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## Deferred Tax Expense, Sales Growth, Capital Intensity, Transfer Pricing and Tax Avoidance

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### ABSTRACT

*This study aims to examine the effect of deferred tax expense, sales growth, capital intensity, and transfer pricing on tax avoidance in energy sector companies listed on the Indonesia Stock Exchange from 2016-2022. This method of research is quantitative research. The number of samples used in this study amounted to 49 companies from 7 companies in the energy sector, obtained using purposive sampling based on predetermined criteria. The data is secondary data, which audited financial statements for the 2016-2022 period obtained through the official website of the Indonesia Stock Exchange. The data analysis techniques used are descriptive statistics and panel data regression analysis using the Eviews 9 application software. The resulting study reveals that deferred tax expense partially affects tax avoidance, sales growth partially affects tax avoidance, capital intensity partially does not, and transfer pricing partially does not affect tax avoidance. Meanwhile, deferred tax expense, sales growth, capital intensity, and transfer pricing simultaneously affect tax avoidance.*

**Keywords:** *Deferred Tax Expense, Sales Growth, Capital Intensity, Transfer Pricing, Tax Avoidance*

### 1. INTRODUCTION

From year to year, the Indonesian government has been increasingly aggressive in optimizing taxes, considering that taxes play a huge role for the state. One is to realize national independence in financing development by digging into sources of funds from taxes. The government is trying to increase revenue from the tax sector. Through taxes, the state can finance various activities and programs needed for development and public services, such as education, health, infrastructure, security, et cetera. In 2022, State Budget revenue will be realized at IDR 2,626.4 trillion or 115.9% of the target based on Presidential Regulation Number 98 of 2022 of IDR 2,266.2 trillion. This realization grew by 30.6% in line with the increasingly intense and maintained economic recovery and the encouragement of relatively high commodity prices (Kemenkeu.go.id, 2023).

This tax collection is essential to support the function of government in providing services to

meet the needs of society in all sectors. However, on the other hand, the difference in interests between the government and taxpayers causes the tax received to differ from what the taxpayer expects. On the taxpayer side, tax is often considered to hinder the achievement of company goals because paying taxes takes part of the company's operational costs (Junery et al.; R., 2016). Taxes for companies are seen as a burden that will reduce net profit, so the company wants to pay taxes to a minimum. One way management gets a lower tax burden is to do tax avoidance. Regarding calculating and paying taxes, management seeks to get a lower tax burden to generate optimal profits (Azis A, 2019).

One of the companies doing tax evasion is PT Adaro Energy Tbk. PT Adaro Energy Tbk, a coal company, conducts tax evasion with the transfer price theory through its subsidiary in Singapore, Coaltrade Services International Pte Ltd. Findings from Global Witness regarding

indications of tax evasion by Adaro by transferring several profits derived from coal mining in Indonesia to its network of overseas companies. The Global Witness Report states that Adaro's Overseas Company Network reveals that from 2009 to 2017. Adaro, through one of its subsidiaries in Singapore, Coaltrade Services International, has arranged it so that they can pay taxes of US\$125 million less than they should in Indonesia. By moving large sums of money through tax havens, Adaro reduced its tax bill in Indonesia, reducing revenue for the Indonesian government by almost US\$ 14 million each year, which could otherwise be used for public purposes, Wareza, M. (2019). *Disebut Terlibat Transfer Pricing Adaro, Siapa Coaltrade? Indonesia: CNBC Indonesia.*

Based on the above phenomena, it can be concluded that even though tax evasion is legal, it can affect the amount of tax that taxpayers must pay, so it can reduce state revenue that should be received, resulting in the state losing revenue that should be used to finance development and public services, for society. Implementing this tax avoidance practice is influenced by several factors, namely deferred tax expense, sales growth, capital intensity, and transfer pricing.

The first influencing factor is the tax burden. Tax expense is the aggregate amount of current and deferred tax that is considered when calculating profit or loss for a period (Junery et al.; R., 2016). The tax burden is a tax charged to individual or corporate taxpayers who must be paid to the state as one of the state revenues (Adisamartha et al.; N., 2015). Deciding to do tax avoidance will lead to lower tax payments. Every company expects to be able to reduce the tax burden so that it can trigger a company to carry out tax avoidance or tax avoidance Ilyas & Priantara (2015).

