

***THE IMPACT OF INSTITUTIONAL OWNERSHIP, RETURN ON ASSETS,
CURRENT RATIO ON TAX AVOIDANCE MODERATED BY FIRM SIZE ON
COMPANIES ON THE IDX***

**DAMPAK KEPEMILIKAN INSTITUSIONAL, RETURN ON ASSETS,
CURRENT RATIO TERHADAP TAX AVOIDANCE YANG DIMODERASI
UKURAN PERUSAHAAN PADA PERUSAHAAN DI BEI**

**Khairul Azwar¹, Elly Susanti², Juan Anastasia Putri³, Ruth Tridianty Sianipar⁴, Nelly
Ervina⁵**

Sekolah Tinggi Ilmu Ekonomi Sultan Agung, Indonesia^{1,2,3,4,5}

khairulazwar513@gmail.com¹

ABSTRACT

Taxes are mandatory contributions to the state that are owed by individuals or entities that are coercive based on the law, by not getting direct rewards and used for state purposes, especially for the prosperity of the people. This study aims to determine the impact of KI, ROA, CR on tax avoidance and to find out whether the size of the company is able to moderate the influence of KI, ROA, CR on tax avoidance. This research period was carried out during 2017 – 2023. The sampling technique used in this study is purposive sampling. The data analysis technique that will be used is to use simple regression analysis, and Residual Test to moderate variables. The results of the F test gave results that KI, ROA, CR had a positive and significant effect on tax avoidance. The results of the t-test showed that KI had a positive and insignificant effect on avoidance. Meanwhile, ROA and CR have a positive and significant effect on avoidance. The results of the residual test show that the size of the company is not able to moderate the influence of KI, ROA, CR on tax avoidance.

Keywords: ROA; CR; Firm Size; Tax Avoidance.

ABSTRAK

Pajak adalah kontribusi wajib kepada negara yang terutang oleh orang pribadi atau badan yang bersifat memaksa berdasarkan undang-undang, dengan tidak mendapatkan imbalan secara langsung dan digunakan untuk keperluan negara khususnya bagi kemakmuran rakyat. Penelitian ini bertujuan untuk mengetahui dampak KI, ROA, CR terhadap penghindaran pajak dan mengetahui apakah ukuran perusahaan mampu memoderasi pengaruh KI, ROA, CR terhadap penghindaran pajak. Periode penelitian ini dilakukan selama 2017 – 2023. Teknik pengambilan sampel yang digunakan dalam penelitian ini adalah purposive sampling. Teknik analisis data yang akan digunakan adalah dengan menggunakan analisis regresi sederhana, dan Uji Residual untuk memoderasi variabel. Hasil uji F memberikan hasil bahwa KI, ROA, CR berpengaruh positif dan signifikan terhadap penghindaran pajak. Hasil uji t menunjukkan bahwa KI berpengaruh positif dan tidak signifikan terhadap penghindaran. Sedangkan ROA dan CR berpengaruh positif dan signifikan terhadap penghindaran. Hasil uji residual menunjukkan ukuran perusahaan tidak mampu memoderasi pengaruh KI, ROA, CR terhadap penghindaran pajak.

Kata Kunci: KI; ROA; CR; Firm Size; Tax Avoidance.

INTRODUCTION

In a country, taxes are one of the revenues that have a huge contribution to the development of the country. In the implementation of development, taxes can be used as a source of state revenue to finance all expenditures for the realization of people's prosperity. Therefore, high professionalism is needed in the processing of tax funds. Taxes are the most potential source of

state revenue and contribute the highest proportion of the State Revenue and Expenditure Budget (APBN) compared to other sources of revenue (Lubara, Damayanti, & Dewi, 2022). The realization of the 2020 State Revenue and Expenditure Budget (APBN), the government noted that until the end of 2020, the realization of tax revenue was recorded at only Rp 1,069.98 trillion. This figure is not in accordance with the

target set in Presidential Regulation Number 72 of 2020, Directorate General of Taxes (DJP) of the Ministry of Finance of Rp 1,198.82 trillion. Tax revenues decreased from the previous year's period due to the slowdown in the Indonesian economy and international trade transactions due to the Covid-19 pandemic. On the other hand, the receipt of several types of taxes such as Income Tax Article 21, Income Tax Article 22 Import, Income Tax Article 25/29 and Domestic VAT are quite affected by the effects of providing tax facilities in the context of national economic recovery (Widyastuti, 2021)). This means that tax revenues in that year have not reached the target in accordance with the government's expectations. In addition, the tax justice network noted that tax revenues that cannot be collected due to tax evasion in Indonesia are estimated to reach US\$ 4.86 billion per year, which is equivalent to Rp69.1 trillion. This means that globally the practice of tax avoidance has a greater impact on low-income or developing countries. The value of taxes lost due to tax avoidance practices by corporations reached US\$4.78 billion (Wildan, 2020).

