

THE EFFECT OF LIQUIDITY, LEVERAGE, CAPITAL INTENSITY ON TAX MANAGEMENT (ISSUE FOOD AND BEVERAGE SUB SECTOR ON THE INDONESIA STOCK EXCHANGE FOR THE 2018-2022 PERIOD)

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Abstract

This research aims to determine the effect of liquidity, leverage, and capital intensity on tax management. This study uses a quantitative method with purposive sampling technique and uses secondary data. The data analysis method used in this study is descriptive statistical analysis and multiple linear regression analysis to determine the effect of liquidity, Leverage, and capital intensity on tax management. Based on the results of an analysis of all supporters of Indonesian food and beverage stocks involving financial reports for the 2018-2022 period with the criteria of food and beverage sub-sector issuers on the Indonesian stock exchange, food and beverage issuers reporting financial statements for the 2018-2022 period, as well as food and beverage issuers that presents complete information about the variables studied. It can be concluded that liquidity has a positive and significant effect on Tax Management, Leverage has a negative and significant effect on Tax Management, Capital intensity has a significant positive effect on Tax Management. Liquidity, Leverage, Capital Intensity simultaneously influence tax management

Keywords: Liquidity, Leverage, Capital Intensity, Tax Management, Issuers.

1. Introduction

Tax, one of the biggest sources of income for the state, is in PNPB and grants. Tax revenue is the largest revenue or income compared to other revenue sectors. Taxes themselves are also used to finance state expenditure, both routine expenditure and national development expenditure. Sources of state tax revenue come from various sectors, both from external and internal or PPh, PPn, APBN, or grants. The Ministry of Finance of the Republic of Indonesia said that in line with the existing developments, it can be realized that many problems turned out to be not in accordance with the existing situation, so it was necessary to improve the tax law.

The manufacturing industry is an industry that processes raw materials into finished or semi-finished goods. The food and beverage industry is one of the manufacturing sectors where companies are engaged in food and beverage. The development of the food and beverage industry in Indonesia is fairly rapid. So that it can lead to increasingly tight competition between food and beverage companies in Indonesia. Companies are required to develop infrastructure, technology, and natural resources to meet market needs.

The phenomena that can be taken regarding the food and beverage industry include the issuer Coca Cola Indonesia, which is suspected of cheating taxes, causing a tax underpayment of IDR 49.24 billion. Issuers filed an appeal because they felt they had paid taxes according to the provisions. Sourced from the Directorate General of Taxes, the total taxable income of Issuer Coca Cola Indonesia, the taxable income of Rp. 492.59 billion based on the difference that the issuer of Coca Cola underpaid taxes of Rp. P49.24 billion. However, based on Supreme Court decision No. 4 946/B/PK/PJK/2017 dated June 14 2017, issuers of Coca Cola Indonesia are only required to pay a tax shortfall of 14.2 billion.

In addition to the Coca Cola Issuer, there is also the Rajawali Nusantara Indonesia Issuer where the mode used by Rajawali Nusantara Indonesia is to depend on an affiliate for their life, meaning that Rajawali Nusantara Singapore gives loans to Rajawali Nusantara in Indonesia. The owner does not invest capital but seems to provide a loan. When the leverage is repaid, the interest is considered a dividend by the owners in Singapore. Not only that, another mode used by RNI is to take advantage of the 1% Final Income Tax.

Medika and Basuki (2022) concluded that Liquidity has no effect on the effective tax rate. Ermawati, et al (2022) research results show Leverage has no effect on tax management. In contrast to Lis Djunair (2010) concluded that leverage on tax management simultaneously affects tax management. Ermawati, et al (2022) Capital intensity affects tax management to a certain degree. In contrast to Rizky and Dul (2010) that Capital Intensity has no effect on Tax Management. Agree with Rizky and Dul's research (2010), Friyan Satria and Nathan (2023) explain that the Capital intensity ratio is not significant for tax management.

