

## FACTORS OF AFFECTING TAX AVOIDANCE IN THE PROPERTY AND REAL ESTATE SECTOR 2017-2020

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### ABSTRACT

*Tax avoidance is a legal strategy used by taxpayers to decrease their tax liabilities, safely and without violating tax laws. But the reality is that many taxpayers deviate from the rules to carry out this tax avoidance. The goal of the research is to gather empirical evidence on tax avoidance profitability, leverage, capital intensity, and institutional ownership. The population in this study is a real & estate property sector company listed on the Indonesia Stock Exchange for 2017 - 2020. The sample selection technique uses purposive sampling and obtained by 9 companies with a time of 4 years so that 36 samples were observed. The data analysis model in this study is regression of panel data using Eviews Software 11.0. The results showed that profitability, leverage, capital intensity and institutional ownership had simultaneous influences on tax avoidance. Studies indicate institutional ownership has a negative and significant impact on tax avoidance. Capital intensity has a positive impact on tax avoidance, while profitability and leverage have no effect on tax avoidance.*

**Keywords:** *profitability, leverage, capital intensity, institutional ownership, tax avoidance.*

### 1. INTRODUCTION

Tax is one of the largest sources of state revenue. This largest state revenue must continue to be optimally increased so that the country's growth rate and implementation of development can run well. The tax regulations that are made are the government's efforts to make or improve the tax system for the better (Subagiastra et al., 2016). One of the actions that must be

monitored is tax avoidance. This tax avoidance is an obstacle and at the same time a challenge for the government in implementing its program to increase state revenue from taxes. The tax paid by corporate taxpayers is calculated based on the company's own profit which directly reduces the company's net profit. This is not in line with the government's goal of maximizing tax revenue.

Tax avoidance is all types of activities and transactions that have

an impact on decreasing the company's tax liability (Hanlon and Heitzman, 2010). Tax evasion defined by Dyrenget al. (2008) is everything that the company does and results in a reduction in corporate taxes. Tax evasion is unique due to from the company's point of view it is legal to do but not always desirable from the government side (Maharani and Suardana, 2014). Cases of tax evasion by property and real estate companies in 2016 such as property company Agung Podomoro Land Ltd. with the leak of 11.5 million documents known as Panama Papers. The document contains 4.8 million emails with details of 2.1 million PDF documents, 1.1 million photos, 32,000 text documents and the remaining about 2000 other files (Source: <https://news.solopos.com>), on the other hand Potential tax revenue from the property and real estate sub-sector comes from Income Tax (PPH) Final Article 4 paragraph 2, namely income received by sellers (developers, developers), for conducting land/building sale and purchase transactions at 5% and Value Added Tax (VAT) for transactions of taxable goods in the form of land/buildings which are not categorized as very simple houses by 10%. Meanwhile, the tax levied by local governments in property transactions is the Land and Building Rights Acquisition Fee (BPHTB) of 5%. The Directorate General of Taxes found that there was a potential loss of tax revenue due to not reporting the actual transactions of buying and selling land/buildings including property, real estate and apartments. This happens due to the taxes paid are based on transactions based on the

Sales Value of Tax Objects (NJOP) not based on actual or real transactions ([www.Finance.detik.com](http://www.Finance.detik.com)).

In 2015 the rise of the property and real estate company business resulted in property and real estate companies evading taxes from the sale of luxury homes amounting to Rp. in the Depok area, it costs Rp. 2.65 billion, but the notary deed only says Rp. 784 million, so there is a difference of Rp. 1.9 billion. In this case, property and real estate companies have been deemed to have committed tax evasion (Source: <https://majalahpajak.net>). And also in the same year Global Financing Integrity recorded US\$6.6 trillion in illicit funds generated from tax evasion by property and real estate companies. The funds were obtained by illicit funds, which increased more than three times from US\$297.41 billion to 991.3 billion, in the percentage of 9.4% increase that occurred annually (Source: [www.bisnis.com](http://www.bisnis.com)). The rise of cases of tax evasion by the property and real estate sub-sectors made me interested in researching this company sector.

