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The Effect of Financial Ratios and Company Size on Tax Management in Manufacturing Companies Listed on The Indonesia Stock Exchange in 2019-2022

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Abstract: Tax management is a strategy carried out by company management to manage tax payments so as not to exceed the amount that should be paid. The reason this research was conducted is because there are still many people or companies that apply tax. There are several internal company factors that affect tax management such as Profitability, Leverage, Company Size, and Capital Intensity. This study aims to determine and prove the effect of profitability, leverage, company size, and capital intensity individually and simultaneously on tax management in manufacturing companies listed on the Indonesia Stock Exchange for a period of 4 years, namely 2019-2022. The type of research used is quantitative research. The type of data used is secondary data obtained from www.idx.co.id and the company website. The population in this study are manufacturing sector companies listed on the Indonesia Stock Exchange from 2019-2022. The sampling method used was purposive sampling technique with a total sample size of 58 companies. Data processing techniques using multiple linear regression statistical analysis with the help of the SPSS Version 25 program. The results show that profitability has a negative and significant influence on tax management, leverage and company size have no influence on tax management, and capital intensity has a positive and significant influence on tax management. Simultaneously, profitability, leverage, company size and capital intensity have an influence on tax management.

Keywords: Task Management, Profitability, Leverage, Company Size, Capital Intensity

INTRODUCTION

Based on Taxation Law Number 28 of 2007, tax is a mandatory contribution to the state given by a person or business entity that is compelling in nature and does not get direct rewards and is used for state needs to prosper the people. Taxes are a major source of state income used in financing state expenditures (Riftiasari, 2019). Sources of state revenue come from taxes, grants and non-tax state revenue. Tax revenue in the last three years is quite good, because there is an increase in each year.

Based on the data graph of Indonesia's tax revenue, it is known that Indonesia's tax revenue is increasing every year. It can be seen in 2019 that Indonesia's tax revenue amounted to 1332.7. Then in 2020, the tax revenue decreased to 1072.1. But in 2021 it increased again by 1278.6. Finally in 2022 it increased until it reaches 1716.8. In the 2022 State Budget Realization Press Conference, Minister of Finance Sri Mulyani Indrawati stated that the total state revenue in the 2022 State Budget was obtained as much as IDR 2,626.4 trillion or the percentage was 115.9% of the target determined based on government regulation No. 98 of 2022 worth IDR 2,266.2 trillion (Ministry of Finance, 2023). The realization continued to grow by 30.6% along with Indonesia's economic recovery, which is getting better and accompanied by commodity prices, which are still quite high until now. With the increase in the state budget, it was also boosted by the involvement of corporate tax revenue, which has been one of the supporting factors in increasing state revenue in recent years.

Taxes are one of the largest sources of revenue for a country, where the percentage reaches up to 80% of total state revenue (NISP, 2023). One of the 80% tax contributions consists of income tax revenue, which is a tax imposed on individuals or entities. Although the realization of the state revenue target has increased, tax management is still being carried out by many companies. Companies must pay and report taxes because they are corporate tax subjects, but there are still many people who have the mindset to take advantage of the loopholes in current tax regulations, so as to reduce the taxes that must be paid or what is often referred to as tax management. Not a few companies use tax management to reduce tax payments that should be paid to the state (Natsir, 2022). For companies, tax is a form of burden which reduces their income, so companies must think about what ways or efforts can be made to minimize these costs in order to optimize their profits (tax planning) (Mutia Dianti Afifah, 2020).

As taxpayers, companies urgently need tax management to organize and manage their resources (income). This is done by implementing tax management or tax planning by utilizing tax loopholes as much as possible (Natsir, 2022). If the company applies tax management excessively, it will lead to tax violations, namely tax avoidance, tax evasion, etc. (Siregar, 2021). Companies have an obligation to pay taxes due to government policies, so they deal with this problem by carrying out tax management, one of the ways is to reduce the tax liability that they will pay to the government as low as possible (Steven Andrianus, 2023). In addition, another effort made by companies to minimize their tax payments is to change their tax burden to a longer or shorter period. According to Chairul (2013: 13) to ensure that every matter related to the tax of a company or organization is managed in an effective, efficient and economical way, the company will make a comprehensive effort known as tax management. There is another understanding according to Lumbantoruan (1994) which says that tax management helps companies comply with tax regulations, but by reducing the amount of tax payments as small as possible in order to get the profit and liquidity that the company expects.

