

The Effect of Leverage and Sales Growth on Tax Avoidance with Company Size as a Moderating Variable (Empirical Study of Mining Companies Listed on the IDX for the 2019-2021 Period)

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Abstract: Indications that companies are doing tax avoidance can be seen in the leverage and sales growth policies by adding company size as a moderating variable. The research population is mining companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. Sampling in this study used purposive sampling and obtained 24 company data samples. Data analysis techniques using multiple linear regression analysis and Moderated Regression Analysis (MRA). This study shows that the leverage variable has no effect on tax avoidance while sales growth has an effect on tax avoidance. The moderating variable of firm size is able to moderate the effect of leverage and sales growth on tax avoidance.

Keywords: Leverage, Sales Growth, Tax Avoidance, Company Size, MRA.

1. Introduction

Taxes are mandatory payments to the state owed by individuals or entities, which are obligatory without direct compensation according to law and must be used for the greatest needs of the state, especially for the prosperity of the people. Indonesia is one of the developing countries where national development is carried out to realize people's welfare. The largest source of national development financing comes from taxes and non-taxes. Revenue from the tax sector has dominated revenue from the State Revenue and Expenditure Budget (State Budget) in recent years. That is, the greater the amount of revenue from the tax sector, the higher the level of development and improvement in the quality of state services for the community. Therefore, tax regulations are designed to ensure that taxpayers fulfill their tax obligations in accordance with applicable regulations.

In reality, there are different interests between taxpayers and the government regarding tax payments. The government wants tax revenues to continue to increase every year, while for some taxpayers, taxes are a burden that will reduce the level of profit earned by companies, so that taxpayers expect tax payments to be as minimal as possible. These differences in interests cause taxpayers to tend to take tax burden management measures to minimize their tax payments.

The method used to minimize the tax burden without violating existing or legal laws is called tax avoidance. Tax Avoidance is generally defined as a tax avoidance scheme that aims to minimize the tax burden by exploiting loopholes in a country's tax rules. Conceptually, the tax avoidance scheme is actually legal because it does not violate tax rules.

If tax avoidance is carried out by taking advantage of regulatory loopholes without violating them or legally, it is different from tax evasion. Tax evasion is an attempt to reduce illegitimate or unlawful tax obligations by violating tax laws (Suandy, 2011). Tax evasion is a tax strategy used by taxpayers to reduce their tax burden, so that this activity creates various risks for taxpayers in the future. These risks can range from fines to reputational damage. If tax avoidance crosses the line and violates the applicable laws and regulations, then the activity is classified as an act of tax evasion. Sanctions given for acts of tax evasion can range from administrative sanctions to criminal penalties.

Tax avoidance practices are usually carried out by taking advantage of different tax regulations designed not to violate formal tax rules, but to violate the economic essence of activity. Therefore, the problem of tax avoidance is a unique and complicated problem, even though tax avoidance is not against the law, it is also not wanted by the government.

Cases of tax irregularities in the form of tax avoidance in various business and economic sectors are often found. The sector that is considered risky and has the potential to carry out tax avoidance is the mining sector. Based on Law Number 3 of 2020 article 1 number 1, Mining is part or all of the stages of activities in the framework of managing and exploiting minerals or coal which includes general investigations, exploration, feasibility studies, construction, mining, processing and/or refining or development and/or utilization, transportation and sales, as well as post-mining activities. Mining companies are a business sector that focuses on activities in the context of exploiting mining products which include the stages of searching, exploring,

feasibility studies, building production operation facilities, producing, producing products and improving quality, then transporting them before they are finally sold, as well as post-mining activities.

In Indonesia, the energy and mining sector companies are one of the sectors that have the potential to become a mainstay for the state in generating revenue. Unfortunately, governance transparency in the mining sector is still unclear, so that the potential for state revenue from the mining sector is not yet optimal.