*Table 1 Tax Avoidance Phenomenon in the Property and Real Estate Sector 2017-2020 period*

KODE	PERIOD			
	2017	2018	2019	2020
FMII	0,120	0,012	0,004	0,014
SMRA	0,010	0,145	0,125	0,163
PWON	0,020	0,356	0,420	0,862
APLN	0,010	0,116	0,120	0,095
JRPT	0,040	0,074	0,080	0,095

Source: [www.idx.co.id](http://www.idx.co.id)

Based on the calculation table above that occurred in property and real estate companies for 4 years in the period 2017 to 2020, this shows

that in calculations that have measurement criteria, namely the value does not exceed ( $<1$ ), the company carries out tax avoidance activities. In tax avoidance activities can be influenced by several factors including profitability, leverage, capital intensity and institutional ownership.

Profitability is an indicator that reflects the company's financial performance, the higher the profitability value, the better the company's performance. Companies that earn profits are assumed not to do tax avoidance due to they are able to manage their income and tax payments (Maharani and Suardana, 2014). In Research (Hidayat, 2018) profitability has negative effect on tax avoidance. Profitability has a negative effect, meaning that the higher the profit generated by the company, the policy for tax avoidance will decrease due to the company is able to pay taxes as an obligation. Meanwhile, according to (Subagiastra et al., 2016) profitability has a negative effect on tax avoidance. This is due to of the high profitability of the company, careful tax planning will be carried out to produce optimal taxes, so that the tendency to do tax avoidance will decrease.

The characteristics of a company are also one of the factors that can influence companies in carrying out tax avoidance practices. According to (Muzakki, 2015) next factors that can affect tax avoidance is capital intensity ratio. The capital intensity ratio is how much the company invests its assets in fixed assets. According to Rodriguez and Arias (2012), the fixed assets owned by the company allow the company to

cut taxes due to the depreciation of the company's fixed assets every year. Almost all fixed assets will experience depreciation which will be a depreciation expense in the company's financial statements. While this depreciation expense is a cost that can be deducted from income in the calculation of corporate tax. This means that the greater the depreciation expense, the smaller the tax rate that must be paid by the company. This has an impact on companies with a large level of capital intensity ratio indicating a low effective tax rate, with a low effective tax rate indicating the company is practicing tax avoidance.

Research that interfaces the power of fixed resources with charge evasion is an examination led by (Dwilopa, 2015) observed the outcomes that capital force positively affects charge aversion. This is because of fixed resources as one of the organization's resources affect the organization which can diminish pay, because of fixed resources will encounter deterioration which will turn into an expense or weight for the organization. The company can take advantage of the depreciation expense of the fixed assets owned, by reducing the company's profit which is the basis for calculating corporate tax. Meanwhile, according to (Budianti & Curry, 2018) Capital intensity has a negative effect on tax avoidance due to fixed assets owned by the company can be depreciated and asset depreciation can be charged as a deduction from profits for the company so that it will reduce the tax burden paid.

The next factor is leverage. Leverage is the use of debt used by

the company to meet the company's operational and investment needs. The amount of debt will cause a fixed burden called the interest expense that must be paid by the company. The interest expense that arises will be a deduction from the company's net profit which will reduce tax payments to achieve maximum profit. according to (Hidayat, 2018) leverage does not affect tax avoidance, this is influenced by the high level of debt of a company, then leverage does not affect tax avoidance. In research (wijayanti & merkusiwati, 2017) leverage positive effect on tax avoidance due to the company has leverage A high income tax will get a tax incentive on interest expense which can be used to reduce the tax burden. So that increasing leverage in the company, it can be said that the company tends to practice tax avoidance as a result of tax incentives on the interest expense earned by the company to minimize the company's tax burden.

The next factor that can influence tax avoidance is institutional ownership. According to Ngadiman and Puspitasari (2014) institutional ownership is share ownership by the government, financial institutions, legal entities, foreign institutions, and trust funds and other institutions. Share ownership represents a source of power that can be used to support or otherwise against management. Institutional ownership has an important role in monitoring management due to institutional ownership is considered capable of monitoring every decision taken by managers effectively. Research

conducted (wijayanti & merkusiwati, 2017) institutional ownership has no effect on tax avoidance due to the presence or absence of institutional ownership in a company has not been able to optimally reduce tax avoidance. The size of the institutional ownership in the company cannot affect the tax avoidance that can occur. This is due to the participation of institutional ownership in supervising and managing the company is more likely to entrust the supervision and management of the company to the board of commissioners which is their job, so whether there is institutional ownership tax avoidance can occur. Meanwhile, according to (Subagiastra et al., 2016) institutional ownership has a positive effect on tax avoidance due to institutional ownership plays an important role in monitoring company management. The existence of institutional ownership will increase more optimal supervision, which of course will ensure the prosperity of shareholders.

