The 7th International Conference on Social Sciences
Organized by Faculty of Social Science and Law Manado State University

The Innovation Breakthrough in Digital and Disruptive Era
The Effect of Liquidity and Leverage on Tax Aggressiveness

Case Studies on Manufacturing Companies in the Food and Beverage Industry Sector Listed on the Indonesian Stock Exchange for the 2019-2021 Period

Istiyanatul Mahbubah¹,* Annisa Zhafarina Qosasi²

¹ Univesitas KH Bahaudin Mudhary Madura
² Univesitas KH Bahaudin Mudhary Madura
* Email: istyana@uunibamadura.ac.id

ABSTRACT

Tax aggressiveness as an action that aims to reduce the tax burden through tax planning using methods that are or are not classified as tax violations (Hadi & Mangoting, 2014). Richardson and Lanis (2012) define tax aggressiveness as the desire and action to minimize the tax burden by means of legal, illegal, or both.

The first factor that can influence corporate tax aggressiveness is liquidity. Liquidity is the ability of a company to fulfill its short-term obligations which must be paid immediately in one period or less by using its current assets. Tax is one part of the company's short-term obligations. In addition, a company's financial decisions which are explained by the company's leverage ratio are also predicted to have a significant effect on the emergence of tax aggressiveness. The higher the leverage of a company, the higher the company's dependence on asset financing through debt and loans or loans to companies that have a fixed burden in the form of interest expenses. This type of research is quantitative research, where data is presented in the form of numbers and can be measured and tested using statistical methods.

The data used in this study is data on the annual financial reports of manufacturing companies in the food and beverage sub-sector that are listed on the Indonesia Stock Exchange (IDX) for 2019-2021. Of the entire population, there were 21 companies that met the criteria used as samples, the data obtained from the nine companies totaled 63 data.

Keywords: Tax aggressiveness, Liquidity, Leverage.

1. INTRODUCTION

In Indonesia, taxes are the largest source of funds for the state. Taxes must be paid by individual taxpayers and corporate taxpayers. In Law Number 36 of 2008 article 2 paragraph (1), companies are corporate taxpayers who have an obligation to pay taxes in accordance with tax provisions which are calculated from the amount of net profit before tax multiplied by the applicable tax rate (Mardiasmo, 2008).
The greater the tax paid by the company, the greater the state revenue from the tax sector. Conversely for companies, taxes are a burden that must be borne and can reduce the net profit received by the company. If the liquidity ratio is high, the company is in a state of smooth cash flow. Companies that experience liquidity difficulties are likely to not comply with tax regulations and will reduce company spending on taxes (Sukmawati and Rebecca, 2016).

The company considers tax as an additional cost burden that can reduce the company's profits. Therefore the company is predicted to take actions that will reduce the company's tax burden. According to Frank et al. (2009), actions taken by companies to reduce taxable income through tax planning both legally (tax avoidance) and illegally (tax evasion) are called corporate tax aggressiveness. Although not all tax planning actions violate the law, the more loopholes that are used, the more aggressive the company is considered.

Tax aggressiveness as an action that aims to reduce the tax burden through tax planning using methods that are or are not classified as tax violations (Hadi & Mangoting, 2014). Richardson and Lanis (2012) define tax aggressiveness as the desire and action to minimize the tax burden by means of legal, illegal, or both.

The first factor that can influence corporate tax aggressiveness is liquidity. Liquidity is the ability of a company to fulfill its short-term obligations which must be paid immediately in one period or less by using its current assets. Tax is one part of the company's short-term obligations.

Companies that have high liquidity are described as having good cash flow so that these companies are not reluctant to pay all their obligations, including paying taxes in accordance with applicable regulations. Research conducted by Suyanto and Supramono (2012) proves that with good liquidity companies do not make taxes their goal to minimize costs. Conversely, low liquidity may reflect that the company is having difficulty meeting its short-term obligations. So that it can lead to aggressive action on corporate taxes.

In addition, a company's financial decisions which are explained by the company's leverage ratio are also predicted to have a significant effect on the emergence of tax aggressiveness. The higher the leverage of a company, the higher the company's dependence on asset financing through debt and loans or loans to companies that have a fixed burden in the form of interest expenses. Because interest expenses are included in expenses that can reduce taxable income (deductible costs), the use of debt has a positive effect on the company's aggressive tax practices.

Based on the above background the objectives in this study are:

1. To find out whether liquidity has an effect on tax aggressiveness in manufacturing companies in the food and beverage sub-sector in 2019-2021.
2. To find out whether leverage has an effect on tax aggressiveness in manufacturing companies in the food and beverage sub-sector in 2019-2021.

2. LITERATURE REVIEW

Tax Aggressiveness

The company considers tax as an additional cost burden that can reduce the company's profits. Therefore the company is predicted to take actions that will reduce the tax burden (Gemilang Desi Nawang, 2016). According to Frank et al (2009) tax aggressiveness is an action taken by companies to reduce the tax burden through tax planning using legal methods (tax avoidance) or illegally (tax evasion). The difference between tax avoidance and tax evasion is on the legal side. Tax avoidance uses methods that are legalized by applicable laws, while tax evasion is carried out illegally by applicable laws by hiding the true situation. The government through the Directorate General of Taxes (DGT) is always trying to update tax regulations to increase tax revenues. But on the other hand companies always try to save on tax payments which can be done in a legal way, namely tax aggressiveness (Siregar and Widyawati, 2016).

