The Relationship of Intellectual Capital Disclosure on Financial Statements of Plantation Companies on Tax Paying Compliance

1st Raya Puspita Sari Hasibuan
Accounting Department
Politeknik Negeri Medan
Medan, Indonesia
rayahasibuan@polmed.ac.id

2nd Anita Putri
Accounting Department
Politeknik Negeri Medan
Medan, Indonesia
anitaputri48@polmed.ac.id

3rd William Caesar
Accounting Department
Politeknik Negeri Medan
Medan, Indonesia
williamhrp@students.polmed.ac.id

***Abstract*—The long-term goal of implementing this research is to determine the relationship between the independent variable and the dependent variable and the existence of moderating variables that can strengthen or weaken the relationship between these variables. Where the independent variables in this study are the application of accounting conservatism, firm size, firm age, concentration of ownership and independent commissioners, while the dependent variable is tax compliance and the moderating variable is intellectual capital disclosure. The object of this research is all plantation companies whose financial statements have been audited from 2016-2020 and are listed on the Indonesia Stock Exchange. The analytical tool used in this research is SmartPLS. This research was conducted by downloading the financial statements of the plantation companies on the IDX website, namely www.idx.co.id. The number of companies that were sampled in this study were 75 plantation companies according to predetermined criteria. The result of this study is that all the independent variables contained in this study have no effect on the dependent variable, meaning that there is a discrepancy between the theory previously described and the results of this study. While the moderating variable in this study was able to strengthen the relationship between the dependent variable and the independent variable. Thus the results of this study need to be evaluated better with respect to the use of appropriate variables, suitability of the use of analytical tools, as well as the object under study.**

***Keywords*—Intellectual Capital, Tax Compliance, Plantation Companies.**

I. INTRODUCTION

The rise of globalization in the world of accounting and a business-based economy is a process of transformation, capitalization and transfer from a science to something material. For example, humans, existing assets are human bodies, while intellectual capital is the mindset of humans, so the human obligation is to pay taxes in order to contribute to the welfare of society. So that if the human body consists of a body but does not have the ability to think brilliantly, it will certainly weaken the human and of course will not be able to operate anything properly. What this means is that every human being is a resource who is given the ability to have intellectual capital which is considered an asset that should increase awareness in the process of paying taxes.

One of the problems that must be reported in the financial statements to increase the usability of the company is the disclosure of intellectual capital (Chrisdianto, 2009). Intellectual capital is used for all non-tangible or non-physical assets and resources of an organization, which includes processes, innovation capacity, patterns, and invisible knowledge of its members and collaboration networks and organizational relationships (Cut Zurnali, 2003). 2008).

Basically, the emergence of the phenomenon of intellectual capital today is caused by the rapid development of accounting science in relation to intangible assets. The mindset of accountants is also constantly evolving. Where it can be understood that an intangible asset is an asset that is not visible but its usefulness can be felt. Tangible assets have a very special nature, namely non-monetary, cannot be seen but can be felt well, even though they do not have a physical form but can be used to produce something of value, profits, increase the company's capital, and of course can be used by various parties to each other's interests.

Furthermore, there are several things that are regulated in detail in PSAK 19, including expenses that cannot be capitalized, the acquisition price of these intangible assets is determined using historical costs, besides that research and development costs are always needed which can be understood under intellectual capital This is certainly greatly influenced by the times, especially the development of accounting science. A company should always pay attention to various provisions that have been set by accounting standards when its assets are included in intangible assets. Where it can be understood that the intangible assets owned should indeed have a clear disclosure of the value owned by these assets.

Research (Ulum, Ghozali and Chariri, 2016), states that company performance has a positive effect on intellectual capital. Medium (Kuryanto, 2007), states that disclosure of intellectual capital has a negative effect on company

performance. Research (Nugroho, 2012) which examines the effect of firm size, firm age, independent commissioners, leverage, and concentration of ownership on intellectual capital disclosure. The sample of this study uses 2010 manufacturing companies. The results show that there is no effect of firm size, firm age, independent commissioners, leverage, and concentration of ownership on intellectual capital disclosure either simultaneously or partially.The reason that supports this research in relation to intellectual capital is always carried out is as a form of researcher participation in dealing with a problem that is essentially considered quite crucial, while efforts to improve taxpayer compliance are always encouraged so it is very important to carry out this research again Basically the disclosure of intellectual capital will certainly affect the value or amount of taxes that must be paid to the government. So the title of the research that will be raised by the researcher in connection with this topic is "The Relationship of Disclosure of Intellectual Capital in the Financial Statements of Plantation Companies to Compliance with Paying Taxes".

