The Effect of Liquidity, Profitability, Leverage, and Capital Intensity on Tax Aggressiveness
(Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2019-2021)

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Abstract: Taxes have an important role to support the state's financial capacity in implementing state programs. Taxes are considered a significant burden for companies, as they reduce company revenues. This encourages companies to carry out tax aggressiveness. This study aims to analyze the effect of liquidity, profitability, leverage and capital intensity on tax aggressiveness. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The research sample was determined by purposive sampling in order to obtain 94 companies as a sample. This study uses data analysis techniques multiple linear regression. The results in this study are that liquidity has no effect on tax aggressiveness, leverage has an effect but not significant on tax aggressiveness, profitability and capital intensity have a significant effect on tax aggressiveness.

Keywords: Liquidity, Profitability, Leverage, Capital Intensity, Tax Aggressiveness

1. Introduction

Indonesia is a developing country and has a reasonably large population. Indonesia is also the largest archipelagic country with abundant natural resources, including gold mines, coal, natural gas, forests, underwater wealth and good crop yields. With increased investment and productivity, Indonesia can increase added value and boost the country's exports. Indonesia is located in a strategic geographical location, where the Indonesian region is a world trade traffic area. This has made many domestic and foreign companies stand in Indonesia.

Taxes are essential in supporting the state's financial capacity in implementing state programs. Taxes are the most potent source of state revenue and occupy the highest percentage in the APBN compared to other gains. In reality, taxes have increased, but achieving the State Revenue and Expenditure Budget (APBN) target each year has never been achieved. One of the contributing factors is the awareness of taxpayers that is still poorly understood by taxpayers, especially business entity taxpayers. According to economists, taxes are a component of reducing profits in a company to be divided into dividends or reinvested. Companies can make efforts to increase profits by implementing efficiency and effectiveness of various costs, one of which is tax costs. Avoiding resource inefficiency is a way to maximize the distribution of resources to be effective, productive and efficient. This can reduce the inefficiency of these resources and can improve their performance as much as possible.

An act of tax aggressiveness is aimed at reducing taxable profits through tax planning using either method that is classified as or not classified as tax evasion (Indradi, 2018). The corporate tax aggressiveness in question is carrying out or taking advantage of existing loopholes in tax regulations. Tax aggressiveness can also be interpreted as a level of aggressiveness of the company to save taxes that should be paid.

Liquidity is the company's ability to finance short-term financial capabilities in a timely manner. With good cash turnover, the company is not reluctant to pay all its obligations, including paying taxes by applicable rules or laws (Gemilang&Awan 2016). Several studies say that liquidity positively affects tax aggressiveness (Indradi, 2018). Nurjanah, Hanum, & Alwiyah (2018) state that liquidity has no effect on tax aggressiveness.

The company's financial component that is expected to be able to determine taxes aggressively is profitability. According to (Feber, 2020), profitability is a company's ability to make a profit in connection with the sale of total assets and separate capital. Profitability is a benchmark for investors in assessing company performance using Return On Assets (ROA) calculation. The higher the company's profit, the better the management of company assets. Research on profitability and tax aggressiveness in Indonesia was conducted by Setyadi&Ayem (2019) and Simamora&Rahayu (2020), stating that profitability affects tax aggressiveness.

Leverage, in other words, is the funding policy implemented by the company. Leverage is a comparison that reflects the amount of debt used for financing by the company in carrying out its operational activities. The
greater the use of debt by the company, will impact the number of interest expenses that must be incurred. This can reduce profit before tax which can further reduce the amount of tax that must be paid by the company (Purnama, D. 2020). Therefore, leverage can be considered a driving force for companies in tax aggressiveness. Research on leverage and tax aggressiveness in Indonesia was conducted by Stawati, (2020) who stated that leverage has an effect on tax aggressiveness.

Factors that influence tax aggressiveness can then be seen from the level of capital intensity, namely the company's investment activities associated with an investment in fixed assets and inventories. Companies with high fixed assets will bear a high depreciation expense. A high depreciation expense can reduce corporate tax payments. Research on capital intensity was conducted by Nuryaningsih&Nursiam, (2021) which stated that capital intensity has an effect on tax aggressiveness.

