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THE ROLE OF THE CAPITAL STRUCTURE IN MODERATING THE SIZE OF THE COMPANY AND PROFITABILITY TO TAX AVOIDANCE

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ABSTRACT

The aims of this study are as follows: 1) To test the effect of firm size on tax avoidance; 2) To test the profitability of tax avoidance; 3) To examine the extent to which capital structure can moderate the relationship between firm size and tax avoidance; 4) To examine the extent to which capital structure can moderate the relationship between profitability and tax avoidance. The type of research used in this research is causal associative research. The population in this study are consumer goods sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The sample was selected using a purposive sampling method. The analytical method used is multiple linear regression analysis.

INTRODUCTION

Taxes have a very strong position for the progress of the country, in Indonesia more than 80% of the state revenue of the Republic of Indonesia comes from taxes. Implementing the function of taxes as a source of funds for the government to finance its expenses. Also as a regularend, namely implementing government policies in the social and economic fields (Wong et al., 2019). So that the maximum tax revenue, can meet the target per year is the expectation of the government.

Table 1
Target and Realization of Tax Revenue in Indonesia
Period 2018-2021

YEAR	TARGET	REALIZATION	PERCENTAGE
2018	1424	1.310,08	92,00%
2019	1577,56	1.331,16	84,40%
2020	670,38	477,04	71,16%
2021	1231,87	1.234,21	100,19%

In its realization, the target for 4 (four) years starting from 2018-2021 the situation fluctuates, precisely in 2019 and 2020 it has decreased. In 2019 it decreased by 7.6% and in 2020 it decreased by 13.24%. However, in 2021 there was an increase of 29.03%

From the table above, it can be concluded that tax revenues from 2018-2021 are very volatile. This raises the question of whether the increased tax revenue in 2021 will continue to survive without a decline like in previous years. In this case, it can be assumed because of the difference in interests between the taxpayer and the government. Taxpayers sometimes have efforts to minimize their tax payments in the period concerned by managing how to avoid taxes legally.

Tax avoidance cases in Indonesia that have occurred include the cases of PT Adaro, PT Toyota Motor Manufacturing Indonesia, PT Coca Cola Indonesia, and so on. Unfortunately, until now the number of cases of tax avoidance actions that occur in Indonesia is suspected to be quite large. This will have an impact on reducing state revenue and causing losses to the state. In addition, tax avoidance will lead to suboptimal national development and uneven welfare or prosperity of the Indonesian people.

Tax avoidance is unique. Because it is allowed but not desirable, it is also because of the tax collection system in Indonesia which uses a self-assessment system where individual and corporate taxpayers are given the authority to calculate, deposit and self-report a number of taxes owed based on tax laws and regulations. In addition, tax avoidance can also be expected to be influenced by several variables including the size of the company and sales growth with variable moderating capital structure.

The size of the company is a factor that affects tax avoidance activities. This is because it is illustrated by the larger the company the greater the resources it has in the hope of managing taxes well. This is done by utilizing depreciation and amortization expenses arising from expenses to acquire assets. Depreciation and amortization expenses can be used as a reduction in corporate taxable income (Putri & Putra, 2017).

Some of the results of previous studies that are relevant to this study, and produce different conclusions include; research by (Dewinta & Setiawan, 2016) concluded that there is an influence with a positive direction between sales growth on tax avoidance. Research from (Hidayat, 2018) and (Oktamawati, 2017) revealed that there is an influence in the negative direction between sales growth on tax avoidance. Based on research from (Swingly & Sukartha, 2015) and (Christy & Subagyo, 2019) concluded that there is no influence between sales growth on tax avoidance. Meanwhile, (Akbar et al., 2020) revealed that sales growth has an influence on tax avoidance.

Research from (Swingly & Sukartha, 2015) and (Dewinta & Setiawan, 2016) revealed an influence in a positive direction between company size on tax avoidance. Then (Oktamawati, 2017) showed a negative influence between the size of the company on tax avoidance. Other research such as (Wijayanti & Merkusiwati, 2017) and (Barli, 2018) revealed that company size has no influence on tax avoidance. Meanwhile, based on (Handayani, 2018) and (Christy & Subagyo, 2019) they stated that there is an influence between the size of the company on tax avoidance.

From the differences in the conclusions of this research, researchers will examine whether company size and sales growth affect tax avoidance with capital structure as a moderating variable. This research replicates the research studied by Christili (2021). The difference between this research and Christili's research (2021) is in the free variable and

observation period. Research in Christili (2021) uses 4 free variables, namely profitability, leverage, company size and sales growth. While this study used the same 2 variables, namely company size and profitability, then added 1 moderating variable, namely capital structure. This study will use research samples from companies in the consumer goods sector that are listed on the IDX (Indonesia Stock Exchange) and the period of measurement will be carried out from 2018-2021.

The reason for choosing the consumer goods sector is because this sector has a fairly good growth and development. In addition, the global crisis will not affect this sector because consumer goods such as food and beverages are basic human needs that are always needed and will always be sought after even if the price is increased.

