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The Effect of Fixed Asset Intensity, Inventory Intensity, Profitability, Leverage, and Board of Commissioners on tax Management

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ABSTRAK

This research is focused on identifying the effects caused by fixed asset intensity, inventory intensity, profitability, leverage, and the presence of a board of commissioners on tax management practices. This quantitative study uses secondary data from manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) in 2020-2022. Samples were taken using purposive sampling method based on certain criteria, and 27 out of 63 companies that met the criteria were selected with a three-year period, resulting in a total of 81 sample data for this study. The data analysis technique used was multiple linear regression analysis conducted using the SPSS computer program version 25. The results showed that leverage and the board of commissioners have a positive impact on tax management practices, while profitability has a negative impact. However, in this study, fixed asset intensity and inventory intensity are not proven to have a significant impact on tax management practices.

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INTRODUCTION

The goal of every company in business is to achieve maximum profit while reducing the income tax burden. Taxes are considered as a transfer of funds from the company to the government, so tax payments are considered a burden for the company. Therefore, company managers try to manage their tax obligations to the maximum so that tax payments can be minimized.

According to (Sidabalok et al., 2020), the government aims to increase tax revenue to support state development. This situation creates a conflict of interest that occurs between government agencies and business entities, where the government expects high tax revenue while the company seeks to minimize its tax burden. As a result, companies try to manage tax payments efficiently with the aim of maximizing profits through tax management.

Tax management is a strategy used in making legal tax savings, with a focus on reducing tax payments, in order to achieve the desired level of profitability (Anasta et al., 2023). The tax management process involves planning, implementing, and controlling the tax payments of a company (Ismanto & Zang, 2022). The importance of implementing effective tax management is so that companies remain compliant with tax regulations without violating applicable norms.

PT Bentoel Internasional Investama Tbk (RMBA) is a company involved in tax management issues in Indonesia. In April 2019, the Tax Justice Network released a report titled Abu Jadi Abu (Ashes to Ashes) which exposed the tax avoidance practices of PT Bentoel Internasional Investama Tbk (RMBA), a subsidiary of British American Tobacco (BAT), in Indonesia.

The impact on the state is a loss of US$ 14 million/year or around Rp 199 billion. In addition, BAT is also considered to have moved some of its income out of Indonesia through two methods to minimize tax payments. First, through intra-company loans. This strategy caused Indonesia to lose US$ 11 million/year in state revenue. Second, through the payment of royalties, fees and services to the UK. As a result, Indonesia lost US$ 2.7 million/year in revenue (nasional kontan, 2019).

Corporate tax management can be influenced by various factors. The first factor to consider is fixed asset intensity. As stated by (Ardiani & Damajanti, 2021), fixed asset intensity shows the amount of investment in the company's wealth in fixed assets. Companies that have high fixed asset intensity usually

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bear a large tax burden. Research (A. I. Fitriana et al., 2022) states that between fixed asset intensity and tax management, there is a significant positive effect. However, this research is inconsistent with the findings of the research (Irman et al., 2021) and (Oktaviani & Ajimat, 2023) showing that there is no influence between fixed asset intensity and tax management.

The second factor is inventory intensity. Inventory intensity describes the amount of company assets invested in inventory (Ardiani & Damajanti, 2021). High inventory intensity can cause additional expenses, such as maintenance costs and damage to goods, which in turn can reduce company profits. The study conducted by (Prastyatini & Oro, 2023) found evidence of a positive effect of inventory intensity on tax management. However, these findings are inconsistent with research (Kurniawan, 2019) which shows that there is a negative influence between inventory intensity and tax management. In addition, these findings contradict research conducted by (Ardiani & Damajanti, 2021) and (Yulianty et al., 2021) showing that there is no significant effect of inventory intensity on tax management.

The third factor is profitability, which is an indicator of how efficient the company is in generating profits from its business activities (Afifah & Hasymi, 2020). An increase in profits earned by the company indicates an optimal profitability ratio. When profitability increases, the amount of tax that the company must pay also increases (Sidabalok et al., 2020). Research (Mappadang et al., 2022) and (Yulianty et al., 2021) show that there is a positive effect of Profitability on Tax Management. However, these findings are inconsistent with research from (Sidabalok et al., 2020) and (Bela & Kurnia, 2023) which found that there is a negative effect of profitability on tax management. The research findings also contradict the research of (Hanum & Manullang, 2022) and (Yaramah & Andriyani, 2022) showing that there is no influence between profitability and tax management.