II. Formulation of The Problem

The following are some of the main problems that must be analyzed in this research, including:

- Does the application of accounting conservatism, company size, company age, ownership concentration, and independent commissioners partially affect tax compliance?
- Is the disclosure of intellectual capital able to moderate the relationship between the application of accounting conservatism, company size, company age, concentration of ownership, and independent commissioners with tax compliance?

III. Agency Theory

Agency theory provides the view that there is a contractual relationship between the agency and the principal. In this agency theory there is a view that there are certain interests owned by the principal where everything is not only measured by material, but also considers many things such as working environment conditions, comfort with coworkers, interaction with superiors and so on. The agency has full authority over the company's operational access so that it is free to act. While the principal focuses on what they will earn or get from the investment process in the company, the principal is not actively involved in the company's operations. The consequence is that the agent is positioned and required to be able to follow the will/desire of the principal, thus the occurrence of a conflict of interest will be at risk or also called the agency problem.

IV. Stakeholder Theory

Stakeholder Theory explains that the company is also responsible to the company and is also responsible to the shareholders. Stakeholders are groups or individuals who have a strategic role to achieve the company's goals or targets, in other words, these stakeholders have a major influence in the company's activities, the process to achieve the company's goals or targets is on their shoulders, therefore their presence is very important in the company and is taken into consideration if you want to disclose information in stakeholder financial statements. The importance of the existence of stakeholders will also increase the defense of the existence of the company.

V. Compliance Paying Taxes

Compliance with paying taxes is the ability of a taxpayer to show his good faith and maintain his ethics as an obedient Indonesian citizen in paying taxes. Thus, compliance with paying taxes is an attitude that deserves appreciation in order to increase the income owned by the State, where the benefits will also return to the community. There are two types of taxpayer compliance, namely formal tax compliance, this type of tax is more directing taxpayers towards formal matters, such as compliance with laws and regulations related to taxes, having a TIN, being able to report SPT on time and so on. While material tax compliance is more towards personal honesty and awareness to carry out the SPT filling process correctly and in accordance with the existing facts.

VI. Intellectual Capital

The association in the field of accounting also certainly takes over in connection with the issue of intangible assets which explains that intellectual capital is part of intangible assets. Basically intellectual capital is considered as a capital owned by a human being who will participate in the progress of a company. Said or disclosed as an intangible asset but has a fairly special value. Thus, the simple analogy is that intellectual capital will make a fairly good contribution to a company if the existence of intellectual capital can be identified and appreciated well by the company concerned.

VII. Application of Accounting Conservatism

Accounting conservatism in a company is basically contained in different levels. Several things that affect the percentage of conservatism in financial statements include the commitment of management and internal companies to disclose financial information that is transparent, measurable, accurate and not manipulated. Conservatism can be measured on an accrual basis, where when it has a negative value, the profits owned by the company can be classified as conservative, which is because the company's profits are lower when compared to cash inflows.

VIII. Company Size

Firm size or better known as company size gives meaning in relation to the size of the company's assets, both tangible assets and intangible assets. For example, a banking company that is classified in the category of giant/big company that has a large number of assets, which can be understood as a large company. Where, the company has a certain effort to make the process of finding, obtaining, developing, utilizing, maintaining resources, and revealing strategic resources will be maximized. Basically, the amount owned by firm sixze can be known through the total assets, total sales and the company's ability to market capitalization. So that the size of the company is dependent on the ownership of all its assets which can be measured by its ability to expand and maintain the company.

IX. Company Age

In essence, the age of the company is the age owned by the company, starting from the company's establishment until the research activity is carried out. Where, the age of the company can show the extent or how long the company has the ability to survive in the face of market share. The longer the company has been in existence, of course, becomes a benchmark that the company is able to stand up to survive in the long term, the more it has a solid defense and of course has the ability to develop very well. Thus, this becomes a very good parameter for an investor to invest. The identification is that a company that has been around for a longer time will certainly be more transparent in disclosing its intellectual capital even in detail because it will certainly participate in providing useful value added.

X. Ownership Concentration

Ownership is meant that the ownership of shares is controlled by a certain part or group of parties which causes the ownership to be sufficient to contribute to a company. The simple analogy is that the concentration of ownership is basically owned by interested parties, where the shares they have are properly allocated in a company, even though these shares cannot be specifically protected by a State. Because these shares are privately owned, all risks must be borne individually, including when the company in question experiences many problems.

