The Influence Of Liquidity And Profitability On Tax Avoidance (Case Study On Consumption Goods Industry Registered On The Idx 2015-2019)

Robertus Ary Novianto[1]

Paulus Sugianto Yusuf
Robertus.novianto@widyatama.ac.id

Abstract: Several factors indicate that the company is committing tax avoidance, including the liquidity and profitability policies. The research was conducted in order to investigate the influence of liquidity and profitability on tax avoidance the research method used is explanatory. The research sample is manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange (BEI) for the 2015-2019 periods, totaling 57 companies. The data analysis technique used to test the hypothesis in this study is multiple linear regression analysis. The presumption of research results from previous studies shows that the liquidity and profitability variables affect tax avoidance.

Keywords: Liquidity, Profitability, Effective Tax Rate, Cash Effective Tax Rate

1. Introduction

Taxes play an important role in supporting a country's finances. From the taxpayer's point of view, there are differences in interests between the government and companies. In the eyes of the company, tax is something that can be ignored because that can reduce the company's net income but for the state taxes are sources of funds to finance government administration. Small net profit will encourage companies to behave to find a way to minimize the number of tax payments, both legally and illegally (Ngadiman & Christiany, 2014). Tax evasion efforts are legally carried out by taxpayers by looking for loopholes in existing tax regulations. The problem of tax avoidance is unique and complicated because on the one side it is permissible because it does not violate the law by exploiting weaknesses in taxation provisions (tax avoidance), on the other side it is prohibited because it violates taxation provisions (tax evasion).

PT CCI case according to the article on the site https://news.ddtc.co.id (Dea Yustisia, May 7, 2019) with the title "Here's the Update on the Coca-Cola Transfer Pricing Case" said the dispute between the Coca Cola Co soft drink company and the authorities tax of the United States (US) Internal Revenue Service (IRS), until now has not met a common ground. This case began with a notice of underpayment in September 2015 for the period 2007 to 2009 amounting to the US $ 3.3 billion, which led to the US Tax Court. The final trial of the case numbered Coca-Cola Co. v. Commissioner, T.C., No. 31183-15, according to the IRS, the tax owed by Coca-Cola within three years should be worth the US $ 9.4 billion. Based on these documents, subsidiaries that are located abroad with a license for formulas, trademarks, and other intangible goods from the parent company, hereinafter referred to as supply points, and are only entitled to receive a profit level limited to their routine business activities.

Coca-Cola said the transfer pricing method does not appropriately allocate all rates of return from supply points to intangible assets to the parent company which is the US taxpayer. In contrast, the IRS rejects Coca-Cola's statement and interprets that the CPM allocates the rate of return by function, assets, and risk to supply points that carry out only routine business activities of the company. The IRS considers the supply point to only carry out bottling activities and not the owner of an intangible asset who is not entitled to obtain significant benefits from the asset.

Judging from the tax ratio, Indonesia has the lowest tax ratio compared to countries in the Asia Pacific region. This is supported by an article from the Organization for Economic Co-operation and Development (OECD), in a publication entitled "Revenue Statistics in Asian and Pacific's Economies 2019 Indonesia", which reveals that Indonesia's tax ratio is the lowest when compared to countries in the region the Asia Pacific. The data used by the OECD is data for the period 2017, which is illustrated in the following graph:

Figure 1 Comparison of Tax Ratio of Asia Pacific Countries (OECD)
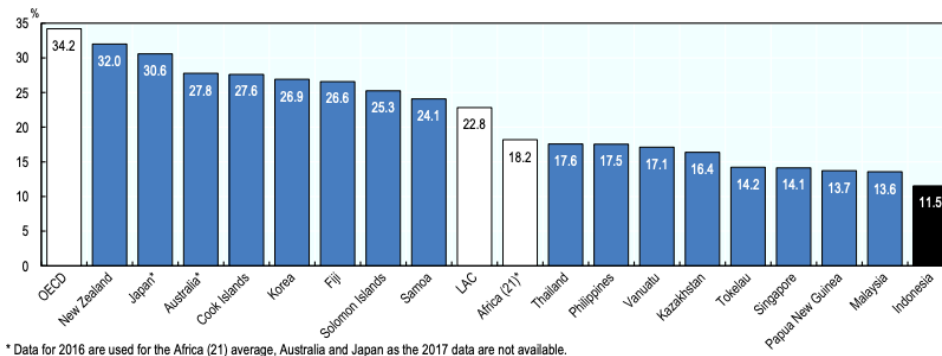
Source: www.cnbcindonesia.com, 2019 (data have been processed)

In an article by Doni Agus Setiawan (07 January 2020) on the https://news.ddtc.co.id site entitled "This is 2019 Tax Realization per Business Sector, Contraction of Manufacturing" stated that the Minister of Finance Sri Mulyani Indrawati said that the revenue realization was amounting to Rp1,322.1 trillion in 2019 only grew 1.4% on an annual basis and manufacturing sector tax payments recorded negative growth. An article by Doni Agus Setiawan (07 January 2020) on the https://news.ddtc.co.id site, also explains that the manufacturing sector tax revenue until the end of December 2019 reached IDR 365.39 trillion. The realization grew at a negative 1.8% and far from last year's achievement of 10.9%. The main contributor to tax revenue in Indonesia is the manufacturing sector with a contribution of 29.4%. According to Sri Mulyani, the manufacturing business sector declined due to restitution which grew 18.05%. On the other hand, the performance of income tax (PPh) and value-added tax (VAT) on imports from the manufacturing sector grew negatively by 9.2%. This statement is reinforced by data from our December 2019 edition of the State Budget which illustrates that the revenue from the Manufacturing Industry sector grew negatively by 3.1%. More details regarding the realization of tax revenue can be seen in the following figure:

Figure 2 Sectorial Tax Revenues Non-Oil and Gas, Non PBB and Non PPh DTP
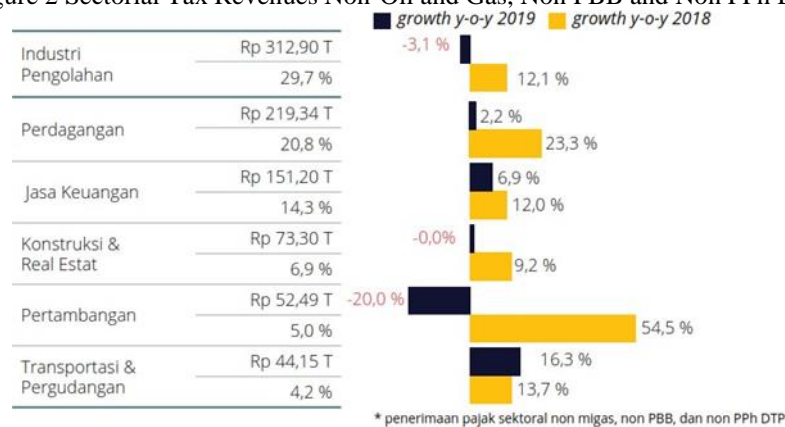
Source: December 2019 Edition of our State Budget

The reason for choosing liquidity as a variable that low liquidity can reflect the company having a hard time pay the debt in short-term then low liquidity make a company to try to disobeying tax law because the organization is more focused on maintaining cash flow rather than have to pay high taxes. Noviari's Research (2015) and Fadli's Research (2016) states that liquidity significant effect while research Adisamartha (2015), Putri's research (2014), and Fikriyah's research (2014) states that liquidity has no significant effect. This research was conducted to prove the correctness of the results of research conducted by previous researchers on liquidity (Hussain et al., 2020).

Another factor that descript as an indicator of avoiding the tax is profitability, where profitability is a measurement of an organization performance in generating profit from asset management, known as Return on Asset (ROA). Edy Komang and Nyoman Kusuma (2016) stated ROA is an ROA is an instrument that shows financial performance, the greater the ROA, the better the organizational performance. Companies that earn high profits are assumed to get higher Effective Tax Rates (ETRs). This can be said that the risk of a company doing

tax avoidance is low because it can regulate its income and tax payments. As Dr. Bambang Setyobudi, Yudha, and Abim (2017) stated that profitability has a positive influence on the effective tax rate, meaning that if the company has more profits, the effective tax rate will reduce tax avoidance. The same is the case with the research results of Wastam Wahyu Hidayat (2018) stated that profitability harms tax avoidance. Thus, the greater the profitability, the smaller the tax avoidance by companies in the manufacturing sector. Profitability has a negative effect, meaning that the higher the profit generated by the company, the policy for tax avoidance will be reduced because the company can pay taxes as an obligation. Otherwise the research performed by Komang and Putu (2019) stated the which state that companies that experience increased profitability do not guarantee the efficiency of company management, this can be seen from the increase in sample company assets not followed by an increase in the corporate tax burden, which means tax avoidance is not affected by profitability. . There are inconsistencies in the results of previous studies, wherefrom the 16 samplings of previous studies, 12 studies proved that a relationship between profitability and tax avoidance while 4 studies said there was no.

2.   Previous Related Research

Previous research consists of researches conducted by previous researchers related to this study. In addition, the research results of the related topic are presented in the table below:

No.	Researcher	Research Title	Research Result
1.	I Gede Hendy Darmawan; I made Sukartha (2014)	The Effect of the Implementation of Corporate Governance, Leverage, Return On Assets, and Company Size on Avoidance Tax	Corporate Governance, ROA, and Company Size influence tax avoidance Leverage has no effect on tax avoidance
2.	Tommy Kurniasih; Maria M. Ratna Sari (2013)	Effect of Return on Assets, Leverage, Corporate Governance, Company Size and Compensation Fiscal Loss on Tax avoidance	- ROA, leverage, corporate Governance, firm size and tax loss compensation significant effect simultaneously against tax avoidance at the company. - ROA, Company Size and Fiscal Loss Compensation significant effect partial to tax avoidance, while Leverage and Corporate Governance is not significant effect partial to tax avoidance
3.	Kholid Hidayat; Arles P. Ompusunggu; H. Suratno (2016)	Corporate Influence Social Responsibility against Aggressiveness Tax with tax incentives as a moderator (Study on Company Mining which listed on the IDX)	- CSR has a positive impact significant to the ETR, the higher the value of CSR, the higher the value of CSR then the higher the ETR value. Where the ETR value is high indicates the level of aggressiveness low taxes. - CSR has no influence against tax aggressiveness, the higher the CSR the more low tax aggressiveness (yield incentive effect testing tax on the CSR relationship with tax aggressiveness).
4.	Lughiatno (2010)	Effects of Audit Quality towards Earnings Management	Audit quality does no difference in earnings management.
5.	Komang Dessica Indriyanti ; Putu Ery Setiawan (2019)	The Effect of Management Compensation, Inventory Intensity Ratio, and Profitability on Tax Avoidance	Management compensation has a negative effect on tax avoidance, giving management compensation is able to reduce tax avoidance actions in the company Inventory Intensity Ratio and Profitability has no effect against tax avoidance
6.	Chen Siew Yee; Noor Sharoja Sapiei; Mazni Abdullah	Tax avoidance, Corporate Governance and Firm Value in The	- Tax avoidance has a negative effect on Firm Value. - Corporate governance has no

	(2018)	Digital Era	moderating effect on tax avoidance and firm value.
7	Miza dan Hasymi (2018)	Pengaruh Profitabilitas, Likuiditas, Leverage, Size dan Capital Intensity Ratio terhadap Effective Tax Rate (ETR)	Profitability, leverage and capital intensity ratio affect the effective tax rate.
8	Jayanto Purba, Kunchayo (2020)	The Effect of Profitability, Liquidity, and Leverage on Tax Aggressiveness on Other Sector Manufacturing Companies Listed on the IDX	Profitability, Liquidity and Leverage Affected Tax Aggressiveness.
9	Ikhsan Abdullah (2020)	The Effect of Liquidity and Leverage on Tax Avoidance on Food and Drink Companies	Liquidity affects tax avoidance, leverage affects against tax avoidance. Simultaneously Liquidity and Leverage have an effect against tax avoidance.

