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An Empirical Study on Corporate Age Moderation on Financial Variables and Potential Tax Avoidance in Indonesia

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A B S T R A C T

This study looks at how financial factors, tempered by firm age, affect the likelihood of tax evasion in the core consumer products industry. Return on assets (ROA), capital intensity, profitability, and leverage are the main financial variables that are the subject of the study. The study examines the connection between these factors and the possibility of tax evasion using information from 30 businesses that were listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023. The random effect model (REM) was found to provide the best fit when testing hypotheses using panel data regression. The findings indicate that leverage has a major impact on tax evasion in younger businesses, but no variable significantly affects it in older businesses. The report emphasizes how crucial financial planning is to tax evasion, particularly for startups.

INTRODUCTION

Tax avoidance has grown to be a significant problem in the taxation industry, particularly in the age of globalization and ever-more-complex technology. (Holden, 2022). Indonesia and other G20 nations view tax evasion as a serious problem since it has a substantial impact on state revenue. (Choi & Park, 2022) (Dang & Tran, 2021). One of the state's primary sources of funding for social programs, public services, and infrastructure development is taxation. Consequently, tax evasion may result in a decrease in the state treasury, which could impede national development initiatives. (Alstadsæter et al., 2022).

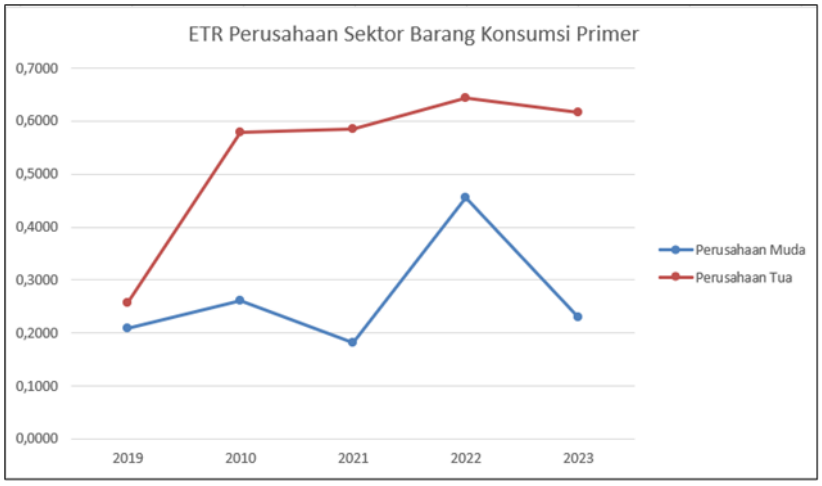
Food, drink, and household essentials are examples of the main consumer goods industry that contributes considerably to Indonesia's GDP and is a major source of tax revenue. To lower their tax obligations, businesses in this industry are known to frequently employ tax evasion techniques. (Jelita, 2019). A report from the Directorate General of Taxes (2022) states that about 30% of large companies in the consumer goods sector are involved in this practice. Companies can optimize profits while minimizing tax payments by using a complex financial structure (Mueller, 1972).

Numerous earlier research have examined how financial factors affect tax evasion. Kurniasih dan Sari (2013) It was discovered that tax avoidance methods in consumer products corporations were significantly impacted by return on assets (ROA). Study by Nurlaela and Masitoh (2018) Because high debt compels businesses to seek methods of lowering their tax burden, it demonstrates that businesses with greater levels of leverage are more likely to participate in tax evasion. However, Titisari and Mahanani's research (in Tebiono & Sukadana, 2019) Rather, it discovered that tax evasion is not always greatly impacted by leverage, so generating a study gap about the variables that modulate this link.

This study will also look at how a company's age affects the way financial factors like ROA, capital intensity, profitability, and leverage affect the likelihood of tax evasion, particularly in the primary consumer products industry. While older businesses are more stable and may have more tax management knowledge, younger businesses typically employ aggressive tax management methods. (Triyanti et al., 2020). It is crucial to close this study gap in order to comprehend how young and established businesses differ in their tax avoidance practices.