Based on this description, there were inconsistencies in the research results from several previous studies. Hence, the authors conducted research with the title "The Effects of Liquidity, Profitability, Leverage, and Capital Intensity on Tax Aggressiveness" (Empirical Study of Manufacturing Companies Registered on the Indonesia Stock Exchange in 2019-2021).

2. Literature Review

2.1 Agency Theory

Agency theory is the relationship between the authorizing party, which is called the principal, and the authorizing party, which is called the agent. When managers receive more information than they receive, the information-gathering balance is lost between principals and agents. This imbalance leads to the economic interests of each party (Angela &Nugroho, 2020). Many problems cause company management to make decisions not by applicable tax rules to minimize the tax burden that companies with tax aggressiveness must pay.

2.2 Tax Aggressiveness

Tax aggressiveness is an act of engineering planned taxable income through action and tax planning using both legal methods (tax avoidance) and illegal methods (tax evasion) (Rohmansyah et al., 2021). Tax aggressiveness is part of tax management in terms of tax planning. Aggressive action against taxes is considered to provide benefits for the company to save taxes by pressing the tax burden to obtain maximum profit for the use of the company.

2.3 Liquidity

Financial liquidity shows the ability of a company to meet short-term obligations. It can be used to predict the condition of the company's cash and assets in the future. Companies with high liquidity have excellent cash flow to fulfil their short-term obligations, including tax (Indradi, 2018), so highly liquid companies are expected to pay taxes on time. However, there are different findings where high liquidity increases tax aggressiveness (Indradi, 2018). The tax aggressiveness allowed in taxation principles is to reduce the burden of tax payable. Companies that have high liquidity tend to be tax aggressive. High liquidity indicates good conditions and increased corporate profits, resulting in higher tax costs and encouraging companies to reduce tax payments or tax aggressiveness by lowering liquidity levels and declining profits.

H1: Liquidity affects tax aggressiveness

2.4 Profitability

Profitability is to measure the effectiveness of management as a whole, which is aimed at the size of the profit level obtained from sales and investment. The better the profitability, the better it describes the company's ability to get high profits. According to Leksono et al. (2019), companies with high profitability are predicted not to carry out tax aggressiveness. Meanwhile, companies with low profitability will carry out tax aggressiveness because they are better at maintaining their assets.

The results of research conducted by (Goh, Nainggolan, &Sagala, 2019) provide empirical evidence that profitability affects tax aggressiveness.

H2: Profitability affects tax aggressiveness

2.5 Leverage

Leverage can be calculated using total debt divided by total assets. Tax aggressiveness will also be increased for companies with high leverage because debt causes interest expenses to arise, reducing company profits (Hidayat & Fitria, 2018). The high level of leverage in the company can be indicated as a form of dependence on external loans or debt. In contrast, if the level of leverage is low, it can be shown that the company can finance its assets with its capital. The research conducted (Amalia, 2021) provides empirical
evidence that leverage can affect tax aggressiveness. A study (Stawati, 2020) also provides similar results. Namely, leverage affects tax aggressiveness.

H3: Leverage affects tax aggressiveness

2.6 Capital Intensity

Capital Intensity is a company investment used to generate profits and production activities by utilizing fixed assets (Prasetyo&Wulandari, 2021). If the company has a significant fixed asset value, it will also cause a high depreciation expense, which can reduce the company's profits due to the depreciation expense. Companies that have significant fixed assets will pay a large reduction in costs. Companies that reduce their tax costs are more aggressive in paying their tax debts. Previous research conducted by (Setyadi&Ayem, 2019) and (Hidayati, Husna, & Styany, 2022) stated that capital intensity has an effect on tax aggressiveness.

H4: Capital Intensity has an effect on tax aggressiveness

2.7 Thinking Framework

3. Research Methods

3.1 Types of research

This study was designed using quantitative research to test the hypothesis.

