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Original Research Article

The Role of Profitability, Company Size, Corporate Social Responsibility, and Inventory Intensity on Potential Tax Avoidance

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Abstract

Tax avoidance is an action to minimize the tax burden with efforts by taxpayers that do not violate applicable laws. Tax avoidance in this research is measured using the formula statutory rate of tax – effective tax rate. Profitability is measured using Return on Assets (ROA), company size is measured by Ln Total Assets, corporate social responsibility uses the GRI-Standards measurement, Inventory intensity uses the measurement of total inventory divided by total assets. The research objective to be achieved in this research is to provide understanding and knowledge to the public, especially the government, management, investors and creditors regarding the role of profitability, company size, corporate social responsibility, and inventory intensity on potential tax avoidance and can be used as a reference for future researchers as well as reference for stakeholders (management, investors, creditors and government) in making relevant and reliable decisions. This research uses manufacturing companies in the consumer goods sector with the research year 2018-2022 which are listed on the Indonesia Stock Exchange as research objects. The total sample was 105 samples using the purposive sampling method. The data analysis techniques used are Descriptive Statistical Analysis, Classical Assumption Test, Hypothesis Test, and Linear Regression Test. Based on the analysis results, it was found that profitability has a positive effect on tax avoidance. Meanwhile, company size, corporate social responsibility and inventory intensity have no effect on tax avoidance.

Keywords: Profitability, company size, corporate social responsibility, inventory intensity, tax avoidance.

INTRODUCTION

In collecting the state treasury revenue budget, taxes are one of the most important elements. Tax is one of the most potential sources of state revenue among other sources of state revenue, even though it is coercive in nature. The view that taxes are imposed costs causes taxpayers to always try to reduce the amount of tax payable that must be paid off and in achieving this ambition it is very vulnerable to fraud, such as tax irregularities.

Tax avoidance in the form of tax avoidance is an action in minimizing the tax burden with the efforts of taxpayers who do not violate applicable laws and regulations. The practice of tax avoidance is indeed legal because it does not violate the tax law, but in fact tax avoidance is not desired by the government because this is contrary to the interests of the government which wants to obtain as much state revenue from taxes as possible. Therefore, tax avoidance is something that must be given special attention because it involves state revenue (Anindyka *et al.*, 2018).

One of the tax avoidance phenomena is carried out by a tobacco company owned by British American Tobacco (BAT). The tax justice network institution, which is an independent international networked institution from the UK that focuses on conducting research and studies related to tax policy and implementation, reports that a tobacco company owned by British American Tobacco (BAT) has committed tax evasion in Indonesia through PT. Bentoel International Investama. As a result, the state allegedly suffers a loss of US$ 14 million per year. According to a written report by the Tax Justice Network Institute, it was explained that BAT took tax avoidance actions by taking advantage of loopholes in tax rules by diverting part of its income out of Indonesia in two ways: (1) through intra-company loans between 2013 and 2015; and (2) through repayment to the UK for royalties, fees and services (Kontan.co.id, 2019).

Tax Justice Network (TJN) reports that Indonesia is estimated to lose up to 4.86 billion US dollars every year due to tax evasion. This figure is equivalent to Rp. 68.7 trillion using the rupiah exchange rate of IDR 14,149 at the close on the spot market Monday (22/11/2020). In the TaxJustice Network report entitled "The State of Tax Justice 2020: Tax Justice in the Age of Covid-19", this figure reached US$4.78 billion or equivalent to Rp. 67.6 trillion which is the result of corporate tax evasion in Indonesia. Indonesia. The remaining 78.83 million US dollars or around Rp. 1.1 trillion comes from individual taxpayers.

The report states that in practice multinational companies divert their profits to countries that are considered tax havens. The goal is not to report how much profit is actually generated in the country of doing business. Corporations end up paying less tax than they should (Kompas.com, 2020). A company may use various ways to reduce the amount of tax that must be paid, in this case the company will benefit but on the other hand the state will be disadvantaged. Tax avoidance is one way to reduce tax costs legally without violating existing laws (Susilowati *et al*., 2020).