The following is an overview of the gap of this research:

Figure 1 Trend of ETR Value of Manufacturing Companies in the Primary Consumer Goods Sector in 2019-2023



Source: Annual Financial Report of the Company

Based on a comparison of the income tax burden and pre-tax profits of companies listed on the IDX, the effective tax rate shows a substantial difference in potential tax evasion between young and old businesses, as seen in the following graph. According to the Directorate General of Taxes' (2022) data, young businesses have a lower Effective Tax Rate (ETR) than older businesses, which suggests a greater likelihood of tax evasion. The importance of this study is supported by the fact that youthful businesses are more aggressive in their tax planning.

LITERATURE REVIEW

1. Agency Theory

Based on the agent theory, managers as agents of companies are encouraged to increase profits by avoiding taxes in order to increase their compensation (Jensen & Meckling, 1976). Therefore, higher profitability can be associated with greater potential tax avoidance. According to this description, the following hypothesis is put forth:

H1: Profitability has a significant effect on potential tax avoidance.

2. Tax Compliance Theory

Tax compliance theory holds that in the tax system, no individual is willing to pay taxes voluntarily. Taxpayers can certainly make fraudulent attempts to avoid the obligation to pay taxes. In tax compliance theory, companies may use fixed capital investments as a way to reduce the tax burden, especially in more complex structures.

ROA reflects a company's ability to use assets to generate profits. Companies with higher ROAs may be more motivated to engage in tax avoidance in order to maintain the profits gained from operational efficiency (Aini & Sofianty, 2021).

H2: Return on Assets (ROA) has a significant effect on potential tax avoidance.

3. A Life Cycle Theory of The Firm

The company life cycle theory explains that companies grow from small to large through innovation and product expansion. However, too large growth can lead to management problems and reduce efficiency. Based on the corporate life cycle theory, younger firms that are more aggressive tend to use profitability as a factor in their tax avoidance strategies, unlike older firms that are more stable in their tax management (Mueller, 1972), so the hypothesis proposed is:
H3: The age of the company moderates the influence of profitability on potential tax avoidance.

4. Earnings Management Theory

Profit management theory explains how management can manipulate financial statements to achieve specific goals, such as tax avoidance. Financial variables such as profitability and leverage can affect management's ability and incentives to perform profit management and tax avoidance (Healy & Wahlen, 1999). Managers facing pressure to maintain cash flow may use debt as a tool to reduce tax liability, which is a mechanism in agent theory to maximize profits for owners. So the hypothesis proposed in this study is:
H4: Leverage has a significant effect on potential tax avoidance.

5. Profitability

Sartono (2010) states that profitability is a ratio that assesses a business's capacity to turn a profit in relation to sales, total assets, and its own capital. A company's profitability ratios can be used to determine its level of profitability. There are four sorts of ratios that are commonly used to gauge a company's level of profitability, according to Sartono (2010:123). These are as follows:

a) Gross profit margin (GPM)
   A ratio called GPM calculates the proportion of gross profit to sales. (Sartono, 2010). The larger the gross profit margin, the better the company's operations. But it should be noted that gross profit margin is greatly influenced by the cost of goods sold.
b) Net Profit Margin (NPM)
   According to Sartono (2010), The NPM ratio is used to calculate the maximum sales profit. The net sales value after taxes is compared to sales to determine this ratio calculation.
c) Return on Equity (ROE)
   Hanafi and Halim (2009), claim that The ability of a business to produce a profit given its share capital is gauged by the return on equity ratio. Dividends and capital gains for shareholders are not included in this ratio, which is a gauge of profitability from the viewpoint of shareholders.
d) Return on Assets (ROA)
   Sartono (2010) claimed that this ratio assesses how well a business can turn a profit from the assets it uses. This ratio serves as a gauge for how well management is handling its investments. Management frequently uses the ROA ratio to evaluate the operational and financial success of the business

in terms of how well it uses its resources. In accordance with previous research by Triska Hurul Aini & Diamonalisa Sofianty (2021) and Tommy Kurniasih & Maria M. Ratna Sari (2013), It is appropriate for use in this study since it demonstrates that Return on Assets (ROA) significantly affects the likelihood of tax evasion.