Tax avoidance is a tax planning activity designed for explicit tax reduction. In the implementation of tax avoidance, taxpayers take advantage of loopholes in tax regulations regulated in the tax law to avoid tax obligations that can burden the taxpayer so that the amount of tax payable is lower and increases profits for shareholders. In other words, tax avoidance optimizes taxpayers' profits without committing fraud in the field of taxation. Although tax avoidance is legal in the eyes of the law, it is still detrimental to the state, because it causes a decrease in state revenue from the tax sector (Pratama, Narsa, & Prananjaya, 2022). Tax evasion is the avoidance of the law to declare and

pay taxes to the state budget. Tax evasion consists of escaping taxes by legal means using legislative loopholes for the benefit of taxpayers (so-called 'loopholes'), and is therefore only possible when the law is incomplete or has inaccuracies (Mocanu et al., 2021). Tax avoidance is essential because it limits the state's ability to raise money and implement policies when taxpayers find ways to reduce their taxable base (Halioui, Neifar, & Abdelaziz, 2016).

Tax avoidance measures are still widely carried out by companies in Southeast Asian countries, including Indonesia. Such as information sourced from electronic media that the tax justice network reported that tobacco companies owned by British American Tobacco (BAT) had carried out tax evasion in Indonesia through PT Bentoel Internasional Investama. As a result, the country can suffer losses of US\$ 14 million per year. The results of the report explain that BAT has diverted some of its revenue out of Indonesia in two ways. First, through intra-company loans between 2013 and 2015. In this case BAT makes loans originating from Jersey through companies in the Netherlands mainly to avoid tax deductions for interest payments to non-residents. Indonesia implemented the tax cut of 20%, but because there was an agreement with the Netherlands, the tax became 0%. Meanwhile, the original loan is indirect from the company in Jersey because Indonesia and the UK do not have a similar agreement. Indonesia and the UK have an agreement with a tax rate on interest of 10%. From this strategy, Indonesia loses revenue for the state of US\$ 11 million per year. The reason is that from the debt of US\$ 164 million, Indonesia should be able to impose a tax of 20% or US\$ 33 million or US\$ 11 million per year. Second, through payment back to the UK for

royalties, fees and services. In recent years, it has significantly worsened Bentoel's losses in Indonesia. The combined cost of these payments is equivalent to 80% of the company's pre-tax losses in 2016. Thus the average corporate tax on payments each year with an interest rate of 25% is US\$ 2.5 million for royalties, US\$ 1.3 million for fees, and US\$ 1.1 million for IT fees. With the Indonesia-UK agreement, the tax deduction for royalties on trademarks is 15% from US\$ 10.1 million or US\$ 1.5 million. Meanwhile, technical service fees are not subject to deductions. IT fees are not mentioned in the agreement, but because they are similar to royalties, the report assumes a tax deduction for IT fees of \$0.7 million. So that the revenue lost from Indonesia reaches US\$ 2.7 million per year due to the payment of royalties, fees and IT costs of BAT to its companies in the UK (Prima & Dewi, 2019).

Tax evasion cases also occur in US giant technology companies such as Google, Facebook, and Microsoft that carry out tax avoidance practices in developed and developing countries, one of which is Indonesia. Reported by The Guardian, Monday (26/10/2020), research conducted by ActionAid International shows that these companies take advantage of loopholes in the global tax system to avoid taxes. The value reaches USD2.8 billion or the equivalent of IDR 41 trillion per year (Nurhaliza, 2020). This study has the novelty of the research (Muhammad, Efni, & Rahmayanti, 2022), (Azwar, Susanti, & Supitriyani, 2023) and (Rahmawaty & Astuti, 2023) which can be seen in the moderation variables and research objects and research years.

(Hasan, Kim, Teng, & Wu, 2022), we find that foreign institutional investors (FIIs) reduce their investee firms' tax avoidance. We provide

evidence that the effect is driven by the institutional distance between FIIs' home countries/regions and host countries/regions. Specifically, we find that the effect is driven by the influence of FIIs from countries/regions with high-quality institutions (i.e., common law, high government effectiveness, and high regulatory quality) on investee firms located in countries/regions with low-quality institutions. Finally, we find that FIIs are more likely to vote against management if the firm has a higher level of tax avoidance. Based on cases that have occurred in companies in Indonesia and abroad, the researcher is interested in conducting follow-up research from previous research to find out the causes of tax evasion in companies.

METHOD

Research Design

This research is a quantitative research with a type of causality research, which is research that aims to determine the influence between two or more variables. The scope of this study is limited to tax avoidance. The type of relationship in this study is a causal relationship because it aims to find a causal relationship (influence), namely the independent / independent variable (X) to the dependent / bound variable (Y).

