

PUBLISHER: https://journal.adlermanurungpress.com/
DOI: https://doi.org/10.63607/jcmb.v14i4

DETERMINATS OF TAX AVOIDANCE: ASSESSING THE ROLES OF INVENTORY INTENSITY AND FIRM SIZE

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Abstrak

Penerapan self-assessment system memberikan wewenang kepada wajib pajak untuk menghitung, menyetor, dan melaporkan pajaknya secara mandiri. Namun, fleksibilitas sistem ini kerap dimanfaatkan untuk meminimalisir beban pajak terutang melalui celah hukum yang ada. Intensitas persediaan dan ukuran perusahaan diduga menjadi variabel yang berpotensi memicu tindakan penghindaran pajak. Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh intensitas persediaan dan ukuran perusahaan terhadap penghindaran pajak. Penghindaran pajak diukur menggunakan indikator Effective Tax Rate (ETR). Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang bersumber dari laporan keuangan tahunan publikasi perusahaan. Populasi penelitian mencakup 47 perusahaan sektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia (BEI) periode 2018–2022. Berdasarkan teknik purposive sampling, diperoleh sampel akhir sebanyak 14 perusahaan dengan total 70 observasi. Analisis data dilakukan menggunakan regresi data panel dengan bantuan software EViews 12.

Hasil penelitian menunjukkan bahwa secara parsial, intensitas persediaan tidak berpengaruh signifikan terhadap penghindaran pajak, sedangkan ukuran perusahaan berpengaruh positif dan signifikan terhadap penghindaran pajak. Secara simultan, intensitas persediaan dan ukuran perusahaan berpengaruh signifikan terhadap penghindaran pajak.

Kata Kunci: Intensitas Persediaan, Ukuran Perusahaan, Penghindaran Pajak, Effective Tax Rate (ETR)

Abstract

The implementation of the self-assessment system grants taxpayers the authority to calculate, pay, and report their taxes independently. However, taxpayers often utilize this flexibility to minimize tax liabilities through existing legal loopholes. Inventory intensity and firm size are considered key variables that potentially influence tax avoidance behavior. This study aims to examine and analyze the effect of inventory intensity and firm size on tax avoidance. Tax avoidance is measured using the Effective Tax Rate (ETR).

This study adopts a quantitative approach using secondary data derived from published annual financial reports. The population comprises 47 food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2022 period. Using a purposive sampling technique, a final sample of 14 companies with 70 panel data observations was selected. Data analysis was conducted using panel data regression processed with EViews 12.

The results indicate that partially, inventory intensity has no significant effect on tax avoidance. Conversely, firm size has a positive and significant effect on tax avoidance. Simultaneously, both inventory intensity and firm size significantly influence tax avoidance.

Keywords: Inventory Intensity, Firm Size, Tax Avoidance, Effective Tax Rate (ETR)

INTRODUCTION

The most significant source of revenue for Indonesia is taxes. Taxes can be said to be a source of state revenue which can become state wealth originating from the community. The overall benefits of the tax can be seen and felt. Wicaksono (2018) said that taxes are a source of state revenue that plays an important role in the country's development and as a determinant of the running of a country's economy.

Taxes are used to finance public expenditures related to the state's obligations in running the government. Proper and maximum tax management is needed so that a country can run for its country's development (Jamain, 2019).

Usually the goal of a company is to get the maximum profit or profit with the smallest possible expenditure. Likewise, there is a tax for companies where companies often view taxes as a cost or burden that reduces net profit, so companies want to pay as little tax as possible. This situation encourages every company to find ways or rack their brains to pay a little tax even to the practice of tax avoidance.

Avoidance tax can define as one effort avoidance legal tax. For reduce obligation taxes, evasion tax done with utilise weakness regulation taxation. Avoidance tax describe its small obligation taxes avoided by corporation's influence mark company. The bigger avoidance tax company own ability for avoid obligation taxation based on decision taken company (Winasis et al, 2017).

