



## THE EFFECTS OF LEVERAGE, PROFITABILITY AND COMPANY SIZE ON TAX AGGRESSIVENESS

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### ABSTRACT

*The goal of this study is to see how much leverage, profitability, and company size have on tax aggressiveness in food and beverage firms listed on the Indonesia Stock Exchange. For the 2016-2020 timeframe, the study sample consisted of 8 food and beverage firms listed on the Indonesia Stock Exchange. The research sample used is 8 food and beverage companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The sampling method used purposive sampling method. The data used is secondary data. The analysis used in this research is multiple linear analysis which is processed using eviews10 program. The results show that leverage and company size variables affect on tax aggressiveness, while profitability variables have no effect on tax aggressiveness. Based on the test of the coefficient of determination (R<sup>2</sup>) equal to 28,3% of the variable tax aggressiveness can be explained by the variable leverage, profitability, company size while 71,7% are influenced by others variable.*

**Keywords:** company size, leverage, profitability, tax aggressiveness

### 1. INTRODUCTION

Taxes are very important element in a country to support the growth and development of various existing aspects. As which we know the reception tax is the source income biggest for the country specifically in Indonesia and is used by the government for financing development national that is following in Pancasila number 5 which sounds "Keadilan Sosial Bagi Seluruh Rakyat Indonesia". Because that interest Country to tax very much

means, without tax country will be lost source main income Country and of course just will be caused no could running wheel government with stable. In constitution Number 16 the year 2009 chapter I tax is contribution must to the country which owed by person personal or body which nature compel and used for necessity country as prosperity people. So, the government and taxpayers are required to cooperate well, the case this done for welfare whole people at each region Republic Indonesia. A Company is wrong one must tax

which own obligation for pay tax following with provision taxation, which is calculated from big profit clean before tax multiplied with rate tax which applies. However, existence purpose government for maximizing reception from sector tax contrary with purpose company as must tax body which wants profit by maximum. So that case this makes the company for doing strategy in avoiding tax which realized in shape planning tax or with aggressiveness tax.

Aggressiveness tax is something activity which done through planning tax which aims or minimize burden tax with smallest which character legal (validated according to law) nor illegal (violate the law) which could harmful country. Although has set in constitution taxation as well as have penalty special, However, still many companies which do violation tax.

Based on observation During 5 years (2016 to 2020) could be seen that Mark ETR from 8 sample company food and drink on BEI each company show results which ride down and fickle every year.

According to (Dyreng et al., 2010) ETR is wrong with one size aggressiveness tax. The more big Mark ETR so level aggressiveness the tax the smaller so also otherwise that the more small Mark ETR will show the more big also aggressiveness the tax (Brian & Martani, 2014). The company that owns ETR (effective tax rate) which low will try to raise ETR with lower profit because the company tends to want profit accountancy which is small to avoid the existence possibility of payment tax which tall in time which will come

so that company can do policy on accrual which contained in deferred tax expense that is with making deferred tax expense Becomes smaller.

From the phenomenon case, they could prove that still a lot of companies which still try to do the aggressiveness tax for reducing the burden tax which should they pay, good with do plan the tax which belongs to by legal (tax avoidance) nor illegal (the tax evasion). Besides case the still many again case which shows aggressive tax company in Indonesia that will be a harmful reception country.

There is a factor that could influence aggressiveness tax company is leverage. Leverage is something measurement of how much big assets that owned company which financed by debt. Dependency company on loan or debt show height level leverage company, whereas a company with leverage low finance the asset with capital alone. Leverage rate could describe risk finance company. Leverage describes the proportion of total debt company to total assets owned company with the purpose for knowing decision funding which done by company the management should own decisions which appropriate in composing funding company from a source external that is debt so that no cause risk even loss consequence debt (A. Hidayat & Muliasari, 2020). A study was done by (A. T. Hidayat & Fitria, 2018) about " Influence Capital Intensity, Inventory Intensity, Profitability, and Leverage To Aggressiveness Tax "to get results that leverage takes effect to aggressiveness tax. Results the

difference with a study done by (Junensie et al., 2020) about "Influence Size Company, Corporate Social Responsibility, Capital Intensity, Leverage, and Commissioner Independent to Aggressiveness Tax Income Must Tax Body on Company Industry Consumption in Stock Effect Indonesia Year 2015-2017" get results that leverage no own influence to aggressiveness tax.

