

Tax aggressiveness determinants

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Abstract

Purpose - This study aims to examine the effect of capital intensity, inventory intensity, corporate social responsibility and good corporate governance on tax aggressiveness. Good corporate governance variables used in this study were proxied with independent commissioners and audit commitments.

Method - This research focused on manufacturing companies listed on the Indonesia Stock Exchange in the period of 2016-2018. 177 samples were collected using a purposive sampling technique from 59 companies over an observation period of 3 consecutive years. The samples were then analyzed using a multiple linear regression.

Result - The results of this study show that capital intensity has a positive and significant effect on tax aggressiveness, inventory intensity has a positive but not significant effect on tax aggressiveness, corporate social responsibility has no positive and significant effect on tax aggressiveness, Independent commissioner has a positive and significant effect on tax aggressiveness, and audit committee has a negative but significant effect on tax aggressiveness.

Implication - The results show that the company with high capital intensity tends to be more aggressive on tax. Therefore, the tax authorities must be aware to companies with these characteristics.

Originality - The addition of corporate social responsibility and good corporate governance as independent variables are thought to be related to the company's tax aggressiveness.

Keywords: company characteristics; corporate social responsibility; good corporate governance; tax aggressiveness



Introduction

The function of taxes is to meet the needs of the state both in spending and as government policy in the social and economic aspects. Taxes are the largest sources of the state revenues. In the 2018 State Budget Posture, 85.4% of the revenue came from the tax sector, while the rest was obtained from non-tax state revenue (PNPB) and grant income. The largest state revenue was from the tax revenue of IDR 1,618.1 trillion (www.kemenkeu, 2018). Taxes are still the largest sources of revenues used to finance the national development. Therefore, the government should improve the performance of tax revenues, so that the national development is not disrupted. The government should increase the tax ratio to maintain the country's ability to bear the payment of expenditures for the national development.

The tax ratio, or the comparison between tax revenue and gross domestic product, in Indonesia from 2015 to 2017, is still low. One factor determining the tax ratio is the compliance level. Low tax compliance in Indonesia has resulted in a low tax ratio. Therefore, the government is trying to improve the taxpayers' compliance so that the tax revenue performance can continuously increase. Government has made many efforts to improve the tax compliance. One of them is the difference in interests and perceptions between government as the tax authority and companies as the taxpayers. Taxpayers perceive tax obligations as expenses that will reduce income. Taxes are perceived by taxpayers as a burden that must be met which will reduce their net income (Nugraha & Meiranto, 2015).

There is a tendency for companies to make various efforts aiming at reducing the tax burden. A motivation for reducing the tax burden is the goal to maximize the company profits. One of the companies' ways to maximize the corporate profits is through the tax planning (Jessica & Toly, 2014). The company will plan the amount of tax paid within a period in various ways. If the tax burden to pay is large enough, the company will be more aggressive in doing tax planning. Companies become increasingly aggressive towards taxes because the large tax burden is perceived as a deduction for the company

profits. This tax aggressiveness is usually performed by companies by exploiting the loopholes in the taxation regulations.

Tax aggressiveness practices are usually performed by utilizing the company's accounting policies. The company will use certain accounting methods to indirectly reduce the tax burden. This is related to the characteristics of company, from the financial perspective, corporate social responsibility and corporate governance. Among the characteristics of the existing companies, capitals and assets, especially inventories, are closely related to expenses and profits obtained by the company. Therefore, planning for capital and inventory is one way that the companies can do related to their tax planning (Megarani, Warno & Fauzi, 2019). Capital intensity and inventory can be a way to indirectly reduce the company's tax burden.

Capital intensity can be interpreted as a ratio involving the company ownership which is allocated in the form of fixed assets (Andhari and Sukartha, 2017). According to PSAK 16 (revised 2015) fixed assets are tangible assets owned to use in production, supply of goods or services, for leasing, or administrative purposes for more than one period. In accordance with the said PSAK, fixed assets are assets used for the company production to generate income.