The fourth factor is leverage, which refers to the use of debt used to support investment and fund company assets (Ardiani & Damajanti, 2021). By using this debt, companies can utilize the resulting interest expense as a tax deduction (Sidabalok et al., 2020). When leverage increases, the amount of tax to be paid tends to decrease (A. I. Fitriana et al., 2022). Research (A. I. Fitriana et al., 2022) and (Mappadang et al., 2022) found that there is a positive influence between leverage and tax management. However, these findings are inconsistent with research from (Bela & Kurnia, 2023) and (Yulianty et al., 2021) which found that there is a negative effect of leverage on tax management. In addition,

Research (Nurfitriani & Hidayat, 2021) and (Sembiring et al., 2022) state that between leverage and tax management there is no significant effect.

The last factor to consider is the board of commissioners, which functions in controlling the company's management activities. Therefore, by increasing the number of members of the Board of Commissioners, the supervisory function will be more effective. If corporate governance is in good condition, the company will try to reduce its tax payments to increase profits (Hidayat et al., 2021). Research conducted by (Hidayat et al., 2021) shows that there is a significant positive influence between the board of commissioners and tax management. However, the findings of this study contradict the findings of (Inviolita et al., 2022) which state that there is no influence between the board of commissioners and tax management.

This research was conducted for several clear reasons. First, the research was conducted in response to a case related to tax management at PT Bentoel Internasional Investama Tbk (RMBA), a manufacturing company in the consumer goods sector in Indonesia. In addition, another reason is because previous research still shows a variety of diverse results.

Thus, this study aims to understand in detail the impact of fixed asset intensity, inventory intensity, profitability, leverage and the board of commissioners on tax management in manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) during the period 2020-2022.

LITERATURE REVIEW

Agency theory

Jensen and Meckling were the ones who introduced the idea of agency theory in 1976. This agency theory defines the connection that exists between shareholders who act as principals and management who act as agents. Where the principal gives control over the operational management of the company to the agent, that is why the agent holds full responsibility for his work towards the principal (Prastyatini & Oro, 2023).

According to (Noviatna et al., 2021), agency theory explains why governments and companies have different perspectives on tax management. This difference in interest is due to the fact that the tax authorities as regulators seek as much as possible sources of funds in the form of taxes, while company management tries as much as possible to minimize its tax burden and maximize company profits. This difference in interest is what causes companies to practice tax management.

Tax Management

According to (Ismanto & Zang, 2022), tax management is a technique related to planning, implementing, and controlling taxes carried out by companies. Tax management is an activity that can be carried out by managers to fulfill tax obligations properly while minimizing tax costs, with the aim of increasing company profits. Therefore, tax management is one of several ways that company management can make legal tax savings.

The purpose of tax management is to reduce the total tax that the company must pay in a legal way in accordance with applicable tax regulations to increase market value, efficiency, and employee growth (Rahman et al., 2021). Another goal is to reduce the possibility of risks related to tax debt as a result of routine transactions (Anasta et al., 2023).

Fixed Asset Intensity

Fixed asset intensity is an activity related to investment in fixed assets made by a company (Afifah & Hasymi, 2020). According to (Oktaviani & Ajimat, 2023), fixed assets refer to assets that are tangible and can be owned, used, and calculated in the company's operational activities. Fixed asset intensity indicates how much fixed asset value is used by the company to operate. These fixed assets will cause depreciation expenses that can be utilized as a potential tax deduction (Wijaya & Murtianingsih, 2021). By utilizing this depreciation concept, companies can improve their performance to achieve the expected performance compensation and optimize tax payments.

Inventory intensity

Inventory intensity shows the amount of company wealth invested in inventory (Ardiani & Damajanti, 2021). Inventory as part of the company's assets has a function to support the company's activities in the long term (Piani & Safii, 2023).

If the company decides to allocate investment into inventory, it will incur additional costs that must be excluded from the cost of inventory and recognized as costs when they occur. The costs incurred are considered as expenses so that the profit earned by the company decreases. This decrease in company profits can then result in lower tax payments (Piani & Safii, 2023).

Profitability

Profitability is a measure that shows how effectively and efficiently a company manages its assets to generate profits from business activities during one accounting period (Wulandari & Ardhani, 2023). Profitability is also a reference as a basis for taxation, so the amount of tax to be paid will be influenced by the level of profitability (Noviatna et al., 2021).

