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Effect of Capital Intensity, Thin Capitalization, Transfer Pricing, Profitability and Sales Growth on Tax Aggressiveness

(Empirical Study of Consumer Goods Industry Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2017-2020)

Glaze Mutiara Mabilan Tiyanto[1], Fatchan Achyani[2]
[1)] *Faculty of Ekonomics and Business, University of Muhammadiyah Surakarta, Indonesia*
[2)]*Faculty of Economics and Business, University of Muhammadiyah Surakarta, Indonesia*

Abstract: *This study aims to analyze the effect of capital intensity, thin capitalization, transfer pricing, profitability, and sales growth on tax aggressiveness in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020. This type of research is a quantitative research using secondary data in the form of company annual reports, sampling is carried out using the purposive sampling method. The sample in this study was 60 samples. The analytical method used in this research is Multiple Linear Regression Analysis which is processed using the Statistical Package for Social Science (SPSS) version 21 application. The results showed that capital intensity, thin capitalization, transfer pricing, and profitability have no significant effect on tax aggressiveness. Meanwhile, sales growth has a significant effect on tax aggressiveness.*

Keywords: Capital Intensity, Thin Capitalization, Transfer Pricing, Profitability and Sales Growth, Tax Aggressiveness

I. INTRODUCTION

Tax revenue in a country has an important role in the country's economic growth. Taxes are forced and gratuitous contributions made by people or organizations that are required by law and used for the welfare of the public. Compared to other industries, the tax sector contributes the most to the State Budget (APBN). Through the implementation of laws, the government seeks to increase and enforce tax collection from people and businesses as the primary source of governmental funding.

But in reality, the amount of tax income realized so far has fallen short of the predetermined goal. The realization of 2020 tax revenues reached Rp. 1,072.1 trillion or 89.4% of the APBN target, so that 2020 tax revenues experienced a shortfall of Rp. 126.7 trillion. The Covid-19 pandemic and financing for the economic recovery are to blame for not achieving the 2020 tax revenue target (https://www.kemenkeu.go.id/, 2021).

While the government's goal is to maximize tax revenue, companies consider taxes as a burden that can lower earnings. This enables companies to engage in aggressive tax planning. Tax planning is a tax management process that determines how much tax must be paid and how to reduce that amount (Achyani& Lestari, 2019). According to Frank et al., (2009)tax aggressiveness can be interpreted as a company's effort that aims to manipulate the amount of taxable income by carrying out tax planning activities carried out by tax avoidance and tax evasion. Tax avoidance is an effort to reduce tax payments legally while tax evasion is an effort to reduce taxes illegally.

The advantage of tax aggressiveness is tax savings which will increase shareholder wealth and management has the opportunity to make rent extraction(Chen et al., 2010). As for the losses, companies that are proven to have carried out tax aggressiveness actions will receive sanctions from the tax office in the form of fines so that tax revenues will be reduced. Tax aggressiveness can be influenced by a number of factors, such capital intensity, thin capitalization, transfer pricing, profitability and sales growth.

The company's investment in fixed assets is referred to as capital intensity. Investment in assets resulted in depreciation for the invested assets(Andhari & Sukartha, 2017). Depreciation expense will reduce profit which will have an effect on reducing tax payments.

Multinational companies try to tax avoidance through thin capitalization that comes from debt, treaty shopping, and Controlled Foreign Corporation (CFC) (Hutomo et al., 2021). Companies that do tax avoidance are proven to have a higher level of debt than companies that do not tax avoidance.

Transfer pricing is a tool that companies can use to reduce spending on their tax payments(Napitupulu et al., 2020).Multinational companies engage in transfer pricing practices by sending profits to nations with tax heaven. In order to reduce the tax burden incurred.

Profitability is the company's ability to generate profits. Profitability can be measured using the ROA ratio. The higher the ROA, the higher the company's profit. Companies that have high profits will have high tax rates as well. This allows the company to reduce the amount of tax.

