listed companies for the 2019-2021 period. The data was analyzed using multiple linear regression analysis using SPSS Software version 25. The research results show that the variables that influence tax avoidance are leverage and profitability, while the variables that do not influence tax avoidance are capital intensity and sales growth. It recommended that supervision be carried out regarding tax avoidance practices because the rise of tax avoidance causes state revenues to be less than optimal.

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

I. INTRODUCTION
Development is necessary for a country to create prosperity for its people. Domestic income or financial sources are needed for this development to be realized. One source of state income comes from taxes paid. Realized tax revenues in 2021 amounted to IDR 1,231.87 trillion or 100.19% of the target set in the 2021 APBN, which amounted to IDR 1,229.6 trillion, with this realization growing to more than 16% (Ministry of Finance, 2021).

Taxes for the state are a source of income to finance government administration, while for companies as taxpayers, they are a burden that will affect the company's net profit. This difference in interests causes taxpayers to reduce their tax payments, both legally and illegally. Efforts to reduce legal tax payments are tax avoidance while reducing illegal tax payments is tax evasion (Jamothon, 2021).

One of the company management's efforts to obtain the expected profits through tax management is through tax avoidance. Tax avoidance is part of tax planning, which is carried out to minimize tax payments. Tax avoidance is not legally prohibited, although it often receives unfavorable attention from the tax office because of its negative connotation. This is
different from tax evasion, which is an attempt to reduce the amount of tax by violating applicable tax provisions. Tax evasion can be subject to administrative sanctions or criminal sanctions. Tax avoidance is an effort to reduce legal (lawful) tax debt, while tax evasion is an effort to reduce illegal (unlawful) tax debt (Xynas, 2011). Property sector tax revenues up to October 2019 decreased by 0.1 percent compared to the previous year’s period, namely IDR 64.8 trillion or 6.9 percent of total national tax revenues. The outlook for October 2019 is that tax revenues will only reach 70.85 percent or IDR 1,018.47 trillion from the target of IDR 1,437.5 trillion. This figure is smaller than in 2018, namely 92.41 percent or IDR 1,315.9 trillion from the target of IDR 1,424 trillion. In order to encourage higher tax revenues from the property and real estate sector, fiscal policy is needed to direct the growth of this sector. (Kompas.com, 2019).

The tax avoidance phenomenon occurs in multinational companies where tax avoidance is carried out by exploiting loopholes in applicable regulations. Losses in the form of reduced or lost potential state taxes globally are estimated at USD 100 to USD 240 billion or the equivalent of IDR 3,384 trillion, or 4 to 10 percent of global gross domestic product. In the previous tax agreement, the country of origin where a multinational company was domiciled could collect tax if the company had a Permanent Establishment (BUT), resulting in difficulties in collecting tax. (Liputan6.com, 2021).

Apart from that, there is a phenomenon in which the South Korean tax authority discovered alleged property tax evasion practices carried out by 98 people. Of these, 22 are South Korean citizens, and 76 are foreigners. NTS revealed property tax evasion practices during the Covid-19 pandemic and increasingly stringent use of property. Then NTS discovered the investment gap mode, where property buyers could buy at a meager price by taking advantage of the 2-year rental deposit, which the tenant paid as a lump sum. (News. DDTC, 2020).

Based on the background above, the problem formulation in this research are as follows:

1. Is there a significant influence of Leverage on Tax Avoidance in Property and Real Estate Companies?
2. Is there a significant influence of Profitability on Tax Avoidance in Property and Real Estate Companies?
3. Is there a significant influence of Sales Growth on Tax Avoidance in Property and Real Estate Companies?
4. Is there a significant influence of Capital Intensity on Tax Avoidance in Property and Real Estate Companies?

By formulating the problems and phenomena, this research aims to determine the factors influencing tax avoidance in property and real estate companies. This research analyzes the influence of leverage, profitability, sales growth, and capital intensity on tax avoidance in property and real estate companies.

