Sales Growth as a Moderation of Liquidity and Company Size Against Tax Avoidance (Empirical Study of Mining Sector Companies on the Indonesian Stock Exchange)

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Abstract: This research aims to determine the influence of Liquidity, Company Size and Sales Growth on Tax Avoidance in 2019-2022. This research method uses quantitative methods. The object of this research is secondary data obtained from financial reports on the Indonesian Stock Exchange for mining companies for the 2019-2022 period, where the technique applied is purposive sampling and using panel data. Based on the results of data processing using Eviews 13 show that liquidity has an effect on tax avoidance, company size has no effect on tax avoidance, sales growth influence on Tax Avoidance, Liquidity which is moderated by Sales Growth has no effect on Tax Avoidance, and Company Size which is moderated by Sales Growth has no effect on Tax Avoidance.

Keywords: Liquidity, Tax Avoidance, Sales Growth, Company Size

INTRODUCTION

Tax avoidance is one method of legally avoiding taxes without violating tax rules, namely by using the opportunities that exist in tax rules. Taxation provides opportunities for taxpayers to save on tax payments or avoid tax obligations. Some occur due to differences in interpretation between regulators and users, and some are created deliberately to improve the market, for example tax amnesty. Because tax avoidance on the one hand is permitted, but not desirable, it is considered a complex and unique problem (Cahyono, D.D., Andini, R., & Raharjo, 2016). Taxpayers who comply with taxes are worthy people. Taxes are dues owed by taxpayers to the state, whether corporate or individual, which are coercive based on legislation without receiving compensation and are used for state needs. Based on tax revenue data from (Noverius Laoli, 2019)at the Ministry of Finance of the Republic of Indonesia, tax revenue in 2019 was still below the target and even decreased from the previous year.

Table 1. Tax Revenue Data December 2019

	December 2019	Percentage
Target	1,577.60 trillion	100%
Realization	1,266.65 trillion	80.29%

Source: Data processed by researchers

The non-realization of optimal tax revenues has led to questions about whether taxpayers are avoiding tax or whether tax collection has not been carried out optimally. Based on (Imam Sukamto, 2010)that there was an investigation into alleged tax crimes by two coal mining companies belonging to the Bakrie Group, namely PT Kaltim Prima Coal (KPC) and PT Bumi Resources Tbk., in 2007. (Danang sugianto, 2019)stated, in 2019 the coal company PT. Adaro Energy, TBK uses a transfer pricing scheme to avoid taxes through its subsidiaries in Singapore. PT. Adaro Energy, TBK can reduce the taxes paid to the Indonesian government by taking its profits and income abroad. This illustrates that the quality of corporate tax awareness is still very low, thus indicating that there are efforts to avoid taxes.

In this research, sales growth was determined as a moderating variable because research conducted by (Hidayat, 2018)revealed that sales growth had a significant effect on tax avoidance. In line with research by (Hidayat, 2018), research conducted by (Irawati et al., 2020) sales growth has a significant effect on tax avoidance. Meanwhile (Permata et al., 2018) stated that statistically sales growth has no effect on tax avoidance. Tax avoidance is the main goal of a company for the benefit of a company, continuous development obtained from the profits generated. The focus of this research is sustainability, the reporting research theme and research topics are urgency, motives and disclosure of sustainability reports, in accordance with the accounting study program road map.

Based on the explanation above, the researcher wants to conduct research with the title "Sales Growth as a Moderation of Liquidity and Company Size on Tax Avoidance (Empirical Study on Mining Sector Companies Listed on the Indonesia Stock Exchange)". The formulation of the problem in this research is whether liquidity, company size and sales growth have an effect on tax avoidance (Empirical Study of Mining Sector Companies on the Indonesian Stock Exchange?". The aim of this research is to find empirical evidence that liquidity, company size and sales growth influence tax avoidance (Empirical Study on Mining Sector Companies on the Indonesia Stock Exchange).

METHOD

In this research, researchers used a type of quantitative research where secondary data taken came from the financial reports of mining companies listed on the IDX for the 2019-2022 period using purposive sampling. The data analysis method used is panel data analysis using Eviews 13.

