

# The Effect of Profitability, Company Size, and Sales Growth on Tax Avoidance with Leverage as a Moderating Variable

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**Abstract:- Tax avoidance is an effort to avoid taxes that is carried out in a legal way or does not violate laws and regulations because for taxpayers, taxes are seen as a burden that will reduce profits or income. Taxpayers who carry out tax avoidance are not in accordance with the expectations of society, because this tax is managed by the government to be returned indirectly to the taxpayer in the form of welfare of life. This study aims to examine and analyze the effect of profitability, company size, and sales growth on tax avoidance with leverage as a coding variable. The design of this study used a causality and sel research design used in this study was selected by researchers using the purposive sampling method. Secondary data as much as 36 samples of companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019. The statistical method used to test the research hypothesis is multiple linear regression analysis with the help of SPSS 25.0 software. The result showed that the independent variables of profitability, company size, sales growth and leverage had no significant effect on tax avoidance and the leverage moderation variable could not moderate independent variables against dependent variables.**

**Keywords:- Tax Avoidance, Profitability, Company Size, Sales Growth, Leverage.**

## I. INTRODUCTION

A country can it goes well if it has a source of income that can be managed and used to increase the growth and development rate of the country itself. In order to finance the implementation of national development, the government continues to try to increase domestic sources of income. One of the sources of state income is taxes. Tax is a sector that plays an important role in the economy, because in the receipt of the State Budget (APBN) tax contributions have a larger portion compared to other sources of revenue (non-tax).

Taxes come from contributions imposed on taxpayers who are covered and regulated in the Tax Law. These dues are managed by the government to be returned indirectly to the taxpayer in the form of welfare of life. Because taxes are one of the important aspects in the process of a country, the government will always strive for every taxpayer to carry out his obligations in paying taxes.

Based on the Achievement of the Performance Report of the Directorate General of Taxes, it can be seen that the percentage of tax revenue achievement is inconsistent. It can be seen that in 2018 the achievement ratio was 92.23% an increase of 2.56% from the achievement ratio in 2017 (89.67%), but in 2019 it experienced a considerable decrease of 7.79% so that the achievement in 2019 became 84.44% from 92.23% (achievement in 2018) (Source: [www.pajak.go.id](http://www.pajak.go.id) (LAKIN DGT 2019)). The decrease in the tax ratio figure can be used as an indicator that tax revenue has decreased and shows the government's ability to collect tax revenue from taxpayers is not optimal.

Taxes are a source of income for the state, while for companies taxes are an expense that will reduce net profit. The difference in interests from fiscus who want large and continuous tax revenues is certainly contrary to the interests of companies that want the minimum possible tax payment (Handayani, 2018). This is what causes many of the public and even companies to do tax avoidance.

Tax avoidance is one way to avoid taxes legally that do not violate tax regulations. This tax avoidance can be said to be a complicated and unique problem because on the one hand it is allowed, but it is not desirable (Jamaludin, 2020).

The phenomenon of differences in interests between taxpayers and the government and the average tax ratio that has not reached the target may indicate a large enough tax avoidance activity, so that Indonesia's state tax revenues are still not optimal (Handayani, 2018). It can be seen in several cases of tax avoidance, one of which is as reported by the government through the Directorate General of Taxes (DGT) exploring the alleged tax avoidance carried out by the coal company PT Adaro Energy Tbk which is a large coal mining company in Indonesia that received the title of golden taxpayer from the Director General of Taxes. Adaro utilizes a transfer pricing scheme through its Singapore subsidiary to avoid taxes in Indonesia. According to a Global Witness report titled Taxing Times for Adaro, Adaro is reported to have diverted profits from coal mined in Indonesia by diverting more funds through countries with lower tax rates. This is to avoid taxes in Indonesia. Adaro may have reduced Indonesia's tax bill and the money available to the Indonesian government for essential public services by nearly USD 14 million per year. The case shows the tax avoidance carried out by the company by utilizing a transfer pricing strategy (Nurrahmi, 2020).

Three giant US technology companies such as Google, Facebook, and Microsoft are carrying out tax avoidance practices. Reported by The Guardian, research conducted by ActionAid International shows that these companies take advantage of the loopholes in the global tax system to avoid taxes. Its value reaches USD2.8 billion or equivalent to RP41 trillion per year (Nurhaliza, 2020).