From the various descriptions above, as for the existence of previous studies regarding tax evasion, the researcher is motivated to conduct this research due to of the rampant acts of tax evasion that have been revealed recently by many taxpayers. In addition, this research is expected to be able to measure the success of a country in optimizing the distribution of tax funds fairly and equitably, as well as to find out how much influence the variables related to tax avoidance have. For this reason, the researcher conducted this research with the title "Factors Affecting Tax Avoidance in the Property and Real

Estate Sector for the 2017-2020 Period".

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Agency Theory

Jensen and Meckling (1976) defined agency theory as a contract in which one or more people (principals) involve one person (agent) to perform services that are in the interests of the principal in terms of the separation of ownership and control of the company. Broadly speaking, he describes two forms of agency relationships, namely between managers and shareholders (shareholders) and between managers and lenders (bondholders).

According to (G. Mayorga et al., 2016) agency theory is a relationship or contract between principal and agent. Principal employ agent to perform tasks in the interest of principal. An agency relationship occurs when one party acts as the party that hires the other party (principal) to perform a service and in doing so delegate decision-making authority to the chartered party (agent) the. Within the scope of a corporation or company, shareholders are principal and the CEO of the company is as agent. The key element in agency theory is that principal and agent have different preferences or goals, agency theory assumes that principal and agent act in their own interests. Principal are assumed to be only interested in the financial returns earned on their investment in the company. Principal do not have sufficient information about performance agent, principal can

never be sure how to work agent in contributing to the company's actual results.

This will lead to an information gap between principal and agent commonly known as information asymmetry. In this study, shareholders (principal) employ company managers (agent) for the sake of principal which is to maximize profits. For companies, tax is a factor that reduces income or income and if the tax paid is greater than the proper amount, it will experience a loss, while one of the company's goals is to maximize the welfare of shareholders or investors by maximizing the value of the company by obtaining maximum profit. Therefore, to obtain maximum profit for the welfare of investors, agent will try to manage its tax burden so as not to reduce performance compensation agent as a result of reduced corporate profits by the tax burden.

The relationship between agency theory and tax avoidance focuses on the relationship that occurs between tax authorities (principles) who act as tax collectors and taxpayers (company management). Fiscal (principles) have the hope of getting maximum tax revenue for the state. Meanwhile, company management (agents) expect to get the maximum profit with a low tax burden. Management with opportunistic behavior tends to carry out activities to avoid tax by taking advantage of existing loopholes. This is what creates a conflict of interest between corporate taxpayers and the tax authorities (Reinganum & Wilde, 1985).

### **Tax Avoidance**

The tax sector is a source of state revenue so that the honesty of taxpayers in carrying out their obligations is very necessary. In addition, the system adopted by taxation in Indonesia is the tax system self assessment, which gives full trust to taxpayers to calculate, report, and pay their own tax payable. Taxpayer compliance really needs to be considered in relation to the tax system adopted in Indonesia. Jayanto (2011) defines tax compliance as a condition where the taxpayer fulfills all tax obligations to carry out his taxation rights, while tax non-compliance is a condition where the taxpayer does not fulfill all tax obligations and tax rights.

The attitude of taxpayers towards tax non-compliance has a significant effect on the intention of tax non-compliance which will lead to tax evasion (Frey, 2007). Hanlon and Heitzman (2010), measurement of tax evasion can use a variety of proxies. One of the measurements to prove the presence or absence of practice tax avoidance in Hanlon and Heitzman (2010) is cash effective tax rates. These measurements refer to research conducted by Dyrenget al. (2010), ie cash spent on tax costs divided by profit before tax.

### **Profitability**

Profitability is a description of the company's financial performance in generating profits from asset management, known as Return on Assets (ROA). Dendawijaya (2003: 120) states that ROA is the ability of management to gain profit (profit). The higher the ROA, the higher the

company's profits so that the better the management of company assets.

Research by Kurniasih and Sari (2013) states that ROA has a significant effect on tax avoidance. Thus the high profitability of the company will be carried out with careful tax planning so as to produce optimal taxes, so that the tendency to do tax avoidance will decrease.