3. Literature review

Tax planning, Tax avoidance and Tax evasion

An article entitled "Inside Tax Media Trends in Indonesian Taxation" (2007), an explanation of tax planning, tax avoidance and tax evasion in the eyes of Indonesian taxation states that according to Barry Larkng, tax planning can be equated with tax mitigation, namely the efforts made by the taxpayer in order to minimize tax payments. The meaning of tax planning according to Crumbley D. Larry, Friedman Jack P and Andres Susan as quoted by Erly Suandy (2017), in the author's free translation is as a systematic analysis to minimize the tax burden for now and in the future. Meanwhile, Muhammad Zain defines tax planning as a process that detects theoretical flaws in the provisions of the tax laws and then processed in such a way that a tax avoidance method is found that can save taxes due to this theoretical flaw.

Tax avoidance, according to James Kessler, is an effort made by taxpayers to minimize taxes in a way that is contrary to the aims and objectives of the lawmaker (the intention of parliament). In an article entitled "Inside Tax Media, Indonesian Tax Trends" (2007) also explains tax avoidance according to several Indonesian authors. Erly Suandy said that tax avoidance is an engineering tax affair that is still within the framework of taxation regulations. Sophar Lumbantoruan said that tax avoidance is tax avoidance by complying with existing regulations. Therefore, avoiding taxes in this way is legal and there is no need to feel guilty because the Indonesian tax law does not provide any definitions and explanations for tax planning and tax avoidance.

Meanwhile, according to Michael J. Montyre, the International Tax Primer defines tax evasion as an effort to reduce the tax burden in an illegal way, which is usually by not reporting income or willful deceit. Zeitlin, as quoted by Stef Van Weeghel, stated that tax evasion is a serious criminal act and can be subject to criminal sanctions, while tax avoidance is not a criminal act but is not permitted by the tax authorities. In addition, Frans Vanistendael defines tax evasion as an act of violating the law and is subject to criminal sanctions, whose activities include falsifying documents, making double books (keeping parallel accounts), not reporting income, smuggling or hiding goods or assets (smuggling or dissimulating goods or assets).

4. Liquidity

In the company in determining the size of its short-term was corporate debt, namely with liquidity. According to Syaprida Hani (2015, p. 121) "Liquidity is an ability of a company in fulfilling financial obligations that can be immediately obtained disbursed or that is due"

To calculate the ratio, it can be measured using the current ratio:

CR = Current Assets   x 100%
            Current Liability

Kasmir (2011, p. 46) "Liquidity is defined as the company's ability to do business fulfill obligations in the short term that will be due, both obligations to the company and outside the company "According to Arfan Ikhsan, et al (2018, p. 90), "The current ratio is one of the same ratios most commonly used to measure a company's liquidity or capability companies to meet short-term obligations without facing difficulties "

5. Profitability

Hanafi (2012: 37) stated the profitability/profit ratio is a ratio that is to see the organization's capability to generate income. According to Rodriguez and Arias (2012) in Dewi Nawang Gemilang (2017) stated profitability is a determining factor for the tax load because an organization with bigger income should paying bigger taxes as well. Otherwise, an organization with a low-income would pay smaller taxes or even if not gaining an income will not pay taxes. With a tax compensation system, losses can reduce the amount of tax that must be borne in the following year (Rodriguez and Arias (2012) in Dewi Nawang Gemilang (2017)). According to Galagher (2003: 98) in Hendri Harryo Sandhieko the profitability ratio is "measure how much company revenues are eaten up by expenses, how much company earnings relative to sales generated, and the amount earned relative to the value of the firms' assets and equity." This means that the ratio that describes how much the company's revenue is compared to its expenses, how much the companies can have capability to generate income concerning increasing the sales, the assets, and the capital. From some of the definitions above, it can be concluded that the profitability ratio is a ratio that describes the organization capability to generate income.

According to Hanafi (2012: 42-43), there are three ratios often used in profitability ratios, that is return on assets (ROA), profit margin, and return on equity (ROE). The types of profitability ratios are as follows following:

1. Profit Margin
Profit Margin gauges the degree to which an organization makes money was by dividing income by revenues. This calculation should be seen directly in common-size analysis for the income statement. Profit margin can also describe as organization capability to make fewer costs (a measure of efficiency) in the company in a certain period. High-profit margins indicate the company's ability to generate high profits at a certain sales level. In general, a low ratio indicates management inefficiency. This ratio varies considerably from one industry to another. For example, the retail industry tends to have lower profit margins than the manufacturing industry. The profit margin formula is as follows:
Profit Margin= Net Profit x 100%
                    Sales

2. Return on Assets (ROA)
Measures the company's ability to generate net income based on a certain level of assets. ROA is often referred to as ROI (Return on Investment). High ROA indicates the efficiency and effectiveness of asset management, which means that it is getting better. The ROA formula is as follows:
Return on Assets = Net Profit   x 100%
                       Total Assets

3. Return on Equity (ROE)
This ratio measures the company's ability to generate net income based on certain capital. This ratio is a measure of profitability from a shareholder's point of view. A high number for ROE indicates a high level of profitability. The ROE ratio does not take into account dividends or capital gains for shareholders. Therefore, this ratio is not a measure of return (the rate of return received by actual shareholders. ROE is influenced by ROA and the level of debt use (financial leverage) of the company. The ROE formula is as follows:
Return on Equity = Net Profit x 100%
                        Equity