Research conducted by Veronica and Kurnia (2021) stated that deferred tax expense does not affect tax avoidance. These results indicate that the size of the value of deferred tax expense does not affect companies to carry out tax avoidance. It is because it is assessed that there is a slight difference between accounting profit and tax profit, or in other words, it has a low management discretionary value so that low management directors cannot detect tax

avoidance actions. This study's results differ from research conducted by Erlin., et al. (2023) and Anarky., et al. (2021), which say that deferred tax expense has a positive effect on tax avoidance. Many companies still avoid paying taxes due to their deferred tax burden.

The second influencing factor is sales growth. Sales growth is measured based on changes in company sales from year to year. If sales increase, the company's profit will also increase. If profits are high, the tax burden that the company will receive will also be high. It will encourage companies to avoid taxes, and the results of his research Oktamawati stated that sales growth positively affects tax avoidance).

Research on sales growth conducted by Videya & Irawati (2022), Januari & Suardikha (2019), and Hidayati., et al. (2022) state that sales growth has a significant negative effect on tax evasion. The greater the sales growth, the smaller the tax avoidance. These results differ from the research conducted by Yustrianthe and Fatmiasih (2021), which state that sales growth does not affect tax evasion. The higher the company's growth, the more tax evasion because increasing sales in a company is only sometimes accompanied by increasing company profits.

The third influencing factor is capital intensity. Capital intensity is the wealth owned by the company. It impacts reducing the company's income due to depreciation, which burdens the company (Sandra et al., 2018). Almost all fixed assets experience depreciation and will become depreciation expenses in the financial statements. Meanwhile, depreciation expense is a cost that can be deducted from income in tax calculations. Companies can be considered to minimize their tax burden by utilizing depreciation costs attached to the company's fixed assets (Anggraini et al. (2020).

Research on capital intensity conducted by Hidayati., et al. (2022) and Apsari and Supadmi (2018) state that capital intensity has a significant negative effect on tax evasion, so the greater the value of capital intensity, the lower the level of tax evasion. Companies have high fixed assets for operational and investment purposes, so a high proportion of fixed assets will not affect the level of corporate tax



avoidance. Tax avoidance by the company will make the company's image worse so that the executive as a policy maker will refrain from taking tax evasion actions so that the company's image is not destructive. Meanwhile, based on research by Jusman and Nosita (2020) states that capital intensity has no significant effect on tax evasion. Companies tend to have highly fixed assets that are important in their business operations. However, the ownership of these fixed assets tends to be unrelated to efforts to avoid taxes by taking advantage of tax deductions to depreciate fixed assets.

The fourth influencing factor is transferring pricing (Azis A, 2019). The factor influencing tax avoidance is transfer pricing. From the government's point of view, transfer pricing can be a factor that can cause a country's potential tax revenue to decrease because multinational companies shift their tax obligations by reducing selling prices between companies in one group and also being able to transfer profits

## 2. LITERATURE REVIEW

Agency theory discusses agency relationships or contracts that occur between shareholders (principal) and management (agent) (Jensen et al., 1976). The conflict of interest between the agent and the principal in achieving the desired prosperity is an agency problem. Agency theory assumes that each individual is solely motivated by his interests, causing a conflict between the principal and the agent Suripto (2021). It can be assumed that tax avoidance can also be based on agency theory. Differences in interests between principals and agents can influence various matters related to company performance, including company policy regarding corporate taxes (et al. (2020).

The company's actions against taxes in Indonesia are divided into two: legally acceptable, tax avoidance, and illegal, which is unacceptable, tax evasion. In general, tax avoidance is defined as an effort made by companies to legally minimize the tax burden by exploiting loopholes in tax regulations. Tax avoidance is an effort by taxpayers to take advantage of the opportunities in tax laws so

earned to companies domiciled in other countries such as countries with lower tax rates.

Based on research by Sitorus., et al. (2022) states that transfer pricing does not affect tax avoidance practices. Supervision and new policies in government related to transfer pricing are quite strict from the Ministry of Finance, especially in the field of taxation, making it difficult for companies to carry out transfer pricing practices. Meanwhile, research conducted by Prasetyo., et al. (2022) and Pratomo and Triswidyaria (2021) stated that transfer pricing positively affects tax avoidance practices. When a company has transfer pricing activities to affiliated companies in different countries with low tax rates, the company seeks to transfer profits with the aim of large-scale tax avoidance.