Leverage

Leverage indicates the use of debt to finance assets and investments. In using this debt, the company will generate interest, which can then be used as a tax deduction (Sidabalok et al., 2020). Debt is a source of funding from outside parties used by companies for funding, raw materials and other company needs

(Prastyatini & Oro, 2023). Debt is an obligation that must be repaid to other parties. The use of this leverage is to assess the level of debt that a company must pay, both in the short and long term (Bela & Kurnia, 2023).

Board of commissioners

According to (Marsahala et al., 2020), the board of commissioners is a representative of shareholders who are responsible for ensuring that there are no deviations in the application of company strategy, overseeing how management leads the company, and ensuring that corporate governance accountability and transparency are properly implemented. The board of commissioners also has the authority to make decisions, including in terms of determining the company's strategy for effective and efficient tax payments (Inviolita et al., 2022).

HYPOTHESIS AND RESEARCH FRAMEWORK

Fixed Asset Intensity Against Tax Management

According to agency theory, when investing in fixed assets, company management will tend to use funds that are not used optimally. With the hope that the depreciation of these assets can be used as a tax deduction, thereby increasing company profits (Ardiani & Damajanti, 2021).

Large fixed asset intensity in a company can cause a large tax burden (Nurfitriani & Hidayat, 2021). This happens because in a company, when the economic benefits of a fixed asset have been exhausted but it is still considered a fixed asset, only half of the depreciation expense can be charged (Afifah & Hasymi, 2020). As the tax burden increases, companies are generally more motivated to practice tax management to reduce the tax burden.

H1: Fixed asset intensity has a positive impact on tax management.

Inventory Intensity Against Tax Management

According to agency theory, managers seek to minimize the additional burden caused by large inventories, such as costs for maintaining goods and handling damaged goods, in order to maintain or increase the profits generated by the company (Prastyatini & Oro, 2023).

Large inventories in a company can lead to additional costs, such as storage costs and costs due to inventory damage. These costs can reduce the profit generated, which in turn can reduce the tax burden as well. Therefore, it can be concluded that the tax burden will be lower as the inventory intensity increases. This results in a lower tendency for companies to practice tax management.

H2: Inventory intensity has a negative impact on tax management.

Profitability Against Tax Management

Based on agency conflicts, the tax authority as an agent has an interest in increasing tax revenue. Conversely, companies acting as principals have an interest in maximizing profits by minimizing their tax burden (Ardiani & Damajanti, 2021). Company profits will generally be in line with the tax burden,

because there is a positive correlation between the tax burden and the profit earned. With the amount of tax burden borne, companies will generally be more active in implementing tax management practices to minimize the total tax to be paid (Wijaya & Murtianingsih, 2021).
H3: Profitability has a positive impact on tax management.

Leverage Against Tax Management

Based on agency theory, managers who act as agents will often choose to utilize debt because it carries an interest expense that can reduce taxes to be paid. However, the company as the principal may not agree with this approach because an increase in the amount of debt can bring a higher risk of bankruptcy and potential losses to the company (E. Fitriana & Isthika, 2021).

In leverage, there are interest costs that arise due to debt. In taxation, interest expense can reduce taxable income. Managers utilize interest expense as a tax deduction, where according to (Sembiring et al., 2022) the higher the interest expense, the tax burden tends to decrease. From this explanation, it can be concluded that the greater the use of leverage or debt, the lower the tax burden. This has the potential to cause companies to be less interested in practicing tax management.
H4: Leverage has a negative impact on tax management.