XI. Independent Commissioner

Independent commissioners are expected to be able to act independently within a company without having to have a sense of siding with the company's management. This is because with the existence of an independent commissioner, the company can be better monitored, monitored and developed with the capabilities possessed or the authority possessed by the independent commissioner. This means that there is no partisanship that should not be done specifically to the company's internal parties which will later cause an imbalance between company interests and personal interests. Thus, independent commissioners are expected to provide perfect support for the progress of the company. The existence of an independent commissioner in a company is really needed.

XII. Hypothesis Development

From several explanations related to the previous research, the following are some research hypotheses that can be derived:

1. The application of accounting conservatism, firm size, firm age, concentration of ownership, and independent commissioners partially affect tax compliance.
2. Disclosure of intellectual capital is able to moderate the relationship between the application of accounting conservatism, firm size, firm age, concentration of ownership, and independent commissioners with tax compliance.

XIII. Research Model

The following is the research model that is described, namely through the conceptual framework of the research described using SmartPLS.

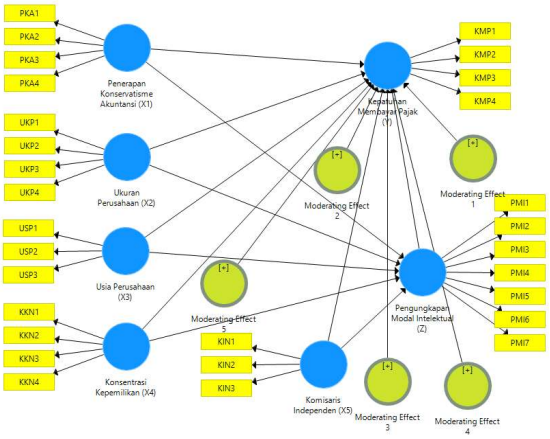

Fig. 1. Research model

XIV. Data Analysis Results

The results of data analysis from this study are as follows, where calculations and tests have been carried out in accordance with the predetermined data analysis method, including using the outer model test, inner model and also testing the moderating variable. The following presents the results of data processing that has been carried out where the conceptual framework that has been processed is as follows. Where from the conceptual framework we can see the results of the variables that do have a direct or indirect influence, and whether these variables are indeed able to moderate or strengthen the relationship between one variable and another and the following will be explained in more detail.

XV. Evaluation of Measurement (Outer) Model

A. *Validity test*

An indicator is declared valid if it has a loading factor above 0.5 for the intended construct. The SmartPLS output for the loading factor gives the following results, including:

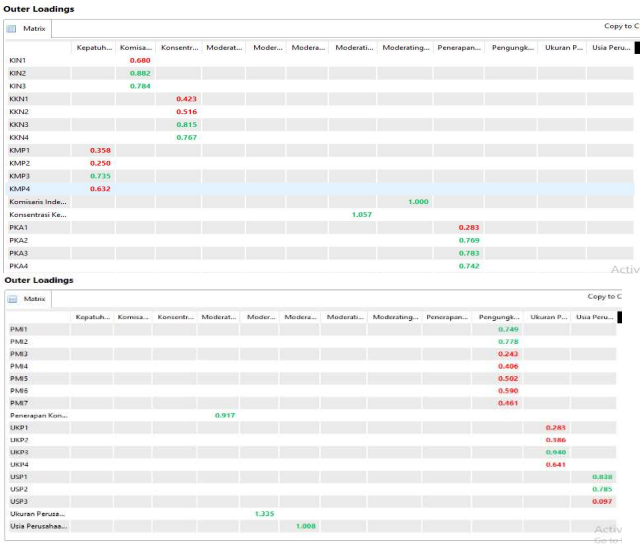

Fig. 2. The loading factor

Based on the loading factor table, it can be seen that the validity test for reflective indicators uses a correlation

between item scores and construct scores. Measurements with reflective indicators show a change in an indicator in a construct if other indicators in the same construct change or are removed from the model. Reflective indicators are suitable for measuring perception so that this study uses reflective. The table above shows that the green indicators have a loading factor value that is more than the recommended one or in other words, has a value above 0.5. However, there are also indicators that already have a loading factor value above 0.5, which is 0.6 but still feels inadequate but is assumed not to be too small. This means that in this study there are still indicators that are not feasible to use or will be re-evaluated by researchers. The highest loading factor value is found in the UKP3 company size indicator, which is 0.940. This means that this indicator has met the level of convergent validity. While some other indicators that show red are still not valid. However, the value that is owned is not too far away. Where it can be seen that the lowest loading factor value is 0.097 which is contained in the USP3 indicator.

