

692_JEBE_Similarity_2

By Denti Sukma Sastranegara

4 Analysis Of the Effect of Liquidity and Profitability on Tax Aggressiveness in Plantation Subsector Companies Listed on The Indonesia Stock Exchange

Denti Sukma Sastranegara, Hendry Saladin, Ninin Non Ayu Salmah

Abstract

This research addresses the critical issue of how liquidity and profitability influence tax aggressiveness within companies. The primary objective is to test the hypothesis that both liquidity and profitability significantly affect tax strategies in plantation subsector companies listed on the Indonesia Stock Exchange. Utilizing purposive sampling, the study selected 12 companies that consistently published financial reports from 2018 to 2022.

For data analysis, the study employed various techniques, including classical assumption tests, multiple regression analysis, coefficient of determination analysis, correlation coefficient analysis, and hypothesis testing. The findings reveal that liquidity, with a significance value of 0.010, and profitability, with a significance value of 0.000, each partially influence tax aggressiveness. The F-test results further confirm that tax aggressiveness is significantly affected by liquidity and profitability together, as indicated by a p-value of 0.000.

These outcomes highlight the importance of both liquidity and profitability as determinants of tax aggressiveness in the plantation sector. The implications of this research suggest that companies can leverage their liquidity and profitability positions to optimize their tax strategies effectively. This study contributes valuable insights for policymakers and business leaders looking to understand the financial factors that drive tax behavior in corporate settings.

Keywords: Tax Aggressiveness, Liquidity, Profitability.

INTRODUCTION

33
The company's financial condition is 32pd with a low level of debt and a high level of profit is the ultimate goal of every company. The company's ability to pay its obligations is important so that the company can be ogled by investors because 44has a small risk of loss. Not only liquid, companies also crave high profits. However, if a company earns a large profit, the tax payment is also getting bigger.

The government defines tax as a mandatory contribution to the state that individuals or entities must pay according to legal regulations, which is utilized for the nation's interests with the aim of maximizing public welfare without receiving direct compensation. Taxes serve as a crucial instrument in the management of state finances, and a deep understanding of tax is essential to comprehend how it contributes to development and the well-being of society. (Sidharta, 2017) The definition previously mentioned states that every individual or entity has a mandatory responsibility for tax payments to the state. An entity or company that pays tax 1 means that it has indirectly contributed to the development of the country. This me 43 that if the company's taxable value is high, the tax revenue to the government will be higher. The Directorate General of Taxes presents data in the form of targets and achievements of tax revenue 2021-2023:

Table 1. List of Tax Revenue 2021-2023

Year	Target	Realization	Achievements
2021	1.444,5	1.547,8	107,1%
2022	1.783,9	2.034,5	114,0%
2023	2.021,2	2.155,4	119,9%

(Source: www.kemenkeu.go.id)

In 2021, the government targeted 1,229.6 trillion and the realization was 1,546.5 trillion. In 2022, the government increased the tax revenue target by 1,784.0 trillion because it saw the realization in the previous year which was achieved and the result exceeded 2,034.5 trillion. Likewise in 2022, the government also raised the tax revenue target in 2023 by 2,118.3 trillion and the realization result was reached at 2,774.3 trillion. The data above shows that there is an increase in the tax revenue target every year due to the achievement of the budget realization. The government can continue to increase targets to finance development and state administration. In contrast to each taxpayer, the company certainly wants the lowest possible tax payment because it considers that the tax paid is a burden so that it can reduce the company's revenue or profit. The gap between the government that continues to increase the tax revenue target while the company wants low taxes makes the company do a way to minimize the tax to be paid through tax aggressiveness.

Universitas of Virginia United States Accounting business academic Mary Margaret Frank explains tax aggressiveness is an activity of planning to reduce the value of tax benefits carried out legally or illegally. Tax aggressiveness is a term used by Hadi and Mangoting (2019) to describe tax avoidance practices or company efforts to reduce their tax obligations. So, it can be interpreted that tax aggressiveness is tax planning by reducing the level of tax revenue.

According to the views of Sukmawati and Rebecca (2016) liquidity is one of the influencing factors on tax aggressiveness. Liquidity ratio is defined as an indication of how a company can pay off its short-term obligations or debts. (Demirgüç-Kunt, Pedraza & Ruiz-Ortega, 2021) A company's tax strategy is affected by low liquidity, which indicates the difficulty of paying short-term obligations. Sukmawati and Rebecca (2016) report that tax aggressiveness is negatively affected by liquidity. In addition to liquidity, profitability is also one of the factors determining tax aggressiveness. Profitability is the percentage of a company's operating profit that remains consistent over time. Research by Krisjayanti, Nurlaela, and Chomsatu (2022) revealed that tax aggressiveness is influenced by the level of profitability. The tax aggressive loophole is more often used by companies when the profitability value increases so that the tax burden becomes lower.

