The Influence Of Capital Intensity, Inventory Intensity, Size, Profitability, And Tax Avoidance On Tax Revenue In Banking Companies Listed On The Indonesia Stock Exchange

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The Influence Of Capital Intensity, Inventory Intensity, Size, Profitability, And Tax Avoidance On Tax Revenue In Banking Companies Listed On The Indonesia Stock Exchange

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Abstract

This study aims to examine the effect of Tax Avoidance, Capital Intensity, ROA Net Income, Inventory Intensity, and Size on Tax Revenue. The population in this study are financial sector banking companies listed on the Indonesia Stock Exchange. The research sample was taken using a purposive sampling technique. The method of data collection is done through a literature study. The data used in this research is secondary data in the form of quantitative descriptive data. Quantitative data were obtained from the annual financial reports of financial sector banking companies obtained from the IDX for the 2016-2020 period. The analysis technique used is the classical assumption test, Chow test, Hausman test, and LM test. The results of the study show that ROA Net Income has a positive and significant effect on tax revenues.

Keywords: Capital Intensity, Tax Avoidance, ROA Net Income.

INTRODUCTION

Indonesia is a country whose main source of income is taxes. The tax itself means a fee that must be paid by every citizen, both from within the country and abroad, which is paid without directly enjoying the benefits. In Indonesia, tax effectiveness is strongly influenced by the attitude of the taxpayer's awareness.

Taxes are the main source of income for the Indonesian state, and this is what causes the Indonesian government to depend heavily on tax revenues. Taxes are

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intended to finance state needs such as building public facilities, improving people's welfare, then playing a role in implementing the central and regional government budgets.

There are many processes in taxation so that it becomes state revenue and income. One of them is about the tax collection procedure itself. As quoted (Aisyah & Ramayanti, 2016) In general, Indonesia adheres to the Self Assessment System in the tax collection process carried out by the Indonesian government. The self-assessment system itself has the meaning of tax responsibility starting from calculating, depositing, and reporting taxes in the hands of the taxpayer as outlined in the Tax Return. In the process of taxation, the self-assessment system is often the cause of non-compliance by taxpayers, which can affect the level of tax revenue in Indonesia. Many taxpayers are not aware of this, both individual and corporate taxpayers. Many factors can affect the level of tax revenue in Indonesia, especially in a more complete context, namely corporate tax.

The high increase in tax revenue can be seen from income tax and value-added tax (VAT) receipts. Tax revenue and VAT for the last five years came from contributions from several agencies from various industrial sectors (Directorate General of Taxes). Agencies have an important role in state tax revenues, it is recorded from various sources that several agencies have been awarded for the largest tax contributions in various years. The following are 10 companies that contribute the largest taxes in 2015-2020:

Table 1. List of the largest tax-contributing companies for 2015-2020

No	Company name	Sector
1.	PT. Bank Rakyat Indonesia Tbk	Banking
2.	PT. Adaro Energy Tbk	Mining
3.	PT. Bank Mandiri (Persero) Tbk	Banking
4.	PT. Bank Negara Indonesia (Persero) Tbk	Banking
5.	PT. Telekomunikasi Indonesia (Persero) Tbk	Service
6.	PT. HM. Sampoerna Tbk	Manufacture
7.	PT. Astra International	Trading
8.	PT. Pertamina (Persero)	Mining
9.	PT. Jasa Marga	Service
10.	PT. Bank Central Asia Tbk	Banking

Source: processed data for 2022

PT. Bank Rakyat Indonesia Tbk (BRI) is a company in the banking sector that contributes the most to tax revenues in the 2015-2020 period. This largest bank in

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Indonesia does have large operational activities and is a government partner bank in the development sector of Micro, Small, and Medium Enterprises (MSMEs). Next is PT. Adaro Energy Tbk which is one of the major mining companies in Indonesia. Indonesia is a country that has abundant natural wealth and of course, it must be managed properly. So it is natural that Pt. Adaro Energy Tbk is in the second position in the largest tax revenue. Lastly is PT. Bank Mandiri (Persero) Tbk, which is one of the state-owned enterprises (BUMN) banks, which also has large capital caps. PT.

During the 2015-2020 period, it can be seen that banking sector companies dominated state tax revenues in the 2015-2020 period. Entity is a complex form of taxation, which can contribute to tax revenues in which types of taxes can be imposed. Such as income tax, value-added, land, and building tax depending on each industrial sector that is run. The following is an overview of the 2015-2020 period as seen from the various sectors that are the largest tax contributors in Indonesia.