6. Leverage

According to Hendi (in Puspaninggiri & Triyanto, 2021) The amount of debt needed to purchase the company's assets is known as leverage. One metric used to assess how much of a company's assets are financed by debt is the leverage ratio. The corporation does not employ a lot of debt to fund its activities, as indicated by the low leverage ratio.

The debt ratio, or debt ratio, is one of the ratios that make up leverage. By comparing the quantity of debt with the company's assets, one may get the debt ratio, which measures how much of the assets are financed by debt. The company's operational activities will be riskier if the debt ratio is large.

One of the factors that has a strong correlation with the debt ratio is leverage. A company's debt ratio increases with its size since it requires funding to support its operations. According to Permata, Nurlaela, & Masitoh (2018) leverage has no effect on tax avoidance. Likewise, the results of research conducted by Kurniasih and Sari (2013) who asserted that tax evasion is not significantly impacted by leverage. Compared to established businesses with stronger financial stability, leverage will be more important for tax avoidance in young, growing businesses because they are more reliant on loans (Mahdiana & Amin, 2020). The following hypothesis is put out in light of this theory:

H5: The impact of leverage on possible tax evasion is mitigated by the company's age.

7. ***Capital Intensity***

The amount that a business invests in inventory and fixed assets is referred to as capital intensity. The ratio of fixed assets to total assets owned by a business can be used to calculate the capital intensity ratio.

The results of Noor et al. (in Aini & Sofianty, 2021) discovered that the ETR decreased with increasing capital intensity, indicating that corporate tax evasion increases with capital intensity. It is anticipated that tax evasion will be favorably correlated with a high level of capital intensity (Allingham & Sandmo, 1972), It leads to the following hypothesis being put forth:

H6: Potential tax evasion is significantly impacted by capital intensity.

Research by Dharma and Noviari in a gap (2017), Capital Intensity was said to have a favorable impact on tax evasion. While older organizations might not have the same influence of capital intensity in tax evasion tactics, younger companies typically use greater fixed assets to fund growth. The following theory is put out in light of the previous description:

H7: The impact of capital intensity on possible tax evasion is mitigated by the company's age.

8. Return on Asset (ROA)

One metric that shows a company's success is return on assets (ROA). ROA calculates the amount of profit a business makes from all of its assets. The better a corporation does at using its assets to generate net profit, the higher the ROA ratio. The findings of the study carried out by Diamonalisa Sofianty and Triska Hurul Aini (2021) and also Tommy Kurniasih & Maria M. Ratna Sari (2013) demonstrate that a company's tax avoidance is significantly impacted by ROA. Due to their more aggressive approach compared to established organizations, young businesses with high ROA may also be more susceptible to tax avoidance. The following theory is put out in light of this description:
H8: The impact of ROA on possible tax evasion is mitigated by the company's age.

METHODOLOGY

Hypotheses are tested in this study using a quantitative approach. Secondary data from the financial statements of primary consumer goods businesses listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023 served as the study's sample. Purposive sampling was used to choose the sample from 30 companies, with 15 samples being youthful companies under 20 years of age and 15 samples comprising older organizations over 50 years of age. The following standards serve as the foundation for choosing samples using the purposive sampling technique:

1. The company has been listed as a public entity on the Indonesia Stoc Exchange.
2. Companies that are less than 20 years old or more than 50 years old.
3. The company with complete financial statements from the period 2019 to 2023 as of December 31.
4. Companies that have an income tax burden or pay income tax.
5. Companies that have complete data according to variable measurements.

Variable	Measurement	Source
Tax Avoidance	$ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ Tax}$	Pohan, (2013)
Leverage	$Leverage = \frac{Total\ Debt}{Total\ Assets}$	Van Horne, et al. (2012)
Capital Intensity	$CapInt = \frac{Sales}{Total\ Assets}$	Apridila et al. (2013)
Return on Assets	ROA = $\frac{Net\ Profit\ After\ Tax}{Total\ Assets}$	Puspita & Febrianti, (2017)
Profitability	$Profitability = \frac{\text{Profit Before Tax}}{Total\ Assets}$	Ryandono et al. (2020)

Panel data regression will be the data analysis method utilized to evaluate the hypotheses put forth and ascertain how financial variables affect the possibility of tax evasion while taking the company's age into account.