3.2 Population, Sample, and Sampling Technique

The samples used in this study are some of the manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021, which were selected based on the criteria set by the author. The criteria used in determining the sample in this study, namely:


b. The company did not experience a loss during 2019-2021.

c. Complete data regarding the variables studied are available in the company's financial statements for 2019-2021.

3.3 Data and Data Sources

This study uses secondary data types. The secondary data source used in this research is the form of annual financial reports (Annual Financial Report) of manufacturing companies for 2019-2021. The data was obtained from the Indonesian Stock Exchange website (www.idx.co.id).

3.4 Variable Operational Definition and Variable Measurement

3.4.1 Tax Aggressiveness

According to Lanis and Richardson (Hidayat&Fitria, 2018), tax aggressiveness is calculated using the effective tax rate (ETR).

\[ ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ Tax} \]

3.4.2 Liquidity

Liquidity relates to the company's ability to meet obligations immediately fulfilled and paid in the short term on time. Measurements that can be used to measure liquidity are as follows (Yuliana & Wahyudi, 2018).

\[ Current\ Ratio = \frac{Current\ asset}{Current\ Liabilities} \times 100\% \]

3.4.3 Profitability

Profitability is the ability of a company to generate profits in a certain period at a certain level of assets, sales and share capital. The support ratio can measure profitability with the following formula (Prasetyo&Wulandari, 2021).
3.4.4 Leverage
Leverage is a company size in which the company's ability to meet its long-term obligations. This study measured leverage using the debt-to-assets ratio (DAR) (Hidayat&Fitria, 2018).

\[
Debt \text{ to } Assets \text{ Ratio (DAR)} = \frac{Total \text{ Debt}}{Total \text{ Asset}}
\]

3.4.5 Capital Intensity
Capital Intensity is the company's investment in fixed assets to produce a product and earn a profit (Prasetyo&Wulandari, 2021).

\[
Capital \text{ Intensity} = \frac{Total \text{ Fixed Assets}}{Total \text{ Asset}}
\]

3.5 Data analysis method
The analysis of this study uses a multiple linear regression model. The multiple linear regression model used in this study is as follows:

\[
Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e
\]

Information:
- \(Y\): Tax Aggressiveness (ETR)
- \(\alpha\): Constant
- \(\beta_1...\beta_4\): Regression Coefficient
- \(X_1\): Liquidity (LIQ)
- \(X_2\): Profitability (PRO)
- \(X_3\): Leverage (LEV)
- \(X_4\): Capital Intensity (CAP)
- \(e\): Error

4. Discussion result
4.1 Research Sample Determination

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing companies listed on the Indonesia Stock Exchange during the 2019-2021 period</td>
<td>193</td>
</tr>
<tr>
<td>2</td>
<td>Inconsistent manufacturing companies listed on the Indonesia Stock Exchange during the 2019-2021 period</td>
<td>(0)</td>
</tr>
<tr>
<td>3</td>
<td>Manufacturing companies that do not issue annual reports during the observation period</td>
<td>(26)</td>
</tr>
<tr>
<td>4</td>
<td>Manufacturing companies that suffered losses during the observation period</td>
<td>(73)</td>
</tr>
<tr>
<td>5</td>
<td>Manufacturing companies that do not present financial statements according to the information required during the observation period</td>
<td>(0)</td>
</tr>
<tr>
<td></td>
<td>Samples that meet the criteria</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>Total research sample = 94 x 3</td>
<td>282</td>
</tr>
<tr>
<td></td>
<td>Outlier data during processing time</td>
<td>(7)</td>
</tr>
<tr>
<td></td>
<td>Total samples processed</td>
<td>275</td>
</tr>
</tbody>
</table>

The population in this study were 193 manufacturing companies. The models obtained were 94 each year, so a total of 282 data for three years and minus 7 outlier data, 275 observational data were obtained.