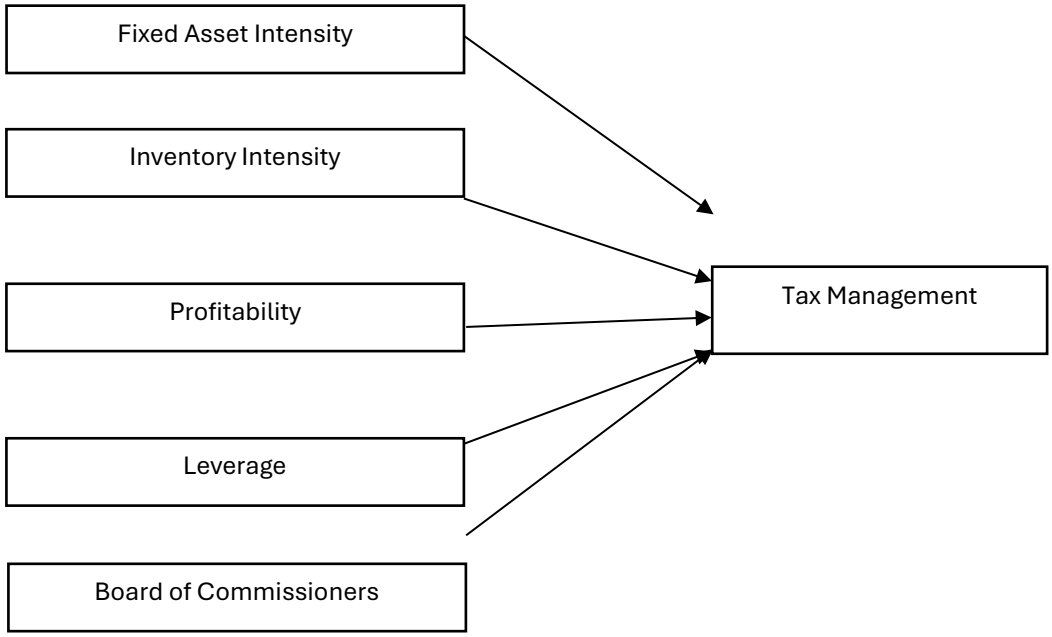
Board of Commissioners Against Tax Management

Based on agency theory, the existence of a board of commissioners acting as a principal has the responsibility to oversee management and direct the actions of the directors. The board of commissioners is the representative of the company's shareholders. If the existence of a board of commissioners in a company has many members, this can increase the supervisory function, so as to improve company performance and efficiency in tax payments. Tax efficiency can be used as a management approach in reducing tax rates and increasing company profits (Hidayat et al., 2021).

To lower the corporate tax rate without violating tax laws, the board of commissioners must have a strong understanding of applicable tax regulations. Therefore, the board of commissioners is expected to maximize profits by reducing the company's tax burden (Nurfitriani & Hidayat, 2021).
H5: The Board of Commissioners has a positive impact on tax management.

Figure 1

Research Framework



Source: Research Data, 2024

RESEARCH METHODS

This study uses a type of causal research, where attention is focused on understanding how independent variables affect the dependent variable (Sembiring et al., 2022). Researchers used secondary data for this study. The data source is obtained from annual report data and financial report data of manufacturing companies engaged in the consumer goods sector in Indonesia, which have been listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period available on the official idx.co.id website.

The approach used in this research is quantitative, which utilizes statistical formulas to analyze the data and facts obtained. "Quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research

instruments, data analysis is quantitative / statistical, with the aim of testing predetermined hypotheses." (Sugiyono, 2020)

Operationalization of Variables

Table 1 : Operationalization of Variables

Variable	Measurement	Scale	Source
Dependent Variable			
Tax Management	$ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ Tax}$	Ratio	(Prastyatini & Oro, 2023)
Independent Variable			
Fixed Asset Inventory	$FAI = \frac{Total\ Fixed\ Asset}{Total\ Asset}$	Ratio	(Kurniawan, 2019)
Inventory Intensity	$INVINT = \frac{Total\ Inventory}{Total\ Asset}$	Ratio	(Kuswanto & Andrianus, 2023)
Profitability	$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset}$	Ratio	(Afifah & Hasymi, 2020)
Leverage	$DAR = \frac{Total\ Debt}{Total\ Asset}$	Ratio	(Sidabalok et al., 2020)
The Board of Commissioners	$\Sigma\ All\ Members\ of\ the\ Board\ of\ Commis$	Ratio	(Inviolita et al., 2022)

Source: Research Data, 2024

Population and Sample

The population that is the subject of this research is manufacturing companies engaged in the consumer goods sector listed on the Indonesia Stock Exchange during the 2020-2022 period, where the number of companies taken as a population is 63 companies. Meanwhile, the research sample is formed from manufacturing companies in The method used to select samples is purposive sampling, which is a sample selected based on criteria relevant to the objectives

of the study. The results of the sample selection process are a total of 81 data from 27 companies for 3 years, with consideration of the criteria used in determining the sample in this study are:

Table 2 : Stages of Sample Selection with Criteria

No	Criteria	Number of Companies
1	Consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2020-2022	63
2	Companies not publishing annual reports and financial statements in 2020-2022	-7
3	Companies that use foreign currency	-1
4	Companies that experience losses	-19
5	Outlier Data	-9
	Total company samples **Number of observation years** **Total data and observations (27 x 3 Years)**	**27** **3** **81**