Table 1 Target and Realization of Indonesian Tax Revenue for 2017-2021

Year	2017	2018	2019	2020	2021
Target	1,450.9 T	1,424.0 T	1,577.5 T	1,198.8 T	1229.6 T
Reception	1,339.8 T	1,315.9 T	1,332.0 T	1,069.9 T	1231.8 T
Percentage	91%	92.41%	84.44 %	89.25 %	100.18%

Source: Kemenkeu.go.id

Based on Table 1 it can be seen that percentage reception realized taxes tend experience increase every year, only reception tax in 2019 that experienced decline significant that is by 13.97%. However regardless from improvement in 2021, looks that target reception tax from 2017 to 2021 yet realized.

Tax avoidance can be defined as one of the legitimate tax avoidance efforts. To reduce tax liability, tax avoidance is carried out by exploiting weaknesses in tax regulations. In fact, companies carry out tax audits, with the aim of minimizing the tax debt that must be paid, this is due to the profits that large companies receive, they are reluctant to pay large taxes. The company will try to minimize profits by charging as much as possible as long as it is permitted by law and seek alternative financing with debt so that the interest expense that must be paid by the company is realized. In line with increasing profits will affect the value of company assets; this will have an impact on the size of the company, so that managers will tend to avoid taxes (Olkiewicz, 2018).

Firm size also affects tax avoidance. Company size is the size of the company. Company size can be classified by means of: total assets, net sales, market value of shares, average level of sales, number of sales and market capitalization. Companies that have large total assets are said to be

mature if the company's cash flow is positive and is considered to have good prospects in the long term. Due to the strict supervision of the authorities, large companies tend to minimize aggressive tax actions.

In addition, the way companies do tax avoidance is by *inventory intensity* is a company strategy to invest funds in inventory (Hidayat dan Suparna, 2021). The effectiveness and efficiency of the company in managing inventory is described by the number of times inventory switching occurs during a certain period of time (Putri & Febrianty, 2017). The amount of total inventory obtained by the company has an impact on the emergence of inventory expenses which reduces the company's profits or profits. These expenses include maintenance expenses, storage expenses, labor expenses, production expenses, general administration expenses and selling expenses. These expenses can be regulated as a deduction for income tax UU No. 36 Tahun 2008 Pasal 6and large amounts of inventory can reduce the corporate tax burden by reducing inventories in various ways as regulated in Article 10 paragraph 6. Therefore, it can be assumed that *inventory intensity* effect on tax avoidance. So, it means, if the higher *the inventory intensity* of the company, so that the higher the company's tax avoidance.

This research is motivated by the existence of *a research gap* in previous studies. Based on the research of Tri Wahyuni & Djoko Wahyudi (2021), the results of his research prove that company size has no effect on tax evasion and Christili Tanjaya & Nazmel Nazir (2021) the results of their research prove that company size has no effect on tax evasion. However, the research by (Prihatini et al. 2022) the results of their research prove that company size has an effect on tax evasion.

Likewise, research on the effect *of inventory intensity* of tax avoidance carried out by Cici Dwi & Anissa Hakim (2020) the results of their research prove that *inventory intensity* has a positive effect on tax avoidance. However, Nikita Artinasari & Titik Mildawati's research (2018) the results of their research prove that *inventory intensity* has no effect on tax avoidance.

Based on the description in the background, the problem formulated in this study is (1) How do the inventory intensity and company size affect tax avoidance in food and beverage companies in 2018-2022? (2) How big is the influence of inventory intensity and company size on tax avoidance? The purpose of this study is (1) to analyze and examine the effect of inventory intensity and company size on tax avoidance in food and beverage companies in 2018-2022 (2) to analyze

and examine the magnitude of the influence of inventory intensity and company size on tax avoidance.

1. Objectives

This research has the following objectives to be achieved: (1) To analyze and study the effect of inventory intensity on tax avoidance in food and beverage companies in 2018-2022 (2) To analyze and examine the effect of company size on tax avoidance in food and beverage companies in 2018-2022 (3) To analyze and assess the influence of inventory intensity and company size on tax avoidance.