One of the factors indicating that the company does *tax avoidance* can be seen in the *leverage policy*. *Leverage* is the level of debt used by companies in financing (Dharma and Ardiana, 2016). An increase in the amount of debt will result in the emergence of interest expenses that must be paid by the company. This interest expense component will reduce the company's profit before tax, so that the tax burden that the company has to pay will decrease. The reduced tax burden that must be paid by the company can be classified as a tax avoidance measure. This is in line with Lestari and Putri (2017) which revealed that interest payments are one of the components to reduce the profits earned by the company where the interest that arises can minimize the amount of tax that is obligated and increase company profits. Large companies will be more inclined to use financing from debt to reduce the tax burden. According to Ni Luh Putu Puspita Dewi and Naniek Noviani, (2017) the results show that the leverage variable has a negative effect on *tax avoidance*. In addition, research conducted by Saputra, Kelvin and Suhartono, (2020) Leverage has a negative effect on *tax avoidance*. Meanwhile, research conducted by Cyntia Habibah Sinaga and I Made Sadha Suardikha, (2019) showed opposite results, *leverage* has a positive effect on *tax avoidance*.

Sales growth will result in high profits as well. Companies with high profits will generate a high tax burden. According to (Hidayat, 2018), sales growth *has* a negative effect on *tax avoidance*. Companies with high sales growth have relatively high profits and allow companies to pay taxes. Meanwhile, according to Eva Veronica and Kurnia, (2021) sales growth has a positive effect on tax avoidance.

2. Literature Review and Hypothesis

2.1 Agency Theory

Agency theory is a theory that explains the relationship between parties in a company, these parties are *principals* and *agents* (Jensen and Meckling, 1976). If in a company that has *gone public*, shareholders have a role as *principal* and the role of *agent* is carried out by managers or management. The authorities and responsibilities include managing the company effectively and efficiently, which is carried out by agents within the company based on the interests of the *principal*.

2.2 Tax Avoidance

James Kessler defines *tax avoidance* as an effort by taxpayers to minimize taxes that are contrary to the intent and purpose of the law (*the intention of parliament*). Meanwhile, *Tax Avoidance* according to (Pohan, 2017) is a legal and safe effort for taxpayers because it does not conflict with tax provisions, where the methods and techniques used tend to take advantage of existing weaknesses (*gray areas*), in statutory regulations, legislation and the tax law itself, to reduce the amount of tax owed.

Tax avoidance in this study is calculated using the CETR (*Cash Effective Tax Rate*) by comparing the amount of cash paid for taxes with profit before tax. The lower the value of CETR, the higher the tax avoidance.

2.3 Leverage

Leverage is a measure that shows the *leverage ratio* used to finance the investment, the amount of *leverage* that leads to the calculation of additional fixed costs in the form of interest paid by the company, as well as a reduction in the tax burden. The *leverage ratio* is used to measure a company's ability to meet its long-term and short-term obligations to finance company assets (Ngadiman & Puspitasari, 2017).

Financing companies that predominantly use debt will affect the tax burden. The use of debt as financing will cause credit interest expenses, the higher the interest expense, the higher the debt owned by the company. This will cause the level of profit earned by the company to decrease. The low tax burden will indirectly benefit the company and have an impact on reducing the company's efforts to take *tax avoidance*. This opinion is supported by the results of research conducted by Indah Novariyanti and Winanda Wahana Warga Dalam (2020), as well as Saputra, AW, Suwandi, M., & Suhartono (2020), where these studies obtained the result that leverage has a *negative* effect on *tax avoidance*, the more the higher the *leverage* value, the lower the possibility of the company's level of *tax avoidance*. The hypothesis that can be formulated as follows:

H₁: Leverage has an effect on tax avoidance.

2.4 Sales Growth

Sales growth is an event where the number of company sales has increased from the previous period to the current period (January & Suardikha, 2019). Companies predict sales growth every year to gain future

profits, therefore the role of sales growth is important for working capital management (Hidayat, 2018). *Sales growth* will also generate high profits. *High sales growth will cause a large tax burden because the profits are high.* The high profits earned by companies that cause greater tax payments make companies have a tendency to carry out *tax avoidance*.

Research that supports this opinion is Hidayat (2018), Alda Arthauli Sitohang (2021), and Achmad Juniawan Hendrianto and Wahyu Nurul Hidayat (2022) who obtained the result that sales growth has a positive effect on tax avoidance, the higher the sales growth, *the tax avoidance* will also be higher. The hypothesis that can be formulated as follows:

H₂: Sales Growth has an effect on tax avoidance.

2.5 Company Size Moderates the Effect of Leverage on Tax Avoidance

Large-scale companies with adequate resources but with high debt values tend to be more careful in taking tax avoidance actions to avoid excessive attention (Saputra et al, 2020). This tendency will discourage companies from taking tax avoidance actions.