Factor other which could affect aggressiveness tax is profitability. Profitability is the level of ability a company to produce profit, is wrong one factor which said could influence emergence aggressiveness tax (Prasista & Setiawan, 2016). The higher the level profitability of the company, the higher the profits can be obtained by the company. Inside other, the bigger profit which obtained company, so big tax which paid company also will the bigger. Case this could become a motivation for the company which oriented on profit for doing action tax planning for reducing big tax which paid company, so that makes the company the aggressive to tax. A study was done by (Sidik & Suhono, 2020) about "Influence Profitability and Leverage To Aggressiveness Tax" gets results that profitability influences negative to aggressiveness tax. Whereas according to (A. T. Hidayat & Fitria, 2018) in the research title "Influence Capital Intensity, Inventory Intensity, Profitability, and Leverage To

Aggressiveness Tax" get results that profitability no takes effect to aggressiveness tax.

Besides that, also some factors could affect aggressiveness tax that is Size Company. Size company as scale or Mark which could classify something company into the category big or small according to the various method as total assets or total assets company, Mark market share, average level sale and total sale (Cahyono et al., 2016). The bigger size or the scale company so will the easier also company gets the source funding good which characters internal nor external. Size company is a reflection total from an asset that owned something company (Rudangga & Sudiarta, 2016). According to (Allo et al., 2021) in the research title "Influence Liquidity And Size Company To Aggressiveness Tax (Studies Empirical On Company Manufacture Which Registered on BEI Year 2016-2018)" get results that Size company own influence positive to aggressiveness tax whereas according to (Junensie et al., 2020) in the research which title "Influence Size Company, Corporate Social Responsibility, Capital Intensity, Leverage, and Commissioner Independent to Aggressiveness Tax Income Must Tax Body on Company Industry Consumption in Stock Effect Indonesia Year 2015-2017" get results that Size Company no own influence to aggressiveness tax.

**Table 1: Phenomenon Tax Aggressiveness**

PT	ETR				
	2016	2017	2018	2019	2020
Akasha hero International	0.0922	0.2515	0.2441	0.2386	0.1913
Budi Starch & Sweetener Tbk	0.2689	0.2512	0.2969	0.2369	0.0320
Wilmar Light Indonesia Tbk	0.1264	0.2498	0.2491	0.2443	0.2192
Sariguna Primatirta Tbk	0.1767	0.1952	0.2224	0.2412	0.2125
Delta Jakarta Tbk.	0.2218	0.2418	0.2336	0.2294	0.2504
Buyung Poetra self-sufficient Tbk	0.2576	0.2550	0.2535	0.2705	0.2523
Indofood CBP success Prosperous Tbk	0.1726	0.3195	0.2773	0.2793	0.2551
Indofood Success Prosperous Tbk	0.3429	0.3282	0.3337	0.3253	0.2957

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Agency Theory

(Jensen & Meckling, 1976) describe a relationship that arises because of a contract between the principal and another party called the agent, where the principal delegates a job to the agent. Agency theory explains that the owner provides resources for the company, (Eksandy, 2020) Agency theory arises because of the existence of a working relationship agreement between the principal who has the authority and the agent or party who is authorized to run the company. The relationship between agency theory and tax research is that there is a conflict of interest between the principal and the agent, the principal will carry out monitoring or supervision by incurring costs for the agent so as not to evade taxes. Another relationship between agency theory and tax avoidance is the conflict that occurs in the interests of corporate profits between tax collectors (tax authorities) and taxpayers (company management) will create moral

hazard, (Putri & Irawati, 2019). Tax authorities hopes that there will be as much income as possible from tax collection, while the agents view that the company must generate significant profits with a low tax burden, (Prakosa, 2014). This can be caused by the principal who mandates the agent to minimize corporate taxes so that the company pays lower taxes than it should.

