

Effect of Company Size, Profitability, and Leverage on Tax Avoidance

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Abstract

The aim of this research to obtain empirical evidence about the size of firm profitability and leverage, to tax avoidance food and beverage sub-sector plastic and packaging listed in Indonesia Stock Exchange in 2016-2017. Determination of the sample was done by using purposive sampling with the number of samples of 13 companies over a period of 2 years of consecutive observations so that the total sample of 26. This research data using SPSS version 20 with descriptive statistical test, classical assumption test, multiple linear regression analysis, hypothesis test. The results of the research that has been processed shows that the significant value of leverage that is proxied using DER is 0.275, the significant value of profitability proxied using ROA is 0.001, and the significant value of firm size proxied using LN is 0,000. The results of research show that leverage does not have a significant effect on tax avoidance, while profitability and firm size have an effect on the aggressiveness of tax.

I. INTRODUCTION

There is no place in this world that is free from taxes unless we live in a remote area and have no contact with the outside world at all. Taxes are mandatory contributions to countries owed by individuals or entities as taxpayers who do not get reciprocity directly, are coercive, and are carried out under the law. The government uses taxes to carry out national development to achieve general welfare in various sectors of life (Darmawan & Sukartha, 2014).

Taxes have always increase developments that have to manage properly. For companies, taxes are costs or expenses that will reduce net income. If the company gets a high profit, the income tax paid to the treasury fund is also high. Therefore the government is paying so much attention to this tax sector. In Indonesia, efforts to optimize tax sector revenue are made through intensification and extensification of tax revenue (Poernomo, 2018). However, efforts to optimize revenue from this sector are not without obstacles. One obstacle in optimizing tax revenue is tax avoidance, even some companies avoid tax. (Budiman & Setiyono, 2012). In general, entrepreneurs always maximize profits. One way to maximize profits is to avoid paying taxes. Tax avoidance is a way to take advantage of legal loopholes so that employers do not pay taxes or pay taxes but are very small. (Suparman, 2017) In connection with this tax avoidance in Indonesia, the Directorate General of Taxes of the Ministry of Finance stated that as many as 2,000 multinational companies operating in Indonesia did not pay Corporate Tax Income (PPH) Article 25 and Article 29 for reasons of loss. The company uses three main modes so that it can bias from paying tax obligations in Indonesia. This tax avoidance practice is carried out with the transfer pricing mode or transferring taxable profits or profits from Indonesia to other countries. (Ariyanti, 2016)

II. RELATED WORKS/LITERATURE REVIEW (OPTIONAL)

Tax

The definition of tax according to law number 16 of 2009 concerning the fourth amendment to law number 6 of 1983 concerning general provisions and taxation procedures in article 1 paragraph 1 reads tax is a mandatory contribution to the state-owned by an individual or compelling entity based on the law, by not getting a direct reward and used for the needs of the state for the maximum prosperity of the people (Mardiasmo, 2018).

Company Size (Size)

Company size classifies a company into big or small categories according to various ways such as total assets or total assets of the company, market value of shares, the average level of sales and the number of sales. Company size is generally divided into 3 categories, namely large firm, medium-firm, and small firm. The maturity stage of a company is determined based on total assets, the greater the total assets show that the company has good prospects in a relatively long period.

$$\text{Company size} = \frac{\text{Logarithm}}{\text{Natura Total Assets}}$$

Profitability (ROA)

According to (Hery, 2015) profitability ratios are ratios used to measure a company's ability to generate profits from its normal business activities. The company is an organization that operates intending to make a profit, by selling products and services to its customers.

$$ROA = \frac{\text{Net profit}}{\text{Total Assets}}$$

Leverage (DER)

In carrying out company activities, of course, the company requires the availability of sufficient funds. This fund is not only needed to finance the course of the company's operational activities but also to finance the company's investment activities, such as the cost of replacing or buying additional new equipment and production machinery, opening new branch offices, expanding business and so on (Hery, 2015)

$$DER = \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

Tax Avoidance

Tax avoidance is related to companies that want to maximize corporate profits. Tax is an element of profit reduction that is detrimental to every company, but on the other hand, tax is a big contribution to the country Tax avoidance (tax avoidance) is an effort to minimize the tax burden that is done legally and safely for taxpayers because it is done in ways that do not violate and do not conflict with taxation provisions, where the methods and techniques used tend to exploit gaps or weaknesses. (Titisari & Mahanani , 2017)

$$CETR = \frac{\text{Payment of taxes}}{\text{Profit before tax}}$$

III. METHODS

This research uses qualitative and quantitative data. While the data source used is secondary data obtained from the annual financial statements of non-financial companies listed on the Stock Exchange from 2016 to 2017.

