



The Effect Of Accounting Conservatism On Income Tax Disputes With Sales Growth As A Moderation Variable

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Abstract: This study aims to examine the effect of accounting conservatism on tax disputes with sales growth as a moderating variable. Accounting conservatism is measured by accrual proxies, tax disputes are measured by AR/AP proxies, and sales growth is measured by calculating the annual growth rate of sales. The sampling method of this research is purposive sampling. The population in this study were property and real estate listed on the Indonesian Stock Exchange during 2009-2013, totaling 49 property and real estate companies and a sample of 15 companies for 5 years, bringing the total observations in this study to 75 companies. The statistical calculation used to test this hypothesis is by associative analysis and verification analysis. Verification analysis consists of classical assumption test, multiple linear regression analysis, determination analysis, f test and t test. The results show that accounting conservatism has an effect on tax disputes, and sales growth strengthens the effect of accounting conservatism on tax disputes.

Keywords: Accounting conservatism, tax disputes, sales growth

INTRODUCTION

Accounting conservatism is a prudent reaction that is applied by companies to anticipate uncertainties and risks in the company's business area which aims to find out that these risks have been considered sufficiently (Prasetya, 2015). A more descriptive definition of conservatism is choosing accounting principles that lead to minimizing reported cumulative profits, namely recognizing revenues more slowly, recognizing expenses more quickly, valuing assets with the lowest value and valuing liabilities with a higher value.

This is done with the aim that management immediately anticipates the worst possible conditions that could occur. Conservatism in accounting is legal, although many oppose the use of conservatism, so it can be said that conservatism is a controversial concept (Ayu, 2012). Critics of conservatism state that in principle this will indeed cause profits and assets to be low, but ultimately it will make profits and assets to be high in the future, in other words profits and assets will not be conservative in the future.

Supporters of conservatism state that conservatism presents profits and assets on the principle of delaying the recognition of profits and recognizing losses as soon as possible. This principle will indeed cause the profit and assets of the current period to be lower, if there is an increase in profits and assets in the future. This is due to the fact that the profit which was previously postponed was recognized by the company because it is certain that it will be

realised. So, it does not mean that the increase in profits and assets in the future is a reflection of the company's unconservativeness.

Asymmetric recognition between income or profits and expenses or losses arises due to the application of accounting conservatism (Susi, 2010). Asymmetric disclosure tends to make company managers increase the value of the company and reduce the present value of the tax which causes a decrease in the company's taxable profit, so that this can delay tax payments (Susi, 2010).

In order to increase state revenue receipts from the taxation sector, the government reformed the taxation system by adhering to a self-assessment system, a self-assessment system is a taxation system that entrusts taxpayers to determine, calculate and pay the amount of tax payable themselves according to tax regulations. The government's policy that authorizes taxpayers to calculate their own tax obligations in the self-assessment system allegedly provides a loophole for companies to apply very conservative accounting in their financial reports. Conservative accounting has an impact in the form of a decrease in the value or profit of the company which is used as the basis for calculating the company's tax obligations. Thus the lower the profit, the lower the tax liability that must be paid. Companies will tend to try to reduce the present value of their income tax to increase company value (Susi, 2010).

Company managers are allowed to apply conservative accounting in their financial reports according to predetermined accounting rules, but conservative accounting applied by companies that use it tends to deviate in its implications for income tax (Ayu, 2012). This is done one of the company's specific goals (Tax Planning) can be achieved. This deviation is expected to result in differences in the calculation of income tax between the tax authorities (tax officers) and the company. This is because the tax authorities consider that the amount of income tax made by the company is too low, because the application of conservative accounting applied by the company produces profits that are too low and causes the company to underpay income tax. So that this was allegedly a trigger for an indication of the emergence of an income tax dispute.

In this study, the property and real estate sector was chosen as the object of research because the property and real estate industry is an industry with good prospects considering the increasing rapid increase in people's incomes, thus driving an increase in the demand for and supply of housing.

