EAJ (Economic and Accounting Journal)
Vol. 7, No. 3, September 2024
ISSN 2615-7888

Influence Of Cash Flow, Capital Structure,Operational Costs and Capital Intensity Towards Corporate Income TaxPayable

[1]Puspita Handayani, [2]Wita Cantika Rila Zety
[1,2]Faculty of Economics and Business, Universitas Pamulang
Email: [2] witacantika410@gmail.com

ABSTRACT
This research aims to analyze the influence of Cash Flow, Capital Structure, Operational Costs and Capital Intensity. The theory used in this research is agency theory. The approach used in this research is a quantitative approach. The research method uses panel data analysis with E-views12 software to testrandom effect and fixed effect models, and determine the most relevant model through the Chow Test and Hausman Test. This research includes data from manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange, which publish complete annual financial reports in rupiah during the 2018-2023 period, as well as companies that experienced profits during that period. Of the total 92 companies that met the criteria for this research, 11 were companies. It is hoped that the results of this research can contribute to improving the quality of financial information and understanding of accounting conservatism in Indonesia. The data analysis technique used is descriptive statistics. The results of this research are that Cash Flow, Capital Structure, Operational Costs have no effect on Corporate Income Tax Payable and Capital Intensity has an effect on CorporateIncome Tax Payable.

Keywords: *Cash Flow, Capital Structure, Operational Costs and Capital Intensity of Corporate IncomeTax Payable*

1. INTRODUCTION

Minister of Finance (Menkeu) Sri Mulyani Indrawati said that state revenue from the 2022 APBN reached IDR 2,626.4 trillion or 115.9% of the target set in Presidential Regulation Number 98 of 2022 of IDR 2,266.2 trillion. (www.kemenkeu.go.id). Based on data sources from the DJP performance report for 2020 - 2023, total tax revenue in 2020 was only able to reach IDR 1,069.97 trillion or only 89.25% of the target so that in 2020 there was a decrease of 12% from the target that had been set. Phenomenon related to minimizing the amount of tax by avoiding taxes in the property and real estate sector which has occurred in Indonesia, namely the 2018 tax evasion case, namely PT Karyadeka Alam Lestari Tbk, one of the property and real estate companies which is the developer of the Bukit Semarang Baru housing complex, manipulated prices the sale in the notarial deed is smaller than what it actually is, namely selling a luxury house for Rp. 7.1 billion but in the notarial deed it only says Rp. 940 million. This transaction resulted ina price difference of IDR 6.1 billion. For this transaction, there is a potential Value Added Tax (VAT) that must be paid 10% of the unpaid difference of IDR 610 million. The final PPh (Income Tax) shortfall is 5% multiplied by IDR 6.1 billion, which is around IDR 300 million. So the total tax shortfall is IDR 910 million which has not been paid. If this developer sells hundreds of luxury housing units, the state's losses could reach billions in recovery from one housing project (Tribun News Jateng, 2018).

The next phenomenon occurred with PT Agung Podomoro Land, which is also a property and real estatesector company. In 2021, it was also included in 6th on the list of property companies owned by Indonesian conglomerates that have the largest amount of debt (Balinesia.id, 2021). The large amount of debt that is owned is also a company strategy to reduce the company's profits

*Corresponding author's e-mail: *witacantika410@gmail.com*

and also reduce the amount of taxes paid.

This research is aimed at analyzing (1) whether cash flow, capital structure, operational costs and capital intensity have an effect on corporate income tax payable. (2) does cash flow have an effect on corporate income tax payable. (3) does the capital structure have an effect on the corporate income tax payable. (4) whether operational costs have an effect on the corporate income tax payable. (5) Does capital intensity have an effect on corporate income tax payable? The results of this research are expected to be useful for companies in making decisions regarding the use of cash flow, capital structure, operational costs and capital intensity to reduce tax costs, taking into account the current tax rates. At the moment.

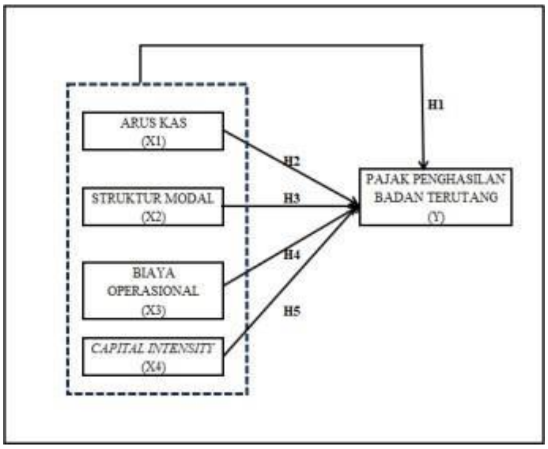
2. LITERATURE REVIEW

Agency Theory

Agency theory is a theory in the fields of finance and economics which relates to conflicts of interest between two parties, where the first party is the principal (government) and the second party is the agent (company management). This theory states that there is a tendency for company managers to act in their own personal interests, not in the interests of the company (Jensen et al, 1976). From the case of a decrease in state income originating from taxes due to a conflict of interest in agency theory which allows management actions to influence the amount of corporate income tax payable.

