

The Effect of Inventory Intensity, Sales Growth, and Capital Structure on Tax Aggressiveness

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ABSTRACT

The objective of this study is to assess how inventory levels, sales growth, and capital structure influence tax rates. The sample consisted of 105 data points from 21 companies within the energy sector that were listed on the IDX between 2018 and 2022, drawn from a total population of 74 companies through intentional selection. Descriptive statistics and panel data regression analysis were utilized as the data analysis techniques, employing the Eviews 12 Student Version Lite software. Results from this research reveal that, when considered together, inventory volume, sales growth, and capital structure significantly affect tax aggressiveness. However, on an individual basis, neither inventory quantity nor sales growth significantly influences tax rates, while the capital structure does exhibit a partially significant impact on tax intensity.

Keywords: Tax Aggressiveness, Inventory Intensity, Sales Growth, Capital Structure

1. INTRODUCTION

Taxation is a major source of revenue for the Indonesian government. Taxes continue to generate most of the country's revenue. One of the challenges in optimizing tax collection is taxpayer non-compliance in paying taxes. In contrast, companies that are compliant as taxpayers view taxes as a burden that can reduce their revenue or net profit. Therefore, they will take active initiatives to reduce their tax payments. Aggressive tax planning is a tax avoidance practice used by companies to reduce taxable income. The goal is to lower the amount of tax payable by conducting legal or illegal activities (Sabna & Wulandari, 2021). Therefore, there is a gap for taxpayers to try to pay as little tax as possible to minimize the tax burden paid to the state through tax aggressiveness.

Tax aggressiveness is the practice of tax planning through tax avoidance or tax evasion (Kartika & Nurhayati, 2020). According to Frank et al., 2009 tax aggressiveness is a

scheme to minimize its tax obligations through tax planning either by legal or illegal means. It is believed to benefit the company by allowing it to save tax money, which can then be used to fund the company's investment (Waladi et al., 2022). However, if it is too aggressive in taxation, it will be subject to fines and a decrease in stock price due to such behavior. These actions can also jeopardize state revenues as tax evasion more often occurs in matters that violate the law or are prohibited.

One of the cases that happened to PT Adaro Energy Tbk. and its subsidiary Coaltrade Services International Pte, Ltd, which is located in Singapore, was in the spotlight in 2009 although the allegations against it were not proven. However, the issue resurfaced in 2019. From an international report by Global Witness released in July 2019, PT Adaro allegedly transferred its profit income to Coaltrade through transfer pricing. First, coal mined in Indonesia was sold by PT Adaro to Coaltrade at the lowest price and then resold at a high price. Second, bonuses amounting to

USD 55 million from third parties and other Adaro subsidiaries were recorded by Coaltrade. The purpose of the bookkeeping was to reduce PT Adaro's taxes, because the tax rate in Singapore is 17% lower than in Indonesia. The report also states that through its overseas companies, from 2009-2017, PT Adaro managed to pay USD 125 million (around Rp 1.75 trillion) less tax than it should have paid in Indonesia. This practice is considered unethical because companies that benefit from Indonesia's resources do not make optimal tax contributions to the country (<https://www.tribunsumbar.com>).

Several variables affect tax aggressiveness, including inventory intensity, sales growth, and capital structure. First, inventory intensity shows how much inventories the company's has. These inventories may be subject to maintenance and storage taxes which can be a cost to the company's and lower revenue, thus reducing the tax to be paid (Efrinal & Chandra, 2020). Therefore, high inventory intensity may encourage it to be more proactive in controlling its tax burden (Maulana, 2020).

Sales growth. According to Nadya and Purnamasari, (2020) One of the ratios that is useful for evaluating sales growth from one period to the next is sales growth. This is because sales growth reflects the company's success in the past and can be used as a forecast for the future. The greater the sales of a company, the more its sales growth increases. Therefore, sales growth will most likely help the company earn more profits.

2. LITERATURE REVIEW

2.1 Agency Theory

Agency theory was first explained by Jensen et al., (1976), describing the relationship between principals and agents in carrying out tasks by giving authority to agents in the decision-making process. Basically, agency theory is about the form of agreement between capital owners and managers to operate a company. Managers are largely responsible for the successful operation of the companies they lead (Rahmawati & Irawati, 2022). This theory

When sales grow, they tend to charge large taxes because the profits will result in large tax payments (Susanti et al., 2020).