The above opinion is also supported by research conducted by Fitri and Munandar (2018), Hutapea and Herawaty (2020), and Aida Adi Prabowo and Ririn Ningsih Sahlan (2021) who obtained the result that company size moderates the effect of leverage *on tax avoidance*. The hypothesis that can be formulated as follows:

H₃: Company size moderates the effect of *leverage on tax avoidance*.

2.6 Company Size Moderates the Effect of Sales Growth on Tax Avoidance

High quality *sales growth is obtained based on the company's availability of good resources*. Most large-scale companies have high sales growth, this will have an impact on the company's profit level. The higher the profit earned, the higher the tax burden charged. Large companies get more attention from various parties, especially regarding company performance, this causes their tax avoidance actions to decrease.

The above opinion is supported by research conducted by Ananto (2018) which obtained the result that company size moderates the effect of *sales growth* on tax avoidance. The hypothesis that can be formulated as follows:

H₄: Company size moderates the effect of *Sales Growth on tax avoidance*.

3. Methodology and Procedures

3.1 Population and Sample Table

This research is a type of quantitative research that aims to determine the effect of *leverage* and *sales growth* on *tax avoidance* with company size as a moderating variable.

Data collection in this study uses secondary data in the form of annual financial reports of mining sector companies listed on the IDX for the 2019-2021 period. The sample in the study was selected based on the *purposive sampling method*. The criteria for the sampling process are described in the following table:

Table 1 Research Sample Data

No	Criteria	Amount
1	Number of study population	55
2	Mining sector companies that are not listed on the Indonesia Stock Exchange in the 2019-2021 period	(7)
3	Companies that do not publish audited annual financial reports and can be accessed through the company's website or the Indonesia Stock Exchange during 2019-2021	(3)
4	Companies that do not make a profit during the 2019-2021 period	(21)
5	Companies that do not have the data needed in this study	(1)
6	Companies with a CETR value of > 1	(5)
Samples		18
Total sample (18 x 3 years)		54
Outliers		(7)
Total research sample		47

Source: Results of Data Analysis, 2023

3.2 Operational Definition and Variable Measurement

This study uses three types of variables, namely independent variables, dependent variables, and moderating variables. The dependent variable that is influenced by the independent variable, this variable uses *Tax avoidance*. The independent variable that affects the dependent variable, this variable uses *Leverage* and *Sales Growth*, as well as moderating variables are variables that strengthen or weaken the relationship between the dependent variable and the independent variable. The moderating variable in this study uses company size.

3.2.1 Tax avoidance

Tax avoidance is an effort made to reduce the tax burden that must be paid without violating the applicable tax laws and regulations (Puspita & Febrianti, 2018). In this study, tax avoidance is calculated using *Cash Effective Tax Rates* (CETR). The use of CETR in measuring tax avoidance is calculated by comparing how much cash is issued by the company to pay income tax with profit before tax. The lower the CETR value, the higher the possibility of tax avoidance. CETR can be measured using the following formula: (Sinaga & Suardhika, 2019)

$$CETR = \frac{\text{Cash Paid For Income Taxes}}{\text{Profit before tax}}$$

3.2.2 Leverage

Leverage is a ratio that describes the amount of asset financing from debt, meaning that it measures the amount of debt borne by the company compared to the company's assets (Hidayat, 2018). *Leverage* is measured by the *Debt to Total Asset Ratio* (DAR), which is the division of the company's total liabilities with the company's total assets, which is stated as follows: (Eny Kusumawati et al, 2018)

$$DAR = \frac{\text{Totalliability}}{\text{TotalAsset}}$$

3.2.3 Sales Growth

Sales growth is used to measure the level of sales growth from period to period (Hidayat, 2018). Sales growth is measured by comparing the sales of that period minus the previous period and then dividing it by sales in that period which is stated as follows: (Hidayat, 2018)

$$SalesGrowth = \frac{Sales_t - Sales_{t-1}}{Sales_t}$$

3.2.4 Company Size

Moderating variables are variables that strengthen or weaken the relationship between the dependent variable and the independent variable. The moderating variable in this study is company size. Company size describes the size of a company. Company size is based on the size of the assets owned by the company (Puspita & Febrianti, 2018). The company size here is based on the total assets owned by the company with the formula: (Mahanani et al, 2017)

$$\text{Company Size} = \text{Log} (\text{TotalAset})$$

3.3 Data Analysis Technique

Multiple linear regression analysis was used to test the effect of the independent variables on the dependent variable. To test the influence of the moderating variable, the Interaction Test is used, namely *Moderated Regression Analysis* (MRA).

