THE INFLUENCE OF SALES GROWTH, CAPITAL INTENSITY, ACCOUNTING CONSERVATISM, AND RETURN ON ASSETS (ROA) ON TAX AVOIDANCE (EMPIRICAL STUDY OF MANUFACTURING COMPANIES IN THE BASIC AND CHEMICAL INDUSTRY SECTORS LISTED ON THE INDONESIAN STOCK EXCHANGE FOR THE PERIOD 2018-2023)

Vika Ayu Narita[1], Teguh Budi Raharjo[2], Fahmi Firmansyah[3]

Faculty of Economics and Business, Pancasakti University Tegal.

Email:vikacu490@gmail.com

ABSTRACT

This study aims to determine the effect of Sales Growth, Capital Intensity, Accounting Conservatism and Return on Assets on Tax Avoidance in Basic Industry and Chemical Sector Manufacturing Companies. This type of research is descriptive quantitative research. The data in this study include secondary data. The population in this study were industrial and chemical sector manufacturing companies listed on the IDX totaling 102 companies. The sampling technique used purposive sampling technique resulting in 21 manufacturing companies. The data analysis techniques used are descriptive statistics, classical assumption tests, multiple linear regression analysis, and hypothesis testing. The results of this study indicate that accounting conservatism and Return on Asset affect tax avoidance. While sales growth and capital intensity have no effect on tax avoidance.

Keywords:Tax Avoidance, Sales Growth, Capital Intensity, Accounting Conservatism, dan Return On Asset.

1. Introduction

National development is carried out continuously by the state for the prosperity of the people. The government plays an important role by providing funds through state revenues, including from the oil and gas and non-oil and gas sectors and increasing domestic revenue through the tax sector (Rosdiani & Hidayat, 2020). The tax sector is the main source of state revenue that supports national development and finance. Taxes are obligations that must be fulfilled by individuals or legal entities in accordance with the law, without direct reward, and are intended for the benefit of the state for the maximum welfare of society. Taxpayers, both individuals and legal entities, will not receive direct rewards for their payments but will feel the benefits through the provision of public facilities by the government.

The government collects taxes with the aim of increasing state revenue to fund public needs, while taxpayers tend to want to minimize their tax payments because this can reduce the profit or income they receive. Taxpayers often try to reduce the amount of tax payments to achieve predetermined profit or revenue targets, sometimes by exploiting weaknesses or loopholes in tax regulations (Dharma & Noviari, 2017).

The State Budget (APBN) plays a key role in managing incoming and outgoing funds according to the country's needs, with natural resources and taxes being the main pillars. Every year, the government sets a target of increasing tax revenue and focuses on realizing its achievement, with strategies such as the elimination of tax administration sanctions, lowering asset revaluation rates, interest, and tax amnesty policies.

The Indonesian government is not directly compensated by mandatory tax contributions, but actively increases tax optimization efforts with the collaboration of the Directorate General of Taxes and 78 local governments. The main goal is to optimize the collection of central and local taxes, as well as improve tax services to the community through increased assistance and capacity in the tax sector (Ellyanti & Suwarti, 2022).

Tax avoidance by taxpayers, both on a large and small scale around the world, often occurs by using tax avoidance schemes that take advantage of loopholes or exceptions in tax regulations. Tax avoidance is a practice in which taxpayers attempt to reduce their tax burden legally, without breaking the law. Although done in accordance with applicable regulations, tax avoidance remains an obstacle for the government in achieving tax revenue optimization.

Rapid sales growth can improve past investment performance and be a potential predictor of future developments. However, if sales growth slows down, the company may experience difficulties in increasing its operational capacity and require additional funds for business development. A high sales growth rate can also improve the managerial capabilities of the company, which in turn can affect tax avoidance practices.

Companies tend to do tax avoidance based on the level of Capital Intensity. Capital intensity ratio is a ratio that describes how much capital is invested in fixed assets by an entity. These fixed assets have a certain economic life which causes depreciation expense to occur every period. This depreciation reduces the company's net profit, so the amount of tax to be paid becomes lower. As a result, the higher the level of capital intensity in the company, the more likely it is to take tax avoidance actions (Rachmawati, 2019).

Accounting conservatism is an approach in which managers and accountants tend to be more cautious in recognizing gains (good news in earnings) compared to recognizing losses (bad news in earnings). Financial Accounting Standards (FAS) provide flexibility to companies to choose accounting techniques that suit their needs. Accounting conservatism refers to the tendency to evaluate carefully and choose not to recognize profits until they occur with certainty, to ensure transparent and accurate information for investors (Sarra, 2017).

Return on Asset (ROA) is an indicator that describes the financial performance of a company. ROA shows how effective a company is in generating profits from its assets. A high ROA value indicates the company's good financial performance, because the company is able to generate greater profits from its assets. ROA also provides information to external parties about the company's operational efficiency. ROA is calculated based on the company's net profit and the corporate income tax levied. However, a high ROA can also indicate that the company may be practicing tax avoidance to reduce the tax burden that as follows: must be paid.

This research was conducted on chemical and basic industry manufacturing companies listed on the IDX. The growth of these companies is important because their products are used in everyday life and become a necessity for society. This sector continues to grow in Indonesia, especially with the increasing population growth, thus offering

investment opportunities. However, despite having great potential for profit, companies in this sector also tend to engage in tax avoidance.

The main goal of companies is to maximize profits and minimize tax costs, so they use various strategies to reduce the tax burden. These tax avoidance practices can reduce state revenues and if not addressed, companies will continue to do so. This practice can be done by various types of companies, including manufacturing companies in the basic and chemical fields.

Manufacturing companies in the basic and chemical industries, especially in the pulp and paper subsector, are involved in tax avoidance, including PT Toba Pulp Lestari. It is suspected that tax avoidance of 15.4 trillion rupiah occurred through manipulation of export documents. In 2018, the Indonesia Leaks Team found a Customs file that revealed PT Toba Pulp Lestari's transactions with two affiliated companies to cover up the company's profits in 2016-2017 (source: www.tempo.co).