Tax avoidance in this study was measured using the statutory rate of tax – effective tax rate formula (Jamei, 2017). The statutory rate of tax is a tax rate that has been determined based on the tax rules that apply in a country. In Indonesia, according to Law Number 36 of 2008, the corporate income tax rate is 25% until 2019 and 22% for 2020. The effective tax rate is a profit and loss statement-based measurement used to measure the effectiveness of tax deductions made by companies leading to high after-tax profits. The measurement of the effective tax rate is by dividing the income tax burden by profit before tax (Jamei, 2017).

Profitability is used as one of the measurements to assess the effectiveness of management in managing the company in order to earn profits. Therefore, profitability is a measuring tool for assessing a company's ability to make a profit (Kasmir, 2019). The higher the company's profitability, the higher the company's net profit. Company profits are the basis for corporate tax collection. When the profits generated by the company are high, the amount of tax that must be paid will increase, this will cause the profits earned by the company to decrease. This is the tendency for companies to carry out tax avoidance (Dewanti & Sujana, 2019). Profitability can be measured by various measurement ratios, one of which is Return On Assets (ROA)."

According to Wulansari *et al*., (2020) company size shows the stability and ability of a company to carry out its economic activities. The greater the assets owned by the company, the larger the size of the company. The size of the assets also affects the total productivity of the company, so that the profits generated by the company will also be affected. Profits generated by companies that have large assets will affect the level of corporate tax payments. Companies that are classified as small companies cannot manage taxes optimally due to a lack of tax experts, whereas companies that are classified as large companies have greater resources so that they can easily manage taxes (Dharma & Ardiana, 2016).

Corporate Social Responsibility is corporate social responsibility that occurs between a company and all stakeholders, including customers, employees, communities, investors, government, suppliers and even competitors. The idea of CSR is no longer about responsibility based on a single bottom line, namely corporate value which is only described by its financial condition. But corporate responsibility must be based on the triple bottom lines. Here other bottom lines aside from financial, there are also social and environmental ones. So far, companies have assumed that they have the same burden for the benefit of people's welfare, namely the tax burden and CSR (Corporate Social Responsibility). So that companies do not have a double burden, companies are starting to look for ways to minimize corporate taxes that should be paid, namely by way of tax avoidance. Companies are more considering spending funds for CSR programs that can reduce taxable profits.

Inventory intensity is part of the company's current assets that are used to meet demand and the company's operations in the long term. The more the company's inventory, the greater the maintenance and storage costs of the inventory (Andhari & Sukartha, 2017). These expenses will reduce the company's net profit and reduce the amount of tax paid by the company. Managers will try to minimize the additional burden due to the large amount of inventory so as not to reduce the company's profits. But on the other hand, managers will maximize the additional costs they have to bear to reduce the tax burden paid by the company.

Based on this background, research was conducted on the effect of Profitability, Company Size, Corporate Social Responsibility, and Inventory Intensity on the Potential of Tax Avoidance.

LITERATURE REVIEW

Agency Theory (Agency Theory)

Agency theory is a theory related to contractual relationships between members of a company or organization. Agency theory was first put forward by Meckling (1976) which stated that agency theory focuses on two individuals - the principal (or superior) and the agent (or subordinate). Agency theory states that agents will behave in self-interest (self-interested) which may conflict with the interests of the principal. It is feared that agency problems will arise if the interests of the principal and agent are not in line and the principal lacks information to properly assess agent behavior.

Agency theory has a relationship with tax avoidance because shareholders or management, called principals, employ agents to manage the company so that the company reaps as much profit as possible at the most efficient cost. Management as an agent has an interest in getting the maximum reward through the company's profits for its performance. One of the ways that principals and agents do is to suppress taxes paid through low profits in order to achieve the desired goals.

Tax Avoidance

According to Farouq (2018) tax avoidance is a legal action and does not violate the law or can only be punished if there are rules that regulate it completely and clearly. Meanwhile, according to Rahayu (2017) tax avoidance is an action in minimizing the tax burden with the efforts of taxpayers who do not violate applicable laws. The practice of tax avoidance is legal because it does not violate the tax laws, but in fact tax avoidance is not desired by the government because this is contrary to the interests of the government which wants to obtain as much tax revenue as possible (Rahayu, 2017).

