

The Influence of Company Age, Profitability, and Leverage on Tax Avoidance in Pharmaceutical Sector Companies Listed on the Indonesian Stock Exchange (BEI)

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Abstract

This research was conducted to analyze factors that can influence tax avoidance in a company. The dependent variable used in this research is tax avoidance and the dependent variables are company age, profitability, and leverage. The population selected in this research is all companies in the pharmaceutical sector and listed on the Indonesia Stock Exchange (BEI) in 2018-2022. The research method used was purposive sampling with several predetermined criteria. The type of data uses secondary data from companies that have provided financial information or gone public. Data analysis uses SPSS software by carrying out multiple regression analysis tests. The results of this research prove that the profitability and leverage variables influence corporate tax avoidance, while company age does not influence a company's tax avoidance.

Keywords: Company Age; Profitability; Leverage; Tax Avoidance

INTRODUCTION

Indonesia is a country that is still in the category of developing countries. This is why the Indonesian government must continue to improve and improve itself. One way that can be done is by carrying out development in all sectors in order to create economic growth so that it can realize the welfare of the Indonesian people (Panjaitan, at al, 2022). Carrying out national development certainly requires very large funds. It is known that there are two sources of funding that the Indonesian state can obtain in carrying out national development, namely tax and non-tax funding sources (Mahdiana & Amin, 2020).

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The source of funds originating from taxes is the largest element in the Indonesian government's revenues. The following is data on the amount of tax revenue on the total revenue of the Indonesian state, data from the Central Statistics Agency:

Table 1 State Revenue from Taxes for 2021-2023 (In Billions of Rupiah)

Source of Revenue	2021	2022	2023
From Tax	1.547.841,10	1.924.937,50	2.016.923,70

Sumber: www.bps.go.id

From the data above, information is obtained that Indonesia's largest state revenue is from the tax sector and continues to increase every year. Tax is a form of contribution that must be paid to the state by individuals or entities with a compelling nature and is regulated in law to be carried out in the interests of the state (Handayani & Hermawan, 2021). The size of the tax paid will certainly determine the capacity of the state budget to carry out all development activities. This is of course the reason that the role of taxes is important to optimize in order to accelerate Indonesia's economic growth (Ghaly & Nazar, 2021).

It is known that from the government's perspective, taxes are income that is very useful for the progress of a nation, but if viewed from the taxpayer's perspective, taxes are a form of expenditure that must be sacrificed (Prapitasari & Safrida, 2019). Taxpayers will consider that taxes are a burden, as will business entities or companies (Ghaly & Nazar 2021). Business entities or companies will tend to want to minimize tax expenditures so as to obtain maximum profits. Based on these reasons, the company decided to practice tax avoidance. This is of course done by taking advantage of the weaknesses in the Tax Law regulations so that they can be legal and provide benefits for the company (Hidayat, 2018).

Furthermore, it is known that there are several factors that can influence the implementation of tax avoidance (Fitri & Munandar, 2018). One factor that can influence tax avoidance for a company is the age of the company. The age of the company can prove how strong and competitive a company is in taking advantage of existing business opportunities. Research using the company age variable on tax avoidance needs to be carried out again, especially for developing countries with business sectors that are certainly different (Permana, et al., 2022).



Furthermore, previous research has also been carried out on the profitability and leverage variables, but the results are still different and further research needs to be carried out. Research conducted by (Stawati, 2020) proves that profitability and leverage have a positive effect on tax avoidance, while research conducted by (Hidayat, 2018) shows that profitability and leverage have a negative effect on tax avoidance.

This research is quantitative with a purposive sampling method, namely research related to numbers. This quantitative research of course uses secondary data. Secondary data, namely data or information obtained, is of course not directly received by researchers, data is carried out by searching all company financial reports used for research. The data required in this research was also obtained from all literature studies and documentation displayed on the company website. The sample in this research is companies in the pharmaceutical sector listed on the Indonesia Stock Exchange (BEI) in 2018-2022. The companies that were sampled in the research and in accordance with the criteria were a total of 10 companies with 5 years of observation, so the total research sample was 50. Statistical testing of the research data was assisted using SPSS software.

