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The Influence of Profitability, Sales Growth, and Capital Intensity on Tax Avoidance

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Abstract

This study aims to examine the influence of profitability, sales growth, and capital intensity on tax avoidance in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This study uses secondary data from the company's financial reports and annual reports. The method used in this research is regression analysis with SPSS version 25. The results of this study indicate that profitability and sales growth have a positive influence on tax avoidance. Capital intensity has no influence on tax avoidance and leverage as a control variable affects the independent variable on tax avoidance.

Keywords: Tax Avoidance, Leverage, Profitability, Sales Growth, Capital Intensity.

1. Introduction

One of the sectors which is the basic source and source of state revenue is tax [1]. With the existence of taxes in Indonesia, the government is able to carry out various programs in an effort to increase economic growth, including through public assets, infrastructure development, and other public facilities [2]. This condition proves that tax revenue is needed as state income. The large role of taxes for state revenue makes the government continue to try to optimize revenue through the tax aspect and continue to optimize taxes as one of the solutions to form state independence in fostering development and seeking sources of funds through taxes [3]. According to the presentation of the Minister of Finance, the main source of state revenue is tax, and the provisional realization of tax revenue has reached IDR 1,277.5 trillion or 103.9 percent of the 2021 State Budget target of IDR 1,229.6 trillion. This success was largely due to the Covid-19 outbreak which increased tax revenue by 19.2 percent from the 2020 total of IDR 1,072.1 trillion.

In addition, taxes are contributions that must be given by the public to the state in accordance with the law, without receiving reciprocity, and are used for state needs [4]. In practice, the obligation to pay taxes is still one of the things that is so difficult for taxpayers to do. Government perspective, the obligation to pay taxes is a source of cash receipts, this is in contrast to companies who consider large tax payments to be able to reduce profits or profits due to being burdened by taxes [5]. The perceived high tax burden has encouraged many companies to reduce their tax burden by implementing tax management [6].

To maximize its income, a company places great emphasis on minimizing its tax burden [7]. Meanwhile, the government is trying to increase the amount of money it receives from tax revenues to the highest possible amount. This is done in order to pay for government administration. When the government receives more money through taxes, it is able to build more public buildings and infrastructure. Differences in views and objectives between the tax authorities and business entity taxpayers often lead to new ideas regarding taxation in Indonesia. Tax authorities must obtain optimal reporting and tax payments from taxpayers, while companies must obtain maximum profits to continue the company's survival [8]. Nonetheless, the government has challenges in trying to maximize tax revenue, one of which is the existence of tax avoidance activities that taxpayers are more familiar [9]. The company's goal is to maximize profits through efficiency measures taxes are contrary to the government's goal of maximizing state revenues from the tax sector [10]. The company seeks to streamline its tax burden so that obtains greater profits in the context of the welfare of shareholders and maintains the sustainability of the company in the future. But on the other side, reduced state revenue from the tax sector has a negative impact on the supply of public facilities for the community [11]. This shows that the tax is one responsibility and manifestation of the company's contribution to society and society in an area country [12].

Tax avoidance is one of the schemes for reducing or minimizing the tax liability that needs to be paid by companies by using a country's tax assessment loopholes [13]. Tax avoidance has a positive context or in other cases is legal. Avoiding taxes by fulfilling the rules of the tax law that is in force, so that it can be stated that there is a positive relationship, and can be declared not to have violated the tax law [14]. However, in this condition, some taxpayers are diverting tax avoidance practices by taking advantage of the potential that exists in the current tax laws [15]. Tax avoidance itself certainly has a positive or negative

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impact [16]. Tax avoidance for companies has a positive impact because these conditions result in reduced tax liability that is charged and paid by a company, while the negative impact is that companies may have a risk of being subject to penalty penalties that must be paid and damage to the company's reputation. For the government, this is of course the opposite, because ongoing tax avoidance efforts will have an impact on reducing state revenue from the fiscal sector [17].

The phenomenon of tax avoidance has occurred several times, one of which was carried out by the largest company in Indonesia, namely PT Adaro Energy Tbk. From the Global Witness report entitled Taxing Time for Adaro, it is stated that the company has avoided or minimized tax payments from 2007-2019 by obtaining a number of large profits from the sale of coal mined in Indonesia to its subsidiary in Singapore, Coaltrade Services International. PT Adaro Energy Tbk can pay taxes of US$ 125 million or the equivalent of Rp. 1.75 trillion less than what it should be paid in Indonesia because it is known that the average tax rate in Singapore is 10%, while in Indonesia the average rate is 50%.

