

Debt Policy, Tax Planning, and Tax Risk on Financial Performance: Evidence from Indonesian Healthcare Sectors

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Abstract

This study aims to determine the effect of debt policy, tax planning, and tax risk on financial performance in Indonesian healthcare sector. The subject of the research was the companies in the healthcare sector listed on the IDX in 2019-2022. The sample companies are selected with purposive sampling techniques to support the research findings. The data analysis technique was supported by Eviews software using multiple linier regression. The study resulted in the debt policy and tax planning variables partially affect financial performance, while tax risk has no effect on financial performance. The study uses secondary data. If supplemented with in-depth interviews with competent sources, more in-depth analysis is likely. The results showed that in the healthcare sector with tax incentives provided by the government, financial performance was not affected, it is recommended that the government, in this case the Director General of Taxes, be more selective in providing incentives and more disciplined in its supervision. This study draws on updated and recent secondary data so that it can serve as an illustration for the basis of government tax policy making in related sectors. This research also examines the effect of tax risk on financial performance which has not been studied much before.

Keywords: *debt policy; tax planning; tax risk; financial performance*

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh kebijakan utang, perencanaan pajak, dan risiko pajak terhadap kinerja keuangan di sektor kesehatan Indonesia. Subjek penelitian adalah perusahaan di sektor kesehatan yang terdaftar di BEI tahun 2019-2022. Perusahaan sampel dipilih dengan teknik purposive sampling untuk mendukung temuan penelitian. Teknik analisis data didukung oleh perangkat lunak Eviews menggunakan regresi linier berganda. Penelitian ini menghasilkan variabel kebijakan utang dan perencanaan pajak secara parsial mempengaruhi kinerja keuangan, sedangkan risiko pajak tidak berpengaruh

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terhadap kinerja keuangan. Penelitian ini menggunakan data sekunder. Jika dilengkapi dengan wawancara mendalam dengan narasumber yang kompeten, kemungkinan analisis yang lebih mendalam. Hasil penelitian menunjukkan bahwa di sektor kesehatan dengan insentif pajak yang diberikan pemerintah, kinerja keuangan tidak terpengaruh, disarankan kepada pemerintah dalam hal ini Direktur Jenderal Pajak untuk lebih selektif dalam memberikan insentif dan lebih disiplin dalam pengawasannya. Penelitian ini memanfaatkan data sekunder yang mutakhir dan terbaru sehingga dapat menjadi gambaran untuk dasar pengambilan kebijakan pajak pemerintah di sektor terkait. Penelitian ini juga mengkaji pengaruh risiko pajak terhadap kinerja keuangan yang belum banyak diteliti sebelumnya.

Kata kunci : kebijakan utang; perencanaan pajak; risiko pajak; kinerja keuangan

1. INTRODUCTION

The healthcare sector is one of the important sectors in a country's infrastructure. Moreover, since the COVID-19 pandemic which broke out at the end of 2019, countries in the world have increasingly prioritized the health sector, namely by increasing the availability of facilities and infrastructure and also their quality, (Limanseto, 2024). Moreover, the long pandemic period and the emergence of new variants of the COVID-19 virus require the government to always be alert and continue to develop efforts in the healthcare sector. The Indonesian government has made many efforts regarding handling COVID-19, and this requires quite large funds. Starting from shopping for health equipment related to COVID-19 such as hand sanitizers, test kits, ventilators, Personal Protective Equipment (PPE), incentives for medical personnel and doctors, even death benefits for health workers. Regarding Tax Planning, Taxpayers in the healthcare sector can take advantage of tax facilities provided by the government starting from VAT facilities borne by the government for referral hospitals and other parties who assist in handling COVID-19, both for the import, acquisition, and/or utilization of goods and services for handling COVID-19, and also PPh 22 exemption facilities for imports and/or sales as well as purchases of goods for handling COVID-19 carried out by and to referral hospitals, government agencies/agencies or other parties appointed to handle COVID-19, (kemenkeu, 2020).

The financial performance of the healthcare sector is also one of the sectors driving economic recovery in Indonesia due to the COVID-19 pandemic. several subsectors in the health sector, such as pharmaceuticals and medical equipment manufacturers have experienced increased sales due to high demand for drugs and medical equipment related to COVID-19, (Nurhayati, Pratiwi, and Djuanda, 2023; Retnoningsih, Susanto, and Barlian, 2022).