Panel Data Regression Analysis

Time series and cross-sectional data are combined to create panel data. Panel data regression is a type of regression that uses panel data to examine the relationship between one or more independent variables and one or more dependent variables (Kusumaningtyas et al., 2022). According to Septianingsih (2022), The panel data regression equation has the following generic form:

$$Y_{it} = \beta_{0it} + \sum_{k=1}^{k} \beta_{kit} X_{kit} + \varepsilon_{it}$$

Y_{it} = Value of the i-th individual dependent variable for the t-th period, i=1, 2, 3, ...N and t = 1, 2, 3, ...T.
X_{kit}= The value of the k-th independent variable for the i-th individual of the t-th year
β = Estimated parameters
ε_{it}= Error for the i-th individual for the t-th period
K = Many regression parameters are estimated

Three model approaches—the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM)—can be used to perform the regression procedure with panel data.

a. Common Effect Model (CEM)
b. The Common Effect Model ignores time and individual differences in favor of combining cross section and time series data into a single unit. In comparison to other models, this one is the most straightforward.
c. Fixed Effect Model (FEM)
   The Fixed Effect Model uses the least square dummy variable (LSDV) method, which is a dummy variable addition technique, to estimate the regression of panel data.
d. Random Effect Model
   Using the dummy variable technique to estimate panel data with a fixed effect model reveals the model's uncertainty. A residual variable called a random effect (REM) model can be used to estimate this issue.

Selection of the Best Models

According to Septianingsih (2022), Three different tests—the Chow test, the Hausman test, and the lagrange multiplier test—must be performed in order to identify which of the three models is the best.

a. Uji Chow
   To choose between the Fixed Effect Model and the Common Effect Model, the Chow test is utilized. The Chow test's hypothesis is
   H_0 : The Common Effect Model's estimation is better than the Fixed Effect Model.
   H_1 : Fixed Effect Model estimates are better than Common Effect Models
   If the p-value is less than the significance level α = 0.05 then rejects H0.

b. Uji Hausman
To choose between the Fixed Effect Model and the Random Effect Model, the Hausman test is utilized. The Hausman test's hypothesis is
H_0 : Random Effect Model estimation is better than Fixed Effect Model
H_1 : Fixed Effect Model estimates are better than Random Effect Models
If the p-value is less than the significance level α = 0.05 then rejects H0.

c. Uji Lagrange Multiplier
To choose between the Random Effect Model and the Common Effect Model, the Lagrange Multiplier test is utilized. In the lagrange multiplier test, the hypothesis is
H_0 : Common Effect Model estimates are better than Random Effect Models
H_1 : Random Effect Model estimates are better than Common Effect Models
If the p-value is less than the significance level α = 0.05 then rejects H0.

RESEARCH RESULTS AND DISCUSSION

Hypothesis testing is done while investigating tax avoidance factors by consulting a number of earlier studies that are pertinent to the variables under investigation. Numerous independent factors have a favorable and negative impact on tax avoidance, according to the findings of several earlier studies. Based on Sulaeman R. (2021) In his investigation on the relationship between tax evasion and company size, leverage, and profitability, Leverage and profitability both have a big impact on tax evasion, but in different ways. Profitability has a positive correlation, meaning that the more profitable a business is, the higher the rate of tax evasion. Conversely, leverage has a negative impact; the lower the tax avoidance rate, the higher the leverage value.

In another study by Sinaga, et. al. (2022), Leverage is the only one of the four test variables—good corporate governance, return on assets, leverage, and capital intensity—that significantly improves the likelihood of tax evasion. The findings of the tests on capital intensity, return on assets, and excellent corporate governance indicate that these three factors only partially have a major impact on the likelihood of tax evasion. Nonetheless, all four of these factors work together to significantly impact the company's potential for tax evasion.