Time and Location of Research

The research period used is 5 years, from 2017 to 2023. This study uses up to date data so that it is expected to be able to describe current conditions that are more relevant to the research year. The implementation of this research was carried out on LQ45 Company on the Indonesia Stock Exchange.

Variable Operational Definition

The dependent variable (Y) in this study is tax avoidance:

$$\text{Cash Effective Tax Rate} = \frac{\text{Tax Payment}}{\text{Profit Before Tax}}$$

Independent Variable (X)

Institutional Ownership (IP) by proxy :

$$= \frac{\text{Institutional Ownership (IP)} \\ \text{Number of institutional shares}}{\text{Number of shares outstanding}} \times 100\%$$

ROA by proxy:

$$\text{Return On Asset} = \frac{\text{Profit After Tax}}{\text{Total Assets}}$$

CR by proxy:

$$\text{CR} = \frac{\text{Current Assets}}{\text{Short-term debt}}$$

Firm Size is proxied by:

Population and Sample

The population in this study is LQ 45 Index companies listed on the IDX as many as 67 companies, including: AALI, ACES, ADHI, ADRO, AKRA, ANTM, ASII, ASRI, BBKA, BBNI, BBRI, BBTN, BJBR, BKSL, BMRI, BMTR, BRPT, BSDE, BTPS, BUMI, CPIN, CTRA, ELSA, ERAA, EXCL, GGRM, HMSP, ICBP, INCO, INDF, INDY, INKP, INTP, ITMG, JPFA, JSMR, KLBF, LPKR, LPPF, LSIP, MDKA, MEDC, MIKA, MNCN, MYRX, PGAS, PPRO, PTBA, PTPP, PWON, SCMA, SMGR, SMRA, SRIL, SSMS, TBIG, TINS, TKIM, TLKM, TOWR, TPIA, TRAM, UNTR, UNVR, WIKA, WSBP, dan WSKT.

In this study, the sampling technique is purposive sampling with criteria that can be seen in table 1.

Table 1. List of Research Sample Criteria

Sample criteria	Number of Companies
Companies listed on the Indonesia Stock Exchange and included in the LQ45 Index in the 2017-2023 period	67
Companies listed on the Indonesia Stock Exchange	(37)

and continuously listed on the LQ45 Index during the period 2017-2023

Companies (7)

included in the Financial and Financial Sub-Sector

Companies that (1)

attach incomplete tax payment data for research during the 2017-2023 period

Companies that (5)

incurred losses during the research period

Total 17

Source : (Data processed, 2024)

Based on table 1, the research sample is 17 companies with details can be seen in table 2.

Table 2. Research Sample

No	Issuer Code	Company Name
1	ADRO	PT Adro Energy Indonesia, Tbk
2	AKRA	PT AKR Corporindo, Tbk
3	ANTM	PT Aneka Tambang, Tbk
4	ASII	PT Astra International, Tbk
5	BSDE	PT Bumi Serpong Damai, Tbk
6	GGRM	PT Gudang Garam, Tbk
7	HMSP	PT Hanjaya Mandala Sampoerna, Tbk
8	ICBP	PT Indofood CBP Sukser Makmur, Tbk
9	INDF	PT Indofood Sukses Makmur, Tbk

10	INTP	PT Indocement Tunggal Perkasa,Tbk
11	KLBF	PT Kalbe Farma,Tbk
12	PTBA	PT Tambang Batubara Bukit Asam,Tbk
13	PTPP	PT Pembangunan Perumahan (Persero),Tbk
14	SMGR	PT Semen Indonesia (Persero),Tbk
15	TLKM	PT Telekomunikasi Indonesia,Tbk
16	UNTR	PT United Tractors,Tbk
17	UNVR	PT Unilever Indonesia,Tbk

Source : (Data processed, 2024)

Data Types and Data Sources

The type of data used is secondary data sourced from the IDX website with details can be seen in Table 3

Table 3. Types of Research Data and Data Sources

Variable	Data analyzed	Data sources
KI	Number of institutional shares and number of outstanding shares for the period 2017-2023	Indonesia Stock Exchange and Financial Statements
ROA	Net Profit After Tax and Total Assets for the 2017-2023 Period	Indonesia Stock Exchange and Financial Statements
CR	Current Assets and short-term debt for the	Indonesia Stock Exchange and

	period 2017-2023	Financial Statements
Firm Size	Total assets for the period 2017-2023	Indonesia Stock Exchange and Financial Statements
Tax Avoidance	Payment of tax and profit before tax for the period 2017-2023	Indonesia Stock Exchange and Financial Statements

Source : (Data processed, 2024)

Data Analysis Techniques

1. Classical Assumption Test, conducted to assess whether in the Ordinary Least Square (OLS) linear regression model there are classical assumption problems. The tests used are normality, multicollinearity, autocorrelation and heteroscedasticity tests.
2. Test the correlation coefficient (r) and determination (Adjusted R Square), used to measure how much ability all independent variables have in explaining their dependent variables (Ghozali, 2016).
3. First hypothesis testing
 - 1) Simultaneous significance test (F test), performed to show whether all independent variables simultaneously or together affect the dependent variable significantly. By using an alpha of 5%, the test criterion is if Sig. < α , then reject H_0 . That is, simultaneously KI, ROA, CR and firm size have a significant effect on tax avoidance.
 - 2) An individual significance test (T test), performed to show whether the independent variable partially or individually affects the dependent variable significantly.