2. Literature Review

Agency Theory

According to agency theory, Jensen dan Meckling, (1976) the emphasis is on managing a company where the owner (principal) provides management to the party who runs it, which is called an agent. Management as the chosen person is obliged to take care of the resources owned by the company and is responsible for the activities given to the people who choose them. Meanwhile, shareholders have ambitions that management can bring policies and act for the needs of shareholders. Separation of management aims to benefit both parties, but separation between shareholders and company management can cause problems, including the possibility of managers taking actions that are not in accordance with the wishes or interests of the owners. This conflict is called the agency problem or agency problem.

Because the agency model has a system that involves both parties, the contract is therefore a bridge between owners and management as agents. Through valid contract documents, the owner can maximize and can guarantee the agent to receive rewards from the process of management activities, both material and non-material.

Tax Avoidance

A company, the company avoids taxes by showing profits from operating activities as gains from capital thereby reducing the tax debt and net income of the company. According to Pohan (2017:13), tax avoidance is an effort to streamline the tax burden that is made legally and safely for taxpayers without impacting the applicable tax provisions (not contrary to law), where the methods and methods used are very profitable. Weaknesses (gray areas) stated in the laws and tax regulations themselves to reduce the total tax payable.

Inventory Intensity

Inventory Intensity is a reflection of how much the company invests in the company's inventory. The greater the inventory the company has, the greater the burden. This expenditure will later reduce the company's net profit and the total taxes paid by the company. A manager will try to minimize the additional tax burden by having a large inventory so that the company's profits are reduced.

Company Size

Company size is how big the company is and how it describes the company's operational activities and income (Rosa Dewinta dan Setiawan, 2017). Company size reflects the stability and ability of the company to carry out economic activities. Company size, which classifies companies into large or small groups based on total assets, is one of the determinants of tax avoidance decisions.

Hypothesis Development

Effect of Inventory Intensity on Tax Avoidance

Inventory Intensity is a measurement of how much inventory is invested in a company. If a large amount of inventory brings a large number of idle funds and increases expenses, companies that have an additional burden on large inventories will have a burden that will reduce the company's profits. The greater the total inventory, the higher the inventory burden, in calculating the cost of inventory can reduce profits so that the company's profitability will also decrease, which if profitability decreases it will be followed by a decrease in profits, then the tax avoidance actions taken by the company will increase. So it can be concluded that inventory intensity has an effect on tax avoidance, in other words the higher the inventory the intensity of the company, the higher the company's tax avoidance (Dwi Anggriantari & Purwantini, 2020).

H: Inventories Intensity effect on Tax Avoidance

Effect of Company Size on Tax Avoidance

The size of a company can be seen from the size of the company's assets. This shows that company size can affect tax avoidance. The more assets a company has, the more likely it is to avoid taxes. On the other hand, smaller companies tend to avoid taxes due to smaller assets. The size of the company in terms of the value of its assets shows the company's ability to generate more stable profits. In a company, assets will always experience depreciation every year, which can reduce company profits and can reduce the tax burden that must be paid by the company. With

the large number of assets owned by the company, it will be possible for the company to manage its assets to carry out better tax planning (Prihatini dan Amin, 2022).

H2: Company Size effect on Tax Avoidance

Research Framework

In this study, the research framework is listed in Figure 1, namely:

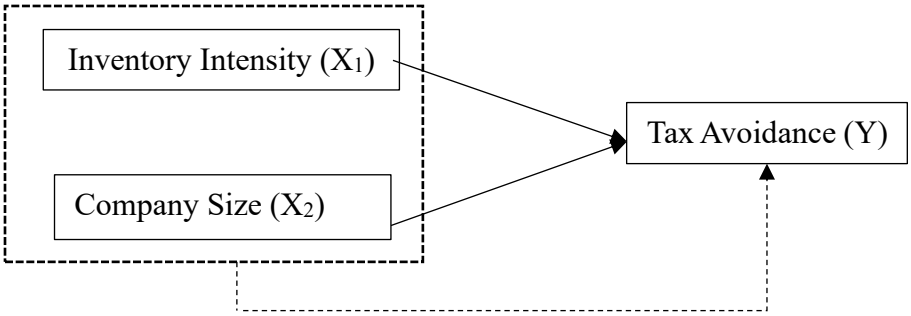


Figure 1. Conceptual Framework

Hypothesis Development

Effect of Inventory Intensity on Tax Avoidance

Inventory Intensity is a measurement of how much inventory is invested in a company. If a large amount of inventory brings a large number of idle funds and increases expenses, companies that have an additional burden on large inventories will have a burden that will reduce the company's profits. The greater the total inventory, the higher the inventory burden, in calculating the cost of inventory can reduce profits so that the company's profitability will also decrease, which if profitability decreases it will be followed by a decrease in profits, then the tax avoidance actions taken by the company will increase. So it can be concluded that inventory intensity has an effect on tax avoidance, in other words the higher the inventory the intensity of the company, the higher the company's tax avoidance (Dwi Anggriantari & Purwantini, 2020).

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the large number of assets owned by the company, it will be possible for the company to manage its assets to carry out better tax planning (Prihatini dan Amin, 2022).

H2: Company Size effect on Tax Avoidance

3. Research Method

This study uses a quantitative research method with a descriptive approach by analyzing secondary data. The type of data used is panel data. A research method that describes a variable based on the analysis of existing data quantitatively using statistical procedures to test the hypothesis is rejected or accepted.

Variables and Operational Definitions of Variables

Tax Avoidance

The dependent variable in this study is tax avoidance. The tax management capacity of a company shows lower levels of corporate tax evasion as the value of this tax evasion increases. (Tanjaya dan Nazir, 2021).*The* measurement of tax avoidance is the same as previous studies . *Tax Rate)* . So, it can be calculated by the following formula:

$$ETR = \frac{Current\ Tax\ Expense}{Earning\ Before\ Income\ Tax}$$

Inventory intensity

Measurement that assesses the total ending inventory in the warehouse (company investment) to the total assets of the company (Nikita Artinasari & Titik Mildawati, 2018). *Inventory Intensity* can be used by companies as a tool to measure can be used by companies as a tool to measure the level of efficiency of the company between goods sold and inventory in the company. *Inventory* ratio measurement formula *intensity ,* as follows:

$$INV = \frac{Total\ Inventory}{Total\ Assets}$$

Company Size

Classification of companies based on assets owned. Assets are considered to have a fairly sustainable level of stability (Prihatini & Amin, 2022). Company size can be measured by the logarithm of total assets (Kasmir, 2018:250). The formula for measuring the ratio of company size is as follows:

$SIZE = Ln$ (Total Asset)

4. Data Collection

The selection of the sample in this study used purposive sampling or judgment sampling with the aim. The type of data in this study is documentary data in the form of financial reports and annual reports of food and beverage companies which contain financial transactions within the company. The selection of the sample in this study used purposive sampling or judgment sampling with the aim. The type of data in this study is documentary data in the form of financial reports and annual reports of food and beverage companies which contain financial transactions within the company.

Analysis Techniques

Descriptive statistics

Descriptive statistics are statistics that are used to examine data by describing or describing the data at the time it was collected and to analyze data without the intention of making general conclusions or generalizations. Descriptive statistics provide numbers, figures, and graphs that can all be used. Frequency, mean , medium, maximum, minimum of a data set, and mode in data are all descriptive statistics (Ghozali 2018:19).

Classical Assumption Testing

Normality Test

Normality test is used to prove whether a data population is normally distributed. In this study, the authors used the Jarque -Bera test to analyze. This test is used to measure the kurtosis and skewness of the data and is compared when the data is normal. The Jarque -Bera test is carried out by looking at the probability value, provided that if the probability value is > 0.05 then the residual normally distributed . Meanwhile, if the probability value is <0.05 then it is residual not normally distributed .