The research sample is manufacturing companies listed on the Indonesia Stock Exchange because manufacturing companies in Indonesia are a type of business that consists of various sectors including the basic industrial sector and chemicals, especially in the plastic and packaging subsectors. Based on some predetermined criteria, then obtained a sample of 13 companies from 14. The sample criteria used are:

1. Plastic and Packaging Subsector Companies listed on the Indonesia Stock Exchange (IDX) in 2016-2017.
2. Present complete financial reports and be published on the Indonesia Stock Exchange (IDX).
3. Companies that did not experience losses in the study period
4. Companies that do not experience outlier data

Operational Variable

Table 1. Operational Variabel

No	Variabel	Indikator	Skala	Sumber
1	Company size (X ₁)	$\text{Company size} = \frac{\text{Logarithm}}{\text{Natura Total Assets}}$	Ratio	Financial statements
2	Profitability (X ₂)	$ROA = \frac{\text{Net profit}}{\text{Total Assets}}$	Ratio	Financial statements
3	Leverage (X ₃)	$DER = \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$	Ratio	Financial statements
4	Tax avoidance (Y)	$CETR = \frac{\text{Payment of taxes}}{\text{Profit before tax}}$	Ratio	Financial statements

Data Analysis Techniques

1. Statistic Descriptive

Data seen from mean (standard), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (skewed distribution) (Ghozali, 2016)

2. Classical Assumption Test

It aims to test and determine the feasibility of the regression model used in this study. The classic assumption test used consists of the normality test, the multicollinearity test, the auto operation test and the heteroscedasticity test.

a. Normality test

The Kolmogorov-Smirnov test is performed by comparing the Asymp values. Sig. (2-tailed) with a predetermined level of significance ($\alpha = 0.05$). Data is normally distributed if it has an Asymp value. sig. (2-tailed) greater than 5%. Conversely, if the Asymp value. Sig. (2-tailed) is smaller than 5% or 0.05, so the data is not normally distributed.

b. Multicollinearity Test

The cutoff value commonly used to indicate multicollinearity is a Tolerance value of less than 0.10 or equal to a VIF (Variance Inflation Factor) value of more than 10. This means that if a Tolerance value is more than 0.10 or equal to a VIF value (Variance Inflation Factor) less than 10, there is no multicollinearity in the regression model. The basis of the decision is as follows:

- 1) If the tolerance value is less than 0.10 and the VIF value is more than 10, then a multicollinearity problem occurs.
- 2) If the tolerance value is more than 0.10 and the VIF value is less than 10, then there is no multicollinearity problem.

Table 2. Value Classification d

Hypothesis	Decision	
There is no positive autocorrelation	Rejected	$0 < d < dl$
There is no positive autocorrelation	No decision	$dl < d < du$
There is no negative autocorrelation	Rejected	$4 - dl < d < 4$
There is no negative autocorrelation	No decision	$4 - du \leq d \leq 4 - dl$
There is no positif or negative autocorrelation	Not Rejected	$du < d < 4 - du$

c. Heteroscedasticity Test

Testing the presence of heteroscedasticity in this study is by looking at scatter plots, regression models that do not occur heteroscedasticity seen from the following requirements:

- 1) If certain patterns such as the points form a regular pattern (wavy, widened and then narrowed), then it indicates that heteroscedasticity has occurred.
- 2) If there is no clear pattern and the points spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

3. Multiple Linear Regression Analysis

The multiple linear regression equation models in this study can be formulated as follows:

$$CETR = \alpha + \beta_1 DER + \beta_2 ROA + \beta_3 SIZE + \epsilon$$

Information:

- CETR : Cash Effective Tax Rate
 α : Constanta
 β_{1-3} : The regression coefficient for each variable x
 SIZE : Company Size
 ROA : Profitability
 DER : *Leverage*
 ϵ : Error