By using an alpha of 5% or 0.05, the test criteria is if Sig. < α , then reject H_0 . This means that KI, ROA, CR and firm size have a significant effect on tax avoidance.

4. Testing the Second Hypothesis

In this study, testing the second hypothesis used a residual test. The residual test is performed by progressing the dependent variable to the residual absolute value of the regression of the independent variable against the variable hypothesized as a moderation variable. If the regression results are significant and the regression coefficient is negative, it can be concluded that the variable hypothesized as a moderation variable is actually capable of moderating the relationship between the independent variable and the dependent variable. With the residual model, the regression equation can be formulated as follows:

$$M = a + b_1X_1 + b_2X_2 + e \dots \dots \dots \text{(Suliyanto, 2011)}$$

$$|e| = a + b_1 Y$$

The criteria in the residual test include:

- 1) If the significance of ≤ 0.05 , then H_0 is rejected, meaning that firm size is able to moderate the effect of KI, ROA, and CR on tax avoidance.
- 2) If the significance > 0.05 , then H_0 is accepted, meaning that firm size is unable to moderate the effect of KI, ROA, and CR on tax avoidance.

RESULT AND DISCUSSION

1. Test Classical Assumptions Before Transformation

1) Normality Test

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
Unstandardized		
N		119
Normal Parameters ^{a,b}	Mean	,0000000

	Std.	1,17656596
Most Extreme Differences	Abso	,259
	Positi	,259
	Nega	-,253
Test Statistic		,259
Asymp. Sig. (2-tailed)		,000 ^c

Source : (Data processed, 2024)

From table 4 it can be explained that the value of Asymp. Sig. (2-tailed) is 0.00 < 0,05 which means the data is abnormal.

2) Multicollinearity Test

Table 5. Multicollinearity Test

Coefficients ^a						
Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)					
	KI	-,179	-,023	-,022	,697	1,435
	ROA	-,265	-,215	-,209	,708	1,413
	CR	-,161	-,158	-,152	,981	1,019

Source : (Data processed, 2024)

From table 5, the TOL value of each variable for KI is 0.697, ROA is 0.708, and CR is 0.981. Meanwhile, the VIF value for KI is 1.435, ROA is 1.413, and CR is 1.019. From the TOL and VIF values, it means that the regression results do not occur multicollinearity.

3) Heteroscedasticity Test

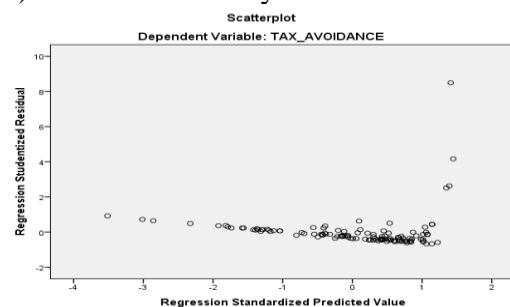


Figure 1. Heteroscedasticity Test

Source : (Data processed, 2024)

The results shown in Figure 1 show that the dots form a pattern so that it can be concluded that it is a symptom of heteroscedasticity.

4) Autocorrelation Test

Table 6. Autocorrelation Test Results

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
---	----------	-------------------	----------------------------	---------------

1	,309 ^a	,095	1,19181	2,143
		0,72		

Source : (Data processed, 2024)

If viewed from table 6, the results of the DW test can be explained as the value of $du < d < 4-du$ or $1,7101 < 2,143 < 2,2899$ which means that the regression equation model has no positive or negative autocorrelation with the rejection decision.

2. Test Classical Assumptions After Transformation

1) Normality Test

Table 7. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
Unstandardiz		
N		119
Normal Parameters ^{a,b}	Mean	,0000000
	Std.	,63756793
Most Extreme Differences	,053	,053
	,053	,053
	-,037	-,037
Test Statistic		,053
Asymp. Sig. (2-tailed)		,200

Source : (Data processed, 2024)

From table 7 it is explained that the value of Asymp. Sig. (2 tailed) is at $0.200 > 0,05$ so that the data is normally distributed.