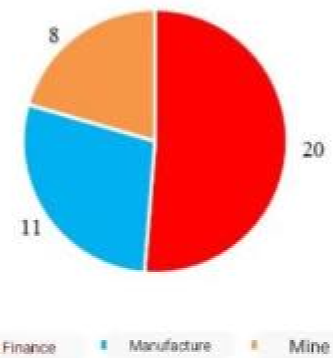

Figure 1. Companies that make a large contribution to taxes, 2015-2020
Source: Bank Response, 2022

Based on the figure above, it can be seen that there are only three sectors that are consistently registered as companies that contribute the largest taxes, namely: First, the financial sector is a sector that supports the lives of Indonesian people who use a lot of services in the financial sector for investment purposes or daily transaction needs; Second, the manufacturing sector, this sector is an industrial sector that uses a lot of labor for the Indonesian people, then the high level of consumption of the Indonesian people is evidenced by the increase and stability of the income of manufacturing sector companies which can be described as a sector that has an important role in tax contributions; and Third the mining sector, the mining sector is the central sector of the Indonesian state,

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According to Desideria & Ngadiman (2019), three factors can affect tax revenue, namely the existence of a Tax Amnesty, then there is a tax audit process, and the level of taxpayer compliance which can be a factor affecting tax revenue. Then other factors can also be in the form of tax collection, and the level of professionalism of the tax authorities. According to Hidayat & Fitria (2018); Indira (2018), Liquidity, Capital intensity, Inventory intensity, Profitability, and Leverage can also affect tax revenues.

Society as a taxpayer has an important role in tax revenue. According to data from the Directorate General of Taxes for 2019, 84.4 percent of realized tax revenues have been successfully obtained by the state as revenue. This is of course still in the less category, because almost every year the government sets a target of 100 percent of tax revenue absorbed, although the reality is different. Therefore it is important to be aware of taxpayers as obedient citizens so that they play a role in contributing to greater tax revenues. Tax revenues are included in the State Budget, which is distributed evenly for every citizen. Based on data from the Ministry of Finance for 2015-2020 tax revenue data is as follows:

Table 2. Realization of Tax Revenue and Targets in Indonesia, 2015-2020 (Rp. Trillion)

Fiscal year	Tax Revenue Based on Realization	Government tax revenue target	Realized percentage of Tax Revenue
2015	1240.4	1489.3	83.3%
2016	1.105	1.355	81.54%
2017	1339.8	1472.7	91.23%
2018	1315.5	1,424	92.2%
2019	1332,1	1577.6	84.4%
2020	1019.56	1198.8	85.65%

Source: 2015-2020 State Budget data

Based on the data obtained for the last five years, there has been no realization of tax revenue up to the target of 100 percent. Therefore, the government must optimize tax revenue to achieve the target. The government seeks tax revenue by means of extensification(Yusro, 2014). Extensification can be done in various ways, either by expanding the taxpayer and then socializing and educating the taxpayer so that tax awareness arises even by issuing laws and regulations.

The fiscal process is a process that is heavily influenced by regulations,

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especially related to taxes. Almost every year taxes can experience changes related to regulations such as regulations related to the Income Tax Law and the VAT Law. The Income Tax Law is interpreted as a form of regulation that regulates taxation related to the increase in taxpayer income. Whereas the VAT Law regulates transaction activities that are categorized as objects of tax imposition on value-added both taxable goods and taxable services. Many changes have occurred in the tax regulations. First, there is Law No. 7 of 1983 which became the first law to regulate income tax. Second, there is Law Number 7 of 1991 which is a substitute for the previous Law; second Law Number 10 of 1994 which became the third amendment in income tax regulations; third, Law Number 10 of 1994 which replaced the implementation of the previous Law; and fourth, Law Number 17 of 2000 as a fifth replacement in income tax regulations. Sixth, there is Law No. 36 of 2008, and the Law on Harmonization of Tax Changes No. 7 of 2021 concerning income tax which is the guideline for the current income tax calculation mechanism. Law Number 17 of 2000 as a fifth replacement in income tax regulations. Sixth, there is Law No. 36 of 2008, and the Law on Harmonization of Tax Changes No. 7 of 2021 concerning income tax which is the guideline for the current income tax calculation mechanism. Law Number 17 of 2000 as a fifth replacement in income tax regulations. Sixth, there is Law No. 36 of 2008, and the Law on Harmonization of Tax Changes No. 7 of 2021 concerning income tax which is the guideline for the current income tax calculation mechanism.

The changes to the regulations listed above are a form of the government's efforts to extend taxation so that the target of absorbed tax revenue can reach the maximum value. Finally, the Indonesian government made changes to the latest tax regulations that have a significant influence on the taxation of the VAT and PPh sectors, namely the creation of the Law on Harmonization of Tax Regulations.