The phenomenon of companies that have carried out tax management is Public Limited Company Bentoel Internasional Investama. Among manufacturing companies engaged in trade, and among the largest cigarette companies in Indonesia. Public Limited Company Bentoel Internasional Investama was established in 1987 and has conducted tax avoidance in 2019. The company owned by British American Tobacco (BAT), which is engaged in the tobacco sector, suffered an annual loss of US$14 million as a result of its tax avoidance practices in Indonesia through Public Limited Company Bentoel Internasional Investama. To avoid withholding tax on interest payments, Bentoel also borrowed from Jersey through a company in the Netherlands.

Indonesia introduced a 20% withholding tax, but due to an agreement with the Netherlands, the tax was reduced to 0%. This strategy caused Indonesia to lose US$ 11 million in state revenue each year. This is because Indonesia should have applied a 20% tax or US$33 million, with a calculation of US$11 million annually, out of a debt of US$164 million. Despite the revision of the Indonesia-Dutch treaty that allows Indonesia to collect a 5% tax, the regulation has started in October 2017, meaning that Bentoel had already paid the interest on its debt. (Alda Pariawan, 2022).

The phenomenon of tax management is still applied to many companies. And based on these cases, we can see that many companies take advantage of tax management loopholes in an illegal way, including tax avoidance, tax evasion, and many other cases. According to research leverage, profitability, company size, and capital intensity are some of the variables that can affect tax management. One of the references in the tax base is profitability, which means that if the profit of a company is large or small, it will affect the tax value. If the company's profitability value is high, it will affect the amount of tax that will be deposited to the state. So on that basis, this research will discuss the effect of Profitability, Leverage, Company Size, and Capital Intensity on Tax Management which will be studied in manufacturing compaies on the Indonesia Stock Exchange for the period 2019 – 2022.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency theory provides an explanation of the relationship between company owners (principals) and subordinates (agents) who have information imbalances and are bound by work contracts to complete responsibilities and represent company owners (principals) (Ernie Riswandari, 2020). It is very important for shareholders (company owners) to hand over company management to professional labor (agents). The agent here must have longer or considerable experience and be professional in managing the business. Explained by Jensen and Meckling (1976), agency theory explains the conflicts that may arise between management and company owners, this results in a contract model between two or more parties, one of which is called an agent and the other is called a principal (Djuniar, 2019). The existence of a monitoring mechanism can prevent this from happening. However, the mechanism will generate agency costs. According to (Amalia Indah Fitriana, 2022), agency theory consists of 3 things, including as below: 1) Bonding costs. 2) Monitoring Costs. 3) Residual Losses. Agency theory has a connection to leverage, profitability, capital intensity, company size and tax management because a company must have problems in it, for example financial problems.

Tax Management

Tax management is an action that can be applied by companies to reduce the value of estimated tax cost payments, in other words, it can be assumed that companies will try to reduce their tax costs but still get high profits (Rusli, 2020). Companies and governments have their own understanding of tax management. For companies, paying taxes will only reduce their profits. Conversely, for the government, tax payments are a form of state income (Mutia Dianti Afifah, 2020).

Profitability

Profitability is an expertise possessed by a company to create profits from the activities it uses (Ramadani, 2020). This profitability is classified as a major factor for the survival and growth of a company and is a benchmark for companies in building or developing their business ventures (Sheren Charista, 2023). There are a number of types of ratios that can be used in measuring the company's ability to earn profits, including Return on Equity (ROE), Return on Assets (ROA), Operating Profit Margin (OPM), Gross Profit Margin (GPM) and Net Profit Margin (NPM). In the research carried out, we will use the Return on Assets (ROA) ratio.