$$TA = \alpha + \beta_1Lev + \beta_2SG + e$$

$$TA = \alpha + \beta_1Lev + \beta_2SG + \beta_3UP + \beta_3Lev*UP + \beta_4SG*UP + e$$

Description:

- TA = Tax Avoidance
- Lev = Leverage
- SG = Sales Growth
- UP = Company Size
- α = Constant
- β = Regression coefficient
- e = Errors

4. Results and Discussion

4.1 Descriptive Statistical Analysis

Table 2

Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Means	std. Deviation
TA	47	0.031	0.864	0.31105	0.212930
Lev	47	0.106	0.661	0.39188	0.168045
SG	47	-1,737	0.735	0.03818	0.410134
UP	47	12.004	14,032	12.93282	0.525211
Valid N (listwise)	47				

Source: Results of Data Processing, 2023

The results of the descriptive statistical analysis of the *tax avoidance variable* show a minimum value of 0.031 obtained from Apexindo Pratama Duta Tbk (APEX), while a maximum value of 0.864 obtained from Indo Tambangraya Megah Tbk (ITMG). The average value of the *tax avoidance variable* for 2019-2021 is 0.31105 with a standard deviation of 0.212930.

The results of the descriptive statistical analysis of the *leverage variable* show a minimum value of 0.106 obtained from Harum Energy Tbk (HRUM), while a maximum value of 0.661 obtained from Radiant Utama Interinsco Tbk (RUIS). The average value of the *leverage variable* for 2019-2021 is 0.39188 with a standard deviation of 0.168045.

The results of the descriptive statistical analysis of the *sales growth variable* show a minimum value of -1.737 obtained from Ifishdeco Tbk (IFSH), while a maximum value of 0.735 obtained from Bumi Resources Minerals Tbk (BRMS). The average value of the *sales growth variable* for 2019-2021 is 0.03818 with a standard deviation of 0.410134.

The results of the descriptive statistical analysis of the *company size variable* show a minimum value of 12.004 obtained from Ifishdeco Tbk (IFSH), while a maximum value of 14.032 obtained from Adaro Energy Tbk (ADRO). The average value of the *company size variable* for 2019-2021 is 12.93282 with a standard deviation of 0.525211.

4.2 Classical Assumption Test

4.2.1 Normality Test

Based on the results of the first equation normality test shows the Asymp value. Sig. (2-tailed) of 0.079, this value is more than 0.05, which means that the data in this study are normally distributed.

Based on the normality test results, the second equation shows the Asymp value. Sig. (2-tailed) of 0.200, this value is more than 0.05, which means that the data in this study are normally distributed.

4.2.2 Multicollinearity Test

Table 3

Equation 1 Multicollinearity Test

Model	Collinearity Statistics		Description
	tolerance	VIF	
(Constant)			
Lev	0.996	1.004	No multicollinearity
SG	0.996	1.004	No multicollinearity

Source: Results of Data Processing, 2023

Based on the table of results of the first equation multicollinearity test shows that the Tolerance value is > 0.01 with a VIF value < 10. Where *Leverage* has a tolerance value of 0.996 > 0.01 with a VIF value of 1.004 < 10, and *Sales Growth* has a tolerance value of 0.996 > 0.01 with a VIF value of 1.004 < 10. So it can be concluded that the independent variable has no symptoms of multicollinearity.

Table 4
Equation 2 Multicollinearity Test

Model	Collinearity Statistics		Description
	Tolerance	VIF	
(Constant)			
Lev	0.975	1.026	No multicollinearity
SG	0.977	1.023	No multicollinearity
UP	0.958	1,044	No multicollinearity

Source: Results of Data Processing, 2023

Based on the results of the second equation multicollinearity test table, it shows that the Tolerance value is > 0.01 with a VIF value < 10 . Where *Leverage* has a tolerance value of $0.975 > 0.01$ with a VIF value of $1.026 < 10$, *Sales Growth* has a tolerance value of $0.977 > 0.01$ with the VIF value is $1.023 < 10$, and *Company Size* has a tolerance value of $0.958 > 0.01$ with a VIF value of $1.044 < 10$. So it can be concluded that the independent variable has no symptoms of multicollinearity.