The purpose of this regulation was made to increase sustainable economic growth and support rapid economic recovery. The process of equalizing rates between taxpayers so that social inequality does not occur is also the goal of creating the Law on Harmonization of Tax Regulations, because with this regulation the tax rates of some taxpayers have decreased, and taxpayers who have income obtain higher rates and income taxes. higher than the previous rule. The great hope is that in implementing the Law on the Harmonization of Tax Regulations, the government's target for tax revenue is to be maximized and always increase from year to year.

Many have been implemented by the state so that the effectiveness and target of tax revenues are maximized. However, there are turbulent phenomena that can break through the government's efforts to increase tax revenues in an illegal way, such as tax evasion. Tax evasion is a form of tax fraud aimed at actions or behaviors that are not justified in regulations that can be carried out by taxpayers in fulfilling their tax obligations (Nurapriaanti, Kurniawan, 2019).

In tax evasion, various forms of fraud are committed, such as tax evasion or even illegal tax evasion. As reported by CNBC Indonesia, there are allegations of tax evasion by a leading bank in Indonesia, namely Bank Panin. Press statement from CNNIndonesia there are taxes that have not been paid by Panin bank, translucent 1.1 billion in 2016. Of course, this must be reviewed again, but the indications that have been found by the tax authorities are certainly not without reason. Fiskus as a team of examiners has made several attempts with technical office inspections and field inspections before determining the value of tax underpayments. This will be further reviewed in the tax court decision.

Going back to the early 2000s, the Indonesian government was also caught up in 2002-2004. The subject of tax evasion at that time was PT Bank Central Asia Tbk (Bank BCA). The KPK's efforts to investigate the chairman of the Directorate General of Taxes at that time. In this case, the state suffered a loss of 375 billion, as reported by CNN Indonesia. Of course, cases like this not only harm the state but the Indonesian people themselves in the process of developing the country and equalizing education, as the author has set earlier as the goal of the tax. The government's role is needed in cases like this so that later the Indonesian people can feel the big impact of this tax revenue. Indonesian people look after each other and carry out their respective roles as taxpayers so that later the tax revenue process goes according to what the government aims for tax revenue.

LITERATURE REVIEW

Agency Theory

Agency theory is a theory that describes the existence of a relationship in the form of a contractual relationship between parties in the company. Jensen & Meckling (1976) states that this agency relationship will occur when one or several parties (principal) send another party (agent) to perform services/services, where this principal will delegate his authority to the agent for decision making.

agency theory describes the behavior of parties within the company, namely between the principal and the agent. Where in this theory, shareholders act as principals, while managers act as agents. Shareholders as principals will delegate their powers to Company Managers as Agents. With the existence of an agency relationship between the two parties, there will be a tendency for problems to arise which are commonly known as conflicts of interest. The background to the emergence of this problem is due to the existence of two parties in the company, namely managers and shareholders who have differences in achieving their respective goals.

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Shareholders as principals certainly want the highest returns and in the shortest time for what has been invested. It is different with company managers as agents who actually expect to be able to receive rewards in large numbers in accordance with what they have done in achieving company goals, these rewards can be in the form of compensation or incentives.

The shareholder (principal) instructs the Manager (agent) to be able to control the company so that the company can display good performance as desired by the shareholder. In managing the company, managers are required to convey performance and internal information related to the company to shareholders. This is done because it is the manager who understands the actual situation of the company and the manager who has direct involvement with company information. Therefore, it can be ascertained that the knowledge possessed by managers regarding the company is wider than that of shareholders. This condition is known as information asymmetry.

Based on agency theory, each individual is considered to be trying to prioritize his personal welfare. For example, managers act as agents who are motivated to take opportunistic actions for their own welfare. The opportunistic actions taken by managers in managing the company are by increasing company profits so that they can get a feel for what they have done. Managers also often act inconsistently with what the shareholders want, namely by not disclosing information properly. He did this solely for profit. It is this difference in interests held by principals and agents that can later emerge the nature of non-compliance with managers and make managers practice tax evasion. In practice, management may commit acts of fraud to manipulate financial reports to achieve its own interests, but this is different from the concept of agency theory. Management in general will reduce the amount of expenses in order to be able to report the maximum profit results to fulfill the wishes of the principal. Whereas in taxation, management will instead include all the amount of expenses in the financial statements so that the resulting profit will be low and the tax liability to be paid will also be low. Management may commit fraudulent acts to manipulate financial statements to achieve its own interests but this is a different matter in the concept of agency theory. Management in general will reduce the amount of expenses in order to be able to report the maximum profit results to fulfill the wishes of the principal. Whereas in taxation, management will instead include all the amount of expenses in the financial statements so that the resulting profit will be low and the tax liability to be paid will also be low. Management may commit fraudulent acts to manipulate financial statements to achieve its own interests but this is a different matter in the concept of agency theory. Management in general will reduce the amount of expenses in order to be able to report the maximum profit results to fulfill the wishes of the principal.