The problem of tax aggressiveness makes researchers interested in examining research entitled "Analysis of the Effect of Liquidity and Profitability on Tax Aggressiveness in Plantation Subsector Companies Listed on the Indonesia Stock Exchange". In 2021, the government targeted 1,229.6 trillion and the realization was 1,546.5 trillion. In 2022, the government increased the tax revenue target by 1,784.0 trillion because it saw the realization in the previous year which was achieved and the results exceeded 2,034.5 trillion. Likewise in 2022, the government also raised the tax revenue target in 2023 by 2,118.3 trillion and the realization result was reached at 2,774.3 trillion. The data above shows that there is an increase in the tax

revenue target every year due to the achievement of the budget realization. The government can continue to increase targets to finance development and state administration. In contrast to each taxpayer, the company¹ certainly wants the lowest possible tax payment because it considers that the tax paid is a burden so that it can reduce the company's revenue or profit. The gap between the government that continues to increase the tax revenue target while the company wants low taxes makes the company do a way to minimize the tax to be paid through tax aggressiveness.

The continuous increase in tax targets is closely tied to the government's need to finance various development and administrative programs. With a growing demand for infrastructure, education, and healthcare, the government seeks to optimize revenue sources through taxation. However, companies as taxpayers often have a different perspective. They tend to view taxes as a burden that should be minimized. (Dwiningtyas, Sidharta, Najwa & Herawati, 2023) In this context, businesses strive to reduce their tax liabilities through various strategies, including tax aggressiveness.

Tax aggressiveness refers to practices where companies employ various methods to legally lower their tax obligations, though such practices can sometimes raise ethical concerns. (Shamil, Gooneratne, Gunathilaka & Shaikh, 2024) For instance, companies may exploit legal loopholes or existing tax regulations to decrease the taxes owed. A concrete example of tax aggressiveness is seen in transfer pricing practices, where businesses move profits from one entity to another that is subject to lower tax rates. (Boussaidi & Hamed-Sidhom, 2021) This can be achieved by manipulating the sales prices between companies within the same group, resulting in lower reported profits in high-tax jurisdictions.

Additionally, a company's liquidity and profitability⁴⁹ play vital roles in determining the level of tax aggressiveness. Firms with high liquidity may have the capacity to engage in more aggressive tax planning since they possess more resources to invest in complex tax strategies. (Tanko, 2023) Conversely, less liquid companies may prioritize operational sustainability and lack the flexibility to take risks regarding tax planning. Therefore, analyzing the influence of liquidity and profitability on tax aggressiveness becomes highly relevant and essential.

⁷ This research aims to explore the relationship between liquidity and tax aggressiveness, as well as profitability and tax aggressiveness. ³³ The primary hypothesis posits that liquidity significantly influences tax aggressiveness, suggesting that companies with higher liquidity levels may engage in more aggressive tax strategies. Therefore, the study will investigate how the availability of liquid assets impacts a firm's approach to tax planning and compliance.

⁸ Additionally, the research will examine the influence ⁵⁸ profitability on tax aggressiveness, hypothesizing that more profitable companies may be more inclined to adopt aggressive tax methods to reduce their tax liabilities. The analysis will focus on understanding how profit levels affect a company's willingness to engage in practices such as income shifting or utilizing tax loopholes.

Through this investigation, the research seeks to answer the critical questions of how liquidity and profitability shape tax behaviors within firms and whether these financial metrics serve as significant determinants of tax aggressiveness in corporate settings. This exploration will provide valuable insights into the financial dynamics influencing tax planning strategies in businesses.

RESEARCH METHODS

This research³⁴ was taken from during the period 2018 - 2022 conducted at the Plantation Subsector Company listed on the Indonesia Stock Exchange. This⁶ research is located at Jalan Jendral Sudirman Kavling 52 to 53 South Jakarta. Meanwhile, for data collection in this study is located²⁶ the Indonesia Stock Exchange Investment Gallery, PGRI University Palembang, located at Jalan Jenderal Ahmad Yani Lrg. Gotong Royong 9/10 Ulu Palembang.

The approach²⁰ applied in this study uses associative quantitative methods. In the period 2018 to 2022, the population is based on companies listed on the Indonesia Stock Exchange. As for the Plantation Subsector company:

Table 2. List of Plantation Subsector Companies

Name of Limited Company	Code	Name of Limited Company	Code	Name of Limited Company	Code
Astra Agro Lestari Tbk Limited Company.	AALI	Golden Platation Limited Company Tbk.	GOLL	Palma Serasih Tbk Limited Company.	PSGO
Andira Agro Tbk Limited Company.	ANDI	Gozco Platation Limited Company Tbk.	GZCO	Pradiksi Gunatama Tbk Limited Company.	PGUN
Austindo Nusantara Tbk Limited Company.	ANJT	Indo Pureco Pratama Tbk Limited Company.	IPPE	Pulau Subur Tbk Limited Company.	PTPS
Bakrie Sumatera Plantations Tbk Limited Company.	UNSP	Indo Oil Perkasa Tbk Limited Company.	OILS	Sampoerna Agro Tbk Limited Company.	SGRO
BISI International Tbk Limited Company.	BISI	Jhonlin Agro Raya Tbk Limited Company.	JARR	Salim Ivomas Pratama Tbk Limited Company.	SIMP
Bumi Teknokultura Unggul Tbk Limited Company.	BTEK	Jaya Agra Wattie Tbk Limited Company.	JAWA	Sinar Mas Agro Resources and Technology Tbk Limited Company.	SMAR
Eagle High Plantation Tbk Limited Company.	BWPT	PP London Sumatera Indonesia Tbk Limited Company.	LSIP	Sawit Sumbermas Sarana Tbk Limited Company.	SSMS
Citra Borneo Utama Tbk Limited Company.	CBUT	Multi Agro Gemilang Platation Limited Company Tbk.	MAGP	Sumber Tani Agung Resources Tbk Limited Company.	STAA
Cisadane Sawit raya Tbk Limited Company.	CSRA	Mahkota Group Limited Company Tbk.	MGRO	Triputra Agro Persada Tbk Limited Company.	TAPG
Dharma Satya Nusantara Tbk Limited Company.	DSNG	Menthobi Karyatama Raya Tbk Limited Company.	MKTR	Teladan Prima Agro Tbk Limited Company.	TLDN
FAP Agri Tbk Limited Company	FAPA	Nusantara Sawit Sejahtera Tbk Limited Company.	NSSS	Wahana Pronatural Tbk Limited Company.	WAPO