4.2 Descriptive Statistical Analysis

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Means</th>
<th>std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQ</td>
<td>275</td>
<td>0.41136</td>
<td>312.78817</td>
<td>5.9200974</td>
<td>28.86939748</td>
</tr>
<tr>
<td>PRO</td>
<td>275</td>
<td>0.000087</td>
<td>0.60717</td>
<td>0.0799248</td>
<td>0.08570672</td>
</tr>
<tr>
<td>LEV</td>
<td>275</td>
<td>0.00345</td>
<td>1.88704</td>
<td>0.405334</td>
<td>0.20257315</td>
</tr>
<tr>
<td>CAP</td>
<td>275</td>
<td>0.00061</td>
<td>0.78103</td>
<td>0.3740279</td>
<td>0.19413431</td>
</tr>
<tr>
<td>ETR</td>
<td>275</td>
<td>0.00167</td>
<td>0.72156</td>
<td>0.2490912</td>
<td>0.10698818</td>
</tr>
</tbody>
</table>
Based on the results of the descriptive statistical analysis above, it gives the effect:

a. The dependent variable of tax aggressiveness by proxy ETR (effective tax rate) has a minimum value of 0.00167 originating from PT Star Petrochem Tbk in 2020. This means that out of 275 research data, PT Star Petrochem Tbk in 2020 has the lowest tax aggressiveness application, namely 0.00167. The maximum value of 0.72156 came from PT Kimia Farma Tbk in 2020. This means that out of 275 research data, PT Kimia Farma Tbk in 2020 has the highest application of tax aggressiveness, namely 0.72156. The dependent variable's average value (mean) is 0.2490912 with a standard deviation value of 0.10698818. This shows that the average value is greater than the standard deviation, indicating that tax aggressiveness tends to be high.

b. The liquidity variable with the proxy of current assets divided by current liabilities has a minimum value of 0.41136 which comes from PT TigaPilar Sejahtera Food Tbk in 2019. This means that from 275 research data, PT TigaPilar Sejahtera Food Tbk in 2019 has the lowest liquidity, namely 0.41136. The maximum value of 12.78817 originating from PT Star Petrochem Tbk in 2021. This means that out of 275 research data, PT Star Petrochem Tbk in 2021 has the highest liquidity, namely 12.78817. The average value (mean) on the dependent variable is 5.9200974, with a standard deviation value of 28.86939748. This shows that the average value is smaller than the standard deviation, indicating that liquidity tends to be low.

c. The profitability variable with the proxy return on assets (ROA) has a minimum value of 0.00087 originating from PT Kimia Farma Tbk in 2019. This means that out of 275 research data, PT Kimia Farma Tbk in 2019 has the lowest profitability of 0.00087. Maximum value of 0.60717 which comes from PT TigaPilar Sejahtera Food Tbk in 2019. This means that from 275 research data, PT TigaPilar Sejahtera Food Tbk in 2019 has the highest profitability, namely 0.60717. The average value (mean) on the dependent variable is 0.0799248 with a standard deviation value of 0.08570672. This shows that the average value is smaller than the standard deviation, indicating that profitability tends to be low.

d. Leverage variable with a debt to assets ratio (DAR) proxy has a minimum value of 0.00345 originating from PT Star Petrochem Tbk in 2020. This means that out of 275 research data, PT PT Star Petrochem Tbk in 2020 has the lowest leverage, 0.00345. Maximum value of 1.88704 which comes from PT TigaPilar Sejahtera Food Tbk in 2019. This means that from 275 research data, PT TigaPilar Sejahtera Food Tbk in 2019 has the highest leverage, 1.88704. The dependent variable's average value (mean) is 0.4005334 with a standard deviation value of 0.20257315. This shows that the average value is greater than the standard deviation, indicating that leverage tends to be high.

e. The Capital Intensity variable is how much the company invests its assets in fixed assets and inventories. This variable has a minimum value of 0.00061 originating from PT Star Petrochem Tbk in 2021. This means that out of 275 research data, PT Star Petrochem Tbk in 2021 has the lowest capital intensity of 0.00061. The maximum value of 0.78103 originating from PT MuliaIndustrindo Tbk in 2020. This means that out of 275 research data, PT MuliaIndustrindo Tbk in 2020 has the highest capital intensity, namely 0.78103. The dependent variable's average value (mean) is 0.2490912 with a standard deviation value of 0.10698818. This shows that the average value is greater than the standard deviation, indicating that capital intensity tends to be high.