The phenomenon of tax avoidance continues to increase, thus attracting the attention of both academics and policymakers to conduct research on what are the factors that affect taxpayers in carrying out tax avoidance activities (Nurrahmi, 2020).

➤ *Formulaic problem:*

1. Does profitability affect tax avoidance?
2. Does the size of the company affect tax avoidance?
3. Does sales growth affect tax avoidance?
4. Does *leverage* affect tax avoidance?
5. Can *leverage* moderate profitability against tax avoidance?
6. Can *leverage* moderate a company's size against tax avoidance?
7. Can *leverage* moderate sales growth against tax avoidance?

## II. LITERATURE REVIEW

### A. Agency Theory

Agency theory states the contractual relationship between the agent (management of a business) and the principal (business owner). The agent performs certain duties for the principal, the principal has an obligation to reward the agent. Jensen and Mecling (1976) stated that an agency relationship as a contract between one or several persons (employers or principals) who employ others (agents) to perform a number of services and give authority in decision making (Handayani, 2018; Jamaludin, 2020). Agency theory states that there is an asymmetry of information between managers (agents) and shareholders (principals) because managers are more aware of internal information and company prospects in the future than shareholders and other stakeholders (Handayani, 2018).

The difference in interests between the principal and the agent often poses a *moral hazard* risk, which is when someone in this case is the management /agent takes more risk because another person (*principal*) will bear the cost of these risks. There can be situations where principals will sacrifice resources in the form of compensation to agents so that they can improve performance and efficiency in paying company taxes. The difference in interests between the fiscus and the company based on the agency theory will cause non-compliance carried out by the taxpayer or the company's management which will have an impact on the company's efforts to carry out tax avoidance (Barli, 2018).

### B. Tax Avoidance

Tax avoidance is an effort to avoid taxes that is carried out in a legal way or does not violate laws and regulations because for companies taxes are seen as a burden that will

reduce the company's profits. Tax *avoidance* is different from tax evasion, where *tax evasion* is related to reducing or eliminating the tax burden by using means that violate the law (Barli, 2018). Tax avoidance is closely related to companies that want to maximize company profits. Taxes are an element of profit reduction that is detrimental to every company, but on the other hand taxes are a major contribution to the State (Hidayat, 2018).

Measurement of tax avoidance can be done in different ways. In a study conducted by Aronmwan & Okafor (2019) with the title "*CORPORATE TAX AVOIDANCE: REVIEW OF MEASURES AND PROSPECTS*" that the measurement of tax avoidance can be done using the ETR (*Effective Tax Rate*), BTD (*Book- Tax Difference*), "*Henry and Sansing's Measure*", UTB (*Unrecognized Tax Benefit*), and *Tax Shelter Score* methods.

### C. Profitability

Each company has different goals, but it is undeniable that creating profits is the main goal of the company. The nature of this company is called profitability. The company's ability to create profits for the foreseeable future, can be one of the indicators of the company's success in operating all the wealth owned by the company called Profitability according to (Dayanara, Titisari, & Wijayanti, 2019) in research conducted by Panggabean and Hutabarat (2020).

To measure profitability can use 2 types of ratios. The type used to identify the relationship between profitability and sales can use *net profit margin* and *gross profit margin*. While the type used to identify the relationship between profitability and investment can use ROA and ROE (according to Curry & Budianti, 2018 in a study conducted by Panggabean and Hutabarat, 2020).

*Return on Assets* (ROA) is a ratio that will be used to be an indicator of profitability measurement in this study. ROA is useful for measuring the extent of a company's effectiveness in utilizing all the resources it has (according to Siahaan, 2004 in a study conducted by Handayani, 2018).

### D. Company Size

Company size is a scale or company value that can be classified as small based on total assets, log size, stock value, and so on. Companies that are grouped into large sizes (having large assets) will tend to be more capable and more stable to generate profits when compared to companies with small total assets (Rachmawati and Triatmoko, 2007:21 in research conducted by Wardani and Khoiriyah, 2018). Large and stable profits will tend to encourage companies to carry out tax avoidance practices because large profits will cause a large tax burden as well. This condition causes an increase in the amount of tax burden, thus encouraging companies to carry out tax avoidance practices (Dewinta and Setiawan, 2016: 1594 in research conducted by Wardani and Khoiriyah, 2018).

