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Tax Avoidance Trends Of Manufacturing Companies In Indonesia Listed On The Idx Through An Analysis Of The Company's Effective Tax Rate (ETR)

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Abstract

This study aims to analyze tax avoidance trends in manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period through an Effective Tax Rate (ETR) analysis. The study uses a quantitative descriptive method with secondary data obtained from the company's financial statements and annual reports. The research sample was selected using a purposive sampling technique based on predetermined criteria. Tax avoidance is measured using the ETR, which is calculated by comparing income tax expense to profit before tax. A lower ETR value indicates a higher level of corporate tax avoidance. The results show fluctuations in ETR values during the study period. In 2021 and 2022, PT Gajah Tunggal Tbk had the lowest ETR value, indicating the highest level of tax avoidance, while PT Indomobil Sukses International Tbk had the highest ETR value, indicating the lowest level of tax avoidance. In 2023, PT Indomobil Sukses International Tbk had the lowest ETR value, while PT Indospring Tbk had the highest ETR value. The research findings show that tax avoidance practices in manufacturing companies in Indonesia tend to fluctuate during the research period, so that ETR analysis can be used as an indicator to identify corporate tax avoidance tendencies.

Keywords:Tax, Tax Avoidance, Effective Tax Rate (ETR), Manufacturing Companies, Indonesia Stock Exchange.

INTRODUCTION

Tax is one of the main sources of state revenue which has an important role in supporting the financing of national development and the implementation of various

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government programs.(Amalia & Furqon, 2026)Through tax revenue, the government can finance infrastructure development, education, health care, and various other public services. In addition to serving as a source of state revenue (budgetary), taxes also serve as an instrument for maintaining economic stability and promoting equitable distribution of public welfare.(Susanto, 2022)Therefore, optimizing tax revenue is one of the government's focuses in maintaining the sustainability of national development. Thus, successful tax collection significantly determines the state's ability to carry out its government and development functions.(Haniv et al., 2021).

Although taxes play a vital role for the state, for companies they are often viewed as a burden that can reduce profits. This situation encourages companies to implement various tax planning strategies to reduce the amount of tax they must pay.(Monic & Lie, 2026)One frequently used strategy is tax avoidance, which is an effort to minimize tax obligations by exploiting loopholes in tax regulations without directly violating legal provisions. This practice differs from tax evasion, which is carried out through illegal actions and violates tax regulations. Although legal, tax avoidance remains a concern because it has the potential to reduce state revenue from the tax sector.(Sangian et al., 2025).

One measure widely used to identify indications of tax avoidance is the Effective Tax Rate (ETR). The ETR describes the proportion of the tax burden borne by a company compared to the pre-tax profit earned by the company.(Handayani & Murniati, 2023)In various studies, ETR is often used as a proxy to measure the level of tax avoidance because it is able to show the amount of tax that a company actually pays relative to the profits generated.(Kurniawati & Bahiyyah, 2026)The lower the ETR value, the greater the indication that the company is implementing a tax management strategy to reduce its tax burden. Conversely, a higher ETR value indicates a higher level of tax payments relative to the company's profits.(Mandavani et al., 2025).

Based on the ETR calculation results for manufacturers listed on the Indonesia Stock Exchange, the average ETR fluctuated during the 2021–2023 period. The average ETR was recorded at 84.752% in 2021, then decreased to 20.543% in 2022, and 19.421% in 2023. This fluctuation indicates a change in the effective tax burden borne by companies from year to year. Furthermore, several companies have relatively low ETR values compared to the applicable corporate tax rate, indicating a tendency towards tax avoidance practices. The differences in ETR levels between companies are an interesting phenomenon to be further analyzed using a tax avoidance trend approach.

This study aims to analyze tax avoidance trends in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the period2021–2023 through an Effective Tax Rate (ETR) analysis. Trend analysis was conducted to determine the development of companies' ETR values from year to year and to identify trends in tax

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avoidance practices that occurred during the study period. The research results are expected to provide an overview of the tax behavior of pharmaceutical companies in Indonesia and enrich the literature on tax avoidance as measured by ETR. Furthermore, this research is expected to provide consideration for investors, academics, and related parties in understanding the tax practices of companies listed on the Indonesia Stock Exchange.