Leverage

Leverage is a ratio indicator used in calculating how much debt the company has (Dr. Ely Siswanto, 2021). According to Ja'far (2017), if the company's leverage level is small, the company has little ability to pay principal and interest. Leverage is related to corporate debt. The purpose of leverage is to inform the company whether the company can pay its long-term liabilities or short-term liabilities.

Company Size

Company size is a type of scale used in grouping or moving all the assets of a company so that it becomes a classification between companies that have a large scale and companies that have a small scale based on the total assets of the company, average sales level, stock market value and total sales (Odila Levana Ng, 2023).

A method to determine the size of a company based on the amount of assets it owns. Assets are considered to have a higher degree of stability and are likely to last longer than other types of assets. Companies that have poor tax management may not be able to obtain tax incentives. These tax incentives can be used in minimizing the amount of tax paid by the company. (Sadjiman, 2021). Company size can be calculated by moving all total assets owned by the company into the form of natural logarithms (Murhadi, 2013). Total assets are a measure of the size of the company's assets, if the company has a large profit, the amount of tax payments can be high (Porajow, 2022).

Capital Intensity

The term used to reflect investment activation that includes investment in assets is often referred to as the Capital Intensity Ratio (Hana Noviatna, 2021). There is an opportunity for the company to add expenses through the Capital Intensity Ratio, namely the depreciation expense generated from fixed assets which can reduce income. As fixed assets get bigger, so the profit earned can get smaller because there is a depreciation expense on fixed assets that can make profits go down (Hana Noviatna, 2021). Companies that have large fixed assets can also get high tax costs. The analogy is like a vehicle which if it is purchased by someone but has an economic life that has expired, so the depreciation expense cannot be fully expensed, only about 50% (Fadilah Nurfitriani, 2021). Company managers will usually invest their funds in the form of assets, the goal is that the company can make a profit based on the depreciation that arises. The depreciation value can be a corporate tax deduction.

The Effect of Probability on Tax Management

According to Kasmir,2019 profitability is a type of ratio used in determining the level of the company's ability to obtain profit in a certain period of time, while tax management is an action applied by company management in minimizing the tax burden that the company will later deposit. In that case it can explain if when the company's profitability increases, so the tax burden that will be paid can also increase. When the tax burden rises, the company will carry out tax management so that the ETR (tax burden ratio) decreases. So, the higher the company's profitability, the company's tax management can also increase. This is indicated by the decrease in the ETR (Effective Tax Rate) value of a company. Profitability with agency theory has a relationship, because company agents have a responsibility to assist the principal in obtaining large profits, the greater the profit earned, so the amount of tax that must be paid can be higher and besides that, the benefits received by investors will also decrease. Therefore, the agent will help the principal to minimize the tax burden that the company will pay.

The results of research by (Hana Noviatna, 2021) and (Mutia Dianti Afifah, 2020) state that profitability has a negative and significant effect on tax management.
H1: Profitability has a negative and significant effect on tax management.

Leverage Effect on Tax Management

Leverage is one type of ratio that is intended to calculate how much the company's ability to pay all its liabilities on time and in accordance with the rules, both in the short and long term (Ravika Permata Hati, 2019). Tax management is an action that company management takes in reducing the tax burden that the company will pay. When the company's debt level (leverage) rises, the interest expense that must be paid by the company will also increase. When the interest expense rises, the company does not need to do tax management because the interest expense here can be used to reduce the company's income (profit). When the company's income is low, the tax to be paid will also be low.

The effect of leverage on tax management is in line with agency theory where the agent will increase the use of debt and utilize the debt as a source of funding. Later, the existing debt can generate interest expense and can be used in minimizing the tax burden that the company will pay. Investors will be interested and managers can get higher compensation in return for the work that has been carried out. This is supported by research from (Zildjianika Salfa Bela, 2023) and (Friyan Satria, 2023) explaining that leverage has a negative and significant effect on tax management.