Table 1 Composite Share Price Index by Economic Sector and Month, 2021

Indeks <i>Index</i>	Juli <i>July</i>	Agustus <i>August</i>	September <i>September</i>	Oktober <i>October</i>	November <i>November</i>	Desember <i>December</i>
Indeks Harga Saham Gabungan / Stock Price Composite Index	6 070,039	6 150,299	6 286,943	6 591,346	6 533,932	6 581,482
IDX Sektor Energi / IDX Sector Energy	760,075	752,716	996,282	1 000,369	1 046,545	1 139,499
IDX Sektor Barang Baku / IDX Sector Basic Materials	1 163,651	1 175,541	1 124,862	1 194,610	1 201,660	1 234,381
IDX Sektor Perindustrian / IDX Sector Industrials	926,250	994,982	1 081,812	1 080,968	1 028,723	1 036,692
IDX Sektor Barang Konsumen Primer / IDX Sector Consumer Non-Cyclicals	659,997	661,869	673,911	689,995	675,057	664,131
IDX Sektor Barang Konsumen Non-Primer / IDX Sector Consumer Cyclicals	801,199	806,544	855,047	852,019	833,178	900,421
IDX Sektor Kesehatan / IDX Sector Healthcare	1 358,118	1 339,699	1 359,338	1 404,008	1 455,656	1 420,068
DX Sektor Keuangan / IDX Sector Financials	1 353,818	1 397,670	1 414,805	1 537,885	1 526,502	1 526,859
IDX Sektor Properti & Real Estat / IDX Sector Properties & Real Estate	803,932	805,913	819,907	865,930	816,291	773,062
IDX Sektor Teknologi / IDX Sector Technology	11 732,894	10 990,881	9 442,682	9 404,792	8 872,256	8 994,438
IDX Sektor Infrastruktur / IDX Sector Infrastructures	931,565	936,755	975,863	986,629	987,234	959,269
IDX Sektor Transportasi & Logistik / IDX Sector Transportation & Logistic	1 043,901	1 061,939	1 202,247	1 210,045	1 492,426	1 599,384
LQ45 Index	823,043	866,488	894,678	952,585	930,975	931,411

Source: bps.go.id

Based on the table above, it can be seen that at the end of 2021 the healthcare sector share price index was in the 4th best. The first place is the energy sector with an energy sector stock index value of Rp. 8,994.438, second is the stock price index for the transportation and logistics sector of 1,599.384, followed by the third place, namely the financial sector stock price index of Rp. 1,526.859, and the healthcare sector is in 4th place with sector stock price index IDR 1,420.068. From the table above it can also be seen that the healthcare sector during 2021 tends to have stable movements and remains in fourth place.

The ongoing financial performance of the health sector is supported by a number of funds which can come from internal companies or external sources, namely debt to third parties. This debt policy is often associated with tax planning where the greater the amount of debt a company has, the greater the interest burden that must be paid, which can affect the company's liquidity and profitability, (Pangesti, Masitoh, & Wijayanti, 2020). A good debt policy must consider the balance between leveraging debt for growth and guarding against the risks that can arise from excessive debt.

Tax planning is defined as a taxpayer's effort or strategy to manage his or her tax obligations in a manner that is legal and does not violate the law, with the goal of minimizing the tax burden, (Nurhikmah & Irawati, 2023). This can be done by taking advantage of tax incentives offered by the government, such as tax cuts, investment incentives, and other tax deductions. Through tax planning, taxpayers

can reduce their tax burden and still comply with existing regulations.

Tax planning activities and debt policies undertaken by taxpayers are not without risk. However, good tax planning is expected to minimize the tax risks that arise. Tax planning by management must take into account tax risks and still maintain good financial performance, (Pujianti, Silfi, & Hariyani, 2023). Tax risk refers to the potential negative impact on the Company's financial performance as a result of tax issues and uncertainties, (Drake, Lusch, & Stekelberg, 2019). These risks can take the form of administrative and criminal sanctions, as well as damage to the taxpayer's reputation, (Paramitha & Sari, 2022).

