

**ANALYSIS OF TAX AVOIDANCE IN ENERGY SECTOR
COMPANIES FOR THE PERIOD 2019-2023**

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Untuk Memenuhi Persyaratan Memperoleh Gelar Sarjana



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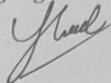
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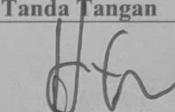
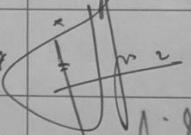
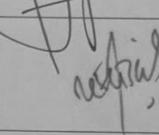
ANALYSIS OF TAX AVOIDANCE IN ENERGY SECTOR COMPANIES FOR THE PERIOD 2019-2023

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh Profitabilitas, Leverage, Transfer Pricing, Capital Intensity, dan Inventory Intensity terhadap Tax Avoidance pada perusahaan sektor energi yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2019-2023. Dalam penelitian kuantitatif dengan data sekunder, jumlah sampel dalam penelitian ini adalah 60, dan purposive sampling digunakan untuk mengumpulkan data. Penelitian ini menggunakan analisis regresi data panel dengan menggunakan program Eviews 10. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh negatif dan signifikan terhadap Tax Avoidance, sedangkan leverage, Transfer Pricing, Capital Intensity, dan Inventory Intensity tidak berpengaruh terhadap Tax Avoidance.

Kata kunci: Profitabilitas, Leverage, Transfer Pricing, Capital Intensity, Inventory Intensity, Penghindaran Pajak.

ABSTRACT

This study aims to analyze the effect of profitability, leverage, Transfer Pricing, Capital Intensity, and Inventory Intensity on Tax Avoidance in energy sector companies listed on the Indonesia Stock Exchange (IDX) 2019-2023. In quantitative research with secondary data, the sample size in this study is 60, and purposive sampling is utilized for collecting data. This study employs panel data regression analysis with the use of the Eviews 10 program. The results showed that profitability has a negative and significant effect on Tax Avoidance, while leverage, Transfer Pricing, Capital Intensity, and Inventory Intensity do not affect Tax Avoidance.

Keywords: Profitability, Leverage, Transfer Pricing, Capital Intensity, Inventory Intensity, Tax Avoidance.

ANALYSIS OF TAX AVOIDANCE IN ENERGY SECTOR COMPANIES FOR THE PERIOD 2019-2023

SUMARRY

1.1 Background

The primary revenue stream of the nation is taxes and play a vital role in a nation's sustainability, particularly in terms of development, because they fund all expenditures, including development (Sembiring & Sa'adah, 2021). Taxes themselves can be used for various purposes, one of which is to develop and improve the welfare of the people. Nonetheless, there are still tax disparities between the government and the company. The government's goal of effective taxation has not been fully achieved. Although taxes are essential for the state's growth and prosperity, corporations often see them as a burden that can reduce their income. This is why companies are looking for legal solutions in current tax regulations to decrease the tax amount they pay. (Khairunnisa et al., 2023). One of the practices companies carry is tax avoidance, which is considered legal as long as it does not violate tax laws, but reduces the amount of tax that must be paid to the government (Gultom, 2021).

The way taxpayers calculate and determine the amount of tax to be paid in Indonesia is a key factor in tax avoidance by companies operating in the country (Nurrahmi & Rahayu, 2020). Amelia & Nurdyati (2022) tax reform was introduced in Indonesia in early 1984, transforming the tax collection system away from official assessment to one of self-assessment. For example, PT Adaro Energy, which is among the largest coal mining companies in Indonesia, practiced tax avoidance by expanding its network abroad, especially to Singapore and Mauritius (Rahmawati & Nani, 2021). It is believed that PT Adaro Energy getting involved in taxes avoidance by manipulating transfer pricing through its Singaporean company, costing the state as much as 125 million US dollars. Another case is PT Bumi Resource which is also a company engaged in coal mining, which together with two of its subsidiaries manipulated financial statements, especially sales, allegedly from 2003 to 2008 where the financial statements were lower by 1.05 billion US dollars (Ariska et al., 2020). Tax Avoidance is a compelling and complex problem; although it is allowed on one side, in fact, tax avoidance is not desirable, especially by the government (Gultom, 2021).

The results of previous research on Tax Avoidance found several different results such as profitability affects Tax Avoidance Ariska et al. (2020), Gultom (2021), and W. F. Prasetyo & Arif (2020) However, this is not the same as the research conducted by Arliani & Yohanes (2023) and Rahmawati & Nani (2021). Furthermore, Leverage, where in the study A. A. Putri et al. (2021) and Sholihah & Rahmiati (2024) These studies found Leverage to influence tax avoidance. However, this is not the same as studies conducted by Amelia & Nurdyati (2022), Gultom (2021), and Niandari & Novelia (2022). Transfer Pricing on Tax Avoidance where in a study by Nurrahmi & Rahayu (2020) and N. Putri & Mulyani (2020) These authors discovered that transfer pricing has an impact on tax avoidance. However, this is not the same as the study by Arliani & Yohanes (2023) and Pratama & Larasati (2021). in the study A. A. Putri et al. (2021), Sianturi et al. (2021) and Iqbal et al. (2022) The findings of this study indicate that Capital Intensity affects Tax Avoidance, contrary to the study conducted Amelia & Nurdyati (2022) and Anastasya & Priantilinanngtiasari (2024). In the study Sianturi et al. (2021) and Niandari & Novelia (2022), the findings of these studies were that inventory intensity affects tax avoidance. but in contrast to the study conducted by Anastasya & Priantilinanngtiasari (2024).