2) Multicollinearity Test

Table 8. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
	(Constant)	
1	Ln_KI	,852 1,174
	Ln_ROA	,854 1,170
	Ln_CR	,996 1,004

Source : (Data processed, 2024)

From table 8, it can be seen that the TOL value for each variable is above 0.1, namely KI of 0.852, ROA of 0.854, and CR of 0.996. Meanwhile, the VIF value for KI is 1.174, ROA is 1.170, and CR is 1.004 which means that the overall value of the variable is below 10. So the conclusion is that there is no multicollinearity.

3) Heteroscedasticity Test

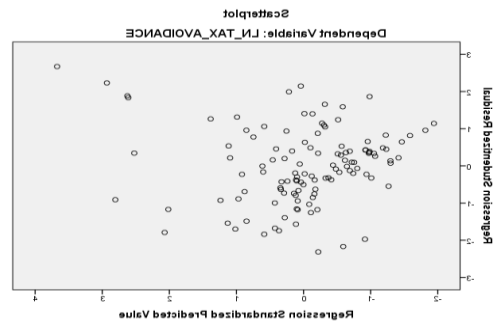


Figure 2. Heteroscedasticity Test

Source : (Data processed, 2024)

From Figure 2, it can be seen that the pattern spreads randomly so that the regression model can be concluded that there are no heteroscedasticity symptoms.

4) Autocorrelation Test

Table 9. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,624 ^a	,389	,374	,64583	1,703

Source : (Data processed, 2024)

The results of table 9 provide an explanation that $dl < d < du$ or $0.8968 < 1.703 < 1.7101$ which means that the regression model has no positive autocorrelation which means no conclusion.

3. Analysis of Correlation Coefficient (r) and Correlation of Determination (R)

Table 10. Results of Correlation Coefficient and Coefficient of Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,624 ^a	,389	,374	,64583

Source : (Data processed, 2024)

Table 10 provides an explanation that the value of the correlation coefficient (R) is 0.624 which means that there is a strong relationship between KI, ROA and CR with tax avoidance. The value of the determination coefficient (R Square) of 0.389 means that the high and low tax avoidance can be explained by KI, ROA and CR of 38.9% and the remaining 61.1% is influenced by other variables that are not studied.

4. Test the First Hypothesis

1) F Test

Table 11. F Test Results

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	30,597	3	10,199	24,452	,000 ^b
Residual	47,966	115	,417		
Total	78,563	118			

a. Dependent Variable: Ln_Tax_Avoidance

b. Predictors: (Constant), Ln_CR, Ln_ROA, Ln_KI

Source : (Data processed, 2024)

Based on table 11, it is known that the $F_{calculate}$ value is 24.452 while F_{table} with $df = (119-3-1=115)$ is 2.68. It can be concluded that $F_{calculate} < F_{table}$ or $24,452 > 2.68$ or a significance level of $0.000 < 0.05$ then H_0 is accepted, meaning that KI, ROA, and CR have a positive and significant impact on tax avoidance.

2) T Test

Table 12. Test Results t

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2,191	,205		-10,697	,000
Ln_KI	,061	,314	,015	,194	,847
Ln_ROA	-,502	,066	-,599	-7,593	,000
Ln_CR	-,290	,118	-,180	-2,467	,015

Source : (Data processed, 2024)

Based on table 12, for each t-test result can be described as follows:

- (1)The results of the t-test for the KI value have a positive and insignificant effect on tax avoidance which is shown with a significance above 0,05.
- (2)The results of the t-test for ROA value have a positive and significant effect on tax avoidance which is shown with a significance below 0,05.
- (3)The results of the t-test for the CR value have a positive and insignificant effect on tax avoidance

which is shown with a significance below 0,05.

5. Test the Second Hypothesis

Table 13. Regression Analysis with Moderating Variables with Residual Test

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	3,443	,008	
Ln_KI	-,046	,012	-,356
Ln_ROA	,001	,003	,033
Ln_CR	-,011	,004	-,216

Source : (Data processed, 2024)

The model of the multiple linear regression equation can be seen in table 13.

$$M = 3,443 - 0.046X_1 + 0.001X_2 - 0,011X_3$$

This means that KI and CR have a negative effect on Ln_total asset, while ROA has a positive effect on Ln_total asset.

Furthermore, Table 14 is presented, the results of the ABS_Residual test

Table 14. Moderating Variable Analysis with ABS_Residual test

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,020	,002		10,270	,000
Ln_Tax_Avoidance	-,001	,001	-,076	-,828	,410

Source : (Data processed, 2024)

Based on Table 14, the linear regression equation model with moderating variables using ABS_residual test is:

$$ABS_RES = 0,020 - 0,001Y$$

This means that the value of the regression coefficient is 0.020 and the significance level is 0.001. Because the

regression coefficient is negative and insignificant, it can be concluded that Ln_total asset is not a moderation variable because it is not able to strengthen or weaken the influence of KI, ROA, and CR on tax avoidance.