Agency Theory

The agency theory arises when management tries to reduce tax low by doing tax avoidance to get high corporate value while principals do not want tax avoidance because it is considered to be a manipulation of financial statements. The concept of agency theory or agency theory is the relationship or contract between the principal and the agent in a company. The principal is the shareholder party while the agent is the management party who holds the management function of the company (Jensen & Meckling, 1976). The principal employs an agent to perform duties for the benefit of the principal, including delegation of decision-making authorization from the principal to (Anthony & Govindarajan, 2001).

Agency theory uses 3 basic human nature assumptions, namely: (1) humans are generally self-interested, (2) humans have limited thinking power regarding future perceptions (bounded rationality), and (3) humans always avoid risk (risk averse). Based on the assumption of basic human nature, it can be said that managers as human beings are most likely to act on opportunistic traits, namely prioritizing personal interests (Sartori et al., 2010).

Based on the theory above, the relationship between dependent variables, namely tax avoidance, is when the practice of tax avoidance if not in good management of conflicts of interest begins with the existence of information asymmetry (Tarjo et al., 2022). The conflict occurs against the interests of corporate profits between the tax collector (fiscus) and the payment of taxes (management of the company). Fiscus faced the maximum collection of taxes, while the management was of the view that the company should make a significant profit with a low tax burden. These two different points of view are what causes conflicts between fiscus as a tax collector and the company's management as a taxpayer (Prakosa et al., 2014).

Tax Avoidance

Tax avoidance is an effort to avoid taxes that are carried out legally and safely for taxpayers because they do not conflict with tax requirements, where the methods and techniques used tend to take advantage of the weaknesses (gray areas) contained in tax laws and regulations themselves, to reduce the amount of tax owed (Rejeki et al., 2019).

The company has a reason for tax avoidance, which is to reduce the amount of profit by not recognizing current income but recognized circumstances in the future. Because the

higher it is, the more decisive the reported profit, the higher the tax burden. Tax avoidance behavior can create agency conflicts between managers' interests, by recognizing personal costs into company operating costs to reduce profits earned by investors (Oktamawati, 2017).

Indonesian citizens who belong to taxpayers such as individuals or entities are required to contribute by paying taxes to the state. The taxes that have been received by the state are used to prosper and prosper their people in accordance with the law. In addition, the largest portion of all state revenues is occupied by taxes. Therefore, taxes are crucial for the state. On the other hand, taxpayers consider taxes to be a reduction in the results of their profits or income. This makes the taxpayer object to depositing his taxes. However, taxpayers cannot fully circumvent, so many taxpayers try to be as minimal as possible in paying taxes. The minimum possible tax payment is usually done by shrinking profits or increasing costs. Taxpayers, especially entities, usually carry out tax management. Tax management can be achieved by tax planning (tax planning), one of the general strategies of tax planning, namely tax avoidance or what is commonly called tax avoidance.

According to (Putra, 2019) stated tax avoidance, which is an engineering activity that remains within the framework of tax rules. The way to carry out tax avoidance practices is to minimize the tax burden such as avoiding taxes through transactions on non-taxable objects. For example, by transferring money as employee benefits to natura where natura is not a taxable object in accordance with Income Tax article 21. By using weaknesses/loopholes in tax provisions, taxpayers can carry out tax avoidance legally.

The measurement used for tax avoidance is the effective tax rate / ETR. The high ETR value of entities shows that entities are less effective in utilizing tax incentives and have large tax payments. Conversely, entities that have low ETRs can be used as an indicator of the utilization of tax incentives or high levels of tax avoidance that result in low payment of tax burdens. Here's the formula for calculating ETR:

$$Effective\ Tax\ Rate\ (\text{ETR}) = \frac{\text{Beban Pajak}}{\text{Laba sebelum pajak}}$$

Company Size

According to (Saifudin & Yunanda, 2016) stated that the size of a company is a scale where an entity can be grouped as a large entity or a small entity. The size of the company is based on the value of equity, sales value, number of employees, total assets and so on. There are 3 groups of company sizes, namely small, medium and large companies.

Company measurement is usually carried out by transforming the total assets of the entity into a natural logarithm (Ln). The measurement of the size of the company with Ln (total assets) is considered more stable when compared to other proxies. The total value of assets / assets is usually greater, so the total value of assets is simplified with a natural logarithm without changing the proportion of the actual number of assets (Christy & Subagyo, 2019). Then the formula of the size of the company as follows:

Company size = Ln (Total Asset)