This research is a quantitative study, using secondary data from companies in the healthcare sector listed on the IDX for the period 2019-2022. This type of research is associative, which attempts to prove the effect of the independent variable on the dependent variable. The independent variables in this study are debt policy, tax planning, and tax risk, while the dependent variable is financial performance. The difference between this research and previous research is the use of tax risk variables, which have not been widely used in previous research in the healthcare sector. Conducted during the COVID-19 pandemic, the study considers the unique challenges and financial pressures faced by healthcare companies during this period. This temporal context adds relevance to the findings, as it reflects the sector's response to unprecedented circumstances.

2. LITERATURE REVIEW

Agency Theory

Agency theory is a framework in economics and management that examines the relationship between two parties with different interests, such as the owners and managers of a company, (Panda and Leepsa, 2017; Putri, Ulum, and Prasetyo, 2019). The theory identifies potential conflicts of interest between these parties and attempts to understand how they can resolve such issues. In the context of its relationship to financial performance, agency theory suggests that conflicts of interest between owners (principals) and managers (agents) can affect the firm's financial performance. Managers want to be incentivized to take actions that can improve the firm's short-term financial performance in order to receive rewards or bonuses, even though these actions may not always benefit the firm in the long term.

In the agency theory, one of the duties of the agent or management is to prepare financial reports, including reports on the company's leverage related to tax avoidance (Pucantika and Wulandari, 2022). The agent reports the leverage situation of the company that can prevent the company from paying taxes during a certain period, if this is indicated by the government, it will pose a risk of tax audits that lead to tax penalties. To overcome this agency problem, firms typically implement various control mechanisms, such as appropriate incentive systems, board monitoring, and information transparency, (Ludwig and Sassen, 2022). By effectively implementing these mechanisms, companies can reduce conflict of interest between owners and managers and thus improve their financial performance.

Financial Performance

Financial performance is a measure used to evaluate how well an entity, such as a company, organization, or individual, manages its financial resources, (Revanza and Wahyuni, 2023). There are more than one formula used to measure financial performance, such as gross profit margin, net profit margin, return on investment, debt-to-equity ratio, asset turnover, liquidity ratios, free cash flow, and also earnings per share (Panda and Leepsa). This study uses EPS as a proxy for financial performance. Earning per share (Panda and Leepsa) is the ratio of net income after tax expenses to the number of shares outstanding. The EPS value can be used to see the company's ability to earn profits and also to generate net profit for each share that can be distributed to shareholders (Arsal, 2021).

EPS was chosen not only because it focuses more on the company's ability to generate profits, but also because it is directly related to the interests of shareholders by showing how much profit is generated per share owned. EPS also uses a simple formula that is easy for users of related financial information to understand. EPS allows users to compare the company's effectiveness with similar industries in managing existing funds.

Debt Policy to Financial Performance

Debt policy refers to a set of decisions, guidelines, and strategies set by an organization to manage the use and management of debt. Debt policy uses a proxy ratio, the Debt-to-Equity Ratio (DER), which is a ratio used to assess the debt-to-equity ratio, (Arthawan and Wirasedana, 2018). The higher the DER value, the more the company is dependent on debt. When managing debt policy, companies must consider several factors, including the level of risk they can bear, their desired cost of capital, financial flexibility, and investor perceptions. By choosing the right debt policy, the company can improve its financial performance and achieve its long-term financial goals.

Research (Nelwan, 2022) states that Long-Term Debt has a negative and significant effect on ROE, as well as overall Total Debt has a negative and significant effect on ROE. The same was found in (Nguyen Trong and Nguyen, 2021) research, which used debt policy as a moderating variable, stating that debt policy can mitigate the negative effects of excessive investment on firm performance. The research findings are supported by the research of (Juliani, Karyatun, and Digdowiseiso, 2023), which states that the debt-equity ratio has a positive and significant effect on performance financing.

H1: Debt Policy has an effect to Financial Performance

Tax Planning on Financial Performance

Tax planning is an entity's tax planning process that aims to minimize tax payments without breaking the law. In this study, tax planning is measured using the effective tax rate or ETR (Aji and Atun, 2019) (Nurhikmah & Irawati, 2023). Tax planning can be done by identifying and utilizing tax incentives, applicable tax credits so that the company can reduce its tax payments. This activity can result in higher net income for the company, which will improve financial performance by increasing profitability.