The relationship between the size of the company and tax avoidance, where companies that have large assets will definitely incur large burdens as well, one of which is the tax

burden. The company will reduce all expenses with the aim of financial efficiency (Moeljono, 2020).

**E. Sales Growth**

Sales growth reflects the success of past investment periods and can be used as a prediction of future growth (Hidayat, 2018).

A company that has high growth must provide sufficient capital to finance the company's performance. The growth rate basically reflects the company's productivity and is an expectation desired by both internal parties (management) and external parties. However, on the other hand, the company's growth can show an increase in the company's financial performance (Murkana and Putra, 2020).

**F. Leverage**

According to Cashmere (2016:151) in a study conducted by Jamaludin (2020) defining a solvency ratio or leverage ratio is: "The ratio used to measure the extent to which a company's assets are financed with debt. That is, how much debt burden is borne by the company compared to its assets. In a broad sense it is said that the solvency ratio is used to measure a company's ability to finance all of its liabilities, both short-term and long-term if the company is dissolved (liquidation)."

The relationship between leverage and tax avoidance practices is that the company uses outside funding (Debt) with the aim of achieving an optimal capital structure. In static theory, funding decisions are based on an optimal capital structure, by balancing the benefits of tax savings on the use of debt against bankruptcy costs (according to Myers and Majluf, 1984 in research conducted by Moeljono, 2020).

**G. Corporate Governance**

Corporate governance is corporate governance that explains the relationship between various participants in the company that determines the direction of company performance (Haruman, 2008 in research conducted by Sari and Somoprawiro, 2020).

Corporate governance arises to provide confidence and confidence to investors that the funds they invest in the company are used appropriately and efficiently and the company's goals can be achieved, namely increasing shareholder wealth and increasing company value (Sari and Somoprawiro, 2020).

➤ **Hypothesis:**

- The Hypothesis in this study are:  
 H1= Profitability affects Tax Avoidance.  
 H2= Company Size with H to Tax Avoidance.  
 H3= Influential Sales Growth Tax Avoidance.  
 H4= Leverage affects Tax Avoidance.  
 H5= Leverage moderates Profitability to Tax Avoidance.  
 H6= Leverage Moderating Size Company against Avoidance Tax  
 H7= Leverage Moderates Growth Sales against Tax Avoidance.

**III. RESEARCH METHODS**

The design of this study uses a causality research design. The samples used in this study were selected by researchers using the *purposive sampling method*. The secondary data used in this study is the *annual report* data of companies listed on the Indonesia Stock Exchange for the period 2017-2019. The *company's annual report* data is taken (downloaded) through the Indonesia Stock Exchange website in [www.idx.co.id](http://www.idx.co.id).

Hypothesis testing was carried out using a multiple linear regression analysis model of panel data aimed at predicting the strength of influence of independent variables on dependent variables. In this analysis method, using *statistical package for social sciences* (SPSS) 25.0 software.

NO	INFORMATION	SUM
1	Mining companies listed on the Indonesia Stock Exchange in the period 2017-2019	42
2	Mining companies listed on the Indonesia Stock Exchange do not present financial statements in the period 2017-2019	-
3	Mining companies listed on the Indonesia Stock Exchange and do not use dollar (USD) currency in the 2017-2019 period	( 22)
4	Mining companies listed on the Indonesia Stock Exchange and did not have a positive profit in the period 2017-2019	( 2)
Total company		18
5	Data Outlier	( 6)
Total companies that can be sampled		12
Observation period 2017-2019		3
Total sampleable data		36

**Table 1 Research Samples**

Source : Secondary data processed

➤ **Operationalization of Variables**

According to Chandrarin (2017), variabel is defined as something or anything that has value and can be measured, both *tangible* and *intangible*. Variables must be clearly definable both conceptually and operationally, in other words, variables must be measurable (if something cannot be measured then it cannot be called a variable).