This study aims to find out and prove empirically that deferred tax expense, sales growth, capital intensity and transfer pricing have a simultaneous and partial effect on tax avoidance.

that the taxes paid are lower Hidayat & Mulda (2019).

Implementing this tax avoidance practice is influenced by several factors, namely deferred tax expense, sales growth, capital intensity, and transfer pricing. Deferred tax expense, referred to as deferred tax, can be interpreted as a tax burden that can impact increasing or decreasing the tax burden that needs to be paid by taxpayers in the future. The tax burden is assessed through the distribution of taxes between periods, which affects corporate tax avoidance; the more significant the distribution between periods, the smaller the corporate tax avoidance (Simanjuntak & Sari, 2014).

Research conducted by Erlin., et al. (2023) and Anarky., et al. (2021) says that deferred tax expense positively affects tax avoidance. Many companies still avoid paying taxes due to their deferred tax burden.

**H<sub>1</sub>: The deferred tax expense has a significant effect on tax avoidance**

One potential cause of tax evasion is a rapid increase in sales volume or rates, also called sales growth. Businesses that see rapid

expansion in their customer base have a better chance of achieving high levels of profitability. Corporate profits increase due to increased sales volume. If corporate revenue increases, then tax evasion is encouraged by this. The company's tax burden increased due to increased company profits. As a means to maximize profits, corporations will use tax evasion to increase the burden while reducing tax obligations, Hendrianto, A. J., & Hidayati, W. N. (2022). The goal of sales growth is to track how much money is generated from sales and see whether it increases or decreases from year to year, according to Wulandari and Maqsudi (2019).

The statement above is supported by research from research conducted by Sinambela (2022), which states that sales growth has a significant positive effect on tax avoidance. Companies can make the desired profit projections by analyzing sales growth. As sales growth increases, the profit generated by the company will also increase because the company's operating capacity increases; this tends to make the company practice tax avoidance because the more significant the profit earned, the tax burden will increase.

**H<sub>2</sub>: The sales growth has a significant effect on tax avoidance**

One critical factor that influences a company's funding and investment decisions is the asset structure. Ownership of significant fixed assets can reduce tax payments because fixed assets have a depreciation expense, which can be used as a reduction in the amount of tax that must be paid to the State treasury; companies use this as a business strategy in making tax decisions, Gula & Mulyani (2020).

### 3. RESEARCH METHOD

This study uses a quantitative approach because numbers or a numerical scale express the data to analyze the relationship between variables (2017). Then, secondary data is sourced from financial reports in Energy Sector companies listed on the Indonesia Stock Exchange in 2016-2022. The scope of this research contains information about the research object in the form of a brief description of the Effect of Deferred Tax Expenses, Sales

Based on previous research conducted by Hidayati et al. (2022) and Apsari and Supadmi (2018), capital intensity has a significant negative effect on tax evasion, so the greater the value of capital intensity, the lower the level of tax evasion. Companies have high fixed assets for operational and investment purposes, so a high proportion of fixed assets will not affect the level of corporate tax avoidance. Tax avoidance by the company will make the company's image worse so that the executive as a policy maker will refrain from taking tax evasion actions so that the company's image is not destructive.

**H<sub>3</sub>: Capital intensity has a significant effect on tax avoidance**

Napitupulu., et al. (2020) concluded that transfer pricing is a form of transferring company income, which with the government results in a country experiencing a shortage and a loss of potential tax revenue for a country. Transfer pricing is one of the methods used by management as part of the tax avoidance practices carried out by companies by utilizing transactions with related parties to transfer company profits or expenses to related companies, Alfarizi et al. (2021).

Research conducted by Prasetyo., et al. (2022) and Pratomo and Triswidaria (2021) stated that transfer pricing positively affects tax avoidance practices. When a company has transfer pricing activities to affiliated companies in different countries with low tax rates, the company seeks to transfer profits with the aim of large-scale tax avoidance.

**H<sub>4</sub>: The transfer pricing has a significant effect on tax avoidance**

Growth, Capital Intensity, and Transfer Pricing on Tax Avoidance in energy sector companies listed on the Indonesia Stock Exchange.