RESEARCH METHODS

The financial and annual reports of manufacturing companies listed on the Indonesia Stock Exchange between 2021 and 2023 constitute the secondary data sample selected for this study. A purposive sampling method was used, with data selected for the 2021-2023 period based on predetermined criteria. At least three companies representing this sector will be included in the survey sample, selected based on the following criteria:

1. Business entities whose fiscal year ends on December 31.
2. During the research period, manufacturing companies listed on the Indonesia Stock Exchange between 2021 and 2023 did not experience delisting.
3. Complete data for the research period can be accessed in the form of financial reports or annual reports on the Indonesia Stock Exchange.
4. Financial reports are published in rupiah currency.
5. The companies selected are part of specific industries, excluding finance, mining, infrastructure, and agriculture, because these sectors cannot be compared with businesses in other industries that are regulated by general tax laws due to their own tax regulations.
6. The companies selected for the data must be profitable and not have to pay taxes on losses in the previous year. This is important because losses can be recognized as deferred tax assets, offset in the future, and result in a difference between recorded and actual tax.

Within the framework of this research, the tax avoidance strategies carried out by Indonesian manufacturing companies listed on the IDX will be analyzed in depth using tax analysis.*Effective Tax Rate*(ETR). Divide a company's income tax burden by its pre-tax income to obtain its effective tax rate (ETR). A lower ETR indicates a higher level of tax evasion by the company, while a higher ETR indicates a lower level of tax avoidance. ETR values range from greater than 0 to less than 1.

$$ETR = \frac{Tax\ Expense}{Pretax\ Income}$$

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RESULTS AND DISCUSSION

Data Description

StudiesThis study took population subjects from each company sector that met the research criteria, including delistings and their status during the study period. Sample selection was carried out using a purposeful sampling method, where each manufacturing company sector was represented by at least three companies that met the specified criteria. The focus of this study was manufacturing companies listed on the Indonesia Stock Exchange (IDX). However, the agriculture, mining, infrastructure, and finance sectors were not included in the data due to their specific tax regulations. This study selected the Basic and Chemical Industry, Industry and Miscellaneous, and Consumer Goods Industry sectors after selecting manufacturing company data based on predetermined criteria. Researchers can obtain company financial data from both the company's website and the IDX.

Below is a list of companies used as data in the research, as listed in Table 1.

Table 1. List of Companies

Stock Code	Company name	Sector
TALF	PT Tunas Alfin Tbk	Basic & Chemical Industry
PBID	PT Panca Budi Idaman Tbk	Basic & Chemical Industry
IGAR	PT Champion Pacific Indonesia Tbk	Basic & Chemical Industry
AMFG	PT Asahimas Flat Glass Tbk	Basic & Chemical Industry
ARNA	PT Arwana Citra Mulia Tbk	Basic & Chemical Industry
TOTO	PT Surya Toto Indonesia Tbk	Basic & Chemical Industry
MARK	PT Mark Dynamics Indonesia Tbk	Basic & Chemical Industry
ASII	PT Astra International Tbk	Miscellaneous Industries
BOLT	PT Garuda Metalindo Tbk	Miscellaneous Industries
GJTL	PT Gajah Tunggal Tbk	Miscellaneous Industries
IMAS	PT Indomobil Sukses International Tbk	Miscellaneous Industries
INDS	PT Indospring Tbk	Miscellaneous Industries
SMSM	PT Selamat Sempurna Tbk	Miscellaneous Industries
MYOR	PT Mayora Indah Tbk	Consumer Goods Industry
CHECK	PT Wilmar Cahaya Indonesia Tbk	Consumer Goods Industry
FISH	PT Era Mandiri Cemerlang Tbk	Consumer Goods Industry

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ETR Value Analysis

ObjectiveThe purpose of the ETR (Effective Tax Rate) is to assess the tax rate actually applied to an entity, generally a company. The effective tax rate (ETR) compares the tax burden to show a company's effectiveness in controlling its tax burden against total net profit. A lower ETR indicates more efficient tax management by the company. This study uses the effective tax rate (ETR) analysis method to examine tax avoidance.

The following is an explanation of the company statements listed in the table above, along with the ETR values of each company listed on the Indonesia Stock Exchange (IDX) that represent the Indonesian manufacturing sector as a sample.

