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**EFFECT OF EARNING MANAGEMENT, INVENTORY
INTENSITY AND CAPITAL INTENSTY
ON TAX AGGRESSIVENESS**

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ABSTRACT

This study aims to examine and provide empirical evidence regarding the effect of earning management, inventory intensity and capital intensity on tax aggressiveness in the Kompas 100 Index companies listed on the Indonesia Stock Exchange in 2016-2020. The type of research used is quantitative associative research and the analytical method used in this research is using panel data regression using Eviews 9 software. The study was conducted on 100 Kompas 100 Index companies listed on the Indonesia Stock Exchange. By using purposive sampling, 33 samples of companies were obtained with 165 observational data. The data used is secondary data in the form of audited annual financial statements for the 2016-2020 period obtained from the official website of the Indonesia Stock Exchange and the websites of each company. The results of this study based on a partial test with t test stated that earnings management has a negative effect on tax aggressiveness, while inventory intensity and capital intensity have no effect on tax aggressiveness. Based on the simultaneous test with the F test states that simultaneously earning management, inventory intensity and capital intensity on tax aggressiveness.

Keywords: Earning Management, Inventory Intensity, Capital Intensity, Tax Aggressiveness

1. INTRODUCTION

Tax is a public contribution to the state treasury based on the law in the absence of reciprocal services that can be directly demonstrated and used for public expenditure. (Mardiasmo, 2011). The definition of tax according to Law Number 16 of 2009 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 is a mandatory contribution to the state owed by an individual or entity that is coercive under the law, with no direct compensation and is used for the needs of the state for the greatest prosperity of the people. According to data from the Ministry of Finance, tax revenues received by the state for the last 5 years, namely 2015-2019, did not meet the target set by the government. In optimizing the allocation of company resources that are more productive and efficient, it can minimize the waste of company resources so that they can maximize their performance. This makes many companies look for ways to minimize the tax costs that must be paid by doing tax planning, whether used legally, namely tax avoidance, or illegally, namely tax avoidance. according to (Windaswari & Merkusiwati, 2018) The act of manipulating taxable income designed through tax planning using legal (tax avoidance) or illegal (tax avoidance) methods is referred to as tax aggressiveness.

The phenomenon of corporate tax aggressiveness cases has often occurred, one of which is the case of PT. Coca Cola Indonesia was accused of tax evasion of Rp. 49.24

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billion. The results of a search conducted by the Directorate General of Taxes found that there was a cost overrun which resulted in reduced taxable income which automatically resulted in the tax burden of PT. Coca Cola will also shrink. (Hidayat et al., 2018). This case implies that tax aggressiveness can be detrimental to the Indonesian state, because government revenues through the tax sector will decrease. However, tax aggressiveness is positive news for the company because the company can earn more profit because it is able to avoid its tax obligations.

The case above provides a lot of evidence that there are still many companies that try to do tax aggressiveness to manipulate fiscal profit by means of tax planning which is classified as or not including tax avoidance. Companies that carry out tax aggressiveness are not solely sourced from taxpayers' disobedience to tax laws, but can also be carried out from activities whose purpose is to make savings by utilizing these laws (Ridha & Martani, 2014). In tax aggressiveness (tax aggressiveness) is influenced by many factors including earnings management, inventory intensity and capital intensity.

Earnings management is defined as an effort by company managers to intervene or influence information in financial statements with the aim of deceiving stakeholders who want to know the performance and condition of the company. (Feryansyah et al., 2020). Companies that carry out earnings management can cause financial statements to no longer reflect the true value of the company. This will have an impact on external parties such as investors who use the information in the financial statements. Investors will fail to determine the right investment and may result in the wrong allocation of funds to companies that are not prospective (Diatmika & Sukartha, 2019).

Previous research conducted by Nurhandono and Firmansyah (2017) showed that there was a significant positive relationship between earnings management and tax aggressiveness. This result is different from the research conducted by Mar'atun Kariimah and Rini Septiowati which shows that earnings management partially has a negative and insignificant effect on tax aggressiveness.

Another factor that affects *tax aggressiveness* is *inventory intensity*. *Inventory intensity* is a measurement of the amount of inventory invested by the company. Companies with inventory investments in warehouses will cause the formation of storage costs and inventory maintenance costs, this burden will lead to reduced company profits which will reduce the tax burden that should be paid by the company so that the company will be more aggressive (Latifah, 2018).