Third, the capital structure is a ratio that calculates the external debt or capital employed by a company for its operations. Hamdi, 2018 said that capital structure is the percentage of debt to the total assets. As a result, companies can utilize the capital structure to reduce revenue and reduce tax rates.

This research is different from the studies conducted (Suprihatin & Mahardini, 2021; Susanti & Satyawan, 2020; Hamdi, 2018) that sought to identify the degree to which inventories were intensive, sales increased, and capital was structured in a way that taxed aggressiveness. As a result, this research is different from other investigations because it only focuses on companies in the energy sector that are listed on the Indonesia Stock Exchange (IDX) during the time period 2018/2022.

The objective of this research is to investigate and provide empirical evidence of the impact of inventory quantity, sales growth, and capital structure on tax avoidance in energy sector corporations listed on the IDX between 2018 and 2022. This research is intended to produce a more comprehensive understanding of the factors that contribute to tax avoidance in the energy sector listed on the Indonesia Stock Exchange.

relates to tax aggressiveness where management as an agent often wants to practice tax avoidance to reduce the tax burden. However, this action conflicts with the principal (government) who disagrees with the practice because it will harm state revenues. Therefore, this difference of interest triggers agency conflicts that can affect aggressive tax treatment (Christina & Wahyudi, 2022).

2.2 Signaling Theory

Signal theory describes how companies convey information in the form of signals to

investors (Sintyana & Artini, 2019). This theory explains management's efforts to meet investor expectations. Information submitted by the corporate will be analyzed by investors to determine whether the information is a positive or negative signal. Therefore, this information is very important for investors because it aims to provide information, records or descriptions of the corporate past, current and future conditions and their impact on the corporate survival (Cahyo & Napisah, 2023).

2.3 Hypothesis Development

The Effect of Inventory Intensity, Sales Growth, and Capital Structure on Tax Aggressiveness

According to Efrinal and Chandra (2020) inventory intensity is a measure of how much inventories the firm has. By contrasting all of the inventories with the total assets it owns and this will provide an estimate of how much inventories is needed (Suprihatin & Mahardini, 2021). According to Susanti and Satyawan, (2020) sales growth is an indicator of previous firm performance which can be used to forecast future performance. The less the sales volume, the more the institution growth will increase. With this increase, the firm can achieve higher profits. Therefore, when companies experience an increase in sales growth, they tend to practice tax avoidance because the increase in profits results in greater tax payable. Capital structure is the ratio between long-term liabilities and total assets. It pertains to the level of debt and/or equity that a firm employs to fund its operations and assets.. As a result, companies prefer to increase debt rather than equity because of the tax cost savings. Conversely, when using own capital, the liability burden will be lower and have an impact on increasing the margin on which the tax budget is based (Alfandia, 2018).

According to investigate by Isnanto et al., (2019), inventory intensity has a positive influence on tax aggressiveness. This is due to stock which is one of the important assets for the firm's. The costs arising from high stock levels will reduce profits and tax expenses. Therefore, high stock intensity can increase the firm's net

profit due to the efficiency of the costs contained in inventory, so as to reduce net profit and tax burden (Maulana, 2020). Sales growth is a ratio used to evaluate sales growth from one period to the next (Nadya & Purnamasari, 2020). The higher the sales growth achieved by the enterprise, the greater the enterprise tendency to take tax aggressiveness. This is in accordance with research conducted by Waladi and Prastiwi (2022), Azzahra (2023), Nisadiyanti and Yuliandhari (2021), and Susanti and Satyawan (2020). According to Putri and Putri, (2019), capital structure is a ratio that reveals the amount of debt owned by the enterprise to finance its operational activities. The increase in the amount of debt will cause interest expenses to be paid by the organization. These expenses will reduce profit before tax, so that the tax burden that the organization must pay will decrease. Thus, capital structure affects tax aggressiveness, in accordance with the research of Hamdi (2018) and Junaidi et al. (2023) which states that capital structure has a negative effect on tax aggressiveness.

H1: It is suspected that inventory intensity, sales growth, and capital structure simultaneously affect tax aggressiveness.