H2: Leverage has a negative and significant effect on tax management

The Effect of Company Size on Tax Management

Company size can determine how much assets a company has. Assets are considered to be a reference that has high stability and is consistent from one period to the next. (Mutia Dianti Afifah, 2020). Tax management is an act of company management in reducing the tax burden that the company will pay. When the company has a large size, the company certainly has high resources, such as: qualified labor, large funds, etc. (Sylvia Laurencia, 2022). Through the existence of large resources, companies can utilize their funds to pay tax consultants to assist in planning corporate taxes, and this can be used so that the cost of the tax burden paid by the company can be lower. Agency theory relates to this, which explains that the agent will try as much as possible to maintain the company's welfare and legality in the eyes of the principal and investors. Thus, the agent will carry out various strategies in maintaining the principal's welfare so that it does not decrease, both in conditions of low tax payments and high tax payments. The findings (Andriani, 2022) and (Sadjiman, 2021) state that company size has a positive and significant effect on tax management.

H3: Company size has a positive and significant effect on tax management

The Effect of Capital Intensity on Tax Management

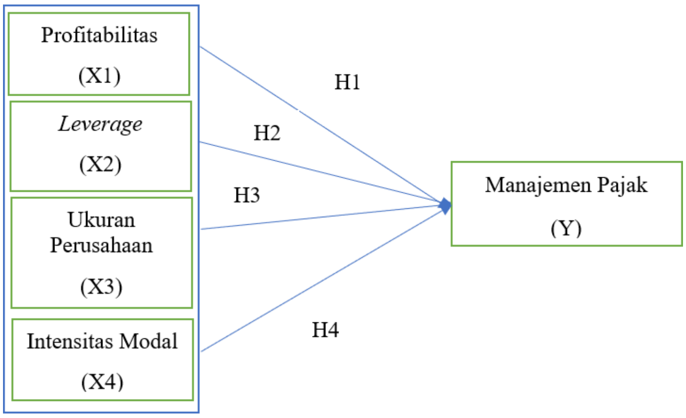
Capital Intensity Ratio or what we know as capital intensity is one of the investment activities carried out by several companies to invest their capital in the form of fixed assets (Friyan Satria, 2023). Tax management is an act that company management does in minimizing the tax payments that the company will pay. When the company gets a large number of assets, the depreciation value will also be high, so that the profit that the company can get can also tend to decrease and the tax burden that will be paid will also decrease. This causes the company to no longer need tax management in minimizing the tax burden paid. Because indirectly, the tax to be paid is also low due to the depreciation that occurs. From this depreciation can affect the tax payments borne by the company. The depreciation can be used by the company to minimize the tax burden that will be paid so that it can be lower. The connection with agency theory in this study is that when the company's assets are high, it means that the application of corporate tax management is high. Agents will carry out tax management as well as possible to satisfy the principal and investors. Agents will reduce corporate tax costs so that the company still has a high asset value but pays a relatively lower amount of tax. The findings of (Devina, 2021) and (Pratiwi, 2019) state that company size has a negative influence on tax management.

H4: Capital Intensity has a negative effect on tax management.

The Research Paradigm

The following is the research paradigm of this study, the research paradigm is explained as follow:

Picture 2. Research Paradigm



Source: Data processed by the research 2023

RESEARCH

Subject and Object of Research

The research subjects used in the research conducted are manufacturing sector companies on the IDX (Indonesia Stock Exchange) 2019-2022. The research object used in the research conducted is the financial statements on the Indonesia Stock Exchange (IDX) which are related to the dependent variable, namely tax management and the independent variables, namely leverage, profitability, capital intensity and company size.

Data Collection Technique

The type of research used in the research conducted is a quantitative approach. The technique of collecting data used in the research conducted is secondary data in the form of financial reports of a manufacturing company and can be accessed on the website www.idx.co.id and the official website of each manufacturing company and the company's leverage originating from the annual financial statements on the Indonesia Stock Exchange for the 2019-2022 period. Secondary data is data that originates in books, journals, or pre-existing research and is usually presented using graphs and tables.