II. LITERATURE REVIEW

A. Agency Theory

An agency relationship is a contract in which the owner involves another person as an agent to carry out service actions on their behalf through delegation of authority in decision-making (Jensen & Meckling, 1976). If both parties act to maximize their respective interests, there is reason to believe that the agent will only sometimes act in the interests of the owner (Jensen & Meckling, 1976). This shows that there is a conflict of interest between managers and
owners. Managers have more information than shareholders, which can lead to agency problems.

B. Tax

Tax is a source of state income that aims to meet the needs of a country. The definition of tax according to Law Number 16 of 2009 concerning General Provisions and Tax Procedures in Article 1, paragraph 1 is a mandatory contribution to the state owed by an individual or entity that is coercive based on law, with no direct compensation and use, for the needs of the state for the greatest prosperity of the people.

C. Tax Avoidance

Tax avoidance is part of tax planning, which is carried out to minimize tax payments. Tax avoidance is not legally prohibited, although it often receives unfavorable attention from the tax office because of its negative connotation.

D. Leverage

Leverage measures how much Debt is used in company spending (Siswanto, 2021). Leverage is often used to describe how much equity is compared to the company's total assets or how large the assets are financed by equity. Leverage measures often used include Debt Ratio, Debt to Equity Ratio, and Long-term Debt to Equity Ratio.

E. Profitability

The profitability ratio measures a company's ability to generate profits using its resources, such as assets, capital, or sales (Siswanto, 2021).

F. Sales Growth (Sales Growth)

According to Budiman and Setiyono (2012), sales growth shows the development of sales levels from year to year. Therefore, this development can increase or decrease. Increased growth allows the company to increase its operating capacity. On the other hand, if growth decreases, the company will encounter obstacles in increasing its operational capacity.

G. Capital Intensity

Capital intensity, or what is defined as capital intensity, is a form of financial decision. This decision was made by company management to increase the company's profitability. The amount of company capital invested in its fixed assets is usually measured using the ratio of fixed assets divided by sales.

H. Conceptual framework

Based on the background explanation and literature review above, this research uses independent variables such as leverage, profitability, sales growth, and capital intensity, and the dependent variable in this research is tax avoidance in companies.

I. Research Framework

The research framework based on theoretical foundations is as follows:
J. **Hypothesis**

1. **Leverage on Tax Avoidance**

   The leverage ratio describes the source of operating funds used by the company. Logically, the higher the value of the leverage ratio, the higher the amount of funding from third-party Debt used by the company and the higher the interest costs arising from this Debt. Higher interest costs will have the effect of reducing the company’s tax burden. Based on this, the effect of leverage on tax avoidance is that the proposed research hypothesis is:

   H1: Leverage affects tax avoidance

2. **Profitability on Tax Avoidance**

   Profitability is the entity’s ability to generate profits from its business activities. An increase in profits results in the amount of tax that must be paid also being higher, or there is a possibility of attempts to carry out tax avoidance actions. Based on this, the effect of profitability on tax avoidance is that the proposed research hypothesis is:

   H2: Profitability affects tax avoidance

3. **Sales Growth on Tax Avoidance**

   Sales growth is one of the factors that can influence tax avoidance activities. The higher the sales growth, the more excellent the opportunity for company profits to increase, giving rise to tax avoidance efforts with greater profits. Based on this, the effect of sales growth on tax avoidance is that the proposed research hypothesis is:

   H3: Sales growth affects tax avoidance

4. **Capital Intensity on Tax Avoidance**

   Capital Intensity is how much a company invests in its assets in the form of fixed assets and inventory. In this research, capital intensity will be calculated using fixed asset intensity. Fixed assets allow companies to reduce taxes due to depreciation each year. Because depreciation expense can be a tax deduction, companies with a high level of fixed asset ownership will have a lower tax burden than companies with a low fixed asset level. Based on this, the effect of capital intensity on tax avoidance is that the proposed research hypothesis is:

   H4: Capital Intensity affects Tax Avoidance

III. **METHODS**

A. **Object of Research**

   The object of this research is the main focus of research to obtain answers or solutions to current problems. In this research, the objects analyzed are financial reports published by property and real estate companies listed on the Indonesia Stock Exchange (BEI).
reports used are financial reports published between 2019 and 2021. The author chose data from financial reports registered on the IDX as the research object because the available data is valid. After all, it has been audited by a Public Accounting Firm. This research uses research variables consisting of dependent variables and independent variables. The dependent variable in the research is tax avoidance. As independent variables, leverage, profitability, sales growth, and capital intensity are used.

B. Research Design

1. Data Types and Sources

This research uses quantitative data, namely data in the form of numbers, and can be measured and tested using statistical methods. The data in this research was obtained from the official website of the Indonesia Stock Exchange (BEI), namely www.idx.co.id, for property and real estate companies listed on the Indonesia Stock Exchange. The data used is property and real estate companies listed financial report data for 2019-2021.

2. Determination of Sample Number

In this study, the sample selected were property and real estate companies listed on the Indonesia Stock Exchange in 2019-2021. In determining the sample, there are several criteria to filter from several populations as follows:

1. Property and real estate companies listed on the Indonesia Stock Exchange (BEI) during 2019-2021
2. Property and real estate companies that present their financial reports on the IDX in 2019-2021
3. Property and real estate companies that did not experience losses in 2019-2021
4. Have financial reports with complete data appropriate to the variables to be studied.

Based on the criteria above, 11 listed companies can meet these criteria. The following is a list of companies sampled in this research:

Table 3.1 Research Sample

<table>
<thead>
<tr>
<th>No</th>
<th>Company Name</th>
<th>Company Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT Aman Berkah Amanda Tbk</td>
<td>SAFE</td>
</tr>
<tr>
<td>2</td>
<td>PT Bumi Serpong Damai Tbk</td>
<td>BSDE</td>
</tr>
<tr>
<td>3</td>
<td>PT Ciputra Development Tbk</td>
<td>CTRA</td>
</tr>
<tr>
<td>4</td>
<td>PT Duta Pertiwi Tbk</td>
<td>DUTY</td>
</tr>
<tr>
<td>5</td>
<td>PT Maha Properti Indonesia Tbk</td>
<td>MPRO</td>
</tr>
<tr>
<td>6</td>
<td>PT Metropolitan Kentjana Tbk</td>
<td>MKPI</td>
</tr>
<tr>
<td>7</td>
<td>PT Metropolitan Land Tbk</td>
<td>MTLA</td>
</tr>
<tr>
<td>8</td>
<td>PT Pakuwon Jati Tbk</td>
<td>PWON</td>
</tr>
<tr>
<td>9</td>
<td>PT Puradelta Lestari Tbk</td>
<td>DMAS</td>
</tr>
<tr>
<td>10</td>
<td>PT PP Properti Tbk</td>
<td>PRO</td>
</tr>
<tr>
<td>11</td>
<td>PT Summarecon Agung Tbk</td>
<td>SARA</td>
</tr>
</tbody>
</table>

3. Sample Collection Method

In obtaining data in this research, researchers used two methods: library research and field research.

1. Library Research (Library Research)

Researchers use data related to the problem being researched through books, journals, theses, the internet, and other tools related to the research title.
2. Field Research (Field Research)
The data in this research was obtained through secondary data. Secondary data is data from second parties (BEI). The research subjects are property and real estate companies registered on the IDX during 2019-2021.

C. Data Analysis Method
The data analysis method used in this research is multiple linear regression to analyze the influence between independent and dependent variables. Variable testing will use the SPSS program. This data analysis method uses data collected over time on a large sample of companies studied. This research will carry out descriptive statistical analysis of each variable, and a classical assumption test will be carried out, followed by an F statistical test. After the F statistical test, a T statistical test will be carried out, and then a coefficient of determination test will be carried out.