4. Hypothesis Testing

a. Hypothesis Test (Partial Test T)

The way to do the t test is as follows:

- 1) If $t_{count} > t_{tabel}$, then H_0 is rejected and H_a is accepted. It means the independent variable partially significantly influences the dependent variable.
- 2) If $t_{count} < t_{tabel}$, then H_0 is accepted and H_a is rejected. It means the independent variable not significantly influence the dependent variable.

or

- 1) If the significant value $< \alpha = 5\%$, then H_0 is rejected and H_a is accepted. It means the independent variable partially has a significant effect on the dependent variable.
- 2) If the significant value $> \alpha = 5\%$, then H_0 is accepted and H_a is rejected. It means the independent variable partially does not significantly influence the dependent

To calculate the t-test using the table using the formula $Df = n - k - 1$.

Information:

n = the number of samples used in the study

k = the number of X variables used

b. Hypothesis Test (Simultaneous Test F)

To test the hypothesis with the F statistical test using the following criteria:

- 1) If $f_{count} > f_{tabel}$, then H_0 is rejected and H_a is accepted. It means that the independent variables together have a significant effect on the dependent variable.
- 2) If the $f_{count} < f_{tabel}$, then H_0 is accepted and H_a is rejected. It means that the independent variables together do not significantly influence the dependent variable.

or

- 1) If the significant value $< \alpha = 5\%$, then H_0 is rejected and H_a is accepted. It means the independent variables have a significant effect on the dependent variable.
- 2) If the significant value $> \alpha = 5\%$, then H_0 is accepted and H_a is rejected. It means the independent variables have no significant effect on the dependent variable.

How to calculate the f test using the f tabel using a formula:

$$Df (N_1) = k - 1$$

$$Df (N_2) = n - k$$

Keterangan:

n = the number of samples used in the study

k = the number of X variables used

c. Test coefficient of determination (R^2)

Guidelines for providing coefficient interpretation values are as follows:

Table 3. coefficient interpretation

No	coefficient interpretation	the level of closeness
1.	0,00 - 0,20	Very Weak
2.	0,21 - 0,40	Weak
3.	0,41 - 0,70	Strong
4.	0,71 - 0,90	Very Strong
5.	0,91 - 0,99	Very Strong
6.	1	Perfect

Source: Toifah, 2018

IV. RESULTS

Variable Operations

Based on the sample selection process, it can conclude as follows:

1. Plastic and Packaging Subsector Companies listed on the Indonesia Stock Exchange (IDX) in 2016 to 2017 were 14 companies.
2. Companies not listed on the Indonesia Stock Exchange (IDX) during the study period, namely PT. Alam Karya Unggul Tbk (AKKU).
3. There were no companies that suffered losses in the study period
4. No Companies that do not present complete financial statements

Table 4. List of Company Samples

No	Code	Company
1	AKKU	Alam Karya Unggul Tbk.
2	AKPI	Argha Karya Prima Industry Tbk.
3	APLI	Asiaplast Industries Tbk.
4	BRNA	Berlina Tbk.
5	FPNI	Lotte Chemical Titan Tbk.
6	IGAR	Champion Pasific Indonesia Tbk.
7	IMPC	Impack Pratama Industri Tbk
8	IPOL	Indopoly Swakarsa Industry Tbk.
9	PBID	Panca Budi Idaman Tbk.
10	SIAP	Sekawan Intipratama Tbk.
11	SIMA	Siwani Makmur Tbk
12	TALF	Tunas Alvin Tbk.
13	TRST	Trias Sentosa Tbk.
14	YPAS	Yana Prima Hasta Persada Tbk.