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Whereas in taxation, management will instead include all the amount of expenses in the financial statements so that the resulting profit will be low and the tax liability to be paid will also be low.

Tax

The definition of tax in accordance with Law Number 28 of 2007 is "Tax is a mandatory contribution to the state owed by individuals or entities that are coercive based on the Law, by not getting compensation directly and used for the needs of the state for the greatest prosperity people."

Furthermore, the definition of tax according to Prof. Dr. Rochmat Soemitro, SH namely "taxes are people's contributions to the State treasury based on laws (which can be enforced) by not receiving reciprocal services (contrast) that can be shown directly and which are used to pay public expenses."

Meanwhile, according to SI Djajadiningrat tax is defined as "an obligation to surrender a portion of wealth to the state treasury due to a condition, event, and action that gives a certain position, but not as a punishment, according to regulations set by the government and can be enforced, but there is no reciprocal service return from the state directly, for the maintenance of the general welfare."

So from the definition above it can be concluded that taxes are coercive levies which will later be used to finance the interests of the State.

Tax Collection Systemaccording to the Official Siti (2017) consists of:

a. *Official Assessment System*
   A tax collection system that authorizes the tax apparatus to determine the amount of tax payable annually in accordance with the applicable tax laws and regulations.
b. *Self Assessment System*
   A tax collection system that authorizes taxpayers to determine for themselves the amount of tax payable each year in accordance with applicable tax laws and regulations. Taxpayers are entrusted with calculating their own taxes owed, calculating their own taxes owed, paying their own taxes owed, self-reporting the amount of taxes owed, and being accountable for taxes owed.
c. *With Holding System*
   A tax collection system that authorizes a designated third party to determine the amount of tax owed by a taxpayer. The success or failure of the implementation of tax collection depends a lot on the appointed third party, the dominant role is on the third party

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Tax Avoidance

There are many opinions regarding taxes, and not a few people interpret taxes as something that is very detrimental to society. With taxes, the amount to be paid for a product can be higher. Therefore, many community groups, both individuals and companies, practice optimizing the profits they generate. The goal is to avoid paying large taxes, a practice like this is commonly known as tax avoidance. According to Heru (1997), (Oktamawati, 2017)"Tax Avoidance is an effort to reduce tax payments to the government by taking advantage of regulatory loopholes, but still complying with the tax regulations that apply in a country". So indeed in practice tax avoidance does not necessarily violate existing rules, of course, if this is done it will have a bad impact on the company.

Capital Intensity

The definition of Capital Intensity can be defined as a company that invests its assets in fixed assets and inventories (Rifka, 2016) in (Anindyka et al., 2018). Capital Intensity is a benchmark for the ratio of the total fixed assets of an entity to the total assets of the entity (Yeni Mar Atun Sholeha, 2019). The share of fixed assets to the total assets of the company, the company can find out the ratio of the intensity of the fixed assets. Definition of Capital Intensity (Nugraha & Mulyani, 2019) is an activity or company activity in making an investment in the form of fixed assets. Based on research by Roifah (2015) (Nugraha & Mulyani, 2019) Fixed asset intensity information is important for investors to be able to see the level of efficiency in the use of capital that has been provided by investors to the company. According to (Sundari & Aprilina, 2017) explained that capital intensity is a general description of a company investing a lot in its fixed assets. Such as land and buildings, factory equipment, and other fixed assets. According to Mulyadi (2001) in (Sundari & Aprilina, 2017) Fixed assets can be interpreted as the total assets of an entity that is tangible and has a useful life of more than one year, and is used by the company to show and carry out its operational activities.

P/V

Profitability

Profitability is the ability to generate profit (profit) during a certain period by using productive assets or capital, both overall capital and own capital (Horne and Wachowiez, 1997). Based on the Financial Accounting Standards as quoted from (Hatami et al., 2017) "The company has performance indicators, one of which is profitability, this is needed to assess the development and potential of economic resources that may be controlled in the future." According to Kasmir (2017) (Aulia, Ismiani & Mahpudin, 2021), Profitability can be interpreted as a ratio used to measure the level of profit in a company. The profit earned by a company will be a benchmark for determining the amount of income tax that will be borne by the company (Hapsari Ardianti, 2019). Profitability can also be used as an illustration of a company's performance in producing or managing company assets, commonly known as the term Return on Assets (ROA). The ROA assessment will have a significant impact on the company, the higher the ROA, the better the company's performance, of course, this is due to the company's high profitability which comes from high profits as well.