Measurement of tax avoidance is as follows (Jamei, 2017):

$$\boxed{Tax\ avoidance = statutory\ rate\ of\ tax - effective\ tax\ rate}$$

$$\boxed{Effective\ Tax\ Rate = \frac{\text{Beban pajak penghasilan}}{\text{Laba sebelum pajak}}}$$

While the measurement of the effective tax rate uses the following benchmarks (Jamei, 2017):

Profitability

According to Hery (2017) profitability is a ratio that shows how much the contribution of assets is in creating net profit. Meanwhile, according to Kasmir (2019) profitability is the ratio used to measure the yield (return) on the total assets used by the company. Return on Assets (ROA) aims to assess the level of asset contribution in generating net income. The higher the rate of return on assets, the higher the net profit generated. The formula for calculating ROA (Return on Assets) is as follows:

$$\boxed{\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total assets}} \text{x100\%}}$$

Company Size

According to Hery (2017: 3) company size is a scale for classifying the size of a company in various ways, including total assets, total sales, stock market value, and so on. Riyanto (2013: 313) states that company size is the size of the company which can be seen based on the value of equity, sales value or total asset value. The greater the total assets owned by the company indicates that the larger the company size.

Company size is generally divided into 3 categories, namely large companies (large firms), medium firms (medium firms), and small firms (small firms). Determination of company size is based on the company's total assets. The greater the total assets, it shows that the company has good prospects in a relatively long period of time. This also illustrates that companies are more stable and more capable of generating profits compared to companies with small total assets (Jasmine *et al*., 2017).

Company size is proxied by using the natural log of total assets with the aim of reducing excess data fluctuations. By using natural logs, total assets that have a value of hundreds of billions to trillions can be simplified without reducing the proportion of the actual number of assets (Munawir 2014:30).

Corporate Social Responsibility

According to Hadi (2018) social responsibility (CSR) is part of a business strategy for the company's long-term survival and refers to organizational responsibility towards consumers, employees, shareholders, society and the environment in all aspects of its operations. CSR disclosure is one of the ways that companies do to convince stakeholders that the company can provide guarantees for the company's survival (Khamainy & Asih, 2019). Disclosure of CSR to the public will also add to society's positive image of the company, with a good corporate image it is hoped that the company will be able to avoid actions that will make the company's image worse in the eyes of society, for example, tax avoidance (Putri & Mardenia, 2019)."

General standards or guidelines used by a company to report on the sustainability of its company, namely the Global Reporting Initiatives (GRI). GRI is used to provide principles in defining report content and will guarantee the quality of the information to be reported in the company's sustainability report.

According to research Khamainy & Asih (2019) for CSR proxies can be measured using the following formula:

$$ICSR = \frac{n}{k}$$

Where:
ICSR = Corporate CSR disclosure index.
n = 1 if the item is disclosed, 0 if the item is not disclosed
k = Maximum number of items that must be disclosed

Inventory Intensity

According to Sutomo & Djaddang (2017) Inventory intensity is one measure of a company's performance that describes how large the proportion of merchandise inventory is to the total assets owned by the company. Inventory intensity describes how the company invests its wealth in inventory. The amount of inventory intensity can cause additional costs, including storage costs and costs incurred due to damage to goods (Herjanto, 2007:248)."

Companies that invest in inventory in warehouses will cause the formation of maintenance and inventory storage costs resulting in an increase in the company's expenses so that it can reduce company profits so that taxes paid will decrease (Andhari & Sukartha, 2017).

PSAK No.14 explains that additional costs in managing inventory must be removed from inventory and recognized as an expense in the period in which the costs are incurred. By removing these additional costs from inventory and recognized as expenses in the period in which the costs are incurred, it will cause a decrease in the company's profits. (Puteri and Lautania 2016).

Managers will try to minimize the additional burden due to the large amount of inventory so as not to reduce the company's profits. But on the other hand, managers will maximize the additional costs they have to bear to reduce the tax burden paid by the company.