Source: (idx.co.id, 2019)

Tax Avoidance

Table 5. Cash Effective Tax Rate (CETR) calculation results

No	Emiten	Year	
		2016	2017
1	AKPI	0,3102	0,5809
2	APLI	0,2474	0,2971
3	BRNA	0,3809	0,2048
4	FPNI	0,5058	0,2085
5	IGAR	0,2764	0,2442
6	IMPC	0,2365	0,1806
7	IPOL	0,3708	0,2923
8	PBID	0,2747	0,2375
9	SIAP	0,0105	0,0835
10	SIMA	0	1.5629
11	TALF	0,2658	0,3282
12	TRST	0,4570	2,0526
13	YPAS	0,0246	0,0267

Source: Secondary data has been processed

Based on data from the calculation of the cash effective tax rate (CETR) in table 5 above it can be seen that:

1. In 2016

The highest cash effective tax rate (CETR) value of 0.4570 (45.70%) is owned by PT. Trias Sentosa Tbk (TRST) with the following calculation:

$$CETR = \frac{\text{Payment of taxes}}{\text{Profit before tax}} = \frac{10,599,899,807}{23,914,967,133} = 0,4570$$

The lowest cash effective tax rate (CETR) value of 0.0105 (1.05%) is owned by PT. Sekawan Intipratama Tbk (SIAP) with the following calculations:

$$CETR \frac{\text{Payment of taxes}}{\text{Profit before tax}} = \frac{262,904,459}{24,982,843,236} = 0,0105$$

2. In 2017

The highest CETR value of 2.0526 (205.26%) is owned by PT. Trias Sentosa Tbk (TRST) with the following calculation:

$$CETR \frac{\text{Payment of taxes}}{\text{Profit before tax}} = \frac{25,686,000,465}{12,513,681,277} = 2,0526$$

The lowest CETR value is 0.0267 (2.67%) owned by PT. Yana Prima Hasta Persada Tbk (YPAS) with the following calculation:

$$CETR \frac{\text{Payment of taxes}}{\text{Profit before tax}} = \frac{397,202,887}{14,897,231,307} = 0,0267$$

Based on the explanation above, it can be concluded that the company that has the highest cash effective tax rate (CETR) is PT. Trias Sentosa Tbk (TRST) of 2.0526 (205.26%). The higher the cash effective tax rate (CETR) value, it will show the lower the practice of tax avoidance. It indicates that the company is good. While the company that has the lowest cash effective tax rate (CETR) is PT. Sekawan Intipratama Tbk (SIAP) of 0.0105 (1.05%). It means that the level of tax avoidance practices carried out by PT. Sekawan Intipratama Tbk (SIAP) is very high.

Company Size

Table 6. Company Size Calculation Results (Size)

No	Emiten	Year	
		2016	2017
1	AKPI	21,6849	21,7332
2	APLI	26,6699	26,7115
3	BRNA	21,4598	21,3987
4	FPNI	12,2293	12,1645
5	IGAR	26,8088	26,9636
6	IMPC	28,4535	28,4616
7	IPOL	19,4606	19,4778
8	PBID	21,0258	21,3241
9	SIAP	26,1557	26,1492
10	SIMA	24,4199	25,1800
11	TALF	27,5051	27,5490
12	TRST	28,8221	28,8349
13	YPAS	26,3590	26,4388

Source: Secondary data has been processed

Based on data from the calculation of company size (size) in table 6 above, it can be seen that:

1. In 2016

The highest company size (size) 28.8221 (2882.21%) is owned by PT. Trias Sentosa Tbk (TRST) with the following calculation:

$$Size = Ln (Total Aset) = Ln (3,290,596,224,286) = 28,8221$$

The lowest firm size (size) is 12.22293 (1222.93%) owned by PT. Lotte Chemical Titan Tbk (FPNI) with the following calculations:

$$Size = Ln (Total Aset) = Ln (204,709) = 12,2293$$

2. In 2017

The highest company size (size) 28.8349 (2883.49%) is owned by PT. Trias Sentosa Tbk (TRST) with the following calculation:

$$Size = Ln (Total Aset) = Ln (3,332,905,936,010) = 28,8349$$

The lowest firm size (size) is 12.1645 (1215.45%) owned by PT. Lotte Chemical Titan Tbk (FPNI) with the following calculations:

$$Size = Ln (Total Aset) = Ln (191,957) = 12,1645$$

Based on the explanation above, it concludes that the company that has the highest value of company size is PT. Trias Sentosa Tbk (TRST) for 2 consecutive years amounted to 28.8349 (2883.49%). It indicates that the company tends to be more capable and stable to generate profits. While the company that has the lowest value of company size is PT. Lotte Chemical Titan Tbk (FPNI) of 12.1645 (1216.45%). It means that the level of tax avoidance practices carried out by PT. Lotte Chemical Titan Tbk (FPNI) is low because the company has a small total asset

