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THE EFFECT OF FINANCIAL FACTORS ON TAX AGGRESSIVENESS DURING THE COVID-19 PANDEMIC

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ABSTRACT
This study aims to determine the effect of profitability, leverage, and firm size on tax aggressiveness during the COVID-19 pandemic on consumer goods industry companies on the Indonesia Stock Exchange. This research is a type of quantitative research using secondary data in the form of annual financial statements for the period 2018-2020. The population of this study is 15 companies in the consumption industry listed on the Indonesia Stock Exchange (IDX) in 2020. The research sample was selected using a purposive sampling method. then obtained 15 companies over a period of 3 years. years, 2018 to 2020. The data collection method used the non-participant observation method. Data analysis using multiple regression equation analysis technique. The results of data analysis in this study indicate that profitability, leverage, and firm size have a positive effect on tax aggressiveness. This research provides additional insight and related knowledge about agency Theory and stakeholder Theory on tax aggressiveness. This research can also provide information and understanding about the importance of profitability, leverage, and firm size on tax aggressiveness.

Keyword: Profitability, Leverage, Firm Size, Tax Aggressiveness.

1. INTRODUCTION
The government and taxpayers have different interests in carrying out tax collection. The government wants to continue to increase or optimize state tax revenues through taxes to finance state administration, while taxpayers will try to reduce the number of tax payments so that the income or profit targets that have been set can be achieved. This is possible if there is an opportunity to take advantage of loopholes in the weakness of tax regulations.

The World Health Organization (WHO) has officially designated Corona Virus Disease (Covid-19) as a pandemic on March 9, 2020. This means that this virus has spread throughout the world. The Covid-19 pandemic has had a major impact on Indonesia. Based on a report from the Central Statistics Agency (BPS) stated that Indonesia's economic growth slowed to 2.97% in the first quarter of 2020, and continued to slow until the end of the 2020 taxhvun. Revenue from the tax sector also continued to decline (Siregar, 2020). This shows that the tax sector has also been affected by the Covid-19 pandemic. This condition causes the company to experience a decrease in turnover. Considering that taxes play an important role in financing all state expenditures, including in terms of national development, this is because tax revenues are one of the largest sources of income for the Indonesian state.

Indonesia is facing this pandemic situation with various policies that have been issued by the government in several sectors, one of which is in the tax sector. The policy is attached to the Minister of Finance Regulation (PMK) regarding the provision of tax incentives for taxpayers affected by Covid-19. Minister of Finance Sri Mulyani Indrawati stated that there were 19 manufacturing industry sectors and 11 sectors outside the manufacturing industry including transportation, hospitality and trade which were also affected by the corona virus and received tax facilities. This is done to provide cash flow space for industrial sector companies (Akbar, 2020). Incentives are given for 6 months, from April to September 2020.

Collecting taxes, especially in the current pandemic situation, is not an easy thing. This is due to the instability of economic activity which has an impact on the company's business processes. From the company's perspective, tax is a burden that must be paid by the company and is considered a deduction from net income. In terms of taxation, the company often does not get tolerance from the tax authorities. Therefore, the company will try to find a way so that the tax is paid to a minimum. The problem of differences in interests between the tax authorities, namely tax collectors who want maximum tax revenue and companies as taxpayers who want minimal tax payments, so shows that the company will do tax planning. One of the tax planning actions that is carried out legally and does not conflict with applicable law is called tax aggressiveness (tax avoidance), while tax planning that is carried out illegally and against the law is called tax evasion (Agustina & Aris, 2017).

Aggressive action against taxes, or hereinafter often referred to as corporate tax aggressiveness, is an act of reducing taxable income designed through tax planning actions, whether using a legal method, namely tax avoidance, or illegally, namely tax avoidance. tax evasion. Tax aggressiveness can be divided into two ways, namely tax avoidance (tax avoidance) and tax evasion. Tax avoidance is an effort to avoid tax that is carried out legally and safely for taxpayers without conflicting with applicable tax provisions where the methods and techniques used tend to take advantage of the weaknesses (grey areas) contained in the Law and Taxation Regulations. itself to reduce the amount of tax owed. Tax evasion (tax evasion/smuggling) is an attempt to avoid tax that is carried out illegally by hiding the actual situation, where the methods and techniques used are not within the corridor of the Taxation Law and Regulations, so they are not safe for taxpayers.

Several previous empirical studies have linked financial factors with tax aggressiveness, including (Ardy & Kristanto, 2016), (Oktamawati, 2017), (Praditasari & Setiawan, 2017), (Dewanti & Sujana, 2019), (Kim & Im, 2017) and (Noviani et al., 2018) which state that financial factors have a positive effect on tax aggressiveness. Meanwhile (Agustina & Aris, 2017), (Dewinta & Setiawan, 2016), (Putri & Putra, 2017), and (Reinaldo, 2017) state that financial factors have a negative effect on tax aggressiveness. However, some of these studies have not been able to provide conclusive results when associated with the current Covid-19 pandemic situation.