In Sutomo & Djaddang's research (2017) Inventory Intensity can be measured by the following formula:

$$INVIN = \frac{\text{Total Inventory}}{\text{Total Assets}}$$

Prior Research

Sormin (2020) in his research entitled The Influence of Size, Leverage, and Corporate Social Responsibility on Tax Avoidance found that leverage has a negative effect on tax avoidance, while company size and CSR have no effect on tax avoidance.

Tarmidi *et al*., (2020) conducted a study entitled Tax Avoidance: Impact of Financial and Non-Financial Factors and found that profitability and company size had a negative effect on tax avoidance, independent commissioners had a positive effect on tax avoidance, and institutional ownership had no effect on tax avoidance.

Mahdiana & Amin (2020) in his research entitled "The Influence of Profitability, Leverage, Company Size, and Sales Growth on Tax Avoidance" states that profitability has a significant positive effect on tax avoidance, this is due to the assumption that paying medium and high levels of tax results in ROA to be low, this is because ROA is influenced by large expenditures in conducting research and development companies that are carried out for business development. Profitability is needed to assess the potential changes in economic resources that may be controlled in the future.

Sunarto *et al*., (2021) in his research entitled "The Effect of Corporate Governance on Tax Avoidance: The Role of Profitability as a Mediating Variable" states that profitability does not affect tax avoidance, this explains that an increase in corporate profits does not affect management action on tax avoidance.

Abdelfattah & Aboud (2020) in their research entitled "Tax avoidance, corporate governance, and corporate social responsibility: The case of the Egyptian capital market" states that CSR has a positive effect on tax avoidance. The results of this study state that companies that are involved in tax avoidance tend to increase CSR disclosure to reduce public concern and to show that they meet society's expectations.

Pangaribuan *et al*., (2021) in their research entitled "The financial perspective study on tax avoidance" states that profitability has no effect on tax avoidance. The results of this study are because the higher the profitability, the higher the tax burden that must be paid, so the tendency of company management to carry out tax avoidance is also higher.

The Effect of Profitability on Tax Avoidance

According to Kasmir (2019) profitability is the ratio used to measure a company's ability to generate profits. Agency theory explains things that can spur agents to increase company profits. The company was founded with the aim of making as much profit as possible. The higher the value of ROA, the higher the company's profit will increase its tax burden. Companies with high levels of profitability are considered to have

advantages in terms of tax incentives and leniency in paying taxes so that companies are seen to practice tax avoidance (Ni Luh Putu Puspita Dewi & Naniek Noviari, 2017). Previous research conducted by Mahdiana & Amin (2020) stated that profitability has a significant positive effect on tax evasion. The following are the hypotheses proposed:
H1: Profitability has an effect on Tax Avoidance

The Effect of Company Size on Tax Avoidance

According to Hery (2017: 3) company size is a scale for classifying the size of a company in various ways, including total assets, total sales, stock market value, and so on. Based on agency theory, the resources owned by the company can be used by agents to maximize agent performance compensation, namely by reducing the company's tax burden to maximize company performance. The larger the size of the company, the greater the company carries out tax avoidance activities. (Dharma & Ardiana, 2016).

Research conducted by (Dharma & Ardiana, 2016) proved that company size has a positive effect on tax avoidance. Large companies will find it easier to do tax avoidance because they have superior quality resources compared to small companies and large companies will use these resources to plan taxes so as to get more optimal taxes. The following are the hypotheses proposed:
H2: Company size has an effect on Tax Avoidance

The Effect of Corporate Social Responsibility on Tax Avoidance

According to the Limited Liability Company Law No. 40 of 2007 article 1 paragraph 1 what is meant by Corporate Social Responsibility is the company's commitment to participate in sustainable economic development to improve the quality of life and the environment that benefits the company itself, society and the environment. In accordance with the legitimacy theory which states that companies in maintaining their survival always try to gain legitimacy or positive recognition from their stakeholders (Mulyani & Suryarini, 2017). The higher the level of CSR disclosure by companies, the more companies avoid tax avoidance because companies that disclose CSR try to build good relationships with stakeholders, both through CSR activities and by paying taxes according to their obligations (Dewanti & Sujana, 2019).
H3: Corporate Social Responsibility has an effect on Tax Avoidance