Research conducted by Hidayat and Fitria (2018) shows that *inventory intensity* has no effect on *tax aggressiveness*. This result is not much different from the research conducted by Suropto (2021) which shows that *inventory intensity* partially has no effect on tax aggressiveness. Meanwhile, simultaneously *inventory intensity* effect on tax aggressiveness.

Another factor that affects *tax aggressiveness* is *capital intensity*. The company invests in fixed assets or commonly called *Capital intensity*. Investment in fixed assets shows how much of the company's wealth is invested in fixed assets. The greater the company's investment in fixed assets, the greater the company will bear the burden of depreciation. This depreciation expense will later increase the company's burden and cause the company's profits to decrease (Andhari & Sukartha, 2017).

Research conducted by Andhari and Sukartha (2017) shows that *capital intensity* positive effect on *tax aggressiveness*. While the research conducted by (Suropto et al., 2018) is different from showing the results of research partially *capital intensity* negative effect on tax aggressiveness.

Based on *the phenomenon of the gap and research gap* as described in the background of this study, the phenomenon of *tax aggressiveness* which is influenced by *earning management, inventory intensity and capital intensity* is important to study.

2. LITERATURE REVIEW

Agency Theory

(*Agency Theory*) according to (Jensen & Meckling, 1976) is "a contract under one or more agents to perform some service for them by delegating decision-making authority to agents". Both agents and agents are assumed to be rational economists and are motivated solely by self-interest. Delegate decision making regarding the company to managers or agents. However, managers do not always act in the interests of shareholders. The main objective of agency theory is to explain how the parties to a contractual relationship can design contracts with the aim of minimizing costs as a result of asymmetric information and conditions of uncertainty.

In the context of tax aggressiveness, management has an interest in manipulating company profits which will reduce the tax debt borne by the company. This manipulation can be done because of the information asymmetry between the management who makes and runs the accounting system and the principal as the user of the financial statements. This interest is different from the interests of investors who do not want tax aggressiveness because it has the potential to disrupt business continuity if the company is involved in legal problems.

In the context of earnings management, between the company and the government, the company has an obligation to pay a certain amount of tax which is determined by using profit as the basis for its calculation. Conceptually, using profit as the basis for calculating taxes will make the greater the profit earned by the company, the greater the tax that must be paid to the government. Conversely, the smaller the profit earned by the company, the smaller the tax that must be paid to the government. This is the beginning of the agency problem between the company and the government. Therefore, managers will try to make the company's profits always appear lower than the profits that are actually earned.

In inventory intensity, the agency theory of managers will try to minimize the additional burden of the amount of inventory so as not to reduce company profits. On the other hand, managers will try to maximize the additional costs that must be borne to reduce the tax burden. The method that managers will use is to charge additional inventory costs to reduce the company's taxable profit.

Capital intensity ratio uses agency theory, this is because in agency theory there is more emphasis on the amount of corporate tax burden, idle funds in the company by managers to be invested in fixed asset investments, with the aim of obtaining profits in the form of depreciation expense which can be used as a deduction. taxes so that the taxable profit will be lower.

Tax Aggressiveness

Tax aggressiveness is the company's efforts to minimize the tax burden that must be paid by legal means, illegal means or both. Companies consider taxes as an additional burden that can reduce company profits. Therefore, the company is predicted to take actions that will reduce the company's tax burden (Suripto, 2021).

According to Frank et al., (2009), actions aimed at reducing taxable income through tax planning and using methods classified or not classified as tax evasion. Although

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not all of the actions taken violate the rules, there are many methods used by companies that make companies assumed to be more tax aggressive.

Earnings Management and tax aggressiveness

(Sulistiyanto, 2008), earnings management is an effort made by management to influence information in financial statements by using accounting methods and procedures used by companies to regulate company profits. Earnings management occurs when managers use their judgment in financial reporting and transaction structures to modify financial statements with the aim of misleading stakeholders about the state of the firm's economic performance or to influence contractual outcomes that depend on reported accounting numbers. (Suripto, 2021).

Currently, the main focus is tax motivation. This can be explained because the tax base is the amount of taxable income reported by companies that tend to maintain their profits at a certain level. So it can be predicted that companies with income levels that tend to increase will decrease their income to reduce taxable income so that companies can save their tax burden (Novitasari, 2017).