In Research conducted by (Hidayat, 2018) profitability has no effect on tax avoidance, while according to (Subagiastra et al., 2016) profitability has a positive effect on tax avoidance. This is due to of the high profitability of the company, careful tax planning will be carried out so as to produce optimal taxes, so that the tendency to do tax avoidance will decrease. Based on the description above, the hypothesis is:

H1: Profitability affects tax avoidance

### **Leverage**

According to Kasmir (2014), in Wastam Wahyu.H (2017), Leverage is the ratio used to measure the extent to which the company's assets are financed by debt, meaning how much debt the company bears compared to its assets, or this ratio is to measure the company's ability to pay all of its short-term and long-term obligations (total debt/total assets). , whereas in practice to cover the shortage of funding needs, the company has several choices of sources of funds that can be used, one of the sources of funds used is loan capital (debt), loan capital is relatively unlimited in number and motivates management to work more actively and creatively due to burdened with paying its obligations. Meanwhile, according to

Adeline in Darmawan and Sukartha (2014), The increase in the amount of debt will result in the emergence of interest expenses that must be paid by the company. The interest expense component will reduce the company's profit before taxes, so the tax burden that must be paid by the company will be reduced.

According to Darmawan and Sukartha (2014), saying that large companies tend to use their resources rather than using debt financing, large companies will be in the government's spotlight, so that it will cause a tendency for company managers to act aggressively or obediently. In research (Hidayat, 2018) leverage has no effect on tax avoidance, whereas according to (wijayanti & merkusiwati, 2017) leverage positive effect on tax evasion. This is due to companies that have leverage A high income tax will get a tax incentive on interest expense which can be used to reduce the tax burden. So that increasing leverage in the company, it can be said that the company tends to practice tax avoidance as a result of tax incentives on the interest expense earned by the company to minimize the company's tax burden.

H2: Leverage effect on tax avoidance

### **Capital Intensity**

Capital intensity ratio can be defined as the level at which the company's assets invest in fixed assets or inventories. In this research capital intensity proxied using the fixed asset intensity ratio. The intensity of fixed assets is how big the proportion of the company's fixed assets in the total assets owned by the

company. Fixed assets as one of the company's assets that have an impact on the company which can reduce income, due to fixed assets will experience depreciation which will be a cost or burden for the company. The company can take advantage of the depreciation expense of the fixed assets owned, by reducing the company's profit which is the basis for calculating corporate tax. This is also supported by previous research, Lanis and Richardson (2012) said that capital intensity has a positive relationship with tax avoidance. Research conducted by (Dwilopa, 2015) found the results that capital intensity has a positive effect on tax avoidance, while according to (Budianti & Curry, 2018) capital intensity has a negative effect on Tax Avoidance. This is due to differences in the useful life of the company and taxation as well as the permissibility of a company to depreciate its fixed assets. Based on the description above, the hypothesis is:

H3: Capital Intention effect on tax avoidance.

### **Institutional Ownership**

Institutional ownership plays an important role in monitoring more optimal management performance due to it is able to monitor every decision made by managers effectively. The greater the level of institutional ownership of the company, it indicates the greater the level of supervision of managers which can reduce the occurrence of tax avoidance in the company and reduce agency conflicts. Institutional ownership serves as a control for the actions of the company's management. In research

conducted (wijayanti & merkusiwati, 2017) institutional ownership has no effect on tax avoidance, while according to (Subagiastra et al., 2016) institutional ownership has a positive effect on tax avoidance. This is due to the high level of institutional ownership, the greater the level of supervision to managers and can reduce conflicts of interest between management so that agency problems are reduced and reduce the opportunities for tax avoidance (Winata, 2014). Based on the description above, the hypothesis is:  
 H4 : Effect of institutional ownership against tax avoidance

### 3. RESEARCH METHOD

#### Data Collection Techniques

We rely on secondary information. A data source that does not directly supply data to data collectors is referred to as secondary data (Sugiono: 2014). To obtain the data needed, by downloading the financial statements of the property and real estate sector in 2017-2020 on the Indonesia Stock Exchange through the [www.idx.co.id](http://www.idx.co.id).