In this study, the variables used were as follows:

1. **Variabel Dependent (bound)**

The dependent (bound) variable is the main variable that is the attraction or focus of the researcher (chandrarin, 2017). In this study, the bound variabel was symbolized by huruf "Y". The bound variable in this study is tax avoidance.

2. **Independent (free) variables.**

Independent (free) variables are variables that are thought to affect dependent variables (Chandrarin, 2017). In this study, the free variable was symbolized by the letter "X". Variabel free in this study is profitability, compny size and sales growth.

3. *Moderating Variable*

Moderating variables are variables that in a position can strengthen or weaken the relationship between independent and dependent variables that have been normalized in the research model (chandrarin, 2017). In this study, the coding variabel was symbolized by the letter "X". The coding variable in this study is *leverage*.

4. *Vriabel Control*

The control variable is an additional independent variable that is included in the regression model with the aim

of defusing/suppressing/minimizing errors that exist and may arise in the research process. Errors in question, for example errors in determining/designing models (*misspesification of models*) data entry or analysis errors and other similar errors. The control variable was included in the research model but was not hypothesized because it was not the main independent variable chosen to be tested for its effect on the dependent variable (chandrarin, 2017). The control variable in this study is the executive *tenur*.

**Table 2 Variable Operational Definition**

No.	Variable	Definition	Dimension	Indicators	Measurement (Scale)
1	Tax Avoidance ( Moeljono, 2020 )	Legal ways to minimize the tax burden but still within the limits of applicable regulations, by means of tax planning (tax management).	CETR (Cash Effective Tax Rate)	Payment of Profit Tax Before Tax	Ratio
2	Profitability ( Hidayat, 2018 )	The company's ability to make a profit in relation to sales, total assets and own capital.	ROA (Return On Asset)	Net Profit Total Assets	Ratio
3	Company Size ( Puspita, & Febrianti, 2017 )	A scale that describes the size of a company which is indicated by total assets, number of sales, average total sales and average total assets.	LN (Natural Logarithm)	Total Assets	Ratio
4	Sales Growth ( Hidayat, 2018 )	Indicators of demand and competitiveness of enterprises in an industry.	Sales Growth	Sales.t – (Sales.t-1) Sales t-1	Ratio
5	Leverage ( Dewi., & Noviari, 2017 )	The level of capital support of the company obtained from outside parties of the company.	DER (Debt to Equity Ratio)	Total Liability Total Equity	Ratio

Source : Processed data

**IV. RESULTS**

A. *Descriptive Statistical Analysis Results*

Descriptive statistics are used to provide an overview of the variables under study, including the average value (mean, minimum value, maximum value, and standard deviation) in testing and explaining the characteristics of the observed sample. The variables used in this study are tax avoidance (CETR) as a dependent variable, independent variables are profitability (ROA), company size (SIZE), sales growth (SG), moderation variables are leverage (LEV), and control variables are executive tenure (TE).

The results of the descriptive statistical test there are standard deviation results with a value of more than  $\geq 2.5$  may not be distributed normally because it has an extreme value (data outlier). According to Hair (1998) in Ghozali (2018) for small sample cases (less than 80) then the standard score with a value of  $\geq 2.5$  is declared outlier. The results of the descriptive statistical test before issuing outlier data against samples in this study are as follows:

**Table 3 Descriptive Statistics (Include Outlier Data)**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CETR	54	-4,858	4,264	0,378	0,955
Roa	54	0,001	0,456	0,103	0,110
SIZE	54	11,821	15,792	13,714	1,055
Sg	54	-0,257	63,020	1,636	8,583
Lev	54	0,310	11,909	1,762	2,004
Te	54	1,000	3,000	1,796	0,810
Valid N (listwise)	54				

Source : Data Processed With SPSS 25

Based on the results of statistical tests in table 4.3, there are std results. Deviation with a value of  $\geq 2.5$  which is 8,583 so that it is likely not to be distributed normally because it has an extreme value (data outlier). Outlier data detection is performed with z-score (converting data values into standardized scores). The results of the descriptive statistical test after issuing outlier data in this study are the following:

**Table 4 Descriptive Statistics (Exclude Outlier Data)**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CETR	36	0.0900	1,4900	0.4364	0,3199
Roa	36	0.0000	0.3600	0.0950	0.0823
SIZE	36	11,8200	15,7900	13,5506	1,0694
Sg	36	-0.1500	1,2700	0,2267	0.3042
Lev	36	0.3100	4,3400	1,1781	0.9041
Te	36	1,0000	3,0000	1,7778	0,7968
Valid N (listwise)	36				

Source : Data Processed With SPSS 25

Based on the results of the descriptive statistical test according to tabel 4 above with a total sample of 36 obtained data as follows:

*a. Variable Tax Avoidance (Y) projected Cash Effective Tax Rate (CETR)*

The minimum value is 0.0900 or 9.00%, and the maximum value is 1.4900 or 149.00%. The results of this descriptive statistic have an average value (mean) of 0.4364 or 43.64%, so it can be concluded that in this study the company pays taxes in cash from profit before tax with an average value of 43.64%.

*b. Variable Profitability (X1) Projected Return on Asset (ROA)*

The minimum value is 0.00% and the largest value is 36.00%. And the average value (mean) is 0.0950 or 9.50% which means that the companies in this study have an average net profit value of 9.50% of the company's total assets.

*c. Company Size Variable (X2) projected Natural Logarithm (LN)*

The minimum value is 11.8200 or 1182.00% and the largest value is 15.7900 or 1579.00%. The average value (mean) for the company size variable is 13.5506 or

1355.06%, this average value indicates that the size of the company is categorized into large-scale companies (Total Assets > Rp. 10,000,000,000,- in mutmainah study, 2020).

*d. Variable Sales Growth (X3) Projected Sales Growth (SG)*

The minimum value with a value of -0.1500 or -15.00% and the largest value with a value of 1.2700 or 127.00%. The average value of descriptive statistical results was 0.2267 or 22.67%. With the average value of the company's sales growth variable in this study, it provides a description that sales growth has increased with an average value of 0.2267 or 22.67% compared to the previous year,

*e. The Variable Leverage (X4) and also is as a Moderation Variable projected with a Debt to Equity Ratio (DER)*

The lowest value with a value of 0.3100 31.00% and the largest value with a value of 4.3400 or 434.00%. Meanwhile, the average descriptive statistical result for the Leverage variable is 1.1781 or 117.81%, which describes that the company's total debt in this study has an average value of 117.81% of the company's total equity .

*f. Control Variable Tenure Executive (TE)*

The minimum value is 1.0000 or 100.00% and the maximum value is 3.0000 or 300.00%.

Estimation Model (Assumption) Value	Assumption 1	Assumption 2	Assumption 3	Assumption 4	Assumption 5
R2	0,240	0,384	0,281	0,542	1,000
F test	1,899	0,740	1,321	0,996	-
Sig_F	0,124	0,726	0,275	0,509	-
D Watson	1,484	1,790	1,559	2,542	3,126
Sig.t ROA	0,734	0,854	0,631	0,944	-
Sig.t SIZE	0,010	0,588	0,011	0,637	-
Sig.t SG	0,498	0,825	0,560	0,888	-
Sig.t Lev	0,573	0,763	0,513	0,909	-
Sig.t TE	0,077	0,212	0,394	0,985	-

Source : Data Processed With SPSS 25

Five assumptions of approach methods that can be used in panel data with SPSS, namely as follows:

1. Assume intercept and constant slope coefficient all the time
2. Assume a constant slope, but the intercept varies for each individual

3. Assume a constant slope, but the intercept varies for each time
4. Assume a constant slope, but the intercept varies for each individual and time
5. Assume all coefficients (both intercept and slope coefficients) vary for each individual and tim.

Based on the data from the assumption test results, it can be concluded that the 3rd assumption is better with an R<sup>2</sup> value of 0.281 and Durbin Watson of 1.559 is enshrined with assumptions 1, 2, 4 and assumptions 5.