This research is based on theoretical issues related to the inconsistency of previous research results on tax avoidance. Some previous studies, such as by Ellyanti & Suwarti (2022), state that accounting conservatism and sales growth have a positive influence on tax avoidance. However, other studies such as by Alvionita et al. (2021) and several other researchers show that sales growth, capital intensity, ROA, and accounting conservatism have no effect on tax avoidance. In addition, research by Juliana et al. (2020) and others found that sales growth, capital intensity, accounting conservatism, and ROA have a positive influence on tax avoidance.

The problem that will be examined in this study is how the effect of sales growth, capital intensity, accounting conservatism and return on assets (ROA) on tax avoidance. Therefore, the formulation of this research problem can be stated as follows:

1. Does Sales Growth affect Tax Avoidance?
2. Does Capital Intensity affect Tax Avoidance?
3. Does Accounting Conservatism affect Tax Avoidance?
4. Does Return on Asset affect Tax Avoidance?

2. LITERATURE REVIEW

Agency Theory

Agency theory, first explained by Jensen and Meckling (1976), defines the relationship between principals (shareholders) and agents (managers) as the result of an agreement between the two. This theory shows that there are different interests between the government as a tax regulator and company managers as taxpayers. The government wants to maximize tax revenue, while company managers want to reduce the tax burden to increase profits. This difference causes conflict between the two parties. Conflicts also occur because agents pursue personal goals and do not always make the best decisions for both parties. Information inequality can lead to decision-making errors known as adverse selection.

The link between agency theory and research on tax avoidance is that principals supervise agents by controlling financing to prevent tax avoidance practices. The goal is to protect the company from the long-term consequences that may arise from the

practice. Tax avoidance practices can be affected by agency problems, where management on the one hand has a desire to make compensation increase from achieving high profits, while shareholders on the other hand tend to emphasize reducing tax costs by achieving low profits. Therefore, to overcome this agency problem, the use of tax avoidance is implemented with the aim of optimizing both interests (Sarra, 2017).

Tax Avoidance

Tax avoidance practices are efforts to reduce tax obligations by preventing tax collection or encouraging transactions that are not subject to tax, which aim to reduce the tax burden that must be obeyed in accordance with tax laws (Andini et al., 2021). Companies use this strategy to cut required tax payments, so they can legally increase their cash flow without violating legal provisions (Ngadiman & Puspitasari, 2017).

Tax avoidance is the practice of engineering to reduce the tax burden by utilizing loopholes or weaknesses that exist in the tax rules, for example by diverting money that should be an employee benefit into a non-monetary form that is not taxed according to Income Tax Article 21. This practice is carried out legally and legally, utilizing existing provisions in tax regulations. On the other hand, tax evasion is an illegal act to avoid paying taxes, including dishonest reporting (Obafemi & Crowther, 2014).

Sales Growth

Sales growth is an increase in sales from year to year that can fluctuate. It reflects an evaluation of annual sales growth that can show whether there is an increase or decrease, as well as being a potential indicator for forecasting a company's future profitability. By analyzing sales from the previous year, companies can efficiently optimize the use of available resources. Sales growth also plays an important role in working capital management (Sholeha, 2018).

Sales growth allows companies to project the potential profits that can be achieved. When there is an increase in sales growth, this can increase the company's motivation for tax avoidance, due to the increased tax burden that the company must bear as a result of higher revenue. Sales growth reflects a company's past investment returns and serves as an indicator of demand and competitiveness in optimize a particular industry. Companies can leverage the previous year's sales to resources. Working capital management is very important in managing sales growth because it can determine the level of profit. Research shows that sales growth can illustrate good or bad company performance and can affect company decisions related to tax avoidance.

Capital Intensity

Capital Intensity is the ratio between a company's fixed assets and its total assets, which is used to determine the proportion of fixed assets in the company's overall structure (Sholeha, 2018). An increase in capital intensity can increase the company's depreciation expense, which can be utilized as a strategy to reduce profits and reduce tax liabilities (Pratama & Larasati, 2021). Thus, companies often use an increase in capital intensity as a strategy to avoid paying high taxes, known as tax avoidance (Sholeha, 2018). Capital intensity also provides an indication of how much capital is required by the company to achieve the desired level of profitability (Nugraha & Mulyani, 2019).

Capital intensity reflects the way a company utilizes fixed assets as an investment, with a focus on depreciation costs that can affect the company's income and tax liabilities. The capital intensity ratio is a measure of the consistent funding undertaken by the company to derive income from fixed assets. Fixed assets such as buildings, equipment, and vehicles are an integral part of the company's operations. The capital intensity ratio, which indicates how much capital a company needs to generate revenue, is measured by dividing the total fixed assets in the financial statements by the total assets of the company. The principle of conservatism in accounting refers to prudence in recording income, expenses, and asset values.

This principle mandates that an increase in the value of assets is only recognized once realized, while a decrease in the value of assets must be recognized immediately even if it has not been realized (Nasir et al., 2014). In Indonesia, especially in the manufacturing sector, the tendency to recognize gains and revenues slowly while losses and costs are recognized more quickly indicates the widespread adoption of accounting conservatism. The impact is lower corporate profits which then affect tax liabilities (Pratiwi & Djajanti, 2022).

In taxation, the application of the principle of accounting conservatism is relevant because the imposition of corporate tax generally depends on corporate profits. Management seeking to reduce tax burden often uses strategies to lower corporate profits, possibly by applying accounting conservatism. However, this may result in less relevant financial statements and lower recorded profits, reducing the benefit in the evaluation of corporate risk. Although companies with low profits may pay less tax, the impact on tax avoidance is not always clear.

Return On Asset

Return On Asset is used to assess the company's ability to generate profits from its total assets after taking into account the costs of developing and managing human resources to increase intellectual assets. ROA is an indicator of the company's ability to use assets to generate profits, and the higher the ratio, the better the company's performance in utilizing assets to achieve net income. ROA is also related to the company's net profit and tax burden, where more efficient performance can reduce the company's effective tax rate.

Retirn On Asset is a parameter that reflects the financial performance of a company. A high ROA value indicates good financial performance, as it shows the efficiency of the company in generating profits from the use of its assets. ROA also indicates good net profit performance, which is the profit after tax generated by the company in a certain period. Retirn On Asset (ROA) affects the company's tax burden, where companies with high profits pay more taxes, while companies with low profits or losses can utilize loss compensation to reduce the tax burden. ROA is also a parameter of success in creating profits, showing the company's ability to generate profits from operational activities that can affect the company's performance and future company value.