#### Operational Definitions of Variables

**Table 2 Operational Definitions of Variables**

Tax Avoidance	$ETR = \frac{TOTAL TAX EXPENSE}{PRE TAX INCOME}$	Ratio
Profitability	$ROA = \frac{Profit After Tax}{Total Assets}$	Ratio
Leverage	$LEVERAGE = \frac{Total Debt}{Total Assets}$	Ratio
Capital Intensity	$CI = \frac{Total Fixed Assets}{Sale}$	Ratio

Institutional Ownership	$KI = \frac{\sum Institutional Owned Shares}{\sum Outstanding Shares}$	Ratio
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#### Sample Collection Techniques

The methodologies employed in this study were descriptive statistical approaches and panel data regression analysis. The study utilized property and real estate businesses listed on the Indonesia Stock Exchange from 2017 to 2020 as examples. Purposive sampling is used in sampling procedures, using the following criteria:

- The company is classified as a Property and Real Estate company registered with the IDX in 2017 - 2020.

1. Companies that earned profits in 2017 - 2020.
2. Companies that have institutional ownership in 2017 - 2020.
3. Consistent companies report annual reports in 2017 – 2020
4. Companies that make tax payments in 2017 - 2020.

Data obtained from the above criteria to be used as a sample of 36 samples from 9 companies for 4 years.

#### Data Analysis Technique

The data analysis technique used is the regression analysis of panel data with Eviews version 11. Panel data is data from several individuals (samples) observed in a certain period of time with the equation:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \epsilon_{it}$$

Information:

- Y = Tax Avoidance
- $\beta$  = coefficient of regression





Root MSE	0.548231	R-squared	0.493447
Mean Dep	0.475917	Adjusted R-squared	0.428085
S.D dependetvar	0.781211	S.E. of regression	0.590791
AK aike info Criterion	1.913537	Sum squared resid	10.82005
Schwarz Criterion	2.133470	Log likelihood	-29.44367
Hannan-Quinn Criter.	1.990300	F-statistic	7.54482
Durbin-Watson stat	1.604358	Prob(F-statistic)	0.000228

**Table 5 Results of Fixed Effect Model (FEM) Test**

Depend variable: AVO  
Method : Panel Least Square  
Date : 12/16/21 Time : 01.02  
Sample : 2017-2020  
Periods included : 4  
Cross-sections included: 9  
Total panel(balanced)obs  
ervations:36

Variable	Coefficient	Std. error	t-statistic	Prob.
C	2.217724	1.745950	1.270210	0.2167
ROA	-4.583772	4.946311	-0.926705	0.3637
LEV	-.1638719	1.806095	-0.907327	0.3736
CI	-0.130791	0.604809	-0.216252	0.8307
KI	-0.556465	0.932177	-0.596952	0.5564

Effects Spesification

Cross-Section fixed (dummy variables)				
Root MSE	0.444416	R-squared	0.667128	
Mean Dep	0.475917	Adjusted R-squared	0.493455	
S.D dependetvar	0.781211	S.E. of regression	0.556003	
AK aike info Criterion	1.938112	Sum squared resid	7.110206	
Schwarz Criterion	2.509938	Log likelihood	-	
Hannan-Quinn Criter.	2.137694	F-statistic	21.88601	
Durbin-Watson stat	1.947032	Prob(F-statistic)	3.841296	
			0.002724	

**Table 6 Results of Random Effect Model Test**

Depend variable: AVO  
Method : Panel EGLS (Cross-section random effects)  
Date : 12/16/21 Time : 01.03  
Sample : 2017-2020  
Periods included : 4  
Cross-sections included: 9  
Total panel(balanced)obs ervations:36  
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. error	t-statistic	Prob.
C	0.705498	0.435446	1.620175	0.1153
ROA	-5.012870	3.041883	-1.647950	0.1095
LEV	-0498155	0.748465	-0.665570	0.5106
CI	1.336389	0.328471	4.068520	0.0003
KI	-0160265	0.047558	-3.369892	0.0020

Effects Spesification

	S.D.	Rh
Cross-section random	0.000000	0.00
Idiosyncratic random	0.556003	1.00
Weighted Statistics		
Root MSE	0.548231	R-squared 0.493447
Mean Dep	0.475917	Adjusted R-squared 0.428085
S.D dependetvar	0.781211	S.E. of regression 0.590791
Sum squared resid	10.82005	F-statistic 7.549482
Durbin-Watson stat	1.604358	Prob(F-statistic) 0.000228
Unweighted Statistics		
R-Squared	0.493447	Mean dependent var 0.475917
Sum squared resid	10.82005	Durbin-Watson stat 1.604358

The explanation of the regression equation panel data above can be interpreted as follows:

The constant value of 0,705498 show that if the independent variables in the regression, profitability, leverage, capital intensity, and ownership institutional. Then the amount of tax evasion is by 0,705498.