Based on research conducted (Nurhandono & Firmansyah, 2017) which states that earnings management has a positive and significant effect on tax aggressiveness. But on the other hand, research conducted by (Kariimah & Septiowati, 2019), found that there was a negative and insignificant effect of earnings management on tax aggressiveness. Therefore, management will report earnings according to its aim to minimize the company's taxable income. The hypothesis is formulated as follows:

H1 : It is suspected that earning management has a significant effect on tax aggressiveness.

Inventory intensity and tax aggressiveness

Are part of the company's current assets that are used to meet demand and company operations in the long term. Inventory intensity is one part of assets, especially inventory compared to the company's total assets (Suripto, 2021).

Companies that invest in inventory in warehouses will cause the formation of maintenance and storage costs for these inventories, resulting in an increase in company expenses so that they will get a decrease in company profits. Companies with a high level of inventory intensity will be more aggressive towards the level of tax burden received. Companies like this will also be able to make cost efficiency so that company profits can increase. Profits in the current period can be replaced by high inventories and allocated in future periods. Companies choose to invest in inventories with the assumption that they will get increased profits and profits in the future (Suripto, 2021).

PSAK No. 14 (revised 2008) explains that additional costs arising from the company's participation in inventories must be removed from the cost of inventories and recognized as costs in the period in which these costs are incurred.

Based on the results of research conducted by (Suripto, 2021) shows that the results of this study indicate that inventory intensity effect on tax aggressiveness. Meanwhile, on the other hand, research results from (Hidayat et al., 2018) show that inventory intensity has no effect on tax aggressiveness.

Based on these arguments, the following hypothesis is formulated:

H2 : It is suspected that inventory intensity significant effect on tax aggressiveness

Capital intensity and tax aggressiveness.

Capital Capital intensity or capital intensity ratio is a ratio that describes how much company wealth is invested in fixed assets. Fixed assets include buildings, factories,

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equipment, machinery, and property (Andhari & Sukartha, 2017). According to PSAK 16 (revised 2015) fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to other parties, or for administrative purposes and are expected to be used for more than one period. The capital intensity ratio can show the efficiency of using assets to generate sales. Capital intensity also reflects how much capital the company needs to generate revenue. Capital intensity which is the company's investment in fixed assets is one of the assets used by the company to generate and earn profits. The company's investment in fixed assets will cause a depreciation expense from the fixed assets invested. The amount of depreciation expense for fixed assets according to Indonesian tax regulations varies depending on the classification of fixed assets (Andhari & Sukartha, 2017).

The company's fixed assets allow companies to reduce their taxes as a result of the depreciation expense that arises from fixed assets each year (Fernandez-Rodriguez & Martinez-Arias, 2012). This is because the cost of depreciation of fixed assets will directly reduce the company's profit which is the basis for calculating corporate taxes.

Based on the results of research conducted by (Andhari & Sukartha, 2017) shows that capital intensity positive effect on tax aggressiveness. This means that capital intensity has a direct relationship with tax aggressiveness. When the capital intensity increases, the company will be more aggressive towards its tax obligations. On the other hand, the results of research (Indradi, 2018), show that capital intensity has no effect on tax aggressiveness.

Based on these arguments, the hypothesis is formulated as follows:

H3 : It is suspected that capital intensity significant effect on tax aggressiveness

3. DATA AND RESEARCH TECHNIQUE ANALISYS

Place and Time of Assessment

This study examined about Effect of Earnings Management, Inventory Intensity and Capital Intensity Against Tax Aggressiveness using secondary data. Secondary data is data that has been collected for purposes other than solving the problem at hand. The source of data used in this study is secondary data taken from the website official of the Indonesia Stock Exchange www.idx.co.id. Indonesia stock exchange company address: Indonesia Stock Exchange Building, Tower 1, 6th Floor, Jl. Jend. Sudirman Kav 52-53, South Jakarta, Indonesia.

Operational Research Variables Research

Variables are everything that is determined by the researcher to be studied so that information is obtained about it, then conclusions are drawn (Sugiyono, 2013).

Tax Aggressiveness

In this study the dependent variable is tax aggressiveness which is measured using the *Effective Tax Rate* (ETR) which refers to the research (Suripto *et al.*, 2018). The formula for calculating ETR is as follows:

ETR = income tax expense / profit before tax

Earning Management

The formula used in this study is the formula measured by the profit distribution approach. The model is written in (Kariimah & Septiowati, 2019) as follows.

$$\Delta E = \frac{E_{it} - E_{it-1}}{MVE_{it} - 1}$$

Description:

AE : Distribution of profit when the value of E is zero or positive, then the company

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avoid a decrease in profits. If later E is negative, the company avoids reporting losses. In this study, the value of E is only used as additional information on descriptive statistics.