In addition to the phenomena that have been described, another case is PT Bentoel Internasional Investama Tbk, this company is one of the manufacturing businesses that has undergone tax avoidance practices. On Wednesday, May 8, 2019, the Tax Justice Network agency reported that a cigarette company owned by BAT (British American Tobacco) in Indonesia through PT Bentoel Internasional Investama Tbk was practicing tax avoidance that caused the Indonesian government an average loss of US$14 per year. million. Bentoel also avoided interest tax deductions by channeling loans originating from Jersey through a Dutch company. Indonesia's tax cut was 20%, but it has been reduced to 0% because of the deal with the Netherlands. The existence of this strategy certainly affects Indonesia, namely US $ 11 million in state revenue is lost every year. Indonesia can reportedly impose a tax of up to 20%, or US$33 million, or US$11 million on debts over US$164 million. The Netherlands and Indonesia have amended the agreement by allowing Indonesia to use a 5% tax, but this regulation only took influence in October 2017, Bentoel has completed the interest settlement transaction on its debt.

Tax avoidance is not affected by capital intensity. Next research framework on figure 1.

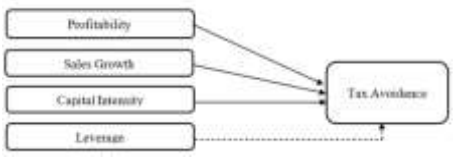

Figure 1. Research Framework

The expected objectives in this study based on the problem formulation above are to determine the influence of profitability on tax avoidance, to determine the influence of sales growth on tax avoidance and to determine the influence of capital intensity on tax avoidance. This study has 3 hypotheses, namely H1: Profitability has a positive influence on Tax Avoidance, H2: Sales growth has a positive influence on Tax Avoidance and H3: Capital intensity has a positive influence on Tax Avoidance.

There are several factors that can influence companies to carry out tax avoidance including profitability, sales growth, and capital intensity. In relation to corporate taxes, along with an increase in company profitability will also increase the amount of the tax burden to be paid [18]. This ability to generate profits comes from utilizing the company's resources or assets which can be assessed through a return on assets (ROA) analysis or return on company assets. The company's large capability to generate profits results in an increasingly high tax burden borne by the company. Vice versa, if the level of company profitability is low, the tax burden that will be borne by the company will also be low. Found that there is no influence between profitability and tax avoidance. Profitability has a positive and significant influence on tax avoidance [19].

The next factor that can influence companies to tax avoidance is sales growth. Sales growth is a change in company sales from year to year. Increased sales growth affects the performance of a company which is also getting better, with improved company performance making the profits earned by the company increase. Obtaining a large amount of profit makes the tax burden received also large, this condition tends to make companies do tax avoidance. Tax avoidance is positively influenced by sales growth, meaning that the greater the sales volume, the profit will increase causing higher tax avoidance activity. It shows that sales growth has no influence on tax avoidance [20].

The capital intensity factor is also considered to be the cause of tax avoidance. Capital intensity shows the value of a company when investing in assets in the form of fixed assets. The investment is the number of fixed assets owned by a company compared to the company's total assets. The company's fixed assets require the company to minimize taxes arising through the depreciation of fixed assets each year. This means that companies that have large capital intensity have a greater possibility of carrying out tax avoidance. This is because the higher the depreciation expense, the smaller the tax burden that must be paid by a company. Capital intensity has a positive influence on tax avoidance. Because companies that have fixed assets will receive a depreciation expense which can be a deduction from profit before tax, the company will utilize fixed assets [21].

Based on the events that occurred, research on tax avoidance in Indonesia has been carried out a lot. A number of previous studies have shown varying results with different kinds of independent variables.

A sample of all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2015-2018, and this study used samples from manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for 2017-2021. The reason the researcher chose a manufacturing company in the consumer goods industry sector as an object, is because these companies dominate the Indonesian industry and for the consumer goods industry because most of the results from these companies are used in everyday life.

In addition, this study uses three independent variables, namely profitability, sales growth, and capital intensity, and previous studies used independent variables, namely leverage and company size, and inventory intensity and asset intensity variables were used in this study. This study also uses leverage as a control variable, whereas previous research did not use a control variable. Influence of corporate governance, capital intensity, and profitability on tax avoidance in the mining sector and the results of their research show that corporate governance and capital intensity have no significant influence on tax avoidance, while profitability has a significant negative influence on tax avoidance.

