THE EFFECT OF PROFITABILITY ON TAX AVOIDANCE (CASE STUDIES OF MINING COMPANIES IN INDONESIA STOCK EXCHANGE (BEI) 2015-2019)

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Abstract: The purpose of this study is to find out the information presented about Good Corporate Governance, Profitability and tax avoidance in mining companies listed on the Indonesian Stock Exchange (IDX) for the 2015-2019 period.The method used in this research is verification and descriptive method with a quantitative approach.To measure the scale of research variables is the ratio scale, namely quantitative data in the form of numbers, the variables concerned are the independent Board of Commissioners, Managerial Ownership, and Institutional Ownership. The population that is the object of this study includes all financial reports of mining companies listed on the Indonesia Stock Exchange. The samples for the study were 5 financial reporting periods and 6 mining companies in accordance with the research criteria. The analysis used is panel data regression analysis, while the hypothesis is tested with the t test and F test. The mining companies are selected according to the criteria for the 2015-2019 period.Independent Board of Commissioners, Managerial Ownership and Institutional Ownership itability have a significant effect on Tax Avoidance

Keywords: Good Corporate Governance, Tax Avoidance

1. Introduction

State revenue from taxes is one of the largest percentages of Indonesian state revenue, amounting to 82.6% compared to other revenues, namely Non-Tax State Revenues (PNBP) with a percentage of 16.8% and grants with a percentage of 0.6% in 2017 (www. kemenkeu.go.id). This cannot be separated from the role of the government which always strives to maximize tax revenue as much as possible, such as by implementing various tax policies.

According to Pohan (2013: 3) One of the company's goals is to maximize the welfare of shareholders or investors in maximizing company value by obtaining maximum profit. Taxes are an important concern because tax burdens will reduce net income and it is common knowledge that companies want to pay as little tax as possible (Kurniasih & Sari, 2013; Garcia et al., 2019). This results in differences in interests between the government (tax authorities) and companies where the tax authorities as the principal (stakeholders) want to maximize revenue from the tax sector as much as possible while the company as an agent wants to pay as little tax as possible to the state.

This difference in interests causes the optimization of tax collection in Indonesia to experience many obstacles as a result, the effectiveness of tax collection has continued to decline from 2012 to 2016 with an average of 3.74% (www.kemenkeu.go.id). It can be seen that the revenue from the tax sector that should be received by the state is not as big as the payment made by the taxpayer. This is because companies as taxpayers make efforts to make tax payments efficient. One of the efforts made by companies as taxpayers to streamline tax payments is to minimize the company's tax burden within a limit that does not violate applicable / illegal regulations through tax avoidance behavior.

The purpose of this study was to determine how much ROA has an effect on taxavodance in mining companies on the Indonesia Stock Exchange (BEI) 2015-2019.

2. Literature review

2.1 ROA

In this study, researchers used return on assets (ROA) as the ratio of profitability measurement because the more assets in the mining company, the higher the level of profitability.

According to Hanafi and Halim (2013: 27), return on assets (ROA) is a company's financial ratio related to potential profit or profit at the level of income, assets and also specific share capital. Meanwhile, according to Dendawijaya (2013: 120) this ratio is used to measure the strength of internal management

get the profit (profit) as a whole. According to Sawir (2013: 18) return on assets (ROA) can be calculated using the formula:

$$ROA = \frac{net\ income}{total\ assets}$$

x 100% ....(1)

2.2   *Tax Avoidance*

Tax Avoidance is "Taxpayers who avoid taxes by not clearly violating the law even though sometimes interpreting the law is not in accordance with the aims and objectives of the legislators." Tax Avoidance is usually defined as an effort by taxpayers to avoid taxes owed through several existing and clearly regulated tax laws and regulations which will not cause disputes between taxpayers and tax authorities (Thomas, 2013: 116). Tax Avoidance measures using the Cash Effective Tax Rate according to Dyreng, et. al in Simarmata (2014), both used to describe tax avoidance activities by companies because Cash ETR is not affected by changes in estimates such as provision for valuation or tax protection.

The Tax Avoidance measurement formula is as follows:

$$CETR = \frac{Pembayaran\ pajak}{Laba\ sebelum\ pajak} \quad (6)$$

3. Research method

Method used to analyze data by describing or describing data that has been collected as is without the intention of making generally accepted conclusions or generalizations. This descriptive method is used to determine the description of each research object, namely the Profitability variable and Tax Avoidance. This research is used to examine the effect of profitability on Tax Avoidance of Mining Companies Listed on the IDX.

To find out whether Profitability has a substantial effect on Tax Avoidance in Mining Companies listed on the Indonesia Stock Exchange (IDX), a t test is carried out with the following hypothesis $H0: \beta = 0$, partially the Profitability variable has no significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange (IDX) $H1: \beta \neq 0$, partially the Profitability variable has a significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange (IDX) The ROA variable obtained a tcount of 4,215 with a ttable of 2,277 so that because the value of tcount> ttable was 4,215> 2,277 so that H0 was rejected, which means that partially the Profitability variable had a significant effect on Tax Avoidance in Mining Companies listed on the Indonesia Stock Exchange (IDX) during this period. 2015-2019. Y = a + β1 Y = Tax Avoidance a = constant β = Regression coefficient X = Profitability e = error (residual)

4. Results and discussion

Table 4.1
Descriptive Statistics of Profitability in Mining Companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 Period

N	Min	Max	Mean	Std. Deviation
30	-0.051	0.204	0.093	0.064

The amount of profitability in mining companies listed on the Indonesia Stock Exchange (BEI) ranges from - 5.1% to 20.4% with an average value of 9.3% with a standard deviation of 0.064. In Figure 5.1 shows the development of profitability decreased during the period 2015 to 2017, while in 2018 it increased until 2019. The biggest profitability was in 2019 while the smallest was in 2017.