D. Data Presentation Method
In this research, data presentation uses a program to manage quantitative data in figures obtained from financial reports with Microsoft Excel and SPSS 25 software.

E. Statistic Test
1. Descriptive Statistical Test
Descriptive statistical testing aims to explain the variables used, namely leverage, profitability, sales growth, and capital intensity. This descriptive statistical test describes or explains the data, which we can see from the mean, maximum, minimum, and standard deviation data.

2. Classic Assumption Test
Classical assumption testing is used to determine the feasibility of the regression model used in the research. The classical assumption test is carried out to determine whether the regression model used is suitable. This classical assumption test is divided into four methods: the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test.

3. Hypothesis Testing
Hypothesis testing tests assumptions or conjectures regarding the influence of the variables studied. The multiple linear regression method consists of one dependent variable and more than one independent variable. In hypothesis testing, this research uses analysis in the form of the f statistical test, t statistical test, and coefficient of determination.

F. Variable Operationalization
The object of this research is property and real estate companies listed on the Indonesia Stock Exchange (BEI) in 2019-2021. The data used for this research are the company's financial reports for 2019-2021 and other data to support this research. This research uses independent variables such as Leverage, Profitability, Sales Growth, and Capital Intensity, and the dependent variable is tax avoidance in the company.

IV. RESULTS
A. Descriptive Statistical Test
Table 4.1. Descriptive Statistics Test Results

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage</td>
<td>33</td>
<td>1248</td>
<td>7867</td>
<td>376667</td>
<td>1800393</td>
</tr>
</tbody>
</table>
Based on the statistical test results in the table above, the validity of the data tested was 33 samples. The leverage variable measured using the Debt to the debt-to-asset ratio (DAR) shows a minimum value of 0.1248, namely PT Metropolitan Land Tbk (MTLA), while the maximum value of 0.7867 belongs to PT Duta Pertiwi Tbk (DUTI). The average value (mean) is 0.376667, with a standard deviation of 0.1800393. The profitability variable measured using Return on Assets (ROA) produces a maximum value from 33 samples of 0.1997 for PT Puradelta Lestari Tbk (DMAS) and a minimum value of 0.0010 for PT PP Properti Tbk (PPRO). The average value (mean) in the statistical test of the profitability variable produces a value of 0.049885. The resulting standard deviation value is 0.0469898. The capital intensity variable measured using Capital Intensity shows a minimum value of 0.0020, namely PT Maha Properti Indonesia Tbk (MPRO), and a maximum value of 0.6500 for PT Metropolitan Kentjana Tbk (MKPI). The average value (mean) is 0.287573, and the standard deviation is 0.2426015. The sales growth variable measured using Sales Growth produces a minimum value from 33 samples of -4.5680 for PT Maha Properti Indonesia Tbk (MPRO) and a maximum value of 1.5576 for PT Metropolitan Land Tbk (MTLA). This sales growth variable's average (mean) value produces a value of -0.164576. The resulting standard deviation value is 0.8775931. The tax avoidance variable, which was measured using the Cash Effective Tax Rate (CETR) from 33 samples, produced a maximum value of 0.3763 for PT Puradelta Lestari Tbk (DMAS) and a minimum value of 0.0005 for PT Summarecon Agung Tbk (SMRA). The tax avoidance variable's average (mean) value produces a value of 0.079558. The resulting standard deviation value is 0.0963713.

B. Classic Assumption Test

Testing the classical assumptions in this research uses four types of tests: a normality test, a multicollinearity test, an autocorrelation test, and a heteroscedasticity test.