Previous research has shown that factors such as profitability, leverage, transfer pricing, capital intensity, and inventory intensity affect tax avoidance. Therefore, researchers aim to see how these variables have an effect on tax avoidance in energy companies sector during the period 2019-2023. In addition, the tax avoidance cases discussed are specific to the context of energy companies.

1.2 Problem Statement

1. How do profitability, leverage, transfer pricing, capital intensity, and inventory intensity affect tax avoidance?
2. How does profitability affect Tax Avoidance?
3. How does leverage affect Tax Avoidance?
4. How does Transfer Pricing affect Tax Avoidance?
5. How does Capital Intensity affect Tax Avoidance?
6. How does Inventory Intensity affect Tax Avoidance?

1.3 Research Objectives

This study aims to analyze the effect of profitability, leverage, Transfer Pricing, Capital Intensity, and Inventory Intensity on Tax Avoidance in energy sector companies listed on the Indonesia Stock Exchange (IDX) 2019-2023.

1.4 Research method

a) Research Sample

The 86 firms in the energy industry listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023 make up the study's population.

b) Hypothesis

H1: Profitability has a negative effect on Tax Avoidance.

H2: Leverage has a positive effect on Tax Avoidance.

H3: Transfer Pricing has a positive effect on Tax Avoidance

H4: Capital Intensity has a positive effect on Tax Avoidance

H5: Inventory Intensity has a positive effect on Tax Avoidance

1.5 Research Contribution

1.5.1 Theoretical Research Contribution

1. Expanding understanding of the behavior of energy sector companies in managing their tax obligations, especially in the midst of regulatory challenges.
2. Explaining the relationship between company characteristics, such as profitability, leverage, capital intensity, inventory intensity, and transfer pricing, to tax avoidance practices, which have not previously been explored holistically in the context of the energy sector.
3. Provide a more in-depth theoretical foundation related to agency theory and stakeholder theory in explaining corporate decisions related to tax avoidance.
4. Filling the existing research gap by exploring specific variables relevant to energy sector companies, so that it can be a reference for future research.

1.5.2 Practical Contribution

1. For the Government and Tax Authorities, This research helps the government and tax authorities understand the pattern of tax avoidance in the energy sector and the factors that influence it. This understanding can be used to design more effective tax policies, including targeted supervision and law enforcement strategies.
2. For Companies, This research provides insights for the management of energy sector companies regarding reputational and legal risks associated with tax avoidance.
3. For Investors and Financial Analysts, This research provides additional information for investors and financial analysts in assessing the risk and sustainability of the company based on the tax strategy implemented.

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BAB 1

INTRODUCTION

1.1 Background

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1.3 Problem Statement

1. How does profitability affect tax avoidance?
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1.4 Research Objectives

This study aims to analyze the effect of profitability, leverage, Transfer Pricing, Capital Intensity, and Inventory Intensity on Tax Avoidance in energy sector companies listed on the Indonesia Stock Exchange (IDX) 2019-2023.

1.5 Research Contribution

1.5.1 Theoretical research contribution

- Literature Development

This research is expected to contribute to the development of accounting and taxation literature related to factors that influence tax avoidance, such as profitability, leverage, transfer pricing, capital intensity, and inventory intensity.

- Scientific Knowledge

Providing new insights into how these variables can influence a company's decision to avoid taxes, thus enriching scientific studies related to tax avoidance.

1.5.2 Practical research contribution

- Government and Regulators

Provides relevant information to identify factors that potentially affect tax avoidance practices in companies, and can be used to formulate more effective tax policies in preventing tax avoidance practices, especially through regulations related to transfer pricing and tax incentives.

- Company

Provides insight into how profitability, leverage, transfer pricing, capital intensity, and inventory intensity can affect corporate tax liabilities, as well as guidance for management in developing financial strategies that remain compliant with tax regulations but are tax efficient.

- Academics

As a reference for future researchers who want to conduct research related to tax avoidance, especially with approaches that involve variables such as profitability, leverage, transfer pricing, capital intensity, and inventory intensity. can Provide inspiration for further research that may include additional variables or more in-depth analysis related to the effect of tax avoidance on company performance.

BAB 2

LITERATURE REVIEW

2.1 Theoretical Basis

2.1.1 Agency theory

According to agency theory, the owner (principal) and company management (agent) form a cooperative partnership through a contract in which the principal grants management authority to the agent to manage the business (Asprilla & Adi, 2023). Principals, as decision-makers, have the power to give orders to agents; agents are responsible for the authority that has been entrusted to them by the principal. By involving other parties in managing the company, it is possible that there can be differences of opinion between company management (agent) and the owner (principal); this can be a conflict that affects the quality of financial statement information. Good corporate governance can be used to minimize conflicts of interest that arise, one of which is managerial interest, the existence of shares owned by managers will motivate them to be more motivated to work effectively and efficiently (Sholihah & Rahmiati, 2024).

Anastasya & Priantilinaningtiasari (2024) Agency theory, this theory highlights how conflicts can arise when the interests of the government (which aims to collect taxes) differ from the interests of company management which seeks to minimize tax payments, This difference in objectives can lead to tensions and challenges in ensuring compliance with tax regulations. According to the company's management, it is essential for the company it runs to achieve substantial profits while minimizing the tax burden, while the government aims to generate large revenues in the tax area. This difference in view will trigger conflicts between the government and company management (Iqbal et al., 2022).

2.1.2 Tax avoidance

Youri & Gazali (2024) Tax avoidance refers to a corporate financial strategy that leverages legal loopholes or ambiguities to minimize the target tax rate a company is required to pay to the government, Tax avoidance and tax