In addition, the physical property, plant and equipment, according to PSAK have an economic life or are used for more than one period. The use of fixed assets with an economic life of more than one period will have an impact on the recognition of costs per period used by the company from the total costs attached to the asset. The company will recognize the depreciation expense for the use of asset. Companies with high fixed assets will be able to recognize their high depreciation expenses. This can be indicated from the company's aggressiveness towards taxes. With high capital intensity, it allows companies to recognize their high depreciation expenses. Corporate tax will be affected by depreciation expense caused by the ownership of fixed assets, because depreciation expense can reduce the tax expense (Imelia, 2015). The effect of intensity capital on tax aggressiveness has been investigated by various studies resulted in different findings from several researchers.

Nugraha and Meiranto (2015) stated "capital intensity has a negative effect on tax aggressiveness". The findings of this study are different from those of research conducted by Mustika (2017) mentioning that capital intensity does not have an effect on tax aggressiveness. Meanwhile, the findings of research conducted by Andhari and Sukartha (2017) found that capital intensity can influence tax aggressiveness in a positive direction.

Companies can use the inventory on hand aiming at taking the advantages of the incurred costs in handling the inventory. With certain inventory intensity, the company can plan the amount of inventory costs as a deduction for revenue. Inventory intensity can be defined as the intensity (size) of inventory invested in the company. With high inventories, companies can recognize various kinds of costs related to the inventory management, such as maintenance, storage, supervision, and other costs. The higher the inventory, the higher the maintenance and storage expenses may be resulted, according to the inventory increase. The recognition of this expense will be one deduction for the company's profit. The company's profit will decrease with the expenses related to maintaining and storing these inventories, which will have an impact on the reduced amount of tax liabilities. Therefore, the tendency of companies to increase their inventory in the warehouse can be related to their aggressiveness towards taxes (Andhari & Sukartha, 2017).

The effect of inventory intensity on tax aggressiveness has been investigated by several researchers and resulted in different findings. Andhari and Sukartha (2017) conducted a study finding that the results of inventory intensity had no effect on tax aggressiveness. The results of this study are different from those of research conducted by Adisamarta & Noviari (2015) finding that there was a positive effect of inventory intensity on tax aggressiveness.

Tax aggressiveness is also associated with corporate social activities. Corporate Social Responsibility (CSR) is defined as the way a company manages a business both from the process and the obtained results, so that the process and results have a positive impact on society (Baker, 2003). CSR

performed by the company is a form of social responsibility made by the company for public. In other words, companies performing CSR are socially responsible and negatively associated with the tax aggressiveness and perception that in earning profits, the companies do not commit fraud and tax evasion. Companies with high CSR will try to maintain a good reputation by not evading taxes. Tax aggressiveness can lead to the perceptions or bad signal for companies because companies are generally considered socially irresponsible (Freise et al, 2008). Tax aggressiveness causes a reduction in the state's income and impact on the society as a whole (Slemrod, 2004). Therefore, corporate tax aggressiveness is socially considered an irresponsible activity (Yoehana, 2014).

The effect of CSR reporting practices on tax aggressiveness has been investigated by various researchers resulting in different findings. Davis et al. (2016), Zeng (2016), Lanis & Richardson (2015), Huseynov & Klamm (2012), and Kuriah & Asyik (2016) expressed their opinion in the form of companies with less aggressive tax planning activities (tax avoidance) when compared to those with more aggressive tax and considered that those companies are more socially responsible (Watson, 2011). The results show that companies with good tax planning activities are those with good CSR performance. Hoi, Wu and Zhang (2013) and Watson (2015) have provided evidence that companies with low CSR activities tend to involve more aggressive tax avoidance policies.