Furthermore, the age variable of the company is thought to have an impact on any possible tax evasion that the company may engage in. The findings of Sinambela and Nuraini's investigation support the notion (2021) that a firm's age has a favorable impact on its capacity for tax avoidance, based on the idea that the longer a company has been in business, the more expertise it has in controlling and managing its tax burden, which increases the likelihood of tax avoidance.

Winsorizing

The winsorizing stage was performed on the research variable data prior to data analysis. One technique for overcoming data with an irregular distribution or that fails the traditional assumption test is winsorizing. Winsorizing is used in this study to reduce the amount of outlier data that could introduce bias into the results.

Descriptive Analysis

The outcomes of a descriptive analysis of the collected data are as follows. The mean, median, maximum, minimum, and standard deviation values of each independent and dependent variable used in the study are produced by these descriptive statistics, which reflect the characteristics of the sample.

Table 1. Descriptive Analysis

	Tax Avoidance	Leverage	ROA	Capital Intensity	Profitability
Mean	0.209375	0.543293	0.059415	0.333173	0.079464
Median	0.217615	0.502306	0.041182	0.280000	0.053100
Maximum	0.400000	2.312115	0.620690	0.898891	0.729802
Minimum	0.028986	0.000745	-0.582500	0.000000	-0.572738
Std. Dev.	0.110761	0.371404	0.147716	0.207328	0.166905
Observations	150	150	150	150	150

Source: processed data (2024)

Table 1 shows a descriptive analysis of 30 companies. The average tax avoidance value is 0.209375. This means that from the samples taken, only a small number of companies carry out tax avoidance. The highest level of leverage occurred at Bakrie Sumatra Plantations Tbk., which was 2.312115 in 2022. Meanwhile, the lowest was experienced by Delta Djakarta Tbk. in 2021, which was 0.000745. This means that Bakrie Sumatra Plantations Tbk. uses more debt to fund its operating activities, in contrast to Delta Djakarta Tbk. From all the samples taken, the average *return on assets (ROA*) generated is 0.059415. The highest *capital intensity* is in Bakrie Sumatra Plantations Tbk. in 2020 of 0.898891. This means that the ratio of fixed assets to the total assets owned by the company is very large and the potential for tax avoidance increases as capital intensity increases. Profitability has a maximum value of 0.729802 in FKS Food Sejahtera Tbk. and a minimum value of -0.572738 by Bakrie Sumatra Plantations Tbk. with an average of 0.079464 and a standard deviation of 0.166905.

Regression Analysis of Data Regression

Panel Regression Model Selection

The identification of the regression model was carried out by several stages of testing, namely, the Chow test, the Hausman test, and the Lagrange Multiplier test.

Chow Test

To determine the best regression model between the Fixed Effect Model and the Common Effect Model, the Chow test was performed. The following are the hypotheses and results of the Chow test:

H_0 : Estimation Common Effect Model > Fixed Effect Model

H_1 : Estimation Fixed Effect Model > Common Effect Model

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.527294	(29,116)	0.0000
Cross-section Chi-square	113.546653	29	0.0000

Chow

test shows $\rho < 0{,}05$. For this reason, the results of this test reject H_0. So it can be concluded that the fixed effect model is better than the common model.

Hausman Test

The Hausman test was used to identify the optimal regression model between the Fixed Effect Model and the Random Effect Model. The Hausman test's hypothesis and findings are as follows:

H_0 : Estimation Random Effect Model > From Fixed Effect Model

H_1 : Estimation Fixed Effect Model > Random Effect Model

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.300729	4	0.5088

The Hausman test shows $\rho > 0{,}05$. For this reason, the results of this test failed to reject the hypothesis H_0. So it can be concluded that the random effect model is better than the fixed effect model.

When the fixed effect model outperforms the common effect model and the random effect model outperforms the fixed effect model, it may be inferred from the transitivity of the relationship that the random effect model is the best of the three models. Therefore, the random effect model was chosen as the best model for panel data regression in this investigation.