4.2.3 Autocorrelation Test

Table 5
Equation 1 Autocorrelation Test

Model	Durbin-Watson	Description
1	1,887	No autocorrelation

Source: Results of Data Processing, 2023

Based on the results of the first equation autocorrelation test table, it is known that the sample (n) is 47 and the number of independent variables is 2 ($k = 2$), the Durbin Watson value of 1.887 is between the values of $dU < d < 4 - dU$, namely $1.6204 < 1.887 < 2, 3796$. This shows that the research data is free from autocorrelation symptoms.

Table 6
Equation 2 Autocorrelation Test

Model	Durbin-Watson	Description
1	1,739	No autocorrelation

Source: Results of Data Processing, 2023

Based on the table of the results of the second equation autocorrelation test it is known that the sample (n) is 47 and the number of independent variables is 3 ($k = 3$), the Durbin Watson value of 1.739 is between the values of $dU < d < 4 - dU$, namely $1.6692 < 1.739 < 2, 3308$. This shows that the research data is free from autocorrelation symptoms.

4.2.4 Heteroscedasticity Test

Table 7
Spearman's rho test Equation 1

Spearman's rho	Lev	Sig. (2-tailed)	0.970	No heteroscedasticity
	SG	Sig. (2-tailed)	0.765	No heteroscedasticity

Source: Results of Data Processing, 2023

Based on the results of the first heteroscedasticity test table, the first equation shows that the *leverage significance value* is 0.970, which is greater than 0.05, and the *sales growth significance value* is 0.765, which is greater than 0.05. This indicates that there are no symptoms of heteroscedasticity.

Table 8
 Spearman's rho test Equation 2

Spearman's rho	Lev	Sig. (2-tailed)	0.721	No heteroscedasticity
	SG	Sig. (2-tailed)	0.661	No heteroscedasticity
	UP	Sig. (2-tailed)	0.694	No heteroscedasticity
	LEVxUP	Sig. (2-tailed)	0.789	No heteroscedasticity
	SGxUP	Sig. (2-tailed)	0.649	No heteroscedasticity

Source: Results of Data Processing, 2023

Based on the table of the results of the second heteroscedasticity test, the second equation shows the result that the significance value of *leverage* is 0.721 greater than 0.05, the significance value of *sales growth* is 0.661 greater than 0.05, the significance value of company size is 0.789 greater than 0.05, the significance value the result of the interaction between *leverage* and company size is 0.789 greater than 0.05, and the significance value of the interaction results between *sales growth* and company size is 0.649 greater than 0.05. This indicates that there are no symptoms of heteroscedasticity.

4.3 Hypothesis Test Results

4.3.1 Multiple Linear Regression

Table 9
 Multiple Linear Regression Analysis Equation 1

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	std. Error	Beta		
1	(Constant)	0.312	0.073		4,286	0.000
	Lev	0.021	0.171	0.016	0.123	0.903
	SG	-0.235	0.070	-0.453	-3,364	0.002

Source: Results of Data Processing, 2023

The first multiple linear regression analysis was performed to determine the effect of *leverage* and *sales growth* on *tax avoidance*. Based on the results of the multiple linear regression analysis above, the following equation results are obtained:

$$TA = 0.312 + 0.021Lev - 0.235SG + e$$

- 1) A constant value with a positive parameter of 0.312 means that *leverage* and *sales growth* will tend to increase companies to take *tax avoidance actions*.
- 2) The LEV or *leverage regression coefficient* shows a positive value of 0.021, which means that if the *leverage value* increase by 1% , then it will be increase *tax avoidance* by 0.021 % , and vice versa.
- 3) The regression coefficient of SG or *sales growth* shows a negative value of -0.235, which means that *sales growth* increases 1% , then *tax avoidance* will decrease by 0.235 % , and vice versa.

Table 10
 Multiple Linear Regression Analysis Equation 2

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	std. Error	Beta		
1	(Constant)	-4.255	1,763		-2,413	0.020
	Lev	8,990	4,142	7,095	2,170	0.036
	SG	4,164	1,359	8.019	3,064	0.004
	UP	0.357	0.137	0.881	2,603	0.013
	LEVxUP	-0.703	0.324	-7,018	-2.168	0.036
	SgxUP	-0.351	0.108	-8,529	-3,256	0.002

Source: Results of Data Processing, 2023

The second multiple linear regression analysis was performed to determine the effect of *leverage* and *sales growth* on *tax avoidance* with firm size as a moderating variable. Based on the results of the multiple linear regression analysis above, the following equation results are obtained:

$$TA = -4.255 + 8.990Lev + 4.164SG + 0.357UP - 0.703Lev*UP - 0.351SG*UP + e$$

The negative constant value is -4.255, meaning that the variable *leverage*, *sales growth*, company size, the interaction between *leverage* and company size, as well as the interaction between *sales growth* and company size do not have a tendency to take *tax avoidance actions*.