In addition, tax aggressiveness is also related to corporate governance. Corporate governance includes both internal and external mechanisms. Several internal mechanisms in corporate governance are the independent board of commissioners and the audit committee (Agoes & Ardana, 2013). The independent commissioner is an internal mechanism functioning as a supervisor in the company's activities. Meanwhile, the audit committee has the functions related to in the efficiency and effectiveness of company by producing financial reports free from the material misstatement. This mechanism is needed to provide protection for the shareholders (Putri,

2014). The proxies of corporate governance used in this study are the proportion of independent commissioners and audit committee.

The independent board of commissioners necessarily made the supervisory duties to minimize the agency conflicts between management and owners (Jensen & Meckling, 1976; Khaoula & Ali, 2012). An independent commissioner is needed to ensure the actions threatening the company's legitimacy are not implemented. Independent commissioners have implemented various mechanisms in performing their supervisory functions, both through regulating, controlling, and directing attitudes, behaviors, and management decisions and actions (Armstrong et al., 2015).

Research on the effect of corporate governance on tax aggressiveness has been previously investigated by some researchers. Lanis & Richardson (2011), Khaoula & Ali (2012), Chistiana & Africano (2017) conducted the research on how corporate tax aggressiveness was influenced by independent commissioners. Chistiana & Africano (2017) found that companies with a large number of independent commissioners possibly influences tax aggressiveness and even reduces tax aggressiveness. Conversely, Khaoula and Ali (2012) said that there was no evidence that independent commissioners could influence corporate tax aggressiveness.

Meanwhile, Midiastuty and Suranta (2016) stated that the companies' audit committees must comply with the regulations including tax regulations because this is the duty and responsibility of audit committee. The number of audit committee in a company possibly reduces tax aggressiveness. Maharani and Suardana (2014) argued that the existence of an audit committee can affect the company's aggressiveness towards taxes. The company has considered that audit committee can supervise and influence the provision of more information related to the company's financial statements for the users.

Several researchers have conducted the research on corporate governance which can affect tax aggressiveness. Chistiana and Africano (2017) conducted the research and found that corporate governance proxied by the audit committee has a positive effect on tax aggressiveness.

Arismajayanti (2017) conducted the research and found that the audit committee did not affect tax aggressiveness. From the results of the previous research, there are still inconsistencies. Therefore, a further research is needed to strengthen the results of previous studies, and ensure the validity of research results on tax aggressiveness. This study was developed by Hidayat & Fitria (2018) on the research entitled The effect of capital intensity, inventory intensity, profitability and leverage on tax aggressiveness. The difference between this study and the previous ones is related to the addition of corporate social responsibility and good corporate governance as independent variables (Abidin, Askandar & Afifudin, 2018). Corporate social responsibility and good corporate governance are thought to be related to the tax aggressiveness of companies. This research was conducted on the manufacturing companies listed on the Indonesia Stock Exchange in a period of 2016-2018.

Literature Review

Legitimacy Theory

Legitimacy theory can be interpreted as a company operating system assisting the company to the surrounding environment (Gray et al., 1996). Companies made the social contracts in accordance with the prevailing values and norms to run in harmony. Legitimacy theory explains that a company will continue to strive in performing its operational activities to adjust with the norms prevailing in the society. The company tries to ensure that each operational activity performed is considered legitimate (Deegan, 2014). This is performed by the company to gain legitimacy from public related to its activities (Prasojo & Syarifah, 2020).

Suryana (2011) stated that developments in the surrounding environment can affect the changes of company norms following the developments so that the existing norms can adapt to the society. Legitimacy theory states that companies are bound by contract with the society adjusting to the applicable norms and regulations in the society, and they must fulfill their obligations to the society. Legitimacy that must be fulfilled by the

company is that related to the company's compliance with taxation obligations set by the government. This legitimacy is obtained by complying with the policies established by the government in accordance with applicable regulations.

Companies consistent and obedient in paying their taxes with the time and amount in accordance with government regulations without reduction or exaggeration are considered as the companies playing their role in social welfare and national development. The companies' participation in improving the community welfare and national development through the fulfillment of tax obligations will have a positive impact on the company since trusted by both public and government.