Eit : Profit of company i in year t

Eit-1 : Profit of company i in year t-1

MVEt-1 : Market Value of Equity of company i in year t-1 (using value market capitalization). Market capitalization value is measured by multiplying the number of outstanding shares of company i at the end of year t-1 by the share price of company i at the end of year t.

Inventory intensity

Inventory intensity describes the proportion of inventory owned by the company to the company's total assets (Hidayat et al., 2018). With the following formula:

Inventory intensity = Total Inventory / Total assets

Capital Intensity

Capital intensity explains how much the company's assets are invested in fixed assets (Indradi, 2018). Based on research (Indradi, 2018), Capital intensity is formulated as follows:

Capital Intensity = Total net fixed assets / total assets

Population and Research Sample

According to (Sugiyono, 2013) population is "a generalization area consisting of objects and subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions". In this study, the population used were all Kompas 100 index companies listed on the Indonesia Stock Exchange (IDX) in the 2016-2020 period. According to (Sugiyono, 2013) the sample was part of the total and characteristics possessed by the population. The following are the criteria for sampling using the method: purposive sampling in this study:

1. Companies listed on the compass index 100 years 2016-2020.
2. Companies listed on the compass index 100 in a row in 2016-2020.
3. Kompas 100 index company that provides complete financial reports for 2016-2020.
4. An index company that publishes financial statements in rupiah.
5. Kompas 100 index companies that did not suffer losses during the 2016-2020 research year.
6. Companies that have complete information on data related to Tax Aggressiveness, Earning Management, Inventory Intensity and Capital Intensity.

Data Collection Techniques Data

Collection techniques are the most important step in research, because the main purpose of research is to obtain data. Without knowing data collection techniques, researchers will not get data that meets the data standards set (Sugiyono, 2013).

This research is based on secondary data in the form of data obtained from observations, namely observations made to collect data or collect data that will be obtained by researchers in their research. Observations made on the website www.idx.co.id are data collection based on archives in the form of company annual financial reports that have been published by the Indonesia Stock Exchange (IDX). The object used in this study is the Kompas 100 index company with the 2016-2020 period.

Data Analysis Techniques This

Study uses data analysis methods by performing statistical calculations using the data processing application *Eviews* 10. After collecting data, the next researcher will perform data analysis techniques. The data analysis technique used in this research is descriptive statistical analysis, panel data regression model testing, panel data regression model selection, classical assumption test, panel data regression test, and hypothesis testing.

Descriptive Statistical Analysis Descriptive

Statistics provide an overview or description of data seen from the average value (mean), standard deviation, variance, maximum, and minimum (Ghozali, 2018a).

Panel Data Regression Model Test

Common Effects Model (CEM)

The method *common effects* is the simplest panel data model because it only combines data *time series* and *cross section*.

Fixed Effects Model (FEM)

This model assumes that individual differences can be accommodated from differences in intercepts.

Random Effects Model (REM)

This model will estimate panel data where the disturbance variables may be interrelated over time and between individuals.

Selection of the Panel Data Regression Model

Chow Test

Test is used to select which model is the most appropriate between the common effects or fixed effects models that are most appropriate to use in estimating panel data.

Hausman Test

The Hausman test is a test to determine the most appropriate Fixed Effect or Random Effect model used in estimating panel data.

Lagrange Multiplier Test

Test The Lagrange Multiplier test is a test to choose whether the Random Effect model is more appropriate to use than the common effects model in the panel data regression equation model.

Classical Assumption Test Classical

Assumption test needs to be done before hypothesis testing because a regression model can be analyzed properly if it fulfills the classical assumption requirements (Ghozali, 2018).

Data Normality Test

Test This test is used to see and ensure that the data under study is normal or not.

Multicollinearity Test

Test was conducted to test whether the regression model found a high or perfect correlation between the independent variables.

Heteroscedasticity

Test The heteroscedasticity test aims to test whether in a regression model there is an inequality of residual variance (*error*) from one observation to another.

Autocorrelation Test Autocorrelation

Test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period $t-1$ (previous).

Panel Data Regression Test

Multiple linear regression was used to test two or more independent variables to determine their effect on the dependent variable.