Liquidity

Liquidity is the ability of a company to fulfill its obligations to pay its short-term debt (dividend payable, tax payable, and others). According to Handono Mardiyanto (2009: 54), Liquidity is the ability of a company to pay short-term obligations (debt) on time, including paying off long-term debt that is due in the year concerned. In this study using the Current Ratio (current ratio), the current ratio is the ability of a company to use current assets to pay all liabilities or current debt.

Leverage

Leverage is a ratio that measures the ability of both long-term and short-term debt to finance company assets. Debt for companies has a fixed burden in the form of interest expenses. Companies that have high debt will get tax incentives in the form of discounts on loan interest so that companies that have a high tax burden can make tax savings by increasing the company's debt (Suyanto and Supramono, 2012).
Hypothesis

The Effect of Liquidity on Tax Aggressiveness

The liquidity ratio shows the company's ability to pay short-term debts that are due or the ratio knows the company's ability to finance and fulfill obligations when billed (Kasmir, 2016: 128). Indradi's research (2018) stated that liquidity has an effect on tax aggressiveness, Dinar et al (2020) stated that liquidity has a positive effect on tax aggressiveness, in line with Lestari's research (2017).

Whereas in Cahyadi et al's research (2020) showed different results, his research showed that liquidity did not affect tax aggressiveness. Meanwhile, Darmayanti's research (2020) states that liquidity has a negative effect on tax aggressiveness.

$H_1 = \text{Liquidity has an effect on tax aggressiveness}$

The Effect of Leverage on Tax Aggressiveness

Leverage is a number of debts owned by the company to finance assets (Kasmir, 2003:151). Research by Savitri and Rahmawati (2017) explains that the Leverage variable has a negative effect on tax aggressiveness, in line with Wulansari and Titirsari (2020). Whereas in Simamora and Rahayu's research (2020) stated that leverage has an effect on tax aggressiveness. Likewise, the research by Kurniawati (2019) and Yartono and Yuliza (2020) which explains that leverage has a significant positive effect on tax aggressiveness.

$H_2 = \text{Leverage has an effect on tax aggressiveness}$

3. RESEARCH METHOD

This type of research is quantitative research, where data is presented in the form of numbers and can be measured and tested using statistical methods. The data used in this study is data on the annual financial reports of manufacturing companies in the food and beverage sub-sector that use financial reports in rupiah units during the year of study.

Of the entire population, there were 21 companies that met the criteria used as samples, the data obtained from the nine companies totaled 63 data.

4. DISCUSSION

a. Normality Test

Tabel 1 Normality Test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>63</td>
</tr>
<tr>
<td>Normal Parameters$^a$$^b$ Mean</td>
<td>.0000000</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>140.49134033</td>
</tr>
<tr>
<td>Most Extreme Differences Absolute</td>
<td>.203</td>
</tr>
<tr>
<td>Positive</td>
<td>.203</td>
</tr>
<tr>
<td>Negative</td>
<td>-.187</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>.203</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.080$^c$</td>
</tr>
</tbody>
</table>

Based on the table above the significance value shows a result of 0.08 which means the data is normally distributed, therefore it can be concluded that the regression model in this study has met the normal assumptions.

b. Multikolinierity Test

Tabel 2 Multikolinierity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.700</td>
</tr>
<tr>
<td>LIKUIDITAS</td>
<td>.700</td>
</tr>
<tr>
<td>LEVERAGE</td>
<td>.700</td>
</tr>
</tbody>
</table>

Based on the table above the VIF values obtained in the table above show that the independent variables in the regression model are not correlated with each other.
The VIF value that is allowed only reaches 10. And the data in the data table obtained VIF from each independent variable is less than 10. This shows that there is no problem of multicollinearity among the independent variables in this regression model.

c. Autocorrelation Test

Table 3 Autocorrelation Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.579</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), LEVERAGE, LIUIDITAS  
b. Dependent Variable: SPAJAK

Based on the table above, it is known that the DW value is 0.957, this value is between -2 and 2, so there is no autocorrelation.

d. Heteroscedasticity Test

Figure 1 Heteroscedasticity Test

Based on the picture above there is no clear pattern, and the dots spread above and below the number 0 in the Y subu, so there is no heteroscedasticity.

e. Hypothesis test

Table 5 Hypothesis Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>3.673</td>
<td>.001</td>
</tr>
<tr>
<td>LIKUIDITAS</td>
<td>-.053</td>
<td>-.343</td>
<td>.732</td>
</tr>
</tbody>
</table>

First Hypothesis Testing Results

Based on the results of the analysis in the table above, it is known that Liquidity has a significant value of -0.732 > 0.05. This means that H1 is rejected, so it can be concluded that Liquidity has no significant effect on Tax Aggressiveness.

It can be concluded that Liquidity has no significant effect on Tax Aggressiveness, so the first hypothesis is not accepted (rejected). This research is supported by research conducted by Calhyadi et al (2020) showing the results that liquidity does not affect tax aggressiveness.

Second Hypothesis Testing Results

Based on the results of the analysis in the table above, it is known that Leverage a significant value of 0.998 > 0.05. This means that H2 is rejected.

This research is different from the research conducted by Simamora and Rahayu (2020) which states that leverage affects tax aggressiveness. Likewise, the research by Kurniawati (2019) and Yartono and Yuliza (2020) which explains that leverage has a significant positive effect on tax aggressiveness, due to different periods in the study sample.

5. CONCLUSION

Based on the results of the research and discussion that has been described regarding Liquidity and Leverage on Tax Aggressiveness Companies in the Food and Beverage Industry Sector Listed on the Indonesian Stock Exchange for the 2019-2021 Period, the author can draw the following conclusions:

a. Liquidity variable has no significant effect on tax aggressiveness.  
b. Leverage variable has no significant effect on Tax Aggressiveness.
REFERENCES