Inventory intensity

It is a measure of how much inventory is invested by the company (Latifah, Nofiah Umi, 2018). If the inventory owned by the company is high, the expenses incurred to manage inventory will also be high (Anindyka et al, 2018).

Size (Company Size)

Size or company size is a scale where the company can be classified according to the size of the company in various ways, one of which is the size of the assets owned (Ardyansah, Zulaikha, 2014: 3). Size is another factor that can affect tax revenue in payment(Putra & Merkusiwati, 2016). Company size is a measure that can be used to classify a company in determining how large, medium, or small a company is, in measuring size in various ways such as total assets or total assets of the company, stock market value, average level of sales, and total sales. Machfoedz (1994)) in (Putra & Merkusiwati, 2016). According to Hasibuan (2009) (Permata et al., 2018) explain that a scale that can obtain or know the size/size of a company from total assets or from investment sales and others is referred to as a size. The bigger the company, the total assets owned by the company are also getting bigger.

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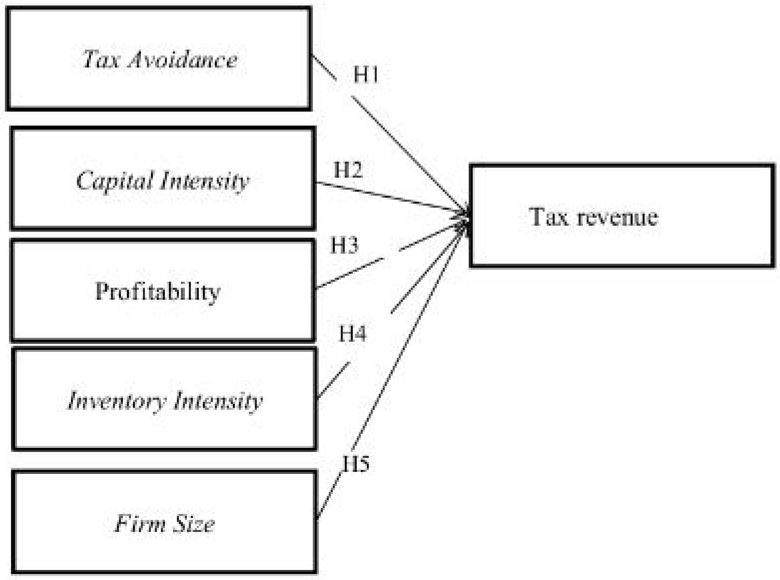

Figure 2. Research Framework

Hypothesis

Statistically, it can be stated as follows:

Ho = 0	*Tax Avoidance,* Capital intensity, ROA Net Income, Inventory Intensity, and Size have no effect on tax revenues from banking companies listed on the Indonesia Stock Exchange
Ha≠0	*Tax Avoidance,* Capital intensity, ROA Net Income, Inventory Intensity, and Size have no effect on tax revenues from banking companies listed on the Indonesia Stock Exchange

RESEARCH METHODS

This study aims to examine the effect of the independent variables, namely Tax Avoidance, Capital Intensity, ROA Net Income, Inventory Intensity, and Size on the dependent variable, namely Tax Revenue. The population in this study are financial sector banking companies listed on the Indonesia Stock Exchange. The research period used is five years, from 2016 to 2020. This is because the use of up-to-date data is also expected to be able to describe the current conditions, making it more relevant to the year of research. The data used in this research is secondary data in the form of quantitative descriptive data. Quantitative data is obtained from the annual financial reports of financial sector banking companies obtained from the IDX for the

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2016-2020 period accessed via the official website www.idx.co.id.
The data collection method is carried out through a literature study, by collecting relevant data from valid sources, as well as from references in the form of books, journals, and citing notes in the form of company annual financial reports and lists of companies that have data regarding the required components obtained from IDX. The population used in this study is the financial sector banking companies listed on the IDX. The research sample was taken using a purposive sampling technique with the following standards:

1. Financial sector banking companies that have been listed on the IDX consecutively during 2016-2020.
2. Financial sector banking company that publishes annual financial reports for the 2016-2020 period.
3. Financial sector banking companies have the necessary components as variables in this study.

Obtained 20 samples in the study with the exception of the variable component of inventory intensity not found in banking sector companies, so that 20 samples of banking companies are as shown in the following table:

RESULTS AND DISCUSSION

Estimating the Effect of Tax Avoidance, Capital Intensity, ROA Net Income, Inventor, and Size on Tax Revenue in banking companies

To see how the effect of Tax Avoidance (TA), Capital Intensity (CI), ROA Net Income (ROANI), inventory intensity (IN), and Size (SZ) on Tax Revenue (TR) in banking companies listed on the Indonesia Stock Exchange, is used multiple regression models using panel data. Through the E-Views tool, three models are obtained, namely the Common Effect Model, Fixed Effect Model, and Random Effect Model. Before discussing the estimation results, the best model is selected using the Chow test, Hausman test, and Lagrange Multiplier test. The point is to determine which model is right to use.