Tax Avoidance Measurement
According to Sari and Martani (2010) tax aggressiveness can be measured using several proxies as follows:
1. Effective Tax Rate
ETR_{it} = *Total Tax Expense$_{it}$*

$Pre-tax\ income_{it}$

2.   Cash Effective Rate
$$CETR_{it} = \frac{Cash\ Tax\ Paid_{it}}{Pre-tax\ income_{it}}$$

3.   Book-Tax Difference Manzon-Plekso
$$BTD\_MP_{it} = \frac{Y^S_{it} - Y^T_{it}}{Total\ Asset_{it-1}}$$

4.   Book-Tax Difference Desai-Dharmapala
$$BTD\_DD_{it} = \beta_1 TA_{it} + \mu_1 + \varepsilon_i$$
5.   Tax planning
$$TAXPLAN\ it = \frac{\sum^{T-2}_{t}[PTI * 30\% - Current\ portion\ of\ total\ tax\ expense]:3}{Ending\ Asset_t}$$

Theoretical Framework

Taxes are a huge potential for state revenue to support state development and improve people's welfare. Taxes play an important role in supporting a country's finances. The government and companies have different interests as taxpayers. For the state tax is one of the income used to finance government administration so that the revenue must be maximized, while for tax companies it is a burden that reduces the organization net income so that it is kept to a minimum. This will encourage companies to look for ways to reduce taxes paid both legally and illegally.

The Influence of Liquidity on Tax Avoidance

The research was conducted by Shinta Budianti, Khirstina Curry (2018) obtained results have ab influence on tax avoidance. With the probability current ratio of 0.0876 is smaller than α 0.1. CR affects positively tax avoidance. This means that the higher the level of short-term debt companies, the higher the indication of a company to do tax evasion.
Ho1: Liquidity has an effect on tax avoidance.
Ha2: Liquidity has no effect on tax avoidance.

The Influence of Profitability on Tax Avoidance

Profitability is an indicator of the company's performance in generating profits. Return On Asset (ROA) is an indicator of the profitability ratio that reflects the company's financial performance, the higher the Return On Asset (ROA) value, the better the company's performance (Indah, Rafki, and Kurnia, 2018). According to Lestari and Sugiharto (2007) (in Rina Handayani, 2018), ROA is a measurement of the net income obtained from the use of assets. The bigger ROA was, the better the asset effectiveness in gain net profit. According to Subagiastra, Arizona, and Mahaputra (2016) companies that earn profits are assumed not to do tax avoidance because they can regulate their income and tax payments. In other words, companies with high profits will be obliged to pay higher taxes than companies with low profits. This is following Law No. 36 of 2008 article 1 concerning income tax which explains that income tax is borne by tax subjects who receive or earn income in the tax year.
According to Lia and Hartono (2019), Nugraha (2015) and Syifa and Aryani (2019) proved that the profitability shown by ROA to have a significant influence on tax aggressiveness and ETR and or in other word influence tax avoidance. Based on this description, the following hypothesis can be formulated:
Ho2: Profitability has an influence on tax avoidance.
Ha2: Profitability has no effect on tax avoidance.

The Influence of Liquidity and Profitability on Tax Avoidance

Tax avoidance by companies can be attributed to several factors in financial conditions such as liquidity and profitability. Liquidity is the ability of the company's financial performance to meet the short-term debt. The indicator used to measure liquidity is the Current Ratio (CR) which is used to assess cash to short-term debt. This ratio is calculated by comparing current assets to current liability.
Profitability is the company's ability to generate profits. This study uses the Return on Assets (ROA) ratio as an indicator in measuring company profitability. The ROA approach is calculated by comparing the net profit obtained from total assets. The higher the ROA value, the higher the value of the company's net income and the

higher its profitability (Evelyn Pertiwi Putri, 2018). When a company has a high ROA level, the resulting profit is high so that it will have a tendency to take tax avoidance actions (Elfa Elfiana Rizkia, 2018).

Tax avoidance is an effort to minimize the legal tax burden because it is still within the scope of taxation and does not violate the provisions of the tax laws, in other words taking advantage of the loopholes in the provisions of the tax laws. The indicator used in this study to measure tax avoidance is the Cash Effective Tax Rate (CETR). Cash Effective Tax Rate (CETR) is calculated from the ratio of PPh paid with income before tax. If ETR aims to see the tax burden paid in the current year, cash ETR is to accommodate the amount of tax cash currently paid by the company (Titiek and Anni, 2016). Based on this description, the following hypothesis can be formulated:

Ho3: Liquidity and Profitability have an influence on tax avoidance.

Ha3: Liquidity and Profitability have no effect on tax avoidance.

Chart 1
Theoretical Framework
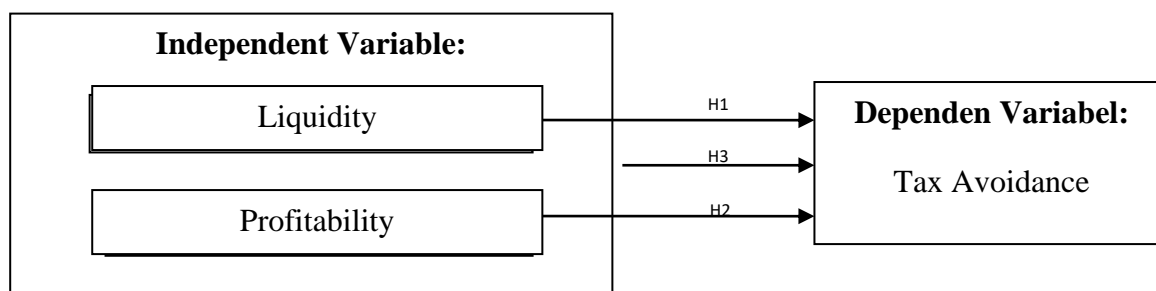
6.
7. **Research method**

Techniques for collecting data are through scientific texts, companies' financial statements; official websites download which are related to research variables.