- *Multiple linear analysis with Panel Data (Assumption-3)*
- The N value of the constant is 0.414 and the positive value is if, meaning that if the independent variable is considered constant, then the value of the tax avoidance (CETR) is 0.414.
  - The regression coefficient for the profitability variable (ROA) of 0.012 and positive value indicates that any change in 1 unit of profitability (ROA) can increase the tax avoidance variable (CETR) by 0.012 assuming that other independent variables in regression are fixed.
  - The regression coefficient for the company size variable (SIZE) of 0.005 and positive value indicates that any change in 1 unit of company size (SIZE) can increase the tax avoidance variable (CETR) by 0.005 assuming that other independent variables in the regression are fixed.
  - The regression coefficient for the sales growth variable (SG) of 0.004 and negative value indicates that any change in 1 unit of sales growth (SG) can decrease an tax avoidance variable (CETR) by 0.004 assuming that other independent variables in the regression are fixed.
  - The regression coefficient for the leverage variable (LEV) of 0.001 and the negative value indicates that any change in 1 unit of leverage (LEV) can collapse the tax avoidance variable (CETR) of 0.001 assuming that the other independent variables in the regression are fixed.

#### B. T-test (partial regression coefficient test)

According to the results of the statistical test T, it can be concluded as follows:

- The profitability variable (ROA) has a calculated value of 0.291 and this value is smaller than 1.70329 (t table). The profitability variable (ROA) has no effect on the tax avoidance variable (CETR).
- The company size variable (SIZE) has a calculated t value of 0.821 but is smaller than the table t of 1.70329, so it can be concluded that the company size variable (SIZE) has no effect on the tax avoidance variable (CETR).
- The sales growth variable (SG) has a calculated t value of 0.728 but is smaller than the table t of 1.70329. So it can be concluded that the sales growth variable (SG) has no effect on the tax avoidance variable (CETR).
- The leverage variable (LEV) has a calculated t value of 1.109 but is smaller than the table t of 1.70329. So it can be concluded that the leverage variable (LEV) has no effect on the tax avoidance variable (CETR).
- The variable profitability (ROA) moderated leverage (LEV) has a calculated t value of -1.717 and is smaller than the table t of 1.70329. Then it can be concluded that the profitability variable (ROA) cannot moderate the leverage (LEV) against the tax avoidance variable (CETR).
- The variable size of the company (SIZE) moderated leverage (LEV) has a calculated value of -1.004 and is smaller than the table t of 1.70329. So it can be concluded that the company size variable (SIZE) cannot moderate

the leverage (LEV) against the tax avoidance variable (CETR).

- The leverage-moderated sales growth (SG) variable (LEV) has a calculated t value of -1.208 and is smaller than the table t of 1.70329. It can then be concluded that the sales growth variable (SG) cannot moderate the leverage (LEV) against the tax avoidance variable (CETR).

#### C. Interaction Moderation Test

##### ➤ *Sub-Group Analysis*

By comparing the value of R<sup>2</sup> for observation with a mean above 1.178 has an R<sup>2</sup> value of 0.323 and for observation with a mean below 1.178 it has an R<sup>2</sup> of 0.296. So it can be concluded that there is no type of *moderator Homologizer* because it is found that the influence of the moderator variable on the independent variable on the dependent variable with a mean above 1.178 is stronger than the dependent variable with a mean below 1.178.

##### ➤ *Moderated Regression Analysis (MRA)*

Based on the results of the first, second and third presses, that the values of R<sup>2</sup> are 0.239 (first equation), 0.240 (second equation) and 0.378 (third equation). So it can be concluded that leverage is a *pure* variable of moderators.

## V. DISCUSSION

#### A. *The effect of profitability on tax avoidance.*

The test results in the first hypothesis of the effect of profitability on tax avoidance have a significance value (sig.) of 0.773 and according to the results of the t test that the calculated value of 0.291 is less than 1.70329 (t table). Then the result can be concluded that profitability has no effect on tax avoidance.

The higher the profit (profit) of a company, the company will be able to pay taxes in accordance with applicable regulations. And this is not in line with agency theory (Jensen and Mecling. 1976) regarding the difference in interests between agents and principals.

#### B. *The effect of the size of the enterprise on tax avoidance.*

The test results on the second hypothesis of the effect of company size on taxation have a calculated t value of 0.821 but are smaller than t table by 1.70329 and have a significance value (sig.) of 0.419. So it can be concluded that the size of the company has no effect on tax avoidance. The size of a large company will comply with applicable regulations, along with high awareness and the company does not want to take risks and is bothered by the tax inspection process which will adversely affect the company's image.