Conceptual Framework

The Effect of Sales Growth on Tax Avoidance

Companies increase their operational capacity with significant growth in sales, resulting in large profits. As a result, companies tend to implement tax avoidance strategies as high profits may result in large taxes. Basic human theory states that humans tend to prioritize self-interest, so managers of companies with high profitability tend to avoid paying large taxes that will reduce the wealth of the company. In response, they design effective tax planning to reduce the tax burden (Dewinta & Setiawan, 2016).

Managers tend to do tax avoidance for personal gain and minimize the company's tax burden. Research (Dewinta & Setiawan, 2016) shows that sales growth is positively related to tax avoidance practices. High sales growth encourages more companies to practice tax avoidance because this has the potential to increase company profits. With increasing sales volume, the speed of sales growth also increases, which can generate greater profits. Companies then tend to use efficient tax planning to reduce their tax liabilities, in line with efforts to improve operational efficiency and avoid paying excessive taxes.

The Effect of Capital Intensity on Tax Avoidance

Capital intensity describes how much a company allocates investment in fixed assets. The decision to invest in fixed assets, especially in the context of taxation involving depreciation expense, can significantly affect a company's tax liability. Companies with a large amount of fixed assets will face a large depreciation expense. This can encourage companies to take certain steps to reduce the tax impact of large fixed asset depreciation (Humairoh & Triyanto, 2019).

Companies with high fixed asset levels tend to have increased depreciation costs, which may reduce the company's profits. As a result, the company may have low pre-tax profits, which also reduces its tax payment obligations. A high level of capital intensity may indicate that the company may be trying to avoid paying taxes (Humairoh & Triyanto, 2019).

The Effect of Accounting Conservatism on Tax Avoidance

Accounting conservatism is the precautionary principle applied in revenue recognition, where losses should be recognized immediately if there is a possibility of occurrence (Sa'adah & Prasetyo, 2021). This can result in companies reporting lower income in the income statement, which in turn reduces the amount of tax that must be paid to the government. Companies with high tax burdens often choose conservative accounting policies to reduce tax liabilities through legal methods (Lismiyati & Herliansyah, 2021). With corporate profits being the basis for taxation, the smaller the reported profit, the lower the amount of tax liability that must be paid.

The conservative approach, based on the old principle, emphasizes immediate recognition of losses but only recognizes gains when they occur in real terms (Tahilia et al., 2022). Although accounting conservatism does not affect tax avoidance practices, research shows that this does not motivate companies to perform tax avoidance. In contrast, other research (Lismiyati & Herliansyah, 2021) shows that 2018-2023. accounting conservatism has an effect on reducing corporate profits, which are used in the calculation of corporate tax obligations.

The Effect of Return On Asset on Tax Avoidance

ROA is a ratio that shows the level of profitability of a company by comparing the profit generated with the total assets it utilizes. A high level of ROA signifies increased profitability, which is often supported by effective financial management. One strategy in maintaining profitability is tax planning, which helps manage a company's tax expenses in a legal way to minimize the tax burden. Along with an increase in corporate profitability, there is usually an increase in tax avoidance efforts (Yantri, 2022).

Companies that earn high profits will be faced with tax liabilities that are proportional to their income. High tax liabilities can reduce company profits, encouraging them to take tax avoidance measures to minimize tax payments. This is done so that the company can still maintain a high level of operating profit. This finding is in line with Fadila Melisa's research (2017) which shows that Return on Assets (ROA) is positively related to tax avoidance practices.

Hypotheses

H1 : It is suspected that Sales Growth has a positive influence on Tax Avoidance in manufacturing companies in the Basic Industry and Chemical sectors listed on the IDX during 2018-2023.

H2 : There are allegations that Capital Intensity has a negative influence on Tax Avoidance in manufacturing companies in the basic and chemical industry sectors listed on the IDX during 2018-2023.

H3 : It is suspected that Accounting Conservatism has a positive influence on Tax Avoidance in manufacturing companies in the Basic Industry and Chemical sectors listed on the IDX during 2018-2023.

H4 : There is a suspicion that Return on Asset has a positive influence on Tax Avoidance in manufacturing companies in the Basic Industry and Chemical sectors listed on the IDX during 2018-2023.

3. RESEARCH METHODS

Types of research

This research applies a descriptive quantitative research approach technique, because the data obtained from the assessment is in the form of numbers, and the analysis is carried out using a statistical approach. Descriptive statistics are used in carrying out data analysis through providing an accurate picture or description of the data that has been collected, without any intention of generalizing.

Population and Sample

The population in this study were industrial and chemical companies listed on the Indonesia Stock Exchange with a total of 102 companies. Meanwhile, sampling was carried out using purposive sampling method, which is a sampling method selected based on certain criteria (Sugiyono, 2022: 134). The criteria used to select companies for this study are as follows:

a. Manufacturing companies in the basic industry and chemicals sector listed on the Indonesia Stock Exchange (IDX) during the period 2018-2023.
b. Manufacturing companies in the basic industry and chemicals sector that did not consistently present audited financial statements during the period 2018-2023.

c. Manufacturing companies in the basic industry and chemicals sector that do not have complete information related to the dependent variables, namely sales growth, capital intensity, accounting conservatism, and return on assets.
d. Manufacturing companies in the basic industry and chemicals sector that did not present their financial statements in Indonesian Rupiah during the period 2018 2023.
e. Manufacturing companies in the basic industry and chemicals sector with negative profit or losses in the financial statements during the period 2018-2023.

From the purposive sampling table above, it can be seen that there are 21 companies that meet the criteria and were selected as samples for this study. This research was conducted over a period of 6 years, from 2018 to 2023, resulting in a total of 126 samples in this study.