#### 3.1. Data Collection Techniques

The data collection technique used in this study is secondary data taken at the Indonesia Stock Exchange (IDX). Research data was retrieved through the official website of the Indonesia Stock Exchange (IDX), [www.idx.co.id](http://www.idx.co.id), whose object is the annual



financial report on energy sector companies for 2016-2022. In addition, researchers obtained

data from the literature of books, articles, journals, and previous theses.

### 3.2 Operational Definitions of Variables

Table 1: Variable Measurement

Variables	Measurement
<b>Dependent Variables:</b>	
<i>Tax Avoidance</i> Yanti & Ismail (2020)	$ETR = \frac{\text{Company tax expenses}}{\text{Earnings Before tax}}$
<b>Independent Variables:</b>	
<i>Deferred Tax Expense</i> Sari et al (2017)	$DTE = \frac{\text{Deferred Tax Expense}}{\text{Total Asset}}$
<i>Sales Growth</i> Riswandari (2020)	$SG = \frac{\text{Sales } t - \text{Sales } t - 1}{\text{Sales } t - 1}$
<i>Capital Intensity</i> Gula & Mulyani (2020)	$CI = \frac{\text{Total Net Fixed Assets}}{\text{Total Assets}}$
<i>Transfer Pricing</i> Juvita & Ismail (2020)	$TP = \frac{\text{Sales to Related Parties Overseas}}{\text{Total Receivables}}$

Tax avoidance is a transaction scheme that minimises the tax burden by exploiting loopholes in a country's tax provisions (Anggraini et al., 2019). Deferred tax expense is an expense that arises due to temporary differences between accounting profit and taxable profit as the basis for tax calculations (Antonius & Tampubolon, 2019). Sales growth aims to track how much money is generated from sales and see whether it increases or decreases yearly (Wulandari & Maqсуди, 2019). Capital intensity or capital intensity is the ratio of fixed assets to the company's capital. Transfer pricing is a price determined in transactions between members of a

multinational company's division, where the transfer price determined can deviate from market prices and match between divisions.

### 3.3. Sample Collection Techniques

The population in this study amounted to 76 (seventy-six) companies, which are the energy sector listed on the Indonesia Stock Exchange. While the sample, according to the criteria, was 9 (nine) companies, and there were outliers in 2 companies with a total data of 49 (forty-nine) for 7 (seven) years. According to the research, the sample was selected using a purposive sampling technique based on the sample selection criteria:

Table 2: Sample Selection

Description	No. of companies
Energy sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2022	76
Companies that have complete financial reports during the year of research.	(32)
Companies that experience successive profits during the 2016-2022 period.	(28)
Companies that have complete data relating to the variables needed in the study during the 2016-2022 period.	(7)
Unsuitable data	(7)
Final sample	7
Duration study	7 years
Total observations	49

### 3.4. Data Analysis Techniques

The data analysis technique in this study used a statistical scientific approach, namely the panel data regression using Eviews version

9 as the tool used to test the data. Under the data obtained, the approach suitable for this research is quantitative, emphasising the numbers. From the numerical data obtained, it is hoped to

provide the correct conclusions.

The data analysis model used in testing the research hypothesis is the panel data regression model. Panel data regression analysis determines the relationship between one variable and another. Regression is an analytical tool used to measure the influence of the independent variables on the dependent variable. The panel data regression equation used in this study is formulated as follows:

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

Information:

$Y_{it}$  = Tax avoidance

$\alpha$  = Constant

$\beta_1 \beta_2 \beta_3$  = Regression coefficient

$X_1$  = Deferred tax expense

$X_2$  = Sales growth

$X_3$  = Capital Intensity

$X_4$  = Transfer Pricing

$\epsilon$  = errors

## 4. RESULTS AND DISCUSSIONS

### 4.3. Results

Table 3: Statistic Descriptive

Variables	N	Mean	SD	Min	Max
<b>Dependent variables:</b>					
<i>Tax Avoidance</i>	49	0.002757	0.004164	0.000000	0.022866
<b>Independent variables:</b>					
<i>Deferred Tax Expense</i>	49	0.263946	0.106519	0.064096	0.524718
<i>Sales Growth</i>	49	0.088679	0.279444	-0.368379	0.752088
<i>Capital Intensity</i>	49	0.309775	0.242227	0.000000	0.870126
<i>Transfer Pricing</i>	49	0.180400	0.286929	0.000000	0.984897