ROA

Tabel 7. Return on Asset (ROA) Calculation Results

No	Emiten	Tahun	
		2016	2017
1	AKPI	0,0200	0,0049
2	APLI	0,0657	0,0310
3	BRNA	0,0061	0,0907
4	FPNI	0,0106	0,0091
5	IGAR	0,1577	0,1411
6	IMPC	0,0553	0,0398
7	IPOL	0,0230	0,0086
8	PBID	0,1023	0,1266
9	SIAP	0,1104	0,0466
10	SIMA	0,0159	0,0019
11	TALF	0,0342	0,0233
12	TRST	0,0103	0,0115
13	YPAS	0,0390	0,0478

Source: Secondary data has been processed

Based on the results of the calculation of return on assets (ROA) in table 7 above, it can be seen that:

1. In 2016

The highest return on asset (ROA) value as 0.1577 (15.77%) is owned by PT. Pacific Pasion Indonesia Tbk (IGAR) with the following calculation:

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}} \times 100\% = \frac{69,305,629,795}{439,465,673,296} \times 100\% = 15,77$$

The lowest return on asset (ROA) value is 0.0061 (0.61%) owned by PT. Berlina Tbk (BRNA) with the following calculations: $ROA = \frac{\text{Net Income}}{\text{Total Asset}} \times 100\% = \frac{12,664,977}{2,088,696,909} \times 100\% = 0,61$

2. In 2017

The highest Return on assets (ROA) values as 0.1411 (14.11%) are owned by PT. Pacific Pasion Indonesia Tbk (IGAR) with the following calculation:

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}} \times 100\% = \frac{72,376,683,136}{513,022,591,574} \times 100\% = 14,11$$

The lowest return on asset (ROA) value is 0.0019 (0.19%) owned by PT. Siwani Makmur Tbk (SIMA) with the following calculation:

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}} \times 100\% = \frac{161,969,306}{86,202,590,406} \times 100\% = 0,19$$

Based on the results above, it concludes that the company that has the highest return on asset (ROA) value is PT. Champion Pacific Indonesia Tbk (IGAR) of 0.1577 (15.77%). The higher the value of profitability, the higher the profit generated and the greater the amount of tax that must be paid. While the company that has the lowest return on asset (ROA) value is PT. Siwani Makmur Tbk (SIMA) of 0.0019 (0.19%). It means that the level of tax avoidance practices carried out by PT Siwani Makmur Tbk (SIMA) is low due to a decreased level of return on assets (ROA).

Leverage (DER)

Table 8. Debt to Equity Ratio (DER) Calculation Result

No	Emiten	Tahun	
		2016	2017
1	AKPI	1,3356	1,4368
2	APLI	0,4393	0,7550
3	BRNA	1,0311	1,3034
4	FPNI	1,0901	1,0006
5	IGAR	0,2764	0,2442
6	IMPC	0,1758	0,1608
7	IPOL	0,8139	0,8050
8	PBID	0,7099	0,3817
9	SIAP	20,8326	225,0448
10	SIMA	0,4198	2,0351
11	TALF	0,1726	0,2024
12	TRST	0,7029	0,6871
13	YPAS	0,9736	1,3884

Source: Secondary data has been processed

Based on data from the calculation of debt to equity ratio (DER) in table 8 above, it can be seen that:

1. In 2016

The highest debt to equity ratio (DER) of 20.8326 (2083.26%) is owned by PT. Sekawan Intipratama Tbk (SIAP) with the following calculations:

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} = \frac{238,682,416,098}{11,457,153,286} = 20,8326$$

The lowest debt to equity ratio (DER) value is 0.1726 (17.26%) owned by PT. Tunas Alvin Tbk (TALF) with the following calculation:

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} = \frac{129,777,537,129}{751,895,484,830} = 0,2878$$

2. In 2017

The highest debt to equity ratio (DER) of 225.0448 (22504.48%) is owned by PT. Sekawan Intipratama Tbk. (READY) with the following calculation:

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} = \frac{229,729,846,283}{1,020,818,067} = 225,0448$$