Classical Assumption Test

This study uses the classical assumption assessment aimed at determining the accuracy of the relationship between variables (normally distributed or not) contained in the study. Types of classical assumption tests used are normality test (Kolmogrov Smirnov), Multicollinearity Test (VIF and Tolerance), heteroscedasticity test (Glejser), and autocorrelation test (run test) (Ghozali, 2018).

Hypothesis Testing

This study uses the t test that is testing the regression coefficient of each independent variable on the dependent variable to determine how much influence the independent variable has on the dependent variable. The criteria for making this hypothesis are taken as follows:

1) H_o rejected if t statistic $< 0,05$ or $t_{calculated} > t_{table}$;
2) H_o accepted if t statistic $> 0,05$ or $t_{calculated} < t_{table}$ (Ghozali, 2018)

Independent Variable Illustration

The independent variable is a stimulus for variables that affect other variables that are measured, manipulated or selected by the researcher to determine its relationship with an observed symptom (Jonathan Sarwono, 2006: 54). In this study, there are two independent variables (X), namely liquidity and profitability. The formula to measure ratio is as follows:

Liquidity (X_1): $\underline{\text{Current Assets}}$ x 100%
                    Current Liabilities

Profitability (X_2): $\underline{\text{Net Profit}}$ x 100%
                    Total Assets

Dependent Variable Illustration

The dependent variable is the variable that responds when connected to the independent variable. The dependent variable is the variable whose variable is observed and measured to determine the effect caused by the independent variable (Jonathan Sarwono, 2006: 54). In this study, the dependent variable (Y) is tax avoidance.

$CETR_{it}$ (Y): $\underline{Cash\ Tax\ Paid_{it}}$
              $Pre-tax\ income_{it}$

8.   Research results

Descriptive statistical analysis used in this study is the minimum value, maximum value and average value of the liquidity, profitability and tax avoidance variables as the dependent variable. Based on descriptive statistical analysis using Excel Data Analysis, the sample description is as follows:

Table 1
Descriptive Statistics

X1_CR		X2_ROE		Y_CETR	
Mean	0,697661	Mean	0,218293051	Mean	0,339235
Standard Error	0,049098	Standard Error	0,015679545	Standard Error	0,01538
Median	0,513965	Median	0,154663961	Median	0,289433
Mode	0,443	Mode	0,555	Mode	0,554
Standard Deviation	0,54893	Standard Deviation	0,175302638	Standard Deviation	0,171959
Sample Variance	0,301324	Sample Variance	0,030731015	Sample Variance	0,02957
Kurtosis	1,532469	Kurtosis	-0,175195799	Kurtosis	-0,83132
Skewness	1,449773	Skewness	1,000114222	Skewness	0,637311
Range	2,430044	Range	0,640153112	Range	0,6133
Minimum	0,076125	Minimum	0,013846888	Minimum	0,054
Maximum	2,506169	Maximum	0,654	Maximum	0,667
Sum	87,20767	Sum	27,2866314	Sum	42,40434
Count	125	Count	125	Count	125

Source: Excel Data Analysis Output Results

Based on the table above, it can be explained that the results of descriptive statistical testing are as follows:

1.   The liquidity variable (CR) shows an average value of 0.697661. The maximum liquidity value is 2.506169 at PT Unilever Indonesia Tbk (UNVR) in 2015, while the minimum liquidity value is 0.076125 at PT Industri Jamu and Pharmaceuticals Sido Muncul Tbk (SIDO) in 2015.

2.   The profitability variable (ROA) shows an average value of 0.218293. The maximum profitability value is 0.654000 at PT Tunas Baru Lampung Tbk (TBLA) in 2017, while the minimum profitability value is 0.013847 at the PT Chitose International Tbk (CINT) company in 2019.

3.   The tax avoidance variable (CETR) shows the average value of tax avoidance of 0.339 or 33.9%. The maximum value of tax avoidance (CETR) is 0.667 or 66.7% at PT. Tunas Baru Lampung Tbk (TBLA) in 2018. While the minimum tax avoidance value (CETR) was 0.054 or 5.4% at PT Industri Jamu and Pharmaceuticals Sido Muncul Tbk (SIDO) in 2015.

Multiple Linear Regression Analysis

Table 2
Multiple Regression Coefficient Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1375.943	166.542		8.262	.000
	X1	1.419	.193	.453	7.349	.000
	X2	4.703	.604	.479	7.780	.000

a. Dependent Variable: Y

Source: SPSS 22 Output Results

Based on the SPSS 22 Output Result, the regression can be presented as follows:

Y = 1375,943 + 1,419X1 + 4,703X2

The interpretation of the regression for each of the above variables is as follows:

a.   The constant value is 1375,943, which means that if all the independent variables, namely liquidity and company profitability, have a value of 0 (zero) and there is no change, it is predicted that tax avoidance will be worth 1375.943%.

b.   The liquidity value is 1.419, which means that there is an increase of 1.419% in tax avoidance when there is a one-unit increase in liquidity while the other independent variables are constant.

c.   The value of profitability (ROA) is 4.703, which means that there is an increase of 4.703% in tax avoidance if there is a one-unit increase in profitability (Reduce other independent variables to be constant.

Determination Coefficient Test (R2)

Table 3
Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.798[a]	.637	.631	1044.42290	.637	107.068

a.   Predictors: (Constant), X2, X1
b.   Dependent Variable: Y

Source: SPSS 22 Output Results

Based on the table above, the correlation coefficient value X1 and X2 with Y is obtained from the R-value of 0.798, so that it has a strong relationship. Meanwhile, the magnitude of the influence of X1 and X2 on Y is by the R2 value of 0.637. So the coefficient of determination of 0.637 shows that liquidity and profitability have a simultaneous influence of 63.7% on tax avoidance (Y). While the value of 36.3% is another factor that was not observed in this research.