Table 2. ETR Value Data

Stock Code	Sector	ETR Value		
		2021	2022	2023
TALF	Basic & Chemical Industry	0.278511	0.255345	0.210177
PBID	Basic & Chemical Industry	0.215552	0.217371	0.215426
IGAR	Basic & Chemical Industry	0.234755	0.232907	0.208244
AMFG	Basic & Chemical Industry	0.158731	0.223508	0.228188
ARNA	Basic & Chemical Industry	0.219256	0.220533	0.219897
TOTO	Basic & Chemical Industry	0.203206	0.209031	0.206092
MARK	Basic & Chemical Industry	0.289249	0.023335	0.223061
ASII	Miscellaneous Industries	0.209088	0.195759	0.186884
BOLT	Miscellaneous Industries	0.217133	0.262495	0.214584
GJTL	Miscellaneous Industries	0.082678	0.01212	0.044584
IMAS	Miscellaneous Industries	10,31074	0.388329	0.026212
INDS	Miscellaneous Industries	0.254324	0.2307	0.246479
SMSM	Miscellaneous Industries	0.210271	0.201414	0.202381
MYOR	Consumer Goods Industry	0.218499	0.213879	0.207353
CHECK	Consumer Goods Industry	0.208466	0.220536	0.215685
FISH	Consumer Goods Industry	0.249936	0.179577	0.252155

The lowest, maximum, mean, median, and standard deviation ETR values are all included in the statistical description of tax avoidance. The ETR ranges from greater than 0 to less than 1. Tax avoidance decreases as the ETR increases and increases as the ETR decreases (Brian and Martani, 2014). The purpose of the ETR is to ensure that the current year's tax burden has been paid. Table 3 displays the minimum, maximum, mean, median, and standard deviation values.

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Table 3. ETR Statistical Data for 2021-2023

Year	Min	Max	Mean	Median	St. Dev
2021	0.08268	10,3107	0.8475	0.2178	2.52397
2022	0.01212	0.38833	0.2054	0.219	0.08676
2023	0.02621	0.24648	0.1942	0.2124	0.06406

Table 3 provides statistical information on the ETR value for the 3-year research period (2021-2023), with a minimum value of 0.082678 in 2021 (seen in Table 3). in the Aneka industrial sector of PT Gajah Tunggal Tbk (shown in Table 2). Therefore, PT Gajah Tunggal Tbk committed the greatest tax evasion in 2021 when looking at the ETR value. Based on the ETR value, PT Indomobil Sukses International Tbk committed the least tax evasion in 2021, with a maximum value of 10.31074 (as seen in Table 3). This value was obtained from PT Indomobil Sukses International Tbk in the Aneka industrial sector (as seen in Table 2).

In 2022, the minimum value was 0.01212 (shown in Table 3). This lowest figure was obtained from the ETR value of PT Gajah Tunggal Tbk in various industries (Table 2.2). PT Gajah Tunggal Tbk committed the largest tax evasion in 2022 based on its ETR value. This shows that for two consecutive years, PT Gajah Tunggal Tbk committed the highest tax evasion. Based on the ETR value in Table 2, the miscellaneous industry sector of PT Indomobil Sukses International Tbk had the maximum value in 2022, namely 0.388329. This indicates that PT Indomobil Sukses International Tbk will pay very little tax in 2022.

In 2023, the minimum figure is 0.026212 (shown in Table.3) The ETR figure of PT Indomobil Sukses International Tbk in the Aneka industrial sector is the source of the minimum value (seen in Table.2). Therefore, PT Indomobil Sukses International Tbk will avoid the largest in 2023 if we look at the ETR value. Based on the ETR value, PT Indospring Tbk did the least tax avoidance in 2023. The highest value in 2023 was 0.246479 (as seen in Table 3) which came from the Aneka Industrial Sector company (as seen in Table 2).

The information provided leads to the conclusion that the manufacturing company with the highest level of tax avoidance based on the ETR value is PT Gajah Tunggal Tbk. This is evidenced by statistical data showing the minimum ETR value, where PT Gajah Tunggal Tbk has the lowest ETR value, meaning the tax burden paid is the smallest. This company's minimum ETR value is for the 2021–2022 consecutive years. The company with the smallest tax avoidance based on statistical data on the maximum ETR value is PT Indomobil Sukses International Tbk. This is evidenced by the ETR value of PT Indomobil Sukses.International Tbk which reached its maximum point during the 2021-2023 research period.