Profitability

The ability of an entity to generate profit/profit from sales, total assets, or with its own capital is called profitability (Fahmi et al., 2014) (Hidayat, 2018). Profitability is a ratio used as a measurement of the overall effectiveness of management. This measurement is indicated by the magnitude of the level of profit or profit generated in relation to sales or investments. The high profitability ratio indicates the ability of the entity to be better at obtaining profits or profits for the entity. The profitability measurement used is Return on Assets (ROA).ROA reflects how an entity is able to make a profit in its management of its assets.Therefore, ROA can indicate the level of efficiency of an entity in utilizing its assets.ROA takes into account the entire total assets of the entity, both assets acquired from own capital and from funding outside the entity. The ROA formula can be searched by:

$$ROA = \frac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Aset}$$

Capital Structure

The capital structure describes the composition of funding from a company consisting of 2 (two) sources, namely debt and own capital. One of the theories regarding the structure of capital is explained through trade off theory. The decision on the use of debt in the capital structure has taken into account the tax advantages that are the result of reduced income due to increased interest costs. Trade off theory explains about. Trade off theory indicates that the larger the share of debt in the capital structure, the more it will affect the increase in the value of the company. The capital structure relates to the leverage ratio of the company. (Van Horne & Wachowicz, 2005) explained that leverage describes a company's ability to meet its long-term obligations so that the size of the company's leverage will affect earnings per share, the level of risk, and also the stock price.

In contrast to the trade off theory, Modigliani and Miller's theory (MM theory) state different things. Modigliani and Miller developed the MM theory which explains that the total risk for all shareholders does not change even if the company's capital structure decreases. This is because there is always protection of investment value in every decision on the division of capital structure between debt or own capital.

The next theory regarding the structure of capital is the theory of pecking orders. (Myers & Majluf, 1984) in (Vo & Ellis, 2017) explained that pecking order theory establishes a system of preference for selecting a company's capital structure where the order of preference that occurs is starting from the use of internal funding first followed by debt and finally the issuance of shares. The theory of capital structure continues until its relationship with agency theory where according to (Vo & Ellis, 2017) the results of the study still produce different predictions regarding how the company's capital structure is the most optimal. This happens because the results of the study depend on the specific characteristics of the agency relationship in the company and the associated agency costs.

$$DER = \frac{Total\ Hutang}{Total\ Equity}$$

Frame of Mind

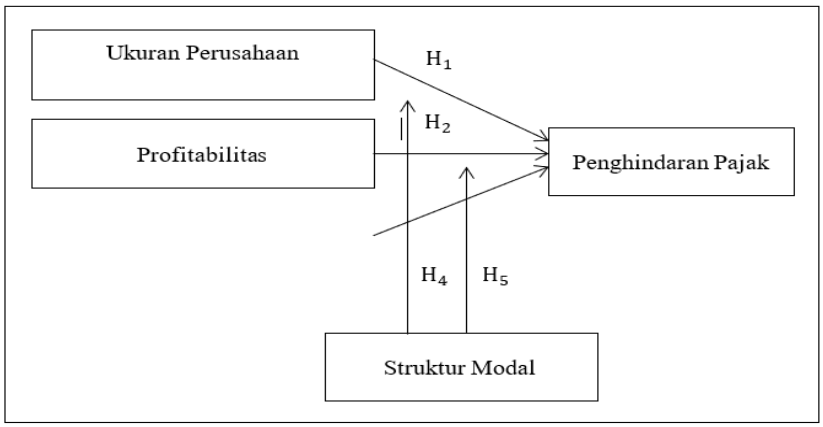

Figure 1
Research Models

Hypothesis Development

Effect of Company Size on Tax Avoidance

Large entities with large assets will affect the productivity of the entity in increasing profits. High profits will certainly affect the entity's tax burden and eventually the entity can take tax avoidance actions. In addition, large entities usually have human resources who are proficient in taxation which helps entities to make tax planning. Tax planning such as legal tax avoidance is a way for entities that will optimize their tax burden. Therefore, large entities will be more inclined to do tax avoidance. (Barli, 2018) also stated that the size of the company is a factor that causes tax avoidance. The research that supports the above argument is research from (Swingly & Sukartha, 2015) and (Dewinta & Setiawan, 2016) which reveals that there is a positive influence between company size on tax avoidance. (Handayani, 2018). Other researchers such as (Wijayanti & Merkusiwati, 2017) and (Barli, 2018) revealed that the size of the company has no influence on tax avoidance According to the previous explanation, the first hypothesis is:

H1 : Company Size Positively affects Tax Avoidance

Effect of Profitability on Tax Avoidance

In accordance with agency theory, principals and agents sometimes have opposite interests. Managers as agents trying to increase profitability, can act to always increase their profits, namely by shrinking the tax burden. The usual way for entities is tax planning, which can be applied by entities and is legal is to do tax avoidance. With tax avoidance, the entity's tax burden will decrease and make profitability increase. Therefore, entities that have increased profitability tend to seek tax avoidance. This argument is supported by research from (Dewinta & Setiawan, 2016) which reveals that profitability has a positive direction on tax avoidance. In addition, research that reveals profitability has no effect on tax avoidance, namely research from (Christy & Subagyo, 2019) and (Akbar et al., 2020). According to the previous explanation, the first hypothesis is:

H2 : Profitability has a positive effect on Tax Avoidance

Capital Structure can moderate the Effect of Company Size on Tax Avoidance

The size of the company can increase the value of the company because the size of the company is proxied through total assets which indicates the size of the company, so the larger the total assets owned by the company, the company is seen by potential investors as a large company and vice versa if the company has total assets that tend to continue to fall, the company is proxied as a small company. The size of the company will be an attraction for every investor to place his funds in the company with the inclusion of shares. So that if the company produces a growing size, it will have an impact on the value of the company.