1. Normality Test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>33</td>
</tr>
<tr>
<td>Normal Parameters a b</td>
<td>Mean 00000000</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation 07999641</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute 136</td>
</tr>
<tr>
<td></td>
<td>Positive 136</td>
</tr>
<tr>
<td></td>
<td>Negative -.067</td>
</tr>
<tr>
<td>Statistical Tests</td>
<td>136</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>128 c</td>
</tr>
</tbody>
</table>

The results of the classical assumption test in the table above show that the significant value (from the Asymp. Sig (2-tailed) column) is 0.128. This value is more significant than 0.05, so it can be said that the distribution of the data is normal, and this means that the regression...
model can fulfill the normality assumption. The regression model can predict the effect of leverage, profitability, sales growth, and capital intensity on tax avoidance.

2. Multicollinearity Test

<table>
<thead>
<tr>
<th>Coefficients *</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>197</td>
<td>064</td>
</tr>
<tr>
<td>Leverage</td>
<td>-219</td>
<td>106</td>
</tr>
<tr>
<td>Profitability</td>
<td>-1,250</td>
<td>386</td>
</tr>
<tr>
<td>Stamp Intensity</td>
<td>094</td>
<td>069</td>
</tr>
<tr>
<td>Sales Growth</td>
<td>001</td>
<td>020</td>
</tr>
</tbody>
</table>

Source: Secondary data processed with SPSS (2023)

The results of the multicollinearity test in the table above show that each variable leverage, profitability, sales growth, and capital intensity has a tolerance value greater than 0.10 and a VIF value smaller than 10, so it can be said that there is no correlation between the independent variables. This means that the regression model does not show symptoms of multicollinearity.

3. Autocorrelation Test

<table>
<thead>
<tr>
<th>Model Summary *</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>658</td>
<td>.433</td>
<td>.373</td>
<td>.0855198</td>
<td>2.152</td>
</tr>
</tbody>
</table>

Source: Secondary data processed with SPSS (2023)

In the autocorrelation test in our research, we used a sample size of 33 companies, and the independent variable k = 4, so the dU value = 1.729, and the 4-dU value was 4 – 1.729 = 2.271. So, the results of this autocorrelation test show that the Durbin Watson value is 2.152, which is more significant than dU and smaller than 4-dU, namely 1.729 < 2.152 < 2.271. Therefore, it can be concluded that the resulting regression model does not have autocorrelation problems.

4. Heteroscedasticity Test

<table>
<thead>
<tr>
<th>Coefficients *</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>086</td>
<td>032</td>
</tr>
<tr>
<td>Leverage</td>
<td>-041</td>
<td>054</td>
</tr>
<tr>
<td>Profitability</td>
<td>-246</td>
<td>195</td>
</tr>
<tr>
<td>Stamp Intensity</td>
<td>045</td>
<td>035</td>
</tr>
<tr>
<td>Sales Growth</td>
<td>-016</td>
<td>010</td>
</tr>
</tbody>
</table>

Source: Secondary data processed with SPSS (2023)

Based on the results of the heteroscedasticity test in the table above, it shows that the significance value of each variable is leverage, profitability, sales growth, and capital intensity is more than 0.05, so it can be interpreted that the resulting regression model does not have heteroscedasticity or the regression model can be said to be good because it is included in homoscedasticity.
C. Hypothesis Test Results

1. F Statistical Test

Table 4.6. F Statistical Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.92</td>
<td>4</td>
<td>0.23</td>
<td>4.159</td>
<td>0.009</td>
</tr>
<tr>
<td>Residual</td>
<td>0.205</td>
<td>28</td>
<td>0.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.297</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Avoidance
b. Predictors: (Constant), Sales Growth, Profitability, Cap Intensity, Leverage

Based on the F statistical test results in the table above, the calculated F value is 4.159, and the significance value is 0.009. This shows that the calculated F value is greater than the F table, namely 4.159 > 2.66, and the significance value is smaller than 0.05, namely 0.009 < 0.05. So, the variables leverage, profitability, sales growth, and capital intensity together (simultaneously) have a significant effect on tax avoidance.