Source: Proceed by E-views, 2022

The table above gives an overview of the minimum, maximum, average, and standard deviation values of each research variable as follows:

Deferred Tax Expense Variable descriptive results with a total sample of 49 data obtained a minimum value of 1.09E-05 by PT. Sochi Lines Tbk in 2022 and a maximum value of 0.022866 by PT. TBS Energi Utama Tbk in 2020 with a mean value of 0.002757 and a standard deviation value of 0.004164. It shows that the standard deviation value of the deferred tax expense variable is greater than the average value, indicating that the results cannot correctly describe all the deferred tax expense variable data. It shows that the deferred tax expense variable has a large or heterogeneous data distribution.

Sales Growth Variable descriptive results with a total sample of 49 data obtained a minimum value of -0.368379 by PT. TBS Energi Utama Tbk in 2020 and a maximum value of 0.752088 by PT. Indo Tambangraya Megah Tbk in 2021 with a mean value of 0.088679 and a standard deviation value of 0.279444. It shows that the standard deviation value of the sales growth variable is greater than

the average value, indicating that the results cannot correctly describe all the sales growth variable data. It shows that the sales growth variable has a large data distribution or is heterogeneous.

Capital Intensity Variable descriptive results with a total sample of 49 data obtained a minimum value of 1.95E-05 by PT. AKR Corporindo Tbk in 2020 and a maximum value of 0.870126 by PT. Sochi Lines Tbk in 2016 with a mean value of 0.309775 and a standard deviation value of 0.242227. It shows that the standard deviation value of the capital intensity variable is smaller than the average value, indicating that the value of capital intensity can be said to be good. It is because the capital intensity variable has a small or homogeneous data distribution so that the data distribution shows average results and does not cause bias.

Transfer Pricing Variable descriptive results with a total sample of 49 data obtained a minimum value of 6.99E-06 by PT. Samindo Resources Tbk in 2021 and a maximum value of 0.984897 by PT. Samindo Resources Tbk in 2016 with a mean value of 0.180400 and a standard deviation value of 0.286929. It shows that the standard deviation value of the transfer





pricing variable is greater than the average value, indicating that the results cannot correctly describe all transfer pricing variable data. It shows that the transfer pricing variable has a large data distribution or is heterogeneous.

Tax Avoidance Variable descriptive results with a total sample of 49 data obtained a minimum value of 0.064096 by PT. AKR Corporindo Tbk in 2016 and a maximum value of 0.524718 by PT. Radiant Utama Interinsco

Tbk in 2016 with a mean value of 0.263946 and a standard deviation value of 0.106519. It shows that the standard deviation value of the capital intensity variable is smaller than the average value, indicating that the value of tax avoidance can be said to be good. It is because the tax avoidance variable has a small or homogeneous data distribution, so the data distribution shows average results and does not cause bias.

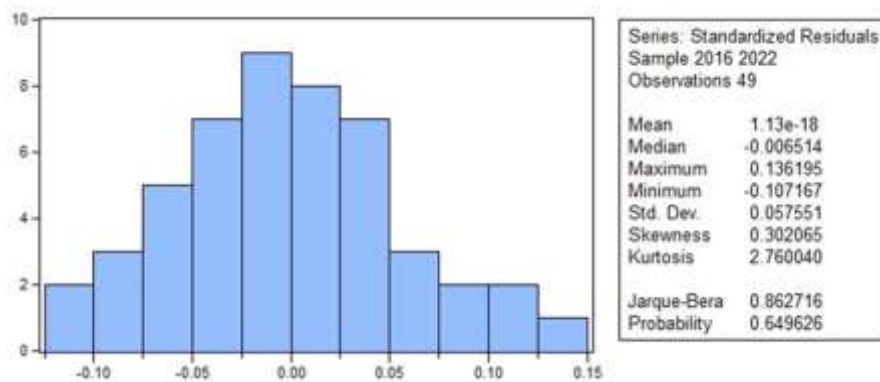


Figure 1: Normality Test

Source: Proceed by E-views, 2022

Based on the results of the normality test in the figure above, it can be seen that the probability value is 0.862716. This value is

more significant than 0.05, which means that the data in this study are normally distributed.