2.LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Profitability is a ratio to assess the company's ability to seek profit (Kasmir 2013). Companies with high profitability show the company's performance. Based on agency theory, it assumes that the management of companies that want to generate large profits, automatically the amount of corporate income tax will also increase according to the increase in company profits, and companies that have a high level of profitability will pay high taxes as well. This is evidenced by the results of research conducted by previous researchers who concluded that profitability has a significant positive effect on tax aggressiveness (Herlinda and Rahmawati 2021; Kartika and Nurhayati 2020; Maulana 2020). Other research by Handayani (2022); Paskalina & Murtianingsih (2022) and Multazam (2022) state that profitability has a significant positive effect on tax aggressiveness.

H1: Profitability has a positive effect on tax aggressiveness.

Leverage is a financial ratio to measure the company's ability to meet its obligations and long-term debt and has an important role in debt financing (Brigham and Houston 2013). Companies with a high amount of leverage indicate that the company is dependent on external loans or debt, while low leverage can finance its assets with its own capital. The higher the level of debt, the tax burden will be reduced and the company's aggressiveness regarding taxes will be reduced. Previous researchers stated that leverage has a significant positive effect on tax aggressiveness (Ariani and Hasymi 2018; Harsono and Alvin 2021). Other research by Handayani (2022); Sugiyanto (2022) and Yusuf et al., (2022) state that leverage has a significant positive effect on tax aggressiveness.

H2: Leverage has a positive effect on tax aggressiveness.

According to Kartika & Nurhayati (2020) firm size can be interpreted as a scale where the company is said to be large or small from various points of view, one of which is judged by the size of the assets owned by the company. Large companies will have large resources. Based on agency theory explains that the larger the size of the company, the more quality resources and strive to generate large profits, so that the company can move it to manipulate tax planning and regulate activities that can minimize the tax burden or be more aggressive in minimizing taxes. This is evidenced by the results of research conducted by Darma (2020) which concludes that firm size has a positive effect on tax aggressiveness. Other research by Handayani (2022); Multazam (2022) and Yusuf et al., (2022) state that leverage has a significant positive effect on tax aggressiveness.

H3: Firm size has a positive effect on tax aggressiveness.

3. METHODS

This research was conducted on the Indonesia Stock Exchange by accessing the www.idx.co.id page for the consumer goods sub-sector. The population of this study is all consumer goods industrial companies listed on the IDX during the 2018-2020 period. The technique in taking the sample using the purposive sampling technique. The criteria for determining the sample in this study, namely a) consumer goods industry companies listed on the IDX during the 2018-2020 period and b) companies issuing annual financial reports and annual reports that provide all required data regarding research variables. Based on the criteria that have been set, the number of samples is the number of companies used is 15 companies in 3 years of research from 2018-2020 = resulting in 45 observational data. Regression analysis was carried out to test how big the relationship between the independent variable and the dependent variable was and to find out the direction of each variable.

4.RESULT AND DISCUSSION

Multiple Linear Regression

Multiple linear regression analysis is an analysis used to determine the effect of profitability, leverage, and partially owned firm size have a positive effect on tax aggressiveness by using SPSS. From the data analysis carried out, the results are as shown and shown in Table 1.

Table 1. Multiple Linear Regression

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	4,886	1,572		3,108	0,003
Profitability	0,190	0,061	0,125	3,115	0,001
Leverage	0,314	0,078	0,329	4,026	0,000
Firm Size	0,122	0,040	0,119	3,050	0,005

Secondary Data, 2022

Based on Table 1 shows that the value of t arithmetic is 3.115, with a significant value of t of 0.001 < = 0.05 then H1 is accepted. These results indicate that there is an effect of profitability on tax aggressiveness. This means that when profitability increases, there will be an increase in tax aggressiveness in consumer goods companies listed on the Indonesia Stock Exchange. The results of the analysis show that the t arithmetic value is 4.026, with a significant t value of 0.000 < = 0.05, then H2 is accepted. These results indicate that there is an effect of leverage on tax aggressiveness. This means that when leverage increases, there will be an increase in tax aggressiveness in consumer goods companies listed on the Indonesia Stock Exchange. The results of the analysis show that the t arithmetic value is 3.050, with a significant t value of 0.005 < = 0.05, then H3 is accepted. These results indicate that there is an effect of firm size on tax aggressiveness. This means that when the size of the company increases, there will be an increase in tax aggressiveness in consumer goods companies listed on the Indonesia Stock Exchange.

Model Feasibility Test

The feasibility test of the model is to test whether there is an overall significant effect on the regression model. By using SPSS assistance, the results of the feasibility of the model for this research are as follows.

Table 2. F-test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15,483	3	5,161	3,181	0,000[b]
	Residual	66,517	41	1,622		
	Total	82,000	44			

Primary Data, 2022

The results of the statistical test analysis obtained that the calculated F value was 3.181 and the significance F calculated was 0.000 < from = 5 percent or 0.05, then H0 was rejected and H1 was accepted, which means that there is an effect on profitability, leverage, and firm size on tax aggressiveness.

Coefficient of Determination

The coefficient of determination test is carried out to determine and predict how big or important the contribution of the influence given by the independent variables together to the dependent variable. By using SPSS assistance, the results of the coefficient of determination test for this research are as follows.