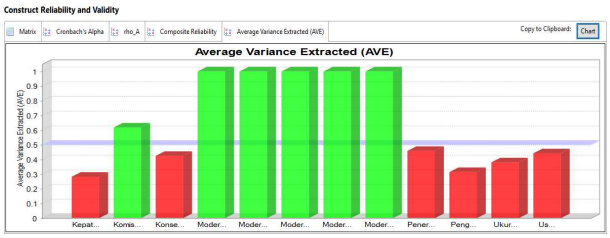

Fig. 3. The AVE value

The figure above shows the AVE values which are very diverse, starting from the AVE values that are above 0.5 to the AVE values that are below 0.5. Where it can be seen that the highest AVE value is found in the moderating variable, which is 1,000, while the lowest AVE value, which is below 0.5, which has a red color, according to the table above, has a value of 0.283, which is for the compliance construct of paying taxes. Where it means that it is necessary to re-evaluate the various indicators used for the construct.

B. Reliability Test

The reliability test is carried out by looking at the composite reliability value of the indicator block that measures the construct. The results of composite reliability will show a satisfactory value if the value is above 0.7. The following shows the composite reliability value using a graph in accordance with the results of this study.

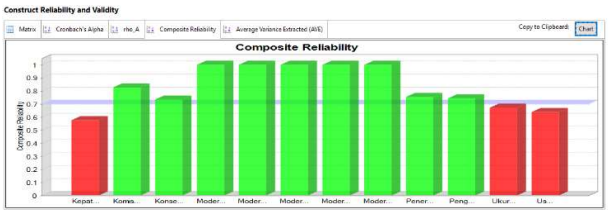

Fig. 4. The composite reliability value

The figure above shows that the composite reliability value for the majority of the constructs is above the value of 0.7 although not all of them. In some of the constructs above, there are also some whose values are below 0.7 including tax compliance, company size and company age. Thus, based on the graph that has been presented, all green constructs are constructs that do meet the criteria value, which is above 0.7. The highest construct value is 1,000 and the lowest value is below 0.7, which is approximately 0.5. The highest value is reinforced by moderating values, while the lowest value is the value of paying tax compliance constructs.

C. Structural Model Testing (Inner Model)

After the estimated model meets the Outer Model criteria, the next step is to test the structural model (Inner model). Here are the R-Square values in the construct:

R Square

	R Square	R Square Adjus...
Kepatuhan Me...	0.281	0.155
Pengungkapan...	0.271	0.218

Fig. 5. R-Square values

The figure above gives a value of 0.281 for the KMP construct, namely tax compliance, which means that all constructs in this study are able to represent that value, which is 28.1% in relation to its effect on the ability to pay taxes. Furthermore, it can be seen that the R Square Adjusted value is 0.155 or 15.5%. In addition, because this study uses a moderating construct, it can be seen that the R Square value is 0.271 or 27.1% which is the disclosure of intellectual capital (PMI) and the Adjusted R Square is 0.218 or 21.8%. In addition, there are also graphs presented in this study in relation to the R Square and R Square Adjusted values. Hypothesis testing is as follows:

	Original Sa...	Sample Me...	Standard Deviat...	T Statistics (|O...	P Values
Komisaris Independen (X5) -> Kepatuhan Membayar Pajak (Y)	0.071	0.078	0.192	0.368	0.713
Komisaris Independen (X5) -> Pengungkapan Modal Intelektual (Z)	0.326	0.314	0.171	1.905	0.057
Konsentrasi Kepemilikan (X4) -> Kepatuhan Membayar Pajak (Y)	0.117	-0.010	0.260	0.451	0.652
Konsentrasi Kepemilikan (X4) -> Pengungkapan Modal Intelektual (Z)	0.159	0.158	0.217	0.732	0.465
Moderating Effect 1 -> Kepatuhan Membayar Pajak (Y)	-0.101	-0.037	0.190	0.535	0.593
Moderating Effect 2 -> Kepatuhan Membayar Pajak (Y)	0.038	0.044	0.191	0.200	0.842
Moderating Effect 3 -> Kepatuhan Membayar Pajak (Y)	0.011	-0.013	0.205	0.053	0.958
Moderating Effect 4 -> Kepatuhan Membayar Pajak (Y)	-0.074	-0.014	0.177	0.415	0.678
Moderating Effect 5 -> Kepatuhan Membayar Pajak (Y)	-0.106	-0.042	0.196	0.542	0.588
Penerapan Konservatisme Akuntansi (X1) -> Kepatuhan Membayar Pajak (Y)	0.056	-0.004	0.224	0.250	0.803
Penerapan Konservatisme Akuntansi (X1) -> Pengungkapan Modal Intelektual (Z)	0.158	0.120	0.145	1.090	0.276
Pengungkapan Modal Intelektual (Z) -> Kepatuhan Membayar Pajak (Y)	0.261	0.197	0.226	1.157	0.248
Ukuran Perusahaan (X2) -> Kepatuhan Membayar Pajak (Y)	-0.239	-0.206	0.301	0.795	0.427
Ukuran Perusahaan (X2) -> Pengungkapan Modal Intelektual (Z)	0.038	-0.085	0.243	0.156	0.876
Usia Perusahaan (X3) -> Kepatuhan Membayar Pajak (Y)	-0.099	0.094	0.336	0.295	0.768
Usia Perusahaan (X3) -> Pengungkapan Modal Intelektual (Z)	-0.258	-0.131	0.198	1.303	0.193

Fig. 6. Hypothesis testing

The table above shows that the relationship between PKA (X1) and KMP (Y) is significant with a T-statistic of 0.250 (< 1.665). The original sample estimate value is positive, which is 0.056 which indicates that the direction of the relationship between PKA and KMP is positive. Thus the hypothesis in this study which states that the application of accounting conservatism affects tax compliance cannot be accepted.

The table above shows that the relationship between UKP (X2) and KMP (Y) is significant with a T-statistic of 0.795 (< 1.665). The original sample estimate value is negative, which is -0.239 which indicates that the direction of the relationship between UKP and KMP is negative. Thus the hypothesis in this study which states that firm size affects tax compliance cannot be accepted.

The table above shows that the relationship between USP (X3) and KMP (Y) is significant with a T-statistic of 0.295 (< 1.665). The original sample estimate value is negative, which is -0.099 which indicates that the direction of the relationship between USP and KMP is negative. Thus the hypothesis in this study which states that company age affects tax compliance cannot be accepted.

The table above shows that the relationship between KKN (X4) and KMP (Y) is significant with a T-statistic of 0.451 (< 1.665). The original sample estimate value is positive, namely 0.117 which indicates that the direction of the relationship between KKN and KMP is positive. Thus the hypothesis in this study which states that ownership concentration affects tax compliance cannot be accepted.

The table above shows that the relationship between KIN (X5) and KMP (Y) is significant with a T-statistic of 0.368 (< 1.665). The original sample estimate value is positive, which is 0.071 which indicates that the direction of the relationship between KIN and KMP is positive. Thus the hypothesis in this study which states that independent commissioners affect tax compliance cannot be accepted.

The table above shows that the relationship between PKA (X1) and PMI (Z) is significant with a T-statistic of 1.090 (< 1.665). The original sample estimate value is positive, namely 0.158 which indicates that the direction of the relationship between PKA and PMI is positive. Thus the hypothesis in this study which states that the application of accounting conservatism affects the disclosure of intellectual capital cannot be accepted.

The table above shows that the relationship between UKP (X2) and PMI (Z) is significant with a T-statistic of 0.156 (< 1.665). The original sample estimate value is positive, which is 0.038 which indicates that the direction of the relationship between UKP and PMI is positive. Thus the hypothesis in this study which states that firm size affects the disclosure of intellectual capital cannot be accepted.

The table above shows that the relationship between USP (X3) and PMI (Z) is significant with a T-statistic of 1.303 (< 1.665). The original sample estimate value is negative, which is -0.258 which indicates that the direction of the relationship between USP and PMI is negative. Thus the hypothesis in this study which states that the age of the company affects the disclosure of intellectual capital cannot be accepted.

The table above shows that the relationship between KKN (X4) and PMI (Z) is significant with a T-statistic of 0.732 (< 1.665). The original sample estimate value is positive, namely 0.159 which indicates that the direction of the relationship between KKN and PMI is positive. Thus the hypothesis in this study which states that the concentration of ownership affects the disclosure of intellectual capital cannot be accepted.