Sales growth is a great predictor of a company's success. High sales growth indicates the company's sales success. High sales growth will result in more profits, that will result in a higher tax burden, thus the company seeks to minimize taxes that must be paid.

This research refers to the research conducted by Andhari & Sukartha, (2017)regarding the effect of disclosure of corporate social responsibility, profitability, inventory intensity, capital intensity and leverage on tax aggressiveness. There are additional independent variables, namely transfer pricing, thin capitalization and sales growth. The object of previous research was carried out in mining companies listed on the IDX with a research period of 2013-2015, while in this study the object of research is the consumer goods industry sub-sector companies listed on the IDX for the period 2017-2020.

The research was conducted on consumer goods industry sub-sector companies which are one of the manufacturing sub-sectors that have a significant contribution to economic growth. In addition, companies in this sector are supporting people's daily activities. Based on the background that has been described, the title of this research is “Effect of Capital Intensity, Thin Capitalization, Transfer Pricing, Profitability and Sales Growth on Tax Aggressiveness (Empirical Study on Consumer Goods Industry Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2017-2020)”.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Agency Theory

According to Jensen & Meckling(1976) agency theory separates the management function (agent) and the shareholder function (principle). Agency theory aims to advance individual's willingness for making choices and assessing their effects in order to promote outcomes between managers and owners in line with a predetermined work contract. To benefit itself, management wants to enhance earnings. While this is happening, stockholders are more concerned with enhancing financial performance. This permits discrepancies in financial statement data between managers serving as managers and shareholders, or conflicts of interest. Conflicts of interest may arise when management seeks to benefit personally from the company by receiving earnings that are higher than those of the shareholders.

Tax Aggressiveness

By manipulating the amount of profit earned, management is able to reduce the number of taxes that the company is required to pay. As a result, the company will use tax aggressiveness to plan its tax in this effort. According to Frank et al., (2009)tax aggressiveness can be interpreted as a company's effort that aims to manipulate the amount of taxable income by carrying out tax planning activities carried out by tax avoidance and tax evasion. Weak laws are increasingly being used by companies to take tax aggressive actions.

Capital Intensity

Capital intensity describes the extent to which the company sacrifices its funds for operational activities and asset funding with the aim of making a profit (Indradi, 2018). Management has a part to play in managing money from shareholders' fixed assets. Companies will have a deductible expense when companies invest capital in fixed assets.

Thin Capitalization

The thin capitalization is the company's effort to finance the activities of its subsidiaries through debt (Hutomo et al., 2021). The Minister of Finance has the ability to choose maximum debt-to-equity ratio that can be used to calculate taxes under Clause 18 Paragraph (1) of the Income Tax Law. The amount of the ratio of the company's debt to capital has been regulated by PMK Number 169/PMK.010/2015, where the ratio is limited to a maximum of four to one (4:1) or 80%.

Transfer Pricing

Transfer pricing is the method of determining a price for a good or service in one division and then transferring it to other divisions of the same company or to other companies with which it has a special relationship.According to Putri & Mulyani (2020) transfer pricing is an attempt by multinational companies to avoid tax, especially in international transactions.Multinational companies engage in transfer pricing practices by sending profits to nations with tax heaven.