Thanjunpong's research (Thanjunpong and Awirothananon, 2019) found that transfer pricing, as measured by the effective tax rate, has a significant positive effect on financial performance. Similarly, (Olawaju and Olayiwola, 2019) study of the non-financial corporate sector found that corporate tax planning that increases tax savings contributes significantly to firm performance. As a result, it is important for companies to ensure that their tax planning is legal, does not violate the law, and results in tax savings for the company so that better financial performance can be achieved.

H2: Tax Planning has an effect to Financial Performance

Tax Risk on Financial Performance

Tax risk is the possibility or potential problems that may arise from the uncertainty of tax regulations and/or policies of both internal and external entities. Internal uncertainties can arise from different tax calculations each year, changes in the company's methods, and external uncertainties can arise from changes in tax regulations, differences in the interpretation of existing tax regulations, and differences in tax systems between countries. Tax risk can have a significant financial and legal impact on the company, so it must be managed as well as possible. In this study, tax risk is measured by the standard deviation of firms' annual cash effective tax rates. This measure of tax risk represents the variance in cash savings from tax avoidance (Drake, Lusch, and Stekelberg, 2019).

A study by Guedrib (Guedrib and Marouani, 2023), based on a sample of 290 companies listed in Tunisia during the period 2008-2020, found a negative impact of tax risk on the accounting and financial value of companies. If the company has poor financial performance, the resulting tax risks will be difficult to minimize (Lin, Liu, So, and Yuen, 2019). Tax risks should be minimized to protect the interests of all parties, including the tax authorities.

H3: Tax Risk has an effect to Financial Performance

3. RESEARCH METHOD

This research is associative research with a quantitative approach, which uses secondary data in the form of figures from the sample company's financial reports. This research uses multiple linear regression analysis with the help of E-Views software. The data used is secondary data originating from the idx.co.id website with a population of companies in the healthcare sector for the 2019-2022 period. The sample was selected using a purposive sampling technique, with the following criteria: (1) Companies registered on IDX in the healthcare sector for the 2019-2022 period; (2) companies that have complete research variables. Data Analysis Techniques for Quantitative Tests include Regression Model Suitability Tests, Data Quality Tests using the Classic Assumption Test, Descriptive Statistical Tests and partial Hypothesis t -Tests.

Table 2 Variable Operationalization

No.	Variable Name	Measurement Indicator	Scale
1	Financial Performance (Y)	$EPS = \frac{EAT}{\text{total number of outstanding shares.}}$	Rasio
2	Debt Policy (X1)	$DER = \frac{\text{Debt}}{\text{Equity.}}$	Rasio
3	Tax Planning (X2)	$ETR = \frac{\text{Tax Expense}}{EBT}$	Rasio
4.	Tax Risk (X3)	Tax risk = Standard deviation of firms' annual CETR	Rasio

4. RESULT & DISCUSSION

The research object is healthcare sector companies listed on the IDX for the 2019-2022 period. The healthcare sector consists of all types of businesses including businesses that provide medical services, produce medical equipment or medicines, provide health insurance, or facilitate the provision of health services to patients. At the end of 2021, this sector was ranked the 4th best stock price index. The research population according to data collection in October 2023 contained 33 registered companies but only 18 companies had IPOs in 2019 and previously. This research excluded 2 companies because they had extreme data values, so it only used 16 companies. The company is as followst:

No	Code	Company Name	IPO Date
1	DVLA	Darya-Varia Laboratoria Tbk.	11 Nov 1994
2	HEAL	Medikaloka Hermina Tbk.	16 Mei 2018
3	INAF	Indofarma Tbk.	17 Apr 2001
4	IRRA	Itama Ranoraya Tbk.	15 Okt 2019
5	KAEF	Kimia Farma Tbk.	04 Jul 2001
6	KLBF	Kalbe Farma Tbk.	30 Jul 1991
7	MERK	Merck Tbk.	23 Jul 1981
8	MIKA	Mitra Keluarga Karyasehat Tbk.	24 Mar 2015
9	PEHA	Phapros Tbk.	26 Des 2018
10	PRDA	Prodia Widyahusada Tbk.	07 Des 2016
11	PRIM	Royal Prima Tbk.	15 Mei 2018
12	PYFA	Pyridam Farma Tbk	16 Okt 2001
13	SAME	Sarana Meditama Metropolitan T	11 Jan 2013
14	SIDO	Industri Jamu dan Farmasi Sido	18 Des 2013
15	SILO	Siloam International Hospitals	12 Sep 2013
16	TSPC	Tempo Scan Pacific Tbk.	17 Jun 1994