Influence of profitability, company size, leverage, managerial ownership, and capital intensity ratio on tax avoidance, the results of this study indicate that profitability has a significant influence on tax avoidance, in contrast to company size, leverage, ownership managerial and capital intensity ratio has no influence on tax avoidance. Influence of leverage, profitability, capital intensity, and earnings management on tax avoidance, the results the study show that profitability, capital intensity, and earnings management have a negative influence on tax avoidance, and leverage has no influence on taxes avoidance.

Influence of profitability, capital intensity, and inventory intensity on tax avoidance which shows that profitability, capital intensity, and inventory intensity have a positive influence on tax avoidance. The influence of leverage, capital intensity, and inventory intensity on tax avoidance which states that leverage has no influence on tax avoidance, capital intensity has a positive influence on tax avoidance, and inventory intensity has a negative influence on tax avoidance. Agency theory explains the relationship between the government (principal) and company managers (agents) in managing the company. Agents use complex corporate strategies. In this study, agency theory will describe the relationship between the government as the principal and the company as the agent.

Agency relationships include the relationship between the government as the principal and corporate taxpayers as agents who must comply with tax regulations. Tax issues often involve conflicts of interest between the government and companies. The government requires companies to fulfill their tax obligations in accordance with the mandate of the Tax Law or regulations governing taxation. However, the company will basically always focus on the company's main goal, namely maximizing company profits. In addition, the tax system in Indonesia which adheres to a self-assessment system will provide opportunities for agents to provide incomplete information, especially in planning their taxes. Tax avoidance is an effort to avoid taxes by minimizing the tax burden through directing transactions that are not tax objects. Therefore, tax avoidance by companies is generally carried out using management strategies or in legal ways in accordance with applicable laws and regulations. Level of tax avoidance the Cash Effective Tax Rate (CETR) formula is used. Divide income tax payments by cash, then divide by profit before taxes.

Profitability is defined as how much the company's ability to earn profits. Profitability shows the ability of a company to generate profits by using its total assets. Profitability in this study is measured using the Return on Assets (ROA) proxy. ROA is a comparison between net profit after tax and total assets. Sales growth is an indicator of achieving an increase in company sales each year. The income or income of a company increases if the growth rate in sales is high. Sales growth is a form of the ratio of the increase in the number of sales in a company which is presented in the form of sales gains from year to year.

Capital intensity is defined as a form of the ratio of investment activities carried out in a company. Capital intensity, it defines the ratio between fixed assets in the form of machinery, equipment, and property to total assets. The ratio between capital intensity and intensity. This inventory can show the level of efficiency of a company in utilizing its assets to earn profits. Capital intensity is a ratio that is measured by the ratio between net fixed assets and total company assets. Leverage is how much a company uses debt to finance investments. Leverage measurement in this study uses the debt-to-equity ratio. As a result, the ratio employed in this investigation was DER. This DER ratio can be used to determine how much debt is used for equity.

2. Research Method

This research was conducted using a hypothesis test, namely to examine the influence of profitability, sales growth, and capital intensity on tax avoidance. The type of research in this study is research using data originating from existing sources such as company annual financial reports and the Indonesian Stock Exchange. The data used in this study is secondary data with an approach that refers to testing the hypothesis on variables such as profitability, sales growth, capital intensity, and tax avoidance. The population in this study are manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. The data collection method used in this research purposive sampling method. Purposive sampling is a technique

for determining samples on objects that can provide information about the required data. The data is processed and analyzed in a computer application program, namely IBM SPSS version 25.

3. Result and Discussion

Selanjutnya Descriptive Statistical Analysis Disajikan pada Tabel 1.