2. Literature review and hypotheses developments

Liquidity is defined as the ownership of adequate sources of funds to meet the needs and obligations that are due and the ability to buy and sell assets quickly (Adismartha and Novitri). Companies that have a high ratio are called liquid companies. Liquid problems are important in a company that is difficult to manage. broken (Suryanto, 2012). Suryanto and Supramono (2012) liquidity in a company has high liquidity so it can experience good cash turnover so companies are not reluctant to pay all obligations including paying taxes according to the rules.

leverage is the use of fixed costs from assets and sources of funds by companies with the aim of increasing the potential income of shareholders (Sartono, 2001, p 257). The use of fixed expenses is called operating leverage and financial leverage. Egi Setiawan, Yusup Iskandar, and M. Aziz Basari, (2019) in their research found results that DOL and DFL both partially and simultaneously had no effect on profitability. Financial leverage occurs when a company finances company assets with securities such as bank loans, preferred stocks, and bonds that must pay fixed interest (Atmaja, 2003, 236). Financial leverage is said to be profitable if the cost of leverage is not greater than the return on assets and the return on capital management will increase. Financial leverage shows that the company is able to use funding sources that have fixed costs.

Capital Intensity is an investment activity in which the company can be connected with inventory fixed asset investment. (Yoehena, 2013) Mosebach and Ellen (2007) and Yoehana (2011) make a statement that there are three types of assets, namely inventory intensity, capital intensity and research and development intensity. Hanum (2013) revealed that depreciation costs can be deducted and tax calculated. So the greater the depreciation carried out by the company, the greater the amount of ETR taxable decreases.

Tax management can actually be called tax planning. The goal of tax management itself is generally the same as financial management, namely obtaining sufficient liquidity and profit. James W, Praat, Jane O.

Burns and William N. Kulsrud in the book *Individual Taxation 1989 Edition* (1989-1-37) are: the obvious goal of most tax planning is the minimization of the amount that a person or other entity must transfer to the government

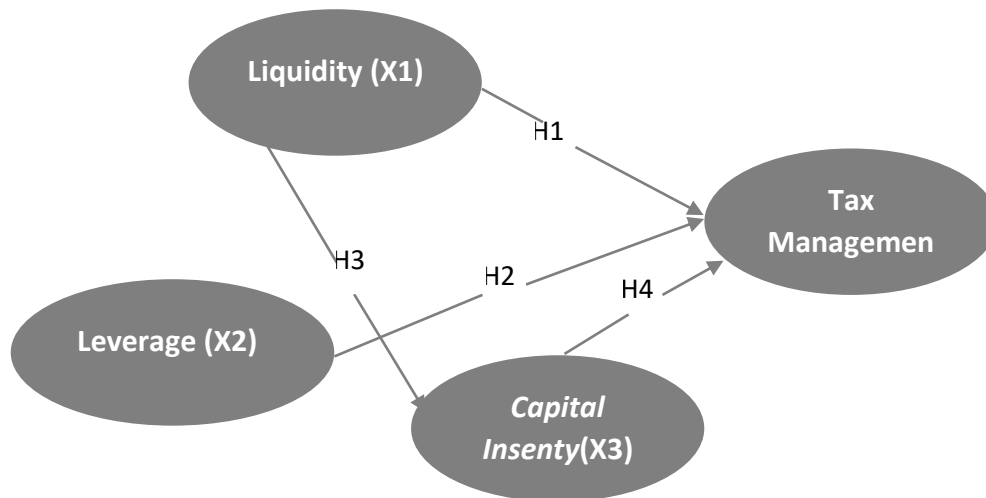


Figure 1: Research Framework

Based on the theoretical relationships described above, several research hypotheses can be formulated, including the following:

H1: Liquidity has no effect on the effective tax rate..

H2: Leverage affects tax management.

H3: Capital Intensity affects tax management.