Hypothesis Test

Table 4
Hypothesis Test Result (1)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1375.943	166.542		8.262	.000
	X1	1.419	.193	.453	7.349	.000

X2	4.703	.604	.479	7.780	.000

a. Dependent Variable: Y
    Source: SPSS 22 Output Results

The results of the partial hypothesis test (T test) based on the SPSS22 output the level significance of liquidity (X1) and profitability (X2) individually on the tax avoidance variable (Y) are as follows:

1.   The results of hypothesis testing with the T-test for the liquidity variable (X1) on tax avoidance (Y), the tvalue is 7.349, meaning that the influence of liquidity on tax avoidance is significant. The display from the Pvalue is less than α value or 0.000<0.05, then will accept H1 and reject Ho. While the variable X1 has a tcount of 7.349 with a ttable of 1.65714. So tcount> ttable, mean that the variable X1 has a contribution to Y in other words, the amount of change that occurs in tax avoidance is very much determined because of changes in variable X1. A positive tvalue indicates a unidirectional relationship between variables X1 and Y. So it means that the liquidity variable has a partial influence on the response variable (tax avoidance).

2.   The results of hypothesis testing with the T-test for the variable profitability (X2) on tax avoidance (Y) obtained a t_{value} of 7,780, which means that the effect of profitability on Y is significant. The display from the Pvalue less than α value or 0.000<0.05, then will accept H1 and reject Ho. While the variable X2 has a t_{count} of 7,780 with a t_{table} of 1.65714. So t_{count}> t_{table}, mean that the variable X2 has an impact on variable Y in other words, the amount of change that occurs in tax avoidance is largely determined because of changes in the profitability variable. A positive t value indicates a unidirectional relationship between variables X2 and Y. So it means that the profitability variable (ROA) has a partial influence on the response variable (tax avoidance).

Table 5
Hypothesis Test Result (2)

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	233584158.716	2	116792079.3588	107.06	.000ᵇ
	Residual	133079942.084	122	1090819.197		
	Total	366664100.800	124			

a.   Dependent Variable: Y
b.   Predictors: (Constant), X2, X1

Source: SPSS 22 Output Results

Based on the results of simultaneous hypothesis testing (F test), it is found that the F count is 107.068 with a significant value smaller than its level of 0.05 (5%), namely 0.000 <0.05. Also, it can be seen from the results of the comparison between Fcount and Ftable to get the Fcount value of 107.068 while Ftable is 3.0705122. So it can be concluded that Fcount> Ftable which is 107.068> 3.0705122, then will accept H1 and that means simultaneously the liquidity and profitability variables have a simultaneous influence on the tax avoidance variable.

9.   Discussion

The Influence of Liquidity on Tax Avoidance

The results of testing accept hypothesis 1 prove that liquidity has a significant influence on tax avoidance. It means that the Liquidity variable has a partially significant influence on Tax avoidance. Shinta Budianti, et al (2018) stated that Cr is a ratio the description of the liquidity variable; in this study, the results have the effect of tax avoidance at a significant level of 10%. The current ratio has a positive effect on tax avoidance the higher the company's short-term debt level, the higher the indication a company to do tax avoidance.

The Influence of Profitability on Tax Avoidance

The research also indicates that the value of the profitability coefficient on corporate tax avoidance is r = 0.690. The value of r shows that the relationship between profitability ratios and tax avoidance is strong. This is based on the interpretation table found in the interval 0.60 - 0.799 which is interpreted against a strong relationship. As for the regression coefficient, the value is 4.703 in the right direction, which means if the

profitability ratio decreases, the value of tax avoidance also decreases. When the T-test is carried out, it is known that the profitability variable has a significant influence on tax avoidance (p-value = 0,000).

This research can be used as a reference in accordance with the research by Ni Luh Putuh Puspita Dewi and Naniek Noviari (2017) which states that profitability has a positive effect on tax avoidance, where the increasing company profitability, the bigger the occurrence of tax avoidance practices. This research is in accordance with the research by Yulyana and Sri Yanu Kusumastuti (2019) which states that the level of profit has a positive effect on tax avoidance, where companies that have high profits have high tax burdens as well so that companies will make tax burden efficiency by doing tax avoidance action, namely by utilizing costs that can reduce the income tax burden. However, this research contradicts the results of research conducted by Indah Budianti, M. Rafki Nazar and Kurnia (2018) which state that Return on Asset (ROA) has no effect on tax aggressiveness of state-owned companies listed on the Indonesia Stock Exchange (IDX) in 2012-2016.

The Influence of Liquidity and Profitability on Tax Avoidance

The influence of liquidity and profitability in contributing to the effect of tax avoidance was 63.7%, while the value of 36.3% was the other variables outside the research model. Meanwhile, simultaneously, the magnitude of the relationship between liquidity and profitability on tax avoidance is contained on the display of hypothesis testing (F test), which shows a significant value lower than 0.05 (5%), ie 0.000 <0.05. The results of the comparison between Fcount and Ftable get the conclusion that Fcount> Ftable, namely 107.068> 3.0705122. So it can be said that it can accept H1, which is mean simultaneously liquidity and profitability have an influence on tax avoidance.

10. Conclusion

1. Liquidity which is peroxided by Current Ratio (Cr) partially has a significant influence on tax avoidance in the consumer goods industry, in a positive direction which means that if the liquidity ratio decreases then the value of tax avoidance has also decreased.
2. Profitability, which is peroxided by Return on Asset (ROA) partially, which influence tax avoidance in the consumer goods industry, which means that if the profitability ratio decreases, the value of avoidance taxes have also decreased.
3. Simultaneously, liquidity and profitability have an influence on tax avoidance in the consumer goods industry, in a significant positive direction if the ratio liquidity and profitability decrease so the value of tax avoidance also decreases.