Chow test

The Chow test is one of the tests used to determine which test between the two methods, namely the Common Effect method and the Fixed Effect method, should be used in panel data modeling (Ghozali, 2017). The Chow Test hypothesis is as follows:

H0 = 0: Common Effect Model
Ha≠0: Model Fixed Effects

If the sig-Prob value <0.05, then Ho is rejected, meaning that the best model is *fixed*

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Effects, and vice versa. Based on test*Chow*the following results are obtained;

Table 3. Chow test

Effect Test	Statistics	Df	Prob.
Cross-section F	1.085366	(19,76)	0.3825
Chi-square cross-sections	24.007266	19	0.1959

Source: processed output Eviews, 2022

Based on the estimation results, a sig-Prob value of 0.1959 > 0.05 is obtained, and the accepted hypothesis is H0, thus it can be concluded that the Common Effect model is better than the Fixed Effect.

Hausman test

The Hausman test is a statistical test to choose whether the Fixed Effect or Random Effect model is the right model for panel data regression. In this study, the significance value used is 5% or α = 0.05. The hypothesis formed in the Hausman test is as follows:

H0 = 0: Model Random Effects
Ha≠0: Model Fixed Effects

If the sig-Prob value <0.05, then Ho is rejected, meaning that the best model is *fixed Effects,* and vice versa. Based on test*Hasuman*the following results are obtained;

Table 4. Hausman test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-sections	8.091035	4	0.0883

Source: processed output Eviews, 2022

Based on Table 2, a sig-Prob value of 0.0883 > 0.05 is obtained, thereby accepting Ho, meaning that the best model is the Random Effect model compared to the Fixed Effect model.

Lagrange Multiplier Test

Given that the results of the two previous tests did not provide consistent results, a test was carried out *by Lagrange Multiplier* to choose which model is the best among the three existing models. The following provisions for the Lagrange Multiplier test as follows (Ghozali, 2017):

1. If the cross-sectional value of the Breusch-food probability chi-square is ≥ 0.05 then

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H0 is accepted, so the most appropriate model to use is the Common Effect Model (CEM); And

2. If the cross-sectional value of the Breusch-food probability chi-square is ≤ 0.05 then H0 is rejected, so the appropriate model to use is the Random Effect Model (REM).

Following are the results of the Lagrange Multiplier test for selecting the best model.

Table 5. Lagrange Multiplier Test

Brush-Godfrey Serial Correlation LM Test :			
F-statistics	1.519178	Prob. F(2,93)	0.2243
Obs*R-squared	8.091035	Prob. Chi-Square(2)	0.2056

Source: processed output Eviews, 2022

Based on the table of Lagrange Multiplier test results above the chi-square probability of 0.2056 > 0.05, then H0 is accepted. So it can be concluded that the best model is the Common Effect Model (CEM).

Before discussing the estimation results, the next step is a Gauss-Markov hypothesis test on the model and finally a simultaneous and partial statistical test.

Gauss-Markov Hypothesis Test

Normality test

The normality test is one of the statistical tests used to test whether the distribution of related variables for each particular independent variable is normally distributed or not in a linear regression model (Ghozali, 2018). Normality testing is done by looking at the Prob-Jarque Berra value, as follows

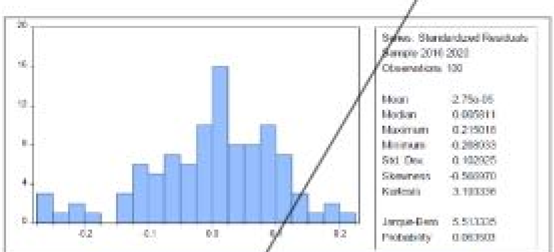

Figure 3. Normality Test Image
Source: processed output Eviews, 2022

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Based on the results of the normality test, a probability value of 0.063503 > 0.05 is btained, so it can be concluded that the research data is normally distributed.

Table 6. F test

F-statistics	3.498344	Durbin-Watson stat		2.302586
Prob(F-statistic)	0.010388			

Based on the table of F test results, it can be seen that the F count is 3.498344, with a significance level of 0.010388 <0.05. Thus rejecting Ho and accepting Ha. It was concluded that statistically the variables Tax Avoidance (TA), Capital Intensity (CI), ROA Net Income (ROANI), and Size (SZ) jointly affect Tax Revenue (PP).