Companies that have large total assets tend to be better able to maintain the stability of the company's profits due to the complexity of the transactions that occur. So that the size of the company can influence a company in setting policies to fulfill its tax obligations. In this study, a log of the company's total assets was used to measure the size of the company. This is because the growth of the company's total assets is stable compared to other indicators. Large companies can manage their taxation based on the tax planning that has been carried out to achieve optimal tax savings. In this case tax saving describes the tax avoidance that the company does in a legal way.

In meeting the needs of additional assets, companies can finance with debt. By making a loan for additional assets, it will affect the company's debt proposition (capital structure). The greater the number of assets purchased, the greater the proportion of debt. (Mardevi et al., 2020) who say that the capital structure is able to moderate the size of the company. However, it is not in line with the research conducted by (Nopiyanti & Darmayanti, 2016) which says that the capital structure is not able to moderate the relationship of company size.

H3 : Capital Structure strengthens the positive influence of Company Size on Tax Avoidance

Capital Structure can Moderate Profitability against Tax Avoidance

Profitability Profitability is a company's ability to make a profit. This shows that companies that have a high ability to generate profits tend to have large cash. a high company shows that the company's performance is good and has a long-term prospect, so that it can attract investors to buy shares (Kosimpang et al., 2017) that are available to shareholders. This ratio is also influenced by the company's debt, if the proportion of debt is getting bigger, this ratio will also be greater. The higher the ROE the better, it means that the position of the owner of the company is stronger. ROE growth illustrates the company's bright prospects because it means There is the potential for increased profitability. This is seen as a positive signal by investors, and even creditors will feel safe to provide loans. Companies that use additional sources of funds from loans will be more risky. Financial risk refers to funding that incurs fixed costs, namely debt (financial leverage), and this financial risk is in addition to the risk borne by ordinary shareholders due to the use of such financial leverage. So this will increase the desired rate of return of shareholders (ROE) (Brigham & Houston, 2001:14- 16). Profitability is a company's ability to make a profit. This shows that companies that have a high ability to generate profits tend to have large cash. a high company shows that the company's performance is good and has prospects for the long term,

so that it can attract investors to buy shares (Kosimpang et al., 2017).
H4 : Capital Structure strengthens the positive effect of Profitability on Tax Avoidance

METHOD RESEARCH

Research Design

This type of research is a causality study that tests the relationship between variables based on previous studies. This study is intended to determine the effect of company size and profitability on tax avoidance moderated by the capital structure. The analysis unit used in this study is a company listed on the Indonesia Stock Exchange with a period of 2018-2021. This research is quantitative and the acquisition of secondary data obtained through the company's financial statements are used as samples that have gone through the purposive stage.

Operational Definition and Variable Measurement

Operational research variables on the Effect of company size and profitability on tax avoidance moderated by the capital structure can be summarized in the following table 1:

Table 2
Operational Definition and Variable Measurement

Variable	Operational definition	Measurement
Dependent		
Tax avoidance	Tax avoidance is engineering activities that remain within the framework of tax rules that will reduce taxes	*Effective tax rate* (ERT) = **Tax burden / Profit before tax**
Independent		
Company size	Company size is the value alias scale where an entity is categorized as a large or small entity	**Company size =LN (total assets)**
Profitability	Profitability is the ability of an entity to create profits and sales of total assets, or with its own capital	**Roa= Net profit after tax**
moderating		
Capital structure	The model structure is permanent financing consisting of long-term debt, pre-fen shares and shareholder capital	**DER =Total debt**

Source: Research data, processed by the author, 2022.

Population and Sample

The population used in this study is sub-property and real estate companies listed on the Indonesia Stock Exchange for the 2018-2021 period, which is 80 companies. A sample is a part of the population used to estimate population characteristics. The sampling technique uses purposive sampling technique by characterizing samples with the following

criteria:

Table 3
Proposive Sampling Criteria

No	Information	Total
1	Number of property and real estate companies on the Indonesia Stock Exchange in the 2018-2021 period	80
2	Companies that do not publish complete data for the period 2018-2021	(24)
3	Companies that are delesting in the study period	(20)
	Number of sample companies used	36
	Number of years of research	4
	Final sample	**144**

Data Analysis Methods

Descriptive Statistics

Descriptive statistics in this study were used to provide a description of the character of the research variables using a frequency distribution table that showed the mode number, score range and division standards.