Multicollinearity Test

Multicollinearity test is used to prove the correlation between other independent (independent) variables in the regression model (Ghozali, 2018: 107). For this good model, there is no correlation between the independent variables. To detect the presence or absence of multicollinearity in this regression model, if the correlation value is <0.80, then there is no multicollinearity problem . Meanwhile, if the correlation value is > 0.80, then there is a multicollinearity problem .

Heteroscedasticity Test

Heteroscedasticity test was carried out to prove whether there are differences in the residual variance from one review to another in a regression model. If the residual variance from one review to another remains, it is called homoscedasticity , otherwise it is called heteroscedasticity . The heteroscedasticity test used in this study is the Breusch -Pagan- Godfrey test . The basis for taking the provisions is as follows: (1) If the probability or significant value on Obs *R- squared (p value) ≥ 0.05 then the hypothesis is accepted because there is no heteroscedasticity (2) If the probability or significant value is on Obs *R- squared (p value) ≤ 0.05 then the hypothesis is rejected because there is heteroscedasticity .

Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in the t period and the confounding errors in the t-1 (previous) period. A good regression model is a regression that is free from autocorrelation (Ghozali, 2018: 107). One of the methods used to detect the presence or absence of autocorrelation is to use the Durbin-Watson test . The provisions in making the decision can be seen as follows: (1) if d < dl, there is a positive autocorrelation (2) if d > (4 - dl), there is an autocorrelation negative (3) if du < d < (4 - dl), there is no autocorrelation (4) if dl < d < du or (4 - du), it cannot be concluded.

Multiple Regression Analysis

The panel data regression model focuses on regression analysis that combines time-series and cross-section data, commonly known as pooled time-series . The specialty of time-series data is that it is in the form of a numerical sequence with the interval between observations of a number of variables being fixed and constant, while cross-section data is the unit of analysis at certain points with observations of a number of variables. The regression equation is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Information:

Y = Tax Avoidance
α = Constant
β1 X1 = Inventory intensity
β2 X2 = Firm Size
ε = Error term

Hypothesis test

Coefficient of Determination (R2)

The coefficient of determination test is used to measure how good the ability is to describe the independent (independent) variable. The coefficient of determination is between 0 and 1 ($0 \leq R2 \leq 1$). For every single variable added, R2 increases regardless if this variable has a significant effect on the dependent variable, therefore in this study adjusted R2 is used. The closer the adjusted R2 value is to 1, the better the model's ability to describe the dependent variable.

Simultaneous Test/Global Test (Test F)

The F test is a simultaneous relationship test which aims to prove whether the influence of all independent variables simultaneously or together on the dependent variable. The F test was carried out using a significance level of 0.05 with the following criteria for rejection or acceptance: (1) If the significance value ≤ 0.05 means that all independent variables have an effect on the dependent variable. (2) If the significance value is ≥ 0.05, it means that all the independent variables have no effect on the independent variables.

Partial Test (t test)

The t test is used to prove the hypothesis if you intend to know the influence and relationship of the independent and dependent variables, where one of the independent variables is controlled (fixed). The partial test criteria with a significance level of $\alpha = 5\%$ are as follows: (a) If the significance value is <0.05, it means that the independent variables individually affect the dependent variable (b) If the significance value is > 0.05, it means that the independent variables are individually individually does not affect the dependent variable.

5. Results and Discussion

Descriptive Statistic Analysis

To find out the descriptive statistical test the researcher used Eviews version 12. The following table is a summary of the results of the descriptive test with a total sample of 14 from data on food and beverage companies listed on the Indonesia Stock Exchange from 2018-2022.