Table 3. Coefficient of Determination

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	0,835[a]	0,789	0,629	1,2737190

Secondary Data, 2022

The results of the statistical test analysis obtained the coefficient of determination (Adjusted R2) of 0.629 which means that 62.9 percent of the variation in tax aggressiveness is explained by profitability, leverage, and firm size, while the remaining 37.1 percent is explained by other factors not included in the calculation. in models.

5. DISCUSSION

The Effect of Profitability on Tax Aggressiveness

The results of the analysis show that there is an effect of profitability on tax aggressiveness. This means that when profitability increases, there will be an increase in tax aggressiveness in consumer goods companies listed on the Indonesia Stock Exchange.

Profitability is the company's ability to earn profits. Profitability is an indicator of the performance of the management in managing the company's wealth which is indicated by the profit generated. Profitability is the company's ability to earn profits in relation to sales, total assets, and own capital. Profitability is a determining factor in the tax burden because companies with higher profits will pay more taxes. On the other hand, companies with low levels of profit will pay lower taxes, or even lower profits do not pay taxes if there is a loss. With a tax compensation system, losses can reduce the amount of tax that must be borne in the following year.

Profitability describes the company's ability to generate profits with a certain level of sales, assets, and actions within a certain period of time. The ROA value in the financial statements can show the company's success in generating profits (Dewanti & Sujana, 2019). In line with agency theory, agents can seek to increase company profits. If the company makes a large profit, the income tax will increase in proportion to the increase in the company's profit and the company can be exempt from taxes. Because the profit generated by the company is the basis for the imposition of income tax. If the profit is large, the amount of income tax will increase, so the company tries to take tax aggressive actions to avoid increasing the tax burden. Referring to the influence of the Covid-19 pandemic which made companies experience a decline in company revenues and profits which had an impact on hampering the pace of economic growth in Indonesia, it is necessary to re-examine the effect of profitability on tax aggressiveness during the Covid-19 pandemic. The results of this study are in accordance with previous research by Praditasari & Setiawan (2017) which showed that profitability had an effect on tax aggressiveness.

The Effect of Firm Size on Tax Aggressiveness

The results of the analysis show that there is an effect of firm size on tax aggressiveness. This means that when the size of the company increases, there will be an increase in tax aggressiveness in consumer goods companies listed on the Indonesia Stock Exchange.

Firm size is a measurement by classifying the size of an entity and describing the various activities and profits of the entity. Firm Size or firm size is the amount of profit generated by the company in one financial year, where sales are greater than variable costs and fixed costs, the amount of income before tax will be obtained (Oktavianna, 2021). Firm size reflects the ability and stability of the company in generating profits, meaning that the greater the net income of an entity, the larger the company. Generally, firm size can be divided into 3 parts, namely large firms, medium firms, and medium firms. small firm (small company). The larger the company, the greater the operating behavior of course. Companies on a large scale certainly have longer experience to carry out their operations and have more experience in strategies for the sustainability of their operations, including the act of minimizing taxes.

Firm size is one of the factors that affect tax aggressiveness (Tiaras and Henryanto, 2015). Firm size is a corporate identity based on the scale where the size of the company can be classified in various ways, such as by looking at the log of the company's total assets, company sales, company market capitalization, and others (Leksono and Vhalery, 2018). Companies with high total assets are large companies and vice versa (Yulia, 2013). Firm size can show the company's ability to return actions and tax decisions. The size of the company can show the ability and stability of the company to carry out its economic activities. The larger the size of the company, the more monitored by the government and this will lead to two possibilities, namely the tendency to comply (compliances) or tax avoidance which is an activity to avoid taxes (Kurniasih & Sari, 2013). Based on the results of research by Tiaras and Henryanto (2015), tax size affects tax aggressiveness behavior and is positive. This means that large-scale companies will definitely take tax aggressive actions.

6.CONCLUSION

The test results in this study also show that there is an effect of profitability on tax aggressiveness, there is an effect of leverage on tax aggressiveness, and there is an effect of firm size on tax aggressiveness. This study is in accordance with agency theory which states that the separation between the owner and the management of the company can cause problems, including the possibility of managers taking actions that are not in accordance with the wishes or interests of the principal. Agency theory explains the conflict that will arise between the owner and management of the company. This conflict is called the agency problem or agency problem (Jensen and Meckling 1976).

Agency problem occurs between tax collectors (fiskus) and taxpayers (company management).

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Fiskus hopes that there will be as much income as possible from tax collection, while the management is of the view that the company must generate significant profits with a low tax burden. These two different points of view lead to conflicts between the tax authorities as tax collectors and the company management as taxpayers. In the self-assessment system, the taxpayer acts as an agent for implementing tax obligations. The tax authorities act as the principal in the agency relationship. In an effort to protect their interests, taxpayers (agents) will make various efforts with the aim of minimizing the tax burden. These efforts can be taken by legal or illegal means. The effort is an action that is done intentionally or is an aggressive action. This study will examine the factors that make taxpayers behave aggressively when carrying out their role as agents in the self-assessment system.

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