### Tax Aggressiveness

According to (Mustika, 2017) is an action taken by a company to reduce taxable income which is carried out through tax planning both in a legal way by doing tax avoidance or in an illegal way carried out by tax evasion by exploiting loopholes in tax regulations. Companies consider taxes as an additional cost burden that can reduce company profits. Therefore, the company is predicted to take actions that will reduce the company's tax burden (Sugiyarti & Ramadhani, 2019). Although tax measures taken do not violate existing regulations, but companies are increasingly taking steps to avoid taxation by utilizing the gaps of existing regulations, the action is

considered increasingly aggressive. The main objective of tax aggressiveness is to make the tax burden paid lower, because the company considers the payment of income tax as a very large additional expense or transfer of wealth from the company to the government which can reduce the company's profits, therefore the company is predicted to do actions that can reduce the company's tax burden (Fen & Riswandari, 2019). The act of tax aggressiveness is related to agency theory, because it explains the difference between the agent and the principal. Each variable tested in this study is a form of the relationship between theory and agent. Executive characteristics that describe executives who are risk takers are more daring to make decisions because they are driven by certain goals aimed at by the executive. Financial difficulties also encourage the company's decision to be more aggressive in acting. Earnings management becomes a means to take aggressive actions taxation whose purpose is to obtain benefits by taking aggressive tax actions (Septiawan et al., 2021).

### **Leverage**

Leverage is a ratio that reflects the amount of capital from third parties used by the company to carry out its operating activities (Kasmir, 2014). Leverage indicates how much of the company's assets come from the company's borrowed capital. In addition, the leverage ratio shows the amount of debt owed by the company to pay for its operating activities, which in its use causes fixed costs for the company (Mayangsari, 2015). If

the company has a high source of loan funds, the company will incur a high-interest expense. A high source of loan funds will make the interest expense borne by the company high. Interest expense will reduce the company's profit so that reducing the amount of profit will reduce the tax burden borne by the company. The agency theory explains that the higher the company's leverage, the better the transfer of wealth from creditors to company shareholders. Companies that have a larger proportion of debt in their capital structure have higher agency costs.

### **Profitability**

Profitability is the company's ability to earn a profit from the capital used. The managerial performance of each company can be said to be good if the level of profitability of the company it manages is high or in other words maximum, where this profitability is generally always measured by comparing the profits earned by the company with some estimates that become a benchmark for the success of a company. With the existence of the ability to earn profits by using all the company's resources, the company's goals will be achieved. The use of all these resources will allow the company to earn high profits (Rohmansyah et al., 2021).

The results of this study are by following agency theory because when the profit earned is greater, the income tax will automatically increase by following the increase in company profits.

### **Company Size**

According to (Hartono, 2009) Company size is the size of the company which can be measured from the total assets/size of the company's assets by using the calculation of the total asset log value. Therefore, the quality of financial reports must be transparent, reliable, and free from earnings management because it can obscure the available information. Especially for information related to profit minimization to minimize taxable income so that tax payments are minimal.

#### **Hypothesis Development Effect of Leverage on Tax Aggressiveness**

Leverage is a measurement of the size of a company's assets financed by debt. Companies with high leverage reflect companies relying on external loans or debt, while low leverage reflects companies financing their assets using their capital. For Companies with high leverage, the company's level of aggressiveness will also be high. This is because loans or debts cause interest expenses which will lead to a decrease in company profits. If the company's profit decreases, the tax burden will also decrease. This theory is in line with research (A. T. Hidayat & Fitria, 2018), based on the results of the multiple regression test, the level of leverage affects tax aggressiveness. Then the formulated hypothesis is:

H1: Leverage affects tax aggressiveness

#### **Effect of Profitability on Tax Aggressiveness**

Profitability is the ability of a company to generate profits from its business activities. The higher the profit, the higher the tax burden that must be paid by the company. So that a company with high profitability will have a high level of tax aggressiveness, otherwise if the company's profitability is low, the level of tax aggressiveness will be below (Prasista & Setiawan, 2016). However, if the company has no profit (loss) then the company will not pay taxes. Managers who act as agents will try to reduce corporate taxes as much as possible, so as not to reduce manager performance compensation due to the tax burden that erodes company profits. This theory is in line with research (Sidik & Suhono, 2020), based on the results of the multiple regression test, the level of profitability affects tax aggressiveness. Then the formulated hypothesis is:

H2: Profitability affects tax aggressiveness

#### **Effect of Company Size on Tax Aggressiveness**

Company size can be interpreted as a scale where the size of the company can be classified in various ways, including expressed in total assets, stock market value, and others. The larger the size of the company, the more it will try to avoid tax aggressiveness. According to (Allo et al., 2021), large companies tend to continue to take aggressive actions in dealing with the tax burden imposed on their companies compared to smaller companies because large companies tend to gain political power advantages compared

to small companies. Then the formulated hypothesis is:

H3: Firm size affects tax aggressiveness

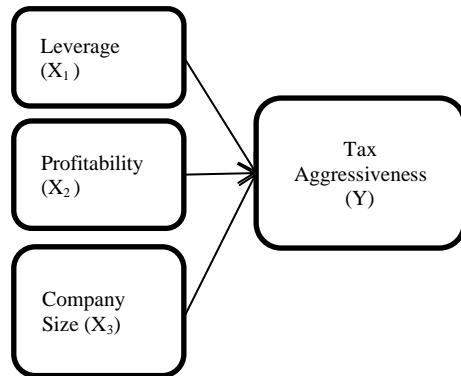


Figure 1: Conceptual Framework

### 3. RESEARCH METHOD

#### Data Collection Techniques

This research was conducted on manufacturing companies listed on the Indonesia Stock Exchange. This study uses research with a quantitative research approach. This study uses secondary data secondary internal data. Secondary internal data is data obtained by researchers relating to existing company-internal data (Hermawan & Amirullah, 2016). The secondary data of this study was obtained at IDX of manufacturing companies in the food and beverage sector for the period 2016-2020.

#### Operational Definitions of Variables

##### Dependent Variable (Y)

The dependent variable is the variable that is influenced or the result of the independent variable (Sugiyono, 2008). In this study, the

dependent variable is tax aggressiveness which is measured using the Effective Tax Rate (ETR) which refers to the research of (Putri & Febrianty, 2016). The formula for calculating ETR is as follows:

$$ETR = \frac{\text{Total Beban Pajak Penghasilan}}{\text{Laba Sebelum Pajak}}$$

#### Independent Variables (X)

##### Leverage

Leverage is the company's ability to meet its obligations, both short-term and long-term (Andhari & Sukartha, 2017). Leverage in this study is measured using the Debt to Total Asset Ratio (DAR) ratio, namely by comparing the company's total liabilities with the company's total assets. The greater the leverage ratio, the greater the proportion of the company's assets financed by its debts. As for the formula:

$$LEV = \frac{\text{Total Utang}}{\text{Total Aset}}$$

##### Profitability

Profitability is the ability of a company to generate profits. The higher the profit, the higher the tax burden that must be paid by the company. The profitability formula is:

$$ROA = \frac{\text{Laba Setelah Pajak}}{\text{Total Aset}}$$

##### Company Size

The size of the company is assessed by the size of the company based on the value of equity, sales value, and asset value in consumption industry companies listed on the BEI. Company size can be proxied by the

natural log of total assets, so it can be calculated by the following formula:

$$Size = Ln (Total Aset)$$

### Population and Sample

Sampling for this study using purposive sampling technique is a sampling technique that determines special characteristics that are by the research objectives, so that 40 food and beverage company data on the IDX are obtained from 8 sample companies for the period 2016 to 2020 with the criteria for determining the sample as follows:

1. Manufacturing companies in the food and beverage sector are listed on the IDX for the 2016-2020 period.
2. Companies that consistently publish annual reports in the 2016-2020 period.
3. Companies that do not experience losses during the 2016-2020 period.

### Data Analysis Technique

Data analysis is grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to test hypotheses that have been proposed (Sugiyono, 2017). In this research, the method used is panel data regression analysis. The panel data regression model used in this study is formulated into the following regression equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

- Y = Tax Aggressiveness (ETR)  
 $\beta$  = coefficient of regression  
 X1 = Leverage (LEV)  
 X2 = Profitability (ROA)  
 X3 = Company Size (Size)