Stakeholder theory

Stakeholder theory states that companies operating to obtain profits can be distributed to all stakeholders (Chariri & Ghozali, 2007). Stakeholder theory states that companies socially responsible for their business operations can have an impact on their stakeholders (Branco and Rodrigues, 2007). Based on stakeholder theory, the company is responsible not only to the company owner but also to external parties, such as the community, government, and other stakeholders. The government, including regulators, are corporate stakeholders, so the regulations set by the government must be implemented, one of which, through tax payments (Landolf, 2006) i.e. capital intensity and tax aggressiveness.

Hypothesis Development

Capital Intensity and Tax Aggressiveness

Capital intensity is an investment activity performed by companies in the form of fixed assets. Investment activities in the form of fixed assets can show the level of company efficiency in using assets to generate income. Fixed assets incur a depreciation expense as a deduction for income (Hanum, 2013).

Andhari & Sukartha (2017) stated that capital intensity positively affects tax aggressiveness. This proves that the company will be more aggressive towards its tax obligations when the company's capital intensity also increases. There is a unidirectional relationship of capital intensity with tax aggressiveness. If capital intensity increases, there will be an increase in aggressiveness of tax obligations. Investment in fixed assets is an option for companies to reduce profits through high depreciation expenses. According to the description, a hypothesis can be formulated as follows:

H₁: Capital intensity has a positive effect on tax aggressiveness.

Inventory Intensity and Tax Aggressiveness

Inventory intensity can be defined as the amount of inventory invested by the company. The company's inventory count will determine the inventory maintenance expense. The more the amount of inventory, the greater the resulting maintenance burden and the more the storage load will increase. The company's profit will decrease due to the burden of maintenance and the supply storage, which will reduce the tax paid by increasing the inventory in the warehouse (Andhari & Sukartha, 2017).

The research conducted by Adisamartha & Noviyari (2015) and Dwiyantri & Jati (2019) has proven that inventory intensity positively affects tax aggressiveness. Companies in good inventory management will significantly affect cost efficiency due to the large number of supplies. The costs arising from the inventory management include those for materials, labor, storage, administration, and others such as sales. Companies with high inventories will become more aggressive on taxes because the company's profits in the current period are allocated to those in the future periods to reduce tax expenditures. Based on the description above, the hypothesis can be formulated as follows:

H₂: Inventory intensity has a positive effect on tax aggressiveness.

Corporate Social Responsibility and Tax Aggressiveness

Corporate Social Responsibility (CSR) is a social responsibility that must be performed by a company due to the impact caused by the company. Companies have a social obligation to the society, and must ensure that they have a positive impact on the society. The expansion of social responsibility includes the responsibility of companies to properly pay the taxes to the Government in obtaining legitimacy from the public as the companies' social responsibility.

Kuriah & Asyik (2016) and Nugraha & Merianto (2015) state that corporate social responsibility negatively affects tax aggressiveness. The high level of CSR disclosure results in less tax aggressiveness because the company responsible to fulfill its obligations is to pay the taxes in accordance with the applicable regulations and not tax evasion (not tax aggressiveness). Based on the description above, the hypothesis can be formulated as follows:

H₃: Corporate social responsibility has a positive effect on tax aggressiveness

Independent Board of Commissioners and Tax Aggressiveness

Independent commissioners play an important role as supervisors and directors for company operations to comply with the applicable regulations. Tax-related decisions are an important tool for independent commissioners to mediate between company management and company owners in planning their strategies and policies in order not to violate the applicable regulations. In addition, independent commissioners have the functions as a counterweight to decision making in order to protect small shareholders and related parties. The existence of independent commissioners is expected to further strengthen management supervision to prevent companies from engaging in fraudulent practices, such as tax aggressiveness (Suyanto & Supramono, 2012). Christiana & Africano (2017) have conducted a study and found that aggressiveness can be negatively influenced by the proportion of the independent board of commissioners. The large number of independent commissioners is good evidence in the supervision of independent company

management so that the company does not perform tax aggressiveness. Based on the description above, the hypothesis can be formulated as follows:

H₄: Independent Board of commissioners has a positive effect on tax aggressiveness

Audit Committee and Tax Aggressiveness

The audit committee has the function to have a significant effect on the determination of company policy, and with the authority, the audit committee has to try to prevent the deviant actions regarding to the financial reports. Tight supervision makes the quality of information and performance provided better and more effective (Diantari & Ulupui, 2016). The expertise possessed by the audit committee regarding to the financial and accounting reports, both in the use of certain accounting methods and ways to avoid risks, enable the companies to be monitored and controlled so that they have no tax aggressiveness.

Maharani & Suardana (2014) and Diantari & Ulupui (2016) have conducted the research finding that tax avoidance can be negatively influenced by the audit committee. The differences in audit committee lead the company responsible and open in the presentation of their financial statements. The Audit Committee well performed the monitoring function. Based on the description above, the hypothesis can be formulated as follows:

H₅: Audit Committee has a positive effect on tax aggressiveness

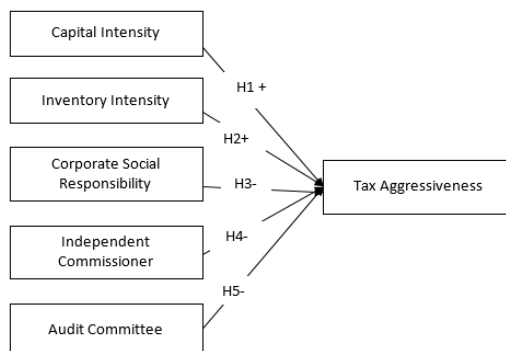


Figure 1. Research Framework

Research Methods

The population of this study was manufacturing companies listed on the Indonesia Stock Exchange within the period of 2016 - 2018. The samples in this study were determined using a purposive sampling technique using the predetermined criteria. The samples were determined based on the following criteria: (1) Companies registered and published a complete annual report from 2016-2018, (2) Using rupiah currency and (3) Performing the CSR disclosure.

The data collection methods in this study were documentation and literature study. Documentation is a method of collecting data by paying attention, using and observing the obtained data, while literature study is a method performed by studying the literatures, journals and other sources. The data were processed and analyzed using a multiple linear regression analysis technique equipped with the SPSS software.

Table 1. Variables, Definition and Operational Variables and Indicators

No.	Variable	Operational Definition	Indicator
1	Tax aggressiveness	Activities in minimizing tax expense legally and illegally	$\frac{\text{Total Tax Income Expense}}{\text{Earning before tax (Lanis and Richardson , 2012)}}$
2	Capital Intensity	Ratio between total fix asset and total asset	$\frac{\text{Capital Intensity}}{\text{Total Permanent Asset}}$ $\frac{\text{Total Asset}}{\text{(Gemilang, 2016)}}$
3	Inventory Intensity	Inventory invested in company (comparison between inventory and total asset)	$\frac{\text{Inventory Intensity}}{\text{Total Supply}}$ $\frac{\text{Total Asset}}{\text{(Herry, 2016)}}$
4	Corporate Social	The responsibility	$CSRI_i = \frac{\sum X_{yi}}{ni}$

	Responsibility of the company to the society	Description: CSRI : CSR index $\sum X_{yi}$: disclosure item N_i : disclosed item (Sulistiyowati and Ulfah , 2018)
5	Independent Board of commissioners	Committee which is independent Independent committee Proportion Number of Independent commissioners <hr/> Number of Board of other Commissioners (Maharani and Suardana, 2014)
6	Audit Committee	Committee which has the task to ensure the financial reporting Audit Committee = \sum members of Audit committee in company (Dewi, 2007)

Source: processed data, 2020

Results and Discussion

This research was conducted on the manufacturing companies listed on the Indonesian Stock Exchange (IDX) within a period of 2016-2018. The samples of this study were determined using a purposive sampling technique. The sampling processes were described in table 2 below.