Population and Research Sample

The population in the research carried out is all manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2022 period. The method of taking samples used in the research is the purposive sampling method. This method is a type of technique in which sampling is based on certain considerations in order to follow the desired criteria (Sugiyono, 2018). 1) Manufacturing companies that are listed and not dislisted on the Indonesia Stock Exchange (IDX) for the 2019-2022 period; 2) Manufacturing companies that display audited financial statements and annual reports using the Rupiah currency listed on the Indonesia Stock Exchange for the 2019-2022 period; 3) Manufacturing companies that incurred losses in the 2019-2022 period; 4) Manufacturing companies that have a number of intact and complete financial data in accordance with the data needed to analyze each variable in the 2019-2022 period.

Definition of Research Variable Operations

The operating definitions of the research variables in this study are as follows:

Table 1: Definition of Research Variable Operations

Variable	Scale	Formula
Tax Management (Y)	Ratio	ETR = Current Tax Expense / Profit Before Tax x 100%
Profitability (X1)	Ratio	ROA = Profit Before Tax/Total Assets x 100%
Leverage (X2)	Ratio	DER = Total Liabilities/Total Equity
Firm Size (X3)	Nominal	Firm Size = LN (Total Assets)
Intensity Ratio (X4)	Ratio	Intensity Ratio = Total fixed assets/Total assets

Data Analysis Techniques

The study used multiple linear regression analysis method to analyze the data. Multiple linear regression analysis in the research was used to test the effect of profitability, leverage, firm size, and capital intensity on tax management. The model equation is stated as follows:

$$ETR = a + \beta 1\ \mathrm{ROA} + \beta 2\ DAR + \beta 3\ SIZE + \ \beta 4\ CI + e$$

Description:
ETR = Tax Management
a = Constanta
β1,2,3,4 = Variable Coefficient
ROA = Profitability
DAR = Leverage
SIZE = Company Size
CI = Capital Intensity
e = Error

Before conducting multiple linear regression analysis research, there are a number of conditions that must be fulfilled which are called classical assumption tests. Then after doing multiple linear regression analysis, the last thing is to perform hypothesis testing.

RESULT AND DISCUSSION

The data used in the research conducted is data from financial reports that can be accessed via the website www.idx.co.id. The sample used is a manufacturing sector company that has been included in the Indonesia Stock Exchange list in 2019-2020. The technique used to collect samples in the research carried out is to use the purposive sampling method. Based on the sample that has been processed, there are 58 sample of companies where these companies are listed on the Indonesia Stock Exchange (IDX) sequentially during the 2019-2020 period.

Descriptive Statistical Test

The following are the results of descriptive statistical tests in research conducted by the author, which are as follows:

Tabel 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	164	.01	.31	.0867	.05795
DAR	164	.03	.59	.3247	.15074
SIZE	164	25.05	34.58	28.9671	1.96237
INTANG	164	.00	.75	.3621	.17213
ETR	164	.01	.33	.1847	.07605
Valid N	264				

Source: Data processed by the researcher with SPSS Version 25

Based on the table above, there are 164 company data used in this study that have been listed on the Indonesia Stock Exchange (IDX) during the 2019-2022 period. The results of descriptive statistical analysis of each variable can be explained as below: 1) The profitability variable has an average value of 0.0867 and a standard deviation value of 0.05795. 2) The leverage variable has an average value of 0.3247 and a standard deviation value of 0.15074 The average value (mean) of the DAR variable is greater than the standard deviation value, so this indicates that the DAR value is good. 3) The company size independent variable data measured through FIRM SIZE has an average (mean) with a value of 28.9671 with a standard deviation of 1.96237.4) The capital intensity independent variable data has an average (mean) of 0.3621 and a standard deviation value of 0.17213.