Conceptual Definition

Tax Avoidance

Tax avoidance can be defined as any activities that impact tax obligations, including those permitted by tax laws as well as activities specifically designed to reduce the tax burden. In this study, tax avoidance is measured using the Effective Tax Rate (ETR) formula. ETR in this context reflects the proportion of effective tax paid by the company, and the higher the practice of tax avoidance, the lower the ETR value.

$$ETR = \frac{\text{Total Tax Burden}}{\text{Profit Before Tax}}$$

Sales Growth

Sales Growth, also known as sales growth, can be defined as the increase in sales volume from one period to the next, whether on an annual basis or within a specific time frame. Sales growth is measured by subtracting the amount of sales in the current period from the sales in the previous period, and the result is divided by the sales amount in the previous period. The formula for calculating sales growth can be expressed as follows:

$$\text{Sales Growth} = \frac{Pt - (Pt - 1)}{\text{Pt} - 1} \text{ x } 100\%$$

Capital Intensity

The capital intensity is calculated using the fixed asset intensity ratio, which reflects the extent to which a company owns assets in relation to the company's total assets. The depreciation expense, which arises from the depreciation of fixed assets, directly impacts the reduction of the company's profits. As a result, the company pays a lower amount of tax. The fixed asset intensity ratio is measured using the following formula:

$$\text{CIR} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

Accounting Conservatism

Conservatism in accounting is the principle of caution reflected in the preparation of financial statements, where the company demonstrates a prudent approach in recognizing and measuring assets and profits.

$$\text{Akrual} = \frac{\text{Net Income} + \text{Depreciation} - \text{Net Operating Cash}}{\text{Total Assets}}$$

Return On Asset

This profitability ratio reflects how efficiently funds are used within the company. The calculation of this ratio involves dividing the net profit after tax by the company's total assets.

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Assets}} x100\%$$

Method of collecting data

The data processing method in this research utilizes SPSS version 22 for Windows statistical software. The data sample is taken from the financial reports of manufacturing companies in the industrial sector listed on the Indonesia Stock Exchange (IDX) during the period 2018 2023. The type of data used is secondary quantitative data in the form of numbers related to Sales Growth (X1), Capital Intensity (X2), Accounting Conservatism (X3), Return On Assets (X4), and Tax Avoidance (Y) in basic and chemical industrial sector manufacturing companies listed on the IDX. This data is then processed, presented, and analyzed to assess the impact of independent variables on the dependent variable.

Data analysis method

The data analysis method used in this research is multiple linear regression. The research first conducted descriptive statistical tests, followed by classical assumption tests, which include normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. After meeting the classical assumption tests, hypothesis testing was carried out, including model feasibility test (F test), partial significance test (t test), and coefficient of determination.

4. RESULTS AND DISCUSSION

Research Results Descriptive Statistics This descriptive statistical analysis aims to present relevant information contained in the data. The description of variables used in this study includes data such as the mean, standard deviation, maximum value, and minimum value:

Tabel 4. 1
Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	126	-.998	1.873	-.01387	.379144
X2	126	.009	1.758	.42363	.304538
X3	126	-.372	.912	.03337	.141969
X4	126	.002	.202	.06208	.044073
Y	126	.001	1.568	.25534	.210801
Valid N (listwise)	126				

Source: Data Processed by SPSS version 22 (2024)

Below are the descriptions of the descriptive statistical analysis data that have been processed:

a. Sales Growth (X1) shows a minimum value of -0.998 and a maximum value of 1.873. The average Sales Growth is -0.01387, with a standard deviation of 0.379144.
b. Capital Intensity (X2) shows a minimum value of 0.009 and a maximum value of 1.758. The average Capital Intensity is 0.42363, with a standard deviation of 0.304538.
c. Accounting Conservatism (X3) shows a minimum value of -0.372 and a maximum value of 0.912. The average Accounting Conservatism is 0.03337, with a standard deviation of 0.141969.
d. Return on Assets shows a minimum value of 0.002 and a maximum value of 0.202. The average Return on Assets is 0.06208, with a standard deviation of 0.044073.
e. Tax Avoidance (Y) shows a minimum value of 0.001 and a maximum value of 1.568. The average Tax Avoidance is 0.25534, with a standard deviation of 0.210801.

Classic assumption test

Normality test

The normality test aims to determine whether the disturbance variables or residuals in a regression model have a normal distribution or not. The test used is the Kolmogorov-Smirnov statistical test. The basis for decision-making is if the significance value is greater than 0.05, it means the residual data is normally distributed, whereas a significance value less than 0.05 indicates that the residual data is not normally distributed (Ghozali, 2018). Here are the results of the normality test:

Tabel 4. 2
Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,1210874
Most Extreme Differences	Absolute	,126
	Positive	,126
	Negative	-,113
Test Statistic		,126
Asymp. Sig. (2-tailed)		,056[c]

Source: Data Processed by SPSS version 22 (2024)

Based on the output results of normality test data management using the Kolmogorov-Smirnov formula as shown in Table 4.2, the Asymp Sig value obtained is 0.056, which is greater than 0.05. Therefore, it can be concluded that the data tested is normally distributed.

Multicollinearity Test

The purpose of this multicollinearity test is essentially to determine whether there is a correlation among the independent variables in the regression model. A regression model is said to be free from multicollinearity symptoms if it has a VIF value of less than 10 and a tolerance value greater than 0.10:

Based on the SPSS output, the tolerance values show that none of the independent variables have a tolerance value less than 0.10. Additionally, the VIF (Variance Inflation Factor) calculations show the same result, with no independent variable having a VIF value greater than 10. Therefore, it can be concluded that the residual data does not exhibit symptoms of multicollinearity.

Tabel 4. 3
Multicollinearity Test

Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LG10_X1	,951	1,051
	LG10_X2	,791	1,265
	SQRT_X4	,567	1,763
	LG10_X3	,677	1,476

Source: Data Processed by SPSS version 22 (2024)

Autocorrelation Test

The autocorrelation test aims to determine whether there is any deviation in the regression model due to correlation occurring between the residuals of one observation and another. In the autocorrelation test, there is a method to determine the presence or absence of autocorrelation, namely the Durbin-Watson (DW) test. Here are the results of the autocorrelation test:

Tabel 4. 4
Heteroscedasticity Test

Model Summary[b]

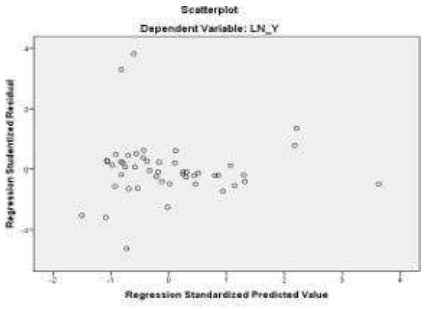
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,976[a]	,952	,948	,12659	1,800

Source: Data Processed by SPSS version 22 (2024)

Based on the SPSS output, the Durbin Watson value obtained is 1.800, which will then be compared with the table value using a 5% significance level, a sample size of 126 (n), and four independent variables (k=4). From the Durbin Watson table, the DU value is 1.7751, while the 4-DU value is 2.2249. Therefore, the Durbin-Watson value of 1.800 is greater than DU and less than 4-DU, or 1.7751 < 1.800 < 2.2249. Thus, it can be concluded that the model does not have an autocorrelation problem.