H4: Liquidity, leverage , Capital Intensity, simultaneously influence tax management.

Methods

This study uses a quantitative method with purposive sampling technique and uses secondary data. The population in this study are all supporters of Indonesian food and beverage stocks involving financial reports for the 2018-2022 period. The criteria for selecting the sample in this study are

- a. Issuers in the food and beverage sub-sector on the Indonesia Stock Exchange for the 2018-2022 period
- b. Food and beverage issuers reporting finances for the 2018-2022 period
- c. Food and beverage issuers that provide complete information about the variables studied

The data source used was obtained from the Indonesia Stock Exchange website www.idx.co.id. The data analysis method used in this research is analysis using descriptive statistics and multiple linear regression analysis. Descriptive statistics are statistics that are used to analyze data by describing the data that has been collected as it is without the intention of making conclusions that apply to general or general relations. Some descriptive statistics are used with minimum values, maximum values, average values, mode values, and standard deviation values. Multiple linear regression analysis is a linear relationship between two or more independent and dependent. This analysis is to predict the value of the dependent variable and to determine the direction of the relationship between the independent and the dependent whether each independent variable is positively or negatively related.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Y = Tax Management

3. Results

Descriptive Statistical Analysis Test Results

Table1 Descriptive Output Results

Descriptive Statistics					
	N	Minimum	Maximum	Means	std. Deviation
Liquidity (x1)	125	-2.07	47.00	.7719	4.24662
Leverage (x2)	125	11.00	10500.00	194.8480	932.22015
Capital Intensity (x3)	125	1.00	993.00	113.8080	122.76694
Tax Management (y)	125	.13	164.35	4.2085	17.50195
Valid N (listwise)	125				

Source: Secondary Data Processed with SPSS 25

Based on the results of the descriptive analysis in table 1 above, it can be seen that the Liquidity variable has a standard deviation value of 4.24 and an average value of 0.77 with a maximum value of 47.00 and a minimum value of -2.07. The average value of Leverage is 194.84 with a standard deviation of 932.22 and a maximum value of 10.5 and a minimum value of 11.00. Capital Intensity shows a mean value of 113.80 with a standard deviation value of 122.76 and a maximum value of the Capital Intensity variable of 993.00 and a minimum of 1.00. The average value of the tax management variable is 4.20 with a standard deviation of 17.50 with a maximum value of 164.35 and a minimum value of 0.13.

Results of Multiple Linear Regression Analysis

Table2 Multiple Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	3,184	1,496		2,129	.035
	Liquidity (x1)	17,910	1.125	-.895	15,913	.000
	Leverage (x2)	-.032	.007	-.270	-4,803	.000
	Capital Intensity(x3)	-.023	.007	-.163	-3.106	.002

Source: SPSS Managed Data 25

Based on table 2 above, multiple regression is formulated in the form of the following equation:

$$Y = 3.184 - 17.910 X_1 + -0.032 X_2 + -0.023 X_3 + e$$

Based on the multiple linear regression model above, the following information is obtained:

- A constant of 3,184 means that if Liquidity, Leverage and Capital Intensity have a profit of 0, Tax Management is worth 3,184.
- The regression coefficient on the Liquidity variable is 17,910 and is positive meaning that if Liquidity increases to 1 point, Tax Management will increase by 17,910 assuming other independent variables.
- The regression coefficient on the Leverage variable is -0.032 and is negative for Tax Management (Y), which means that if Leverage is increased by 1% then Tax Management decreases by -0.032 assuming the other independent variables remain constant.