Table 5: Multicollinearity test

Variables	Deferred Tax Expense	Sales Growth	Capital Intensity	Transfer Pricing
Deferred Tax Expense	1.000000			
Sales Growth	-0.208623	1.000000		
Capital Intensity	-0.315142	-0.222537	1.000000	
Transfer Pricing	-0.276333	-0.118072	0.208082	1.000000

Source: Proceed by E-views, 2022

Based on the results of the multicollinearity test in the table above, it can be seen that the correlation value between the independent variables is less than 0.9, meaning that in this

study, there were no symptoms of multicollinearity between the independent variables in the regression model or no multicollinearity problems were detected.

Table 6: Regression test

Variables	Coefficient	Sig.
<b>Independent variables:</b>		
Deferred Tax Expense	-5.840812	0.0498**
Sales Growth	-0.084512	0.0383**
Capital Intensity	0.087499	0.6495
Transfer Pricing	0.035055	0.5283
R-square	25.60%	
Prob(F-statistic)	0.04	
Observations	49	

Source: Proceed by E-views, 2022

Based on tests carried out partially, decision-making can use the following comparisons: If  $t \text{ count} > t \text{ table}$  and significant probability  $< 0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected. If  $t \text{ count} < t \text{ table}$  and significant probability  $> 0.05$ , then  $H_0$  is accepted, and  $H_a$  is rejected as on Table 4.17, the T-count value of deferred tax expense is -2.026090 while the T-table is 2.01537. Then the T-count value is greater than the T-table ( $-2.026090 > 2.01537$ ), and the probability value of the deferred tax expense variable is 0.0498, which is smaller than the significance value of 0.05 ( $0.0498 < 0.05$ ). So, the first hypothesis ( $H_1$ ) is accepted; this indicates that deferred tax expense partially affects tax avoidance.

Based on Table 4.17, the T-count value of sales growth is -2.146208, while the T-table is 2.01537. Then, the T-count value is more significant than T-table ( $-2.146208 > 2.01537$ ), and the probability value of the sales growth variable is 0.0383, which is smaller than the significance value of 0.05 ( $0.0383 < 0.05$ ). So, the second hypothesis ( $H_2$ ) is accepted; this indicates that sales growth partially affects tax avoidance.

Based on Table 4.17, the T-count value for capital intensity is 0.458135, while the T-table is 2.01537. Then, the T-count value is smaller than the T-table ( $0.458135 < 2.01537$ ), and the probability value of the capital intensity variable is 0.6495 greater than the significance value of 0.05 ( $0.6495 > 0.05$ ). So, the third hypothesis ( $H_3$ ) is rejected; this indicates that capital intensity partially does not affect tax avoidance.

#### 4.4. Discussion

The results of the analysis and discussion that have been carried out using various kinds of tests and analysis, the following conclusions are obtained:

Deferred tax expense affects tax avoidance. This deferred tax expense arises as a result of temporary differences arising from the difference between accounting profit and taxable profit so that it will result in future income tax payable or an increase in tax expense. If the difference between accounting profit and commercial profit is high, it will affect management decisions. The existence of

Based on Table 4.17, the T-count value of transfer pricing is 0.636421, while the T-table is 2.01537. Then, the T-count value is smaller than the T-table ( $0.636421 < 2.01537$ ), and the transfer pricing variable probability value of 0.5283 is greater than the significance value of 0.05 ( $0.5283 > 0.05$ ). So, the fourth hypothesis ( $H_4$ ) is rejected; this indicates that transfer pricing partially does not affect tax avoidance.

In simultaneous testing, the basis for decision-making used is if the probability value of Prob(F-statistic) is less than the value  $\alpha = 0.05$  (significance  $< 0.05$  and F-count  $> F$ -table), then  $H_0$  is rejected, and  $H_a$  is accepted.

