

The Effect of Profitability, Firm Size, Sales Growth and CSR Against Tax Avoidance on Companies Listed in BEI Year 2013 – 2016

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Abstract : *This research aims to test the effect of profitability, firm size, sales growth and CSR on tax avoidance. This type of research in the research it is associative with the causal relationships. This research uses the cash effective taxes rates as a proxy of tax avoidance. The population of this research as much as 156 companies listed at the IDX and publishes sustainability report year 2013-2016. While the sample was selected using a purposive sampling method and retrieved samples as many as 75 companies. In this study data analysis methods are used, namely multiple linear regression analysis. The data in this study in the analysis using the help of SPSS 17. The results of this research show that profitability, firm size and the CSR effect on tax avoidance. While sales growth has no effect against tax avoidance.*

Keyword: *Profitability; Firm Size; Sales Growth; CSR; Tax Avoidance.*

1. INTRODUCTION

As a country develops, Indonesia are enterprising – his vigorous development in various sectors. The development aims to improve the welfare of society, both in terms of economic and social. Because of that, the public is asked to participate in such development. one way to do that is by paying taxes. Legal basis of taxation procedures have been set in law – Law No. 6 year 1983 and has been converted into law – Law No. 28 year 2007 which regulates the rights and obligations of taxpayers and tax penalties. The Government also set up several policies to increase acceptance of the tax sector. One of the policies that use is a tax amnesty. The existence of a tax amnesty this Government expects entrepreneurs who keep their funds abroad would move their funds to indonesia and become the new taxpayer who dutifully so as to improve the country's tax revenues. The efforts made in enhancing the Government's tax revenues turned out to be different from the interests of the taxpayers or private agency. Earlier in the

year 1984 indonesia has ever enacted a tax amnesty, but their implementation is not effective because the taxpayer's response is very less and not followed by reform of the administrative system. Taxpayer private or agency often perform a variety of ways to avoid taxes charged against his company.

Tax avoidance is the evasion effort was conducted legally and safely for the taxpayers because it does not conflict with the provisions of the taxation, where the methods and techniques used tend to exploit weaknesses – weaknesses contained in legislation – tax laws and regulations themselves to minimize the amount of tax payable (Zebua, 2016). One of the cases of tax evasion that occurred was done by a company engaged in the field of health affiliated in Singapore, namely PT. RNI. PT. RNI now undergoing examination by the Regional Office of the Directorate General of Taxes. The company allegedly make an effort – effort of tax evasion, but the company has significant activities in Indonesia (Kompas, 2016)

There are several factors that can affect the tax avoidance. This research aims to test the influence between profitability, firm size, sales growth and CSR against tax avoidance. In the research (Almaidah, Titisari, & Nurlaela, 2017) the profitability of the variable represented by the ROA has a negative influence against tax avoidance. The next factor that is, the size of the company, in research (Puspita & Harto, 2014) the size of the company does not have significant influence towards corporate tax avoidance behavior. In addition to both of these tax avoidance can also be influenced by sales growth and CSR as well. In research (Almaidah, Titisari, & Nurlaela, 2017), sales growth has no effect against tax avoidance. As for CSR, in research variable study (Septiadi, Robiansyah, & Suranta, 2015) shows results that Corporate Social Responsibility disclosure to tax avoidance.

Based on previous research, the researchers tested the contradictory relationship between profitability, returns the size of the company, sales growth and CSR against tax avoidance. Doing research on companies listed in BEI year 2013 – 2016. By testing the influence profitability, Firm Size, sales growth and CSR against tax avoidance. Then the Hypothesis in this study are:

- H1 : profitability effect on tax avoidance
- H2 : size effect on Corporate tax avoidance
- H3 : Sales Growth effect on tax avoidance
- H4 : CSR effect on tax avoidance

2. METHODOLOGY

2.1 Population And Sample

The population in this research is a company listed on the indonesia stock exchange as of 2013 – 2016 and publishes a

sustainability report. The population in this research totalled 156 year 2013 – 2016. While the sampling in this study using a purposive sampling engineering criteria (1) the company publish the annual report and sustainability reports successive – join in year 2013 – 2016. (2) the company has no profits after tax was negative during the period from 2013 – 2016. (3) companies publish financial statements in a currency, the rupiah. Based on the engineering sample was obtained as many as 75 companies.