Source: Research Data, 2024

Data Analysis Technique

This study uses multiple linear regression models as a data analysis technique to identify whether the independent variable has a significant influence on the dependent variable (Yaramah & Andriyani, 2022). The multiple linear regression equation is:

$$\mathbf{Y = \alpha + \beta 1\ X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + e}$$

Description:

Y = Tax Management

α = Constant Value

$\beta 1$-$\beta 5$ = Regression coefficient X1-X5

X1 = Fixed Asset Intensity

X2 = Inventory Intensity

X3 = Profitability

X4 = Leverage

X5 = Board of Commissioners

e = Error

RESULTS AND DISCUSSION

Result

Descriptive Statistics

Each variable has a minimum value, maximum value, mean value, and standard deviation, which are described by descriptive statistics. Variable data can be said to be well distributed, if the average value > standard deviation value (Sidabalok et al., 2020).

Table 3 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Fixed Asset Intensity	81	.04	.81	.3614	.20000
Inventory Intensity	81	.04	.61	.2058	.13544
Profitability	81	.03	.35	.1162	.07190
Leverage	81	.10	.78	.3687	.17654
Board of Commissioners	81	2	9	4.37	1.654
Tax Management	81	-.77	-.51	-.6513	.04841
Valid N (listwise)	81				

Source: Output SPSS Version 25 (2024)

Based on table 3, it shows that the total data studied amounted to 81 samples.

1. The maximum value for tax management is -0.51 and the minimum value is -0.77. Tax management data in this study is not well distributed or unevenly distributed, because the average value < standard deviation value is -0.6513 < 0.04841.
2. The maximum value for fixed asset intensity is 0.81 and the minimum value is 0.4. Fixed asset intensity data in this study is well distributed or evenly distributed, because the average value > standard deviation value, which is 0.3614 > 0.20000.
3. The maximum value for inventory intensity is 0.61 and the minimum value is 0.4. Inventory intensity data in this study is well distributed or evenly distributed, because the average value > standard deviation value is 0.2058 > 0.13544.
4. The maximum value for profitability is 0.35 and the minimum value is 0.3 and. Profitability data in this study is well distributed or evenly distributed, because the average value > standard deviation value is 0.1162 > 0.07190.
5. The maximum value for leverage is 0.78 and the minimum value is 0.10 and. The leverage data in this study is well distributed or evenly distributed, because the average value > standard deviation value is 0.3687 > 0.17654.
6. The maximum value for the board of commissioners is 9 and the minimum value is 2. The board of commissioners data in this study is well distributed or evenly distributed, because the average value > standard deviation value is 4.37 > 1.654.

Classic Assumption Test

Normality Test

In this study, the one sample Kolmogorov-Smirnov test was used to assess normality, with the aim of determining whether the distribution of data in the study was normal or not. Provided that if the significance value of the study is < 0.05, the data distribution in the study is abnormal. Conversely, if the significance value is > 0.05, the data distribution in the study is normal (Nurfitriani & Hidayat, 2021).

Table 4 : One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		81
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.04118631
Most Extreme Differences	Absolute	.096
	Positive	.096
	Negative	-.073
Test Statistic		.096
Asymp. Sig. (2-tailed)		.063[c]

Source: Output SPSS Version 25 (2024)

Based on the test results above, it shows a significance value of 0.063, which indicates that the data distribution in this study is normal, because the significance value is > 0.05. Therefore, the regression model used to predict the dependent variable against the independent variable in this study is feasible to use.

Multicollinearity Test

This test is used to evaluate whether in the regression model there is a linear relationship between the independent variables. Research data can be considered good if there is no multicollinearity problem and the tolerance value of each independent variable 1 > 0.10 and the VIF value < 10 (Irman et al., 2021).

Table 5 : Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Fixed Asset Intensity	.559	1.789
	Inventory Intensity	.575	1.739
	Profitability	.895	1.117
	Leverage	.887	1.127
	Board of Commissioners	.843	1.186

a. Dependent Variable: Tax Management

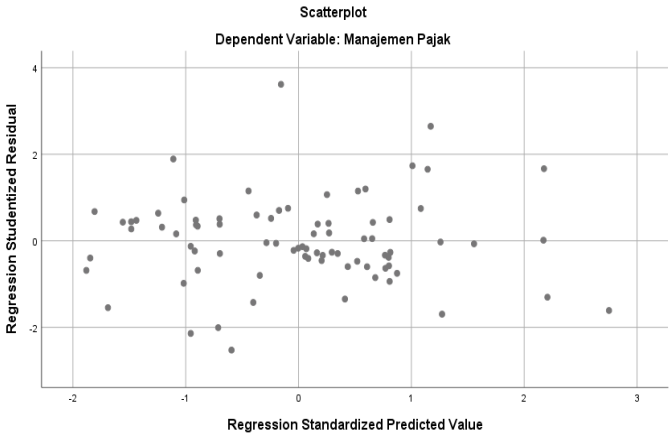
Source: Output SPSS Version 25 (2024)

There is no multicollinearity problem in this study, because each independent variable has a tolerance value of > 0.10 and a VIF value of < 10.