### 4.3 Multiple Linear Regression Model

<table>
<thead>
<tr>
<th>Information</th>
<th>B</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.217</td>
<td>0.000</td>
</tr>
<tr>
<td>LIQ</td>
<td>0.000</td>
<td>0.169</td>
</tr>
<tr>
<td>PRO</td>
<td>-0.203</td>
<td>0.006</td>
</tr>
<tr>
<td>LEV</td>
<td>0.053</td>
<td>0.098</td>
</tr>
<tr>
<td>CAP</td>
<td>0.079</td>
<td>0.019</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023
Based on the table above, a regression equation can be made which will complement the results found in the study:

\[ ETR = 0.217 + 0.000LIQ - 0.203PRO + 0.053LEV + 0.079CAP + e \]

**Information:**

a. The constant value has a positive value of 0.217 which can be interpreted if the independent variables (liquidity, profitability, leverage, and capital intensity) are 0. Tax aggressiveness tends to increase by 0.217%.

b. The mark Liquidity variable (LIQ) is 0.000 in the positive direction. The higher the company's liquidity, the higher the company's willingness to take tax aggressiveness. Conversely, the lower the company's liquidity, the lower the level of the company's desire to take tax aggressiveness.

c. The mark Profitability variable (PRO) is -0.203 and is negative. This can be interpreted if profitability increases by 1 unit, then the value of tax aggressiveness will decrease by 0.203%. Conversely, if the profitability value has reduced by 1 unit, the tax aggressiveness will increase by 0.203%.

d. Mark Leverage variable (LEV) is 0.053 in a positive direction. This can be interpreted if the leverage increases by 1 unit, the tax aggressiveness will increase by 0.053%. Conversely, if the leverage value decreases by 1 unit, the tax aggressiveness will decrease by 0.053%.

e. Mark variable Capital Intensity (CAP) is 0.079 in a positive direction. This can be interpreted if the capital intensity increases by 1 unit, the tax aggressiveness will increase by 0.079%. Conversely, if the value of capital intensity decreases by 1 unit, the tax aggressiveness will decrease by 0.079%

**4.4 Normality test**

The normality test in this study uses the CLT (Central Limit Theorem) test. Namely, suppose the data observed is large enough (n is more than 30). The normality assumption can be ignored (Gujarati, 2003). In this study, the number n was 275, greater than 30. This indicated that the data in this study were usually distributed.

**4.5 Multicollinearity Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>tolerance</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQ</td>
<td>0.895</td>
<td>1.117</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>PRO</td>
<td>0.986</td>
<td>1.014</td>
<td>There is no multicollinearity.</td>
</tr>
<tr>
<td>LEV</td>
<td>0.940</td>
<td>1.064</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>CAP</td>
<td>0.936</td>
<td>1.068</td>
<td>There is no multicollinearity</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023

Based on the results of the multicollinearity test above, it can be seen that all independent variables have a Tolerance value of more than 0.10 and a Variance Inflation Factor (VIF) <10. It can be concluded that all independent variables in the equation model used in this study did not occur multicollinearity.

**4.6 Heteroscedasticity Test**

<table>
<thead>
<tr>
<th>Speaeman's rho</th>
<th>Variable</th>
<th>Unstandardized Residuals</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQ</td>
<td>0.067</td>
<td>There is no heteroscedasticity</td>
<td></td>
</tr>
<tr>
<td>PRO</td>
<td>0.821</td>
<td>There is no heteroscedasticity</td>
<td></td>
</tr>
<tr>
<td>LEV</td>
<td>0.928</td>
<td>There is no heteroscedasticity</td>
<td></td>
</tr>
<tr>
<td>CAP</td>
<td>0.064</td>
<td>There is no heteroscedasticity</td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023

The table above shows that all independent variables obtained Sig values. (2-tailed) is more than 0.05, so it can be concluded that the regression model is free from unequal variance from one residual to another observation or there is no heteroscedasticity.
4.7 Autocorrelation Test

Table 4.6
Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Information</th>
<th>Durbin-Watson</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tax</td>
<td>1,447</td>
<td>There is no autocorrelation</td>
</tr>
<tr>
<td></td>
<td>Aggressiveness</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023

Based on the results of the SPSS output above, it shows the value Durbin-Watson (DW) of 1.447, which means that the value is between the limits of -2 to +2. It can be said that the data has no autocorrelation symptoms because -2 < 1.447 < 2.