The Effect of Inventory Intensity on Tax Aggressiveness

Inventory intensity has an impact that can affect tax aggressiveness because it is a measure of how much inventory the organization has. The more abundant the business inventory, the greater the maintenance and storage costs of the inventory (Maulana, 2020). In this case, there will be a conflict of interest between the principal and the agent regarding inventory decisions. Because it is likely that agents may have an incentive to maintain inventory to minimize the risk of inventory shortages that could disrupt operations, while principals tend to want inventory to be maintained as efficiently as possible to optimize returns on capital. Therefore, aggressive tax avoidance practices can be a way for managers to cover up the negative impact of these inefficient inventory decisions by suppressing reported profits (Suprihatin & Mahardini, 2021). This is

supported by previous research Maulana (2020) and Isnanto et al., (2019), that inventory intensity has a positive effect on tax aggressiveness, Efrinal and Chandra (2020) and Suprihatin and Mahardini (2021) which state that inventory intensity affects tax aggressiveness. Then the hypothesis is as follows:

H2: It is suspected that inventory intensity has a significant effect on tax aggressiveness.

The Effect of Sales Growth on Tax Aggressiveness

Sales growth has a strong influence on the market price of outstanding shares. It is considered one of the important performance indicators for a business. Because sales growth can be a conflict of interest, the relationship between shareholders and business management can trigger problems due to differences in interests. Company management will take strategies to achieve maximum profit targets, while owners do not need these steps because they can have a negative impact on the company's image (Maulana, 2020). Therefore, this sales growth is related to agency theory where management tends to do things that cause aggressive tax actions in order to achieve the goal of getting positive profits (Waladi & Prastiwi, 2022). If the company's sales increase, the company's profit is likely to increase. This encourages company management to take tax aggressiveness, because the amount of profit earned by the company will cause the tax burden to be borne to be greater. Previous research by Susanti et al. (2020) and Waladi et al. (2022) revealed that sales growth has a negative effect on tax aggressiveness. Based on the description above, the relationship between sales growth and tax aggressiveness can be formulated through the following hypothesis:

H3: It is suspected that sales growth has a significant effect on tax aggressiveness.

Effect of Capital Structure on Tax Aggressiveness

Capital Structure is a ratio that indicates how much debt is taken to fund its ongoing operations. A higher debt burden means that the interest costs that must be borne by the company

are also high. So, the interest expense component will reduce pre-tax profit so as to reduce the amount of tax to be paid (Putri & Putri, 2019). This shows that this capital structure has something to do with agency theory which can affect managerial incentives. Because the main purpose of agency theory is to overcome conflicts of interest that may arise between principals and agents (Jensen & Meckling, 1976). Managers have different interests from owners, where managers may prefer to use equity funds because there is no repayment obligation like debt. However, owners may prefer to use debt to take advantage of financial leverage. The decision to choose between debt and equity funds may reflect agency dynamics in the firm. So that companies with high levels of capital structure have more ability to avoid taxes through financial transactions. This research is supported by previous research Hamdi (2018) and Junaidi et al., (2023) with their investigation showing that capital structure has an effect and a significant negative effect on tax aggressiveness. Meanwhile, investigation by Putri et al. (2019) revealed that capital structure has no influence on tax aggressiveness. Based on the explanation above, the capital structure is related to tax aggressiveness and is formulated through the following hypothesis:

H4: It is suspected that capital structure has a significant effect on tax aggressiveness.

3. RESEARCH METHOD

The type of investigation used in this study is quantitative with a causal associative approach. Associative research aims to determine the relationship between two or more variables and the results can be used to build a theory that can explain, predict, or control a phenomenon (Rahmawati & Irawati, 2022). In this study, the causal associative approach is used to understand the extent of the causal relationship between inventory intensity, sales growth, and capital structure on tax aggressiveness.

This research was conducted at the Indonesia Stock Exchange (IDX) and the data can be downloaded from the website <https://www.idx.co.id>. This investigation focuses on energy sector companies listed on the IDX. Location was chosen because it is the first exchange in Indonesia and is considered to have complete and well-organized financial data and company information.

3.1 Data Collection Techniques

3.1.1 Literature Study

The study of literature is employed to gather information for research purposes, uncover prior studies, and identify supporting theories and additional resources like books, journals, and various other materials.

3.1.2 Internet Research

The internet research method is used to obtain additional data or information about the variables to be studied by searching the web <https://www.idx.co.id/>.