Panel Data Regression Test

There will be two phases to the regression tests used in this study. The first phase will examine the impact of dependent variables on possible tax evasion. In order to perform this test, all 150 variables in the data were regressed at once. The age of the company was used as the moderator variable in the second regression test, which was conducted to find significant variables in the possibility for tax avoidance by companies. Young companies (those under 20 years old) and old companies (those over 50 years old) will be the two categories into which the research data will be separated. Analyzing if the company's age influences possible tax evasion is the aim.

Regression Test I (150 data)

Following the random effect model (REM) regression analysis, the following is the tax avoidance regression equation:

$$Y_t = 0{,}1885 + 0{,}0075X_1 - 0{,}3153X_2 + 0{,}0301X_3 + 0{,}3212X_4$$

Y_t : *Tax Avoidance Potential*

X_1 : *Leverage*

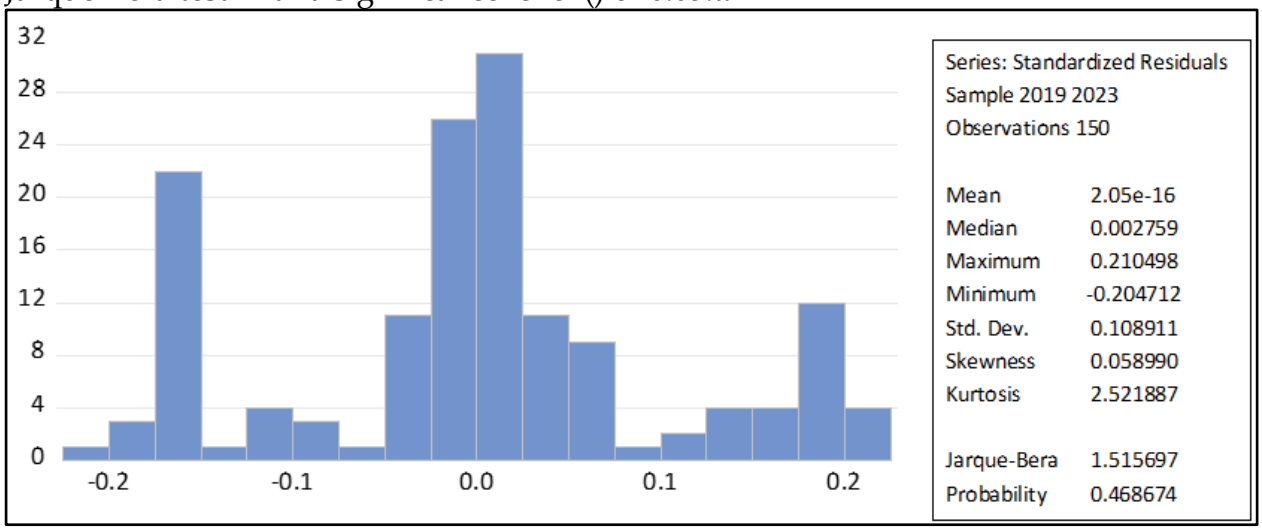
X_2 : *Return on Assets*

X_3 : *Capital Intensity*

X_4 : *Profitability*

Residual Normality Test

The normality test used in this study is the Jarque-Bera test. This statistical method was carried out by comparing the probability value obtained from the Jarque-Bera test with a significance level () of 0.05.α



From the Jarque-Bera test, it was found that the value of . Thus, it can be concluded that the residuals of this regression equation are normally distributed.$\rho > 0{,}05$

Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.188462	0.029301	6.432004	0.0000
X1	0.007521	0.035310	0.213001	0.8316
X2	-0.315276	0.340469	-0.926003	0.3560
X3	0.030112	0.066352	0.453816	0.6506
X4	0.321237	0.315204	1.019138	0.3098

One can partially assess the impact of independent factors on dependent variables by looking at the likelihood of each variable's computed t-value. A partial conclusion that there are no variables that significantly affect the possibility of tax evasion may be drawn from the test results in the above table, which show that all variables have a probability value of > 0.05 and fail to reject ($H_0 H_1 H_2, H_3,\ H_4$ rejected).