Table 1. Descriptive Statistical Analysis Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	167	0,0068	0,9210	0,122841	0,1275653
Sales growth	167	-0,9013	9,7361	0,235595	1,6382077
Capital intensity	167	0,0064	0,7445	0,337844	0,2027446
Leverage	167	0,0906	3,4127	0,696339	0,5805048
Tax avoidance	167	0,0030	0,9910	0,271275	0,1320205

Based on the table above, from the results of the descriptive analysis, it is known that the number of observations in the study (N) is 167 observations. The results of the analysis using descriptive statistics show a minimum value of Profitability of 0.0068, while the maximum value is 0.9210. The mean value of Profitability is 0.122841 and the standard deviation of Profitability is 0.1275653. The minimum value of Sales. Growth is -0.9013, while the maximum value is 9.7361. The mean value of Sales Growth is 0.235595 which is 23.56% and the standard deviation, namely Sales Growth is 1.638207. The minimum value of Capital Intensity is 0.0064, while the maximum value is 0.7445. The mean value of Capital Intensity is 0.337844 and the standard deviation of Capital Intensity is 0.2027446. The minimum Leverage value is 0.0906, while the maximum value is 3.4127. The leverage mean value of 0.696339 is greater than the standard deviation of Leverage which is equal to 0.5805048. The results of the normality test use Kolmogorov-Smirnov non-parametric statistics. The normality test results using non-parametric Kolmogorov-Smirnov (K-S) statistics can be seen in Table 2.

Table 2. Normality Test One-Sample Kolmogorov-Smirnov Test Before Outlier

Description	N	Asymp. Sig (2-Tailed)	Conclusion
One-Sample Kolmogorov-Smirnov Test	170	0.000	Not normally distributed

The results of the Kolmogorov-Smirnov test above, the significant value obtained is 0.000, which means the significance level is less than 0.05 (0.000 <0.05). So it can be concluded that the data processed in the equation is not normally distributed. This means that the data used in this study must use outliers to normalize the data.

Table 3. Results of the One-Sample Kolmogorov-Smirnov Test

Description	N	Asymp. Sig (2-Tailed)	Conclusion
One-Sample Kolmogorov-Smirnov Test	167	0.200	Normally distributed

Based on the normality test table using the One-Sample Kolmogorov-Smirnov Test shown in the table shows that the results of the Kolmogorov-Smirnov test that has been carried out, a significant value obtained is 0.200, which means the significance level is greater than 0.05 (0.200 > 0.05). Thus it can be concluded that the data processed in the equation is normally distributed.

The multicollinearity test aims to test whether the regression model has a correlation between the independent (independent) variables. This test was carried out using VIF with criteria. If the VIF of an independent variable is <10, it can be concluded that the independent variable does not have multicollinearity. This test was also carried out using tolerance with criteria, if the tolerance of an independent variable is > 0.10, it can be concluded that the independent variable is not multicollinear. Based on the results of the analysis that has been carried out, the tolerance values and VIF values are shown in the following table 4.

Table 4. Multicollinearity Test

Coefficients[a]				
Model		Collinearity Statistics		Conclusion
		Tolerance	VIF	
1	PROF	0,965	1,036	There is no Multicollinearity
	SLS	0,491	2,038	There is no Multicollinearity
	CIR	0,746	1,341	There is no Multicollinearity
	LEV	0,392	2,554	There is no Multicollinearity

Based on the table it is shown that there are no variables that have a tolerance value of less than 0.10 and there are also no independent variables that have a VIF value of more than 10. Thus it can be concluded that there are no symptoms of multicollinearity between the independent variables in the regression model.

The autocorrelation test is intended to test whether there is a correlation between the error in period t and the error in the previous period t-1, this test uses the Durbin-Watson Test criteria.

Table 5. Autocorrelation Test Durbin-Watson (DW)

K	N	dL	dU	4-dL	4-dU	DW	Conclusion
5	167	1,6857	1,8089	2,3143	2,1911	1,974	There is no autocorrelation

Based on Table 6, it can be seen that the Durbin-Watson test shows that the value of the Durbin-Watson autocorrelation test is 1.974. Researchers used 3 independent variables, 1 dependent variable, and 1 control variable with a sample of 167, resulting in a dL value of 1.6857 and a dU value of 1.8089. The Durbin-Watson value in the dU<d<4-dU area can be concluded that the regression model is free from autocorrelation problems and is feasible to use. In this study, the Durbin-Watson value of 1.974 is between 1.8089 (dU) and 2.1911 (4-dU) without experiencing autocorrelation problems, so it can be concluded that the data used in this study are free from autocorrelation.

The heteroscedasticity test was carried out to determine whether, in the regression model, there is an inequality of variance from the residuals of one observation to another. The statistical test that was also carried out by researchers to detect the presence or absence of heteroscedasticity was the Gletsjer test. The results of the heteroscedasticity test using the Gletsjer test are as follows tables 6.