(Source: www.idx.co.id, 2024)

For this research, purposive sampling⁶ was employed, which is a non-random sampling technique. The selection¹⁹ criteria were outlined as follows: Firstly, the study focused on plantation subsector companies that are listed on the Indonesia Stock Exchange during the period from 2018 to 2022. Secondly, it required that these companies consistently publish their financial reports throughout the same five-year period. By utilizing this specific sampling approach, the research aimed to ensure that the data gathered would be relevant and applicable

to the objectives of the study, allowing for a more thorough analysis of the factors influencing tax aggressiveness in the identified companies. This method helped to create a targeted sample that reflects the intricacies of the plantation industry, thereby enhancing the validity of the findings derived from the analysis. Overall, the purposive sampling strategy aimed to include on⁵ those companies that met the defined criteria, which contributed to a focused investigation of the relationship between liquidity, profitability, and tax aggressiveness in the plantation subsector.

Table 3. Company Sample Criteria

No	Criteria	Total
1.	Plantation Subsector Companies listed on the Indonesia Stock Exchange for the period 2018-2022	33
2.	New companies listed on the IDX in the observation year	(18)
3.	Companies that do not publish their financial statements consecutively from 2018-2022	(3)
Total sample		12
Research period		5
Total observation data during the study period (12x5)		60

(Source: Processed from various references, 2024)

Based on the criteria table above, 12 out of 33 companies in the plantation subsector were identified as meeting the requirements for a 5-year study.

Table 4. List of Company Samples

No	Company Name	Code	No	Company Name	Code
1	Perusahaan Terbatas Astra Agro Lestari Tbk.	AALI	7	Perusahaan Terbatas Jaya Agra Wattie Tbk.	JAWA
2	Perusahaan Terbatas Austindo Nusantara Tbk.	ANJT	8	Perusahaan Terbatas PP London Sumatera Indonesia Tbk.	LSIP
3	Perusahaan Terbatas Bakrie Sumatera Plantations Tbk.	UNSP	9	Perusahaan Terbatas Sampoerna Agro Tbk.	SGRO
4	Perusahaan Terbatas BISI International Tbk.	BISI	10	Perusahaan Terbatas Salim Ivomas Pratama Tbk.	SIMP
5	Perusahaan Terbatas Eagle High Plantation Tbk.	BWPT	11	Perusahaan Terbatas Sinar Mas Agro Resources and Technology Tbk.	SMAR
6	Perusahaan Terbatas Dharma Satya Nusantara Tbk.	DSNG	12	Perusahaan Terbatas Sawit Sumbermas Sarana Tbk.	SSMS

(Source: www.idx.co.id, 2024)

The data taken in the study is⁵⁶ secondary data. Secondary data consists of data put together from various existing sources, including²¹ documents or records of related research objects. The source of information accessed from the official website of the Indonesia Stock Exchange is <https://www.idx.co.id>. How to collect data by documenting information on the company's financial statements of Plantation Subsector Companies during the period from 2018 to 2022.

Effective tax rate, box²³ tax differences, discretionary permanent²³ BTDs (DTAX), unrecognized tax²⁹ benefits, tax shelter activity, and marginal tax rate are measurement tools that can be used for tax aggressiveness. In this study, the effective tax rate (ETR) proxy was used. ETR has the aim of knowing the percentage of the amount of increase in the real tax rate on

commercial income received. If the ETR value of a company is low, it indicates the high tax avoidance that will be carried out and vice versa. The effective tax rate (ETR) indicator is calculated using the following formula proposed by Lanis and Richardson (2012):

$$\text{Effective tax rate (ETR)} = \frac{\text{Total income tax expense}}{\text{Profit before tax}}$$

The liquidity ratio is a measure of how liquid a company's finances are. Various liquidity ratios that may be applied by companies include current ratio, quick ratio or acid test ratio, cash ratio, cash turnover ratio, and inventory to net working capital. The ratio that is often applied in measuring liquidity value is the current ratio which points to the ability of a company to measure the payment of current debt that will be due using all of its liquid assets (Hery, 2018: 152). A higher current ratio results in more favorable debt payments for the company. The calculation of the current ratio indicator is described:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current debt}}$$

the maximum level of profit. The company's financial performance can use profitability as an indicator. Profitability as the percentage of profit generated by the company from its business operations. Several profitability indicators, namely return on total assets, return on equity, gross profit margin, operating profit margin and net profit margin. The asset ratio (ROA) proxy is applied in this study to assess the level of profitability. If ROA has a high level, the greater the impact on stock sales and the higher the company's income. The ROA calculation formula is:

$$\text{Asset ratio (ROA)} = \frac{\text{Profit after tax}}{\text{Total assets}}$$

The tests carried out in this study are Classical Statistical Test, Classical Assumption Test (normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test) and Hypothesis Test (partial test (T) and simultaneous test (F)). This test is carried out with the SPSS application.