Descriptive analysis conducted is to determine the description of ROA (Return of Asset) , then it will be displayed in table 4.1 as follows:

Table 4.1
Tax Avoidance at Mining Companies listed on the Indonesia Stock Exchange (IDX)

Emitan	2015	2016	2017	2018	2019	Rata-rata
ADRO	-0.453	-0.436	-0.461	-0.377	-0.423	**-0.430**

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GEMS	-0.292	-0.755	-0.144	-0.007	-0.282	**-0.296**
HRUM	-0.214	-0.646	0.074	-0.388	-0.237	**-0.282**
ITMG	-0.282	-0.235	-0.547	-0.319	-0.302	**-0.337**
MYOH	-0.261	-0.257	-0.261	-0.278	-0.277	**-0.267**
PTBA	-0.247	-0.245	-0.235	-0.249	-0.337	**-0.263**
Rata-rata	**-0.292**	**-0.429**	**-0.263**	**-0.270**	**-0.310**	**-0.312**
Maksimum	**-0.214**	**-0.235**	**0.074**	**-0.007**	**-0.237**	**-0.263**
Minimum	**-0.453**	**-0.755**	**-0.547**	**-0.388**	**-0.423**	**-0.430**

Tax Avoidance per year from each company, it can be seen that the company that has the smallest average Tax Avoidance is the Adaro Energy Tbk company, which is -43% while The company that has the largest average Tax Avoidance is Bukit Asam Tbk, amounting to -26.3%.

Tabel 4.2
Tax Avoidance Descriptive Statistics in Mining Companies listed on the Indonesia Stock Exchange (IDX)

N	Minimum	Maximum	Mean	Std. Deviation
30	-0.755	0.074	-0.312	0.163

the amount of Tax Avoidance between -75.5% to 7.4% with an average value of -31.2% with a standard deviation of 0.163. Based on Figure 4.6, the development of Tax Avoidance tends to fluctuate from the 2014 to 2019 period. The largest tax avoidance was in 2017 while the smallest was in 2016. The following graph shows
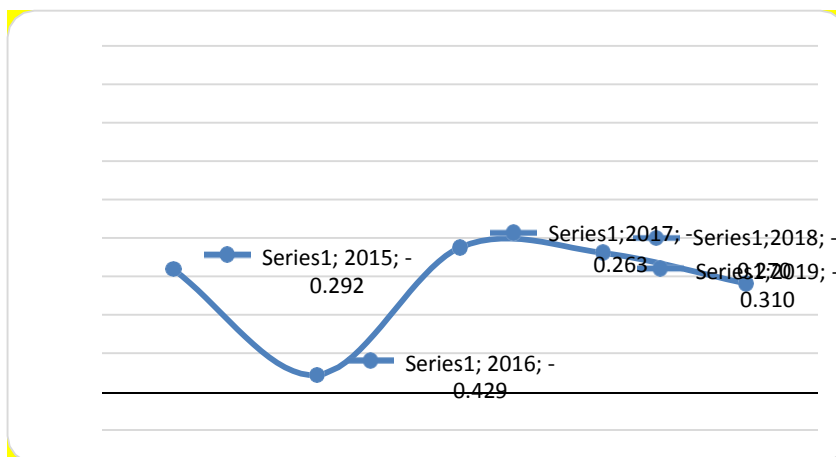
Grafik 4.1
Development of Tax Avoidance in Mining Companies listed on the Indonesia Stock Exchange (IDX)

Effect of Profitability on Tax Avoidance

The results of testing the fifth hypothesis regarding Profitability against Tax Avoidance, which indicate that the increase in profitability tends to be followed by better Tax Avoidance. This is supported by hypothesis testing indicated by tcount> ttable, namely 4.215> 2.277, and the p-value for profitability is 0.828 greater than α = 0.05 (5%), so that partially Profitability has a significant effect on Tax Avoidance. With a positive regression coefficient, it shows that if the profitability has increased, it resulted in Tax Avoidance which tends to increase. This research is in along with research conducted by Fujiami which states that profitability does not have a significant effect on dividend policy in manufacturing companies. ROA is an indicator for the company in achieving corporate profits. Where profit is the most important factor in determining the amount of effective tax payment. Then the higher the value of the company's net income and more increasing the profitability, so companies that have high profits will have the opportunity to do tax plannig (Chen, et al, 2010). This research is almost the same with research by I Gusti Ayu Cahya Maharani (2014) which states that oa has a similar relationship with tax avoidance.

Profitability ranges from -5.1% to 20.4% with an average value of 9.3%. The development of profitability decreased during the period 2015 to 2017 while in 2018 it has increased until 2019. The biggest profitability was in 2019 while the smallest was in 2017. The smallest average profitability is Harum Energy Tbk, which is 3.4%, while the companies that have average -The largest profitability average is Bukit Asam Tbk which is equal to 14.5%.

5. Conclusions and suggestions

Conclusion Based on the results, the authors conclude that profitability has a significant effect on Tax Avoidance. Suggestion Based on the research results and conclusions that have been presented, the writer will propose suggestions in the hope that they can be useful for all interested parties. There are also suggestions that the writer will put forward. From the research results, the contribution of the independent variables is only 47.5%. This shows that there are still many independent variables that can explain variations in Tax Avoidance. Therefore, it is recommended for further research to add independent variables such as audit quality, company size, leverage etc.

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