6. Discussion

1) The Effect of Institutional ownership on Tax Avoidance

The regression results of the t-test from table 12 show that KI has a positive and insignificant effect on tax avoidance as shown by a significance value above 0.05. This means that institutional ownership must increase more optimal supervision to assess management performance, because stock ownership represents a source of power that can be used to support or vice versa management decisions. Thus, institutional ownership can help the principal to control the behavior of agents in the company, so that tax avoidance can be suppressed. (Chasbiandani, Triastuti, & Ambarwati, 2019), The institution will assign responsibility to a certain division to be able to manage the company's investments. The existence of this institution will monitor investment developments that lead to increased control over management actions, so that it can influence management in making decisions to carry out tax avoidance practices. Research that is in line with the research by (Putri, Asih, Nururrahma, & Rifkasari, 2022) The result is that IP has a positive influence on tax avoidance but with a significance level of 10%. This indicates that the size of share ownership by institutions will have an impact on tax avoidance practices, because there will be more votes and encouragement to management decisions, especially in terms of taxation. This research is different from (Tarmizi, Perkasa, Meliantari, & Wahdiawati, 2023) that

institutional ownership has a significant positive effect on tax avoidance at a 95% confidence level. Research (Richardson, Wang, & Zhang, 2016) we also find a significantly positive association between pyramidal ownership structure and tax avoidance due to the entrenchment effect. When voting rights and cash-flow rights diverge, a lower level of cash-flow rights fails to offer the controlling owner incentive alignment sufficient to reduce the entrenchment effect and tax avoidance.

2) The Effect of Return On Assset on Tax Avoidance

The results of the t-test from table 12 show that ROA has a positive and significant effect on tax avoidance with a significance value of less than 0.05. This means that companies with high profitability conditions tend to avoid taxes. When ROA increases, it will be followed by an increase in revenue. Along with this, the tax burden will also increase so that the government will increase the amount of tax that will be imposed by the company. However, sometimes companies that have high profitability will consider that this will certainly be a conflict for the company because the government will set a high tax burden so that tax avoidance tactics will be carried out to reduce the tax burden with the aim of income obtained in accordance with expectations. Research (Safiinatunnajah &

Setiyawati, 2022), Investors are looking for a high "net profit" or profit after tax. The agent (director or manager) will then work to optimize the net profit after tax. The high return on investment after tax (ROA) or profit after tax (PAT after tax) makes it less likely that the company will try to avoid paying fair taxes. Businesses often engage in tax avoidance when their after-tax profits are inadequate. The salary of the directors

will be affected if it is not done according to the preferences of shareholders. Research (Kusumawardhani & Mallisa, 2023) shows that ROA shows a negative and significant influence on tax avoidance. Return on assets (ROA) utilization is used as a metric to assess a given company's profitability. If the level of profitability achieved by the company increases, the amount of tax paid by the company also increases. If the tax burden is high, companies can use tax avoidance measures to reduce their tax liability. shows that ROA shows a negative and significant influence on tax avoidance. Return on assets (ROA) utilization is used as a metric to assess a given company's profitability. If the level of profitability achieved by the company increases, the amount of tax paid by the company also increases. If the tax burden is high, companies can use tax avoidance measures to reduce their tax liability.

3) The Effect of Current Asset on Tax Avoidance

Table 12 shows that the results of the t-test show that CR has a significant positive effect on tax avoidance. This means that companies with high liquidity are considered able to manage their money optimally for tax payments so that tax avoidance tactics are not carried out by the company. Research similar to (Mkadmi & Ali, 2024), in terms of financial metrics, we see that businesses with higher levels of rentability, cash flow, and sales growth are more likely to engage in tax avoidance. But, businesses with high liquidity are less likely to abandon tax avoidance. This research is different from (Danardhito, Widjanarko, & Kristanto, 2023), the test results show that liquidity has no effect on tax avoidance. The ability of a company to fulfill its short-term obligations to

current assets is not significant enough to affect corporate tax evasion actions

4) The Effect of Institutional ownership, Return On Asset, and Current Asset on Tax Avoidance

Table 11 shows that overall the independent variable has a positive and significant effect on the dependent variable. This means that with the strict supervision carried out by institutional ownership, the management performance is increasing, thereby helping the principal to control the agent's behavior in tax evasion. Likewise, the increase in profitability and CR shows that the company is assumed to be able to pay taxes by utilizing available assets and using profits optimally so that tactics to carry out tax avoidance are not carried out. So it can be concluded that with the increase in KI, ROA and CR, the company will carry out tax avoidance. This research is supported by research (Friantin & Putri, 2020) that Current Ratio (CR) and Return On Assets (ROA) have a significant positive effect on tax avoidance. The results show that the capital intensity variable has a significant effect on tax avoidance and so does the research (Vemberain & Triyani, 2021) Variables of profitability, company size, leverage, and institutional ownership together (simultaneously) affect tax avoidance.