Heteroscedasticity Test

The use of scatter plot patterns in testing heteroscedasticity aims to test whether in the residual variation there are differences between various observations. There will be no heteroscedasticity on the scatter plot if there is no clear pattern or the point pattern spreads below or above zero (Nurfitriani & Hidayat, 2021).

Figure 2 : Scatterplot



Source: Output SPSS Version 25 (2024)

The scatter plot shows the dots are randomly scattered above and below zero without a clear pattern, so there is no heteroscedasticity in this study, as shown in the figure above.

Autocorrelation Test

The use of this test is to determine whether confounding errors in a period and errors in the previous period are correlated with each other. The Durbin-Watson (D-W) test is one method that can be used to test for autocorrelation. There is no autocorrelation in a study, if the D-W value is greater than the upper limit (du) and less than the lower limit (4-du) (Nurfitriani & Hidayat, 2021).

Table 6 : Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.526[a]	.276	.228	.04254	1.960

a. Predictors: (Constant), Board of Commissioners, Profitability, Leverage, Inventory Intensity, Fixed Asset Intensity

b. Dependent Variable: Tax Management

Source: Output SPSS Version 25 (2024)

Based on table 6 shows that the Durbin-Watson value is 1.960 and compared with a significant value of 5%, with a total of independent variables (k = 5) and a sample of n = 81. Based on the Durbin-Watson table, the dU value is 1.7720 and the dL value is 1.5109, so that 1.7720 < 1.960 < (4 - 1.7720), so the data results meet the conditions dU < DW < (4-du). This means that in this study there is no autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis in this study aims to examine how one or more independent variables and one dependent variable relate to each other (Hanum & Manullang, 2022).

Table 7 : Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.694	.024		-28.593	.000
	Fixed Asset Intensity	-.030	.032	-.124	-.946	.347
	Inventory Intensity	-.028	.046	-.079	-.613	.542
	Profitability	-.155	.070	-.230	-2.220	.029
	Leverage	.065	.029	.239	2.288	.025
	Board of Commissioners	.012	.003	.419	3.920	.000

a. Dependent Variable: Tax Management

Source: Output SPSS Version 25 (2024)

Based on table 7 shows that multiple linear regression can be formulated as follows: Y = -0.694 + -0.030 X1 + -0.028 X2 + -0.155 X3 + 0.065 X4 + 0.012 X5 + e

Partial Test (t)

The effect of each independent variable on the dependent variable can be measured by a partial test or t test. According to the t test interpretation criteria, the independent variable has no significant impact on the dependent variable if the significance value of the t test > 0.05 and vice versa (Hanum & Manullang, 2022).

Table 8 : Partial Test (t)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.694	.024		-28.593	.000
	Fixed Asset Intensity	-.030	.032	-.124	-.946	.347
	Inventory Intensity	-.028	.046	-.079	-.613	.542
	Profitability	-.155	.070	-.230	-2.220	.029

	Leverage	.065	.029	.239	2.288	.025
	Board of Commissioners	.012	.003	.419	3.920	.000

a. Dependent Variable: Tax Management

Source: Output SPSS Version 25 (2024)

Each variable can be explained as follows:

1. Fixed asset intensity has no impact on tax management, with a calculated t value of -0.946 and a significant value of 0.347 which is > 0.05.
2. Inventory intensity has no impact on tax management, with a calculated t value of -0.613 and a significant value of 0.542 which is > 0.05.
3. Profitability has a negative impact on tax management, with a calculated t value of -2.220 and a significant value of 0.029 which is < 0.05.
4. Leverage has a positive impact on tax management, with a calculated t value of 2.288 and a significant value of 0.025 which is < 0.05.
5. The board of commissioners has a positive impact on tax management, with a t value of 3.920 and a significant value of 0.000 which is < 0.05.