RESULTS AND DISCUSSION

The sample selected for analysis is from a population that has been assessed as suitable and in accordance with the researcher's criteria. Presentation of data is made by presenting the measurement results based on the findings of the research conducted, following the results:

Table 5. Research Data Table

Company Name	Year	Liquidity	Profitability	Tax Aggressiveness
AALI	2018	1,463	0,057	0,311
	2019	2,854	0,009	0,631
	2020	3,313	0,031	0,389
	2021	1,579	0,068	0,290
	2022	3,600	0,061	0,262
ANJT	2018	1,667	-0,001	1,074
	2019	2,126	-0,007	1,610
	2020	2,341	0,003	0,853
	2021	1,595	0,057	0,338
	2022	1,462	0,035	0,387
BISI	2018	5,483	0,146	0,201
	2019	4,140	0,104	0,242
	2020	5,827	0,094	0,245
	2021	7,133	0,122	0,202
	2022	8,800	0,153	0,189
BWPT	2018	0,592	-0,029	-0,165
	2019	0,657	-0,074	-0,192
	2020	0,921	-0,074	-0,036
	2021	0,621	-0,118	-0,264
	2022	0,555	0,001	-1,110
DSNG	2018	1,033	0,037	0,293
	2019	0,818	0,015	0,364
	2020	1,140	0,034	0,312
	2021	1,251	0,054	0,234
	2022	1,069	0,079	0,251
JAWA	2018	0,516	-0,087	-0,014
	2019	0,395	-0,081	-0,108
	2020	0,322	-0,088	-0,039
	2021	0,382	-0,050	-0,059
	2022	0,400	-0,840	0,076
LSIP	2018	4,657	0,033	0,210
	2019	4,697	0,025	0,284
	2020	4,892	0,064	0,192
	2021	6,184	0,084	0,206
	2022	7,197	0,083	0,193

SGRO	2018	0,919	0,007	0,555
	2019	0,581	0,004	0,770
	2020	0,730	-0,020	2,909
	2021	1,092	0,084	0,321
	2022	1,323	0,101	0,260
SIMP	2018	0,897	-0,005	1,861
	2019	0,767	-0,018	2,257
	2020	0,884	0,010	0,666
	2021	1,040	0,037	0,413
	2022	1,104	0,042	0,370
SMAR	2018	1,491	0,020	0,148
	2019	1,075	0,032	0,229
	2020	1,296	0,044	0,262
	2021	1,455	0,070	0,213
	2022	1,959	0,129	0,191
SSMS	2018	5,277	0,008	0,745
	2019	2,015	0,006	0,475
	2020	2,167	0,032	0,233
	2021	2,391	0,110	0,185
	2022	1,033	0,132	0,188
UNSP	2018	0,113	-0,111	-0,058
	2019	0,106	-0,583	-0,017
	2020	0,060	-0,126	-0,201
	2021	0,113	0,014	0,631
	2022	0,085	0,205	0,017

(Source: Processed data, 2024)

3

Table 6. Classical Assumption Test Results

Normality Test Results		
Kolmogorov-Smirnov Z		0,751
Asymp. Sig. (2-tailed)		0,625
Multicollinearity test		
Model		Collinearity Statistics VIF
Liquidity		1,013
Profitability		1,013
Heteroscedasticity test		
	Correlation Coefficient	Unstandardized Residual
Liquidity	Sig. (2-tailed)	0,659
Profitability	Sig. (2-tailed)	0,465
Autocorrelation test		
Model Summary		Durbin-Watson
Model		1,847

The normality test is used to determine whether the dependent variable tax aggressiveness and the independent variable liquidity and profitability are in normal distribution. Researchers applied the Kolmogorov-Smirnov (K-S) statistical test in this study with the results. The test

result table above presents that the Asymp. Sig. (2-tailed) 0.625. So, because the level of significance is above 0.005, the sample data can be characterized as normally distributed.

Multicollinearity test is used to show whether the independent variables are connected. The decision will be based on this test if the tolerance value is between points exceeding 0.10 and the VIF value is lower than 10. According to the tolerance value of the liquidity and profitability variables from the table above shows 0.987 while the VIF value of each variable shows 1.013. Thus, in general, the data does not show signs of multicollinearity because the tolerance value shows 0.987 above 0.10 and the VIF value shows 1.013 below 10.

The heteroscedasticity test is employed to identify variations in the residuals' variance across different monitoring instances. The results of this analysis, conducted using Spearman's rho statistical test, are presented in Table 6. According to this table, the significant value for the liquidity variable stands at 0.659, which is greater than the threshold of 0.05, while the profitability variable shows a significant value of 0.465, also exceeding 0.05. These findings collectively indicate that the data does not exhibit heteroscedasticity, as the significance values for both independent variables are above the critical level.