Table 2. Research Samples

Sampling Criteria	Amount
Companies Listed on IDX within 2016-2018	426
Companies that did'nt provide complete annual report	20
Companies that did'nt use IDR	27
Companies that report losses in their annual report	30
Companies that did'nt provide complete data related to research variable	6
Sample (1 period)	59
Total Sample (3 period)	177
Outlier	66
Number Of Sample used	111

Source: processed data, 2020

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	
JIAFR 40	Capital Intensity	111	0.0914	0.7615	0.43623	0.1618
	Inventory Intensity	111	0.011	0.5964	0.20628	0.11834
	CSR	111	0.011	0.3187	0.12236	0.07335
	Independent Commissioners	111	0.25	0.67	0.39874	0.0911
	Audit Committee	111	3	4	3.02703	0.1629
	Tax Aggressiveness	111	0.2043	0.3337	0.2546	0.02422
	Valid N (Listwise)	111				

Source: processed data, 2020

Capital intensity has an average value of 0.436229 which means that on average the company has total fixed assets of 43.62% of the total company assets. The smallest value is 0.0914, while the largest value is 0.7615 and the standard deviation is 0.1618.

Inventory intensity standard deviation is 0.1183429, with an average of 0.206283 meaning that the company has a total inventory of 20.62% of the total company assets. The minimum value is 0.0110 and the maximum value is 0.5964.

The standard deviation for corporate social responsibility is 0.0733506 and the mean value is 0.122364, meaning that the average of 111 companies discloses by 12.23% of items from the specified items of 91 items. The lowest value is 0.0110 and the highest value is 0.3187. The standard deviation for the independent board of commissioners is 0.0910955 and the mean value is 0.398739 (39.87%), which means that out of 111 companies have met the proportion of independent commissioners according to the minimum requirement. The minimum value is 0.2500 and the maximum value for the proportion of independent commissioners is 0.6700.

The standard deviation of the audit committee is 0.1628976, the minimum value is 3.0000, and the highest value is 4,000. The average audit committee is 3.027027 meaning that the company has complied with the stipulated regulations. According to the Financial Services Authority Number

55/POJK.04/2015 of 2015, audit committee can be interpreted as a committee which members are at least 3 members and have the task of helping the board independent commissioner.

The standard deviation for tax aggressiveness is 0.0242231 and the average value is 0.254601, which means that the company has a total income tax expense of 25.46% of the total profit before tax. The smallest yield is 0.2041 the largest is 0.3337.

Based on table 4, the test has resulted the data with a significance value of 0.200, meaning that the data is said to be normal because the sig is $0.200 > \alpha = 0.05$. Based on table 5, the test resulted in data with a VIF value of < 10 and a tolerance value of > 0.10 , meaning that there is no multicollinearity between the independent variables. Based table 6, the test results in data with the Durbin-Watson value of 2.2530 and the number of data (n) = 111, and $k = 5$ (k is the number of independent variables), the dL value is 1.6355, dU 1.7463, $4-DL$, $4-DU$ 2, 2537. Because $DU (1.7463) < DW (2.2530) < 4-DU (2.2537)$, there is no auto correlation. Based on table 7, the test results in a significance value of > 0.05 , meaning that the regression model has no heteroscedasticity.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		111
Normal Parameters ^{a,b}	Mean	0
	Std. Deviation	0.0229782
	Most Extreme Differences	
	Absolute	0.067
	Positive	0.067
	Negative	-0.027
Test Statistics		0.067
Asymp. Sig. (2-tailed)		.200 ^c

Source: processed data, 2020

Table 5. Multicollinearity Test Result

Model		Coefficients ^a		
		Collinearity Statistics		
		Tolerance	VIF	
1	Capital Intensity	0.716	1.397	
	Inventory Intensity	0.735	1.36	
	CSR	0.977	1.023	
	Independent Commissioners	0.97	1.031	
	Audit Committee	0.921	1.08	