Table 2 Descriptive Statistical Results of Research Variables

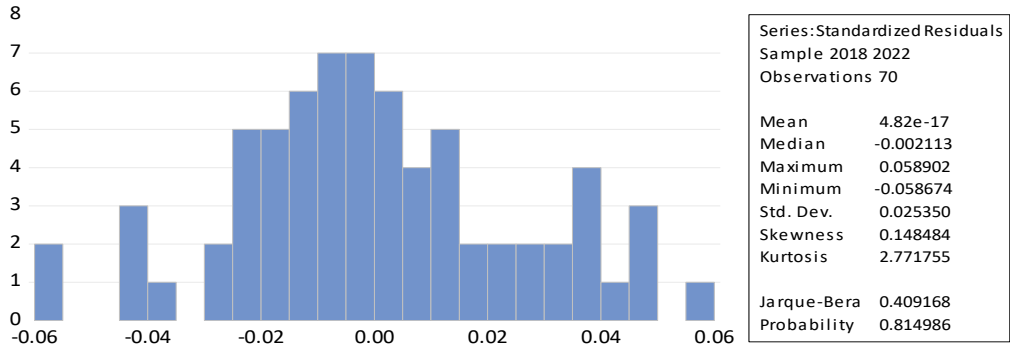
	ETR	INV	SIZE
Means	0.229167	0.158855	23.43902
Median	0.225279	0.147552	27.37068
Maximum	0.282363	0.326359	30.73454
Minimum	0.169095	0.044280	13.61995
std . Dev .	0.026601	0.067311	5.996138
Skewness	0.042852	0.608820	-0.395464
kurtosis	2.626644	2.684555	1.418142
Observations	70	70	70

Source: Secondary Data processed using *Eviews* 12, 2023

From the table above it can be seen that the minimum value for Tax Avoidance (ETR) is in 2021 at PT. Sekar Laut is 0.169095 , the maximum value is 0.282363 in PT. Mulia Boga Raya in 2019 , and the average ETR is 0.229167. Inventory Intensity (INV) is in 2020 at PT. Indofood CBP Sukses Makmur 0.044280 , the maximum value is 0.044280 in the company PT. Diamond Food Indonesia in 2018 , and the average is 0.158855 . The minimum value for Company Size is in 2019 at PT. Akasha Wira International 13.61995 , the maximum value is 30.73454 in PT. Mayora Indah in 2022 and the average is 23.43902 .

Normality Tes

Normality test from this study can be seen in the following figure:



Source: Secondary Data processed using *Eviews* 12, 2023

Figure 2 Normality Test Results

Based on figure 2 the regression model is normally distributed because the probability value of the jarque -bera is 0.814986 ≥ 0.05. The data in this study passed the normality test or normally distributed regression model.

Multicollinearity Test

Table 3 Multicollinearity Test Results

	INV	SIZE
INV	1.000000	0.161467
SIZE	0.161467	1.000000

Source: Secondary Data processed using *Eviews* 12, 2023

Based on table 3 it can be seen that the inventory value intensity and company size of 0.161467 <0.80. So it can be concluded that there is no multicollinearity problem in the variables in this study.

Heteroscedasticity Test

Table 4 Heteroscedasticity Test Results

Heteroskedasticity Test : Breusch -Pagan- Godfrey

null hypothesis : Homoskedasticity

F- statistics	0.159098	Prob . F(2,67)	0.8532
Obs *R- squared	0.330872	Prob . Chi- Square (2)	0.8475
Scaled explained SS	0.268527	Prob . Chi- Square (2)	0.8744

Source: Secondary Data processed using *Eviews* 12, 2023

Based on table 4 above, it shows the Obs *R- squared probability value of 0.8475 ≥ 0.05. So it can be said that this research is free from heteroscedasticity problems .

Autocorrelation Test

Table 5 Autocorrelation Test Results

R- squared	0.147982	Means dependent var	-3.40E-17
Adjusted R- squared	0.095550	SD dependent var	0.025350
SE of regression	0.024109	Akaike info criterion	-4.543744
Sum squared resid	0.037780	Schwarz criterion	-4.383137

Likelihood logs	164.0310	Hannan-Quinn criter .	-4.479949
F- statistics	2.822361	Durbin-Watson stat	2.003798
Prob (F- statistic)	0.031895		

Source: Secondary Data processed using *Eviews* 12, 2023

Based on table 5, the *Durbin* value is obtained *Watson* of 2.003798. free area of autocorrelation for the number of samples (T) 14 and the number of variables (k) 2 at a significant level of 0.05. Durbin Value Watson is greater than the limit du 1.64127 and less than 4-dl 2.4659 or 1.64127 < 2.003798 < 2.4659. So, it can be said that there is no autocorrelation.