## 4. RESULTS AND DISCUSSION

### Statistic Descriptive Analysis

*Table 2: Descriptive Statistical Analysis Results*

	ETR	LEV	ROA	SIZE
Mean	0.240898	0.367535	0.096935	14.98160
Median	0.249450	0.358550	0.083900	14.14685
Maximum	0.342900	0.638500	0.222900	18.91000
Minimum	0.032000	0.146300	0.013200	12.82190
Std. Dev.	0.061263	0.151500	0.056536	1.847676
Skewness	1.200514	0.050908	0.659598	1.011682
Kurtosis	5.543577	1.744376	2.890070	2.460195
Jarque-Bera	20.39120	2.644929	2.920604	7.378485
Probability	0.000037	0.266478	0.232166	0.024991
Sum	9.635900	14.70140	3.877400	599.2640
Sum Sq. Dev.	0.146371	0.895135	0.124658	133.1424
Observations	40	40	40	40



In the table above, it can be explained that the amount of data (observations) used in this study was 40 data.

The largest mean value is experienced by the SIZE variable, which is 14.98160. Meanwhile, ROA has the lowest value, which is 0.096935. The largest median was experienced by the SIZE variable, which was 14.14685. Meanwhile, ROA has the smallest median value, which is 0.083900. The largest maximum is experienced by the SIZE variable, which is 18.91000. Meanwhile, ROA has the smallest maximum, which is 0.222900. The biggest minimum is experienced by the SIZE variable, which is 12.82190. Meanwhile, ROA has the smallest minimum value of 0.013200. The largest standard deviation value is experienced by the SIZE variable, which is 1.847676 which means that the SIZE variable has a higher level of risk of changing compared to other variables during the research period. Meanwhile, the ROA variable has the lowest level of risk, which is 0.056536. This shows that the ROA variable during the study period underwent changes that were not too volatile. For variables, ETR and SIZE have values above 0 (zero) which means that the asymmetry of the data distribution around the mean is not normal, while the variable ROA and the LEV have values around 0 (zero) which means that the asymmetry of the data distribution around the mean is normal. The ETR variable has a kurtosis value of more than 3 which means that the height of the data distribution is not normal, while the LEV, ROA, and SIZE variables have a kurtosis value of less than 3 which

means that the height of the data distribution is normal. A small probability value tends to lead to the rejection of the null hypothesis of a normal distribution. The probability value of the LEV variable is 0.266478 and the ROA is 0.232166 (greater than  $\alpha=5\%$ ), we cannot reject the  $h_0$  that the data are normally distributed.

### Panel Data Regression Model Selection Technique Chow Test

**Table 3: Chow Test Result**

Redundant Fixed Effects Test			
Equation: EQ01			
Test cross-section fixed effects			
Effect Test	Statisti cs	d.f.	Pro b.
Cross-section F	0.6789	(7,29)	0.68
Cross-section Chi-Square	6.0704	7	0.53
	98	7	15

It can be concluded that the Common Effect Model (CEM) is more viable to use than the Fixed Effect Model (FEM) based on the result of previous calculations, the probability values of Cross-section F and Cross-section chi-square  $> \alpha$  (0.05).

### Hausman Test

**Table 4 Hausman Test Result**

Correlated Random Effects-Hausman Test			
Equation: EQ01			
Test cross-section random effect			
Test Summary	Chi-Sq. Statistics	Chi-Sq. d.f.	Prob.

Cross-section			
Random	1.64061	3	0.6502

Based on the table above obtained values Prob. Cross-section random  $> \alpha$  (0.05), so the result

concludes that the Random Effect Model (REM) is more appropriate to use than the Fixed Effect Model (FEM).

**Lagrange Multiplier**

**Table 5 Lagrange Multiplier Test Result**

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided			
(All others) alternatives			
	Cross-section	Test Hypothes is Time	
		Both	
Breusch-Pagan	0.706313 (0.4007)	2.636852 (0.1044)	3.343165 (0.0675)
Honda	0.840424 (0.7997)	1.623839 (0.0522)	0.553958 (0.2898)
King-Wu	-0.840424 (0.7997)	1.623839 (0.0522)	0.78858 (0.2152)
Standardized Honda	-0.202198 (0.5801)	2.124726 (0.0168)	-1.858893 (0.9685)
Standardized King-Wu	-0.202198 (0.5801)	2.124726 (0.0168)	-1.512238 (0.9348)
Gourieroux, et al.	--	--	2.636852 (0.1191)

Based on the table above obtained values Cross-section Breusch-Pagan  $> \alpha$  (0.05), so the result concludes that the Common Effect Model (CEM) is more appropriate to use than the Random Effect Model (REM).