Hypothesis

Testing Coefficient of Determination Test (Adjusted R²)

The coefficient of determination (R^2) essentially measures how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one. A small R^2 value means that the ability of the independent variables in explaining the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the

information needed to predict the variation of the independent variable (Ghozali & Ratmono, 2017).

Simultaneous Significance test (Test Statistic F)

Test the joint effect - the same(*joint*) is used to determine whether the independent variables collectively - together or *joint* affect the dependent variable (Ghozali, 2018).

Individual Parameter Significance Test (Test Statistical t)

According to (Ghozali, 2018), the t statistic test shows how much influence one independent variable has individually in explaining the variation of the dependent variable.

4. RESULTS AND DISCUSSION**Research Results****Descriptive Statistics Test**

	<i>Tax Aggressiveness</i>	<i>Earning Management</i>	<i>Inventory Intensity</i>	<i>Capital Intensity</i>
Mean	0.229348	0.002398	0.142899	0.528060
Median	0.236115	0.003472	0.107602	0.536971
Maximum	1.577048	0.288338	0.596414	0.930361
Minimum	0.006889	-0.154336	0.000574	0.124070
Std. Dev.	0.167270	0.050000	0.128783	0.184447
Skewness	3.709618	1.743023	1.505379	-0.059784
Kurtosis	28.95220	14.16865	5.001074	2.585819
Jarque-Bera	5008.863	941.1280	89.84910	1.277664
Probability	0.000000	0.000000	0.000000	0.527909
Sum	37.84247	0.395589	23.57830	87.12994
Sum Sq. Dev.	4.588579	0.410005	2.719939	5.579391
Observations	165	165	165	165

Source: Data processed by *Eviews 9* (2021)

1. The results of descriptive statistical tests on *tax aggressiveness* on the dependent variable show that the maximum value of 1.577048 is owned by PT. Tower Bersama Infrastructure Tbk in 2017 and a minimum value of 0.006889 owned by PT. Adhi Karya (Persero) Tbk in 2018 with an average value of 0.229348 and a standard deviation of 0.167270.
2. Variable *earnings management*) in descriptive statistical analysis has a maximum value of 0.288338 owned by PT. Global Mediacom Tbk in 2019 and a minimum value of -0.154336 owned by PT. Adhi Karya (Persero) Tbk in 2020 with an average value of 0.002398 and a standard deviation of 0.050000.
3. Variable *Inventory intensity* in descriptive statistical analysis has a maximum value of 0.596414 and a minimum value of 0.000574, with an average value of 0.142899. This shows that the highest value is 0.596414, namely PT. Gudang Garam Tbk in 2016, and the lowest value was 0.002645, namely PT. Tower Bersama Infrastructure Tbk in 2019. While the standard deviation value is 0.128783.
4. Variable *capital intensity* in descriptive statistical analysis has a maximum value of 0.930361 and a minimum value of 0.124070 with an average value of 0.528060. This shows the highest value of 0.930361, namely PT. Tower Bersama Infrastructure Tbk

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in 2019, and the lowest value was 0.124070, namely PT. Adhi Karya (Persero) Tbk in 2017. While the standard deviation value is 0.184447.

**Panel Data Regression Model
Common Effect Model (CEM)**

The method *common effects model* is the simplest panel data model because it only combines time series and cross section data.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.184541	0.043885	4.205096	0.0000
<i>Earning Management</i>	-0.049218	0.205584	-0.239404	0.8111
<i>Inventory Intensity</i>	-0.053760	0.090963	-0.591016	0.5554
<i>Capital Intensity</i>	0.085713	0.067454	1.270692	0.2057
R-squared	0.021408	Mean dependent var		0.220712
Adjusted R-squared	0.002589	S.D. dependent var		0.130562
S.E. of regression	0.130393	Akaike info criterion		-1.211851
Sum squared resid	2.652350	Schwarz criterion		-1.134971
Log likelihood	100.9480	Hannan-Quinn criter.		-1.180633
F-statistic	1.137551	Durbin-Watson stat		0.741401
Prob(F-statistic)	0.335766			

Source: Data processed by *Eviews 9* (2021)

Fixed Effect Model (FEM)

This model assumes that individual differences can be accommodated from differences in their intercepts.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.354288	0.098853	3.583980	0.0005
<i>Earning Management</i>	-0.332528	0.159855	-2.080191	0.0396
<i>Inventory Intensity</i>	0.023517	0.317291	0.074120	0.9410
<i>Capital Intensity</i>	-0.264106	0.158692	-1.664264	0.0986