The value of the regression coefficient institutional ownership of -0,160265 which means that every increase in one unit of institutional ownership with other variables is zero or constant, then the tax evasion is by -0,160265.

The value of the regression coefficient of profitability of -

5012870 which means that every increase in one unit of profitability with other variables is zero or constant, then the tax evasion is by -5012870.

The value of the regression coefficient of the leverage of -0,498155 which means that every increase in one unit of leverage with other variables is zero or constant, then the tax evasion is by -0,498155.

The value of the regression coefficient of the capital intensity of 1,336389 which means that every increase of one unit of capital intensity with the other variables is zero or constant, then the accounting conservatism is by 1,336389.

### **Table 7 Results of Chow Test**

Redunant Fixed Effects Tests  
Equation: EQ01  
Test cross-sections fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.500071	(8,23)	0.2114
Cross-section Chi-square	15.115322	8	0.0569

Cross-section fixed effects test equation:

Depend variable: AVO  
Method: Panel Least Squares  
Sample: 2017-2020  
Period Included: 4  
Cross-section Included: 9  
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.705498	0.462691	1.524773	0.1375
ROA	-5.012870	3.232207	-1.550912	0.1311

LEV	-0.498155	0.795294	-0.626379	0.5357
CI	1.336389	0.349022	3.828951	0.0006
KI	-0.160265	0.050534	-3.171460	0.0034
Root MSE	0.548231	R-squared		0.493447
Mean dependent var	0.475917	Adjusted R-Squared		0.428085
S.D. dependent var	0.781211	S.E. of regression		0.590791
Akaike info criterion	1.913537	Sum squared resid		10.82005
Schwarz criterion	2.133470	Log likelihood		-29.44367
Hannan-Quinn criter.	1.990300	F-statistic		7.549482
Durbin-Watson stat	1.604358	Prob(F-statistic)		0.000228

Based on the above calculation, the value of the probability of Cross-section  $F > \alpha$  (0.05) and Cross-section Chi-square  $> \alpha$  (0.05). It can be

concluded that the Common Effect Model is more feasible than the Fixed Effect Model.

**Table 8 Results of Hausman Test**

Correlated Random Effects – Hausman Test: EQ01

Equation: EQ01

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq.d.f	Prob.
Cross-section random	9.060809	4	0.0596

Based on the above calculation, the value of the probability of Cross-section random  $F > \alpha$  (0.05), It can be

concluded that the Random Effect Model is more feasible than the Fixed Effect Model.

**Table 9 Results of Lagrange Multiplier Test**

Lagrange Multiplier Test for Random Effects

Null hypotheses : No Effects

Alternative hypotheses : Two-sided(Breusch-Pagan) and one –sided (all others) alternatives

	Cross-Section	Tes Hypotheses Time	Both
Breusch-Pagan	0.871460 (0.3506)	0.391785 (0.5314)	1.263245 (0.2610)
Honda	-0.933520 (0.8247)	0.625927 (0.2657)	-0.217501 (0.5861)
King-Wu	-0.933520 (0.8247)	0.625927 (0.2657)	0.046277 (0.4815)
Standardized Honda	-0.040492 (0.5161)	0.934865 (0.1749)	-2.660592 (0.9961)
Standardized King-Wu	-0.040492 (0.5161)	0.934865 (0.1749)	-2.124391 (0.9832)
Gourieroux et.al.	-	-	0.391785 (0.4712)

Based on the Results of of the above calculation the value of the probability of cross-section Breusch-Pagan by  $0,3506 > \alpha$  (0.05), it can be

concluded that the Common Effect Model is more feasible compared to the Random Effect Model.

Conclusion from the Regression Model of Panel Data Used

No	Metode	Pengujian	Hasil
1.	Uji <i>Chow</i>	CEM vs FEM	CEM
2.	Uji <i>Hasuman</i>	REM vs FEM	REM
3.	Uji <i>Lagrange Multiplier</i>	CEM vs REM	CEM

Based on the Results of a third test that has been done then it can be concluded that the Regression Model of Panel Data that will be used in Hypothesis Testing and Regression equation Panel Data model is the Common Effect Model.