**Table 6 Result of Model Conclusion**

No	Method	Test	Result
1	Chow Test	CEM vs FEM	CEM
2	Hausman Test	REM vs FEM	REM
3	Lagrange Multiplier Test	CEM vs REM	CEM

**Conclusion of the Panel Data Regression Model Used**

Based on the results of the three tests that have been carried out, the conclusion obtained that the panel data regression model to be used in the Hypothesis Test and the Panel Data Regression equation is the Common Effect Model.

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### Classic Assumption Test Multicollinearity Test

**Table 7 Result of Model Conclusion**

	Correlation			
	ETR	LEV	ROA	SIZE
ETR	1.000000	-0.017194	-0.126264	0.498552
LEV	-0.017194	1.000000	-0.74573	0.313036
ROA	-0.126264	-0.74573	1.000000	-0.19874
SIZE	0.498552	0.313036	-0.198743	1.000000

From the output above, it can be seen there is no independent variable that has a value of more than 0.8, so it can be concluded that there is no

multicollinearity in the regression model.

### Heteroskedasticity Test

**Table 8 Result of Heteroskedasticity Test**

Dependent Variable: RESABS				
Method: Panel Least Squares				
Date: 12/06/21 Time: 19:35				
Sample: 2016 2020				
Periods included: 5				
Cross-sections included: 8				
Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.020315	0.054526	0.372576	0.7116
LEV	0.110527	0.058695	1.883061	0.0678
ROA	0.052018	0.152421	0.341279	0.7349
SIZE	-0.002213	0.003272	-0.676423	0.5031

From the output above, it can be seen the value of prob F and Prob. Chi Square > 0.05, it can be concluded

that the panel data regression model does not occur heteroscedasticity.

### Model Feasibility Test (F-Test)

**Table 9 F-Test Result**

Method: Panel Least Squares				
Date: 12/06/21 Time: 19:37				
Sample: 2016 2020				
Periods included: 5				
Cross-sections included: 8				
Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.063025	0.078983	0.797958	0.4301
LEV	-0.187397	0.085022	-2.204102	0.0340
ROA	-0.388018	0.220786	1.757434	0.0873

SIZE	0.018981	0.004739	4.005026	0.0003
Root MSE	0.049197	R-squared		0.338580
Mean dependent var	0.240898	Adjusted R-Squared		0.283462
S.D. dependent var	0.061263	S.E. of regression		0.051858
Akaike info criterion	-2.985981	Sum squared resid		0.096813
Schwarz criterion	-2.817093	Log likelihood		63.72962
Hannan-Quinn criter.	-2.924916	F-statistic		6.142781
Durbin-Watson stat	1.514201	Prob(F-statistic)		0.001751

The output above shows that the F-statistic value is 6.142781, while the F table with a level of = 5%, df1 (k-1) = 3 and df2 (nk) = 36, the F table value is 2.866. This F-statistics (6.142781) > F table (2.866) and the

value of Prob (F-Statistics) 0.001751 < 0.05, it can be concluded that Ha is accepted, so it can be concluded that the independent variables in this study consist of ROA, LEV, and SIZE together affect ETR.

### Coefficient Of Determinations

**Table 10 Result Of The Coefficient Of Determination**

Method: Panel Least Squares				
Date: 12/06/21 Time: 19:37				
Sample: 2016 2020				
Periods included: 5				
Cross-sections included: 8				
Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.063025	0.078983	0.797958	0.4301
LEV	-0.187397	0.085022	-2.204102	0.0340
ROA	-0.388018	0.220786	1.757434	0.0873
SIZE	0.018981	0.004739	4.005026	0.0003
Root MSE	0.049197	R-squared		0.338580
Mean dependent var	0.240898	Adjusted R-Squared		0.283462
S.D. dependent var	0.061263	S.E. of regression		0.051858
Akaike info criterion	-2.985981	Sum squared resid		0.096813
Schwarz criterion	-2.817093	Log likelihood		63.72962
Hannan-Quinn criter.	-2.924916	F-statistic		6.142781
Durbin-Watson stat	1.514201	Prob(F-statistic)		0.001751

The table above shows that the Adjusted R-Squared value is 0.283462, meaning that the variation of changes in the ups and downs of ETR can be explained by SIZE, ROA,

and LEV of 28.3%. While the remaining 71.7% is explained by other variables not examined in this study.