Additionally, the autocorrelation test is utilized to assess whether there is a correlation between adjacent values from one period to the next in the regression model. The results are drawn from the Durbin-Watson statistical test (DW Test), and the value obtained is 1.847. From the Durbin-Watson statistical table, with a sample size (n) of 60 and two predictors (k), values of DL (the lower bound) and DU (the upper bound) are determined to be 1.5144 and 1.6518, respectively. Given that DU (1.6518) is less than DW (1.847), which in turn is less than 4 - DU (2.3482), the null hypothesis (Ho) is accepted, indicating no signs of autocorrelation.

Moreover, the hypothesis test (T-test) is conducted to ascertain whether the independent variables are influential in impacting the dependent variable. This test serves as a crucial tool in determining the strength and significance of the relationship within the regression model, enhancing the validity of the results derived from the analysis. The following are the results of the t test:

Table 3. The Regression Analysis Results, Including the Hypothesis Testing

Variable	B	t	Sig.
Constant	-3,211		
Liquidity	0,225	5,251	2,667
Profitability	-0,561	5,218	-7,818
Model Summary	R = 0.712	R Square = 0.507	

The significance value is 0.000 lower than 0.05 which means Ha is accepted. It shows that each independent variable of liquidity and profitability simultaneously has a significant influence on the dependent variable of tax aggressiveness.

Based on the results of descriptive test analysis, classical assumption test and hypothesis testing with research objects in Plantation Subsector Companies listed on the Indonesia Stock Exchange in 2018-2022, the results are as described below:

Effect of Liquidity on Tax Aggressiveness

¹ The significance value of the liquidity variable (X1) shows 0.010, meaning that the result is above 0.05 as shown by the t test. The conclusion of this study is supported by the observation that liquidity has a significant role in determining tax aggressiveness. This study supports the perspective put forth by Indradi (2018), which suggests a partial influence of liquidity on tax aggressiveness. In that research, liquidity is measured⁴⁷ using liquidity ratios, indicating how efficiently a company manages its current assets to meet short-term obligations. A high liquidity ratio signifies that the company is in a financially healthy position. Additionally⁴⁶ the research by Adela, Agyei, and Peprah (2023) emphasizes the importance of liquidity in the context of tax aggressiveness. They found that companies with higher liquidity tend to be more transparent in their tax reporting and engage less in tax avoidance practices. This indicates that liquidity serves not only as a measure of financial health but also reflects the ethical stance of a company in fulfilling its tax obligations. In other words, financially healthy firms are not only capable of paying taxes but are also more likely to do so ethically.

However, these findings contrast with those of Lestari, Arafat, and Valiani (2020), who explain that tax aggressiveness is not influenced by liquidity. Their research suggests that other factors may play a more dominant role in influencing a company's decision to adopt aggressive tax strategies. For instance, ownership structure, company size, and tax management policies could significantly impact tax aggressiveness decision-making. Taxes function to generate revenue² for the state and allocate it to pay for public expenditures and as community control in the economic, social and political fields related to certain goals.

³⁹ Effect of Profitability on Tax Aggressiveness

²⁴ The significance of the profitability variable (X2) is determined by the results of the t test which shows a significant value of 0.000 below 0.05. Thus⁵⁴ these results strengthen the conjecture that has been presented in this study which states that tax aggressiveness is influenced by profitability. In the business world, profitability is often seen as a key indicator of a company's financial health. The higher the profitability, the greater a company's ability³⁶ to meet its tax obligations without resorting to risky tax avoidance or aggressive strategies. This aligns with the research conducted by Febriyantri (2020), which demonstrates that profitability ratios have a significant partial impact on tax aggressiveness. Findings from Abd-Elmageed & Abdel Megeid (2020) further support this conclusion, showing that when companies experience an increase in profitability, there tends to be a reduction in aggressive tax avoidance strategies. This analysis indicates that financially healthy companies have less incentive to engage in legal risks associated with tax evasion. In other words, firms focused on sustainability and long-term growth are more likely to adhere to tax regulations.

However, not all research aligns with these findings. For example, a study by Arifin (2020) found that tax aggressiveness is not influenced by profitability. This finding contradicts previous studies and suggests that other factors may play³¹ a more dominant role in influencing a company's tax behavior. It highlights the complexity of the relationship between profitability and tax aggressiveness, where other variables such as ownership structure, industry sector, and government tax policies may also significantly contribute to tax-related decisions.

²⁷ The Effect of Liquidity and Profitability on Tax Aggressiveness

²² The significance of the independent variables is determined⁴⁰ by the results of the F test which shows that the significance value is 0.000 below 0.05, so the regression model is feasible to

use. This study confirms the proposed hypothesis that tax aggressiveness is significantly influenced by liquidity and profitability. Companies that report significant profits may seek ways to exploit legal loopholes in tax regulations to reduce their tax liabilities. Research by Dharmayanti (2019) indicates that liquidity and profitability together influence tax aggressiveness, providing strong empirical support for this finding. This aligns with the study conducted by Francis, Teng, Wang, and Wu (2022), which also found that these financial factors interact with each other in shaping corporate tax strategies.