Regression Model Fit Test

The regression model suitability test was carried out through three types of tests, namely the Chow Test, Hausman Test and Lagrange Multiplier Test, with the following results:

Table 3 Recap of Regression Model Suitability Test Results

No	Test Name	Result
1	Uji Chow	Fixed Effect Model
2	Uji Hausman	Random Effect Model
3	Uji Lagrange multiplier	Random Effect Model

Classic assumption test

Normality test

The normality test is a test carried out with the aim of finding out whether the data studied is normally distributed or not. The Normality test is carried out using the Jarque-Bera test with a significance level of $\alpha = 0.05$, namely with the following conditions:

- 1) If the probability p value is ≥ 0.05 then the data can be declared to be normally distributed.
- 2) If the probability p value is ≤ 0.05 then the data can be declared not normally distributed.

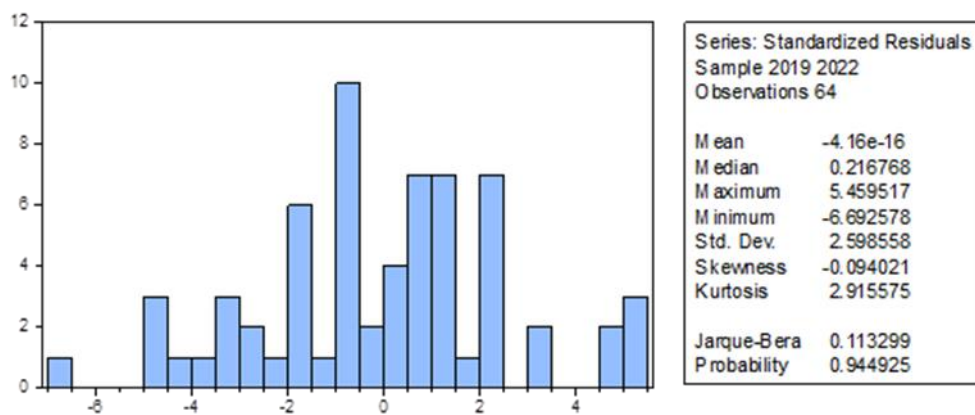


Figure 1 Data Normality Test Results

Heteroscedasticity Test

Heteroscedasticity is a symptom of unequal variance of the residuals of all observations in a regression model. The heteroscedasticity test in this research was carried out using the Breusch-Pagan-Godfrey test where the basis for drawing conclusions is the Chi Square value of $Obs \cdot R\text{-Squared}$ as follows:

- 1) If the calculated significance value is smaller than 0.05, it can be stated that there is a heteroscedasticity problem.
- 2) If the calculated significance value is greater than 0.05, it can be stated that there is no heteroscedasticity problem

Table 4 Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	2.514384	Prob. F(3,60)	0.0669
Obs*R-squared	7.147456	Prob. Chi-Square(3)	0.0673
Scaled explained SS	7.135733	Prob. Chi-Square(3)	0.0677

Eviews data processing results

If the selected model is random effect, results that are not heteroscedastic can be ignored because the REM model can overcome this problem because the random effect model uses the General Least Square (GLS) approach which can accommodate heteroscedasticity problems. Heteroscedasticity and autocorrelation problems can be ignored due to GLS weighting. This is because GLS produces BLUE (Best Linear Unbias Estimator) (Gujarati, 2006) (Hidayat and Woyanti, 2021). In this research the results from Prob. Chi-Square (3) is 0.0673 which means it is greater than 0.05 so it can be said that the data is free from heteroscedasticity assumptions.

Multicollinearity Test

Multicollinearity test is carried out to determine the existence of correlation between independent variables in a regression model. The relationship between independent variables should be free from multicollinearity problems. Multicollinearity problems can be tested by looking at the correlation value that arises between the independent variables in the research and this value must be <0.80 (Adityamurti and Ghozali, 2017).