2.2 Research Variables

2.2.1 The Dependent Variable

The dependent variable in this study is tax avoidance. Measurement of tax avoidance in this study using CETR (Cas Effective Tax Rates). CETR used to measure how big is the tax paid in the company. This research uses developed by CETR (Dyreng, Hanlon, & Maydew, 2010) are :

$$\text{CETR} = \frac{\text{Tax Expense}}{\text{Pre-tax Income}}$$

2.2.2 Independent Variable

This research use 4 independent variables are:

Profitability

In this study used the net profit margin to measure profitability. Net profit margin is a comparison between the net profit after tax by sales. According to the (Kasmir, 2010) net

profit margin can be measured using :

$$\text{NPM} = \frac{\text{Net Profit After Tax}}{\text{Sales}}$$

Firm Size

The firm size can be measured from the total assets owned by the company. Because it is essentially a large company will have assets that much. This can be simplified by transforming into natural logarithm of total assets (Benardi et al, 2008) in (Rinaldi & Cheisviyanny, 2015)

$$\text{Firm size} = \text{Log (Assets)}$$

Sales growth

Sales growth is a reflection of the success of an investment period of the past and can serve as a prediction of future the growth of the Sales growth in this study is measured by subtracting sales in ways i with sales end of the period in the previous year and then divided by the sales of the previous year. The formula of calculation of the sales growth, namely:

$$\text{Sales Growth} = \frac{\text{Sales}_{t-1} - \text{Sales}_t}{\text{Sales}_t}$$

CSR

The independent variable is the last of this research is Corporate Social Responsibility. The methods used to measure CSR in this study using GRI version 4.0. Disclosure of CSR in the

study was obtained from the sustainability Report of the company. In this study used a dummy variable. A dummy variable is a variable that is used to quantitative variable which is qualitative. A dummy variable is a variable that is kategorial who allegedly had the influence of the againts variable that is continue. A dummy variable has only two values 1 and 0. The results of the disclosure of the items of CSR in this study were calculated using the CSRI using the formula:

$$\text{CSRI} = \frac{\sum \text{CSRI}_i}{n}$$

2.3 Data Analysis Method

A method of data analysis in this research use descriptive statistical tests, classic assumption and multiple linear regression analisiss. Descriptive statistics was used to analyze statistical data by way of describing the data that has been collected. A classic assumption test consists of a test of normality, test multicollinearity,

heteroskedastisitas test and a test of autocorrelation. as for the multiple linear regression analysis consists of a feasibility test, regression A classic assumption test is an analysis that is conducted to assess whether a linear regression model in a there is a problem – the problem of the classical assumptions.

models model (F), hipotesis Test (test-t) and a test of the determination coefficient (R2).

The equations of the regression models in this study are:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Description:

- Y : Tax Avoidance
- a : Constants
- b₁X₁ : Profitability
- b₂X₂ : Firm Size
- b₃X₃ : Sales Growth
- b₄X₄ : CSR

e : Error

3. RESULT AND DISCUSSION

3.1 Descriptive Statistical Tests

Descriptive statistics was used to analyze statistical data by way of describing the data that has been collected. Descriptive ' test in this research showed the following results:

Variable	N	Minimum	Maximum	Mean	Std. Deviasi
Tax Avoidance	75	0.04	0.47	0.2459	0.08156
Profitability	75	0.02	1.15	0.1923	0.16176
Ffirm Size	75	7.07	13.30	9.2039	1.67517
Sales growth	75	-0.90	9.40	0.1873	1.09782
CSR	75	0.30	0.97	0.5063	0.13582

3.2 Classical Assumption

3.2.1 Test For Normality

Variabel	Signifikansi	Standar	Description
Unstandardized Residual	0.149	> 0.05	Normal distributed data

Table 2 above shows the results of the variable unstandardized to the value of significant residual 0.149 > 0.05. Then this can

be summed up in the research data is distributed normally.