### T-Test

**Table 11 Result Of T-Test**

Method: Panel Least Squares	
Date: 12/06/21 Time: 19:37	
Sample: 2016 2020	

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.063025	0.078983	0.797958	0.4301
LEV	-0.187397	0.085022	-2.204102	0.0340
ROA	-0.388018	0.220786	1.757434	0.0873
SIZE	0.018981	0.004739	4.005026	0.0003
Root MSE	0.049197	R-squared		0.338580
Mean dependent var	0.240898	Adjusted R-Squared		0.283462
S.D. dependent var	0.061263	S.E. of regression		0.051858
Akaike info criterion	-2.985981	Sum squared resid		0.096813
Schwarz criterion	-2.817093	Log likelihood		63.72962
Hannan-Quinn criter.	-2.924916	F-statistic		6.142781
Durbin-Watson stat	1.514201	Prob(F-statistic)		0.001751

1. The t-statistic Leverage (LEV) value is 2.204102, while the t-table with a level of = 5% df (nk) = 36, the t-table value is 1.68830. Thus, the t-statistic LEV (2.204102) > t table (1.68830) and the probability value is 0.0340 < 0.05. So, it can be concluded that the leverage variable (LEV) in this study has a negative effect on Tax Aggressiveness (ETR). This research is in line with the research conducted by (A. T. Hidayat & Fitria, 2018). The greater the company's debt, the smaller the tax burden due to the increase in the element of business costs, and the reduction is very meaningful for companies subject to high taxes. Therefore, the higher the interest rate, the greater the company's profits from using the debt.
2. Profitability t-statistic value (ROA) is -1.757434, while t table with a level of = 5% df (nk) = 36 obtained t table value of 1.68830. Thus, the t-statistic LEV (-1.757434) < t table (1.68830) and the probability value is 0.0873 > 0.05. So, it can be concluded that the Profitability variable (ROA) in this study has no effect on Tax Aggressiveness (ETR). This research is in line with the research conducted by (Allo et al., 2021). Because large-scale companies will pay lower taxes than small-scale enterprises and this is because large companies have more resources that can be used for tax planning. Large companies also have large resources to make good tax planning. Companies that can make good planning can reduce the amount of tax that must be paid by the company.
3. The t-statistic value of Firm Size (SIZE) is 4.005026, while the t-table with a level of = 5% df (nk) = 36, the t-table value is 1.68830. Thus, the t-statistic LEV (4.005026) < t table (1.68830) and the prob value 0.0003 < 0.05. So it can be concluded that the firm size variable (SIZE) in this study has a positive influence on Tax Aggressiveness (ETR). This research is in line with the research conducted by (Allo et al., 2021). Because large-scale companies will pay lower taxes than small-scale enterprises and this is because large companies have more resources that can be used for tax planning. Large companies also have large resources to make good tax planning. Companies that can make good planning can reduce the amount of tax that must be paid by the company.

## 5. CONCLUSION

This study aims to determine the effect of leverage, profitability, and company size on corporate tax aggressiveness with a sample of 40 of 8 manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) in the 2016-2020 period. This study uses the Eviews11 tool to process financial statement data from 8 companies. From the results of the analysis and discussion using multiple linear regression and classical assumption tests, the following conclusions can be drawn:

1. From the results of the study, it was found that Leverage had a negative effect on Tax Aggressiveness.
2. From the results of the study, it was found that Profitability had

no effect on Tax Aggressiveness.

3. From the results of the study, it was found that company size had a positive effect on tax aggressiveness.

### Suggestion

With the limitations of this research, the suggestions that can be given by researchers for further research are that further research is expected to use samples from other industrial sectors not only manufacturing companies so that the generalization will increase, but further research is also expected to increase the research period so that it can reflect the long-term condition of the company and future research is expected to use other independent variables.

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