Discussion

Descriptive Analysis Test Results

Table 2 Descriptive Analysis Test Results

Descriptive Statistics					
	N	Mini mum	Maxi mum	Mean	Std. Deviation
Age	50	.009	.3603	.0548	.055833
Profitability	50	.0768	7.4788	1.433	1.44588
Leverage	50	.005	.5303	.1832	.142633
Tax Avoidance	50	.003	.3060	.0436	.053443
Valid (listwise)	50				



Based on the results of descriptive statistical tests in this research, and the results can be seen in Table 2 above, it can be seen that:

1. Company age has a minimum value of 0.009, the maximum value is 0.360, the mean value is 0.05483 and the standard deviation value is 0.055833
2. Profitability has a minimum value of 0.076, the maximum value is 7.478, the mean value is 1.43388 and the standard deviation value is 1.44588
3. Leverage has a minimum value of 0.005, a maximum value of 0.530, a mean value of 0.18323 and a standard deviation value of 0.142633
4. Tax Avoidance has a minimum value of 0.003, a maximum value of 0.306, a mean value of 0.04360 and a standard deviation value of 0.053443.
5. Classic Assumption Test Results

The classical assumption test is a testing stage that must be fulfilled in quantitative research. This is done to obtain good data and in accordance with research requirements. The classic assumption tests in this research are the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Normality Test Results

The normality test in this research was carried out to test whether the data was normally distributed or not. Good data is data that is normally distributed. In this study, the normality test was carried out by looking at the one sample Kolmogorov Smirnov test value. The one sample Kolmogorov Smirnov test value must be greater than 0.05. The results of the normality test in this study can be seen in Table 3 below:

**Table 3 Normality Test Results
one sample Kolmogorov Smirnov test**

Keterangan		N	Sig	Std
Asymp. Sig (2-Tailed)	50	0,05	Data	
0,120		Terdistribusi Normal		

From the results of the normality test by looking at the value of the one sample Kolmogorov Smirnov test, it can be seen that the result is that the value of Asymp. Sig (2-Tailed) is $0.120 > 0.05$, so it can be stated that the data is normally distributed and further testing can be carried out.



Multicollinearity Test Results

The multicollinearity test is a test carried out to determine whether the research data found no correlation between the independent variables. Good data is data that is free from symptoms of multicollinearity. Data that is free from symptoms of multicollinearity is that the variance inflation factor (VIF) value must be smaller than 10.0 and the tolerance value greater than 0.10. The following are the results of the multicollinearity test in this study, which can be seen in Table 4 below:

Table 4 Multicollinearity Test Results

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	7.609	3.460		2.200	.030		
	Age	.181	.066	.238	2.750	.007	.884	1.131
	Profitability	.247	.076	.275	3.249	.002	.930	1.076
	Leverage	.395	.104	.333	3.805	.000	.867	1.153
a. Dependent Variable: Tax Avoidance								

From the results of the multicollinearity test which can be seen in Table 4 above, it can be seen that all data in the study are free from symptoms of multicollinearity. This can be proven by the VIF value being smaller than 10.0 and the tolerance value being greater than 0.10.

Heteroscedasticity Test Results

The heteroscedasticity test is a descriptive statistical test carried out with the aim of fulfilling the requirement that the regression model in the research does not have equal variance from the residuals of one observation to another. The heteroscedasticity test in this study then looked at the results of the scatterplot diagram. The following is Figure 2. Scatterplot diagram in this research



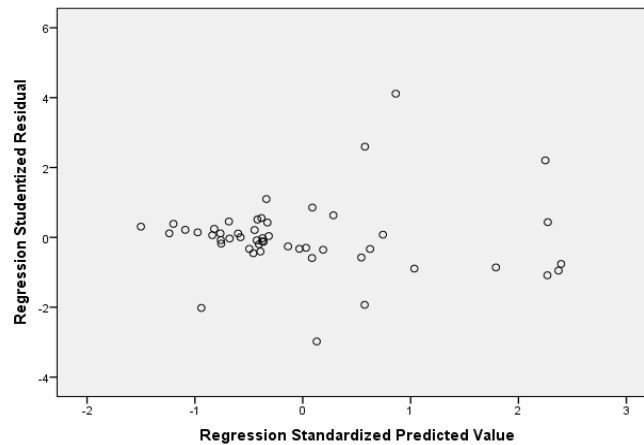


Figure 2 Diagram Scatterplot

From the results of the heteroscedasticity test by looking at the scatterplot diagram in Figure 2 above, the result is that the points do not gather and form a certain pattern, but are spread out or widespread. This proves that the data in the research are free from symptoms of heteroscedasticity.