Heteroscedasticity Test

The heteroscedasticity test is a phenomenon that occurs when a residual and a regression equation have unequal variances. To determine whether there is a heteroscedasticity problem, researchers use scatterplot graphs. If the pattern is unclear, such as points scattered above and below the number 0 on the Y-axis, it means the model does not contain heteroscedasticity problems. Here are the results of the heteroscedasticity test:



Gambar 2. 1
Heteroscedasticity Test

Based on the SPSS scatterplot output, it can be observed that the points are randomly scattered and distributed both above and below the zero line on the Y-axis. This indicates that there is no issue of heteroscedasticity in the regression model.

Multiple Linear Regression Analysis

The analysis is conducted to assess the significance of the individual effects of the independent variables in relation to the dependent variable model.

Tabel 4. 5
Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2,561	,101		25,343	,000
	LG10_X1	,024	,026	,031	,916	,365
	LG10_X2	-,009	,052	-,006	-,163	,871
	SQRT_X4	-4,483	,246	-,804	-18,215	,000
	LG10_X3	1,098	,038	1,159	28,669	,000

Source: Data Processed by SPSS version 22 (2024)

The multiple linear regression equation is given as Y = 2.561 + 0.024X1 - 0.009X2 - 4.483X3 + 1.098X4 + e. From this equation, the following conclusions can be drawn:

a. The constant of 2.561 indicates that if there is an increase of one unit in Sales Growth, Capital Intensity, Accounting Conservatism, and Return On Asset, then the Tax Avoidance for manufacturing companies in the basic and chemical industry sector listed.
b. on the Indonesia Stock Exchange for the period 2018-2023 would be 2.561.
c. The regression coefficient for the Sales Growth variable is 0.024, which means that for every increase of one unit in Sales Growth, Tax Avoidance will increase by 0.024.
d. The regression coefficient for the Capital Intensity variable is -0.009, which means that for every increase

of one unit in Capital Intensity, Tax Avoidance will decrease by 0.009.

e. The regression coefficient for the Accounting Conservatism variable is -4.483, which means that for every increase of one unit in Accounting Conservatism, Tax Avoidance will decrease by 4.483.

f. The regression coefficient for the Return on Asset variable is 1.098, which means that for every increase of one unit in Return on Asset, Tax Avoidance will increase by 1.098.

Hypothesis Testing

Model Feasibility Test (F-test)

Model feasibility test (F-test) is used to determine whether this research is feasible or not. The condition to be considered feasible is if there is a simultaneous effect when the significance value (sig) < 0.05, and this test can also be assessed by comparing the calculated F value with the F table value (Ghozali, 2016). The following are the results of the model feasibility test (F-test).

Tabel 4. 6
Model Feasibility Test (F-test)

ANOVA*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	13,797	4	3,449	215,224	,000b
Residual	,689	43	,016		
Total	14,486	47			

Source: Data Processed by SPSS version 22 (2024)

Based on the SPSS output, the calculated F value is greater than the F table value, which is 215.224 > 2.45 with a probability value of 0.000 and a significance level of 5%. Since 0.000 < 0.05, it can be concluded that this study is worthwhile to conduct.

Partial Test (t-Test)

The t-test is used to detect whether an independent variable has a partial effect on the dependent variable. The testing criterion is that if the significance value is < 0.05, it means the independent variable has a partial or individual effect on the dependent variable (Ghozali, 2016). The following are the results of the partial test (t test):

Tabel 4. 7
Partial Test (t-Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,561	,101		25,343	,000
	LG10_X1	,024	,026	,031	,916	,365
	LG10_X2	-,009	,052	-,006	-,163	,871
	LG10_X4	-4,483	,246	-,804	-18,215	,000
	LG10_X3	1,098	,038	1,159	28,669	,000

Source: Data Processed by SPSS version 22 (2024)

Based on the calculations shown in the table above, the interpretation is as follows:

a. The variable sales growth (X1) has a t-value of 0.916 < 1.979 t-table with a significance value of 0.365 > 0.05. It can be concluded that the hypothesis is accepted. This means that sales growth does not have an effect on tax avoidance.

b. The variable capital intensity (X2) has a t value of 0.163 < 1.979 t-table with a significance value of 0.871 > 0.05. It can be concluded that the hypothesis is rejected. This means that capital intensity does not have an effect on tax avoidance.

c. The variable accounting conservatism (X3) has a t-value of

18.215 > 1.979 t-table with a significance value of 0.000 < 0.05. It can be concluded that the hypothesis is rejected. This means that accounting conservatism has a positive effect on tax avoidance.

d. The variable return on assets (X4) has a t-value of 28.669 > 1.979 t-table with a significance value of 0.000 < 0.05. It can be concluded that the hypothesis is accepted. This means that return on assets has a positive effect on tax avoidance.

Coefficient of Determination

The coefficient of determination is used to demonstrate how much influence the independent variable has on the dependent variable. If the adjusted R^2 value increases and approaches 1, it indicates that the influence of the independent variable on the dependent variable is stronger or better. Below are the results of the coefficient of determination (R^2) test:

Tabel 4. 8
Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,976[a]	,952	,948	,12659	1,800

Source: Data Processed by SPSS version 22 (2024)

Based on the SPSS output above, the adjusted R-square value obtained is 0.948. This indicates that tax avoidance is influenced by the variables of sales growth, capital intensity, accounting conservatism, and return on assets by 94%, while the remaining 6% is influenced by other variables not included in this study.