The table above shows that the relationship between KIN (X5) and PMI (Z) is significant with a T-statistic of 1.905 (< 1.665). The original sample estimate value is positive, namely 0.326 which indicates that the direction of the relationship between KIN and PMI is positive. Thus, the hypothesis in this study which states that independent commissioners affect the disclosure of intellectual capital can be accepted.

Then the table above shows that the relationship between moderating effect 1 to moderating effect 5 with KMP (Y) is significant with T-statistics of 0.535, 0.200, 0.053, 0.415, and 0.542 (< 1.665). The original sample estimate values are negative and positive, each of which is -0.101, 0.038, 0.011, -0.074 and -0.106 which indicates that the direction of the relationship between the moderating effects 1 to 5 and the KMP is negative and positive. Thus the hypothesis in this study which states that the disclosure of intellectual capital in this study is able to strengthen the relationship between all independent variables and the dependent variable can be accepted.

Based on the original sample estimate value, it is obtained that the highest value affecting tax compliance (KMP) is the disclosure of intellectual capital (PMI) which is 0.261. This shows that the disclosure of intellectual capital has an influence on tax compliance. Furthermore, from all the independent variables and moderating variables, it turns out that the moderating variable does strengthen the relationship between several independent variables and the dependent variable. Thus the disclosure of intellectual capital is the most dominant variable in influencing tax compliance. While the least dominant variable is the age of the company with the smallest original sample estimate, which is -0.099.

XVI. CONCLUSION

Based on the research that has been done, several conclusions can be obtained from this research activity including:

- All of the hypotheses in this study are basically unacceptable, this is because in this study the T-statistical value produced is overall below the t-table value, so all hypotheses are rejected However, basically this is also related to the data that is processed on it and also the number of samples used.
- The moderating variable in this study is basically able to strengthen the relationship between all independent variables and the dependent variable.
- The values of R Square and R Square Adjusted are also not very large, but the meaning is that these values are sufficient to represent the independent variables even though they are only around 20% and above.

XVII. SUGGESTION

- It is necessary to carry out further evaluation in connection with the selection of independent variables, dependent variables and so on in connection with further research and adjust to the theory used in the study.

- A deeper understanding is needed regarding the selection of indicators in the variables and constructs that will be determined in a study.
- The next research is expected to be able to give a better contribution in scientific publications in an effort to improve the quality of publications for lecturers and also improve the institution's achievements in terms of scientific publications.

REFERENCES

[1] Ulum, I. (2016). Intellectual capital performance of the banking sector in Indonesia. Journal of Accounting and Finance, 10(2), 77-84.

[2] Lestari, N., & Sapitri, R. C. (2016). The influence of intellectual capital on firm value. Journal of Accounting, Economics and Business Management, 4(1), 28-33.

[3] Nugroho, A. (2012). Factors Affecting Intellectual Capital Disclosure (ICD). Accounting Analysis Journal, 1(2).

[4] Ulum, I. (2013). Intellectual capital performance measurement model with iB-VAIC in Islamic banking. INFERENCES: Journal of Religious Social Research, 7(1), 185-206.

[5] Istanti, Sri Layla Wahyu. 2009. Factors Affecting Disclosure.

[6] Voluntary Intellectual Capital. Thesis. Semarang. Diponegoro University. Khlifi, F. And A. Bouri. 2010. Corporate Disclosure and Firm Characteristics: A Puzzling Relationship. Journal of Accounting – Business & Management 17 (1): 62-89.

[7] Jacub, J. O. S. (2012). The Influence of Intellectual Capital and Disclosure on Firm Value (Empirical Study on Pharmaceutical Companies on the IDX). Scientific Journal of Accounting Students, 1(4), 96-100.

[8] Kartika, M. (2013). The Influence of Intellectual Capital on the Profitability of Banking Companies Listed on the Indonesia Stock Exchange in 2007-2011. Business Accounting Review, 1(2), 14-25.

[9] Suhardjanto, D. Dan M. Wardhani. 2010. "Intellectual Capital Disclosure Practices of Companies Listed on the Indonesian Stock Exchange", Indonesian Journal of Accounting and Auditing 14 No.1 : 71-85.

[10] Wijaya, N. (2012). The influence of Intellectual Capital on financial performance and market value of banking companies using the Value Added Intellectual Coefficient method. Journal of Business and Accounting, 14(3), 157-180.

[11] Artinah, B., & Muslih, A. (2016). The effect of intellectual capital on capital gains (empirical study of banking companies listed on the Indonesian stock exchange). Scientific journal of business and finance, 1(1).