Autocorrelation Test Results

The next stage of testing is the autocorrelation test. This test is carried out to determine whether or not there is a correlation between the research data being carried out. Next, this test is carried out using the Durbin Watson (DW) test, provided that if the DW number is between (-2) and +2 then there is no autocorrelation. The following results of the autocorrelation test in this study can be seen in Table 5 below:

Table 5 Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.51	.269	.204	10.70949	1.469
a. Predictors: (Constant), Age, Profitability, Leverage					
b. Dependent Variable: Tax Avoidance					

Data diolah 2023

From the results of the autocorrelation test carried out in this study and the results can be seen in Table 5, it is known that the data in the study are free from autocorrelation problems. This can be proven from the DW test results with a value of 1.469, this value lies between (-2) to + 2.

Test the Research Hypothesis

F Test Results

The next testing stage is testing the research hypothesis. Testing the research hypothesis begins by carrying out an F test, which aims to determine the overall influence between the independent variable and the dependent variable. The significance level used in this research is 0.05, provided that if a significance value is obtained that is smaller than 0.05, the independent variable simultaneously influences the dependent variable. The following results of the F test in this research can be seen in Table 6 below:

Table 6. Result Anova

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1899.128	4	474.782	4.140	.006 ^b
Residual	5161.192	45	114.693		
Total	7060.320	49			
a. Dependent Variable: Tax Avoidance					

The F test results which can be seen in Table 6 above prove that the significance value is smaller than 0.05. This certainly indicates that the independent variables in the research simultaneously influence the dependent variable.

Coefficient of Determination Test Results

The coefficient of determination test is the next stage of the test to be able to determine the influence between the dependent variable and the independent variable by looking at the adjusted R Square value. The following are the results of the coefficient of determination test in this research, namely:



Table 7 Adj R2 Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.519 ^a	.269	.604	10.7094	1.469
a. Predictors: (Constant), Leverage, Ukuran Perusahaan, Sales Growth, ROA					
b. Dependent Variable: Penghindaran Pajak					

From the results of testing the coefficient of determination in this study and the results can be seen in Table 7, it can be seen that the Adjusted R Square value in this study is 0.604 or 60.4%. This means that 60.4% of the dependent variable or tax avoidance is influenced by independent variables, namely company size, profitability and leverage, while the remaining 40.6% is explained by other factors not included in this research.

Multiple Linear Analysis Test Results

The next analysis test is the multiple linear analysis test. This test is intended to ensure the influence of the independent variables on the dependent variables in this research. The results of the multiple linear analysis test in this research can be seen in Table 8 as follows:

Table 8 Multiple Linear Analysis Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.018	6.272		1.489	0.388
	Age	-.001	.002	-.041	-.309	.759
	Profitability	.014	.003	.387	3.434	.003
	Leverage	.010	.000	.417	2.662	.001



Based on the results of multiple linear analysis tests in this study, the following regression equation was obtained: Tax Avoidance = $0.018 - 0.018 \text{ AGE} + 0.14 \text{ PRO} + 0.10 \text{ LEV} + e$

From the results of multiple linear analysis tests, information can be obtained that:

The significance value for Age (X1) on Tax Avoidance (Y) in this study is $0.759 > 0.05$ and the calculated t value is $-0.309 < t \text{ table } 1.6848$ so it can be concluded that H1 is rejected. This indicates that there is no influence between company age on tax avoidance (Y).

The significance value for the variable Profitability (X2) on Tax Avoidance (Y) in this study is $0.003 < 0.05$ and the calculated t value is $3.434 > t \text{ table } 1.6848$, so it can be concluded that H2 is accepted. This certainly indicates that there is a positive and significant influence between company profitability and tax avoidance (Y).

The significance value for the variable Leverage (X3) on Tax Avoidance (Y) in this study is $0.001 < 0.05$ and the calculated t value is $2.662 > t \text{ table } 1.6848$, so it can be concluded that H3 is accepted. This certainly indicates that there is a positive and significant influence between leverage on tax avoidance (Y).