References

1. "APBN Kita Kinerja dan Fakta Kaleidoskop 2019" Edisi Januari 2020. www.kemenkeu.go.id/apbnkita.
2. "Raksasa Rokok Menghindari Pajak RI" 09 Mei 2019. https://ortax.org/ortax/?mod=berita&page=show&id=16551&q=&hlm.
3. "Statistik Jumlah Berkas dan Penyelesaian Sengketa Pajak Tahun 2013-2019". http://www.setpp.kemenkeu.go.id/statistik
4. 2016. PSAK 70: Akuntansi Aset dan Liabilitas Pengampunan Pajak. Jakarta : Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.
5. Abas Z, DR Oyok Abuyamin Bin H. 2015. Dasar-Dasar Perpajakan; KUP; PPh; PPN & PPn BM; PPB; BM; Pajak Daerah dan Retribusi Daerah; PPSP; Pengadilan Pajak; Pengantar Perpajakan Internasional. Bandung: Mega Rancage Press.
6. Adisamartha, Ida Bagus Putu Fajar dan Naniek Noviari, 2015. Pengaruh Likuiditas, *Leverage*, Intensitas Persediaan dan Intensitas Aset Tetap pada Tingkat Agresivitas Wajib Pajak Badan. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.
7. Alfisyah, Taslimah Nur, Suhendro dan Endang Masitoh, 2018. *Tax Avoidance* Ditinjau Dari Capital Intencity Ratio, Beban Iklan Perusahaan, Kompensasi Rugi Fiskal Studi Pada Perusahaan Perbankan Yang Terdaftar di BEI Than 2015-2017. Jurnal Program Studi Akuntansi Universitas Islam Batik Surakarta.
8. Andhari, Putu Ayu Seri dan I Made Sukartha, 2017. Pengaruh Pengungkapan *Corporate Social Responsibility*, Profitabilitas, *Inventory Intensity, Capital Intensity* dan *Leverage* pada Agresivitas Pajak. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.
9. Barli, Harry, 2018. Pengaruh *Leverage* dan *Firm Size* Terhadap Penghindaran Pajak. Jurnal Ilmiah Akuntansi Universitas Pamulanga.
10. Budianti, Indah, Mohammad Rafki Nazar dan Kurnia, 2018. Pengaruh *Return On Asset* (ROA), *Leverage* (DER), Komisaris Independen dan Ukuran Perusahaan terhadap Agresivitas Pajak. Jurnal

Akuntasi Fakultas Ekonomi dan Bisnis Universitas Telkom.

11. Darmawan, I Gede Hendy dan I Made Sukartha, 2014. Pengaruh Penerapan *Corporate Governance, Leverage, Return On Assets*, dan Ukuran Perusahaan pada Penghindaran Pajak. *Jurnal Akuntasi Universitas Udayana.*

12. Dewi, Ni Luh Putu Puspita dan Naniek Noviari, 2017. Pengaruh Ukuran Perusahaan, *Leverage*, Profitabilitas dan *Corporate Social Responsibility* Terhadap Penghindaran Pajak (*Tax Avoidance*). Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

13. Fatmawat, Octavia Rian, 2017. Pengaruh Karakteristik Perusahaan dan Beban Iklan Terhadap Tindakan Penghindaran Pajak Pada Perusahaan Manufaktur. Jurnal Politeknik Keuangan Negara STAN, Kementerian Keuangan.

14. Calvin, Jayanto Purba dan Hanif Dwi Kunchayo, 2020, Pengaruh Profitabilitas, Likuiditas, dan Leverage, Terhadap Agresivitas Pajak pada Perusahaan Manufaktur Sektor Lainnya yang Terdaftar di BEI, Jurnal Bisnis Net Vol III No 2.

15. Gemilang, Deni Nawang, 2017. Pengaruh Likuiditas, *Leverage*, Profitabilitas, Ukuran Perusahaan dan *Capital Intensity* Terhadap Agresivitas Pajak Perusahaan. Skripsi Akuntansi Fakultas Ekonomi dan Bisnis Institut Agama Islam Negeri Surakarta.

16. Handayani, Rini, 2018. Pengaruh *Return on Assets*, *Leverage* dan Ukuran Perusahaan Terhadap *Tax Avoidance* Pada Perusahaan Perbankan yang Listing di BEI Periode 2012-2015. Jurnal Akuntansi Fakultas Ekonomi Universitas Kristen Maranatha.

17. Hidayat, Wastam Wahyu, 2018. Pengaruh Profitabilitas, *Leverage* dan Pertumbuhan Penjualan terhadap Penghindaran Pajak : Studi Kasus Perusahaan Manufaktur di Indonesia. Jurnal Risrt Manajemen dan Bisnis Fakultas Ekonomi UNIAT.

18. Hussain, H., I., Kot, S., Kamarudin, F., & Mun, W., C. (2020). The Nexus of Competition Freedom and the Efficiency of Microfinance Institutions. *Journal of Competitiveness*, 12(2), 67–89.

19. Iksan, Abdullah, 2020, Pengaruh Likuiditas dan leverage Terhadap Penghindaran Pajak pada Perusahaan Makanan dan Minuman, Jurnal Riset Akuntansi dan Bisnis, Vol 20 No. 1

20. Irianto, Dr. Bambang Setyobudi, Yudha Aryo Sudibyo dan Abim Wafirli, 2017. *The Influence of Profitability, Leverage, Firm Size and Capital Intensity Toward Tax Avoidance*. *International Journal of Accounting and Taxation Business and Economic Faculty of Jendral Soedirman University*.