There are pros and cons regarding research on the effect of accounting conservatism on valuing company equity, so researchers include sales growth as a moderating variable, namely a variable that strengthens or weakens the relationship between conservatism and tax disputes. It can be seen that sales are the main income of a company in running its business, the higher the sales, the higher the profit the company will earn and the higher the tax paid to the state, therefore this research will find out whether sales growth can weaken or strengthening a company in carrying out accounting conservatism. In this study, the period from 2009 to 2013 was taken for the reason that 2009 was the initial period for changes to the income tax law, Undang-undang No. 36 of 2008 concerning changes to PPh rates, this is expected to ease the income tax burden for corporate taxpayers.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Tax Dispute

In implementing the provisions of tax laws and regulations, there are two parties who are in opposing positions. They are taxpayers who are given the burden to pay taxes and tax officials who are the authorities in overseeing the fulfillment of tax obligations and are given a target to collect taxes to finance state expenditures. In this conflicting position of interests, the two parties often differ in opinion on certain matters. This difference is commonly called a tax dispute. Article 1 point 5 UU No. 14 of 2002 concerning the Tax Court provides the notion of a tax dispute is a dispute that arises in the field of taxation between a taxpayer or a tax bearer and an authorized official as a result of the issuance of a decision that can be appealed or sued to the tax court based on tax laws and regulations, including a claim for the implementation of billing based on Tax Collection Act with Forced Letter. These tax disputes

usually arise if the tax authorities issue legal products in the context of tax collection, namely Tax Collection Letters (STP) and Tax Assessment Letters (SKP), either in the form of SKPKB, SKPLB, SKPN or SKPKBT.

Accounting Conservatism

According to Ahmed Riahi Belkaoui (2011: 288) the principle of conservatism (conservatism principle) is a principle of exception or modification in the event that the principle acts as a limitation on the presentation of relevant and reliable accounting data. The principle of conservatism assumes that when choosing between two or more generally accepted accounting techniques, a preference is shown for the option that has the least favorable impact on shareholder equity. More specifically, this principle implies that the lowest value of assets and income and the highest value of liabilities and expenses should be selected for reporting. Therefore, the principle of accounting conservatism is to speed up the recognition of costs and/or losses and slow down the recognition of gains and/or income, so that company profits are lower or downwardly biased, and also result in assets being set lower and debt being set higher. This situation triggers the calculation of the amount of income tax according to the company is lower than the calculation according to the tax authorities, so that it is suspected to be related to the income tax dispute.

Sales Growth

According to Suhendro and Indrawati (2006) sales growth is the change in a company's total sales which is calculated from changes in sales of a certain year against the previous year. Sales have a strategic influence on the company because the sales made must be supported by assets and finances owned, by knowing sales from the previous year the company can optimize existing resources. Changes from these sales will bring changes to the company's profits and ultimately affect changes in company assets. A high level of sales growth is an indication that the company will have a lot of retained earnings so that the amount of debt will decrease because the company prefers internal funds for its company's operations. If a company experiences a high growth rate but earns a low profit, it can be concluded that the company applies conservative accounting that deviates in its implications for income tax, and causes indications of income tax disputes.

METHODS

The data used in this research is secondary data. Secondary data is data that has been provided by other parties and obtained indirectly by intermediary media. The data can be records, archives or evidence, either published or unpublished. The data in this study are in the form of financial report data (annual reports) of property and real estate companies listed on the Indonesia Stock Exchange for the period 2009-2013 which are available at www.idx.co.id

The population or objects used in this study are all property and real estate companies registered at Indonesian exchange. The research sample was taken in this study by purposive sampling, namely the selection of samples was not random with the following criteria :

1. Property and real estate companies, already registered on the IDX during the study period, namely from 2009-2013.
2. No losses during the study period.
3. Have the completeness of the data used in the research.

Based on the criteria above, there are 15 property and real estate companies that can be sampled.