Source: processed data, 2020

Table 6. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Estimated Std. Error	Durbin-Watson
1	.316 ^a	0.1	0.057	0.02352	2.253

Source: processed data, 2020

Table 7. Heteroscedasticity Test Results

Model		Coefficients ^a			T	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	0.052	0.028		1.87	0.064
	Capital Intensity	0.014	0.01	0.16	1.456	0.148
	Inventory Intensity	-0.02	0.013	-0.131	-1.209	0.229
	CSR	0.02	0.018	0.102	1.084	0.281
	Independent Commissioners	-0.02	0.015	-0.145	-1.539	0.127
	Audit Committee	-0.01	0.009	-0.114	-1.184	0.239

Source: processed data, 2020

Table 8. T test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.34	0.047		7.258	0
Capital Intensity	0.028	0.016	0.189	1.73	0.087
Inventory Intensity	0.001	0.022	0.006	0.052	0.959
CSR	0.05	0.031	0.151	1.617	0.109
Independent Commissioners	0.004	0.025	0.014	0.144	0.886
Audit Committee	-0.035	0.014	-0.235	-2.441	0.016

Source: processed data, 2020

The Effect of Capital Intensity on Tax Aggressiveness

The test results show a positive direction which is equal to 0.028 while t count of 1.73 with a significance value of 0.087 >0.05, meaning that H0 is accepted, while Ha1 is rejected. Thus, it can be concluded that Ha1 in which capital intensity has positive and significant effect on tax aggressiveness is rejected.

The Effect of Inventory Intensity on Tax Aggressiveness

The test results show a positive direction which is equal to 0.001 while t count is 0.052 with a significance value of 0.959 >0.05, meaning that H0 is accepted while Ha2 is rejected. Thus, it can be concluded that Ha2 in which inventory intensity has a positive effect on tax aggressiveness is rejected.

The Effect of Corporate Social Responsibility on Tax Aggressiveness

The test results show a positive direction by 0.05 and t count by 1.617 with a significance value of 0.109 greater (>) than 0.05, meaning that H0 is accepted while Ha3 is rejected. Thus, it can be concluded that Ha3 in which corporate social responsibility which negatively and significantly effect on tax aggressiveness is rejected.

The Effect of Independent Commissioners on Tax Aggressiveness

The test results show a positive direction by 0.004 and t count by 0.144 with a significance value of $0.886 > 0.05$, meaning that H_0 is accepted while H_{a4} is rejected. Thus, it can be concluded that H_{a4} in which independent commissioner which has a negative effect on tax aggressiveness is rejected.

The Effect of Audit Committee on Tax Aggressiveness

The test results show a negative direction which is equal to -0.035 while t count is -2.441 with a significance value of $0.016 < 0.05$, meaning that H_0 is rejected while H_{a5} is accepted. Thus, it can be concluded that H_{a5} in which audit committee which has a negative but significant effect on the tax aggressiveness is accepted.

The Effect of Capital Intensity of Tax Aggressiveness

The results show a positive direction, although the direction is positive but not significant, because the company manages the fixed assets not to reduce the taxes but used for the company's production activities.

It can be assumed that the fixed assets are not used for tax avoidance purposes (not a tax aggressive form). The results are in accordance with the study conducted by Chiou et al. (2012), Haryadi (2012), and Adisamarta & Noviani (2015) proving that many fixed assets are not used by the companies to avoid taxes but used for the company operational activities. Meanwhile, Hanum (2018) and Andhari & Sukartha (2017) have provided evidence related to the significant effect of fixed assets on tax avoidance because the incident of depreciation costs can reduce the tax expenses.

The Effect of Inventory Intensity on Tax Aggressiveness

The results show a positive direction but not significant. The company has provisions, which will be used in accordance with its function to facilitate the company's production so that it runs in the long term without a shortage of raw materials. In the manufacturing companies, the inventory of the owned raw materials tends to be large because in the manufacturing

companies, the raw materials are managed into the finished goods. Therefore, in this study, although the direction is positive, it is not significant because the manufacturing companies have a lot of inventory for the company's production activities.