Test Classical Assumptions

The classical assumption test is used to find out whether the data meets basic assumptions. To find out that in a research model there are no serious deviations, it is necessary to test classical assumptions

1. Normality Test, aiming to find out whether in the regression model the disruptive or residual variable has a normal distribution. The normality carried out in this study is the normality of the data, with the aim of testing whether in the data, bound variables and free variables have a normal distribution or not. Statistical test results will be better if all variables are normally distributed or close to normal. To detect the normality of the data can be tested with Kolmogorov-Smirnov, with decision-making guidelines: The sig value or significance or probability value < 0.05, the distribution is abnormal. Whereas, the sig value or significance or probability value > 0.05, the distribution is normal (Ghozali et al., 2016).
2. Multicolonierity Test, aims to test whether regression models found the presence of colleration between free variables. A good regression model should not occur between free variables (Ghozali et al., 2016). One of the methods used in the SPSS program to determine the existence of multicollinearity is by observing the value of Variance Inflation Factor (VIF) and Tolerance. The criterion is Tolerance 0.10 or equal to the VIF value of 10. Multicholinearity-free regression models are those with tolerance values above 0.1 or VIFs below 10. If the tolerance variance is below 0.1 or the VIF is above 10, multicollinearity occurs (Ghozali et al., 2016).
3. The autocorrelation test aims to test whether in linear regression models there is a congruence between (residual) disruptor errors in period t and disruptor errors in period t-1 (earlier). If a relationship occurs, then there is an autocorrelation problem (Hasan, 2020) Autocorrelation testing in this study used the Durbin Watson test (DW test). The test results were determined based on Durbin Watson's value with the basis of decision making, namely by comparing the values of Du < Dw < 4- Du which means that no

autocorrelation occurs.

4. The Heterochedasticity Test aims to test whether in the regression model there is a variance inequality from the residual of one observation to another (Ghozali et al., 2016). If the variance from the residual of one observation to the observation of another remains, then it is called homokesdasticity and if it is different it is called heterochedasticity. A good regression model is that of homosexuality or non-occurrence of heterochedasticity (Ghozali et al., 2016). One of the methods carried out to determine heterochedasticity by conducting a glejser test. The Glejser test is performed by regressing the residual absolute (AbsUt) as a variable while the independent variable is fixed. Testing with the Glejser Test on a regression model for which heteroskedaticity does not occur must meet the following conditions: • A sig value or significance of < 0.05 has occurred heterochedasticity. • A sig value or significance of > 0.05 does not occur heterochedasticity.

Multiple Linear Regression Analysis

The method of multiple linear analysis is used if the research to be carried out intends to predict how the state (ups and downs) of the dependent variables is, if two or more independent variables are as predictor factors. manipulated (dinaik turun) its value (Sugiyono, 2006). Multiple regression analysis is used to obtain a regression coefficient that will determine whether the hypothesis created will be accepted or rejected (Ghozali et al., 2016). Multiple linear regression analysis is used to test the effect of company size and profitability on tax avoidance and test whether capital structure can affect the relationship of company size to tax avoidance. Multiple regression analysis in this study was used to test the effect of free variables on bound variables. To test the influence of coding variables, an interaction test is used, namely Moderated Regression Analysis (MRA). The regression equation model to be studied is as follows:

Regression Equation Model 1 (Multiple Linear Regression Analysis) :

$Y = a + b1\ X1 + b2\ X2 + e$

Model 2 Regression Equation (MRA):

$Y = a + b1X1 + b2(X1*Z) + e$

Model 3 Regression Equation (MRA) :

$Y = a + b1X2 + b2(X2*\ Z) + e$

Information:

a : constant

b : regression coefficient

Y : Tax Avoidance (Dependent variable)

X1 : Company Size

X2 : Profitability

Z : Capital Structure

e : Error coefficient

Model Due Diligence

1. Coefficient of determination. At its core, the coefficient of determination (used to see how far the model is capable of explaining the variation of its dependent variables. The

coefficient of determination is worth between zero and one. A small value indicates that the ability of independent variables is very limited in describing variations of dependent variables. A value close to one means that almost all the information required to predict the variation of the dependent variable is given by the independent variables

2. The F test, or the simultaneous significance test f is basically used to assess the Goodness of fit of a model (Ghozali et al., 2016). The decision-making criteria are: If F calculates > F table or probability < significant value (Sig ≤ 0.05), then simultaneously the independent variable affects the dependent variable. If F calculates < F table or probability > significant value (Sig ≥ 0.05), then simultaneously independent variables have no effect on dependent variables.

Hypothesis Testing

Statistical calculations are called statistically significant if the statistical test value is within a critical area (the area where Ho was rejected). On the contrary, it is said to be insignificant if the statistical test value is within the area where Ho is accepted (Ghozali et al., 2016). The hypothesis testing method proposed tests significant individual parameters.