**Table 10 Results of Multikollinearity Test**

	AVO	ROA	LEV	CI	KI
AVO	1	-0.4014896	0.12232121	0.48259975	-0.2173345
ROA	-0.4014896	1	-0.6208929	-0.4851096	-0.1957800
LEV	0.12232121	-0.6208929	1	0.45886166	0.44091777
CI	0.48259975	-0.4851096	0.45886166	1	0.42844097
KI	-0.2173345	-0.1957800	0.44091777	0.4284097	1

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

concluded does not occur multicollinearity in the regression model.

**Table 11 Results of Heteroscedasticity Test**

Residual Cross-Section Dependence test  
 Null hypothesis: No cross-sections dependence (correlation) in residuals  
 Equation: EQ01  
 Periods included: 4  
 Cross-sections included: 4  
 Total panel observations: 16  
 Note: non-zero cross-section means detected in data  
 Cross-section means were removed during computation of correlations

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	9.544444	6	0.1452
Pesaran scaled LM	1.023193		0.3062
Pesaran CD	2.792434		0.0052

From the output above can be seen the value of Prob. Breusch-Pagan LM by  $0,1452 > \alpha 0.05$ , thus it

can be concluded that the regression model of panel data does not occur heteroscedasticity.

**Table 12 Results of Feasibility Model (F Results)**

Depend variable: AVO  
 Method : Panel Least Square  
 Date : 12/16/21 Time : 00.59  
 Sample : 2017-2020  
 Periods included : 4  
 Cross-sections included: 9  
 Total panel(balanced)obs ervations:36

Variable	Coefficient	Std. error	t-statistic	Prob.
C	0.705498	0.462691	1.524773	0.1375
ROA	-5.012870	3.232207	-1560912	0.1311
LEV	-0.498155	0.795294	-0626379	0.5357
CI	1.336389	0.349022	3.828951	0.0006
KI	-0.160265	0.050534	-3.171460	0.0034
Root MSE	0.548231	R-squared		0.493447
Mean Dep	0.475917	Adjusted R-squared		0.428085
S.D dependetvar	0.781211	S.E. of regression		0.590791
AK aike info Criterion	1.913537	Sum squared resid		10.82005
Schwarz Criterion	2.133470	Log likelihood		-29.44367
Hannan-Quinn Criter.	1.990300	F-statistic		7.54482
Durbin-Watson stat	1.604358	Prob(F-statistic)		0.000228

In view of the above table shows that the worth of F-measurement of 7,549482, while the F-Table with level  $\alpha$  of 5%,  $df_1$  (k-1) = 4 and  $df_2$  (n-k) = 32 acquired worth of F-Table of 2,679. Consequently the F-measurement 7,549482 > F-Table 2,679 and likelihood esteem (F-measurement) by 0,000228 < 0.05 then that the autonomous factors profitability, leverage, capital intensity and institusional ownership at the same time huge impact on the reliant variable, the avoidance of charges on corporate area property and land the period 2017 - 2020.

#### Coeffittient of Determination

In view of table 12 it very well may be seen that the worth of Changed R-squared model of exploration is of 0,428085 or 42%. Along these lines, the factors of profitability, leverage, capital intensity and institusional ownership can clarify or influence the reliant variable, the avoidance of charges on organization property and land areas of the period 2017 - 2020 by 42%, while the leftover 58% is affected by different factors outside the examination.

#### Results of of Significant Partial (Results of of T)

Based on t test Results of in table 411 it can be concluded as follows:

The value of t-statistic institutional ownership of -3,171469, while the t-Table with the one tailed obtained t-Table value of 1,694. Thus the t-statistic institutional ownership -3,171469 > t-Table 1,694 and the value of Prob. 0,0034 < 0,05. It can be concluded that the variables of ownership of institutional research negative effect on tax avoidance on company property and real estate the period 2017-2020. This means that institutional ownership play an important role in monitoring the management of the company. With the presence of institutional ownership will improve the supervision of a more optimal, which of course will guarantee the prosperity of shareholders. According to research (Subagiastra et al., 2016), ownership of isntitusal influence on tax evasion.