The results of this study support those of research conducted by Hidayat and Fitria (2018) as well as Andhari and Sukartha (2017) resulting in a statement that inventory intensity has a positive but not significant effect on tax aggressiveness. The results of this study are also different from those of research conducted by Adisamarta & Noviari (2015) stating that inventory intensity has a positive and significant effect on tax aggressiveness.

The Effect of Corporate Social Responsibility [CSR] on Tax Aggressiveness

The results show that there is a positive but insignificant direction, meaning that tax aggressiveness cannot be influenced by CSR. The level of CSR performed by the company cannot affect the level of tax aggressiveness in the companies used as samples in this research. Corporate social responsibility only revealed the average of 0.122364, meaning that the revealed average was only 12.23% or 11 of 91 specified items.

According to the obtained results, this study is in accordance with those of research conducted by Noviyanti (2017) and Abidin et al. (2018) stating that there is no significant affect related to corporate social responsibility on tax avoidance.

The Effect of Independent Commissioners on Tax Aggressiveness

The data show that there is no significant positive effect between independent commissioners on tax aggressiveness. The size of the number of independent commissioners has not been able to reduce tax aggressiveness. Independent commissioners as controllers of company performance in optimizing company value in reducing tax aggressiveness are still ineffective. The existence of an independent commissioner in corporate governance has not been followed by the functions and duties of a good supervisor in the

supervision and direction of financial reporting activities, including tax avoidance activities.

As for the research that supports the results of this research, namely research conducted by Khaoula and Ali (2012), Abidin et al. (2018) results in a statement that there is no significant effect between independent commissioners on tax aggressiveness.

The Effect of Audit Committee on Tax Aggressiveness

Based on the analysis results, it shows that the audit committee has a negative but significant effect on tax aggressiveness, meaning that the presence of audit committee in corporate governance is considered capable of reducing the tax aggressiveness. The audit committee has performed its authority properly in preventing the deviant actions contained in the financial reports. The audit committee is able to perform its functions and duties in assisting the board of commissioners in supervising and directing management in controlling the company, through the accurate reporting not by doing the tax evasion.

The results of this study were supported by the previous researchers, including the research conducted by Asri & Ketut (2016), Maharani & Suardana (2014), and Diantari & Ulupui (2016) resulting in a statement that there was a negative but significant effect of audit committee on tax aggressiveness.

Conclusion

Capital intensity affects tax aggressiveness in a positive and insignificant direction. Tax aggressiveness increases when capital intensity increases, but it is not significant because the company uses its fixed assets for the operational purposes not to reduce the tax burden. Inventory intensity affects tax aggressiveness in a positive and insignificant direction. Tax aggressiveness increases, when inventory intensity is high, but the increase is not significant because the company uses inventory for operations. Corporate social responsibility affects tax aggressiveness in positive but insignificant

direction. The average of company samples in performing responsibilities is still low by 12.23%. Therefore, the CSR activities of the companies taken as the research samples cannot reduce the level of tax aggressiveness. The independent board of commissioners affects tax aggressiveness in a positive and insignificant direction. The size of independent commissioners cannot reduce tax aggressiveness. Independent commissioners as the controllers of company performance in reducing tax aggressiveness are still ineffective. The audit committee affects tax aggressiveness in negative but significant direction, yet the audit committee can reduce tax aggressiveness. The audit committee exercises its authority properly in preventing the tax aggressive actions.

The limitation of this study is that the ability of independent variable to influence the dependent variable is only 0.1, which means that only 90% of tax aggressiveness variable is influenced by the other variables which are not examined in this study. To obtain better results, the research period can be extended and added with various types of sectors instead of manufacturing, such as finance, services or banking because the characteristics of each sector are different. Future studies can add other dependent variables which possibly affect tax aggressiveness, such as institutional ownership and managerial ownership.

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