Table 5 Multiconierity Test Results

	debt_policy	tax_planning	tax_risk
debt_policy	1.000000	0.275746	0.378767
tax_planning	0.275746	1.000000	0.398578
tax_risk	0.378767	0.398578	1.000000

Eviews data processing results

Looking at the results of the multicollinearity test from table 9 above, it can be seen that the correlation between variables is all smaller than 0.8, so it can be said that the data is free from multicollinearity assumptions.

Auto Correlation Test

The autocorrelation test is a test carried out to find out whether the regression model used in the research has a correlation between errors between periods or not. The method used to detect the presence or absence of autocorrelation in research is Durbin Watson.

Table 6 Autocorrelation Test Results

Dependent Variable: kinerja_keuangan
Method: Panel EGLS (Cross-section random effects)
Date: 01/17/24 Time: 07:54
Sample: 2019 2022

Periods included: 4			
Cross-sections included: 16			
Total panel (balanced) observations: 64			
		Weighted Statistics	
R-squared	0.234214	Mean dependent var	3.299100
Adjusted R-squared	0.195925	S.D. dependent var	2.041442
S.E. of regression	1.830566	Sum squared resid	201.0582
F-statistic	6.116970	Durbin-Watson stat	1.504356
Prob(F-statistic)	0.001061		

Eviews data processing results

Based on the table above, the Durbin-Watson stat value in this study is 1.504356. According to (Ghozali, 2016) if the D-W value in a study is between -2 to +2 then there is no autocorrelation problem. Therefore, the D-W result in this study is 1.504356, which is between -2 to +2, which means that there is no autocorrelation problem in the research.

Descriptive Statistical Test

Table 7 Descriptive Statistical Test Results

	debt policy	tax_planning	tax_risk	financial performance
Mean	0.842969	0.410469	0.577031	92.63922
Median	0.435000	0.240000	0.190000	49.47500
Maximum	4.580000	5.280000	3.950000	701.3900
Minimum	0.050000	-0.180000	0.010000	-103.4300
Std. Dev.	0.974482	0.729356	0.966142	140.7069
Skewness	2.068859	5.404538	2.369548	2.195180
Kurtosis	7.406817	34.27673	7.745962	8.493517
Observations	64	64	64	64

Eviews data processing results

Regression Test

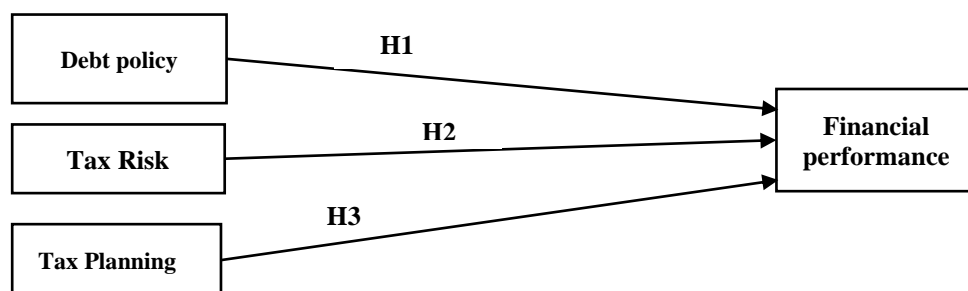


Figure 2 Conceptual Framework

The regression test is used to see the influence of debt policy, tax planning and tax risk variables on financial performance, both simultaneously and partially, which is used to answer the hypothesis:

H1 : It is suspected that Debt Policy has an influence on Financial Performance

- H2 : It is suspected that Tax Planning has an effect on Financial Performance
 H3 : It is suspected that Tax Risk has an effect on Financial Performance

Table 8 Regression Equation F Test Results

Dependent Variable: Financial Performance			
Method: Panel EGLS (Cross-section random effects)			
Date: 01/25/24 Time: 08:04			
Sample: 2019 2022			
Periods included: 4			
Cross-sections included: 16			
Total panel (balanced) observations: 64			
R-squared	0.234214	Mean dependent var	3.299100
Adjusted R-squared	0.195925	S.D. dependent var	2.041442
S.E. of regression	1.830566	Sum squared resid	201.0582
F-statistic	6.116970	Durbin-Watson stat	1.504356
Prob(F-statistic)	0.001061		

Eviews data processing results

From the table above, the significance value is 0.001061, which is smaller than 0.05, meaning the regression model is appropriate and can be used to predict the results of Debt Policy, Tax Planning and Tax Risk simultaneously on Financial Performance. This result is strengthened by the calculated F value of 6.116970 which is greater than F table = 2.76 for the number N 61 (64-3) and independent variable 3. F table formula = (K; N-K).