4.8 Model Feasibility Test (F Test)

Table 4.7
Model Feasibility Test Results (Test F)

<table>
<thead>
<tr>
<th>Model</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>5,636</td>
</tr>
<tr>
<td>Total</td>
<td>residual</td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023

The results from the table above can be seen that the F test shows a significance value of 0.000. The significance value produced by the F test is less than 0.05, so it can be concluded that the independent variables, namely liquidity, profitability, leverage, and capital intensity, show a fit regression model.

4.9 Statistical Test (T-Test)

Table 4.8
T-test results

<table>
<thead>
<tr>
<th>Variable</th>
<th>t</th>
<th>Sig</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQ</td>
<td>-1.379</td>
<td>0.169</td>
<td>H1 Rejected</td>
</tr>
<tr>
<td>PRO</td>
<td>-2.765</td>
<td>0.006</td>
<td>H2 Accepted</td>
</tr>
<tr>
<td>LEV</td>
<td>1.663</td>
<td>0.098</td>
<td>H3 Accepted</td>
</tr>
<tr>
<td>CAP</td>
<td>2.362</td>
<td>0.019</td>
<td>H4 Accepted</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023

a. The liquidity variable (LIQ) has a t-value smaller than the t table, namely -1.379 < -1.650 with a significance value of 0.169 which means greater than 0.05 (0.169 > 0.05). So it can be concluded that H1 is rejected, meaning that the liquidity variable has no effect on tax aggressiveness

b. The profitability variable (PRO) has a t-value more significant than the t table, namely -2.765 > -1.650 with a significance value of 0.006 which means less than 0.05 (0.006 < 0.05). So it can be concluded that H2 is accepted, meaning that the profitability variable has a significant effect on tax aggressiveness.

c. The leverage variable (LEV) has a t-value more significant than the t table, namely 1.663 > 1.650 with a significance value of 0.098 which means greater than 0.05 (0.098 > 0.05). So it can be concluded that H3 is accepted, meaning that the leverage variable has an effect but not significant on tax aggressiveness.

d. The variable capital intensity (CAP) has a t-value more significant than the t table, namely 2.362 > 1.650 with a significance value of 0.019 which means less than 0.05 (0.019 < 0.05). So it can be concluded that H4 is accepted, meaning that the capital intensity variable has a significant effect on tax aggressiveness.

4.10 Determination Coefficient Test ($R^2$)

Table 4.9
Test Results for the Coefficient of Determination ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R Square</th>
<th>std. The error in the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.278a</td>
<td>0.077</td>
<td>0.063</td>
<td>0.10354142</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed Author, 2023
The test results of the coefficient of determination (R²) in table 4.9 above show that the Adjusted R Square value is 0.063 or 6.3%. This indicates that the independent variables, namely liquidity, profitability, leverage and capital intensity, can explain the variation of the dependent variable, namely tax aggressiveness of 0.063 or 6.3%, while the remaining 93.7% is explained by other variables not included in this research.

5. Discussion

1. The Effect of Liquidity on Tax Aggressiveness

Based on the results of the t-test calculation, it is known that liquidity has a t-value smaller than the t table, namely -(1.379) < -(1.650) with a sig value of 0.069 which means more excellent than the level of significance or degree of confidence of 0.05. Thus H1 is rejected, which means that liquidity does not affect tax aggressiveness. The insignificant relationship between company liquidity and corporate tax aggressiveness could be because sample companies tend to maintain their company liquidity so that the company can pay off its short-term obligations including tax obligations. This study's results align with research conducted by Indradi, Hanum, &Alwiyah, (2018) and Amalia, (2021) which state that liquidity has no effect on tax aggressiveness. However, these results are not in line with research conducted by Indradi (2018) and Ramadani & Hartiyah.