Normality Test

The results of the Normality test conducted with the Kolmogorov-Smirnov (K-S) test are as follows:

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		164
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.06964960
Most Extreme Differences	Absolute	.060
	Positive	.042
	Negative	(.060)
Test Statistic		.060
Asymp. Sig. (2-tailed)		.200

Source: Data processed by the researcher with SPSS Version 25

The Kolmogrov smirnov test can be seen from the Asymp.Sig line. (2-tailed). Based on the results of the normality test using the Kolmogrov Smirnov test, the result is 0.060 (in the most extreme differences row) with a significance value of 0.200. This can be concluded to be acceptable, because the significance value is 0.200> 0.05. From this test it can also be concluded that the data is normally distributed and can be used in research.

Multicollinearity Test

The results of the multicollinearity test by looking at the tolerance and VIF values of each research variable are as follows:

Tabel 4. Multicollinearity Test

Coefficients		
Model	Collinearity Tolerance	Statistic VIF
(Constant)		
ROA	.689	1.451
DAR	.771	1.297
SIZE	.872	1.1147
INTANG	.830	1.205

Source: Data processed by the researcher with SPSS Version 25

Based on the following table 4, it can be concluded that the test variables have passed and there is no multicollinearity because X1, X2, X3, and X4 have VIF for each variable <10 and Tolerance value> 0.10. ROA Tolerance value 0.689> 0.10, DAR Tolerance value 0.771> 0.10, FIRM SIZE Tolerance value 0.872> 0.10, and finally INTANGIBLE ASSET Tolerance value 0.830> 0.10.

Heteroscedasticity Test

In this study, the heteroscedasticity test was used for the spearman test. The results of this test are as follows:

Tabel 5. Heteroscedasticity Test

Correlations	
Model	Sig
ROA	0.822
DAR	0.992
SIZE	0.398
INTANG	0.870

Source: Data processed by the researcher with SPSS Version 25

Based on the following test table, the heteroscedasticity test shows that the significance value of the profitability variable (X1) is 0.822, the leverage variable (X2) is 0.992, the company size variable (X3) is 0.398, and the capital intensity variable (X4) is 0.870. The significance value of the four variables shows higher than 0.05, meaning that the four variables do not occur heteroscedasticity from the research conducted.

Autocorrelation Test

This study will use the autocorrelation test with the Durbin Watson (DW) measuring instrument. The results of the autocorrelation test are described in the table as follows:

Tabel 5. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.237	0.056	0.032	0.05852	2.024

Source: Data processed by the researcher with SPSS Version 25

Based on table 6 above, it shows that there is a DW value as high as 2.024. The value of 2.024 when compared to the Durbin Watson table value with a significance value of 5%. The number of samples in research for the 2019-2022 period (4 years) is 163 (n = 163) while the number of independent variables is 4 (k = 4). Based on the Durbin Watson table, the dL (lower limit) value is 1.6939 and the dU (upper limit) value is 1.7943.

F Test

The results of the F test conducted in the study are as follows:

Tabel 7. F Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.152	4	.038	7.639	.000[b]
	Residual	.791	159	.005		
	Total	.943	163			

Source: Data processed by the researcher with SPSS Version 25

Based on the table above, the research results from the F test, it can be seen that the significance value (Sig.) is 7.639. The greater the calculated f value, the smaller the P-Val value will be, which is shown in the sig column as 0.000. Based on the table, the significance value is indicated by the number 0.000. where the value is smaller than the value of the significance provision, which is as high as 0.05 (0.000 <0.05). The conclusion is, leverage, profitability, capital intensity similarly and, company size are related and affect tax management.