- Individual Parameter Significant Test (Statistical Test t) Individual Parameter Significant Test (Statistical Test t) is carried out to determine separately or partially free variables have a significant or no effect on bound variables (Ghozali et al., 2016). The t-test is used to test the effect of each independent variable on its dependent variable. The test criteria used are as follows:
- If t calculate the table > t or probability < significance level (Sig < 0.05), then Ha is accepted and Ho is rejected, the independent variable affects the dependent variable.
- If t counts the table < t or probability > significance level (Sig > 0.05), then Ha is rejected and Ho is accepted, the independent variable has no effect on the variable

Moderated Regression Analysis (MRA)

Interaction test or often called Moderated Regression Analysis (MRA) is a special application of linear multiple regression where in the regression equation contains an element of interaction (multiplication of two or more independents) which aims to find out whether moderating variables will strengthen or weaken the relationship between independent variables and dependent variables (Ghozali et al., 2016). Moderated Regression Analysis (MRA) in this study was used for testing pure moderators which was carried out by making interaction regression, but moderator variables did not function as independent variables (Ghozali et al., 2016).

Moderated Regression Analysis (MRA) is used to determine whether capital structure variables can strengthen or weaken the relationship between company size and profitability to tax avoidance. The moderating hypothesis is accepted if the capital structure moderation variable (company size*tax avoidance), the capital structure moderation variable (capital structure*profitability) and have a significant influence on the value of the company.

The reason for choosing the consumer goods sector is because this sector has a fairly good growth and development. In addition, the global crisis will not affect this sector because consumer goods such as food and beverages are basic human needs that are always needed and will always be sought after even if the price is increased.

RESULT AND DISCUSSION

Data Description

Based on the criteria for sampling, 32 manufacturing companies in the consumer goods sector were obtained with the 2018-2021 period, so that the total research sample was 132 samples. In this case, there are 4 companies that were not included as research samples because the data were outliers.

Descriptive Statistics

Descriptive statistics are analyzed by looking at the mean, standard deviation, maximum data and minimum data from the sample data collected. The following are the results of a descriptive statistical analysis of 32 company samples with the 2018-2021 period which resulted in 132 research samples shown in Table 3.

Table 4
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TAX AVOIDANCE	132	.670	.831	.75611	.033859
COMPANY SIZE	132	25.815	32.820	28.96674	1.531461
PROFITABILITY	132	.000	.921	.10922	.112174
CAPITAL STRUCTURE	132	.122	3.413	.71747	.579680
COMPANY SIZE*CAPITAL STRUCTURE	132	3.379	104.358	20.91002	17.287988
PROFITABILITY*CAPITAL STRUCTURE	132	.000	1.324	.09463	.211032
Valid N (listwise)	132				

Based on the results in the table above, the descriptive statistics are as follows:

- Tax Avoidance: minimum value 0.670 owned by PT Cahaya Bintang Medan (2018), and Maximum value 0. 831 is owned by PT Sekar Laut (2021) with a standard deviation of 0.033859
- Company Size: the minimum value of 25,815 is owned by PT Wahana Interfood Nusantara (2018), and the maximum value of 32,820 is owned by PT Indofood Sukses Makmur (2021) with a standard deviation of 1.531461.
- Profitability: the minimum value of 0.000 is owned by PT Delta Djakarta (2018, 2019, 2020, 2021), and the Maximum value of 0.921 is owned by PT Merck (2018) with a standard deviation of 0.112174.
- Capital Structure: the minimum value of 0.122 is owned by PT Campina Ice Cream Industry (2021), and the maximum value of 3.413 is owned by PT Unilever Indonesia (2020) with a standard deviation of 0.579680.

Normality Test

Initial data

Table 5
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		144
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.08727431
Most Extreme Differences	Absolute	.213
	Positive	.213
	Negative	-.159
Test Statistic		.213
Asymp. Sig. (2-tailed)		.000[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the results in the table above, with a total of 144 research data, having an Asymp sig 2 tailed value of 0.000 < 0.05, it can be concluded that the research data has not passed the normality test. This is due to the existence of a high error standard value so it is necessary to delete outlier data / which has a high error standard value (Gujarati, 2009). According to (Gujarati, 2009) standard errors that exceed the value of -2.5 – 2.5 are classified as outlier data.

After Discarded Outlier

Table 6
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		132
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.03303683
Most Extreme Differences	Absolute	.057
	Positive	.057
	Negative	-.041
Test Statistic		.057
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

After deleting the data affected by the outlier, with the remaining data 132 having an Asymp.sig value of 0.200 > 0.05, it can be concluded that the data in this study has passed the normality test, so that further testing can be carried out.

Heteroskedasity Test

Table 7
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.024	.066		.365	.716
	Company Size	.000	.002	.021	.117	.907
	Profitability	-.050	.042	-.277	-1.205	.230
	Capital Structure	-.022	.072	-.621	-.304	.761
	Company Size*Capital Structure	.001	.003	.551	.255	.799
	Profitability*Capital Structure	.017	.031	.174	.543	.588

a. Dependent Variable: Absres

By conducting a gleiser test to detect whether there is heterochedasticity in the data studied, based on the results in the table above the sig value of each variable studied has a value exceeding 0.05 which can be concluded that the research data does not show any heteroskedasticity in this study, so that it can continue further testing.