Based on the simultaneous test (F) results in Table 4.16 above, the F-count value is 9.217458. Meanwhile, to find the F-table, namely the number of samples ( $n$ ) = 49, the number of variables ( $k$ ) = 5 and the significance level = 0.05, then  $df_1 = k-1 = 5-1 = 4$  and  $df_2 = nk = 49-5 = 44$  obtained the F-table value of 2.584 so that the F-count ( $9.217458 > 2.584$ ) with a significant value of  $0.000000 < 0.05$ . These results indicate that  $H_5$  is accepted, and it can be concluded that deferred tax expense, sales growth, capital intensity, and transfer pricing simultaneously affect tax avoidance.

The Sales Growth variable has a count of -0.602780 smaller than the table ( $-0.602780 < 1.67866$ ) and a significance value of  $0.5506 > 0.05$ , so  $H_0$  is accepted, and  $H_5$  is rejected. Then, Sales Growth does not affect Tax Aggressiveness.

a deferred tax expense causes the tax burden on companies to increase. It will encourage companies to engage in tax evasion because high tax payments will affect the profits generated by the company. It is in line with research conducted by Sinambela (2022).

Sales growth influences tax avoidance. The rise and fall of sales every year for the company can illustrate the profit earned by a company; it will affect the tax payments that will be paid. If sales have decreased, it indicates that the profit earned by the company has also decreased; conversely, if sales have increased, the profit earned by the company will also have





increased. When the profits earned by the company increase, the tax payments that must be paid also increase. It will encourage companies to carry out tax avoidance because they experience an increase in profits, which causes tax payments to increase so that they can reduce the profits earned by the company. The results of this study are in line with research conducted by Sinambela (2022)

Capital Intensity does not affect tax avoidance. Capital intensity is often associated with the amount of investment in fixed assets owned by the company. A decrease or increase in capital intensity does not affect tax avoidance because the company has high fixed assets not to carry out tax avoidance. However, fixed assets are used for the company's operational interests. In this case, the proportion of fixed assets does not affect the company's practice of tax avoidance. This study's results align with research conducted by Rismawati., et al. (2023).

Transfer pricing does not affect tax avoidance. The issuance of Regulation of the Minister of Finance Number 213/PMK.3/2016 concerning Types and Additional Information Documents Required to be Kept by Taxpayers Conducting Transactions with Parties with

## 5. CONCLUSIONS

This research aims to determine the effect of Deferred Tax Burden, Sales Growth, Capital Intensity, and Transfer Pricing for Tax Avoidance for energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2022 period. Based on the research that has been done, the results of the t-test or partial test show that the variable Deferred Tax Expense and Sales Growth have a significant effect on Tax Avoidance. In contrast, the Capital Intensity and Transfer Pricing variables do not significantly affect Tax Avoidance. Based on the results of the F test or simultaneous test, the variable Deferred Tax Expense, Sales Growth, Capital Intensity, and Transfer Pricing significantly affect Tax Avoidance.

This study has limitations that can be considered for future researchers to obtain even

Special Relationships and Procedures for Their Management proves that the Ministry of Finance has begun to act decisively against the accuracy of information about transactions between related parties to the financial statements of a company. Because there is strict supervision from the Minister of Finance, especially in taxation, it becomes difficult for companies to take evasive actions through transfer pricing. This study's results align with research conducted by Ilham., et al. (2020).

Based on the results of the F Test, it can be concluded that the effect of deferred tax expense, sales growth, capital intensity, and transfer pricing simultaneously have a significant effect on the tax avoidance of energy sector companies listed on the Indonesia Stock Exchange for the 2016-2022 period. There is a relationship between the increase in deferred tax expense, sales growth, capital intensity, and transfer pricing at companies and the increase in profits the company will achieve. When a company has high profits, the amount of liability in terms of paying taxes that must be paid will also be quite large. It encourages companies to practice tax avoidance to reduce the amount of tax to be paid.

better results. The sample in this study is still very limited to energy sector companies listed on the Indonesia Stock Exchange for the 2016-2022 period; only seven companies or 49 companies were data observations. Meet the sample criteria because several companies still need to meet the criteria. The independent variables used are only 4; there are still other variables that might affect tax avoidance.

Based on the research limitations that have been explained, suggestions for further research regarding tax avoidance. In this study, it is recommended to develop research with other industries listed on the Indonesia Stock Exchange and with a more significant number of samples to strengthen the results of the research conducted. Moreover, further research is suggested to add other variables affecting tax avoidance.

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