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.577495	Mean dependent var	0.220712
Adjusted R-squared	0.462573	S.D. dependent var	0.130562
S.E. of regression	0.095714	Akaike info criterion	-1.664264
Sum squared resid	1.145147	Schwarz criterion	-0.991569
Log likelihood	168.1411	Hannan-Quinn criter.	-1.391106

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F-statistic	5.025124	Durbin-Watson stat	1.665811
Prob(F-statistic)	0.000000		

Source: Data processed by *Eviews 9* (2021)

Random Effect Model (REM)

This model will estimate panel data where the disturbance variables may be interrelated over time and between individuals.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.232659	0.060328	3.856563	0.0002
<i>Earning Management</i>	-0.242971	0.156943	-1.548143	0.1236
<i>Inventory Intensity</i>	-0.083629	0.132648	-0.630456	0.5293
<i>Capital Intensity</i>	0.001876	0.091829	0.020429	0.9837

Effects Specification

	S.D.	Rho
Cross-section random	0.083354	0.4313
Idiosyncratic random	0.095714	0.5687

Weighted Statistics

R-squared	0.017259	Mean dependent var	0.100824
Adjusted R-squared	-0.001639	S.D. dependent var	0.097739
S.E. of regression	0.097819	Sum squared resid	1.492705
F-statistic	0.913250	Durbin-Watson stat	1.270866
Prob(F-statistic)	0.436057		

Unweighted Statistics

R-squared	0.004466	Mean dependent var	0.220712
Sum squared resid	2.698269	Durbin-Watson stat	0.703054

Source: Data processed by *Eviews 9* (2021)

Selection of the Panel Data Regression Model**Chow Test**

Test is used to select which model is the most appropriate between the common effects or fixed effects models that are most appropriate to use in estimating panel data.

Redundant Fixed Effects Tests

Equation: FEM

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.307118	(31,125)	0.0000

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	134.3860		
Cross-section Chi-square	69	31	0.0000

Source: Data processed by *Eviews 9* (2021)

Based on the results of the test chow in above, it can be seen that the results of the test chow show the value of Prob. on a chi-square cross-section of $0.0000 < 0.05$. Therefore, the estimation model based on the results of the test Chow is a fixed effect model.

Hausman Test

Test Hausman that is testing to determine the model fixed effect or random effects are most appropriately used in estimating panel data.

Correlated Random Effects - Hausman Test
Equation: REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.938120	3	0.0191

Source: Data processed by *Eviews 9* (2021)

The results of the Hausman test above show that the cross section probability value < significance value ($\alpha = 0.05$) ($0.0191 < 0.05$). Therefore, the estimation model based on the results of the Hausman test is a fixed effect model. From the results of the Chow test and the Hausman test found that there are similarities, the best model is the fixed effect model.

Classic assumption test

After interpreting the regression results, the classical assumptions are tested first so that the results are feasible to use. Classical assumption test is carried out so that the regression model meets the BLUE (assumption Best Linear Unbiased Estimated) or an unbiased model. While the normality test is basically not a BLUE (Best Linear Unbiased Estimated) requirement and some opinions do not require this condition to be something that must be fulfilled (Basuki, 2016).

Test Multicollinearity

	<i>Earning Management</i>	<i>Inventory Intensity</i>	<i>Capital Intensity</i>
<i>Earning Management</i>	1.000000	0.000755	0.065832
<i>Inventory Intensity</i>	0.000755	1.000000	-0.463013
<i>Capital Intensity</i>	0.065832	-0.463013	1.000000

Source: Data processed by *Eviews 9* (2021)

Based on the test results multikolinieritas can be seen that between the independent variables (earnings management, inventory intensity, capital intensity) showed no correlation value exceeding the standards Correlation (0.90). so in this study there is no symptom of multicollinearity between independent variables in the regression or does not have multicollinearity problems.

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Heteroscedasticity Test

Heteroskedasticity Test: Glejser

F-statistic	1.553147	Prob. F(3,156)	0.2030
Obs*R-squared	4.640315	Prob. Chi-Square(3)	0.2001
Scaled explained SS	6.825622	Prob. Chi-Square(3)	0.0777

Source: Data processed by *Eviews 9* (2021)

Based on the Glejser test above, it can be seen that the value probability of Chi-Square Obs*R-squared > the significance value (0.2001 > 0.05) with these results it can be concluded that there is no heteroscedasticity so that it can be continued to the next test.