The lowest debt to equity ratio (DER) value is 0.2024 (20.24%) owned by PT. Tunas Alvin Tbk (TALF) with the following calculation:

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} = \frac{155,076,156,734}{766,164,831,783} = 0,2024$$

Based on the above explanation, it concludes that the company that has the highest debt to equity ratio (DER) is PT. Sekawan Intipratama Tbk (SIAP) of 225.0448 (22504.48%). This indicates that the level of corporate capital funding through debt is very high. While the company that has the lowest debt to equity ratio (DER) is PT. Tunas Alvin Tbk (TALF) with a value of 0.2024 (20.24%). It means that the level of corporate capital funding financed by debt is low.

Descriptive statistics

Table 9. Descriptive Statistics Test Results

	N	Range		Minimum	Maximum	Mean		Std. Deviation	Variance	Skewness		Kurtosis	
		Statistic	Statistic			Statistic	Statistic			Statistic	Std. Error	Statistic	Std. Error
SIZE	26	16.67	12.16	28.83	23.9781	.89802	4.57903	20.967	1.318	.456	1.491	.887	
ROA	26	.16	.00	.16	.0477	.00910	.04642	.002	1.126	.456	.205	.887	
DER	26	224.88	.16	225.04	10.2123	8.62790	43.99385	1935.459	5.036	.456	25.530	.887	
CETR	26	2.05	.00	2.05	.3715	.08857	.45163	.204	2.909	.456	8.843	.887	
Valid N (listwise)	26												

Source: SPSS Version 20.0 Processed Output

In table 9 above shows descriptive statistics that column N shows the amount of valid data and used in this study as many as 26 data samples, according to the number of observations contained in this study. Based on these results it can be concluded as follows:

1. The dependent variable is tax avoidance which is proxied by a cash effective tax rate (CETR) showing an average value of 0.3715 with a standard deviation of 0.0885. Tax avoidance with the lowest value of 0.0105 and the highest of 2.0526. It indicates that the distribution of data for tax avoidance is good. That can be seen from the smaller standard deviation values compared to the average. The lower the cash effective tax rate (CETR), the higher the level of tax avoidance, seen from the results of the cash effective tax rate (CETR) showing a high value so that it indicates that tax avoidance conducted by the sample companies studied low or in other words, the management tends not to avoid tax avoidance (tax avoidance).
2. The independent variable (X1), which is company size, shows an average value of 23.9785 with a standard deviation of 4.57903. The lowest company size value is 12.1645 and the highest is 28.8349. It indicates that the data distribution for company size is well, seen from the smaller standard deviation values compared by the average. It indicates that the average company sample that was the object of this study had a large total asset.
3. The independent variable (X2), which is profitability that proxied by return on assets (ROA) shows an average value of 0.0474 with a standard deviation of 0.0464. The lowest Profitability value of 0.0019 and the highest of 0.1577. It means the distribution of data for profitability is good. This can be seen from the smaller standard deviation values compared to the average. It indicates that most of the companies sample studied can generate profitability from the total assets they have are very good.
4. The independent variable (X3), the leverage which is proxied by the debt to equity ratio (DER), shows an average value of 10.2129 with a standard deviation of 43.99385. The lowest Leverage value is 0.1726 and the highest is 225.0448. It indicates the data distribution for leverage is not good. This can see from the standard deviation value that is greater than the average. It indicates that the level of corporate capital funding is funded by debt. It concludes most of the companies which are the objects in this study have substantial capital compared to the debt they have.

Classic assumption test

1. Multicollinearity Test

Table 10. Multicollinearity Test Results

Model	Coefficients ^a							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error				Beta	Tolerance	VIF
1	(Constant)	.117	.471		.248	.807		
	SIZE	.018	.020	.183	.916	.370	.953	1.049
	ROA	-3.537	2.011	-.364	-1.759	.092	.893	1.120
	DER	-.001	.002	-.093	-.456	.653	.925	1.081

Dependent Variable: CETR

Source: SPSS Version 20.0 Processed Output

Based on table 10, the company size has a tolerance value of 0.953 and a VIF of 1.049. The profitability (ROA) has a tolerance value of 0.893 and a VIF of 1.120. The leverage (DER) has a tolerance value of 0.925 and a VIF of 1.081. It means that all independent variables have a VIF value of less than 10 and a tolerance value greater than 0.10. It concludes there is no multicollinearity between independent variables in the regression model so the regression equation is feasible to use for further analysis.