Framework of thinking

A framework of thinking is a conceptualization of a problem or phenomenon being studied, which explains the relationship between variables that are interrelated and can be tested (Creswell, 2014). The research framework is used to guide research in developing research concepts, formulating hypotheses, and designing research methodology. This research framework also helps researchers in organizing data and analyzing the research results that have been obtained.



Source: Data processed by researchers, 2024

Hypothesis Development

According to Amelia & Suharyadi (2018), operating cash flow is the company's mainrevenue-producing activities (principal revenue- producing activities) and other activities that are not investment activities and financing activities. According to Chen and Chuang, (2009) examined the relationship between Capital Structure, Profit Management and Corporate Income Tax Payable in Taiwan. The results of his research show that companies with a higher capital structure tend to carry out earnings management and pay lower corporate income tax payable. According to Silalahi & Nasution, (2022), the results show that the Long-term Debt to Equity Ratio has a negative and significant effect on the Corporate Income Tax Due and the 33 Debt to Equity Ratio has a positive and insignificant effect on the Corporate Income Tax Due. According to (Nursasmitaa, 2021) operational costs have a positive effect on company income tax seen from the total sales costs as well as administrative and general costs. The higher the amount of these costs tends to increase the sales volume. It can be concluded that cash flow, capital structure, operational costs and capital intensity have gaps that can be exploited by agents to optimize company profits.

For the principal, they have another perspective regarding cash flow, capital structure, operational costs and capital intensity, including elements that can increase sales, sales increase as well as company profits also increase so that they can obtain dividend distribution as expected. From theoretical assumptions and empirical evidence from previous research, the following hypothesis can be formulated:

H1: It is suspected that Cash Flow, Capital

*Corresponding author's e-mail: *witacantika410@gmail.com*

Structure, Operational Costs and Capital Intensity have a simultaneous influence on Corporate Income Tax Payable

The cash flow ratio is a mathematical equation used to determine the financial condition of a business (Daeli & Izzah, 2023). Cash flow is the financial activity that comes in and out of a business. The higher the level of cash flow can provide benefits to the principal because the higher the level of cash flow, the more capable the company is of paying taxes. However, for agents, high cash flow can increase income, if income increases then taxable profit also increases, thus affecting the amount of corporate income tax payable that will be paid. With this, the agent feels pressured to meet expectations, high profits from the principal, so the agent can optimize cash outflows and cash inflows so that the taxes paid remain small.

Based on the theory above, Amelia, Yessica et al (2018) stated that operating cash flow has a significant positive influence on corporate income tax, so it can be formulated as follows:

H2: It is suspected that cash flow has an effect on Corporate Income Tax Payable

According to Silalahi & Nasution, (2022) capital structure which is assessed by the amount of long-term debt (LDAR) is a ratio that reflects the proportion of long-term debt used by the company to finance its assets to show investments in the company's assets or assets. LDAR affects the corporate income tax payable because long-term debt will give rise to interest expenses on the company which will affect the company's income. The greater the amount of debt used as a source of funding, the greater the cost of debt or interest expense which will be a deduction from income that will be taxed. Based on theoretical assumptions and supported by empirical evidence from previous research, it can be formulated as follows:

H3: It is suspected that capital structure has an effect on corporate income tax payable

According to Collins, et al (2016) examined the influence of operational costs on corporate income tax payable in Australia. The research results show that companies with higher operational costs tend to pay lower corporate income tax. If seen from the amount of sales costsas well as administrative and general costs. The higher the amount of these costs tends to increase the sales volume. So if sales volume increases, the profits earned tend to increase, which causes the income tax paid by the company to also increase (Nursasmitaa, 2021). This assumption can increase operational costs and increase company profits, thereby increasing the corporate income tax payable that the company will pay. Based on theoretical assumptions and supported by empirical evidence from previous research, it can be formulated as follows:

H4: It is suspected that operational costs have an influence on corporate income tax payable