3.2 Operational Definitions of Variables

3.2.1 Tax aggressiveness

Tax aggressiveness is a common practice carried out by large companies around the world. According to Frank et al., (2009) tax aggressiveness is a strategy to minimize tax liabilities through tax planning, whether legal or not. Therefore, being aggressive in taxation is considered beneficial to the company in terms of savings in paying tax obligations, but there is a threat if the company is aggressive in taxation, because it will be subject to fines and as a result the stock price will fall (Lestari et al., 2019). Although not all tax planning actions are illegal, many weaknesses in tax regulations are often exploited by business executives to reduce their tax burden (Ramadhani et al., 2020). Thus, it is possible that taxpayers try to pay as little tax as possible to minimize the tax burden owed to the state by applying aggressive taxes.

There are measurements that can be used in measuring tax aggressiveness, including CETR, ETR, BTDS, Discretionary Permanent, Unrecognize Tax Benefit, Tax Shelter Activity, and Marginal Tax Rate. The way to find out that the company has taken tax aggressiveness or not

is by using the Effective Tax Rate (ETR) measurement proxy in accordance with Neno and Irawati, (2022) and the most widely used in previous studies.

$$ETR = \frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

3.2.2 Inventory Intensity

Inventory intensity is one of the asset components measured by comparing total inventory with total assets owned by the company. Inventory intensity is part of the capital intensity ratio which represents the activities carried out by the company, especially activities related to investment in inventory (Kusumaningarti et al., 2023). To measure inventory intensity in this study using a proxy measurement calculation according to Efrinal and Chandra (2020) inventory intensity can be calculated using:

$$INVINT = \frac{\text{Total Inventory}}{\text{Total Assets}}$$

3.2.3 Sales Growth

As stated by Nadya and Pernamasari (2020), the ratio of sales growth serves as a valuable tool for assessing the change in sales from one period to another. The crucial factor determining a company's survival is sales. Therefore, the level of sales growth can serve as an indicator of the potential profit a company may achieve. This research employs sales growth measurement proxies based on the methodologies outlined by Waladi et al. (2020), Azzahra (2023), and Susanti et al. (2020) to evaluate sales growth. Since sales growth signifies a company's success in optimizing its available resources, it can be utilized as a benchmark for forecasting the company's future performance.

$$\text{Sales Growth} = \frac{\sum \text{Sales } t - \sum \text{Sales } t-1}{\sum \text{Sales } t-1}$$

3.2.4 Capital Structure

Capital structure is a measure of the amount of external capital used by a company to carry out its business activities (Putri & Putri, 2019). Because not all companies are free from funding problems in running their business, the funds

they receive can come from their own capital or from outside parties. In this study, to measure the capital structure using the Debt to Equity Ratio (DER) measurement in accordance with Hamdi's testing (2018), and Junaidi et al. Where this DER shows how the company is funded by the capital structure of the company's equity and from long-term debt equity, so that usually investors will focus on how much capital is loaned to the company to generate net income (Sari & Irawati, 2021).

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

3.3. Sample Collection Techniques

The testing population includes the energy sector listed on the IDX from 2018 to 2022 totaling 74 companies. The data analysis techniques used include descriptive statistics and panel data regression analysis using E-Views 12 Student Version Lite application software. The sample used was 105 data from 21 samples of energy sector companies listed on the IDX during the 2018-2022 period, with a purposive sampling method.

Table 1. Sample Criteria

Criteria	No Criteria
Energy companies listed on the	74

Indonesia Stock Exchange for the period December 31, 2022	
Energy companies listed on the Indonesia Stock Exchange during the period 2018 - 2022	(12)
Energy companies that have positive profits during the period 2018 - 2022	(39)
Energy companies that have complete data as a whole for the period 2018 - 2022	(2)
Final Number of Companies According to Criteria	21
Final Observation Size 21 X 5 Years	105

Source: Data processed by the author, 2024

3.4. Data Analysis Techniques

The data analysis technique used is descriptive statistics. Descriptive statistics are employed to describe the objects being researched through sample or population data as they are, without making generalized conclusions. The descriptive statistical measures include mean, median, mode, and standard deviation (Sugiyono, 2016).

This researched will be assisted by the E-Views 12 Student Version Lite application program and will use panel data which is a combination of time-series data and cross-section panel data.