2. T Statistical Test

Table 4.7. T Statistical Test Results

<table>
<thead>
<tr>
<th>Coefficients *</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>0.197</td>
<td>0.064</td>
<td>3.099</td>
</tr>
<tr>
<td></td>
<td>Leverage</td>
<td>-0.219</td>
<td>0.106</td>
<td>-0.408</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>-1.250</td>
<td>0.386</td>
<td>-0.609</td>
</tr>
<tr>
<td></td>
<td>Stamp Intensity</td>
<td>0.094</td>
<td>0.069</td>
<td>0.236</td>
</tr>
<tr>
<td></td>
<td>Sales Growth</td>
<td>0.001</td>
<td>0.020</td>
<td>0.007</td>
</tr>
</tbody>
</table>

Source: Secondary data processed with SPSS (2023)

In the t-statistical test with a sample size of 33 companies, the t-table value is 2.035. Based on the results of the t-statistical test, some variables have an effect, and some that have no effect. The variables that influence tax avoidance are leverage and profitability, while those that do not are capital intensity and sales growth.

Analysis of the influence of variables on tax avoidance, namely:

a. The effect of leverage on tax avoidance
   Based on the calculated t value of -2.055 and a significance value of 0.049. These results show that the calculated t value is greater than the t table -2.055 > -2.035, and this significance value is smaller than 0.05, namely 0.049 < 0.05. So, hypothesis one can be accepted, which means leverage significantly affects tax avoidance.

b. The influence of profitability on tax avoidance
   Based on the calculated t value of -3.238 and a significance value of 0.003. These results show that the calculated t value is greater than the t table -3.238 > -2.035, and the significance value is smaller than 0.05, namely 0.003 < 0.05. So, hypothesis two can be accepted, meaning that profitability has a significant effect on tax avoidance.

c. The effect of sales growth on tax avoidance
   Based on the calculated t-value of 0.043 and a significance value of 0.966. These results show that the calculated t value is smaller than the t table, 0.043 < 2.035, and the
significance value is greater than 0.05, 0.966 > 0.05. So, hypothesis three cannot be accepted, meaning that sales growth does not affect tax avoidance.

d. The influence of capital intensity on tax avoidance
Based on the calculated t-value of 1.361 and a significance value of 0.184. These results show that the calculated t value is smaller than the t table 1.361 < 2.035, and the significance value is greater than 0.05, namely 0.184 > 0.05. So, hypothesis four cannot be accepted, which means that capital intensity does not affect tax avoidance.

3. Coefficient of Determination

Table 4.8. Coefficient of Determination Results

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.658*</td>
<td>0.433</td>
<td>0.373</td>
<td>0.0855198</td>
<td>2.152</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Sales Growth, Profitability, Cap Intensity, Leverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: Tax Avoidance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the coefficient of determination in the table above, it can be seen that the R square value is 0.433. This shows that leverage, profitability, capital intensity, and sales growth can explain the variation in the tax avoidance variable by 43.3% (0.433 x 100%). In comparison, the remaining 56.7% of the variation in the tax avoidance variable is explained by other variables that were not studied. Alternatively, it is included in the model.

4. Multiple Linear Regression Analysis

Table 4.9. Results of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>0.197</td>
</tr>
<tr>
<td></td>
<td>Leverage</td>
<td>-0.219</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>-1.250</td>
</tr>
<tr>
<td></td>
<td>Stamp Intensity</td>
<td>0.094</td>
</tr>
<tr>
<td></td>
<td>Sales Growth</td>
<td>0.001</td>
</tr>
<tr>
<td>Dependent Variable: Tax Avoidance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4.9, it can be concluded that the regression coefficient between Effective Tax Rate (Y) is influenced by the variables Leverage (X1), Profitability (X2), Sales Growth (X3), and Capital Intensity (X4), and so there is a multiple linear regression, namely:

\[ Y = 0.917 - 0.219X1 - 1.250X2 + 0.001X3 + 0.094X4 + e \]

The regression equation above can be explained as follows:

1. The constant value is 0.197, meaning that if the Leverage (X1), Profitability (X2), Capital Intensity (X3), and Sales Growth (X4) values are 0% (zero), then the Effective Tax Rate (Y) value is 0.197.