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Tax avoidance can be observed through the trend in companies' ETR values from 2021 to 2023. To measure the trend in tax avoidance, we take the average or mean value of the ETR for each year during the study period. This demonstrates how statistical data is used to analyze tax avoidance trends over time. Tax avoidance can be observed through the ETR value; the lower the ETR value, the greater the likelihood of tax avoidance by the company. This indicates a relationship between the level of tax avoidance and the ETR value.

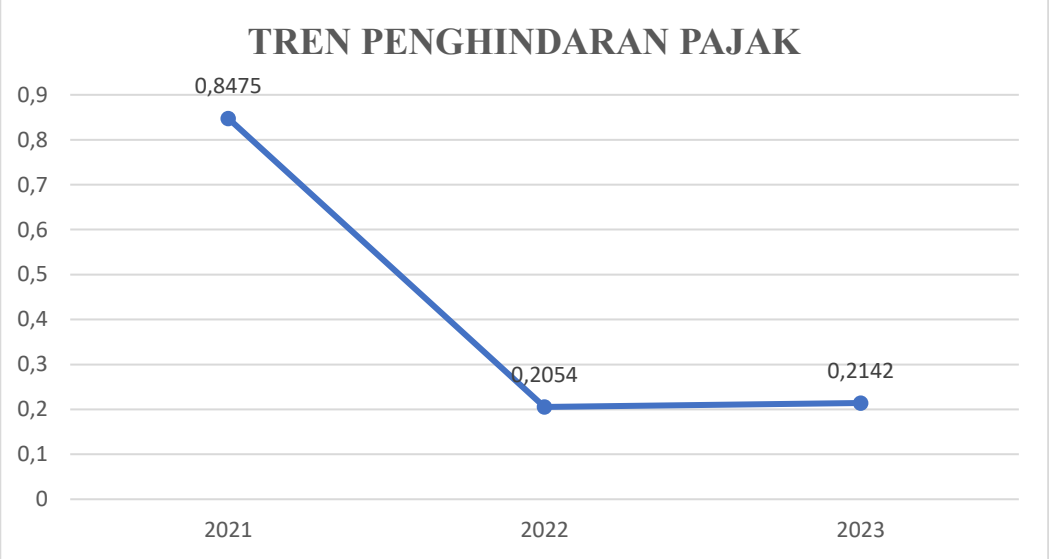


Figure 1. ETR Value Trend

The data in Table 3 and Graph 1 show an increase in tax evasion from 2021 to 2022. This factor can lead to decreased revenue and losses for many businesses, even bankruptcy. There are several possible causes, including declining sales, high production costs, inability to repay debts, changes in tax regulations, or internal management issues such as poor financial management. All of these factors can negatively impact a company's financial health and even threaten its survival.

DISCUSSION

Companies listed on the IDX over the past three years (2021–2023) are the main topic of discussion. The ETR value reflects findings from examining corporate tax avoidance trends. Tax burden and pre-tax income figures are compared to determine the company's ETR value. Based on the ETR value analysis, the tax avoidance trend of IDX companies is...registered in Indonesia from 2021 to 2023 shows that there is a significant trend of tax evasion in 2022, with manufacturing companies in the Aneka industrial sector dominating this category (shown in the minimum ETR statistical value in table 3).

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Based on this analysis, the company's primary goal is to maximize profits to improve shareholder welfare. This is common practice for companies to employ similar earnings management strategies. However, the ambition to generate substantial profits for shareholders often conflicts with the tax burden that reduces those profits.

CONCLUSION

Based on the analysis, it can be concluded that there is significant variation in the ETR values of listed companies over the three-year study period (2021-2023). In 2021, PT Gajah Tunggal Tbk had the minimum ETR value, indicating the highest tax avoidance, while PT Indomobil Sukses International Tbk had the maximum ETR figure, indicating lower tax avoidance. In 2022, PT Gajah Tunggal Tbk again had the minimum ETR value, indicating the highest tax avoidance, while PT Indomobil Sukses International Tbk had the maximum ETR figure. In 2023, PT Indomobil Sukses International Tbk had the minimum ETR value, indicating the highest tax avoidance, while PT Indospring Tbk had the maximum ETR value, indicating lower tax avoidance. This indicates fluctuations in companies' tax avoidance practices during the study period.

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ndonesia guna meningkatkan kepatuhan pembayaran pajak dari wajib pajak . Secara umum Self Assesment System merupakan metode pembay. 89–113.

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