- d. The regression coefficient on the Capital Intensity variable is -0.023 or has a negative effect on Tax Management (Y). This shows that if the Capital Intensity variable is increased by 1 point then Tax Management will increase by -0.023% assuming other free assumptions remain

Hypothesis Test Results

Table3Test Result (F)

ANOVAa						
Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	25779.017	3	8963.006	85,195	.000b
	residual	12204.452	121	100,863		
	Total	37983.469	124			

Source: Secondary Data Processed with SPSS 25

Based on Table 3 above, the calculated F value is 85,195, which means that the calculated F value > F table because the value obtained is 2.68 so that $85,195 > 2.68$ and seen from the significance value of 0.000 shows $0.00 < 0.05$, so it can be concluded that the dependent variable Liquidity, Leverage, Capital Intensity jointly affect the dependent variable, namely Tax Management and this research variable is stated to be suitable for use in the research model.

Table4Test Result (T)

Coefficientsa				Standardized Coefficients	t	Sig.
Model		Unstandardized Coefficients				
		B	std. Error	Betas		
1	(Constant)	3,184	1,496		2,129	.035
	Liquidity (x1)	17,910	1.125	.895	15,913	.000
	Leverage (x2)	-.032	-.007	-.270	-4,803	.000
	Capital Intensity (x3)	-.023	-.007	-.163	-3.106	.002

Source: Secondary Data Processed with SPSS 25

Based on table 4 above, the following conclusions can be drawn:

H1:

Liquidity variable obtained t count of 15.913 > 2.35730 (t table) with a significant 0.000 < 0.05 (a) or a significant value less than 0.05. so that it can be decided that the value of H0 is rejected and Ha is accepted.

H2:

The Leverage variable obtained t count is -4.803 > 2.35730 (t table) with a significant 0.00 < 0.05 (a) or a significant value less than 0.05. So it can be decided that the value of H0 is rejected and Ha is accepted.

H3:

The Capital Intensity Variable obtained t count of -3.106 > 2.35730 (t table) with a significance of 0.002 (a). So it was decided that the value of H0 was rejected and Ha was accepted

4. Discussions

The Effect of Liquidity on Tax Management

The results of statistical testing of the Liquidity variable on Tax Management show t count of 15,913 with a significant level of Tax Management of 0.00. Liquidity variable has a significant positive effect on Tax Management. Increasing Liquidity can cause Tax Management to also increase. This is

because Liquidity has a positive influence on Tax Management. Research confirms Medika, et al (2022) Liquidity has no effect on Tax Management.

Effect of Leverage on Tax Management

The results of the partial statistical test for the variable Leverage towards Management obtain a significance value of less than a (0.05). Therefore Leverage has a negative and significant effect on Tax Management. This can be explained that the higher the value of the Leverage, the Tax Management also increases. Research confirms Hana Noviatna (2021) with research results showing that Leverage has an effect on Tax Management.

Effect of Capital Intensity on Tax Management

The results of statistical testing of the Capital Intensity variable on Tax Management amounted to -3.106 with a significant level of 0.00 or less than 0.05. based on the results of the t test shows that the Capital Intensity variable has a negative and significant effect on Tax Management. This can be explained that the higher the Capital Intensity value, the Tax Management also increases. Research confirms Friyani, Satria, and Nathan that Capital Intensity does not affect Tax Management.

Effect of Liquidity, Leverage, and Capital Intensity on Tax Management

Based on the results of the statistical research above, it can be said that the variables Liquidity, Leverage, and Capital Intensity simultaneously affect the Tax Management variable with an F table value of 2.68 with a significance of 0.00 which is less than 0.05. It can be concluded that H4 is accepted because the hypothesis states that Liquidity, Leverage, Capital Intensity have a positive effect on Tax Management and based on the Adjust R Square value the result is 0.639 so it can be concluded that the variables Liquidity, Leverage, Capital Intensity have an effect on Tax Management of 63.9 % and the remaining 36.1% is influenced by other variables not included in this study.

5. Conclusions

Based on the results of the study it can be concluded that:

- a. Liquidity has a positive and significant effect on Tax Management.
- b. Leverage has a negative and significant effect on Tax Management.
- c. Capital intensity has a significant positive effect on tax management.
- d. Liquidity, Leverage, Capital Intensity simultaneously influence tax management

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