2. The leverage variable (X1) is - 0.219, meaning that if the other independent variables have a constant value and leverage increases by 1%, the effective tax rate (Y) will decrease by 0.219. The coefficient has a negative value; there is a negative relationship between the independent variable and the dependent variable; the more the amount of Debt to assets increases, the more the effective tax rate (Y) decreases, and vice versa.
3. The profitability variable (X2) is \(-1.250\), meaning that if the other independent variables are constant, the value is profitability. If there is an increase of 1%, the effective tax rate (Y) will decrease by 1.250. The coefficient has a negative value; there is a negative relationship between the independent and dependent variables; the more the return on assets increases, the more the effective tax rate (Y) decreases and vice versa.

4. The sales growth variable (X3) is \(0.001\), meaning that if the other independent variables have a constant value and sales growth, and if there is an increase of 1%, the effective tax rate (Y) will decrease by 0.001. The coefficient is positive; there is a positive relationship between the independent and dependent variables; the more sales growth increases, the higher the effective tax rate (Y) and vice versa.

5. The capital intensity variable (X4) is \(0.094\), meaning that if the other independent variables have a constant value and capital intensity increases by 1%, the effective tax rate (Y) will decrease by 0.094. The coefficient has a positive value; there is a positive relationship between the independent and dependent variables; the more the amount of capital intensity increases, the higher the effective tax rate (Y) and vice versa.

V. DISCUSSION

1. The Effect of Leverage on Tax Avoidance

The results of testing the first hypothesis for the leverage variable proxied using DAR show a significance of 0.049, which is smaller than 0.05, so it can be concluded that H1 from this research is acceptable, and the leverage variable significantly affects tax avoidance. Based on this, the increasing leverage value will influence the company to pay dividends to shareholders. This is because the total liabilities the company owns will give rise to interest expenses, which are a factor in reducing taxable income. At the same time, dividends originating from retained earnings cannot be a deduction from taxable income. Companies that choose a leverage policy will get tax incentives that take advantage of interest expenses to reduce their tax burden. So, companies with a high leverage value tend to take tax avoidance actions due to tax incentives received by the company to minimize their tax burden. Stakeholder theory requires managers to consider stakeholders’ interests to assess their performance as suitable. Thus, the higher the leverage, the higher the level of tax avoidance carried out by the company.

2. The Effect of Profitability on Tax Avoidance

The results of testing the second hypothesis for the profitability variable proxied using ROA show a significance of 0.003, which is smaller than 0.05, so it can be concluded that H2 from this research is acceptable, and the profitability variable significantly affects tax avoidance. Profitability describes a company’s financial performance in generating profits from asset management, calculated by Return on Assets (ROA). The higher the ROA value, the greater the profit the company obtains. The greater the profit a company earns, the greater the income tax that must be paid. This condition can trigger companies to manipulate profits so that the income tax costs paid are lower. Based on this, the higher the profitability, the higher the level of tax avoidance carried out by the company.

3. The Effect of Sales Growth on Tax Avoidance

The results of testing the third hypothesis for the sales growth variable show 0.966 is more significant than 0.05. So, the third hypothesis cannot be accepted, meaning that sales growth does not affect tax avoidance. Movements in a company’s sales figures do not ensure an increase in profits generated by the company. Profits also tend to depend on the costs incurred
by the company. Thus, high or low sales growth does not encourage a tendency to practice

tax avoidance.