9 Tax aggressiveness is a type of tax planning that involves taking steps to lower the tax burden and reduce the effective rate. If associated, tax aggressiveness refers to tax avoidance activities which are included in legal actions. Companies choose to take aggressive tax actions because taxes become a payable expense that reduces company profits. The existence of this gap makes the government receive relatively less revenue from the tax sector so that it can harm the state. Furthermore, it is crucial to analyze how liquidity and profitability interact in the context of tax aggressiveness. For instance, high liquidity does not always guarantee an increase in tax aggressiveness. There are instances where companies with substantial liquidity may choose to avoid the risks associated with more aggressive tax strategies, particularly if they operate within heavily regulated industries. On the other hand, companies with low liquidity might feel compelled to adopt aggressive tax planning measures merely to survive in a competitive business environment. This complexity highlights the need for a nuanced understanding of how these financial metrics can influence corporate decision-making regarding tax strategies.

CONCLUSIONS

4 The research examining the effect of liquidity and profitability on tax aggressiveness in plantation subsector companies listed on 45 Indonesia Stock Exchange from 2018 to 2022 yields several insightful findings. Firstly, the study establishes that tax aggressiveness has a partial effect on liquidity within these companies, suggesting that firms with higher liquidity levels of aggressive tax strategies might manage their liquid assets differently. Secondly, it finds that tax aggressiveness also has a partial impact on profitability, indicating that companies engaging in more aggressive tax practices may experience varying degrees of financial performance. Furthermore, the research reveals that tax aggressiveness simultaneously affects both liquidity and profitability variables, emphasizing the interconnected nature of these financial metrics.

However, this research is not without its limitations. A significant weakness lies in the focus solely on plantation sector companies, which may limit the generalizability of the results. Different sectors may exhibit varying behaviors and relationships regarding tax aggressiveness, liquidity, and profitability. Additionally, this study concentrated on a specific timeframe. While the period from 2018 to 2022 provides valuable insights, it may not account for potential shifts in market dynamics, regulatory changes, or economic conditions influencing these factors.

To address these limitations and enhance the understanding of tax aggressiveness in different contexts, the study offers several recommendations for future research. Firstly, researchers should consider analyzing other sectors beyond the plantation subsector, as this could enrich the findings and provide comparative insights across industries. Sectors such as manufacturing, technology, or services may present different patterns of tax behavior due to their unique market structures and regulatory environments.

Secondly, adding variables beyond liquidity and profitability may lead to a more comprehensive analysis of tax aggressiveness. Factors such as corporate governance, operational efficiency, or market competition could provide deeper insights into the motivations behind tax strategies. Exploring these additional variables could lead to a more nuanced understanding of how companies approach tax planning and compliance.

Finally, extending the research period would allow future studies to capture trends over a longer duration. A more extended timeframe could reveal shifts in corporate behavior in response to changing regulations, economic conditions, and market dynamics, leading to more robust conclusions. Moreover, understanding longitudinal trends could provide valuable insights for policymakers and practitioners aiming to enhance tax compliance and governance among companies.

In summary, while this study provides important findings regarding the relationships between liquidity, profitability, and tax aggressiveness, it also highlights areas for further investigation. By broadening the scope of research to include different sectors, integrating additional variables, and extending the analysis period, future researchers can contribute to a more comprehensive understanding of how companies navigate their tax strategies in a complex financial landscape. This ongoing dialogue in the academic and business communities is essential for fostering responsible tax behavior and promoting fair fiscal practices.

REFERENCES

- Abd-Elmageed, M. H., & Abdel Megeid, N. S. (2020). Impact of CEO duality, board independence, board size and financial performance on capital structure using corporate tax aggressiveness as a moderator. *المحاسبى*, 24(4), 724-759.
- Adela, V., Agyei, S. K., & Peprah, J. A. (2023). Antecedents of tax aggressiveness of listed non-financial firms: Evidence from an emerging economy. *Scientific African*, 20, e01654.
- Arifin, M. A. (2020). Agresivitas Pajak Sektor Pertambangan Indonesia. *Jurnal Keuangan dan Bisnis*, 18(2), 34-49.
- Boussaidi, A., & Hamed-Sidhom, M. (2021). Board's characteristics, ownership's nature and corporate tax aggressiveness: new evidence from the Tunisian context. *EuroMed Journal of Business*, 16(4), 487-511.
- Demirgüç-Kunt, A., Pedraza, A., & Ruiz-Ortega, C. (2021). Banking sector performance during the COVID-19 crisis. *Journal of Banking & Finance*, 133, 106305.
- Dharmayanti, N. (2019). Pengaruh Likuiditas, Leverage Dan Profitabilitas, Terhadap Agresivitas Pajak (Studi Empiris pada Perusahaan Manufaktur yang termasuk dalam LQ45 pada Bursa Efek Indonesia (BEI) Periode 2013-2017). *Prosiding Simposium Nasional Multidisiplin (SinaMu)*, 1.
- Dwiningtyas, P. R., Sidharta, I., Najwa, H., & Herawati, O. (2023). Increasing Individual Taxpayer Compliance by Taxpayer Awareness: Study at one of the KPPs in Bandung City. *Journal of Economics, Management, and Entrepreneurship*, 1(1), 70-79.
- Febrilyantri, C. (2020) Pengaruh *Earnings Management*, Profitabilitas dan *Size* terhadap Agresivitas Pajak. *INVENTORY: Jurnal Akuntansi*. 4(2), 126-139.