4. RESULTS AND DISCUSSION

4.1. Results

Descriptive Statistical Analysis

Table 2. Descriptive Test Result

	Agresivitas Pajak	Inventory Intensity	Pertumbuhan Penjualan	Struktur Modal
Mean	0.300723	0.043221	8.478658	0.961746
Median	0.234586	0.029957	0.455760	0.811797
Maximum	3.041788	0.310469	63.81497	7.526344
Minimum	0.001708	0.000190	-0.279124	0.096539
Std. Dev.	0.370240	0.046746	19.39886	0.967741
Observations	105	105	105	105

Source: Eviews 12 Student Version Lite Output, 2024

Based on table 2 of the descriptive statistical test results, it can be explained as follows:

1. The dependent variable, namely tax The dependent variable, defined as tax

aggressiveness, demonstrates that the minimum value recorded is 0.001708, observed in the Transcoal Pacific Tbk. company in 2019. Conversely, the maximum value of 3.041788 is evident in the TBS Energi Utama Tbk. company during the same period. The mean value of tax aggressiveness is 0.300723, and the standard deviation is 0.370240. The standard deviation value is greater than the mean value, indicating that tax aggressiveness varies or is volatile and spread. This suggests that the data distribution is good.

2. The independent variable, namely inventory intensity, has a minimum value of 0.000190 for the Rukun Raharja Tbk company in 2020, and a maximum value of 0.310469 for the company's Petrosea Tbk in 2022. The mean value of inventory intensity is 0.043221, and the standard deviation is 0.046746. The standard deviation value is greater than the mean value, indicating that the inventory intensity in this study varies or is spread out, and it can be concluded that the data distribution is good.
3. The independent variable, sales growth, has a minimum value of -0.279124 for Trancoal Pacific Tbk. in 2020 and a maximum value of 63.81497 for Energi Mega Persada Tbk. in 2019. The average value of sales growth is 8.478658, and the standard deviation is 0.046746. Dev. of 19.39886. It can be concluded that, as the standard deviation value is greater than the average value, sales growth in this study varies or is spread out, and it can be said that the distribution of the data is not normal.
4. The independent variable, capital structure, has been found to have a minimum value of 0.096539 for Harum Energy Tbk. in 2020 and a maximum of 7.526344 for Energi Mega Persada Tbk. in 2018.^{1,2} The capital structure exhibited an average value of 0.961746 and a standard deviation of 0.967741. It was observed that the standard deviation value

exceeded the average value, indicating that the capital structure in this study exhibited variability or dispersion. This suggests that the data distribution was satisfactory.

Panel Data Regression Model Selection Test

Table 3. Panel Data Regression Model Test Results

Uji Chow	CEM VS FEM	0.4348 > 0.05	CEM
Uji Lagrange Multipliers (LM)	CEM VS REM	0.3302 > 0.05	CEM

Source: Data processed by the author, 2024

Classical Assumption Test

The classic assumption tests used in this researched are multicollinearity, heteroscedasticity and autocorrelation. The reason for not using a normality test is because it uses central limit theory assumptions where the number of observations is more than 30, so there is no need to carry out a normality test and it can be ignored (Ajija et al., 2011).

1. Multicollinearity Test

Table 4. Multicollinearity Test Results

	INVINT	SG	DER
INVINT	1.000000	0.010180	-0.081374
SG	0.010180	1.000000	0.069765
DER	-0.081374	0.069765	1.000000

Source: Eviews 12 Student Version Lite Output, 2024

In the table above, each independent variable is below 0.85, so it can be concluded that there is no multicollinearity problem in the researches data.

2. Uji Heteroskedastisitas

Table 5. Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
Null hypothesis: Homoskedasticity			
F-statistic	2.499104	Prob. F(3,101)	0.0638
Obs*R-squared	7.255643	Prob. Chi-Square(3)	0.0642
Scaled explained SS	123.1592	Prob. Chi-Square(3)	0.0000

Source: Eviews 12 Student Version Lite Output, 2024

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Prob. Chi-Square is greater than the significant value of 0.05. So the data is free from heteroscedasticity.

3. Autocorrelation Test

Table 6. Autocorrelation Test Results

Durbin-Watson stat	1.982030
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Sumber: Output Eviews 12 Student Version Lite, 2024

This means that $1.7411 < 1.982030 < 2.2589$. So, the data does not occur autocorrelation problems.