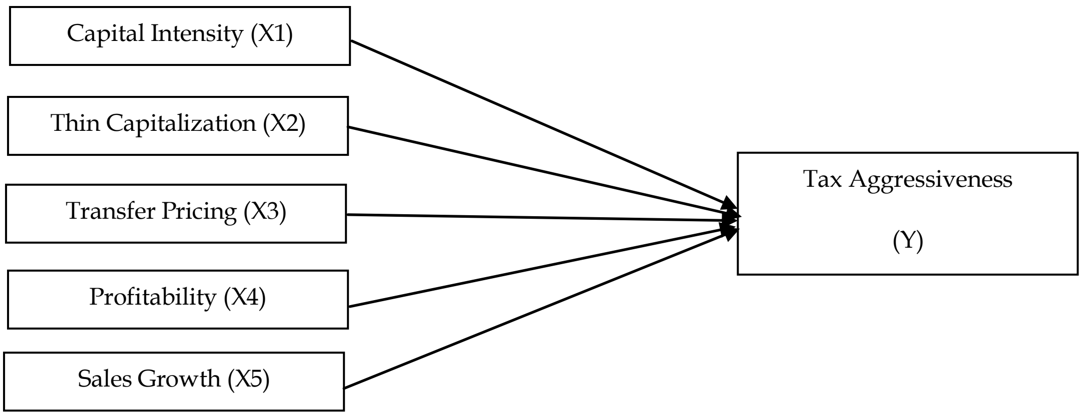
Profitability

The ability of a company to earn profit is its profitability (Kasmir, 2017). Through the profits produced, profitability can be employed as a management indicator in the distribution of company resources. Shareholders can analyze the performance of the company using these profits as a reference.

Sales Growth

Sales growth is a ratio used to measure a company's success by measuring the rate of growth in sales from one period to the next. It is also used to forecast sales targets for the subsequent period (Ramadhani et al., 2020). Increased sales growth is an indication that the company can effectively manage its operations. A rise in sales growth enables the company to expand its production capacity. Profits for the company and an increase in the amount of assets the company owns are anticipated as a result of the increased production capacity.

Thinking Framework and Hypothesis Development



1. Effect of Capital Intensity on Tax Aggressiveness

The age of fixed assets owned by the company will cause depreciation expense every year. High fixed assets will cause a high depreciation expense as well. The depreciation expense will reduce the company's profit so that the tax payments that must be paid by the company will also decrease. Andhari & Sukartha (2017)research that capital intensity has a positive effect on tax aggressiveness.

H1: Capital intensity has a significant effect on tax aggressiveness

2. Effect of Thin Capitalization on Tax Aggressiveness

Gupta & Newberry (1997) the funding policy in a company will affect the ETR (Effective Tax Rate) but it is different from the tax treatment related to the capital structure of a company. The low ETR is an indication of tax avoidance. Companies that do tax avoidance are proven to have higher debt than companies that do not avoid tax. The result of the research by Setiawan & Agustina (2018)show that thin capitalization has an effect on tax avoidance

H2: Thin capitalization has a significant effect on tax aggressiveness

3. Effect of Transfer Pricing on Tax Aggressiveness

The existence of gaps in tax provisions is used by companies to conduct transactions with related parties in various countries. Sales of products in low-tax countries will result in lower tax revenues than they should. Previous research by Fitriani et al., (2021) showed that transfer pricing has an effect on tax aggressiveness.

H3: Transfer Pricing has a significant effect on tax aggressiveness

4. Effect of Profitability on Tax Aggressiveness

High profitability, illustrates the efficiency of the management in managing the company(Munawaroh & Sari, 2019). Companies consider taxes as a burden that can reduce company profits so companies tend to take actions that can reduce the tax burden. Research conducted(Yauris & Agoes, 2019)(Yauris & Agoes, 2019)Tampubolon (2021)and Yauris & Agoes(2019)shows that profitability can affect tax aggressiveness.

H4: Transfer Pricing has a significant effect on tax aggressiveness

5. Effect of Sales Growth on Tax Aggressiveness

Increased sales growth allows profit to increase then increased profits will cause a large tax burden as well. In line with the research conducted Dewinta & Setiawan (2016)which states that sales growth can affect tax avoidance. The greater the sales volume that comes from sales growth, the greater the tax burden borne by the company.

H5: Sales Growth has a significant effect on tax aggressiveness.