2. Effect of Profitability on Tax Aggressiveness

Based on the results of the t-test calculation, it is known that profitability has a t-value more significant than the t table, namely -(2,765) < -(1,650) with a sig value of 0.056 which means it is smaller than the level of significance or degree of confidence of 0.05. Thus H2 is accepted, which means that profitability has a significant effect on tax aggressiveness. The high profitability shows an entity's high level of tax avoidance and vice versa. Entities with a high return on assets (ROA) indicate entities with high profits as well. By agency theory, agents try to show good performance. When an entity has a high gain, the tax that will be paid is also increased and will cause the current year's profit to be smaller. Therefore, the agent will take tax avoidance actions. This study's results align with research conducted by Goh, Nainggolan, &Sagala (2019) and Simamora & Rahayu (2020), which state that profitability affects tax aggressiveness. However, these results do not align with Prasetyo & Wulandari (2021), and Hidayati, Husna, & Styany (2022), which state that profitability does not affect tax aggressiveness.

3. Effect of Leverage on Tax Aggressiveness

Based on the results of the t-test calculation, it is known that leverage has a t-value more significant than the t table, namely 1.663 > 1.650 with a sig value of 0.098 which means more excellent than the level of significance or degree of confidence of 0.05. Thus H3 is accepted, which means that leverage has an effect but not significant on tax aggressiveness. Entities with a group of power that is too high will make the entity look bad so that the entity will be more conservative on the financial statements for the entity's operations. Debt that is too high can also pose a risk of default and will disrupt the entity's going concern. Companies with high debt levels tend to be more compliant with the awareness of their tax obligations by applicable laws. This may indicate that the company will reduce its tax aggressiveness because it has a high level of debt. The results of this study are in line with research conducted by Stawati, (2020) and Amalia, (2021) which states that leverage has an effect on tax aggressiveness. However, these results are not in line with the research conducted by Indradi.

4. Effect of Capital Intensity on Tax Aggressiveness

Based on the results of the t-test calculation, it is known that capital intensity has a t-value more significant than the t table, namely 2.362 > 1.650 with a sig value of 0.019 which means more minor than the level of significance or degree of confidence of 0.05. Thus H4 is accepted, which means that capital intensity has a significant effect on tax aggressiveness. The increase in the capital intensity value causes the company's ETR value to increase. The higher ETR value indicates that it tends not to be aggressive in minimizing the tax burden. So it can be concluded that the increase in the value of capital intensity causes the aggressiveness of corporate taxes to decrease. This means there is an influence between capital intensity and tax aggressiveness. The results of this study are in line with research conducted by Nuryaningsih & Nurs iam (2021) and Hidayati, Husna, & Styany (2022), which state that capital intensity influences tax aggressiveness. However, these results are not in line with the research conducted by Indradi.
6. Conclusion

Conclusion
1. Liquidity has no effect on tax aggressiveness, the level of current assets of a company does not affect tax aggressiveness.
2. Profitability has a significant effect on tax aggressiveness, the size of a company's profit has a significant effect on tax aggressiveness. The greater the profit owned by the company, the higher the level of tax aggressiveness carried out by the company.
3. Leverage has an effect but not significant on tax aggressiveness, the level of a company's debt has no significant effect on tax aggressiveness.
4. Capital intensity has a significant effect on tax aggressiveness, the size of a company's fixed assets has a significant effect on tax aggressiveness. The greater the fixed assets owned by the company, the higher the level of tax aggressiveness carried out by the company.

Research Limitations
1. The observation year period in this study is limited to only using 3 periods in 2019-2021.
2. The results of this study indicate a relatively small (Adjust R square) value of 0.063 or 6.3%. This shows that the influence of liquidity, profitability, leverage, and capital intensity on tax aggressiveness is only 6.3%, so many other factors influence tax aggressiveness but are not analyzed in this study.

Suggestion
1. For future researchers, it is expected to increase the observation period to more than 3 years so that the research will be better with the results of previous studies.
2. Future researchers are expected to test and add other independent variables that may influence tax aggressiveness, such as political connections, company size, corporate social responsibility and others.

References