Multiple Linear Regression Analysis and T Test

Multiple linear regression analysis is a test that informs the influence between company size, profitability, leverage, and capital intensity as independent variables with tax management as the dependent variable. The multiple linear regression analysis test is shown in the table as follows:

Table 8: Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.129	.083		1.554	.122
	ROA	(.371)	.115	(.283)	(3.233)	.001
	DAR	.098	.042	(.193)	(2.339)	.021
	SIZE	.006	.993	.166	2.132	.035
	INTANG	.183	.035	(.144)	(5.195)	.000
a. Dependent Variable: ETR						

Source: Data processed by the researcher with SPSS Version 25

The results of multiple linear regression analysis testing can be seen in column B (Unstandardized Coefficients) and explained in the following equation:

ETR = 0,129 – 0,371*ROA* + 0,098*DAR* + 0,006*FIRMSIZE* + 0,183*INTANG*

Some conclusions that can be drawn on the results of multiple linear regression analysis testing are:

1. The constant value is 0.129, which means that the value of tax management is 0.129 if there are no independent variables (profitability, leverage, capital intensity and company size).
2. The variable value of profitability (ROA) worth -0.371 shows that each one increase in profitability value can affect the value of tax management worth 0.371.
3. The value of the leverage variable (DAR) of 0.098 shows that each one increase in the value of leverage, it will affect the value of tax management by 0.098.
4. The value of the firm size variable (FIRM SIZE) of 0.006 shows that each one increase in the value of firm size, it will affect the value of tax management by 0.006.
5. The value of the capital intensity variable (INTANG) of 0.183 shows that each one increase in the value of capital intensity will affect the value of tax management by 0.183.

DISCUSSION

The Effect of Profitability on Tax Management

The success of the company's profitability assessment on tax management can be seen if the company can manage its assets as well as possible and obtain large profits and tax management can be carried out. In the research that researchers conducted, it follows the agency theory that the company agent has a responsibility to assist the principal in obtaining large revenues, the greater the income earned, so the amount of tax that must be paid can also be higher and besides that, the profits received by investors will also be reduced. Therefore, the agent will help the principal to reduce the tax burden that will be paid. The profitability variable (ROA) is proxied by net income (net income before tax) divided by total assets, which means how much the company can earn profit from all of its assets. The company's profitability can be seen from how the company can manage its fixed assets as well as possible to get a large profit.

From the results of this study, it can be seen that the significance value of the profitability variable (X1) is as high as 0.001. The significance value in this variable has a value lower than the value of the significance provision, which is believed to be as high as 0.05 (0.001 <0.005). The conclusion is that profitability has a negative and significant effect on tax management, so H1 in this study is accepted. In this case, it can explain that when the company's profitability increases, the tax burden that will be paid will also increase. When the tax burden rises, the company will carry out tax management so that the ETR (tax burden ratio) decreases. So, the faster the company's profitability rises, the company's tax management also rises. This is indicated by the decrease in the ETR (Effective Tax Rate) value of a company. In terms of this research, it is in line with the views of (Hana Noviatna, 2021) and (Mutia Dianti Afifah, 2020) which say that profitability has a negative and significant effect on tax management.

The Effect of Leverage on Tax Management

In this study, H2 it is claimed that leverage has a negative and significant effect on tax management. The test results on the data that have been tested using SPSS in this study state that the significance value of the leverage variable (X2) is believed to be 0.021. The significance value in this variable has a value higher than the value of the significance provision of 0.05 (0.021> 0.005). The final result is that leverage does not show an effect on tax management, so the conclusion is H2 is rejected.

Leverage in this study is proxied as all total debt divided by all total assets, whether the level of debt of a company is high or low, it does not affect corporate tax management. So, companies can still do tax management due to other factors, not just because of the debt factor. Leverage has no relationship with agency theory where the agent wants to be assessed as good performance by the company, so the agent will make loans (debt) to banks or other external parties in order to attract the interest or willingness of investors to invest in the company. The interest of each investor to invest their capital in the company. The loan is useful for making it appear as if the company's financial statements are good and generate high profits or income. After being reviewed, the results of this study are in line with (Christanti Inviolita, 2022), (Hana Noviatna, 2021), (Sylvia Laurencia, 2022), (Andriani, 2022), and (Devi Safitri, 2022) they say that leverage has no effect on tax management. However, it is not the same as the results of research (Friyan Satria, 2023) which states that leverage has a negative and significant effect on tax management.