Multicholinearity Test

Table 8
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
⅕	(Constant)	.088	.108		.811	.419		
	Ukuran Perusahaan	.006	.004	.267	1.524	.130	.247	4.054
	Profitabilitas	-.151	.069	-.500	-2.194	.030	.146	6.861
	Struktur Modal	.170	.118	2.917	1.442	.152	.002	541.561
	Ukuran Perusahaan*Struktur Modal	-.006	.004	-3.155	-1.472	.143	.002	607.513
	Profitabilitas*Struktur Modal	.091	.051	.565	1.779	.078	.075	13.351

a. Dependent Variable: Penghindaran Pajak

Based on the results in the table above, the Calculated VIF value for the variables Capital Structure, Company Size *Capital Structure and Profitability*Capital Structure has a value exceeding 10 and the Tolerance value of the two variables is less than 0.10, so there is an indication that there are symptoms of multicholinearity in this study. However, according to (Gujarati, 2022) if in the study there are moderation variables in the study, then it is considered reasonable. This is because the nature of moderation mutually reinforces the interaction between independent variables.

Autocorrelation Test

Preliminary Results

Table 9

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.219[a]	.048	.010	.033686	1.481

a. Predictors: (Constant), Profitabilitas*Struktur Modal, Ukuran Perusahaan, Struktur Modal, Profitabilitas, Ukuran Perusahaan*Struktur Modal
b. Dependent Variable: Penghindaran Pajak

In this study, with the number of data studied 132 data and predictor variables in this study as many as 5 had table dL values of 1,638 and dU 1,795. According to (Gujarati, 2022) if the calculated dW value is located between dU and (4-dU) then it can be concluded that the research data do not occur autocorrelation symptoms. Based on the table above, the calculated dW value in this study is 1.481 then if it is described that the dW value is located between 0 and dL so that it can be concluded that there are autocorrelation symptoms in this study. To overcome this, data healing is carried out using the Cochranne Orcutt method. The method uses lag transformations from each research variable, and is expected to overcome autocorrelation symptoms (Gujarati, 2022). For more details, you can see in the image below.

Autocorrelation acceptance are image

There is a positive auto	insonlusive	no autocorrelation	insonlusive	There is a negative auto
0 1,481	1.638	1,795	2.205	2,362 4

Autocorrelation Acceptance Area Image

Table 10

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
⅕	.225[a]	.051	.013	.03263	1.978

a. Predictors: (Constant), Lag_Profitabilitas*Struktur Modal, Lag_Ukuran Perusahaan, Lag_Struktur Modal, Lag_Profitabilitas, Lag_Ukuran Perusahaan*Struktur Modal
b. Dependent Variable: Lag_Penghindaran Pajak

After healing the data using the cochranne orcutt method, the dW value was calculated which was originally 1.481 to 1.978 and was located between dU and (4-dU) or it can be said that the dW value was located in the area of no symptoms of Autocorrelation. For an overview of the location of the calculated dW can be seen in the image below. For subsequent testing using data that has been transformed by Lag.

a. Autocorrelation Acceptance Area Image

There is a positive auto	insonlusive	no autocorrelation	insonlusive	There is a negative auto
0	1,638	1,795 1,978	2,205	2,362 4

MRA Test

Coefficient of Determinant Test (R2)

Table 11

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.225[a]	.051	.013	.03263

a. Predictors: (Constant), Lag_Profitabilitas*Struktur Modal, Lag_Ukuran Perusahaan, Lag_Struktur Modal, Lag_Profitabilitas, Lag_Ukuran Perusahaan*Struktur Modal

Based on the results in the table above, the value of Adj. R Square in this study shows a figure of 0.013 meaning that the variables of Company Size, Profitability, Capital Structure, Profitability*Capital Structure and Company Size*Capital Structure have an influence of 1.3% on Tax Avoidance, while the remaining 98.7% is influenced by other variables that were not studied in this study

a. Test F

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
⅕	Regression	.007	5	.001	1.333	.255[b]
	Residual	.133	125	.001		
	Total	.140	130			

a. Dependent Variable: Lag_Penghindaran Pajak
b. Predictors: (Constant), Lag_Profitabilitas*Struktur Modal, Lag_Ukuran Perusahaan, Lag_Struktur Modal, Lag_Profitabilitas, Lag_Ukuran Perusahaan*Struktur Modal

Based on the results in the table above, the sig value shows a figure of 0.255 > 0.05 which can be concluded that the variables Company Size, Profitability, Capital Structure, Profitability*Capital Structure and Company Size*Capital Structure have no significant effect overall/simultaneously on Tax Avoidance.

b. Test T

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.057	.089		.641	.523
	Company Lag_Size	.006	.004	.242	1.485	.140
	Lag_Profitabilitas	-.167	.077	-.537	-2.166	.032
	Lag_Struktur Capital	.210	.127	3.232	1.651	.101
	Lag_Size Company*Capital Structure	-.008	.005	-3.469	-1.676	.096
	Lag_Profitabilitas*Capital Structure	.099	.057	.575	1.727	.087

a. Dependent Variable: Lag_ Tax Avoidance

Based on the results in the table above, the hypothesis testing results in this study are as follows:

Effect of Company Size on Tax Avoidance

Based on the results in the table above, the sig value of the Company Size variable shows the number 0.140/2 = 0.070 > 0.05 with the value of B -0.006 in the negative direction. So it can be concluded that the variable Company Size does not have a significant positive effect on Tax Avoidance. Based on H1: Company Size has a Positive effect on Tax Avoidance then H1 is rejected.