3.2.2 Test For Multicollinearity

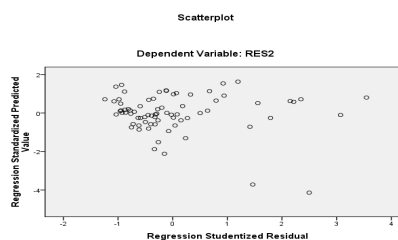
Variabel	VIF	Std	Tolerance	Std	Description
Profitability	1.037	<10	0.965	>0.10	No Multicollinearity
Firm Size	1.022	<10	0.979	>0.10	No Multicollinearity
Sales growth	1.030	<10	0.971	>0.10	No Multicollinearity
CSR	1.033	<10	0.968	>0.10	No Multicollinearity

Based on the results of the test of multicollinearity on table 2 shows bring the value of the variable profitability of VIF, firm size, sales growth and

CSR < 10 and value tolerance > from 0.10. from the above it can be concluded that the non multicollinearity.

3.2.3 Test Heteroskedastisitas

Picture 1 Test Heteroskedastisitas



Heteroskedastisitas test results can be seen in image 1. the image above shows the absence of symptoms of heteroskedastisitas due to the point – the point spread was taken or the

immediate vicinity of the number 0, the point – a point not gathered just taken or just above and to the point – the point is not to form a pattern.

3.2.4 Test Autocorelation

Table 4 test autocorelation

Model	DW	dL	dU	4-dU	4-dL	Description
1	1.749	1.515	1.739	2.261	2.485	No autocorelation

Based on the above autocorrelation test results it can be concluded that there is no autocorrelation because the value of the DW and $DW > dU < 4-$

$dU. 1,749 >$ and $1,749 < 2,261.$

3.3 Multiple Linear Regression

3.3.1 Model regression

Table 5 Multiple Linear Regression Test

Variable	B
Constant	0.083
Profitability	-0.132
Firm Size	0.011
Sales growth	-0.008
CSR	0.175

Based on the test results using the SPSS regression equation 17 then obtained as follows:

$$Y = 0.132 - 0.083 X_1 + 0.011 X_2 - 0.008 X_3 + 0.175 X_4$$

A linear regression equation above has the sense as follows:

- Of the results of the above obtained value constants 0083, meaning if all variables of value 0 then tax avoidance will rise of 0083 or 8.3%.the regression Coefficient
- Of variables of profitability-0132. It means that if profitability went up by 1% and the other

variables fixed then the tax avoidance will be declined by 13.2% or 0132.

- Coefficient of variable size enterprise of 0011. It means that if the size of the company went up by 1% and the other variables fixed then the tax avoidance will increase by 1.1% or 0011.
- The coefficient of the variable sales growth amounted to 0.008-it means that when the size of the company went up by 1% and the other variables fixed then the tax avoidance will be declined by 0.008 or 0.8%.

e) Coefficient of the variable of csr 0175. It means that if the size of the company went up by 1% and the other variables fixed

then the tax avoidance will be increased by 17.5% or. 0175

3.3.2 Test Feasibility Model (F Test)

Table 6 test feasibility model (F test)

Model	F _{hitung}	F _{tabel}	Sig	Std	Description
1	5.067	2.50	0.001	0.05	Model feasible

From the results above, it can be seen that the F value to calculate the F > table i.e. 5,067 > 2.50 and significance of 0.001 <

0.05 then inferred that the regression model in this study.

3.3.3 Hypothesis Test (Test T)

Table 7 hypothesis Test (test t)

Variabel	t _{hitung}	t _{tabel}	Sig	Std	Description
Profitability	-2.447	-1.994	0.017	<0.05	H1 Accepted
Firm Size	2.121	1.994	0.037	<0.05	H2 Accepted
Sales Growth	-0.962	-1.994	0.339	<0.05	H3 Rejected
CSR	2.721	1.994	0.008	<0.05	H4 Accepted

The first hypothesis (H1) Influence Profitability Against Tax Avoidance

Test the hypothesis (H1) aims to find out or no partial influence among variables of profitability against tax avoidance. Results of testing the hypothesis 1 indicates that the value t calculate > -t table -2,143 > 1,994 and significance 0.036 < 0.05 then inferred that H1 received or there is partially influence between profitability against tax avoidance. The results of this study are in line with several previous research i.e. Research (Rinaldi & Cheisviyanny, 2015), (Pradipta & Supriadi, 2014), (Maharani & Suardana, 2014) and (Kim, 2017) that mention that the profitability of the effect on tax avoidance.