Panel Data Regression Analysis Test

Table 7. Panel Data Regression Analysis Test Results

Common Effect Model Results

Dependent Variable: ETR

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.107534	0.057857	1.858602	0.0660
INVINT	0.305510	0.703105	0.434515	0.6648
SG	0.003270	0.001693	1.931852	0.0562
DER	0.158313	0.034044	4.650182	0.0000

Source: Eviews 12 Student Version Lite Output, 2024

$$ETR = 0.107534 + 0.305510 (INVINT) + 0.003270 (SG) + 0.158313 (DER) + e$$

Where:

ETR = Tax Aggressiveness

INVINT = Inventory Intensity

SG = Sales Growth

DER = Capital Structure

e = Error term

Test Coefficient of Determination (Adjusted R2)

Table 8. Test Results of the Coefficient of Determination (Adjusted R2)

Adjusted R-squared	0.186030
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Source: Eviews 12 Student Version Lite Output, 2024

In table 8, the coefficient of determination (Adjusted R2) is 0.186030 or 19%.

Simultaneous Significant Test (F Statistical Test)

Table 9. F Test Results

F-statistic	8.922930	Durbin-Watson stat	1.982030
Prob(F-statistic)	0.000027		0

Source: Eviews 12 Student Version Lite Output, 2024

Table 9 explains that the F-statistic value (8.922930) > F-table (2.69) with a probability value of 0.000027 < 0.05. From these results it can be concluded that H1 is accepted, meaning that inventory intensity, sales growth, and capital structure simultaneously have a significant effect on tax aggressiveness.

Partial Significance Test (t Statistical Test)

Table 10. t-test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.107534	0.057857	1.858602	0.0660
INVINT	0.305510	0.703105	0.434515	0.6648
SG	0.003270	0.001693	1.931852	0.0562
DER	0.158313	0.034044	4.650182	0.0000

Source: Eviews 12 Student Version Lite Output, 2024

1.2. Discussion

The Impact of inventory intensity, sales growth, and capital structure on tax aggressiveness

Table 9 simultaneous testing (F Statistical Test) the Fcount is greater than Ftable (8.922930 > 2.69), while the probability value is smaller than the significant value of 0.05 (0.000027 < 0.05). From these results, it can be concluded that H1 is accepted, meaning that the independent variables, namely inventory intensity, sales growth, and capital structure together have a significant effect on the dependent variable, namely tax aggressiveness. The results of the test are in accordance with the first hypothesis, namely inventory intensity, sales growth, and capital structure simultaneously affect tax aggressiveness. This means that each variable simultaneously has a role in influencing tax aggressiveness. **H1 accepted**

This supports the agency theory where there is a conflict of interest between the principal and the agent. Inventory intensity has a conflict of interest between shareholders and agents regarding inventory decisions. Because agents will minimize the risk of inventory shortages that can disrupt operations, while principals tend to want inventory to be maintained as efficiently as possible to optimize return on capital. While the conflict of interest in sales growth is when high sales growth can cause conflict because it tends to be misused by agents for their own interests. Like when management wants to reduce costs with a lower increase in profits (Christina & Wahyudi, 2022). Then, the agency conflict on the capital structure arises because of the main objective of the agent to improve the welfare of shareholders and his personal interest to reduce profits which will affect the reduced tax burden. The results of this studies are in accordance with those conducted by Mahardini (2021), and Susanti et al. (2020) and Junaidi et al. (2023) that inventory intensity, sales growth, and capital structure simultaneously affect tax aggressiveness.

Effect of inventory intensity on tax aggressiveness

As a result of the table 10 analysis above, the probability of inventory intensity is 0.6648. This figure is greater than the significance level of 0.05. As a result, inventory intensity has no effect on tax aggressiveness. This is in line with researches conducted by Kusumaningarti et al. (2023) inventory intensity has no effect on tax aggressiveness. High inventory intensity has no effect on tax aggressiveness because companies use inventory not to avoid taxes, but to calculate cost of goods sold (COGS). This COGS is then a reference in determining the selling price of the product. Therefore, the amount of inventory does not affect the company's tax burden. So, it is not in accordance with the first hypothesis, meaning that H2 is rejected, where the company's investment in the form of a little or a lot of inventory is not a factor in ensuring the amount

of tax paid by the company (Susanti & Satyawan, 2020). **H2 rejected**

This can reduce the conflict of interest that occurs in agency theory, namely the conflict between the agent and the principal. Because agents who act as shareholders at the same time will not take risks that can harm themselves. So that management will not take risks by utilizing inventory to carry out tax aggressiveness.