III. METHOD

Population, Sample and Sampling Method

The population of this study is the consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020. Sampling was carried out using a purposive sampling method with criteria. The criteria in this study are as follows:

1. Consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in a row during 2017-2020.
2. The company publishes a complete annual financial report for 2017-2020.
3. Companies that present financial statements in rupiah (Rp).
4. Companies that do not experience losses during 2017-2020.
5. The company presents the data needed in the research.

Method of Collecting Data

The method used in this research data collection is the method of documentation. The documentation method is carried out by collecting and analyzing research-related data. In this study, data were collected from electronic documents, namely the annual financial reports of companies in the consumer goods industry sub-sector published by the Indonesia Stock Exchange (www.idx.co.id) and the websites of each company.

Definition of Operational Variables and Measurement

Dependent Variable

The dependent variable in this research is tax aggressiveness. Tax aggressiveness is the company's action to reduce the tax burden through tax planning both legally and illegally. According toLanis & Richardson (2012)tax aggressiveness can be measured by the Effective Tax Rate (ETR). A low ETR value illustrates the existence of tax aggressiveness by the company. ETR can be calculated by:

$$ETR=\frac{Beban\ Pajak}{Laba\ Sebelum\ Pajak}$$

Independent Variable

Capital Intensity

Capital intensity shows the proportion of fixed assets used as investment funding. Based on research Indradi(2018)capital intensity is formulated by:

$$Capital\ Intensity=\frac{Aset\ tetap\ bersih}{Total\ Aset}$$

Thin Capitalization

The provisions for the ratio of debt and capital in PMK Number 169/PMK.010/2015 are 4:1 or 80%. Thin capitalization measuree with MAD (Maximum Allowable Debt). MAD is calculated by the formula:

$$MAD = \frac{\textit{Average Interest bearing Debt}}{\textit{Safe Harbor Debt Amount}}$$

Information:

Average Interest bearing Debt= Total debt with interest (IBL) or average debt

Safe Harbor Debt Amount= (Average total assets – non_IBL) x 80%

Transfer Pricing

Transfer pricing can be interpreted as the provision of special prices between other companies that have a special relationship. According to Refgia (2017)transfer pricing is measured by:

$$\textit{Transfer Pricing} = \frac{\textit{Piutang transaksi pihak berelasi}}{\textit{Total piutang}} \times 100\%$$

Profitability

Profitability is a ratio that can measure the company's ability to earn profits. In this study, profitability is proxied by ROA with the formula:

$$ROA = \frac{\text{Laba } \textit{bersih setelah pajak}}{\text{Total Aset}} \times 100\%$$

Sales Growth

Sales growthis the level of success of a company seen from the increase in sales from one period to another. So that sales growth is calculated by:

$$\textit{Sales growth} = \frac{\textit{Penjulan } t - \textit{Penjualan } t-1}{\textit{Penjualan } t-1}$$

Data Analysis Method

The data analysis methods in this study were descriptive statistical analysis, classical assumption test, multiple linear regression analysis, hypothesis testing using SPSS version 21 software.

Based on multiple linear regression analysis, the regression model is:

TA = a + b1CI+ b2TC + b3TP + b4P + b5SG + e

Information :

TA = Tax Aggressiveness

a = Constant

b1-4 = Regression Coefficient

CI = Capital Intensity

TC = Thin Capitalization

TP = Transfer Pricing

P = Profitability

SG = Sales Growth

e = error

IV. FIGURES AND TABLES

Descriptive Statistical Analysis

Table1. Descriptive Statistical Analysis Results

Variable	N	Minimum	Maximum	mean	Std. deviation
Capital Intensity	60	0.129	0.758	0.40072	0.148837
Thin Capitalization	60	0.004	0.870	0.35702	0.248203
Transfer Pricing	60	0.001	0.968	0.39042	0.359394
Profitability	60	0.003	0.424	0.09892	0.086388
Sales Growth	60	-0.465	0.504	0.06360	0.130054
Tax Aggressiveness	60	0.032	0.601	0.24892	0.069909
Valid N (listwise)					

Source: Processed Secondary Data, 2022

Tax aggressiveness has a minimum value of 0.032 and a maximum value of 0.601 with an average value (mean) of 0.24892 and a standard deviation of 0.069909. The average value (mean) of ETR shows a value of 24.892%. while the normal rate of applicable income tax is 25%. This means that the ETR value is below/lower than the normal rate. The low average value of ETR indicates the existence of tax aggressiveness actions carried out by the sample companies.