It is known that in this research the simultaneous influence of the independent variable on the dependent variable is $0.006 < 0.05$ and the calculated F value is $4,140 > \text{from F table } 2.460$, so it can be concluded that H4 is accepted. From this research it can be seen that there is an influence between the independent variable and the dependent variable.

The influence of company size on tax avoidance

Based on the results of testing the first hypothesis in this study, it shows that the significance value for Age (X1) on Tax Avoidance (Y) in this study is $0.759 > 0.05$ and the t value is $-0.309 < t \text{ table } 1.6848$ so it can be concluded that H1 is rejected. This indicates that there is no influence between company age on tax avoidance (Y). It is known that a company is a taxpayer that participates in state tax payment transactions. Based on the applicable rules or regulations, old or newly established companies will continue to pay taxes to the state. The age of the company can of course be a benchmark for the stability or ability of the company to carry out its activities or economic activities, but the age of the company is not the main factor in assessing the company's ability to pay taxes. In this research, the results obtained showed that company age did not have an effect on tax avoidance. This research is certainly in line with research conducted by (Rini, 2018) that company age has no effect on tax avoidance.



The influence of profitability on tax avoidance

Based on the results of testing the second hypothesis in this study, the significance value for the variable Profitability (X2) on Tax Avoidance (Y) in this study is $0.003 < 0.05$ and the calculated t value is $3.434 > t \text{ table } 1.6848$, so that conclusions can be drawn that H2 is accepted. This certainly indicates that there is a positive and significant influence between company profitability and tax avoidance (Y). The results of this research are certainly in line with research conducted by (Stawati, 2020) that profitability has a positive and significant effect on tax avoidance. It is known that the higher a company's income, the higher the company will avoid paying taxes. This is done because the profits obtained by the company can be used for other purposes of the company rather than paying taxes. Companies will try to find legal ways to avoid paying high taxes.

The effect of leverage on tax avoidance

Based on the results of testing the third hypothesis in this research, the significance value obtained for the variable Leverage (X3) on Tax Avoidance (Y) in this research is $0.001 < 0.05$ and the calculated t value is $2.662 > t \text{ table } 1.6848$, so it can be drawn conclusion that H3 is accepted. This certainly indicates that there is a positive and significant influence between leverage on tax avoidance (Y). This research is also in line with research conducted by (Stawati, 2020) that leverage has a positive and significant effect on tax avoidance. It is known that to carry out an activity the company itself can obtain funds from internal or external parties. In other words, companies can borrow money. Debt itself is known to minimize the company's tax burden. Using debt as a source of funding actually has quite a high risk, because if it is not managed well, the debt will get bigger and can actually burden the company. In this case the company must be able to manage finances well and correctly.

CONCLUSION

From this research, it can be concluded that:

1. The first research hypothesis is rejected, this can be seen from the significance value for Age (X1) on Tax Avoidance (Y) in this study, namely $0.759 > 0.05$ and the calculated t value - $0.309 < t \text{ table } 1.6848$ so it can be concluded that H1 is rejected. This indicates that there is no influence between company age on tax avoidance (Y).



2. The second hypothesis in this research is accepted, this can be seen from the significance value for the variable Profitability (X2) towards Tax Avoidance (Y) in this research, namely $0.003 < 0.05$ and the calculated t value is $3.434 > t$ table 1.6848, so it can be concluded that H2 is accepted. This certainly indicates that there is a positive and significant influence between company profitability and tax avoidance (Y).
3. The third hypothesis is accepted in this research, this can be seen from the significance value for the Leverage (X3) variable on Tax Avoidance (Y) in this research, which is $0.001 < 0.05$ and the calculated t value is $2.662 > t$ table 1.6848, so it can be concluded that H3 is accepted. This certainly indicates that there is a positive and significant influence between leverage on tax avoidance (Y).
4. The fourth hypothesis in this research is accepted. This can be seen from the simultaneous influence of the independent variable on the dependent variable, namely $0.006 < 0.05$ and the calculated F value is $4,140 >$ from F table 2.460, so it can be concluded that H4 is accepted. From this research it can be seen that there is an influence between the independent variable and the dependent variable

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