- Francis, B., Teng, H., Wang, Y., & Wu, Q. (2022). The effect of shareholder-debtholder conflicts on corporate tax aggressiveness: Evidence from dual holders. *Journal of Banking & Finance*, 138, 106411.
- Hadi, J., & Mangoting, Y. (2014). Pengaruh Struktur Kepemilikan dan Karakteristik Dewan Terhadap Agresivitas Pajak. *Tax and Accounting Review*. 4(2),1-10.
- Indradi, D. (2018). The Effect of Liquidity, Capital Intensity on Tax Aggressiveness. *Indonesian Sustainable Accounting Journal*, 1(1), 147-167
- Krisjayanti, C., Nurlaela, S., & Chomsatu, Y. (2022). Pengaruh profitabilitas, intensitas modal, leverage dan likuiditas terhadap agresivitas pajak. *Inovasi: Jurnal Ekonomi, Keuangan, dan Manajemen*, 18(2), 313-318.
- Lanis, R., & Richardson, G. (2012). Corporate social responsibility and tax aggressiveness: An empirical analysis. *Journal of Accounting and Public policy*, 31(1), 86-108.
- Lestari, N., Arafat, Y., & Valianti, R. M. (2020). Pengaruh Likuiditas, Leverage, dan Profitabilitas Terhadap Agresivitas Pajak (Studi Empiris Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2018). *Jurnal Media Akuntansi (Mediasi)*, 3(1), 54-68.
- Shamil, M. M., Gooneratne, D. W., Gunathilaka, D., & Shaikh, J. M. (2024). The effect of board characteristics on tax aggressiveness: the case of listed entities in Sri Lanka. *Journal of Accounting in Emerging Economies*, 14(4), 747-770.
- Sidharta, I. (2017). Pengantar Perpajakan. *Yogyakarta: Diandra Kreatif*.
- Sukmawati, F., & Rebecca, C. (2016, October). Pengaruh likuiditas dan leverage terhadap agresivitas pajak perusahaan pada perusahaan industri barang konsumsi di Bursa Efek Indonesia Periode 2011-2014. In *Conference on Management and Behavioral Studies* (pp. 498-509).
- Tanko, U. M. (2023). Financial attributes and corporate tax planning of listed manufacturing firms in Nigeria: moderating role of real earnings management. *Journal of Financial Reporting and Accounting*.

20%

SIMILARITY INDEX

PRIMARY SOURCES

- | | | |
|---|---|---------------|
| 1 | Dwi Irawan, Agung Prasetyo, Nugroho Wicaksono, Aviani Widyastuti, Rizki Febriani, Ali Roziqin. "Economic Sustainability and Social Equality in the Technological Era", CRC Press, 2024
<small>Publications</small> | 56 words — 1% |
| 2 | Hurriyati Ratih, Tjahjono Benny, GafarAbdullah Ade, Sulastri, Lisnawati. "Advances in Business, Management and Entrepreneurship", CRC Press, 2020
<small>Publications</small> | 44 words — 1% |
| 3 | ecbis.net
<small>Internet</small> | 40 words — 1% |
| 4 | exsys.iocspublisher.org
<small>Internet</small> | 32 words — 1% |
| 5 | bircu-journal.com
<small>Internet</small> | 28 words — 1% |
| 6 | repository.stiesia.ac.id
<small>Internet</small> | 26 words — 1% |
| 7 | Badri Munir Sukoco, Rahmat Heru Setianto, Nidya Ayu Arina, Ade Gafar Abdullah, Asep Bayu Nandiyanto, Ratih Hurriyati. "Increasing Management Relevance and Competitiveness", CRC Press, 2018
<small>Publications</small> | 24 words — 1% |

8	eprints.perbanas.ac.id Internet	24 words — 1%
9	journals.smartinsight.id Internet	21 words — < 1%
10	openjournal.unpam.ac.id Internet	21 words — < 1%
11	e-journal.stiekusumanegara.ac.id Internet	19 words — < 1%
12	www.scholink.org Internet	19 words — < 1%
13	journal.febubhara-sby.org Internet	17 words — < 1%
14	journal.privietlab.org Internet	17 words — < 1%
15	repofeb.undip.ac.id Internet	17 words — < 1%
16	www.dinastipub.org Internet	17 words — < 1%
17	Noveryan Irfansyah, Iruk Ranga Bawono, Irianing Suparlinah. "Tax Aggressiveness Affected by Corporate Social Responsibility, Earnings Management, and Audit Quality", Permana : Jurnal Perpajakan, Manajemen, dan Akuntansi, 2020 Crossref	16 words — < 1%
18	eprints.walisongo.ac.id Internet	16 words — < 1%