Weighted Statistics	
R-squared	0.011653
Adjusted R-squared	-0.015612
S.E. of regression	0.083707
F-statistic	0.427409
Prob(F-statistic)	0.788663

The F test is a variance test to see the significance of independent variables simultaneously (together). In the results of the regression test on the side, the probability of F calculated at 0.7886 () shows that simultaneously, leverage, ROA, capital intensity, and profitability have no significant influence on tax avoidance. This research is in line with a previous study conducted by Nurdyastuti and Suroto $\rho > 0{,}05$ (2022) on tax avoidance factors in food subsector companies. Their findings show that none of the four variables tested—namely capital intensity, sales growth, accounting conservatism, and corporate governance—had no significant impact on a company's likelihood of tax evasion, either partially or simultaneously.

Regression Test II (Young and Old Group)

Young Group Regression Test

In the regression test of the young group, the results of the regression analysis test from a total of 75 variable data were found as follows.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	0.076891	0.044229	1.738496	0.0865
X1	0.185858	0.066119	2.810982	0.0064
X2	-0.896991	0.621884	-1.442377	0.1537
X3	0.056798	0.093388	0.608195	0.5450
X4	0.904822	0.567573	1.594194	0.1154

In the group of young companies (<20 years old), the test results showed that leverage (variable) partially had a significant effect on the potential for tax avoidance. This is characterized by a probability t value that < 0.05 (i.e. 0.0064) so that it is rejected and leverage is claimed to have a significant effect on the potential for tax avoidance (accepted). The results of this test are in line with Mahdiana and Amin$X_1 H_0 H_5$'s (2020) research on the influence of variables on potential tax avoidance, stating that leverage has a significant positive effect on potential tax avoidance.

Weighted Statistics	
R-squared	0.133138
Adjusted R-squared	0.083603
S.E. of regression	0.097462
F-statistic	2.687758
Prob(F-statistic)	0.038111

Meanwhile, other variables have a probability value > 0.05, so they fail to reject. Based on the probability value of F calculation (0.03811), it was found that together, the dependent variables had a significant influence on the potential for tax avoidance in young companies. $H_0 H_6, H_7, H_8$

Old Group Regression Test

In the old group regression test, the results of the regression analysis test from a total of 75 variable data were found as follows.

	Coefficient	Std. Error	t-Statistic	Prob.
C	0.226897	0.035633	6.367570	0.0000
X1	-0.040413	0.035913	-1.125301	0.2643
X2	-0.142120	0.365410	-0.388933	0.6985
X3	0.053009	0.079207	0.669253	0.5055
X4	0.154948	0.340800	0.454659	0.6508

In the group of old companies (> 50 years), all independent variables had a probability value of > 0.05, indicating failure to refuse, so it can be concluded that in old companies there are no variables that have a significant effect on the potential tax avoidance (H_0, H_5, H_6, H_7, H_8 rejected).

Weighted Statistics	
R-squared	0.018665
Adjusted R-squared	-0.037411
S.E. of regression	0.072927
F-statistic	0.332857
Prob(F-statistic)	0.854964

The probability F calculated at 0.8549 () shows that simultaneously, leverage, ROA, capital intensity, and profitability have no significant effect on tax avoidance in older companies. $\rho > 0{,}05$

T-Paired test against two groups of companies

Two sets of research data were benchmarked using descriptive statistical analysis prior to the t-paired test. Ensuring the representativeness of the data from the two company groups in the t-paired test is the aim.

KODE*	Count	Mean**	Std. Dev.	Std. Err. of Mean
0	75	0.190857	0.121803	0.014065
1	75	0.227893	0.095764	0.011058
All	150	0.209375	0.110761	0.009044

**Code 0 indicates a young company, while code 1 indicates an old company*
***Lower ratios indicate higher tax avoidance.*

The income tax burden is divided by the profit before taxes to determine the effective tax rate. The likelihood of tax evasion increases with a lower ETR value (Taufik & Muliana, 2021). Younger businesses have a lower mean value than older businesses, according to the mean test. This suggests that tax avoidance is a common practice among young businesses.