Capital intensity is an investment activity carried out by a company related to investment in the form of fixed assets (capital intensity) and inventory (Ambarukmini et al, 2017). The capital intensity ratio can show the company's level of efficiency in using its assets to generate sales. Companies that choose to invest in assets or capital in terms of depreciation can take advantage of tax reductions (Puspita 39 et al., 2017). Based on theoretical assumptions and supported by empirical evidence from previous research, it can be formulated as follows:

H5: It is suspected that Capital Intensity has an effect on Corporate Income Tax Payable

3. RESEARCH METHOD

This research uses a descriptive statistical method with a quantitative approach, namely all data is in the form of processed numbers. The data obtained were 66 samples of companies in the property and real estate sector. The research model uses panel data regression analysis using EViews version 12 software. Panel data regression analysis is a combination of cross section data and time series data, where the same cross section units are measured at different times. Followed by classical assumption testing and hypothesis testing.

4. RESULTS AND DISCUSSIONS

Panel Data Regression Results

Panel Data Regression Results Based on the results of the model selection carried out by the author, the FEM model was obtained as the selected model. The following results from FEM

*Corresponding author’s e-mail: *witacantika410@gmail.com*

are presented in table 4.15 as follows:

NP = -1,029655 + 0,144888CFO + 0,445739LDAR – 1,031556BOPR + 1,626301CIR + ε

Panel data regression table as follows:

Tabel 4. 15 Regresi Data Panel Fixed Effect Model

Variabel	Coefficient	Std. Error	t-Stratistic	Prob
Y	-1,029655	0,998302	-1,031406	0,3072
X1	0,144888	0,19513	0,742521	0,4612
X2	-0,445739	0,361379	-1,233441	0,2231
X3	-1,031556	0,938078	-1,099649	0,2766
X4	1,626301	0,65331	2,489323	0,0161

Sumber: Data sekunder vang diolah tahun 2024

Based on the regression equation, it is possible to analyze the influence of each independent variable, namely Cash Flow, Capital Structure, Operational Costs and Capital Intensity on the dependent variable, namely Corporate Income Tax Payable, as follows:

1. The constant in the corporate income tax payable variable has a value of - 1.029655. This shows that the independent variables (cash flow, capital structure, operational costs, and capital intensity) are considered constant or have a value of zero. So the coefficient on the cash flow, capital structure, operational costs and capital intensity variables will decrease by 1.029655.
2. The cash flow regression coefficient is 0.144888. This shows that for every one unit decrease in the cash flow variable assuming the other independent variables are considered constant, the cash flow variable will decrease by -0.144888.
3. The capital structure regression coefficient is -0.445739. This shows that for every one unit decrease in the company size variable assuming the other 72 independent variables are considered constant, the capital structure variable will increase by 0.445739.
4. The operational cost regression coefficient is -1.031556. This shows that for every unit decrease in the operational cost variable assuming the other independent variables are considered constant, the operational cost variable will increase by 1.031556.
5. The capital intensity regression coefficient is 1.626301. This shows that for every unit increase in the operational cost variable assuming the other independent variables are considered constant, the capital intensity variable will increase by 1.626301.

Hypothesis Test Results Simultaneous Test (F Test)

Tabel 4. 16 Hasil Uji Simultan (Uji F)

Uji Simultan (*Uji F) & Koefisien Determination (R2)*	
Adjusted R-Squared	0,27613
F-Statistic	2,771079
Prob (F-Statistic)	0,003998

Sumber: Data sekunder yang diolah tahun 2024

Based on table 4.16, the results of the simultaneous test (F test) show that the Fcount value obtained is 2.7710 with a significant value of 0.003998. Meanwhile, to find Ftable with sample size (n) = 66, with number of variables (k)= 4 and significance level = 0.05 then df1 = k-1 =4-1 = 3 and df2 = n-k = 66-4 = 62 The Ftable valueobtained is 2.753 so that Fcount is 2.7710 > 2.753 with a significant value of 0.003998 < 0.05. Theseresults indicate that H1 is accepted and it can be concluded that cash flow, capital structure, operational costs and capital intensity simultaneously and together have a significant effect on corporate income tax payable in property and real estate sector companies listed on the Indonesia Stock Exchange in 2018 - 2023. With these results it can be concluded that the model is valid to use to test research.