Simultaneous Test (F)

To determine whether all independent variables together have an impact on the dependent variable, it is measured by the f test or simultaneous test. According to the f test interpretation criteria, the independent variables together have an impact on the dependent variable if the significance value is < 0.05 or F count > F table and vice versa (Hanum & Manullang, 2022).

Table 9 : Simultaneous Test (F)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.052	5	.010	5.724	.000[b]
	Residual	.136	75	.002		
	Total	.187	80			

a. Dependent Variable: Tax Management b. Predictors: (Constant), Board of Commissioners, Profitability, Leverage, Inventory Intensity, Fixed Asset Intensity

Source: Output SPSS Version 25 (2024)

The F table value is 2.34 when df1 = k-1, 6-1 = 5 and df2 is 75, and the F distribution table is associated with a significance level of 0.05. This means that fixed asset intensity, inventory intensity, profitability, leverage, and the presence of a board of commissioners together have a significant impact on tax management, because the significance value is 0.000 < 0.05, and the calculated F value is 5.724 > F table value 2.34.

Test Coefficient of Determination (R2)

How much variation occurs between the independent variable and the dependent variable can be measured using the coefficient of determination test and how much X will affect Y will be indicated by the Adjusted R-Squared value (A. I. Fitriana et al., 2022).

Table 9 : Test Coefficient of Determination (R2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526[a]	.276	.228	.04254
a. Predictors: (Constant), Board of Commissioners, Profitability, Leverage, Inventory Intensity, Fixed Asset Intensity b. Dependent Variable: Tax Management				

Source: Output SPSS Version 25 (2024)

Table 9 shows that the Adjusted R Square value is 0.228. This means that the effect of the independent variables, namely fixed asset intensity, inventory intensity, profitability, leverage and the board of commissioners on the dependent variable, namely tax management, is 22.8%. Then the remaining 77.2% is influenced by other factors not tested in this study, such as; auditor reputation, tax facilities, company size, institutional ownership and deferred tax.

DISCUSSION

Table 10 : Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.694	.024		-28.593	.000
	Fixed Asset Intensity	-.030	.032	-.124	-.946	.347
	Inventory Intensity	-.028	.046	-.079	-.613	.542
	Profitability	-.155	.070	-.230	-2.220	.029
	Leverage	.065	.029	.239	2.288	.025
	Board of Commissioners	.012	.003	.419	3.920	.000

a. Dependent Variable: Manajemen Pajak

Source: Output SPSS Version 25 (2024)

Fixed Asset Intensity Against Tax Management

The hypothesis analysis results confirm that there is no significant correlation between fixed asset intensity and tax management practices. Based on the partial test analysis, it is found that the coefficient for fixed asset intensity is 0.347, exceeding the significance level of 0.05. Therefore, the conclusion can be drawn that the first hypothesis (H1) cannot be accepted.

This finding is consistent with the results of previous studies by (Irman et al., 2021), (Wijaya & Murtianingsih, 2021), and (Oktaviani & Ajimat, 2023) which confirm that there is no significant impact of fixed asset intensity on tax

management. The reason is due to the tendency of large companies to use fixed assets that have reached the end of their useful life. In addition, the depreciation policy adopted by company management is in accordance with tax provisions, so that no fiscal correction occurs (Wijaya & Murtianingsih, 2021). Thus, the size of fixed assets, large or small, will not affect tax management practices.

Inventory Intensity Against Tax Management

Based on the hypothesis analysis, it is concluded that there is no significant impact of inventory intensity on tax management practices. The partial test results show that the coefficient for inventory intensity is 0.542, exceeding the 0.05 significance level. As a result, the second hypothesis (H2) cannot be accepted. This conclusion is in line with the findings of previous research by (Ardiani & Damajanti, 2021) which also confirmed that inventory intensity has no effect on tax management.

This condition occurs due to additional costs arising from the company's high inventory intensity without showing a tendency that the company is doing tax management. The value of investment in corporate inventory does not determine how much tax must be paid, because the company's main focus is to reduce inventory costs not to manage tax payments (Yulianty et al., 2021).

The findings of this study do not confirm agency theory, as the theory states that managers seek to increase additional corporate expenditures to reduce the tax burden, thus making pre-tax profits appear lower and paying less tax.

Profitability Against Tax Management

After analyzing the hypothesis test results, it is determined that profitability has a negative impact on tax management. The partial test revealed a profitability value of 0.029, which is lower than the significance value of 0.05, with a calculated t-value of -2.220. Therefore, the third hypothesis (H3) is rejected.