Multiple Regression Analysis

The regression model equation used by the author is the panel data regression model equation. The processing results *of Eviews* 12 for panel data regression analysis are presented in the following table:

Table 6 Panel Data Regression Analysis

dependent Variables : ETR
Method : Panel Least Squares
Sample : 2018 2022
Periods included : 5
Cross-sections included : 14
Total panel (balanced) observations : 70

Variables	coefficient	std . Error	t- Statistics	Prob .
C	1.255598	0.271230	4.629279	0.0000
INV	0.060459	0.084642	0.714286	0.4781
SIZE	-0.044201	0.011271	-3.921845	0.0003

Source: Secondary Data processed using *Eviews* 12, 2023

Based on the calculation results in the table above, the regression equation is obtained as follows:

ETR = 1.255598 + 0.060459 *INV - 0.044201*SIZE + e

Proposed Improvements

Based on the results of the research and discussion that has been carried out, the suggestions that can be given by researchers are as follows: (1) This study conducted observations for five years from 2018 to 2022 with a total of 14 companies. Companies are expected to be better and wiser in making or compiling tax plans so that they are more efficient in paying taxes such as doing tax evasion in terms of income and costs that can be reduced as a tax burden (2) This study includes

only two factors that influence tax avoidance, namely inventory intensity and company size. It is hoped that future researchers can add other variables, because this study only has an adjusted R2 of 45.29%, so there are still many factors that can influence tax avoidance that have not been studied, such as corporate risk, corporate governance, liquidity, financial distress, leverage, fiscal loss compensation. , audit committee, independent commissioners, audit quality, and so on (3) It is hoped that future researchers will not only use Effective Tax Rates (ETR) as a measurement in seeking tax evasion, other measurements need to be added. For example, measurements using Cash Effective Tax Rates (CETR), Tax Planning (TAXPLAN), or Book Tax Differences (BTD) (4) Future researchers are expected to expand the use of the sample, not only to food and beverage companies but to add other sectors on the Indonesian Stock Exchange. For example, by combining observations on mining, manufacturing, and major sector companies listed on the Indonesian Stock Exchang.

Coefficient of Determination

Table 7 Coefficient of Determination

Root MSE	0.017281	R- squared	0.571885
Means dependent var	0.229167	Adjusted R- squared	0.452964
SD dependent var	0.026601	SE of regression	0.019675
Akaike info criterion	-4.821313	Sum squared resid	0.020904
Schwarz criterion	-4.307371	Likelihood logs	184.7459
Hannan-Quinn criter .	-4.617169	F- statistics	4.808956
Durbin-Watson stat	2.241318	Prob (F- statistic)	0.000009

Based on table 7 data, the regression value shows an adjusted R- squared value of 0.452964. This shows that 45.29% of the dependent variable of tax avoidance can be explained by the two independent variables, namely *Inventory intensity* and Company Size. While the remaining 54.71% is explained by other factors outside the two independent variables.

Simultaneous Test/Global Test (Test F)

Table 8 Simultaneous Test (F)

Root MSE	0.017281	R- squared	0.571885
Means dependent var	0.229167	Adjusted R- squared	0.452964

SD dependent var	0.026601	SE of regression	0.019675
Akaike info criterion	-4.821313	Sum squared resid	0.020904
Schwarz criterion	-4.307371	Likelihood logs	184.7459
Hannan-Quinn criter .	-4.617169	F- statistics	4.808956
Durbin-Watson stat	2.241318	Prob (F- statistic)	0.000009

Source: Secondary Data processed using *Eviews* 12, 2023

Based on Table 7 of the simultaneous test results (F) above, it can be concluded that the probability value (F-statistic) of the variable inventory intensity and company size of 0.000009 <0.05 (significant level of research) then Ha is accepted, meaning that simultaneously there is a significant influence between inventory intensity and firm size on tax avoidance.