Partial Test (t Test)

Tabel 4. 17 Hasil Uji Parsial (Uji t)

Variabel	Coefficient	Std. Error	t-Stratistic	Prob
Y	-1,029655	0,998302	-1,031406	0,3072
X1	0,144888	0,19513	0,742521	0,4612
X2	-0,445739	0,361379	-1,233441	0,2231
X3	-1,031556	0,938078	-1,099649	0,2766
X4	1,626301	0,65331	2,489323	0,0161

Sumber: Data sekunder yang diolah tahun 2024

T table calculation: df = n-k, namely: 66-4 = 62 = 1.670, based on the results in table 4.16 partial test results (t test) calculation results using eviews version 12.0 for windows can be explained as follows:

1. The statistical t test on the operating cash flow variable has a sig value of 0.4612 > 0.05 and a t value of 0.742521 < 1.670, meaning that the cash flow variable has no effect on

*Corresponding author's e-mail: *witacantika410@gmail.com*

the corporate income tax payable. So it can beconcluded that **H1 is rejected.**

2. The statistical t test on the capital structure variable (LDAR) has a sig value of 0.2231 > 0.05 and a t value of -1.233441 < 1.670, meaning that the LDAR variable does not have a significant effect on the corporate income tax payable. So it can be concluded that **H2 is rejected.**
3. The statistical t test on the operational cost variable (BOPR) has a sig value of 0.2766 > 0.05 and a t value of -1.099 < 1.670, meaning that the LDAR variable has no significant effect on the corporate income tax payable. So it can be concluded **that H3 is rejected**.
4. The statistical t test on the capital intensity (CIR) variable has a sig value of 0.016 < 0.05 and a t value of 2.489 > 1.670, meaning that the CIR variable has a significant effect on corporate income tax payable. So it can be concluded that **H4 is accepted**.

Coefficient of Determination Test (R^2)

The results of the regression analysis from Table 4.15 show that the coefficient of determination (R^2) is 0.2761. This means that 27.6% of the corporate income tax payable can be explained by all independent variables, while the corporate income tax payable can be explained by other factors not tested in this study, amounting to 72.4%.

5. CONCLUSIONS

Based on the Fknown test in table 4.15, it can be seen that the cash flow, capital structure, operational costs and capital intensity variables have a sig value of 0.003998 < 0.05 and the Fcount value is 2.7710 > 2.753, meaning that H1 is accepted, so it can be concluded that the cash flow variable, Capital structure, operational costs and capital intensity together have a significant effect on corporate income tax payable in property and real estate sector companies listed on the Indonesia Stock Exchange in 2018-2023.

Testing hypothesis H2 shows that cash flow has no effect on corporate income tax payable. From the partial test results, the cash flow regression coefficient has a calculated t value of 0.742521 and a significance level of 0.4612. The coefficient value of 0.742521 is smaller than thet table of 1.670 and the significance level is0.4612, which is greater than 0.05. This states thatcash flow has no effect on corporate income tax payable H2 Rejected.

Testing hypothesis H3 shows that LDAR capital structure has no effect on corporate income tax payable. The statistical t test on the LDAR variable has a sig value of 0.2231 > 0.05 and the tcount value is -1.2334 > -1.670, meaning the variable
LDAR has no significant effect on corporate income tax payable. So it can be concluded that H3 is rejected.

Testing hypothesis H4 shows that operational costs have no effect on corporate income tax payable. The statistical t test on the operational cost variable (BOPR) has a sig value of 0.2766 > 0.05 and a t value of -1.099 < 1.670, meaning that the LDAR variable has no effect on the corporate income tax payable. So it can be concluded that H4 is rejected.

The results of testing hypothesis H5 show that capital intensity has an effect on corporate income tax payable. The statistical t test on the capital intensity (CIR) variable has a sig value of 0.016 < 0.05 and a t value of 2.489 > 1.670, meaning that the CIR variable has a significant effect on corporate income tax payable. So it can be concluded that H5 is accepted.

LIMITATIONS

In the research that has been carried out there are still limitations in the research, including:

1. In the property and real estate sector in the 2018 - 2023 research year period, there was a Covid pandemic so that many companies did not meet the research sample criteria and this resulted in only 66 samples obtained from 11 companies.
2. This research uses a sample of companies in the property and real estate sector by testing 4 variables that are thought to have an influence, namely the cash flow components, capital structure, operational costs and capital intensity.

*Corresponding author's e-mail: *witacantika410@gmail.com*

SUGGESTION

Based on the limitations of this research, recommendations for further researchers are:

1. Based on the research period which was only carried out for 6 years, further research can add more years of research to get more samples.
2. Further research can add other variables, by adding other variables you can expand other sectors, you can also add intervening or moderating variables.

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*Corresponding author's e-mail: *witacantika410@gmail.com*