5) Firm Size Moderates the Effect of Institutional Ownership, Return On Asset, and Current Asset on Tax Avoidance

The results of the analysis presented in Table 14, the linear regression equation model with moderation variables using the ABS_residual test are:

$$ABS_RES = 0,020 - 0,001Y$$

The results of the regression coefficient value show that asset Ln_total is not a moderating variable.

This is because Ln_total assets are not able to moderate the influence of institutional ownership, return on assets, current ratio to tax avoidance. This means that with the size of a large or small company that has many assets, it does not necessarily give an idea that institutional ownership is able to supervise the performance of the company to avoid taxes. This is because decisions related to asset management will be left to the company's manager. Likewise, the size of large and small companies is not an indicator for companies to avoid taxes when viewed from CR and ROA. This is because it depends on the level of income earned and the amount of capital to pay taxes.

CONCLUSION

From the results of this study, the author concludes that partially IP has a positive and insignificant influence on tax avoidance. This means that with the increase in strict supervision, it cannot be used as an indicator for companies to carry out tax evasion. ROA has a positive and significant effect on tax avoidance, which means that companies that earn increased income tend to avoid taxes because this is in line with the tax burden that will be determined by the government. Likewise, CR has a positive and significant effect on tax avoidance, which means that a liquid company shows that its asset management is carried out optimally for tax payments so that the company does not commit tax avoidance. Overall, KI, ROA and CR have a positive and significant effect on tax avoidance. This condition means that with the increase in more intensive supervision in carrying out operational activities, income will increase followed by an increase in capital so that the company does not avoid taxes.

REFERENCE

- Azwar, K., Susanti, E., & Supitriyani. (2023). Financial Performance as a Mediation of Tax Avoidance Determinants in LQ45 Companies on the Indonesia Stock Exchange. *Ilomata International Journal of Tax and Accounting*, 4(4), 813–831. <https://doi.org/https://doi.org/10.52728/ijtc.v4i4.896>
- Chasbiandani, T., Triastuti, & Ambarwati, S. (2019). Pengaruh Corporation Risk Dan Good Corporate Governance Terhadap Tax Avoidance Dengan Kepemilikan Institusional Sebagai Variable Pemoderasi. *Kompartemen : Jurnal Ilmiah Akuntansi*, XVII(2), 115–129. <https://doi.org/http://dx.doi.org/10.30595/kompartemen.v17i2.4451>
- Danardhito, A., Widjanarko, H., & Kristanto, H. (2023). Determinan Penghindaran Pajak: Likuiditas, Leverage, Aktivitas, Profitabilitas, Pertumbuhan, dan Nilai Perusahaan. *Jurnal Pajak Indonesia*, 7(1), 45–56. <https://doi.org/https://doi.org/10.31092/jpi.v7i1.2169>
- Friantin, S. H. E., & Putri, I. S. (2020). Tax Avoidance dan Faktor-Faktor yang Mempengaruhinya. *Advance : Jurnal Akuntansi*, 7(2), 116–128. Retrieved from <https://e-journal.stie-aub.ac.id/index.php/advance/article/view/789>
- Ghozali, I. (2016). *Aplikasi Analisis Multivariete Dengan Program IBM SPSS 23* (Edisi 8). Semarang: Badan Penerbit Universitas Diponegoro.
- Halioui, K., Neifar, S., & Abdelaziz, F. Ben. (2016). Corporate governance, CEO compensation and tax aggressiveness: Evidence