Partial Test (t test)

Table 9 Partial Test (t)

Variables	coefficient	std . Error	t- Statistics	Prob .
C	1.255598	0.271230	4.629279	0.0000
INV	0.060459	0.084642	0.714286	0.4781
SIZE	-0.044201	0.011271	-3.921845	0.0003

Source: Secondary Data processed using *Eviews* 12, 2023

Based on table 9, the partial test results (t) obtained the probability value Inventory intensity (INV) of 0.4781 > 0.05 this indicates that Ha is rejected, Inventory intensity (INV) has no significant effect on tax avoidance. The probability value of Company Size (SIZE) is 0.0003 <0.05. So, it can be concluded that Ha is accepted, meaning that Firm Size (SIZE) has a significant effect on tax evasion.

Inventory Influence Intensity Against Tax Avoidance

Partial test results in research for inventory variables intensity results obtained a coefficient of 0.060459 with a significant level of 0.4781 greater than 0.05. So, it can be concluded that Ha is rejected and H_0 is accepted, this shows inventory intensity has no effect on tax avoidance proxied

by ETR. The company's investment in the form of a little or a lot of inventory is not a determining factor for the size of the tax paid by the company. Companies are usually more interested in investing in fixed assets that have deductible depreciation or depreciation expenses. An increase in inventory does not support positive accounting theory. The results of this study are in line with the research of Nikita Artinasari & Titik Mildawati (2018) which states that *inventory intensity* has no significant effect on *effective taxes rate* shows that more or less *inventory Intensity* does not fully describe the company taking tax avoidance actions. However, the results of this study contradict the results of Cici Dwi & Anissa Hakim's (2020) research results which state that *inventory intensity* has a positive effect on tax avoidance.

Effect of Company Size on Tax Avoidance

Partial test results in the study for the firm size variable obtained a coefficient of 0.044201 with a significant level of 0.0003 less than 0,05. So, it can be concluded that Ha is accepted and H_0 is rejected, meaning that company size has a significant effect on tax evasion which is proxied by ETR. This shows that within the company, the higher the size of the company, the greater the budget needed to maintain the assets and operations owned by the company. Align with the agency theory, resources that are already owned by the company can be used by agents to maximize compensation for their own performance, namely through efforts to limit the company's tax burden to maximize company performance. However, this research is not in line with the research of Tri Wahyuni & Djoko Wahyudi (2021) whose research results state that company size has no effect on tax evasion and Christili Tanjaya & Nazmel Nazir (2021) the results of their research state that company size has no effect on tax evasion. The difference in the results of this study occurred due to differences in the vulnerability of the research time and place of research. The results of this study are in line with the research of Chaolina Prihatini & Muhammad Nuryatno Amin (2022), whose research results state that company size has an effect on tax evasion. The larger the size of a company, the greater the resources it has to manage its tax burden.

CONCLUSION

Based on the results of data research that has been carried out regarding inventory intensity and company size in analyzing companies in carrying out tax avoidance practices where the inventory intensity mechanism and the size of food and beverage companies listed on the Indonesia Stock Exchange in 2018-2022. Based on the test results and discussion, the conclusions can be

summarized as follows: (1) Inventory intensity has no significant effect on tax evasion with a probability value of 0.4781 > 0.05. This explains that the inventory intensity variable has no effect on tax avoidance which is proxied by ETR, so Ha is rejected and H0 is accepted (2) Firm size has a significant effect on tax avoidance with a probability value of 0.0003 <0.05. This explains that the variable firm size affects tax avoidance which is proxied by ETR so that Ha is accepted and H0 is rejected. This shows that within the company the higher the size of the company the bigger the budget needed to maintain the assets and operating activities owned by the company (3) Based on the simultaneous test results of the variable inventory intensity and company size on tax avoidance there is a significant value of 0.000009 < 0.05 it can be concluded that the hypothesis in this study is acceptable. So, inventory intensity and company size simultaneously affect tax avoidance. As much as 45.29% of the dependent variable tax avoidance (ETR) can be explained by the two independent variables, namely inventory intensity and company size, and the remaining 54.71% is explained by other variable factors.

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