The value of t-statistic leverage of -0,626379 while the t-Table with level  $\alpha$  of 5%,  $df$  (n-k) = 32 obtained t-Table value of 1,694. Thus the t-statistic Leverage -0,626379 < ttable 1,694 and the value of Prob. 0,5357 >

0,05. It can be concluded that the variable of leverage in this research no effect on tax avoidance, since an organization that has the design of a high obligation doesn't influence the organization to make charge avoidance and the higher the influence won't influence the action of duty aversion in the organization because of the great degree of obligation of an organization, then, at that point, the administration will be more moderate in the direct of monetary revealing for the organization's tasks. This is in accordance with research (Hidayat, 2018) which expresses that the influence has no impact on charge avoidance.

The value of t-statistic profitability by -1,550912 while the t-Table with level  $\alpha$  of 5%, df (n-k) = 32 obtained t-Table value of 1,694. Thus the t-statistic Leverage -1,550912 < t Table 1,694 and the value of Prob. 0,1311 > 0,05. It can be concluded that the variable profitability in this research no effect on tax avoidance. A negative result indicates that the high profitability that is produced will have an impact on the increase in corporate tax rates. Company earnings or profits likely will be doing tax planning or tax planning. Companies that have good tax planning will obtain the optimal tax, then the tendency of companies to make tax avoidance will decrease. It can be concluded that tax evasion companies associated with profitability that is produced because of the profitability describes the ability of a company in generating profits. The higher the profit or advantage which dihasilkkan company will have an impact on the

high tax rates of the company, then the company will tend to do tax planning, the better the planning the acquisition of the tax would be more optimal, thus reducing the practice of tax evasion. This is in line with research conducted (Hidayat, 2018).

The value of t-statistic capital intensity of 3,828951 while the t-Table with level  $\alpha$  of 5%, df (n-k) = 32 obtained t-Table value of 1,694. Thus the t-statistic Leverage 3,828951 > ttable 1,694 and the value of Prob. 0,0006 > 0,05. It can be concluded that the variable capital intensity in this study have a positive and sinifikan against tax evasion. Capital intensity is defined as how much the company invested his fortune in fixed assets. Almost all of the fixed assets experienced depreciation and depreciation costs can reduce the amount of tax paid by the company. Hanum (2013) explain the depreciation cost is a cost that can be subtracted from the income in calculating the tax. This means that the large amount of fixed assets owned by the company, the greater the cost of depreciation, resulting in the amount of taxable income and ETR-his will be smaller. ETR smaller gives an overview of the act of tax evasion the larger companies. The Results of of this study did not find any influence of the amount of fixed assets against the action of tax evasion by the company. The absence of the influence of the amount of fixed assets owned by the company caused by the company with the amount of fixed assets are great indeed use these assets for the benefit of the company, that support the operational activities of the company are used for the provision of goods and services.

According to akbar (2015) the company is not deliberately keep the proportion of fixed assets to avoid tax but companies do use these assets for the purpose of operating the company. Fixed assets are not able to affect the tendency of companies to commit acts of tax evasion. This is in line with research conducted by (Dede & Teak, 2017). (Wiguna & Jati, 2017).

## 5. CONCLUSION

For the year 2017 to 2020, the purpose of this study is to evaluate and offer empirical data on the impact of institutional ownership, profitability, leverage, and capital intensity on tax avoidance in property and real estate businesses listed on the Indonesia Stock Exchange. A total of 9 firms were sampled, with a total of 36 data points analysed. It may be concluded as follows based on the issue formulation, study objectives, theoretical foundation, hypotheses, and research findings:

1. The factors of institutional ownership, profitability, leverage, and capital intensity have a substantial influence on tax evasion in real & estate property sector businesses listed on the IDX for the period 2017 - 2020, according to the findings of simultaneous testing.

2. Institutional ownership has a negative influence on tax evasion in real & estate property sector businesses listed on the IDX for the period 2017 – 2020, according to incomplete test results.
3. Capital intensity has a favorable and significant influence on tax evasion in real & estate property sector businesses listed on the IDX for the period 2017 – 2020, according to partial test results.
4. Leverage has no influence on tax evasion in real estate property sector businesses listed on the IDX for, according to the incomplete test results.
5. Based on the partial test results, profitability has no effect on tax avoidance in real & estate property sector companies listed on the IDX for the 2017 – 2020 period.

## Suggestion

With the limits of this study, the researchers' recommendation for future research is that future research should employ samples from other industrial sectors, not just property and real estate firms, to boost generality, and future research should also grow. Further study is intended to include other independent variables during the research period in order to reflect the company's long-term status.

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