DISCUSSION

The Effect of Sales Growth on Tax Avoidance

The variable sales growth (X1) has a t statistic value of 0.916, which is less than the t table value of 1.979, with a significance level of 0.365. This means the value is greater than the significance level of 0.05. It can be said that sales growth does not have an effect on tax avoidance. According to the formulated hypothesis, it can be concluded that the hypothesis is rejected.

Tax obligations are based on income and profit earned, not just sales. Although sales may increase, if profit does not grow or declines due to high costs, the tax liability remains or could decrease. Conversely, if sales decrease but profit still exists, taxes must still be paid. Therefore, fluctuations in sales do not directly affect a company's decision to engage in tax avoidance. Additionally, increased taxes from rising income due to sales do not guarantee that a company will avoid taxes, as higher sales do not always equate to higher profits.

The relationship is not in line with the agency theory which states that there is a conflict of interest between managers and stakeholders. Managers focus on achieving profits through decisions that align with the policies in place. Managerial decisions affect tax cost control by considering sales growth, where increased sales boost profits and tax burdens. Therefore, managers consider this aspect when formulating policies to achieve profitability.

This is in line with the research conducted by Ka Tiong & Rakhman (2021), Lestari et al. (2022), Anugrah & Siagian (2019), Firmansyah & Bahri (2022), and Noveliza, D., & Crismonica, S. (2021), which states that sales growth does not affect tax avoidance.

The Influence of Capital Intensity on Tax Avoidance

The Capital Intensity variable (X2) has a t value of -0.163, which is less than 1.979 (t-table), with a significance value of 0.871. This means that the significance value is greater than the significance level of 0.05. It can be said that Capital Intensity does not have an effect on tax avoidance. According to the formulated hypothesis, it can be concluded that the hypothesis is rejected.

Capital intensity in this study is measured by the ratio of fixed assets to total assets of the company. The higher the intensity of fixed assets, the greater the proportion of fixed assets compared to other assets (Sundari & Aprilina, 2017). Companies with high capital intensity tend to focus on managing and optimizing assets rather than tax avoidance. They prioritize operational performance over reducing tax obligations. Therefore, capital intensity does not always have a direct relationship with the level of tax avoidance (Firmansyah & Bahri, 2022).

This relationship is not in line with agency theory, which states that individuals act in their own self-interest, such as the relationship between shareholders and management. Management strives to improve company performance to receive rewards, one of which is by utilizing depreciation of fixed assets to reduce tax burden. This action can enhance company performance and help management achieve the expected wage targets.

This is in line with the research conducted by Firmansyah & Bahri (2022), Alvionita et al. (2021), Juliana et al. (2020), Anugrah & Siagian (2019), Sundari & Aprilina (2017), and Rosdiani & Hidayat (2020), which states that capital intensity does not affect tax avoidance.

The Effect of Accounting Conservatism on Tax Avoidance

The accounting conservatism variable (X3) has a t-value of 28.669, which is greater than 1.979 (the critical t-value), with a significance level of 0.000. This means the significance level is below 0.05. The t-value of 28.669 indicates a positive direction. It can be said that accounting conservatism has a positive effect on tax avoidance. According to the formulated hypothesis, this means the hypothesis is rejected.

The application of accounting conservatism can reduce the taxes paid by a company because the income statement shows lower earnings. Companies with high tax burdens tend to use conservative accounting policies to legally reduce their tax liabilities. Since the company's profit serves as the basis for taxation, the lower the reported profit, the lower the tax obligations that must be paid.

This relationship is in line with agency theory, which explains that agents do not always make the best decisions for the principal, leading to conflicts between them. Company managers often pursue personal goals and tend to focus on projects and investments that yield short-term profits, rather than maximizing shareholder wealth through more profitable long-term investments.

This is in line with research conducted by Ellyanti & Suwarti (2022), Rosdiani & Hidayat (2020), and Lismiyati & Herliansyah (2021), which states that accounting conservatism has a positive effect on tax avoidance.

The Effect of Return on Assets on Tax Avoidance

The variable return on assets (X4) has a t value of 18.215 > 1.979 (t-table) with a significance value of 0.000, which is less than the significance level of 0.05. The t-value of -18.215 indicates a negative direction. It can be said that return on assets has a negative effect on tax avoidance. According to the formulated hypothesis, it can be concluded that the hypothesis is rejected.

The reason is that companies with low ROA tend to have lower revenues. Lower revenues

can result in the company having lower taxable income or even experiencing losses, thereby reducing the incentive to engage in tax avoidance (Hidayat, 2018).

In line with agency theory, which explains that managerial interests and incentives in maintaining a high ROA can influence their tendency toward tax avoidance practices. A low ROA is often associated with a lower tendency to engage in aggressive tax avoidance, as managers may prefer to reduce risk and maintain stable and sustainable operational performance.

This is in line with the research conducted by Lestari et al. (2022), Kusnanto (2020), Hidayat (2018), and Humairoh & Triyanto (2019), which states that return on assets has a negative effect on tax avoidance.

5. CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the research and the discussions conducted in the previous chapters, the conclusions that can be drawn from this study are as follows:

1. Sales Growth does not affect Tax Avoidance. This indicates that the high or low sales levels of a company do not impact tax avoidance.
2. Capital Intensity does not affect Tax Avoidance. This suggests that as capital intensity increases, tax avoidance decreases.
3. Accounting Conservatism has a positive effect on Tax Avoidance. This indicates that the more conservative a financial report is, the greater the tax avoidance will be.
4. Return on Assets has a negative effect on Tax Avoidance. This shows that a lower ROA is often associated with a lesser tendency to engage in tax avoidance.

Suggestions

Based on the research results and conclusions, the following suggestions are provided by the researcher:

1. The researcher used the Accounting Conservatism variable, which has a positive effect on Tax Avoidance. It is recommended that future researchers use this variable to observe company activities. This is to compare whether the Accounting Conservatism variable affects Tax Avoidance.
2. This study used the variables of Sales Growth and Capital Intensity, which do not affect tax avoidance, and Return on Assets, which negatively affects tax avoidance. Therefore, future researchers are encouraged to use other variables, such as earnings management, to observe company activities so that tax avoidance continues.
3. Future researchers are expected to use other types of industries listed on the Indonesia Stock Exchange (IDX) so that the number of companies sampled is larger.