Table 9 Regression Equation t Test Results

Dependent Variable: Financial Performance				
Method: Panel EGLS (Cross-section random effects)				
Date: 01/25/24 Time: 08:04				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.228160	0.790360	7.880153	0.0000
Debt Policy	0.595694	0.182818	3.258396	0.0018
Tax Planning	-0.556596	0.176432	-3.154735	0.0025
Tax Risk	-0.274956	0.144785	-1.899062	0.0624

Eviews data processing

Regression Equation:

$$\text{Financial Performance} = 6.228160 + 0.595694 \text{ Debt Policy} - 0.556596 \text{ Tax Planning} - 0.274956 \text{ Tax Risk}$$

From regression equation 2, the following meaning is obtained:

1. A constant value of 6.228160 means that the financial performance value is 6.228160 if the value of all independent variables is 0. There are 3 independent variables in question, namely debt policy, tax planning and tax risk.

2. The coefficient value of the debt policy variable is 0.595694, meaning that if there is an increase in the debt policy variable by 1 point, the financial performance variable will increase by 0.595694.
3. The coefficient value of the tax planning variable is -0.556596, meaning that if there is an increase in the tax planning variable by 1 point, the financial performance variable will decrease by -0.556596.
4. The coefficient value of the tax risk variable is -0.274956, meaning that if there is an increase in the tax risk variable by 1 point, the financial performance variable will decrease by -0.274956.

The Effect of Debt Policy on Financial Performance

From the results of the second regression test, the results obtained for the Debt Policy variable partially had a significant effect on Financial Performance with a significance value of $0.0018 < 0.05$ and was strengthened by the results of $t\text{-count} > t\text{-table}$ ($3.258396 > 1.99962$). This answers the first hypothesis (H1) which is accepted, namely that Debt Policy has a significant effect on Financial Performance. The results of this research are the same as the results of previous research by (Nelwan, 2022) which stated that total company debt had a negative and significant effect on financial performance, and supports (Nguyen Trong and Nguyen, 2021) research results which state that Debt Policy can moderate the negative influence of overinvestment on company performance. Companies delisted from stock exchanges often exhibit poor financial performance partly due to mismanagement of debt policies, with long-term obligations significantly contributing to financial instability, (Nelwan, 2022). Although Debt policies can moderate the negative effects of overinvestment on financial performance. When firms overinvest in low-return projects, debt can act as a disciplinary mechanism by reducing free cash flow available to managers, thereby aligning their decisions with shareholder interests, (Nguyen, Tham, Khatibi, and Azam, 2020).

On this side, agency theory remains supported by the differences in interests between company owners who are more focused on long-term growth and managers who expect bonuses. To minimize conflict, companies can provide incentives in the form of giving manager shares. So that managers who are also share owners will be more careful in running the company, including in terms of tax policies. Too much debt can limit a company's financial flexibility in dealing with changing market conditions or investment opportunities. The company may have to use most of its cash flow to pay interest and principal on debt, leaving little room for investment, dividend distribution to shareholders, and management bonuses, (Mohd Ali, Haron, Othman, and Hasnan, 2019).

The relationship between agency theory and this research is that debt policy, if not well managed, will give rise to a conflict of interest which begins with information asymmetry. This conflict occurs between the agent (company management) and the principal (shareholder) where the principal hopes that the company's financial performance will get better. Meanwhile, management is of the view that the company must generate significant profits using a debt policy mechanism. These two different points of view cause conflict between principals as shareholders and company management as agents.

The Effect of Tax Planning on Financial Performance

The Tax Planning variable partially influences Financial Performance with a significance value of $0.0025 < 0.05$ and is strengthened by the results of $t\text{-count} < t\text{-table}$ ($3.154735 < 1.99962$). To determine the effect of Tax Planning on Financial Performance, a test was carried out using a statistical test (t test) and a significance level of 5% (0.05) and degrees of freedom (Korostelkina et al.) with the formula: $dk = n - k$, where n is the amount of research data, and k is the number of variables studied. The t-table value in this study is $k = 3$, $n = 64$; then $n - k = 61$ with a significance level used of 5% (0.05), then the t-table value is 1.99962. This proves that H_2 is accepted, namely Tax Planning has a significant effect on Financial Performance. Tax planning often leads to reduced tax liabilities, which can increase after-tax profitability and shareholder wealth. This is evident in cases where companies adopt efficient tax-saving mechanisms that align with legal frameworks, (Olarewaju and Olayiwola, 2019; Thanjunpong and Awirothananon, 2019).