Table 2. Variables and Measurement Scales

Variable	Indicator	Measurement	Scale
Tax evasion (Y)	Financial statements	Cash Effective Tax Rate (CETR): Payment of taxes / Profit before tax	Ratio
Liquidity (X_1)	Financial statements	Current Ratio = Current Assets / Current Debt	Ratio
Company Size (X_2)	Financial statements	Size = Ln (Total Assets)	Ratio
Sales Growth (Z)	Financial statements	SG = Current Year Sales – Previous Year Sales / Previous Year Sales	Ratio

Independent Variable
Liquidity

Liquidity is a problem for companies to fulfill their financial obligations (Fathihani et al., 2022).

$$\text{Liquidity} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Company Size

According to (Lestari, Sigit Mareta, 2021)A larger company size will receive more intense supervision from stakeholders and will tend to comply with government regulations.

$$\text{Company Size} = \text{Ln (Total Assets)}$$

Sales Growth

The company's sales growth can motivate managers to increase profits (Fathihani & Haris Nasution, 2021). Asset growth shows that assets are used for company operations where company managers, with attention to growth, prefer to invest in after-tax income and expect better performance in overall company growth (Anjarwati et al., 2022).

$$\text{SG} = \frac{\text{Current Year Sales – Previous Year Sales}}{\text{Previous Year Sales}}$$

Population and Sample

Population is a generalized area consisting of objects and subjects that have certain qualities and characteristics determined by research to be studied and then conclusions drawn (Sugiyono, 2020). The population in this research is Mining Companies listed on the Indonesia Stock Exchange (BEI).

The sample is part of the number and characteristics of the population (Sugiyono, 2020). For this reason, samples taken from the population must be truly representative. The sampling method used in this research was purposive sampling. According to (Sugiyono, 2020)purposive sampling is a technique for determining samples with certain considerations.

Table 3. Criteria Taking Sample

No.	Information	It is not in accordance with Criteria	Fulfil Criteria
1.	Mining companies listed on the IDX for the 2019-2022 period.	0	52
2.	Companies that present complete financial reports for the period 20 1 9-2022.	14	38
3.	Companies that have complete data required for each proxy variable in this research	18	20
4.	Total Sample (20 x 4 years)	0	80

RESULTS AND DISCUSSION

Results

Agency theory is a theory that explains how management or agents relate to principals, or owners or shareholders of the company. According to (Jensen & Meckling, 1976) an agency relationship is defined as a contract where one or more people (principals) employ other people (agents) to provide services and give them the authority to make decisions. From the explanation above, it can be concluded that agency theory is a relationship between the principal (owner or shareholder) and the agent (manager), which in this relationship contains an agreement where the agent (manager) is given authority by the principal to manage the business or business and make decisions that benefit the principal. Profit is the result expected by any company to increase prosperity for its owners or shareholders. With the increase in profit, the stock price will also increase. The value of the company will increase if the share price of a company increased. Therefore, the stock price act as a reference in decision making for investors. An investor will pay attention to the rise and fall of the company's stock price before they make an investment decision.

Mareta et al., (2023) The second theory used is the theory of planned behavior, where this theory explains that the behavior of companies or taxpayers arises because of individual intentions. If individuals are able to behave positively, the company will not take tax avoidance or manipulate company profits (Ajzen, 1991).

There are several factors that are thought to influence the implementation of tax avoidance actions, as follows: Liquidity, Company Size and Sales Growth, where Sales Growth is used as a moderating variable which is thought to strengthen or weaken the relationship between Liquidity and Company Size on Tax Avoidance in this research. A company's ability to fulfill its long-term obligations is illustrated by a company that has a high liquidity ratio (Endaryati & Vivi Kumalasari Subroto, 2021).

Company size is determined by the size or total assets of a company (Mareta, 2017). Meanwhile, Sales Growth represents the increase in sales each year which is explained through company profits.

Descriptive statistics

Table 4. Descriptive Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance (Y)	80	0, 000691	1, 037720	0, 349674	0, 260143
Liquidity (X1)	80	0, 333586	10, 07431	2, 320637	1, 892795
Company Size (X2)	80	27, 64073	32, 76456	29, 94948	1, 195319
Sales Growth (Z)	80	-0, 998636	2, 773714	0, 295769	0, 579478
Liquidity x Sales Growth	80	-5, 647037	4, 523071	0, 419641	1, 415904
Company Size x Sales Growth	80	-31.32149	83.00261	8.962867	17.52866
Valid N (listwise)	80				

Source: Secondary data processed with Eviews 13

Based on the descriptive analysis test in table 4, N is the amount of data processed, the following results are obtained:

1) Tax Avoidance (Y)

The Tax Avoidance variable (Y) which uses the CETR measuring instrument has a mean value of 0.349674 and a standard deviation value of 0.260143, which means that the mean value is equal to 34.9% greater than the standard deviation value which is equal to 26.0% so that indicates quite good results. This is because the standard deviation represents a very high deviation so that the spread of data describes fairly normal results and the possibility of tax avoidance is 26.0%. From the results of the descriptive analysis, the minimum value of 0.000691 is found in the company PT. Bumi Resources Minerals Tbk with the code BRMS in 2021, the maximum value of 1.037720 is found in the company PT. Cita Mineral Investindo Tbk with the code CITA in 2021.

2) Liquidity (X1)

In the Liquidity variable, the mean value is 2.320637 and the standard deviation value is 1.892795, which means that the mean value is greater than the standard deviation, thus indicating quite good results. This is because the standard deviation is a description of very high deviations so that the distribution of data describing fairly normal results does not cause bias. From the results of the descriptive analysis, the minimum value of 0.333586 is found in the company PT. Bumi Resources Minerals Tbk with the code BRMS in 2019, the maximum value of 10.07431 was found in the company PT. Harum Energy Tbk with code HRUM in 2020.

3) Company Size (X2)

      In the Company Size variable, the mean value is 29.94948 and the standard deviation value is 1.195319, which means that the mean value is greater than the standard deviation, thus indicating quite good results. This is because the standard deviation is a description of very high deviations so that the spread of data describes normal results and does not cause bias. From the results of the descriptive analysis, the minimum value of 27.64073 is found in the company PT. Ifishdeco Tbk with the code IFSH in 2021, the maximum value of 32.76456 is found in the company PT. Adaro Energy Indonesia Tbk with code ADRO in 2022.

4) Sales Growth (Z)

      In the Sales Growth variable, the mean value is 0.295769 which is equivalent to 29.5% and the standard deviation value is 0.579478 which is equivalent to 57.9%, which means that the mean value is smaller than the standard deviation so that the distribution of data results is quite varied. From the results of the descriptive analysis, the minimum value of -0.998636 is found in the company PT. Vale Indonesia Tbk with the code INCO in 2022, the maximum maximum value of 2.773714 will be found in the company PT. Bumi Resources Minerals Tbk with code BRMS in 2019.

5) Liquidity x Sales Growth

      In the interaction variable, namely between Liquidity and Sales Growth, the mean value is 0.419641 and the standard deviation value is 1.415904, which means that the mean value is smaller than the standard deviation so that the distribution of data results is quite varied. From the results of the descriptive analysis, the minimum value of -5.647037 is found in the company PT. Vale Indonesia Tbk with the code INCO in 2022, the largest maximum value 4.523071 is found in the company PT. Harum Energy Tbk with code HRUM in 20 22.

6) Company Size x Sales Growth

      In the interaction variable, namely between Company Size and Sales Growth, the mean value is 8.962867 and the standard deviation value is 17.52866, which means that the mean value is smaller than the standard deviation so that the distribution of data results is quite varied. From the results of the descriptive analysis, the minimum value of -31.32149 is found in the company PT. Vale Indonesia Tbk with the code INCO in 2022, the largest maximum value 83.00261 is found in the company PT. Bumi Resources Minerals Tbk with code BRMS in 2019.

Table 5. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	3.470208	(19.57)	0, 0001
Chi-square cross-section	61.487673	19	0.0000

Source: Secondary data processed with Eviews 13

      From the table above, the Probability Cross-section Chi-square value of 0.0000 shows that the Prob value is smaller than 0.05. Therefore, the model chosen in this Chow test is the Fixed Effect model so that the next test carried out is the Hausman test.

Table 6. Hausman Test Results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	3.678294	3	0.2984

Source: Secondary data processed with Eviews 13

From the results of the table above, the random cross-section probability value is 0.2984, which means that the model selected in this Hausman test is the Random Effect model. Model estimation will be continued with Lagrange multiplier testing .

Table 7. Lagrange Multiplier Test Results

	Cross-section	Test Hypothesis is Time	Both
Breusch-Pagan	14.10735	0.554558	14.66191
	(0, 0002)	(0.4565)	(0.0001)

Source: Secondary data processed with Eviews 13

The results of the Lagrange multiplier test in table 7 show that the Breusch-Pagan Cross-section probability value of 0.0001 is smaller than 0.05, meaning that H0 [is] rejected so the best model to use is the Random Effect Model.