REFERENCES

Alvionita, V., Sutarjo, A., & Silvera, D. L. (2021). The Influence of Accounting Conservatism, Financial Distress, and Capital Intensity on Tax Avoidance (An Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange 2014-2018). Pareso Journal, 3(3), 617–634.

Andini, R., Andika, A. D., & Pranaditya, A. (2021). Analysis of the Influence of Institutional Ownership, Proportion of Independent Commissioners, and Profitability on Tax Avoidance with Firm Size as a Moderating Variable. Journal of Accounting and Taxation, 22(2), 511.

Annisa. (2017). The Effect of Return On Assets, Leverage, Firm Size, and Political Connections on The Extent of Tax Avoidance. JOM Fekon, 4(1), 2017. www.idx.co.id

Anugrah, Yonathan T., & Siagian, V. (2019). The Effect of Capital Intensity and Sales Growth on Tax Avoidance Moderated by Profitability in the Consumer Cyclicals Sector on the IDX from 2020-2022. Purchase Intentions on Unicorn Marketplaces in Indonesia: Tokopedia and Bukalapak, 9(1), 1–12.

Bawazier, M. S. (2022). The Effect of Profitability, Leverage, Capital Intensity, and Sales Growth on Tax Avoidance. Wacana Equilibrium (Journal of Economic Thought and Research), 10(01), 33–40.

Dewinta, I., & Setiawan, P. (2016). The Effect of Firm Size, Firm Age, Profitability, Leverage, and Sales Growth on Tax Avoidance. E-Journal of Accounting, Udayana University, 14(3), 1584–1615.

Dharma, N. B. S., & Noviari, N. (2017). The Effect of Corporate Social Responsibility and Capital Intensity on Tax Avoidance. SSRN Electronic Journal, 18, 529–556.

Dwi Rahmawati, S., & Masripah. (2022). Monograph on Tax Avoidance: Sales Growth, Business Strategy, and Political Connections. Cv. Eureka Media Aksara, 49–58.

Ellyanti, R. S., & Suwarti, T. (2022). Analysis of the Effect of Accounting Conservatism, Corporate Governance, and Sales Growth on Tax Avoidance. Equilibrium: Journal of Research in Education and Economics, 19(01), 118–128.

Fadila Melisa. (2017). The Effect of Return on Assets, Leverage, Company Size, Physical Loss Compensation, Institutional Ownership, and Political Connections on Tax Avoidance. Online Journal of Students of the Faculty of Economics, University of Riau, 4(1), 1671–1684.

Fadjarenie & Anisah. (2016). The Effect of Corporate Governance and Sales Growth on Tax Avoidance. Star - Study & Accounting Research, XIII(3), 48–58. www.idx.co.id

Gani, I., & Amalia, S. (2018). Data Analysis Tools. In CV Andi Offset.

Handayani, W., & Hermawan, I. (2021). The Effect of Return on Assets, Leverage, and Company Size on the Sensitivity to Tax Issues (Tax Avoidance) in Publicly Listed Mining Sector Companies in National Indonesia. SENAKOTA: Seminar on Economics and Accounting, 1(1), 56–64.

Hanum, H. R., & Zulaikha. (2013). The Effect of Corporate Governance Characteristics on Effective Tax Rate (An Empirical Study on State-Owned Enterprises Listed on the IDX 2009-2011). Diponegoro. Journal of Accounting, 2(2), 1–10.

Hidayat. (2018). The Effect of Profitability, Leverage, and Sales Growth on Tax Avoidance. Journal of Management and Business Research (JRMB) Faculty of Economics UNIAT, 3(1), 19–26.

Hidayat, A. T., & Fitria, E. F. (2018). The Effect of Capital Intensity, Profitability, and

Inventory Leverage Intensity, on Tax Aggressiveness. Eksis: Journal of Economic and Business Research, 13(2), 157–168.

Honggo, K., & Marlinah, A. (2023). The Effect of Company Size, Company Age, Board of Commissioners, Audit Committee, Sales Growth, and Leverage on Tax Avoidance. Oxford English Dictionary, 21(1), 9–26.

Humairoh, N. R., & Triyanto, D. N. (2019). The Effect of Return on Assets (ROA), Physical Loss Compensation, and Capital Intensity on Tax Avoidance. Journal of Accounting, Auditing and Accounting Information Systems, 3(3), 335–348.

Jensen, M. C., & Meckling, W. H. (1976). Also published in Foundations of Organizational Strategy. Journal of Financial Economics, 4, 305–360.

Juliana, D., Arieftiara, D., & Nugraheni, R. (2020). The Effect of Capital Intensity, Sales Growth, and CSR on Tax Avoidance. PROCEEDINGS OF BIEMA Business Management, Economic, and Accounting National Seminar, 1, 1257 1271. Fadjarenie & Anisah. (2016).

Ka Tiong, & Rakhman, F. (2021). The Effect of Company Size, Profitability, Leverage, and Sales Growth on Tax Avoidance in Basic and Chemical Industry Sector Companies Listed on the Indonesia Stock Exchange for the Period 2016-2019.

Buana Accounting Journal, 6(1), 67–82. Kimsen, Eksandy, A., & Erisa, Y. (2019). The Effect of Return on Assets, Audit Committee, and Leverage on Tax Avoidance. COMPETITIVE Journal of Accounting and Finance, 2(2), 1.

Kusnanto, E. (2020). Analysis of the Effect of Return On Assets, Capital Intensity Ratio, Sales Growth, and Debt To Total Asset on Tax Avoidance (An Empirical Study on Consumer Goods Manufacturing Companies Listed on the Indonesia Stock Exchange 2015-2017). Accounting, Journal Management Entrepreneurship, 18(2), 1–12.

Lestari, S. A., Zulaecha, H. E., Hidayat, I., & Hendrianto, S. (2022). The Influence of Fiscal Loss Compensation, Return on Assets, Leverage, and Sales Growth on Tax Avoidance. Journal of Economic Management and Business Research, 1(3), 124–146.