Table 6. Heteroscedasticity Test with Gletsjer

Variable	Sig	Conclusion
PROF	0,088	There is no heteroscedasticity
SLS	0,065	There is no heteroscedasticity
CIR	0,805	There is no heteroscedasticity
LEV	0,598	There is no heteroscedasticity

Based on the table of heteroscedasticity test results with the Gletsjer method above, it shows the significance value of each independent variable and control variable is greater than 0.05 so it can be concluded that the model does not have heteroscedasticity.

This study uses multiple linear regression analysis because there is more than one independent variable. The independent variables in this study are profitability, sales growth, capital intensity on tax avoidance. The regression equation model to test the hypothesis that has been formulated in this study is as follows table 7.

$$Y = \alpha + \beta 1X1 + \beta 1X2 + \beta 1X3 + \beta 1X4 + \varepsilon$$

Table 7. Multiple Linear Regression Results

Variable	Prediksi	Unstand Coeff	Std. Error Beta	T	Sig	Sig 1 Tailed	Conclusion
Constant		-0,034	0,441				
PROF	+	0,050	0,042	1,900	0,040	0,020	Accepted
SLS	+	0,021	0,015	2,367	0,042	0,021	Accepted
CIR	+	0,007	0,006	1,156	0,249	0,124	Rejected
LEV		0,067	0,016	4,183	0,000	0,000	
Adj R^2					0,431		
F Test					9,626		
Sig F					0,000		

Based on the table of regression test results in Table 7, the regression equation is as follows TA = -0,034 + 0,050PROF + 0,021SLS + 0,007CIR + 0,067LEV + ε. Based on the regression equation that has been submitted, the following is the explanation of the equation: The constant value is -0.034, which means that if profitability, sales growth, and capital intensity decrease, then the value of tax avoidance will decrease by 3.40%. The regression coefficient value of profitability is equal to 0.050 which indicates that the relationship between profitability and tax avoidance is positive. This result means that if the other independent variables are fixed and profitability increases by 1%, the value of tax avoidance will increase by 0.050 or 5.00%. The regression coefficient value of sales growth is equal to 0.021 which indicates that the relationship between sales growth and tax avoidance is positive. This means that if the other independent variables remain the same and sales growth increases by 1%, then the value of tax avoidance will increase by 0.021 or by 2.10%. The regression coefficient value of capital intensity is 0.007 which indicates that the relationship between capital intensity and tax avoidance is positive. This means that if the other independent variables remain constant and capital intensity increases by 1%, then the value of tax avoidance will increase by 0.007 or 0.70%. The regression coefficient value of leverage is equal to 0.067 which indicates that the relationship between leverage and tax avoidance is positive. This means that if the other independent variables are fixed and leverage increases by 1%, then the value of tax avoidance will increase by 6.70%.

The coefficient of determination test measures how far the model can explain the variation of the independent variable to the dependent variable. The coefficient of determination is shown by the R^2 value of the regression model used to determine the variability of the dependent variable which can be explained by the independent variables. Based on table 8, shows that the adj R^2 value is 0.431, which means that the variability of the profitability, sales growth, and capital intensity variables on tax avoidance in this study is 43.1% while

the remaining 56.9% is explained by variables outside the model research or not examined in this study.

The simultaneous significance test (statistical F test) functions to find the presence or absence of simultaneous (simultaneous) influence of the independent variables on the dependent variable. The F test aims to determine the significance level of the influence of all variables. This test has criteria if the significance value is less than 5% and the calculated F value is greater than the F table value, then the hypothesis is accepted table 8.

Table 8. Simultaneous Test Results (F)

Model	Variable	Sum of Squares	F Count	Sig.	F Table
1	Regression	120,357	9,626	0,000	2,43
	Residual	248,371			
	Total	368,728			

From the F test in Table 8. it is known that the F table value is 2.43. Obtained from the F table reference, namely df1 = k-1 (k value is the number of variables), namely 5–1 = 4 and df2 = n-k (n value is the number of samples in the study), namely 167-5 = 162, then the table value is 2.43. The results of the F test in Table 4.12 can be shown that there is a simultaneous influence with the calculated F value greater than F table 9.626 > 2.43 and a significance level of less than 0.05 which is equal to 0.000. So it can be concluded that in this equation simultaneously or together the variables of profitability, sales growth, capital intensity, and leverage as controls have a significant influence on the tax avoidance variable.