Table 7. Partial-T Test

Variables	t-Statistics	Prob.
C	3.657454	0.0004
TA	-0.235042	0.8147
CI	-0.834566	0.4061
ROANIE	3.144609	0.0022
SZ	-0.808292	0.4209

Source: processed output Eviews, 2022

Based on Table 5, the partial statistical test results state that;

1. For the tax avoidance (TA) variable, a sig-prob value of 0.8147 > 0.05 is obtained, meaning that the TA variable does not statistically have a significant effect on tax revenues;
2. For the variable capital intensity (CI), a sig-prob value of 0.4061 > 0.05 is obtained, meaning that the CI variable has no statistically significant effect on tax revenues;
3. For the variable ROA net income (ROANI), a sig-prob value of 0.0022 <0.05 is obtained, meaning that the ROANI variable has a statistically significant effect on tax revenues; And
4. For the size variable (SZ), a sig-prob value of 0.4209 > 0.05 is obtained, meaning that the SZ variable has no statistically significant effect on tax revenue.

After selecting the best model and testing the hypothesis*Gauss-Markov*, as well as statistical testing. Previously it was concluded that the right model to be analyzed was the model-*common effect*. The following is the estimation result using the Common Effects model that was carried out;

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Table 8. Common Effect Model Estimation Results

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.867083	0.237073	3.657454	0.0004
TA	-0.009231	0.039273	-0.235042	0.8147
CI	-0.420493	0.503846	-0.834566	0.4061
ROANIE	5.570714	1.771512	3.144609	0.0022
SZ	-0.006187	0.007654	-0.808292	0.4209
R-squared	0.128387	Mean dependent var		0.726399
Adjusted R-squared	0.091688	SD dependent var		0.118284
F-statistics	3.498344	Durbin-Watson stat		2.302586
Prob(F-statistic)	0.010388			

Source: processed output Eviews, 2022

In simple terms, the equation model can be written as follows:

$$PPits = \gamma_0 + \gamma_1 TAits + \gamma_2 CI2t + \gamma_3 ROANI3t \gamma_4 SZ4t + eit \ldots\ldots\ldots\ldots \quad (4)$$

$$PPit = 0.867083 - 0.009231TA1t - 0.420493CI2t + 5.570714ROANI3t - 0.006187SZ4t \quad (5)$$

Based on equation (5) it can be concluded that;

1. Tax avoidance variable (TA), has a negative relationship with tax income. It can be seen from the coefficient value of -0.009233. That is, if tax avoidance increases by one percent, then tax revenue will decrease by 0.009233 percent;
2. Capital intensity variable (CI), has a negative relationship with tax revenue. It can be seen from the coefficient value of -0.420493. That is if capital intensive increases by one percent, tax revenue will decrease by 0.420493 percent;
3. The variable ROA Net Income (ROANI), has a positive relationship with tax income. It can be seen from the coefficient value of 5.570714. That is, if ROA Net Income increases by one percent, tax revenue will increase by 5.570714 percent; And
4. Variable size (SZ), has a negative relationship with tax income. It can be seen from the coefficient value of -0.006187. That is, if the size increases by one percent, tax revenue will decrease by 0.006187 percent.

Overall it can be concluded that only the variable ROA Net Income (ROANI) has a positive and significant effect on tax revenues. Meanwhile, the variables capital

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intensity (CI), Tax Avoidance (TA), and Size (SZ) have a negative and insignificant relationship to tax revenues.

DISCUSSION

Capital intensity is a comparative measure of the total fixed assets of an entity to the total assets of the entity (Yeni Mar Atun Sholeha, 2019). This refers to the ownership of fixed assets owned by the company so that it can perform and carry out operational activities. Thus, the company can contribute tax revenue for the activities it generates. Therefore, in theory, the agency is used to be able to control the company so that the company can display good performance as desired by shareholders. In managing the company, managers are required to convey performance and internal information related to the company to shareholders. The author concludes by assessing the company's performance that comes from the company's ability to manage its assets to be managed into profits, the greater the profits obtained by the company, the greater the tax revenue provided by the company. And if the smaller the profit earned by the company, the smaller the tax revenue provided by the company based on payments made by the company. Therefore, with an increase in capital intensity by 1 unit, then tax revenues will decrease by 0.420493. This is in line with the results of research from Danis Ardyansah and Zulaikha (2014) and Eva Fauziah Ahmad (2017), who said that in carrying out operational activities the company has fixed assets whose economic life has expired but has not been derecognized and for movable assets, the recognition of depreciation or maintenance costs can only be charged at 50 percent because the vehicles or movable assets are not 100 percent used as the company's operational vehicles. The difference in cost treatment between commercial and fiscal recognition of depreciation costs and fixed asset maintenance costs can affect the calculation of the amount of tax to be borne by the company. In addition, each company has a different treatment to determine the economic life of each fixed asset owned by the company.