The regression coefficient of the interaction variable between *leverage* and company size is -0.703, meaning that if the interaction between *leverage* and company size increases by one percent, *tax avoidance* will decrease by 0.703%, and vice versa.

The regression coefficient of the interaction variable between *sales growth* and company size is -0.351, meaning that if the interaction between *sales growth* and company size increases by one percent, *tax avoidance* will decrease by 0.351%, and vice versa.

4.3.2 F test

Table 11
 Test F Equation 1

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	0.430	2	0.215	5,714	0.006
	residual	1,656	44	0.038		
	Total	2,086	46			

Source: Results of Data Processing, 2023

Based on the results of the first equation f test analysis, a significance value of 0.006 was obtained. The significance value is less than 0.05 so it can be concluded that this regression model is fit or feasible to use in this study.

Table 12
 Test F Equation 2

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	0.889	5	0.178	6,090	0.000
	Residual	1,197	41	0.029		
	Total	2,086	46			

Source: Processed Data Results. 2023

Based on the results of the second equation f test analysis, a significance value of 0.000 is obtained. The significance value is less than 0.05 so it can be concluded that this regression model is fit or feasible to use in this study.

4.3.3 Coefficient of Determination (R^2)

Table 13
 Coefficient of Determination (R^2) Equation 1

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.454	0.206	0.170	0.19400

Source: Processed Data Results. 2023

Based on the test results for the Coefficient of Determination (R^2) of the first equation, an *adjusted R² value* of 0.170 is obtained. This shows that changes that occur in *tax avoidance* that can be explained by *leverage* and *sales growth* are 17 percent, while the remaining 83 percent is explained by other factors not tested in this study.

Table 14
 Coefficient of Determination (R^2) Equation 2

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.653	0.426	0.356	0.17087

Source: Processed Data Results. 2023

Based on the test results for the Coefficient of Determination (R^2) of the second equation, an *adjusted R² value* of 0.356 is obtained. This shows that the changes that occur in *tax avoidance* which can be explained by

leverage, *sales growth*, company size, the interaction between *leverage* and company size, as well as the interaction between *sales growth* and company size is 35.6 percent, while the remaining 64.4 percent is explained by other factors not tested in this study.

4.3.4 T test results

Table 15
T test Equation 1

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Description
	B	std. Error	Beta			
1 (Constant)	0.312	0.073		4,286	0.000	
Lev	0.021	0.171	0.016	0.123	0.903	H1 rejected
SG	-0.235	0.070	-0.453	-3,364	0.002	H2 accepted

Source: Results of Data Processing, 2023

LEV or *leverage variable* has a t significance value of 0.903 greater than 0.05 with a regression coefficient of 0.021. It can be concluded that *leverage* has no effect on *tax avoidance*, so H₁ rejected.

The variable SG or *sales growth* has a significant t value of 0.002, which is less than 0.05. It can be concluded that *Sales Growth* has an effect on *tax avoidance*, H₂ accepted.

Table 16
T test Equation 2

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Description
	B	std. Error	Beta			
1 (Constant)	-4.255	1,763		-2,413	0.020	
Lev	8,990	4,142	7,095	2,170	0.036	
SG	4,164	1,359	8.019	3,064	0.004	
UP	0.357	0.137	0.881	2,603	0.013	
LEVxUP	-0.703	0.324	-7,018	-2.168	0.036	H ₃ accepted
SGxUP	-0.351	0.108	-8,529	-3,256	0.002	H ₄ accepted

Source: Results of Data Processing, 2023

The interaction variable between *leverage* and firm size (LEVxUP) has a significant t value of 0.036, less than 0.05. It can be concluded that H₃ which states Firm Size moderates the effect of *Leverage* on *tax avoidance* received.

The interaction variable between *sales growth* and company size (SGxUP) has a significant t value of 0.002, less than 0.05. It can be concluded that H₄ which states company size moderates the effect of *sales growth* on *tax avoidance* received.