The t-test is used to determine whether the independent variable has a significant influence on the dependent variable. The t-test decision requirement is if the sig t value <0.05 then the independent variable partially affects the dependent variable and vice versa.

Table 9. Partial Test (t-Test)

Variable	Unstand Coeff	Std. Error Beta	t Count	t Table	Sig	Sig 1 Tailed	Conclusion
Constant	-0,034	0,441					
PROF	0,050	0,042	1,900	1.65431	0,040	0,020	Accepted
SLS	0,021	0,015	2,367	1.65431	0,042	0,021	Accepted
CIR	0,007	0,006	1,156	1.65431	0,249	0,124	Rejected
LEV	0,067	0,016	4,183	1.65431	0,000	0,000	

Based on Table 9. t table in this study it is known that df1 = n-k. The value of n is the number of samples, and the value of k is the number of variables in the research. Then the value of df1 = 167-5 = 162. Therefore, in terms of the list of t tables, a t table value of 1.65431 can be obtained. H1: The Influence of Profitability on Tax Avoidance. Based on the results of the t (partial) test on the regression model, the calculated t value is greater than t table 1.900 > 1.65431 with a significance variable of profitability of 0.020 <0.05 (5% significance level), it can be concluded that partially the profitability variable has an influence on tax avoidance variable with an unstandardized beta coefficient of 0.050.

The results of this study indicate that H1 is accepted, which means that profitability has a positive influence on tax avoidance. H2: The Influence of Sales Growth on Tax Avoidance. Based on the results of the t (partial) test on the regression model, the calculated t value is greater than t table 2.367 > 1.65431 with a significant sales growth variable of 0.021 <0.05 (5% significance level), it can be concluded that partially the sales growth variable influences the tax avoidance variable with an unstandardized beta coefficient of 0.021. The results of this study indicate that H2 is accepted, which means that sales growth has a positive influence on tax avoidance. H3: The Influence of Capital Intensity on Tax Avoidance. Based on the results of the t (partial) test on the regression model, the calculated t value is smaller than t table 1.156 < 1.65431 with a significance of the Capital Intensity variable of 0.124 > 0.05 (5% significance level), it can be concluded that partially the capital intensity variable does not affect the tax avoidance variable. The results of this study indicate that H3 is rejected, which means that capital intensity has no influence on tax avoidance.

Leverage as a Control Variable Affects Tax Avoidance. Based on the results of the t (partial) test on the regression model, the calculated t value is greater than t table 4.183 > 1.65431 with a significant leverage variable of 0.000 <0.05 (5% significance level), it can be concluded that partially the leverage variable has an influence on the tax avoidance variable with an unstandardized beta coefficient of 0.067. The results of this study indicate that leverage has a positive influence on tax avoidance, and leverage can be said to be a control variable.

Based on the results of the t-test that has been carried out, it is obtained that the t value is 1.900 > 1.65403 with a significance variable Profitability of 0.020 <0.05 (5% significance level), so it can be concluded that partially. Profitability has a positive influence on the Tax avoidance variable. This supports the first hypothesis which states that profitability has a positive influence on tax avoidance. This shows that the higher the company's profitability, the higher the practice of tax avoidance. Profitability will always be related to net income and income tax. Companies that experience an increase in profit tend not to want to pay taxes, because high profits cause an increase in taxes paid, so through tax management the company will manipulate financial reports in order to minimize the tax burden.

A high tax burden can reduce profits received by company owners. In line with agency theory, this will impact the compensation received by the agent as the manager of the company. Agents will try their best to maximize company profits by carrying out tax avoidance to reduce the tax burden that must be borne by the company. Profitability has no influence on tax avoidance. This is because the size of a company's profits does not affect the company's taking tax avoidance actions due to consideration of other expenses that need to be incurred, such as tax consulting expenses.

Based on the results of the t-test that has been carried out, the obtained t value is 2.367 > 1.65403 with a significance of the Sales growth variable of 0.021 <0.05 (5% significance level), it can be concluded that partially the Sales growth variable has a positive influence on the Tax avoidance variable. This shows that sales growth has a positive influence on tax avoidance which can be concluded that the high level of sales growth owned by a company can help maximize profits so that companies can reduce the tax burden borne by the company by carrying out tax avoidance.