Autocorrelation Test

R-squared	0.297994	Mean dependent var	3.19E-17
Adjusted R-squared	0.275202	S.D. dependent var	0.129157
S.E. of regression	0.109958	Akaike info criterion	-1.540664
Sum squared resid	1.861965	Schwarz criterion	-1.425345
Log likelihood	129.2531	Hannan-Quinn criter.	-1.493837
F-statistic	13.07429	Durbin-Watson stat	1.932401
Prob(F-statistic)	0.000000		

Source: Data processed by *Eviews 9* (2021)

Based on the results above, it shows that the Durbin-Watson (DW) value is 1.932401. Based on the Durbin-Watson table with a significance level of 5%, the number of observational data is 165 (N) and the number of independent variables 3 (k = 3), the dL value is 1.7085 and dU 1.7825. Then the results obtained are $1.7825 < 1.932401 < 2.2175$ (4-du). Because the DW value lies between du and 4-du, the regression model does not experience autocorrelation and this regression model is feasible to use.

Panel Data Regression Analysis

$$TA = + 1EM + 2II + 3CI + e$$

$$TA = 0.354288 - 0.332528EM + 0.023517 II - 0.264106 CI + 0.098853$$

1. The constant of 0.354288 indicates that if the independent variables (earning management, inventory intensity and capital intensity) are equal to zero, then tax aggressiveness is 0.354288.
2. Earning Management (X1) is -0.332528. This shows that every decrease of one unit of Earning Management will result in a decrease in the practice of Tax Aggressiveness by 0.332528 units.
3. Inventory Intensity (X2) is 0.023517. This shows that every decrease of one unit of Inventory Intensity will result in a decrease in the practice of Tax Aggressiveness by 0.023517 units.
4. Capital Intensity (X3) is -0.264106. This shows that every decrease of one unit of Capital Intensity will result in a decrease in the practice of Tax Aggressiveness by 0.264106 units.

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Hypothesis

Test The coefficient of determination (adjusted R2)

Test the coefficient of determination is a test aimed to measure how far the model's ability to explain or explain variation or diversity of the dependent variable of a study.

R-squared	0.577495	Mean dependent var	0.220712
Adjusted R-squared	0.462573	S.D. dependent var	0.130562
S.E. of regression	0.095714	Akaike info criterion	-1.664264
Sum squared resid	1.145147	Schwarz criterion	-0.991569
Log likelihood	168.1411	Hannan-Quinn criter.	-1.391106
F-statistic	5.025124	Durbin-Watson stat	1.665811
Prob(F-statistic)	0.000000		

Source: Data processed by *Eviews 9* (2021)

Based on the table above, the value of Adjusted R-squared is 0.462573. This shows that the tax aggressiveness variable can be explained by the independent variables (earning management, inventory intensity, and capital intensity) of 46.25%. While the rest (100%-46.25%=53,75%) is explained by other variables outside the research regression model.

Simultaneous Significance Test (F Statistical Test)

The F-test was conducted to test the effect of the independent variables simultaneously (simultaneously) on the dependent variable. In this study, the F-test was conducted to examine the variables of earning management, inventory intensity, and capital intensity.

F-statistic	5.025124	Durbin-Watson stat	1.665811
Prob(F-statistic)	0.000000		

Source: Data processed by *Eviews 9* (2021)

Based on the table above, it can be seen that the Prob F-statistic has a value of 0.000000 so it is smaller than the significance limit of 0.05. Therefore, it can be concluded that jointly or simultaneously the independent variables in this study, namely earning management, inventory intensity, and capital intensity significantly affect the dependent variable, namely tax aggressiveness.

Partial Test (Test Statistics t)

The t-test was conducted to determine the effect of each independent variable partially on the dependent variable.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.354288	0.098853	3.583980	0.0005
<i>Earning Management</i>	-0.332528	0.159855	-2.080191	0.0396
<i>Inventory Intensity</i>	0.023517	0.317291	0.074120	0.9410
<i>Capital Intensity</i>	-0.264106	0.158692	-1.664264	0.0986

Source: Data processed by *Eviews 9* (2021)

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Based on the results of the t test in the table above, using a significance level (α) of 5% ($\alpha = 0.05$), the independent variables consisting of earnings management (X1), inventory intensity (X2), and capital intensity (X3), have an effect on positively on the dependent variable, tax aggressiveness (Y).