Influence of Inventory Intensity on Tax Avoidance

According to Sutomo & Djaddang (2017) Inventory intensity is one measure of a company's performance that describes how large the proportion of merchandise inventory is to the total assets owned by the company. The more the company's inventory, the greater the maintenance and storage costs of the inventory. The burden of maintaining and storing inventory will later reduce the profit of the company so that the taxes paid will decrease (Andhari & Sukartha, 2017). In agency theory, managers will try to maximize the additional costs they have to bear to reduce the tax burden. The method that managers will use is to charge additional inventory costs to reduce company profits so that they can reduce the company's tax burden (Putri and Lautania 2016)."
The following are the hypotheses proposed:
H4: Inventory Intensity affects Tax Avoidance

Types of Research

In this research, the type of research used is causal research, namely explaining the effect of an independent variable on the dependent variable. The independent variables in this study are profitability, company size, corporate social responsibility, and inventory intensity, while the dependent variable is tax avoidance.

Population and Research Sample

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange. The sample in this study is a manufacturing company in the consumer goods industry sector which is listed on the Indonesia Stock Exchange during the 2018-2022 research period.

The sampling technique in this study was carried out by purposive sampling. The criteria used to select the sample were manufacturing companies in the consumer goods industry sector which were listed on the Indonesia Stock Exchange during the 2018-2022 research period and issued csr disclosures.

Sample Selection Criteria

No.	Kriteria	Total
1	Annual financial reports of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange consistently during the 2018-2022 research year	41
2	Manufacturing companies in the food and beverage sub-sector that have negative profits during the 2018-2022 research year	(20)
	Total samples	21
	Research year	5
	Total Data	105

RESULTS

Descriptive Statistical Analysis Test

The following are the results of descriptive statistical testing of the variables used in this study, namely ROA, Size, CSR, and Inventory Intensity as independent variables. While Tax Avoidance as a variable as the dependent variable (dependent).

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TaxAvoidance	105	-.94132	.10213	-.0448193	.15314469
ROA	105	.00053	.42388	.0987811	.07226898
Size	105	27.33972	32.82638	29.7410653	1.43909908
CSR	105	.13483	.94382	.3875869	.15386352
InvIntensity	105	.00038	.40206	.1388728	.08641971
Valid N (listwise)	105				

Based on the table above, it is known that the Tax Avoidance variable has a minimum value of -0.94132, with a maximum value of 0.10213 and an average obtained from 105 observations of -0.0448193 and a standard deviation of 0.15314469.

The ROA variable has a minimum value of 0.00053, a maximum value of 0.42388 and an average obtained from 105 observations of 0.0987811 and a standard deviation of 0.07226898.

The SIZE variable has a minimum value of 27.33972 with a maximum value of 32.82638 and an average obtained from 105 observations of 29.7410653 and a standard deviation of 1.43909908.

The CSR variable has a minimum value of 0.13483, with a maximum value of 0.94382 and an average obtained from 105 observations of 0.3875869 and a standard deviation of 0.15386352.

For the Inventory Intensity variable, it has a minimum value of 0.00038 with a maximum value of 0.40206 and an average obtained from 105 observations of 0.1388728 and a standard deviation of 0.08641971.

Classical Assumption Test

Normality Test

The normality statistical test results from this study are as follows:

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		105
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.13658179
Most Extreme Differences	Absolute	.245
	Positive	.131
	Negative	-.245
Test Statistic		.245
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

The table above shows that the Asymp. Sig. (2-tailed) of 0.000. Because the Asymp. Sig is less than the significance level of 0.05 (0.000 <0.05), it can be concluded that the residual data in this regression model are not normally distributed. Outliers were carried out as many as 20 samples, the following results were obtained:

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.03485887
Most Extreme Differences	Absolute	.077
	Positive	.062
	Negative	-.077
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

The table above shows that the Asymp. Sig.(2-tailed) of 0.200. Because the Asymp. Sig is greater than the significance level of 0.05 (0.200 > 0.05), it can be concluded that the residual data in this regression model are normally distributed.