In accordance with the results of regression testing, the fourth hypothesis was declared rejected (not proven) because it did not pass the direction test. This is because the resulting conclusion is that the size of the company negatively affects tax avoidance which means that the larger a company size, the lower the level of tax avoidance practices and vice versa. The results of this study are supported by research from (Oktamawati, 2017).

This can be because large entities (with large total assets) usually tend to have more stable profits than small entities. Therefore, large entities are considered to be better able to make tax payments, therefore the level of tax avoidance is lower. In addition, large entities are likely to take center stage for governments and the public, so large entities tend to strive to maintain the image of the entity and tend to comply with tax regulations. Large entities tend to comply with taxation-related regulations and are more careful for taxation-related policy/decision making. This is because if the entity does not do so, it can harm the entity, such as sanctions, and create a bad reputation for the entity in the eyes of society and the government.

Effect of Profitability on Tax Avoidance

Based on the results in the table above, the sig value of the Profitability variable shows the number 0.032/2 = 0.016 < 0.05 with the value of B 0.167 in the positive direction. So it can be concluded that the variable Profitability has a significant positive effect on Tax Avoidance. Based on H2: Profitability has a Positive effect on Tax Avoidance, then H2 is accepted.

According to the results of regression testing, it is known for the first hypothesis to be proven(accepted). This is because the results of regression testing show that profitability has a positive effect on tax avoidance. The results of this study are supported by research from (Dewinta & Setiawan, 2016). High profitability indicates the high level of tax avoidance of an entity and vice versa. Entities that have a high ROA indicate that the entity has a high profit as well.

In accordance with the theory of agency, agents strive to show good performance. When an entity has a high profit, the tax to be paid is also high and will cause the current year's profit to be smaller. Therefore, the agent may take a tax avoidance action where the entity utilizes loopholes in the tax rules to minimize the tax paid so as not to reduce the compensation obtained.

Effect of Company Size with Capital Structure as a Moderation Variable on Tax Avoidance

Based on the results in the table above, the sig value of the variable Company Size*Capital Structure shows the number 0.096/2 = 0.048 < 0.05 with the value of B 0.008 in the positive direction. So it can be concluded that the Capital Structure is able to strengthen the positive influence of Company Size on Tax Avoidance. Based on H3: Capital Structure strengthens the positive influence of Company Size on Tax Avoidance, then H3 is accepted.

The Effect of Profitability with Capital Structure as a Moderation Variable on Tax Avoidance

Based on the results in the table above, the sig value of the variable Profitability*Capital Structure shows the number 0.087/2 = 0.043 < 0.05 with the value B -0.099 in the negative direction. Then it can be concluded that the Capital Structure is not able to strengthen the positive influence of profitability on Tax Avoidance. Based on H4: Capital Structure reinforces the positive effect of Profitability On Tax Avoidance, then H4 is rejected.

The results of this study are in line with the research of (Hermuningsih, 2013) which states that the capital structure does not function as a moderation variable for profitability, this is because companies that have high profits tend to use external funding in the form of debt to run their company operations are considered by investors as positive so that it will then increase the value of the company.

CONCLUSION

The following conclusions to this study The size of the company has no effect on tax avoidance. Profitability has a positive effect on tax avoidance. The size of the company with a capital structure as moderation positively affects tax avoidance. Profitability with capital structure as moderation has no effect on tax avoidance. Some of the limitations of this study are that the number of samples in this study is only 32 companies from 80 manufacturing companies in the consumer goods sector listed on the IDX in 2019-2021 that meet the puposive sampling requirements so that the results of this study are less generalizable. Managerial Implications The results of this study are expected to provide various benefits for related parties such as In accordance with the results of this study, profitability that has a positive effect on tax avoidance, the government can make related regulations or policies to overcome the problem of tax avoidance by using profitability as an indicator. So the government must pay more attention to companies whose profitability has increased, whether the company is correct in preparing its financial statements related to the calculation of its taxes. In accordance with the results of this study, profitability has a positive effect on tax avoidance, investors can make profitability an indicator and make considerations in making investment decisions. Investors can also first analyze how a company is performing and assess whether the company complies with existing tax regulations. As for suggestions that Given the limitations in research, here are some suggestions for the next research, namely The next research is expected to use this model for research in other industries or can expand the sample on research so that it is not only limited to manufacturing companies in the consumer goods sector. Further research is expected to use other additional variables such as audit committees, independent commissioners, audit quality and others.

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