4. The Effect of Capital Intensity on Tax Avoidance

The results of testing the third hypothesis for the sales growth variable show that 0.184 is more

significant than 0.05. So, hypothesis four cannot be accepted, meaning that capital intensity
does not affect tax avoidance. A high capital intensity ratio does not indicate that the company
is deliberately using fixed asset depreciation costs as a reduction in profits but is being used
for the company’s operational interests in the long term. Focusing on the company’s
operational interests will make the company focus on the long-term value of the company so
that tax avoidance occurs at a low level. Thus, the greater the company’s capital intensity ratio,
it cannot confirm whether it has indications of tax avoidance.

VI. CONCLUSION

Based on the research results, it can be concluded that: Based on the theory and discussion
presented, this research aims to determine the influence of leverage, profitability, sales growth,
and capital intensity on tax avoidance. This research uses data from property and real estate
companies listed on the Indonesia Stock Exchange during 2019-2021. Of the many property
and real estate companies listed on the Indonesia Stock Exchange, 11 companies meet the
sample criteria we determined in this research. It can be concluded that 11 property and real
estate companies or 33 data samples were used.

In the data processing process in this research, the author used SPSS 25 with multiple linear
regression analysis. This test determines the influence and significance of each independent
variable on the dependent variable. Based on the results of the data analysis described in the
previous chapter, the following conclusions can be drawn:

1. Based on the results of the first hypothesis test, namely the leverage variable, which is
proxied by DAR (Debt to Asset Ratio) calculations, it shows a significant value that is smaller
than 0.05, namely 0.049. This shows that leverage affects tax avoidance, and it is concluded
that the first hypothesis (H1) is accepted.

2. Based on the results of the second hypothesis test, the profitability variable, proxied by
ROA (Return on Assets), shows a significant value smaller than 0.05, namely 0.003. This
shows that profitability affects tax avoidance, and it can be concluded that the second
hypothesis (H2) is accepted.

3. Based on the results of the fourth hypothesis test, sales growth shows a significant value
greater than 0.05, namely 0.966. It can be concluded that hypothesis four (H3) cannot be
accepted, meaning that sales growth does not affect tax avoidance.

4. Based on the results of the third hypothesis test in this research, capital intensity, which
is proxied using CI, shows a significant value greater than 0.05, namely 0.184. Based on
these results, it can be concluded that the third hypothesis (H4) is rejected, meaning that
capital intensity does not affect tax avoidance.

This research can fulfill data needs or implications regarding the influence of leverage,
profitability, sales growth, and capital intensity on the 33 samples used. The results of this
research will likely increase insight and knowledge for readers regarding the influence of
leverage, profitability, sales growth, and capital intensity on tax avoidance. It is hoped that this
research can contribute to the development of tax accounting literature, especially on the issue
of tax avoidance. Practitioners can use the results of this research as an additional
consideration in making decisions related to tax avoidance issues.
In the research that has been carried out, there are several limitations experienced by researchers during the research that cause a little hindrance to the implementation process of this research and also need further attention for further research, as follows:

1. The number of samples is limited to only 33, which still needs to be more to describe the actual situation.
2. The population used in this company is only in the property and real estate sector, with a sample of 11 companies.
3. This research only uses ETR to test tax avoidance.

Due to the limitations in this study, some suggestions must be made for advancing the theory and practice of taxation and behavior in the field of taxation. For the development of taxation theory and practice, the following are suggested:

1. Suggestions for the industrialists are to be able to prepare tax planning better and more carefully so that the practice of tax avoidance can be carried out correctly and efficiently without violating applicable tax laws.
2. Suggestions for the government, especially the Directorate General of Taxes, is to monitor tax avoidance practices in companies with high profitability so that state revenues can achieve more optimal results. It is hoped that the government will be able to minimize legal loopholes to optimize state revenues for the welfare of the Indonesian people.
3. Suggestions for future researchers are that researchers who use the same topic are expected to be able to use other measurements, such as comparing the tax paid by the company with the tax rate payable for the year in question, and can increase the number of samples to be used as much as possible.

REFERENCES