Multicollinearity Test

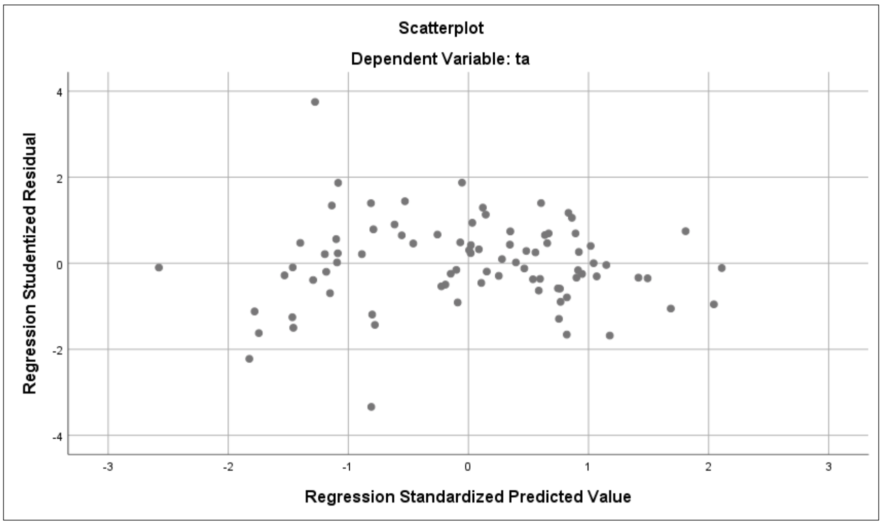
The results of the multicollinearity statistical test from this study are as follows:

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.114	.098		1.170	.245		
	roa	.193	.082	.259	2.357	.021	.833	1.200
	size	-.005	.003	-.164	-1.429	.157	.762	1.313
	csr	-.039	.042	-.097	-.930	.355	.921	1.085
	ii	.060	.048	.132	1.252	.214	.911	1.098
a. Dependent Variable: ta								

Based on the results of the table above, it can be concluded that there is no multicollinearity.

Heteroscedasticity Test

The results of the heteroscedasticity statistical test from this study are as follows:



In the table above it can be seen that the data is spread out. So it can be concluded that there is no heteroscedasticity.

Autocorrelation Test

The results of the autocorrelation test from this study are as follows:

Runs Test	
	Unstandardized Residual
Test Value[a]	-.00144
Cases < Test Value	42
Cases >= Test Value	43
Total Cases	85
Number of Runs	36
Z	-1.636
Asymp. Sig. (2-tailed)	.102
a. Median	

Based on the table above, it can be seen that the Asymp.Sig (2-tailed) value is 0.102 (greater than 0.05). Thus it can be concluded that there is no autocorrelation.

Hypothesis Test

Determination Coefficient Test

The results of the test of the coefficient of determination from this study are as follows:

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.439[a]	.193	.153	.03571971	1.591
a. Predictors: (Constant), ii, roa, csr, size					
b. Dependent Variable: ta					

The table above shows that the coefficient of determination shows an R-square value of 0.193. This means that 19.3% of the tax avoidance variable can be explained significantly by the variables Profitability (ROA), Company Size (SIZE), CSR, and Inventory Intensity. Meanwhile (100% - 19.3%) = 80.7% the amount of tax avoidance can be explained by variables outside the model.

F Test

The results of the f test from this study are as follows:

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.024	4	.006	4.782	.002[b]
	Residual	.102	80	.001		
	Total	.126	84			
a. Dependent Variable: ta						
b. Predictors: (Constant), ii, roa, csr, size						

Based on the data above, a significant value of 0.002 is obtained. Because the significance is less than 0.05 or 5%, it can be concluded that the data in this study are acceptable.

T Test

The results of the t test from this study are as follows:

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.114	.098		1.170	.245
	roa	.193	.082	.259	2.357	.021
	size	-.005	.003	-.164	-1.429	.157
	csr	-.039	.042	-.097	-.930	.355
	ii	.060	.048	.132	1.252	.214
a. Dependent Variable: ta						

From the test results above it can be concluded as follows:

1. The results of testing the profitability variable proxied by return on assets obtain a regression coefficient of 0.193 with a significance value of 0.021 <0.05, this indicates that ROA has a positive effect on tax avoidance.
2. The test results for the company size variable obtain a regression coefficient of -0.005 with a significance value of 0.157> 0.05, this indicates that company size has no effect on tax avoidance.
3. The results of testing the corporate social responsibility variable obtained a regression coefficient of -0.039 with a significance value of 0.355, because the significance value is greater than the probability value of 0.05 (0.355 > 0.05). It can be concluded that corporate social responsibility has no effect on the z-score value.
4. The results of testing the inventory intensity variable obtained a regression coefficient value of 0.060 with a significance value of 0.214> 0.05, this indicates that inventory intensity has no effect on tax avoidance.