2. Autocorrelation Test

Table 11. Autocorrelation Test Results with Watson's Durbin Value

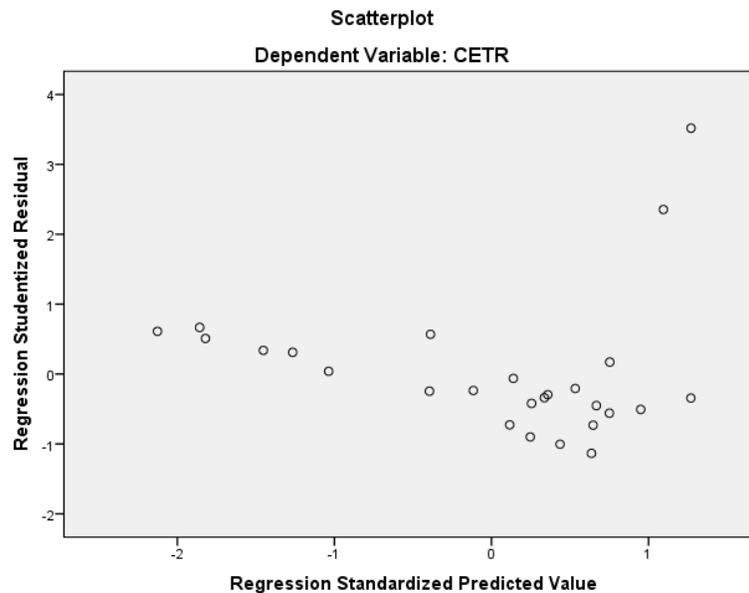
d_u	D	$4-d_u$	Conclusion
1,1432	2,222	2,85	No autocorrelation occurred

Source: SPSS Version 20.0 Processed Output

Based on table 11 it is known that the Durbin Watson value in this regression model is 2.222 with $n = 26$, $k = 3$ obtained values $d_u = 1.1432$ so that $4-d_u = 2.85$. The value of d meets the criteria $d_u < d < 4-d_u$, which is $1.1432 < 2.222 < 2.85$. It concludes that the regression model of this study is free from autocorrelation and can be accepted.

3. Heteroscedasticity Test

Figure 1. Heterocedasticity Test



Source: SPSS Version 20.0 Processed Output

Based on Figure 1, it can see that the points spread randomly and spread well above or below the number 0 on the Y-axis. It concludes there is no heteroscedasticity in the regression model so that the regression model is feasible to be used to predict cash effective tax rate (CETR) is based on input from the independent variables of company size (size), profitability (ROA), and leverage (DER).

4. Normality Test

Table 12. Normality Test Result
One-Sample Kolmogorov-Smirnov Test

		Unstandardize d Residual
N		26
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.41372585
	Absolute	.200
Most Extreme Differences	Positive	.200
	Negative	-.120
Kolmogorov-Smirnov Z		1.019
Asymp. Sig. (2-tailed)		.250

a. Test distribution is Normal.

a) Calculated from data.

Source: SPSS Version 20.0 Processed Output

Based on the results of the normality test using Kolmogorov-Smirnov in table 12, it is known that the Symp. sig. (2-Tailed) is 0,250 it means greater 0.05. It means the data use normally distribute. Thus, the data obtained from the Companies sample is feasible to use in this study

5. Multiple Linear Regression Analysis

Table 13. Results of Multiple Linear Regression Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.117	.471		.248	.807
	SIZE	.018	.020	.183	.916	.370
	ROA	-3.537	2.011	-.364	-1.759	.092
	DER	-.001	.002	-.093	-.456	.653

a. Dependent Variable: CETR

Source: SPSS Version 20.0 Processed Output

From table 13 above can be formed multiple linear regression equations for this study:

$$CETR = 0.117 + 0.018SIZE - 3.537 ROA - 0.001DER + \epsilon$$

The regression equation above is interpreted as follows:

- Constant (α)
The coefficient value for a constant of 0.117 indicates that if the variable company size, profitability, and leverage are 0, the value of the tax avoidance variable is 0.117.
- The company size of tax avoidance
The Size coefficient value of -0,018. This can interpret that the Size has increased one-unit, then the tax avoidance will decrease by -0.018, while the remaining 0.982 is influenced by other variables, which are audit committee, debt to assets ratio, ownership characteristics, company age.
- Profitability (ROA) of tax avoidance.
The ROA coefficient value of -3.537. This can interpret that tax avoidance has increased one-unit, then the tax avoidance will increase by -3,537, while the rest of -2,537 is influenced by other variables which are audit committee, debt to assets ratio, ownership characteristics, company age.
- Leverage (DER) to tax avoidance.
The DER coefficient value of 0.001. This can interpret that (DER) has increased by one unit, then (tax avoidance) will increase of 0.001, while the rest by 0.999 is influenced by other variables which are audit committee, debt to assets ratio, ownership characteristics, company age.

6. Hypothesis Testing

a. Hypothesis Test Results (Partial Test T)

Table 14. Partial Test Results T
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.117	.471		.248	.807
	SIZE	.018	.020	.183	.916	.370
	ROA	-3.537	2.011	-.364	-1.759	.092
	DER	-.001	.002	-.093	-.456	.653

a. Dependent Variable: CETR

Source: SPSS Version 20.0 Processed Output

Based on table 14 above, it can interpret as follows:

1) Company size effect to Tax avoidance.

Based on the table above it is known that the t count value of 0.916 and the significance of 0.370. Also known as the t table value with $df = 26$ of 2.478. It means that the t count is greater than the t table ($0.916 > 2.478$) so it can conclude that company size has a significant effect on tax avoidance.

2) Profitability effect to tax avoidance.

Based on the table above, the t count value of 1.759 is known and the significance is 0.092. Also known as the t table value with $df = 40$ of 2,021. It means that t count is greater than t table ($3,703 > 2,021$) so it can conclude that profitability has a significant effect on tax avoidance.

3) Leverage effect to tax avoidance

Based on the table above it is known that the t count value of 0.456 and the significance is 0.653. Also known as the t table value with $df = 40$ of 2,021. It means that the t-count is smaller than the table ($1,107 < 2,021$) so it can conclude that leverage does not significantly influence tax avoidance.

b. Hypothesis Test (Simultaneous Test F)

Table 15. Hypothesis Test Results (Simultaneous Test F)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.820	3	.273	1.405	.268 ^b
	Residual	4.279	22	.195		
	Total	5.099	25			

a. Dependent Variable: CETR

b. Predictors: (Constant), DER, SIZE, ROA

Source: SPSS Version 20.0 Processed Output

Based on table 15 above, it can be interpreted as follows:

The simultaneous F test results in table IV.11 show f count of 1.405, f table of 3.03 and significant value of 0.268, it shows that f count is greater than f table ($1,405 > 3.03$), then H_0 is rejected and H_a is accepted. This means that company size, profitability, and leverage together influence tax avoidance. In table 15 it can also be seen that the significant value of $0,000 < 0.05$ (5%), it can conclude that the variables X1, X2, and X3 significantly affect the tax avoidance (tax avoidance).

7. Determination Coefficient Test Results (R²)

Table 16. Determination Coefficient Test Results (R²)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin -Watson
1	.401 ^a	.161	.046	.44103	2.222

a. Predictors: (Constant), DER, SIZE, ROA

b. Dependent Variable: CETR

Source: SPSS Version 20.0 Processed Output

Based on table 16 above, the R-value of 0.401, R Square of 0.161 and the adjusted R² of 0.046. It means that the independent variable has a weak influence on the dependent. The closer to 0, it means the influence of company size, profitability, and leverage on tax avoidance is weak

V. CONCLUSION

Based on the results of the analysis and discussion described, the following conclusions can be drawn:

1. Company size that proxied by size significantly influences tax avoidance with a significant value of 0,000.
2. Profitability that is proxied by return on assets (ROA) significantly influences tax avoidance with a significant value of 0.001.
3. Leverage that is proxied by the debt to equity ratio (DER) has no significant effect on tax avoidance with a significant value of 0.275.
4. Company size, profitability, and leverage have a significant effect on tax avoidance.

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