1. Earning management (X1) produces a probability value of 0.0396. The test results show the probability < 0.05 significance level. So it can be concluded that partially earning management has a negative effect on tax aggressiveness.
2. Inventory intensity (X2) produces a probability value of 0.9410. The test results show probability > 0.05 significance level. So it can be concluded that partially inventory intensity has no effect on tax aggressiveness.
3. Capital intensity (X3) produces a probability value of 0.0986. The test results show probability > 0.05 significance level. So it can be concluded that partially capital intensity has no effect on tax aggressiveness.

Research Discussion

This study aims to determine the effect of *earning management*, *inventory intensity*, and *capital intensity* on *tax aggressiveness* partially or simultaneously in companies listed on the Kompas 100 Index in 2016-2020.

Effect Earning Management on Tax Aggressiveness

The results of this study indicate that the probability of earning management $<$ significance value ($0.0396 < 0.05$). Thus, it can be concluded that hypothesis one (H1) is accepted, which means that earning management has a significant negative effect on tax aggressiveness.

According to agency theory, agency conflicts that occur between owners and management are caused by conflicts of interest. This happens because it is based on the assumption of agency theory that humans always have self-interest and there is information asymmetry or information imbalance between owners and management. The results of this study support the research conducted by Feryansyah, Handajani & Hermanto (2020) and Nurhandono & Firmansyah (2017) that earnings management has an effect on tax aggressiveness.

Effect Inventory Intensity on Tax Aggressiveness

The results of this study indicate that the probability of Inventory Intensity $>$ significance value ($0.9410 > 0.05$). Thus, it can be concluded that hypothesis two (H2) is rejected, which means that Inventory Intensity has no significant effect on tax aggressiveness.

Inventory intensity describes how companies invest wealth in inventory. The method of recording a company's inventory, both FIFO and weighted average, can affect tax obligations, but this research model has not been able to detect this. As long as the company uses the same inventory recording method for both tax purposes and commercial recording, this can affect the tax rate, which of course illustrates whether the company is tax aggressive or not. The results of this study support the research conducted by Hidayat & Fitria (2018) that inventory intensity has no effect on tax aggressiveness.

Effect Capital Intensity on Tax Aggressiveness

The results of this study indicate that the probability of capital intensity $>$ significance value ($0.0651 > 0.05$). Thus, it can be concluded that hypothesis three (H3) is rejected, which means that capital intensity has no significant effect on tax aggressiveness. This means that companies that tend to invest in fixed assets will not affect the level of tax aggressiveness of companies listed on the Kompas 100 index by using depreciation expense to reduce their tax payments. This result is in line with research conducted by Donny (2018) that capital intensity has no significant effect on tax aggressiveness.

Simultaneous effect of Earning Management, Inventory Intensity, Capital Intensity on Tax Aggressiveness

Based on the f statistic test, it can be seen that the F-statistic Prob has a value 0.000000 so that it is smaller than the significance limit of 0.05 ($0.000000 < 0.05$). Therefore, it can be concluded that the fourth hypothesis (H4) is accepted, which means that together or simultaneously the independent variables in this study, namely earning management, inventory intensity, and capital intensity have a significant effect on the dependent variable, namely tax aggressiveness.

5. CONCLUSION

The purpose of this study was to determine the effect of earning management, inventory intensity and capital intensity on tax aggressiveness in companies listed on the Kompas 100 index. The sample used in this study was 33 companies with 165 units of analysis and was carried out using panel data regression analysis. .

Based on the data collected and the results of the tests that have been carried out, the conclusions of this study are as follows:

1. *Earnings management* significant negative effect on tax aggressiveness. This is due to the more aggressive management of financial statements, namely earnings management with income decreasing techniques, the more it indicates that management is acting aggressively towards the company's tax burden.
2. *Inventory intensity* no significant effect on tax aggressiveness. This shows that investment in the form of inventory is not appropriate because it does not have any impact on the tax aggressiveness of the sample companies.
3. *Capital intensity* no significant effect on tax aggressiveness. This is due to the fact that the larger the company that keeps assets in the form of fixed assets, it cannot explain or affect tax aggressiveness.
4. *Earning management, inventory intensity* and capital intensity have a simultaneous effect on tax aggressiveness.

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