Capital intensity has a minimum value of 0.129 obtained and a maximum value of 0.748 with an average value (mean) of 0.40072 and a standard deviation of 0.148837. The average value (mean) of the capital intensity variable is 0.40072 which shows the ratio of fixed assets to total assets of 40.072%. This means that 40.072% of the total assets owned by the sample companies are used for funding investments in the form of fixed assets.

Thin capitalization has a minimum value of 0.004 and a maximum value of 0.870 with an average value (mean) obtained of 0.35702 and a standard deviation of 0.248203. The average value (mean) of MAD is 0.35702, showing a comparison between debt and capital management of 35.702%. This value is considered reasonable because it is still in accordance with the provisions of debt and capital, namely 4:1 or 80%.

Transfer pricing has a minimum value of 0.001 and a maximum value of 0.968 with an average value (mean) of 0.39042 and a standard deviation of 0.359394. The average value (mean) of transfer pricing is 0.39042, indicating a comparison between receivables from related party transactions and total receivables at the sample companies of 39.042%. This means that 39.042% of the total receivables belonging to the company are used for transactions in the form of receivables from related parties to companies that have special relationships with the sample companies.

Profitability has a minimum value of 0.003 and a maximum value of 0.424 with an average value (mean) of 0.09892 and a standard deviation of 0.086388. The average ROA value of 0.09892 shows the comparison between net income and total assets in the sample companies at 0.09892. This means that every Rp1.00 of total assets can contribute to a profit of Rp.0.09892. So the company is able to earn a profit of 0.09892 from the total assets owned.

Sales Growth has a minimum value of -0.465 and a maximum value of 0.504 with an average value (mean) of 0.06360 and a standard deviation of 0.130054. The average value (mean) of the sales growth variable shows a positive number of 0.06360. A positive sales growth value illustrates the company's success in making sales from year to year. Based on the value of sales growth, on average the sample companies managed to make sales higher at least 6.360% than the sales of the previous period.

Classic Assumption Test

a. Normality test

Table2. Normality Test Results

Variable	*Sig. (2-tailed)*	Information
UnstandardizedResidual	0.478	Normal distributed data

Source: Processed Secondary Data, 2022

Based on the results of the Kolmogorov-Smirnov One-Sample normality test above, the value at Sig. (2-tailed) of 0.478means the significance value is greater than 0.05. So it can be concluded that the data is normally distributed.

b. Multicollinearity Test

Table3. Multicollinearity Test Results

Variable	Collinearity Statistics		Information
	Tolerance	VIF	
Capital Intensity	0.920	1.087	There is no multicollinearity
Thin Capitalization	0.707	1.415	There is no multicollinearity
Transfer Pricing	0.830	1,205	There is no multicollinearity
Profitability	0.762	1.312	There is no multicollinearity
Sales Growth	0.974	1.027	There is no multicollinearity

Source: Processed Secondary Data, 2022

Based on the results of the multicollinearity test, it can be seen that all independent variables, namely capital intensity, thin capitalization, transfer pricing, profitability and sales growth, show a tolerance value greater than 0.10 and VIF less than 10. So it can be concluded that the regression model does not occur multicollinearity.

c. Autocorrelation Test

Table4. Autocorrelation Test Results

Variable	*Sig. (2-tailed)*	Information
UnstandardizedResidual	0.068	There is no autocorrelation

Source: Processed Secondary Data, 2022

The results of the autocorrelation test using Runs Test showed Asymp. Sig. (2-tailed) of 0.068 > 0.05. So it can be concluded that the regression model does not occur autocorrelation.