Effect of sales growth on tax aggressiveness

The results of table 10 show that the probability of sales growth is 0.0562. This figure is greater than the significance level of 0.05. So tax aggressiveness is not significantly influenced by sales growth in energy sector companies listed on the IDX in 2018-2022. So that the size of sales growth does not affect the occurrence of tax aggressiveness by the company. This is because companies with increased or decreased sales growth still have an obligation to pay the tax burden they bear. The results of this studies are in accordance with those conducted by Nisadiyanti et al. (2021) proving that sales growth has no effect on tax aggressiveness. The high sales growth of the organization makes the profit earned will increase. Companies that earn large profits are assumed not to carry out tax aggressiveness because the company can manage its income and tax burden. So, this test is not in accordance with the second hypothesis, meaning that H3 is rejected. Companies that experience an increase or decrease in sales growth are still required to pay the tax burden they bear. **H3 rejected**

This does not support agency theory, because the test results prove that the high and low profits earned by the company are not a benchmark that the company takes tax aggressiveness. This is because this action is a very risky activity for the company so that managers will not take this risk, because it can have consequences for the company's business activities. In this case, the company's high sales growth rate tends to be compliant in fulfilling its tax obligations because it has no difficulty in paying its taxes (Waladi & Prastiwi, 2022).

Effect of capital structure on tax aggressiveness

Table 10 shows the probability of capital structure is 0.0000. This figure is smaller than the significance level of 0.05. As a result, capital structure has a positive and significant influence on the tax aggressiveness of energy sector companies listed on the IDX in 2018-2022. Because the increase in debt will cause interest payments to be paid by the company, thus the tax burden that the company must pay will decrease (Putri & Putri, 2019). So it can be concluded that a institution with a high leverage ratio means that it has high total funding from debt to creditors (third parties) for the company to use and the higher the interest costs caused by the debt. These results show that when a company's debt-to-equity ratio goes up, the company becomes more aggressive. This result is in line with the researches of Prastyatini et al. (2022) that capital structure has a positive effect on tax aggressiveness. **H4 is accepted**

This statement supports agency theory, meaning that there will be conflicting interests between Agent and Principal, where the principal prefers to use equity funds because there is no repayment obligation like debt. However, managers prefer to use debt to benefit from financial leverage. Therefore, decisions regarding the choice between debt and equity may reflect agency dynamics within the firm. Thus, firms with a high capital structure are more likely to try to avoid paying taxes through financial transactions.

5. CONCLUSION

The ensuing discourse will delineate the findings of the analytical and evaluative processes.

1. Firstly, it was determined that inventory intensity, sales growth, and capital structure collectively exert an influence on tax aggressiveness in the energy sector listed on the IDX for the period 2018 - 2022.
2. Secondly, the study found that inventory intensity exerts a limited impact on tax

aggressiveness in the energy sector during the aforementioned period.

3. Sales growth was found to have a negligible impact on tax aggressiveness in the energy sector listed on the IDX during the period under consideration.
4. Furthermore, apital structure was found to exert a positive and significant influence on tax aggressiveness in the energy sector over the aforementioned period.

Suggestions

Based on the conclusion, the author may make the following suggestion:

1. At future scientist, it is advisable to add other independent variables in the next study that may have an influencing on taxing aggressiveness. which may have an influence on tax aggressiveness.
2. For companies, to be more careful in taking actions to minimize the tax burden so as not to be classified into the category of tax evasion. classified into the category of tax evasion.
3. For the state, more payment options special please Note and increase supervision of tax regulations so as not to be utilized by taxpayers. tax regulations so that they are not utilized by taxpayers to reduce their tax burden.

Limitations

The limitations are as follows:

1. This study has data normality test results that are not normally distributed, so it uses the Central Limit Theorem.
2. This study only has one independent variable that affects tax aggressiveness.
3. This study has a coefficient of determination test result of 19%, where the inventory intensity variable, sales growth, and capital structure only have contribution of 19%. That means there are still many other variables that can affect tax aggressiveness.

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