Tax Avoidance, Tax evasion is a practice that is carried out legally without violating applicable regulations because the method is carried out in ways that take advantage of the applicable regulatory loopholes in accordance with tax provisions (Pohan, 2016); (Permata et al, 2018). The author concludes that tax avoidance affects state revenue because if companies use the tax avoidance method to avoid the large tax burden payable, it will cause a decrease in tax revenue to be received. In implementing tax revenue, many companies want tax payments made by companies as agents in this study, want relatively low tax payments, so that tax revenues will be low. but in practice tax avoidance (Tax Avoidance) does not have a significant effect on tax revenues in Indonesia, because companies make tax savings on only one type

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of tax, but not on other types of taxes. Thus, the amount of accumulated tax revenue can still finance national development, even though many companies practice tax avoidance in paying taxes. This is in line with the results of Rinda Arintika's research (2018) which says that in determining the level of tax effectiveness, companies are required to know the percentage of actual conditions for companies to pay taxes by calculating the fiscal profit that companies should get at an effective tax rate. because the company makes tax savings on only one type of tax, but not on other types of taxes. Thus, the amount of accumulated tax revenue can still finance national development, even though many companies practice tax avoidance in paying taxes. This is in line with the results of Rinda Arintika's research (2018) which says that in determining the level of tax effectiveness, companies are required to know the actual percentage of conditions for companies to pay taxes by calculating the fiscal profit that should be obtained by companies with effective tax rates. because the company makes tax savings on only one type of tax, but not on other types of taxes. Thus, the amount of accumulated tax revenue can still finance national development, even though many companies practice tax avoidance in paying taxes. This is in line with the results of Rinda Arintika's research (2018) which says that in determining the level of tax effectiveness, companies are required to know the percentage of actual conditions for companies to pay taxes by calculating the fiscal profit that companies should get at an effective tax rate.

In calculating value ROA, the company measures the ability to generate profits (Profit) during a certain period by using the number of productive fixed assets that are used as capital by the company in carrying out the company's operational activities (Horne and Wachowiez, 1997). This means if the company is able to manage fixed assets well then the company will show good ROA capabilities. If the company's profit performance is higher, the higher the effective tax rate, and the lower the level of profit or profitability, the lower the effective tax rate. So, if the company has a large profit, then the company will do various ways to reduce tax rates so that it can make tax payments as minimal as possible. Things that can be done by the company can affect the value of income that should be a tax object, but in the presented report it does not include tax objects while in the commercial report, it is recognized as income. This is in line with the results of research from Amanda Nur Putri (2017), with the results of the study namely profitability has a significant negative effect on the effective rate of tax. While research according to Eva Fauziah Ahmad (2017) with the results of the study, namely profitability has a significant effect on tax revenue because profitability is one of the determining factors for the amount of tax payable. If the company has a large profit, it will pay large taxes every year. Meanwhile, if the company has low profits or even suffers losses, then the company can use loss compensation in order not to pay taxes. This is very influential on the tax revenue that will be received by the State in the State's foreign exchange originating from the tax sector. Size is one of the factors that can affect tax revenue in making payments so that it results in tax revenue received by the State (Putra and Merkusiwati, 2016). This means that the larger the size of the company, the greater the level of tax revenue that will be received by the State, which is caused by the payment of taxes from the company. Company size is a total asset owned by a company if the company has large substantial resources then the company has the opportunity to organize activities to achieve optimal tax savings so that the company can make optimal tax payments. This is supported by the results of research conducted by Amanda Nur Putri (2017), with the results of the study that company size determines the amount of tax revenue to be received, the larger the size of the company, the greater the value of tax payable to be received by tax revenue, and if The smaller the company size, the smaller the tax value that will be received by tax revenues. So it can be concluded that the high profit earned by the company will have higher consequences for tax expenditures that must be issued by the company. Under these conditions, the manager will make efforts to minimize reported taxes by reporting profits that remain high, by diverting into withheld taxes, because the efforts made by the company will cause the reported total tax burden to be small.

CONCLUSION

Based on the estimation results and discussion, it is basically concluded that the variable ROA Net Income (ROANI) has a positive and significant effect on tax revenues. Meanwhile, the variables Capital Intensity (CI), Tax Avoidance (TA), and Size (SZ) have a negative and insignificant relationship to tax revenues.

SUGGESTION

1. Future research is expected to be able to add independent variables to their research such as leverage, inventory intensity, or corporate social responsibility.
2. Future research is expected to be able to use other corporate sectors so as to broaden the scope of research on tax avoidance, such as manufacturing companies that have a wider core business.
3. Future research is expected to be able to use more diverse operational variable data such as GPM/NP

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