The second hypothesis (H2) the influence of the size of the company Against Tax Avoidance.

One hypothesis test (H2) aims to find out or no partial influence among variables size of firm against tax avoidance. The results of hypothesis testing 2 indicates that the value t calculate > t table 2,121 > 1,994 and significance 0.037 < 0.05 then concluded that H2 are received or there is partially influence between the size of the company against tax avoidance. the results of this research line with research (Rinaldi & Cheisviyanny, 2015) and (Okrayanti, Utomo, & Nuraini, 2017). The results of both the research shows that the size of the company's influence on tax avoidance. Because basically there was great company who will be committing tax evasion more often. Large companies will usually bear the brunt of more taxes and will more often do pengindaran tax.

The third hypothesis (H3) the influence of Sales Growth Against Tax Avoidance.

One hypothesis test (H3) aims to find out or no partial influence among variables sales growth against tax avoidance. The results of testing the hypothesis 3 indicated $-0.962 < 1,994$ and significance $0339 > 0.05$ then inferred that H3 denied or there are no partially influence between sales growth against tax avoidance. The results of this research line with research (Swingly & Sukartha, 2015) that mention the variable sales growth has no effect on the tax avoidance and also with research conducted by (Almaidah, Titisari, & Nurlaela, 2017) in the study also mentioned that sales growth has no effect against tax avoidance. However, the results of this research is different from other research i.e. research conducted (Budiman & Setiyono, 2012) showed that sales growth effect significantly to tax avoidance. The research is supported by other research i.e. research from (Dewinta & Setiawan, 2016) in (Almaidah, Titisari, & Nurlaela, 2017) that mention when sales growth increases the company tends to increasingly get the profit

anyway so that companies tend to do practice tax avoidance because of the great profit will result in a huge tax burden.

The fourth hypothesis (H4) CSR Influence Against Tax Avoidance.

One hypothesis test (H4) aims to find out or no partial influence among variables CSR against tax avoidance. Results of testing the hypothesis 4 suggests that the value t calculate $> t$ table i.e. $2,721 > 1,994$ and the significance of $0.008 < 0.05$ then inferred that the H4 received or there is partially influence between CSR against tax avoidance. The results of this study supports other research i.e. research conducted by (Septiadi, Robiansyah, & Suranta, 2015) who find the results that the CSR effect positively and significantly to tax avoidance. Other research also supports this research is research (Wijayanti, Wijayanti, & Samrotun, 2016) who mentioned that CSR is a form of commitment to the activities of business activity – to act ethically, contribute in economic development and improve the quality of life of employees and the community.

3.3.4 test coefficients of determination (R²)

Table 8 test coefficients of determination (R ²)				
Model	R	R ²	Adjusted R ²	Description
1	0.474	0.225	0.180	The Dependent variable can be explained by the independent variable

Based on the results from table 8 can note that the value

of the adjusted R² of 0.180
The result means that all four

independent variables in this research in the form of firm size, profitability, sales growth and CSR can only explain or influence the tax avoidance of 0.180 or 18% while the rest amounted to 82% described or influenced by other factors. The higher results from the adjusted R² then the higher the ability of independent variable affect the dependent variable or explain.

4. CONCLUSION

This research aims to examine and analyze the influence of profitability, the size of the company, sales growth and CSR against tax avoidance on companies listed in BEI year 2013 – 2016. This research included in the associative research causal stating the relationship causal. The population in this research is a registered company in BEI and menerbitkan sustainability report. This research using a sample as many as 76 companies year 2013 – 2016 of companies listed at the IDX and published a sustainability report. This study tested using SPSS software assistance. 17.

Based on the results of hypothesis testing 1 stating that the profitability of the effect on tax avoidance are supported by empirical evidence. Hypothesis 2 and 4 hypothesis proposed in this study which States that the size of corporations and the CSR effect on tax avoidance is also supported by empirical evidence. As for hypothesis 3 stating that sales growth effect on tax avoidance is not supported by empirical evidence.

The results of this study indicated that tax avoidance is not a new thing among the company, the company's profitability is high and the size of the

large companies that also make companies compelled to practice tax avoidance. Disclosure of CSR company also has done does not guarantee a company will not do the practice tax avoidance.

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