19	lintar.untar.ac.id Internet	16 words — < 1%
20	Dian Puteri Ramadhani, Indira Rachmawati, Cahyaningsih, Nidya Dudija et al. "Acceleration of Digital Innovation & Technology towards Society 5.0", Routledge, 2022 Publications	15 words — < 1%
21	discovery.researcher.life Internet	15 words — < 1%
22	garuda.kemdikbud.go.id Internet	15 words — < 1%
23	acadpubl.eu Internet	14 words — < 1%
24	www.scirp.org Internet	13 words — < 1%
25	baarjournal.org Internet	12 words — < 1%
26	rdis.idx.co.id Internet	12 words — < 1%
27	Guruh Marhaenis Handoko Putro, Mega Barokatul Fajri, Irma Indira. "Tax Aggressiveness: Peran Moderasi CSR pada Perusahaan Manufaktur", Moneter - Jurnal Akuntansi dan Keuangan, 2022 Crossref	11 words — < 1%
28	ejournal.seaninstitute.or.id Internet	11 words — < 1%
29	ojs-pertapsi.petra.ac.id	

11 words — < 1%

30 www.ijsrp.org

Internet

11 words — < 1%

31 Khaled Amri, Fatma Wyème Ben Mrad Douagi, Mouna Guedrib. "The impact of internal and external corporate governance mechanisms on tax aggressiveness: evidence from Tunisia", Journal of Accounting in Emerging Economies, 2022

Crossref

10 words — < 1%

32 Wahyu, Suyanto. "The Influence of Financial Leverage and Profitability on Tax Evasion: Company Size as A Moderation Variable", Jurnal AKSI (Akuntansi dan Sistem Informasi), 2024

Crossref

10 words — < 1%

33 huggingface.co

Internet

10 words — < 1%

34 jurnal.univpgri-palembang.ac.id

Internet

10 words — < 1%

35 sj.eastasouth-institute.com

Internet

10 words — < 1%

36 Dwi Indri Syahputri, Nawirah. "The Effect Of Information Asymmetry, Accounting Conservatism, And Firm Size Against Earning Management With Good Corporate Governance As Moderating Variables", Jurnal Akuntansi, 2023

Crossref

9 words — < 1%

37 Engy ElHawary, Rasha Elbolok. "The implications of COVID-19 on ESG performance and financial

9 words — < 1%

38 Siti Nursyafiqha Syaquireen Azmi, Nadiah Abd Hamid, Ida Suriya Ismail, Mohd Rizal Palil. "The Influence of Board Attributes towards Tax Avoidance: Evidence from Malaysian Public Listed Companies", Accounting and Finance Research, 2024

Crossref

9 words — < 1%

39 journal.formosapublisher.org

Internet

9 words — < 1%

40 jsss.co.id

Internet

9 words — < 1%

41 ojs.transpublika.com

Internet

9 words — < 1%

42 www.researchgate.net

Internet

9 words — < 1%

43 Akhmad Solikin, Yuniarto Hadiwibowo, Benny Setiawan, Amrie Firmansyah, Hendrati Dwi Mulyaningsih. "Public Sector Accountants and Quantum Leap: How Far We Can Survive in Industrial Revolution 4.0?", Routledge, 2020

Publications

8 words — < 1%

44 Moses Olanisebe, Sadiq Abdullahi, Kabiru Dandago. "Managerial Ownership and Tax Avoidance of Listed Companies in Nigeria with Profitability as Mediating Variable", FUDMA Journal of Accounting and Finance Research [FUJAFR], 2023

Crossref

8 words — < 1%

45	apcz.umk.pl Internet	8 words — < 1%
46	e-journal.trisakti.ac.id Internet	8 words — < 1%
47	ecosia.asia.ac.id Internet	8 words — < 1%
48	erl.ucc.edu.gh:8080 Internet	8 words — < 1%
49	journals.unizik.edu.ng Internet	8 words — < 1%
50	jurnal.polibatam.ac.id Internet	8 words — < 1%
51	repository.fe.unj.ac.id Internet	8 words — < 1%
52	repository.upi.edu Internet	8 words — < 1%
53	virtusinterpress.org Internet	8 words — < 1%
54	Melati Rahmariyanto, Mahsina Mahsina, Syafii Syafii. "Profitabilitas, Capital Intensity, dan Agresivitas Pajak Perusahaan Farmasi di BEI Tahun 2017-2021", Equity: Jurnal Akuntansi, 2023 Crossref	7 words — < 1%
55	Ade Gafar Abdullah, Isma Widiaty, Cep Ubad Abdullah. "Global Competitiveness: Business Transformation in the Digital Era", Routledge, 2019 Publications	6 words — < 1%

56 Benjamin Immanuel, Rina Aprilyanti. "Analysis of Audit Tenure, Opinion Shopping, Company Growth, and Debt to Equity Ratio Effect on Audit Going Concern Opinion", eCo-Fin, 2019 6 words — < 1%

Crossref

57 Hidayati Nur Rochmah, Ardianto Ardianto. "Catering dividend: Dividend premium and free cash flow on dividend policy", Cogent Business & Management, 2020 6 words — < 1%

Crossref

58 Huixiang Zeng, Xuemei Li, Zhifang Zhou, Yishuang Ma, Fangting Lv. "Local gambling culture and corporate tax aggressiveness: A trait activation perspective on informal institutions", Managerial and Decision Economics, 2023 6 words — < 1%

Crossref

EXCLUDE QUOTES ON

EXCLUDE BIBLIOGRAPHY ON

EXCLUDE SOURCES OFF

EXCLUDE MATCHES OFF