The results of this research are the same as the results of previous research by (Thanjunpong and Awirothananon, 2019) which stated that tax planning as measured by the effective tax rate (ETR) proxy has a significant positive effect on financial performance and (Olarewaju and Olayiwola, 2019) research which states corporate tax planning that enhances tax savings greatly contributes to the performance of non-financial companies. The research results also support (Bunaca, 2019) research which produces Tax Planning has a significant influence toward Company's Profitability which is one indicator of financial performance.

Based on agency theory, transparency is expected to reduce opportunities for conflicts of interest (agency conflict), because it can increase opportunities for management to carry out tax planning that is opportunistic or has the intention of benefiting personally. So that tax planning carried out by management can provide good benefits for company owners and for management itself. The relationship between agency theory and this research is Tax Planning, if it is not well managed there will be a conflict of interest which begins with information asymmetry. This conflict occurs with the company's financial performance, between the agent (company management) and the principal (shareholders). The principal hopes that the company's financial performance will improve, while management is of the view that the company must generate significant profits using a Tax Planning mechanism. These two different points of view cause conflict between the principal as a shareholder and the company management as an agency.

The Effect of Tax Risk on Financial Performance

The Tax risk variable shows the results, namely a significance value of $0.0624 > 0.05$ and the results of $t\text{-count} > t\text{-table}$ ($1.899062 < 1.99962$), so the Tax risk variable has no effect on Financial Performance. To determine the effect of Tax Risk on Financial Performance, a test was carried out using a statistical test (t test) and a significance level of 5% (0.05) and degrees of freedom (Korostelkina et al.) with the formula: $dk = n - k$, where n is the amount of research data, and k is the number of variables studied. The t-table value in this study is $k = 3$, $n = 64$; then $n - k = 61$ with a significance level used of 5% (0.05), then the t-table value is 1.99962. From the t-test results table, it can be seen that the Tax risk variable has a t-value $<$

t-table ($1.899062 < 1.99962$) and a significance level of $0.0624 > 0.05$, which means that the Tax Risk variable has no significant effect on Financial Performance, so H3 is rejected.

The results of this research are the same as the results of previous research by (Guedrib and Marouani, 2023) which stated that tax risk has a significant negative effect on the accounting and financial value of the firm. Tax risk is different from tax avoidance, where tax risk describes an entity's efforts to maintain tax compliance over time, while tax avoidance focuses more on the implementation of tax laws that reduce corporate income tax payments, (Firmansyah and Muliana, 2018; Guenther, Matsunaga, and Williams, 2013).

The relationship between agency theory and this research is Tax Risk, if it is not well managed there will be a conflict of interest which begins with information asymmetry. This conflict occurs with the company's financial performance, between the agent (company management) and the principal (shareholders). Principal hopes that the company's financial performance will improve, while management is of the view that the company must generate significant profits with tax risk. These two different points of view cause conflict between the principal as a shareholder and the company management as an agency.

5. CONCLUSION & SUGGESTION

Based on the results of secondary data processing from the financial reports of sample companies, namely the healthcare sector listed on the BEI for the 2019-2022 period, it can be concluded from the regression results that partially the debt policy variable and the tax planning variable partially have a significant effect on financial performance, but different results were obtained. for the tax risk variable which does not have a significant effect on financial policy.

Suggestions for future researchers are expected to increase the number of research samples by adding research years, adding sectors, or increasing the number of variables studied and the results of this research can provide additional information related to debt policy, tax planning and tax risk on financial performance. For the government, by seeing that tax risk results do not affect financial performance, it is hoped that the government can maintain and increase supervision regarding the imposition of sanctions on non-compliance by taxpayers and take firm action indiscriminately and fairly so that state revenue targets can always be achieved and increased and have an effect deterrent to taxpayers who carry out tax planning that is detrimental to the state.

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