d. Heteroscedasticity Test

Table5. Heteroscedasticity Test Results

Variable	Sig. (2-tailed)	Information
Capital Intensity	0.257	There is no heteroscedasticity
Thin Capitalization	0.674	There is no heteroscedasticity
Transfer Pricing	0.588	There is no heteroscedasticity
Profitability	0.736	There is no heteroscedasticity
Sales Growth	0.132	There is no heteroscedasticity

Source: Processed Secondary Data, 2022

The results of the heteroscedasticity test using Spearman's rank show that all independent variables have sig values > 0.05, so it can be concluded that there is no heteroscedasticity in the regression model.

Multiple Linear Regression Analysis

Table6. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	0.283	0.033		8.546	0.000
	Capital Intensity	-0.105	0.060	-0.223	-1.746	0.086
	Thin Capitalization	0.035	0.041	0.124	0.849	0.399
	Transfer Pricing	-0.035	0.026	-0.182	-1.354	0.181
	Profitability	-0.020	0.114	-0.025	-0.178	0.860
	Sales Growth	0.183	0.067	0.341	2.743	0.008

Source: Processed Secondary Data, 2022

The regression model produced by multiple linear regression analysis is:

TA = 0.283 – 0.105CI + 0.035TC – 0.035TP – 0.020P + 0.183SG +e

Hypothesis Test Results

a. F Test

Table7. F . Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.054	5	.011	2.516	0.040
	Residual	0.234	54	.004		
	Total	0.288	59			

Source: Processed Secondary Data, 2022

Based on the results of the F test, the significant value shows 0.040 <0.05 so it can be concluded that the independent variables, namely capital intensity, thin capitalization, transfer pricing, profitability and sales growth, together affect the dependent variable, namely tax aggressiveness.

b. TTest

Table8. t test results

Variable	T	Sig	Information
(Constant)	8.546	0.000	
Capital Intensity	-1.746	0.086	Not significant
Thin Capitalization	0.849	0.399	Not significant
Transfer Pricing	-1.354	0.181	Not significant
Profitability	-0.178	0.860	Not significant
Sales Growth	2.743	0.008	Significant

Source: Processed Secondary Data, 2022

Based on the results of the t test, it can be interpreted as follows:

1. Capital intensity shows a significant value of 0.086 > 0.05. So it can be concluded that capital intensity has no significant effect on tax aggressiveness.
2. Thin capitalization shows a significance value of 0.399 > 0.05. So it can be concluded that thin capitalization has no significant effect on tax aggressiveness.
3. Transfer pricing shows a significance value of 0.181> 0.05. So it can be concluded that transfer pricing has no effect on tax aggressiveness.
4. Profitability shows a significance value of 0.860 > 0.05. So it can be concluded that profitability has no significant effect on tax aggressiveness.
5. Sales growth shows a significance value of 0.008 < 0.05. So it can be concluded that sales growth has a significant effect on tax aggressiveness.

c. Coefficient of Determination Test (R2)

Table9. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.435	0.189	0.114	0.065809

Source: Processed Secondary Data, 2022

Based on the results of the coefficient of determination, the value of Adjusted R Square shows a value of 0.114. So it can be concluded that 11.4% of tax aggressiveness is influenced by the independent variables in this study, namely capital intensity, thin capitalization, transfer pricing, profitability and sales growth. While the remaining 88.6% is influenced by other variables that are not used in this study.