The results of this study align with earlier research from (Afifah & Hasymi, 2020), (Bela & Kurnia, 2023), and (Sidabalok et al., 2020) which show that profitability and tax management have a negative influence. The negative findings of this study suggest that when the company's profitability increases, the effective tax rate (ETR) will decrease. If the effective tax rate (ETR) is low, this indicates that the company's tax management practices have been successful (Afifah & Hasymi, 2020).

This finding is inconsistent with agency theory which is widely believed that increased profitability will encourage managers to be more active in tax management, resulting in smaller tax payments and at the same time managers receive compensation as part of agency costs.

Leverage Against Tax Management

Based on the conducted hypothesis testing, it was found that there is a positive influence between leverage and tax management. From the partial test results, the leverage value of 0.025 is smaller than the significance value of 0.05, with t count of 2.288. As a result, the fourth hypothesis (H4) is considered rejected.

This finding is consistent with earlier research from (Afifah & Hasymi, 2020), (A. I. Fitriana et al., 2022), and (Mappadang et al., 2022) which also state that between leverage and tax management there is a significant positive effect. This shows that the level of corporate debt has not been effective in improving the quality of corporate tax management. This is due to the increase in tax burden along with the increase in interest charged on debt.

In general, companies allocate the debt obtained as an investment and earn income from the debt outside the company's main operations. This results in an increase in company profits which in turn can have an impact on taxable income (PKP). If the PKP of a company increases, the amount of tax that must be paid also increases (Afifah & Hasymi, 2020). As the amount of tax that must be met is getting bigger, companies tend to be more active in planning tax management strategies to reduce the amount of tax that must be paid.

Board of Commissioners Against Tax Management

Based on the hypothesis testing that has been carried out, it was found that the board of commissioners has a positive influence on tax management. The partial test results show that the value of the board of commissioners of 0.000 is smaller than the significance value of 0.05 with a calculated t value of 3.920. Therefore, it can be concluded that the fifth hypothesis (H5) is considered accepted. These findings are consistent with previous research by (Hidayat et al., 2021) which states that there is a positive influence of the board of commissioners on tax management.

This positive relationship is formed because a larger number of board members will increase the supervisory function, which in turn will have an impact on improving company performance and efficiency in the tax collection

process (Hidayat et al., 2021). In other words, the existence of many boards of commissioners who have an understanding of relevant tax regulations can optimize profits by minimizing tax obligations to be paid (Hidayat et al., 2021). So it can be concluded that with the increase in board members, the company's tendency to implement tax management strategies to reduce the amount of tax to be paid may increase.

CONCLUSIONS AND SUGGESTION

Based on the analysis and findings of the study, fixed asset intensity does not have a significant impact on tax management practices. This finding indicates that the amount of fixed asset ownership by a company does not trigger a fiscal correction. In addition, inventory intensity also has no significant impact on tax management practices. Although there are additional costs arising from the high intensity of the company's inventory, this does not indicate a tendency for companies to practice tax management. Profitability has a negative impact on tax management practices. This finding shows that with the high profitability of a company, the effective tax rate tends to decrease. On the other hand, leverage has a positive impact on tax management practices. This finding shows that an increase in interest on debt causes the company to experience an increase in tax burden. The existence of the board of commissioners also has a positive impact on tax management practices. This finding shows that companies with a larger number of commissioners have a greater opportunity to reduce the total tax that a company must pay.

This study has several limitations that need to be considered. First, the study only considered five independent variables in analyzing the effect on tax management practices. This limitation may result in the absence of capturing other variables that may also play a role in tax management practices. Second, this study only covers data from a three-year period, namely from 2020-2022. This limitation may limit the understanding of the long-term dynamics and trends in tax management practices over time. Finally, this study only considers manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange. This may result in limited generalization of the results to other industries or sectors, and does not take into account variations that may exist outside the predetermined sample frame.

Suggestions for future researchers are to consider the following points:

1. Adding independent variables: Researchers can expand the scope of research by including additional independent variables that have the potential to influence tax management practices. For example, such as tax facilities owned by the company, company size, level of institutional ownership, and use of deferred taxes can be important considerations.
2. Expanding the Observation time span: Expanding the observation period to more than three years may provide a more complete insight into changes and trends in tax management practices over time.
3. Expanding the research sample: Conducting research on all companies listed on the Indonesia Stock Exchange will provide a more comprehensive picture of tax management practices in Indonesia. Thus, the research results will be more representative of the overall state of the industry in the country.

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