Multiple Regression Analysis Test Results

The results of the multiple regression analysis test from this study are as follows:

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.114	.098		1.170	.245
	roa	.193	.082	.259	2.357	.021
	size	-.005	.003	-.164	-1.429	.157
	csr	-.039	.042	-.097	-.930	.355
	ii	.060	.048	.132	1.252	.214
a. Dependent Variable: ta						

Based on the table of multiple linear regression test results, the regression equation is obtained as follows:

Tax Avoidance = 0.114 + 0.193ROA – 0.005SIZE - 0.039CSR + 0.060II + e

DISCUSSION

1) The Effect of Profitability on Tax Avoidance

The test results show that profitability as measured using return on assets has a positive effect on tax avoidance. That is, the higher the profitability value, the higher the tax avoidance value, which means that the possibility of a company doing tax evasion is higher. This is because a large profit will increase the amount of income tax, because the profit generated by the company is the basis for imposing income tax so that the company will try to avoid an increase in the amount of the tax burden by taking tax avoidance actions. Agency theory will spur agents to increase company profits. Agents in agency theory will try to manage their tax burden so as not to reduce the agent's performance compensation as a result of reduced company profits by the tax burden. Companies that are able to manage their assets properly will benefit from tax incentives and other tax concessions so that these companies will be seen to carry out tax avoidance.

2) The Effect of Company Size on Tax Avoidance

The test results show that company size has no effect on tax avoidance. That is, the higher or lower the size of the company has no effect on the potential for companies to carry out tax avoidance. These results are in line with research conducted by Sormin (2020) where company size has no effect on tax avoidance. This is because the size of the company does not affect the opportunistic actions of managers to carry out tax avoidance. Because the company assumes that the tax paid is a burden that will reduce the expected profit. So that companies take advantage of existing loopholes to carry out tax avoidance.

3) The Effecto Corporate Social Responsibility on Tax Avoidance

The test results show that corporate social responsibility has no effect on tax avoidance. That is, the higher or lower the implementation of corporate social responsibility does not affect the potential for companies to carry out tax avoidance. These results are in line with research conducted by Sormin (2020) where corporate social responsibility has no effect on tax avoidance. The company will try to get a positive signal from the community in order to maintain the company's survival. One way that can be done is to act in harmony with the norms in society in order to create a better quality of life for the community. This can be realized by being actively involved in Corporate Social Responsibility activities. So it can be understood that companies that carry out CSR are not because they focus on tax avoidance.

4) Influence of Inventory Intensity on Tax Avoidance

The test results show that inventory intensity has no effect on tax avoidance. That is, the higher or lower the inventory intensity has no effect on the company's potential for tax avoidance. These results are in line with research conducted by Sormin, (2021) where company size has no effect on tax avoidance. This happens because usually the tax law does not provide tax incentives for companies that have a large amount of merchandise inventory.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSION

Based on the results of the analysis and discussion described in the previous chapter, the conclusions of this study are as follows:

1. Profitability proxied by ROA has a positive effect on tax avoidance.
2. Company size has no effect on tax avoidance.
3. Corporate Social Responsibility has no effect on tax avoidance.
4. Inventory intensity has no effect on tax avoidance.

Suggestions

In the research that has been done, there are still some limitations. Based on the results of the conclusions, suggestions that can be given include:

1. For future researchers, because the results of research on company size, csr, and inventory intensity variables indicate that the company

has not experienced an effect on tax avoidance for the sample that has been carried out, it is suggested that the test be carried out again with another sample because it is not in accordance with the applicable theory.

2. Companies are expected to pay attention to factors that can lead to potential tax avoidance, so as to create opportunities for companies to minimize tax payments.

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