T Test paired

A t-paired test was applied to two groups in order to determine whether age has a significant impact on the likelihood of tax evasion. The subsequent are the hypotheses and results of the t-paired test.

Method	df	Value	Probability
t-test	148	-2.070080	0.0402
Satterthwaite-Welch t-test*	140.1926	-2.070080	0.0403
Anova F-test	(1, 148)	4.285233	0.0402
Welch F-test*	(1, 140.193)	4.285233	0.0403

H_1 : Age has a significant effect on tax avoidance potential

In the table, all test results showed a probability value less than 0.05 (), rejecting the hypothesis so that the conclusion can be drawn that age significantly affects the potential tax avoidance (accepted). Therefore, in the primary consumer goods sector, young firms are significantly more inclined to commit tax evasion than older firms.$\rho < 0{,}05 H_0 H_1$

The results of the study that the age of the company has a significant effect on the potential for tax avoidance are in line with the claim of Triyanti, et al (2020). However, in their research, they revealed that the older the company, the more expert it is in managing and regulating its tax burden. This is contrary to the trend of companies in the primary consumption sector, where the results of this study found that young companies have lower ETR values, indicating the probability of tax avoidance.

CONCLUSIONS AND RECOMMENDATIONS

The findings of the hypothesis test pertaining to tax evasion are as follows:
1. All of the regression test's independent variables—profitability, leverage, capital intensity, and return on asset—generally don't significantly affect the possibility of tax evasion.
2. Leverage was found to have a significant impact on the possibility of partial tax evasion in young companies (less than 20 years old) in a regression test that was moderated by the company's age. Furthermore, the findings of the regression test indicate that all four variables—profitability, leverage, capital intensity, and return on assets—have a significant impact on the possibility of tax evasion in young businesses (less than 20 years old) at the same time.
3. With the computed likelihood of F reaching 0.8549, no variables in the age-moderated regression test for older businesses (>20 years) shown a substantial impact on the possibility of tax evasion.
4. Age has a substantial impact on the possibility of tax avoidance in primary consumer goods sector enterprises, according to the T-paired test results, which indicate that the age variable has a probability value of less than 0.05.

5. The mean analysis's findings indicate that, in comparison to older organizations, young businesses (those under 20) have a lower average ETR value. Therefore, compared to older organizations, younger enterprises in the Primary Consumer Goods Sector are more likely to evade paying taxes.
The four independent variables examined in this study—profitability, capital intensity, leverage, and ROA (Return on Assets)—all failed to significantly affect the likelihood of tax evasion in businesses operating in the core consumer products industry. The leverage variable, as assessed by the Debt to Equity Ratio (DER), significantly impacted the possibility for tax avoidance in relatively young companies in the industry, according to additional testing that was reduced by the age component. Furthermore, it was discovered that, on the whole, every independent variable had a considerable impact on young businesses' capacity for tax evasion. The T-paired test results corroborate these conclusions, showing that younger businesses are more likely than older businesses to evade paying taxes. Since leverage is the primary factor influencing the likelihood of tax avoidance, the author suggests that the investigation of tax avoidance in young businesses concentrate more on this component. A more thorough examination of other factors including profitability, ROA, and capital intensity is also necessary to assist create a more successful tax management plan.

It is anticipated that this study will provide light on how financial factors relate to the likelihood of tax evasion in the major consumer products industry. How the relationship is moderated by the company's age. Managers of businesses can use the study's findings as a guide to help them make better and more efficient financial strategy choices. Furthermore, as a tax regulator and investor, the Directorate General of Taxes of the Republic of Indonesia is anticipated to find this research to be a valuable source of information for making investment decisions.

It is anticipated that this study, which takes a scientific theoretical approach, would significantly advance the body of knowledge on corporation taxation, profit management, and corporate life cycles. It will also offer pertinent suggestions for public policy and business practices.

ADVANCED RESEARCH

Every research certainly has limitations. Limitations in the sense of research limitations that affect the researcher's ability to explore the data being studied, the limitations of available data, or external factors of the research such as time and resource limitations. So that further research is needed for the perfection of this research.

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