- from American firms listed on the NASDAQ 100. *Review of Accounting and Finance*, 15(4), 445–462.
<https://doi.org/https://doi.org/10.1108/RAF-01-2015-0018>
- Hasan, I., Kim, I., Teng, H., & Wu, Q. (2022). The effect of foreign institutional ownership on corporate tax avoidance: International evidence. *Journal of International Accounting, Auditing and Taxation*, 46.
<https://doi.org/https://doi.org/10.1016/j.intaccudtax.2021.100440>
- Kusumawardhani, A., & Mallisa, A. I. P. (2023). The Impact of Financial Performance, and Institutional Ownership on Tax Avoidance in the Banking Sector Listed on the Indonesia Stock Exchange. *International Journal of Organizational Behavior and Policy*, 2(2), 107–116.
<https://doi.org/https://doi.org/10.9744/ijobp.2.2.107-116>
- Lubara, M. A., Damayanti, & Dewi, A. K. (2022). The Effect Of Audit Committee, Family Ownership Against Tax Avoidance Of The Manufacturing Companies Listed on IDX in the Period 2017-2019. *Jurnal Ilmiah ESAI*, 16(2), 90–100.
<https://doi.org/https://doi.org/10.25181/esai.v16i2.2528>
- Mkadmi, J. E., & Ali, W. Ben. (2024). How does tax avoidance affect corporate social responsibility and financial ratio in emerging economies? *Journal of Economic Criminology*, 5, 1–8.
<https://doi.org/https://doi.org/10.1016/j.jeconc.2024.100070>
- Muhammad, E., Efni, Y., & Rahmayanti, E. (2022). The Effect of Profitability, Institutional Ownership on Tax Avoidance Moderated by Disclosure of Good Corporate Governance (Study on Consumer Goods Industry Companies Listed in t. *IJEBA: International Journal of Economics, Business and Applications*, 7(1), 53–66.
<https://doi.org/http://dx.doi.org/10.31258/ijeba.7.1.53-66>
- Nurhaliza, S. (2020). Termasuk Indonesia, Google dan Microsoft Mangkir Bayar Pajak Rp41 Triliun. Retrieved November 15, 2023, from <https://www.idxchannel.com/market-news/termasuk-indonesia-google-dan-microsoft-mangkir-bayar-pajak-rp41-triliun>
- Pratama, B. Y., Narsa, N. P. D. R. H., & Prananjaya, K. P. (2022). Tax Avoidance and the Readability of Financial Statements: Empirical Evidence from Indonesia. *Journal of Asian Finance, Economics and Business*, 9(2), 0103–0112.
<https://doi.org/doi:10.13106/jafeb.2022.vol9.no2.0103>
- Prima, B., & Dewi, H. K. (2019). Tax Justice laporkan Bentoel lakukan penghindaran pajak, Indonesia rugi US\$ 14 juta. Retrieved November 15, 2023, from <https://nasional.kontan.co.id/news/tax-justice-laporkan-bentoel-lakukan-penghindaran-pajak-indonesia-rugi-rp-14-juta/>
- Putri, V. R., Asih, M. A. R., Nururrahma, F., & Rifkasari, T. S. (2022). Tax Avoidance: dipengaruhi oleh Faktor Tata Kelola dan Environmental Uncertainty. *Jurnal Akuntansi Keuangan Dan Bisnis*, 15(1), 450–459.
<https://doi.org/https://doi.org/10.35143/jakb.v15i1.5352>

- Rahmawaty, N., & Astuti, C. D. (2023). The Effect Of CSR, Fixed Asset Intensity, Profitability And Leverage On Tax Avoidance With Institutional Ownership As A Moderating Variable. *Devotion : Journal of Research and Community Service*, 4(2), 453–470. <https://doi.org/https://doi.org/10.36418/devotion.v4i2.399>
- Richardson, G., Wang, B., & Zhang, X. (2016). Ownership structure and corporate tax avoidance: Evidence from publicly listed private firms in China. *Journal of Contemporary Accounting & Economics*, 12(2), 141–158. <https://doi.org/https://doi.org/10.1016/j.jcae.2016.06.003>
- Safiinatunnajah, N. A., & Setiyawati, H. (2022). The Effect of Leverage and Profitability on Tax Avoidance with Company Transparency as a Moderating Variable. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 5(3), 28216–28227. <https://doi.org/https://doi.org/10.33258/birci.v5i3.6903>
- Suliyanto. (2011). *Ekonometrika dan Terapan, Teori dan Aplikasi dengan SPSS*. Yogyakarta: CV Andi Offset.
- Tarmizi, A., Perkasa, D. H., Meliantari, D., & Wahdiawati, S. A. (2023). The Effect of Institutional Ownership, Family Ownership, and Thin Capitalization on Tax Avoidance. *TSBEC : Transdisciplinary Symposium on Business, Economics, and Communication*, 2023, 1–10. <https://doi.org/https://doi.org/10.18502/kss.v8i12.13645>
- Vemberain, J., & Triyani, Y. (2021). Analisis Pengaruh Profitabilitas, Ukuran Perusahaan, Leverage, Dan Kepemilikan Institusional Terhadap Tax Avoidance. *Jurnal Akuntansi*, 10(1), 40–62. <https://doi.org/https://doi.org/10.46806/ja.v10i1.785>
- Widyastuti, R. A. Y. (2021). 2020, Penerimaan Pajak Capai Rp 1.069,98 Triliun atau 89,25 Persen dari Target. Retrieved November 14, 2023, from <https://bisnis.tempo.co/read/1440165/2020-penerimaan-pajak-capai-rp-1-06998-triliun-atau-8925-persen-dari-target>
- Wildan, M. (2020). Indonesia Diperkirakan Rugi Rp69 Triliun Akibat Penghindaran Pajak. Retrieved March 21, 2023, from <https://news.ddtc.co.id/indonesia-diperkirakan-rugi-rp69-triliun-akibat-penghindaran-pajak-2572>
- Jurnal Bimbingan Dan Konseling*, 5(1), 132–138. Retrieved from <https://core.ac.uk/download/pdf/327184901.pdf>