The Effect of Company Size on Tax Management

Company size or firm size is proxied by the natural Log (Ln) of total assets, which explains that the relationship between company size and tax management is seen from how much total assets a company has. From the results of the research above, it is found that the firm size variable has a significance value of the firm size variable (X3) with an average of 0.035. The significance value in this variable has a value greater than the value of the significance provisions believed to be as high as 0.05 (0.035> 0.005), which means that company size has no influence on tax management, so the conclusion is H3 is rejected. The high or low value of company size does not affect tax management. In other words, when the value of company size is high, it does not necessarily mean that the company applies tax management. Because for these companies, tax management can be applied as a result of other factors, not just from the value of the company. Agency theory has no relationship with the firm size variable, which agency theory explains if company management can manage fixed assets properly, then indirectly the size of the company will also increase and the principal will benefit from the success achieved. (Febrianti, 2023) and (Ravika Permata Hati, 2019) have similar research results, which shows that company size has no effect on tax management. However, the results of research conducted by (Sadjiman, 2021) is not in line with the research that the researchers conducted where in his research he said that company size has a positive and significant effect on tax management.

The Effect of Capital Intensity on Tax Management

Based on the results of the data that have been processed in this study, it shows that the significance value of the capital intensity variable (X4) is 0.000. The significance value in this variable has a value higher than the value of the significance provision of 0.05 (0.000> 0.005). This means that capital intensity has a positive and significant effect on ETR, with a high ETR value indicates that there is no tax management action, so it can be concluded that H4 is accepted. Capital intensity can be interpreted as how much investment has been made by companies through the company's fixed asset. When the capital intensity of a company has increased, the company's tax management decreases, so this can indirectly have an impact on the ETR (Effective Tax Rate) value that rises. The higher the ETR, the smaller the tax management actions that the company will carry out. From the following results, it can be explained that high capital intensity indicates that depreciation is high, so that these results cause the tax burden to be paid by the company to decrease. So, this company will reduce the tax management actions taken, this is indicated by the increase in the company's ETR value. This is supported by agency theory where fixed assets will cause depreciation and the depreciation expense can be utilized by agents to increase corporate tax management through existing depreciation methods.

Then, with the results of these efforts, the impact will improve company performance because compensation from the results of manager performance will be achieved. The results of this study are in line with (Agoestina Mappadang, 2022), (Ravika Permata Hati, 2019), and (Amalia Indah Fitriana, 2022) which state that capital intensity has a positive and significant effect on tax management. But it could be the other way around, the research above contradicts the results of research data according to (Hana Noviatna, 2021), (Sudaryono, 2022), (Tjeng, 2022), (Ravika Permata Hati, 2019), and (Sheren Charista, 2023) which state that capital intensity shows no effect on tax management.

CONCLUSION

The results of the study indicate that profitability has a negative and significant effect on tax management, leverage and company size have no effect on tax management, and capital intensity has a positive and significant effect on tax management. Simultaneously, profitability, leverage, firm size, and capital intensity have an influence on tax management.

Further researchers can add external factors or other independent variables, such as inventory intensity, tax facilities, corporate governance, and other external factors. Adding criteria in sample selection so that the number of samples obtained can be even greater. Increase the test period, the goal is to make the results obtained clearer and more widespread.

Research Limitations

The research conducted is certainly not perfect, there are still many limitations experienced by the researcher. The limitations are explained as follows:

1. The proxy for tax management is calculated using ETR (Effective Tax Rate), where there should be other measurements, such as TRR (Tax retention rate) and CETR (Cash Effective Tax Rate).
2. There are limitations in the ability of researchers regarding the methods used, so hopefully it can be tested again in the future.
3. This researcher only tested several factors that affect tax management. The research conducted does not include a number of other factors that affect tax management, such as management compensation, external auditor quality, corporate social, independent commissioners, and other factors.

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