Table 8. Coefficient of Determination Test Results (R^2)

R-squared	Adjusted R-squared	Durbin-Watson stat
0.177341	0.144867	1.584887

Source: Secondary data processed with Eviews 13

It can be explained from the results of table 8 Adjusted values R-Squared is 0.144867, which means that the percentage influence of the independent and moderating variables, namely Liquidity, Company Size and Sales Growth, on the dependent variable, namely Tax Avoidance, is 14.48% and the remaining 85.52% is influenced by other variables not included. in this research model.

Table 9. Simultaneous Test Results (F Statistical Test)

F-statistic	Prob (F-statistic)
5.461102	0.001876

Source: Secondary data processed with Eviews 13

Based on the results of the table in the f test above which uses the provisions on the sig value. 0.05 and using the formula df 1 (k-1) = 3-1 = 2, and df 2 (nk) = 80-3 = 77 with the F-table test result being 3.12 and F-count of 5.461102 (5.461102 > 3.12). It can be concluded that Ho is rejected and Ha is accepted, which means that the variables Liquidity, Company Size and Sales Growth simultaneously have a significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange in 2019-2022.

Table 10. Partial Test Results (T Test)

	Coefficient	Std. Error	T-statistic	Prob.
Liquidity (X1)	-0.037503	0.017096	-2.193725	0.0313
Company Size (X2)	-0.008414	0.032826	-0.256320	0.7984
Sales Growth (Z)	-0.159887	0.042730	-3.741760	0.0004
Liquidity x Sales Growth	-0, 025065	0, 026413	-0.948978	0, 3456
Company Size x Sales Growth	-0, 039336	0, 032951	-1, 193779	0, 2363

Source: Secondary data processed with Eviews 13

From the results of table 10, the partial influence of the independent variable on the dependent variable can be explained as follows:
1) The Effect of Sales Growth on Tax Avoidance
       The t result for Z is the Sales Growth variable with a probability value of 0.0004 which is smaller than 0.05 or (0.0004 < 0.05) which means that the Sales Growth variable has a significant effect on Tax Avoidance.
2) The Effect of Liquidity on Tax Avoidance moderated by Sales Growth

The t test result for moderation 2 (multiplication of Sales Growth by Liquidity) is 0.3456 greater than 0.05, which means that the Sales Growth variable cannot moderate the influence of Liquidity on Tax Avoidance. Because the results of the moderating variable (Sales Growth have a significant effect on Tax Avoidance), while the results of the interaction variable (multiplication of Sales Growth by Liquidity), namely Sales Growth, cannot moderate the effect of Liquidity on Tax Avoidance, this moderating variable is included in the type of moderating predictor, which means it is a moderating variable. it only acts as a predictor (independent) variable in this relationship model.

3) The effect of company size on tax avoidance is moderated by sales growth

The t test result for moderation 3 (multiplication of Sales Growth by Company Size) is 0.2363 greater than 0.05, which means that the Sales Growth variable cannot moderate the influence of Company Size on Tax Avoidance. Because the results of the moderating variable (Sales Growth have a significant effect on Tax Avoidance), while the results of the interaction variable (multiplication of Sales Growth by Company Size), namely Sales Growth, cannot moderate the influence of Company Size on Tax Avoidance, this moderating variable is included in the type of moderating predictor, which means This moderating variable only acts as a predictor (independent) variable in this relationship model.

Table 11. Summary of T Test Results

No.	Hypothesis	CETR
1	Liquidity against Tax Avoidance	Influential
2	Company Size on Tax Avoidance	No effect
3	Sales Growth on Tax Avoidance	Influential
4	Liquidity moderated by Sales Growth on Tax Avoidance	No effect
5	Company Size is moderated by Sales Growth on Tax Avoidance	No effect

Source: Data processed by researchers

CONCLUSION

1) Based on partial test results, the Liquidity variable has a significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

2) Based on partial test results, the Company Size variable has no significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

3) Based on partial test results, the Sales Growth variable has a significant effect on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

4) Based on partial test results, the Sales Growth variable is unable to moderate the influence of Liquidity on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

5) Based on partial test results, the Sales Growth variable is unable to moderate the influence of Company Size on Tax Avoidance in mining companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

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