The hypothesis testing technique begins by calculating the classical assumption test which is a statistical requirement that must be met in multiple linear regression analysis based on Ordinary Least Square (OLS), which means that the regression analysis requires classical assumption requirements. The classic assumption test used is the normality test, multicollinearity test, and heteroscedasticity test. After that, do a hypothesis test which consists of the correlation coefficient, determination coefficient, partial correlation coefficient test, multiple regression test, t test, and F test. For this analysis research using the linear regression analysis method with the absolute residual method, this model is similar to the Multiple Regression Analysis (MRA), but the risk of the moderating variable is approximated

by the absolute difference between the independent variable and the moderating variable, which has less interference with multicollinearity than the MRA method. All tests that have been described, were calculated using the IBM SPSS Version 22.0 program.

RESULT AND DISCUSSION

Descriptive statistics

Tabel 1. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Accounting conservatism	75	,22	2,15	,8806	,32830
Tax dispute	75	,04	8,81	1,5083	1,35732
Sales growth	75	,04	2,89	,7177	,56836
Valid N (listwise)	75				

Source: research data, 2022

The table above describes the description of the research variables statistically. The minimum is the smallest value of the observations, the maximum is the largest value of the observations, the mean is the sum of the values of all data divided by the amount of data, and the standard deviation is the root of the sum of the squares of the differences between the data values and the average divided by the number of data.

Normality test

Based on the normality p-plot test, the pattern graph shows the spread of dots around the diagonal line and follows the direction of the diagonal line, which means that the regression model meets the normal assumptions.

Multicollinearity Test

Based on the collinearity statistics shows that no variable has a tolerance value of less than 0.10 and a VIF value of more than 10. So it can be concluded that there is no multicollinearity.

Autocorrelation Test

The results of the SPSS program above show that the Durbin-Waston value is 1.861. Based on the Durbin-Waston table with a significance level of 5%, the number of samples is 75 (n) and the number of independent variables is 2 (k = 2) the upper limit (du) is 1.6802 and the lower limit (dl) is 1.5709. Because the DW value of 1.861 is greater than the upper limit (du) 1.6802 and less than 4 - 1.6802 (4-du) it can be concluded that there is no positive or negative autocorrelation or it can be concluded that there is no autocorrelation.

Multiple Linear Regression Test

Regression analysis is used to predict how far the value of the dependent variable is when the independent variable is changed. Sugiyono (2012: 213) states that regression analysis is used to make predictions, how the value of the dependent variable changes if the independent variable is increased or decreased in value.

Based on the regression test, the results of the coefficients test can be presented in the regression formula as follows:

$$Y = -0,591 - 0,759 \text{ Accounting conservatism} + 0,667 \text{ Accounting conservatism} * \text{sales growth} + 0,207$$

Partial Test (T Test)

Table 2. Partial Test Results (t test)

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-,591	,207			2,854	,006
Accounting Conservatism	-,759	,299	-,311		2,535	,013
Moderation	,667	,203	,403		3,289	,002

Source: research data, 2022

Based on the table above, it is known that accounting conservatism has a significance value of $0.013 < 0.05$ so it can be concluded that accounting conservatism has a significant influence on tax disputes. So that the first hypothesis is proven, namely accounting conservatism has an effect on income tax disputes with a significance value of 0.013.

Simultaneous Test (Test F)

Based on the Anova test or F test shows that the significance level is 0.004. So it can be concluded that accounting conservatism with sales growth as a moderating variable has a significant effect on tax disputes. So that the second hypothesis is proven, namely sales growth strengthens the relationship between accounting conservatism on income tax disputes with a significance value of 0.004.

CONCLUSIONS

The following is the conclusion of this article is as follows:

1. Based on the partial test results, accounting conservatism has an effect on tax disputes with a significant value of 0.013, which means that H1 is accepted.
2. Based on the simultaneous test, Sales Growth has a significance value of 0.004, which means that Sales Growth moderates which strengthens Accounting Conservatism for Tax Disputes, which means H2 is accepted..

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Future studies are expected to use a larger number of samples and expand the observation period to obtain more accurate observation results from year to year. And for future researchers to add proxies in measuring accounting conservatism not only using the ACCRUAL model. Using other proxies in calculating tax disputes, for example with CR/CD or Sales/Expense proxies. Subsequent research can test whether companies facing income tax disputes practice more conservative accounting compared to companies that do not face disputes.

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