Lismiyati, N., & Herliansyah, Y. (2021). The Effect of Accounting Conservatism, Capital Intensity, and Independent Commissioners on Tax Avoidance, With Independent Commissioners as Moderating Variables (Empirical Study on Banking Companies on the IDX 2014-2017). Dinasti International Journal of Economics, Finance & Accounting, 2(1), 55–70.

Maharani, I. G. A. C., & Suardana, K. A. (2014). The Influence of Corporate Governance, Profitability, and Executive Characteristics on Tax Avoidance in Manufacturing Companies. 2, 525–539.

Masrullah, Mursalim, & Su'un, M. (2018). The Effect of Institutional Ownership, Independent Commissioners, Leverage, and Sales Growth on Tax Avoidance. 16(2), 142–165.

Nadhifah, M., & Arif, A. (2020). Transfer Pricing, Thin Capitalization, Financial Distress, Earnings Management, and Capital Intensity on Tax Avoidance Moderated by Sales Growth. Journal of Magister Accounting Trisakti, 7(2), 145–170.

Nasir, A., Ilham, E., & Yusniati. (2014). The Effect of Managerial Ownership Structure, Litigation Risk, Liquidity, and Political Cost on Accounting Conservatism. Economics, 22, 1 17.

Ngadiman, N., & Puspitasari, C. (2017). The Effect of Leverage, Institutional Ownership, and Company Size on Tax Avoidance. Journal of Accounting, 18(3), 408–421.

Nugraha, M. I., & Mulyani, S. D. (2019). The Role of Leverage as a Mediator of the Effect of Executive Characteristics, Executive Compensation, Capital Intensity, and Sales Growth on Tax Avoidance. Journal of Accounting Trisakti, 6(2), 301–324.

Obafemi, F. J., & Crowther, A. (2014). An Empirical Study of Tax Evasion and Tax Avoidance: A Critical Issue in Nigeria's Economic Development. Journal of Economics and Sustainable Development, 5(18), 22–27.

Omar Al-Sraheen, D. A.-D., Fadzil, F. H. B., & Ismail, S. S. B. S. (2014). The Influence of Corporate Ownership Structure and Board Members' Skills on Accounting Conservatism: Evidence from Non-Financial Listed Firms in Amman Stock Exchange. International Journal of Accounting and Financial Reporting, 4(1), 177.

Panjalusman, P. A., Nugraha, E., & Setiawan, A. (2018). The Effect of Transfer Pricing on Tax Avoidance. Journal of Accounting & Finance Education, 6(2), 105.

Pratama, A. D., & Larasati, A. Y. (2021). The Effect of Transfer Pricing and Capital Intensity on Tax Avoidance. Journal of Accounting and Banking Research, 15(2), 497.

Pratiwi, D. K., & Djajanti, A. (2022). The Effect of Accounting Conservatism and Financial Distress on Tax Avoidance with Executive Characteristics as Moderating Variables. Journal of Banking, Management, and Accounting Research, 5(2), 155.

Rachmawati, P. S. N. A. (2019). The Effect of the Proportion of Independent Commissioners, Institutional Ownership, and Capital Intensity on Tax Avoidance. Rabit: Journal of Technology and Information Systems Univrab, 1(1), 2019.

Rizki, M. Q. A., & Fuadi, R. (2019). The Influence of Executive Characteristics, Profitability, Sales Growth, and Corporate Social Responsibility on Tax Avoidance. Journal of Economics Students' Accounting, 4(3), 547–557.

Rosdiani, N., & Hidayat, A. (2020). The Effect of Financial Derivatives, Accounting Conservatism, and Fixed Asset Intensity on Tax Avoidance. Journal of Technopreneurship on Economics and Business Review, 1(2), 131–143.

Sa'adah, L.-, & Prasetyo, A.-. (2021). The Influence of Accounting Conservatism and Corporate Governance on Tax Avoidance. Makro: Journal of Management and Enterpreneurship, 6(1), 71.

Safitri, N., & Damayanti, T. W. (2021). Sales Growth and Tax Avoidance with Institutional Ownership as a Moderating Variable. Perspectives in Accounting, 4(2), 175–216.

Sarra, H. D. (2017). The Influence of Accounting Conservatism, Audit Committee, and Independent Board of Commissioners on Tax Avoidance. Journal of Accounting and Finance, 1(1), 63.

Sekaran, U. (2018). Research Methods for Business (6th ed.). Salemba Empat.

Shabrina, W., & Hadian, N. (2021). The Influence of Current Ratio, Debt to Equity Ratio, and Return on Assets on Dividend Payout Ratio. International Journal of Financial, Accounting and Management, 3(3), 193 204.

Sholeha, Y. M. A. (2018). The Influence of Capital Intensity, Profitability, and Sales Growth on Tax Avoidance. 2018, 1–24.

Susanto, A., & Veronica, V. (2022). The Influence of Corporate Social Responsibility (CSR) and Company Characteristics on Tax Avoidance Practices of Companies Listed on the Indonesia Stock Exchange. Owner, 6(1), 541–553.

Tahilia, A. M. S. T., Sulistyowati, & Wasif, S. K. (2022). The Influence of Audit Committee, Audit Quality, and Accounting Conservatism on Tax Avoidance. Journal of Accounting and Management, 19(02), 49 62.

Tiala, F., Ratnawati, R., & Rokhman, M. T. N. (2019). The Influence of Audit Committee, Return on Assets (ROA), and Leverage on Tax Avoidance. Journal of Applied Business, 3(01), 9–20.

Wibawa, A., Wilopo, & Abdillah, Y. (2016). The Influence of Good Corporate Governance on Tax Avoidance. Ethics in Business and Profession, 2(2), 104.

Yahya, A., Agustin, E. G., & Nurastuti, P. (2022). Firm Size, Capital Intensity, and Inventory Intensity on Tax Aggressiveness. Journal of Accounting Exploration, 4(3), 574–588.

Yantri, O. (2022). The Influence of Return on Assets, Leverage, and Firm Size on Tax Avoidance in Energy Sector Companies Listed on the Indonesia Stock Exchange for the Years 2016 2021. Review of Accounting, Management, and Business, 2(2), 121–137.

Yuniarsih, N. (2018). The Effect of Accounting Conservatism and Corporate Governance Mechanism on Tax Avoidance. Academic Research International, 9(3), 68–76.