Discussion of Research Results

1. **Effect of Capital Intensity on Tax Aggressiveness**
The results of the t-test show that the capital intensity variable shows a sig value of 0.086 > 0.05, so capital intensity has no effect on tax aggressiveness. Fixed asset investment by the company in the form of adding equipment, buildings, machinery, land, vehicles is carried out to support the company's operational activities. The company's operational activities will increase net profit which is greater than depreciation expense(Prasetyo & Wulandari, 2021). So that investment funding through fixed assets is not able to have an effect on tax aggressiveness. These results of this study are in with researchers Indradi (2018) and Prasetyo & Wulandari (2021)showing that capital intensity has no effect on tax aggressiveness.
2. **Effect of Thin Capitalization on Tax Aggressiveness**.
The results of the t test show that the variable thin capitalization proxied by Maximum Allowable Debt (MAD) has a sig value of 0.399 > 0.05, so thin capitalization has no effect on tax aggressiveness. In practice, the use of debt is less than the use of shares in capital financing (Hutomo et al., 2021). Nainggolan & Sari (2020)stated that the use of debt in Indonesia does not lead to the practice of thin capitalization, but is more used for company operational activities. So that the use of debt in financing subsidiaries does not affect tax aggressiveness. These results are in line with research conducted by Nainggolan & Sari (2020)and Hutomo et al., (2021)which states that thin capitalization has no effect on tax aggressiveness.
3. **Effect of Transfer Pricing on Tax Aggressiveness**
The results of the t-test how that the transfer pricing variable has a sig value of 0.181 > 0.05, so transfer pricing has no effect on tax aggressiveness. Efforts to avoid tax can be carried out by making transactions with companies that have special relationships abroad so that profits and taxes paid will be reduced. However, in practice transfer pricing has no effect on tax aggressiveness, one of the reasons is the change in the government system. A changing government system will lead to many new policies that apply, such as the existence of a tax amnesty and so on (Panjalusman et al., 2018). These results are in line with research conducted byHutomo et al., (2021)which states that transfer pricing has no effect on tax aggressiveness.
4. **Effect of Profitability on Tax Aggressiveness**
The results of the t-test how that the profitability variable has a sig value. 0.860 > 0.05, then profitability has no effect on tax aggressiveness. ROA is one indicator of the company in generating profits. A high ROA value reflects the success of the management in generating profits. Companies that have a high profitability value tend to always comply with tax payments, so the higher ROA does not affect tax aggressiveness(Azzam & Subekti, 2019). These results are in line with research conducted byAzzam & Subekti (2019)which states that profitability has no effect on tax aggressiveness.
5. **Effect of Sales Growth on Tax Aggressiveness**
The results of the t-test show that the sales growth variable has a sig value. 0.008 <0.05, then sales growth has an effect on tax aggressiveness. High sales growth opens up opportunities for companies to earn increased profits, so that it will cause a large tax burden Dewinta & Setiawan (2016)states that the large sales volume from sales growth will cause the company's profits to be large. The company will try to reduce the tax burden which aims not to reduce the profits earned by the company so that the company's profits will still increase with the smaller the tax burden incurred. These results are in line with research conducted byDewinta

&Setiawan (2016) as well as Rianto & Sunandar (2021)which states that sales growth has an effect on tax aggressiveness.

V. Conclusion

This study aims to determine the effect of capital intensity, thin capitalization, transfer pricing, profitability and sales growth on tax aggressiveness in empirical studies on consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2017-2020. Based on the test results obtained previously, it can be concluded that capital intensity, thin capitalization, transfer pricing and profitability have no significant effect on tax aggressiveness. Meanwhile, sales growth has an effect on tax aggressiveness.

The limitations of this study are that the research sample only uses consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020 and the observation period in this study is only four years, namely 2017-2020 so that it does not describe the company's overall condition. The test results show that the independent variables, namely capital intensity, thin capitalization, transfer pricing, profitability and sales growth only affect 11.4% of tax aggressiveness, while the remaining 88.6% is influenced by other variables not used in this study. Further researchers are expected to add other variables that affect tax aggressiveness such as inventory intensity and financial leases in order to expand this research. Further research is expected to be able to add samples and expand the research sector and further researchers are expected to increase the periodization of the research in order to obtain more samples and provide a greater possibility to find out the actual conditions.

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