#### C. *The effect of sales growth on tax avoidance.*

In the third hypothesis, the test results of the effect of growth on tax avoidance have a calculated t value of 0.728 but smaller than the table t of 1.70329 and a significance value (sig.) of 0.473. So it can be concluded that the variable of sales growth has no effect on the ap variable of tax avoidance.

A company with increased and stable sales growth, will make the company not worry (able) to pay taxes in accordance with applicable regulations and this is not in line with the agency's theory (Jensen and Mecling, 1976) regarding the difference in interests between the agent and the principal.

#### D. The effect of leverage on tax avoidance.

The test on the fourth hypothesis of the effect of leverage on tax avoidance has a calculated t value of 1.109 but smaller than the table t of 1.70329 and a value of 0.277. Then it can be concluded that the leverage variable has no effect on the tax avoidance variable. The utilization of debt management will get an optimal capital structure in the company, so that the company must be able to manage its debt management so that the company's operations can run smoothly and the expected returns compared to the equity value are higher. So that debt has no influence on tax avoidance.

#### E. The effect of leverage on profitability on tax avoidance.

The test results in the fifth hypothesis of the effect of leverage on profitability on tax avoidance have a calculated t value of -1.717 and are smaller than the table t of 1.70329 and have a significance value (sig.) of 0.97. Then the leverage variable cannot moderate the profitability variable against tax avoidance.

The greater the debt / leverage, the smaller the taxable profit will be because the tax incentives on debt interest are greater. So from the test results of this moderating, leverage is not able to moderate the effect of profitability on tax avoidance.

#### F. The effect of leverage on the size of the company on tax avoidance.

The test results in the sixth hypothesis of the effect of leverage on company size on tax avoidance have a calculated t value of -1.004 less than t table of 1.70329 and have a value of 0.324. So it can be concluded that the leverage variable cannot moderate the company size variable against tax avoidance. With an increase in leverage that can reduce profit before tax and increase the size of a company, the company will prioritize the good image of the company by complying with applicable regulations and avoiding the risk of possible inspections that will adversely affect the company.

#### G. The effect of leverage on sales growth on tax avoidance.

The test results in the seventh hypothesis of the effect of leverage on sales growth on tax avoidance have a calculated t value of -1.208 less than the table t of 1.70329 and has a value of 0.237. With stable sales growth and maximized leverage, the company will comply with regulations more because the company is able to pay taxes and manage funds sourced from loans well. Then it can be concluded that the leverage variable cannot moderate the sales growth variable against tax avoidance.

## VI. CONCLUSIONS AND SUGGESTIONS

### A. Conclusion

Based on the problem formulation, hypothesis testing, and discussion that has been described in the previous chapters, it can be concluded as follows:

1. Profitability (ROA) has no effect on tax avoidance (CETR).  
The results of this study are in line with the high CETR value, the lower it is to carry out tax avoidance.
2. The size of the company (SIZE) has no effect on tax avoidance (CETR).  
The results of this study are contrary to the tendency of large-scale companies and large profits in reducing costs by carrying out tax avoidance practices.
3. Sales growth (SG) has no effect on tax avoidance (CETR).  
The results of this study have a high significance so that sales growth does not affect tax avoidance due to stable and increasing sales growth.
4. Leverage (LEV) has no effect on tax avoidance (CETR).  
The results of this study show that the higher the level of company leverage, the smaller the tendency to do tax avoidance.
5. Leverage (LEV) cannot moderate profitability against tax avoidance (CETR)
6. Leverage (LEV) cannot moderate a company's size against tax avoidance (CETR)
7. Leverage (LEV) cannot moderate sales growth against tax avoidance (CETR).

### B. Suggestion

Based on the conclusions and peneliti realized that there are still many shortcomings. So the researcher gave some suggestions for the next study, namely as follows:

1. Based on the results of this study, it is hoped that the next research can increase the company's sample and increase the observation period. So that the results can contribute optimally.
2. In this study, it has high significance value test results. So that the next researcher can add variables that can affect tax avoidance so that it can increase contributions to research and strengthen existing research results.

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