4.4 Discussion

1) Effect of Leverage on Tax Avoidance

Leverage variable has a significance value of t of 0.903 greater than 0.05. It can be concluded that H₁ which states *Leverage* has an effect on *tax avoidance* is rejected. A significance value of t that is greater than 0.05 indicates that *leverage* has no effect on *tax avoidance*, so H₁ is rejected.

The size of the company's *leverage level* has no effect on *tax avoidance*, the company does not use debt as a tool to minimize its tax burden, but the company uses debt to finance the company's operations.

This research is supported by Christili Tanjung and Nazmel Nazir (2020) and Primasari (2019) which state that *leverage* has no effect on *tax avoidance*. According to Christili Tanjung and Nazmel Nazir (2020) a high level of *leverage* will have an impact on the company's reputation so that it makes the company more conservative in its operational financial reports, high debt also has a risk of default making the company more careful.

2) Effect of Sales Growth on Tax Avoidance

Sales growth variable has a significant t value of 0.002, which is less than 0.05. It can be concluded that H₂ which states *Sales Growth* has an effect on *tax avoidance* accepted.

Sales growth has a negative effect on *tax avoidance*, the higher the company's *sales growth* will make *tax avoidance actions* drop. This is because companies with high levels of *sales growth* automatically earn

relatively large profits so they have a tendency to comply with tax payments. Companies with high profits are able to make good tax planning so that *tax avoidance* is low.

This research is supported by Hidayat (2018) and Puspita (2018) who state that *sales growth* has a negative effect on *tax avoidance*. According to Puspita (2018) high *sales growth* has the possibility of obtaining high profits as well, so that the possibility of companies taking *tax avoidance actions* is lower due to good tax planning.

3) Company Size Moderates the Effect of Leverage on Tax Avoidance

The interaction variable between *leverage* and company size has a significance value of t of 0.036 which is less than 0.05 with a regression coefficient of -0.703. It can be concluded that H_3 which states Firm Size moderates the effect of *Leverage* on *tax avoidance* accepted.

Company size can weaken the effect of *leverage* on *tax avoidance*. The high or low level of *leverage* illustrates the use of debt sources for company funding, resulting in interest expenses that can affect the company's profit. The size of the company size is related to the amount of debt owned by the company, the larger the size of a company will make the company wiser in managing debt and prefer to use its operational resources for funding.

This research is supported by Saputra et al, (2020) which states that company size is related to the size of the amount of debt owned by the company, the bigger the company, the more it will affect the company's financing.

4) Company Size Moderates the Effect of Sales Growth on Tax Avoidance

The interaction variable between *sales growth* and company size has a significance value of t of 0.002 which is less than 0.05 with a regression coefficient of -0.351. It can be concluded that H_4 which states company size moderates the effect of *sales growth* on *tax avoidance* accepted.

Company size can weaken the effect of *sales growth* on *tax avoidance*. Companies with high levels of *sales growth* are likely to obtain high profits, large profits will affect the ability to pay taxes because companies can make careful tax planning. Size of the company will affect *the sales growth* of a company, so that company size is able to moderate the effect of *sales growth* on *tax avoidance*.

This research is supported by Anggraeni and Oktaviani (2021) who state that company size moderates the effect of *sales growth* on *tax avoidance*, large-scale companies have a tendency to report actual company conditions and comply with tax regulations.

5. Conclusion

This study aims to empirically examine the effect of leverage and sales growth on tax avoidance with company size as a moderating variable on mining companies listed on the Indonesia Stock Exchange in 2019-2021. Based on the results of the research that has been done, it can be concluded as follows:

Leverage variable has a significance value of t of $0.903 > 0.05$ with a regression coefficient of 0.021, meaning that leverage has no effect on tax avoidance. It can be concluded that H_1 is rejected.

Sales growth variable has a t significance value of $0.002 < 0.05$ with a regression coefficient of -0.235, meaning that Sales Growth has an effect on tax avoidance. It can be concluded that H_2 is accepted.

The interaction variable between leverage and firm size has a significance value of t of $0.036 < 0.05$ with a regression coefficient of -0.703, meaning that firm size moderates the influence of leverage on tax avoidance. It can be concluded that H_3 is accepted.

The interaction variable between sales growth and company size has a significance value of t of $0.002 < 0.05$ with a regression coefficient of -0.351, meaning that company size moderates the effect of sales growth on tax avoidance. It can be concluded that H_4 is accepted.

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