Agency theory arises when it occurs between the principal and the agent. Company agents have the power to make decisions, including minimizing the tax burden in a number of ways, one of which is sales growth. Sales growth is the percentage increase in sales in one year and the previous period. The more sales growth increases, the higher the amount of profit will be. The results of this study state that if a company experiences sales growth, it will affect the practice of tax avoidance in a company. Sales growth has a positive influence on tax avoidance, sales growth has no influence on tax avoidance because companies that have an increased growth rate or going down will continue to do tax avoidance to get maximum profit.

Based on the results of the t-test that has been carried out, the t value is 1.156 < 1.65403 with a significant capital intensity variable of 0.124>0.05 (5% significance level), it can be concluded that partially the capital intensity variable has no influence on the tax avoidance variable. This does not support the third hypothesis which states that capital intensity has a positive influence on tax avoidance. This also rejects the agency theory put agents have the nature of being only concerned with their own interests, and if there is an information asymmetry between agents and principals, agency problems will arise. The existence of benefits expected by management in taking advantage of the depreciation expense that occurs on fixed assets can cause profits that are too low, which will have implications for paying taxes, thus causing tax avoidance practices.

It turns out that this study explains that capital intensity has no influence on tax avoidance. Capital intensity has no influence on tax avoidance. Fixed assets that have passed the useful life limit cannot be depreciated and will not be affected by a reduction in profit before tax. In this case, capital intensity is not used as an effort to avoid taxes, but only to finance the company's operating activities. The company invests in fixed assets to support the company's operational activities, such as adding buildings, land, equipment, and machinery.

The value of the capital intensity ratio has no influence on the reduction of taxes that must be paid by the company. Capital intensity has no influence on tax avoidance. This shows that the size of a company's capital intensity ratio does not affect the practice of tax avoidance. This condition is due to the characteristics of the companies studied in this study, which are consumer goods industry companies that have business processes processing raw materials into finished goods, thus requiring fixed assets to support the company's operational activities.

Based on the results of the t-test that has been carried out, the obtained t value is 4.183>1.65403 with a significant leverage variable of 0.000<0.05 (5% significance level), it can be concluded that partially the leverage variable has a positive influence on the tax avoidance variable. That is, leverage as a control variable has a significant positive influence on tax avoidance. This condition implies that the higher the leverage value, the higher the tax avoidance effort. The higher the leverage, the company's interest expense will also increase which can affect a company's tax burden, because companies prefer to finance their debts by carrying out tax avoidance. Leverage has a positive influence on tax avoidance. Leverage is a determining factor regarding the high or low of a company in tax avoidance. The increase that occurs in the value of debt owned by a company, makes the interest costs of the debt higher. Therefore, the company can minimize the tax burden in the year concerned (deduction of taxable profit). This shows, the higher the increase in the value of corporate debt, the higher the tax avoidance action. Leverage has a positive influence on tax avoidance. Concluded that the leverage variable has no influence on tax avoidance.

4. Conclusion

Profitability has a significant and positive influence on tax avoidance. This shows that a higher company's profitability will lead to an increase in the company's tax burden. Companies determining the maximum profit can be done by measuring using profitability ratios so that, it can be explained that the higher the profit, the higher the tax burden paid by the company, this makes the company take tax avoidance actions. Thus the first hypothesis can be accepted because it is in line with the results obtained. Sales growth has a significant and positive influence on tax avoidance. This shows that in a company that has good sales growth, the income of the company will increase. Thus, it will make a company carry out tax avoidance to reduce the tax burden paid. This can accept the second hypothesis in this study. Capital intensity has no

influence on tax avoidance. This shows that the size of a company's capital intensity ratio does not affect the practice of tax avoidance. This condition is caused by the characteristics of manufacturing companies that have business processes to process raw materials into finished goods, thus requiring fixed assets to support the company's operational activities. Thus, the third hypothesis in this study was rejected, because the results obtained were that capital intensity had no influence on tax avoidance. The limitations of this study are 3 companies removed outlier data so that it becomes a reduction in the sample research data to be tested. The outliers in this study are due to the extreme values in the sample companies. The sample used is a company that is able to generate positive profits, but in this study, there are 7 companies that have negative profits. This causes companies that have negative earnings to be eliminated because they are considered irrelevant to this research. The implications of this research are for companies in making decisions regarding policies related to tax management, such as in conducting tax planning. The Directorate General of Taxation in order to improve the Tax Regulations that have been made, so as to minimize any loopholes that can be exploited by companies to take tax avoidance actions. In addition, the Directorate General of Taxation can open a hotline program, so that taxpayers can communicate or make complaints about things they want to submit.

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