21. Kevin, Anthony. " Miris! Ternyata Tax Ratio Indonesia Terendah di Asia Pasifik" 26 Juli 2019. https://www.cnbcindonesia.com/news/20190726094730-4-87743/miris-ternyata-tax-ratio-indonesia-terendah-di-asia-pasifik

22. Kurniasih, Tommy dan Maria M. Ratna Sari, 2013. Pengaruh *Return on Assets*, *Leverage*, *Corporate Governance*, Ukuran Perusahaan dan Kompensasi Rugi Fiskal pada *Tax Avoidance*. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

23. Lestar, Gusti Ayu Widya dan Asri Dwija Putri, 2017. Pengaruh *Corporate Governance*, Koneksi Politik, dan *Leverage* terhadap Penghindaran Pajak. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

24. Maftuchan, Ah. "Gelombang Penghindaran Pajak dalam Pusaran Batu Bara" 11 Februari 2019. https://katadata.co.id/yuliawati/indepth/5e9a554f7b34d/gelombang-penghindaran-pajak-dalam-pusaran-batu-bara

25. Mardiasmo. 2018. Perpajakan Edisi Terbaru 2018. Yogyakarta: ANDI.

26. Miza, Ariani dan Mhd. Hasymi, 2018, Pengaruh Profitabilitas, Likuiditas, Leverage, Size dan Capital Intensity Ratio terhadap Effective Tax Rate (ETR) Studi kasus pada perusahaan manufaktur yang listing di Bursa Efek Indonesia 2012-2016, Profita: Komunikasi Ilmiah Akuntansi dan Perpajakan, Vol 11 No. 3

27. Pasaribu, David Malindo, 2017. Pengaruh Leverage Terhadap Tax Avoidance Dengan *Inventory Intensity* Sebagai Variabel Moderasi. Jurnal Akuntansi Maranatha.

28. Peraturan Menteri Keuangan Nomor 02/PMK.03/2010 tentang Biaya Promosi yang Dapat Dikurangkan dari Penghasilan Bruto.

29. Peraturan Pemerintah Republik Indonesia Nomor 74 Tahun 2011 tentang Tata Cara Pelaksanaan Hak dan Pemenuhan Kewajiban Perpajakan.

30. Pitaloka, Syifa dan Ni Ketut Lely Aryani Merkusiwati, 2019. Pengaruh Profitabilitas, *Leverage*, Komite Audit, dan Karakter Eksekutif Terhadap *Tax Avoidance*. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

31. Praditasari, Ni Koming Ayu dan Putu Ery Setiawan, 2017. Pengaruh *Good Corporate Governance*, Ukuran Perusahaan, *Leverage* dan Profitabilitas pada *Tax Avoidance*. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

32. Prihadi, Toto. 2019. Analisis Laporan Keuangan Konsep & Aplikasi. Jakarta : PT Gramedia Pustaka Utama.

33. Redaksi DDTCNews. "Biaya Promosi dan Entertainment yang Boleh Dibebankan" 27 Agustus 2019. https://news.ddtc.co.id/biaya-promosi-dan-entertainment-%20yang-boleh-dibebankan-16878?page_y=1710

34. Redaksi DDTCNews. "OECD Rilis Laporan Terbaru, *Tax Ratio* Indonesia Paling Rendah" 25 Juli 2019. https://news.ddtc.co.id/oecd-rilis-laporan-terbaru-tax-%20ratio-indonesia-paling-rendah-16518?page_y=3306

35. Romadhina, Anggun Putri, 2018. Pengaruh Beban Iklan dan Intensitas Persediaan Terhadap Agresivitas Pajak. *Journal of Economic and Managemenr Scienties Universitas Pamulang.*

36. Sugitha, I Made Yogi Pradnyana dan Ni Luh Supadmi, 2016. Pengaruh Karakteristik Perusahaan dan Beban Iklan Pada Tindakan Penghindaran Pajak. Jurnal Akuntasi Fakultas Ekonomi Universitas Udayana.

37. Sukmawati, Fitri dan Cyntia Rebecca, 2016. Pengaruh Likuiditas dan *Leverage* Terhadap Agresivitas Pajak Perusahaan Pada Perusahaan Industri Barang Konsumsi Di Bursa Efek Indonesia Periode 2011-2014. *Conference on Management and Behavioral Studies Universitas Tarumanagara.*

38. Sunarsih, Fahmi Yahya dan Slamet Haryono, 2019. Pengaruh Profitabilitas, *Leverage*, *Corporate Governance* dan Ukuran Perusahaan terhadap *Tax Avoidance* pada Perusahaan yang Tercatat di Jakarta Islamic Index. Jurnal UIN Sunan Kalijaga.

39. Teapriangga, Archie. "Tren Target dan Realisasi Penerimaan Pajak Satu Dekade Terakhir" 05 Februari 2020. https://news.ddtc.co.id/tren-target-dan-realisasi- penerimaan-pajak-satu-dekade-terakhir-18772.

40. Undang-Undang No 36 Tahun 2008 tentang Perubahan Keempat Atas Undang- Undang Nomor 7 tahun 1983 tentang Pajak Penghasilan.

41. Undang-Undang Nomor 28 Tahun 2007 tentang Ketentuan Umum Tata Cara Perpajakan.

42. Undang-Undang Republik Indonesia Nomor 16 Tahun 2009 tentang Penetapan Peraturan Pemerintah Pengganti Undang-undang Nomor 5 Tahun 2005 tentang Ketentuan Umum dan Tata Cara Perpajakan menjadi Undang- Undang.

43. Wahyu, Hifayar, SE., MM Dr. Wastam. 2018. Dasar-Dasar Analisa Laporan Keuangan. Ponorogo : Uwais Inspirasi Indonesia.

44. Wira Sakti, Asrul Hidayat. 2016. Tax Amnesty Itu Mudah. Jakarta Selatan : Visimedia.

45. Yanti, Lia Dama dan Listyani Hartono, 2019. *Effect of Leverage, Profitability and Company Size on Tax Aggressiveness (Empirical Study : Subsector Manufacturing Companies Food, Beverage, Cosmetics and Household Purpose Manufacturing Listed on the Indonesia Stock Exchange for 2014-2017). International Journal of Accounting Budhi Dharma University.*

46. Zsazya." Agresivitas Pajak, Simak Pemahaman dan Risikonya di Sini!" 24 November 2019. https://www.online-pajak.com/agresivitas-pajak.