THE INFLUENCE OF RETURN ON ASSETS, LEVERAGE, SIZE, AND CAPITAL INTENSITY ON TAX AVOIDANCE

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Abstract

This study aims to examine the effect of Return On Assets, Leverage, Size, and Capital Intensity to tax avoidance. The purpose of this study is to provide empirically evidance about the effect of Return On Assets, Leverage, Size and Capital Intensity to tax avoidance. The independent variables of this study are Return On Assets, Leverage, Size and Capital Intesity. The dependent variable is tax avoidance measured by Effective Tax Rate (ETR). The population in this study are 48 property and real estate companies listed in Indonesian Stock Exchange (IDX) in period of 2013–2017. Sample was collected by purposive sampling method, total 28 property and real estate companies were taken as study's sample. Analysis method of this research used multiple regression. The result showed that the return on assets and leverage signifficant effect on the tax avoidance. While size and capital intensity does not signifficant effect of the tax avoidance.

Keywords: *Capital Intensity, Leverage, Return on Assets, Size, Tax Avoidance*

1. INTRODUCTION

Tax is a source of state income that is very important for the implementation of national development, as well as being the main element to support economic activities in moving the wheels of government and as a provider of public facilities, so that taxes can increase prosperity and welfare of the society (Waluyo, 2015).

from the government's point of view, taxpayers are expected to carry out tax obligations as much as possible, so that state revenues from the tax sector will increase, and vice versa if the tax paid by taxpayers is less than what should be paid, then the state income from the tax sector will decrease . But in terms of entrepreneurs or taxpayers, tax is one of the deducting factors of income or income and if the tax is paid greater than the appropriate amount, it will suffer losses, because one of the objectives of the entrepreneur is to maximize the welfare of shareholders or investors by maximizing the value of the company with how to get maximum profit (Waluyo, 2015).

In Indonesia tax revenues are the largest source of income. Tax revenue is used to increase development and financing of other countries so that it must be managed properly by the government. But the tax revenue which is the biggest source of income for the country is not in accordance with the target set by the government. The following is a table of tax revenues from 2013 to 2017.

Table 1 Tax Revenue In 2013 – 2017 (In Triliun)

Information	2013	2014	2015	2016	2017
Tax Revenue	835,25	981,83	1.060,83	1.105,81	1.151
Tax Revenue Target	885,02	1.072,37	1.294,26	1.355,20	1.283
Annual Revenue (%)	94,38%	91,56 %	81,96 %	81,60%	89,68 %

Source: DJP Portal Revenue Performance Menu

Based on the table above, tax revenue every year is not in accordance with the predetermined tax revenue target. DGT Public Relations P2 Director Hestu Yoga Saksama explained that in the last 5 years, the realization of tax revenues in Indonesia

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had not reached the target because Indonesia's tax ratio was still relatively low at around 10 percent. Then, from Indonesia's total population of 257 million, only 30 million are registered as individual taxpayers (Deni, 2019).

There is a phenomenon regarding tax avoidance cases in the property and real estate sector in Indonesia. Based on the preliminary research of the Directorate General of Taxes, there is a potential loss of tax revenues due to not reported actual transactions of land / building including real estate and apartment properties. This is because the tax paid using a sales value of taxable object based transaction is not real or real transaction based. Whereas the potential tax revenue from the property and real estate sector comes from the final income tax provision 4 paragraph 2, which is income received by the seller (developer), because of doing land/building sale and purchase transactions of 5% and value added tax (VAT)) for transactions of taxable goods in the form of land/buildings that are not very simple categories of houses at 10%. Whereas the tax collected by the local government in property transactions is a 5% fee for acquisition duty of right on land and building. (Detik Finance, 2019).

The Directorate General of Taxes discloses six modes that property and real estate companies do in tax avoidance, namely dealing with differences in tax obligations by breaking down property business units based on their functions. Payment of value added tax (VAT) for property companies calculates it when submitting physical control, repayment, or transfer of rights. VAT payments to the state should be made when the deed of sale and purchase is signed. Avoiding sales tax on luxury goods in various ways, namely by distinguishing the building area in the Letter of Obligatory Tax Debt with Building Construction Permit and physical. The addition of buildings outside the initial specifications with the most trusted contract. As well as building elements that are not reported as building area component counters. Tax avoidance of canceled orders is carried out in two ways, firstly the VAT on installments paid for canceled property units has never been reported. Both income from pinalty fees and bookings for canceled units have never been reported to the Directorate General of Taxes. The developer claims the sale is made by installments, so that the tax payment is adjusted in installments. Even though consumers or banks pay off in full. How to build buildings that are carried out on their own are differentiated, not carried out as a whole at one time by one contractor. This method so that there are differences in taxation obligations (Amp Kontan, 2019)

Tax avoidance is a corporate strategy even if it does not violate the law but is very detrimental to the state because unpaid taxes are not in accordance with the actual conditions, and the company does not behave honestly. This is in accordance with what was explained by the Koran in Sura-Nahl Verse 105.

"Surely those who invent lies, only those who do not believe in the verses of Allah, and they are the liars". (Surat an-Nahl: 105)

In the verse, it is explained that people who are dishonest in any case in this study mean doing tax avoidance means that the person is a person who does not believe in Allah SWT. Companies behave in this way solely for profit even if they do not behave honestly.

This research is a development from Handayani research, the variables studied are return on assets, leverage and company size. The objects analyzed were banking companies listing on the Indonesia Stock Exchange in the period of 2012 - 2015. The study used sample selection using the purposive sampling method. With the results of the study, the return on assets variable and company size influence tax avoidance, while the leverage variable does not affect tax avoidance (Handayani, 2018).

Based on the results of these studies, the author intends to conduct research again by conducting more in-depth research. In this study, the author discusses four variables in which three variables, namely return on assets, leverage, and firm size obtained from Handayani's research and the addition of one variable, capital intensity.

2. LITERATURE REVIEW

AGENCY THEORY

The agency theory is a point of meeting between the owner of the company called Principal with management or is called the agent, which occurred in the company. The agent has the obligation or function to manage the company as well as the agent demands to principal to get rewards that apply to agent requests, because agent has a heavy answer. So that it can cause the emergence of information asymmetry (Rosalia and Sapari, 2017). Asymmetry information is a state where managers have information on the progress of companies that do not own by the outsiders of the company (Oviani, 2014)

According to Gudono, the theory of the agency is built as an effort to understand and solve the problem that appears when there is an incompleten information at the time of engagement. The agency the poorness is expecting if the agent has a profit of information compared to the principal and the purpose of agent and principal is different, there will be principal-agent problems where the agent will take the actual benefit of the but harming principal (Gundono, 2014).

In the perspective of Islam, companies that have different interests with the state in terms of payment and tax revenue should be fair. This is in accordance with the described Surah al-Maidah verse 8.

"Over the people, you are as an enforcement of justice because God (when) is a witness with fair. And do not hate your person to push you to appeal unfairly. Just appreciate. Because (fair) is closer to the Takwa. And it is allah, God, knows what you do". (Qs. Al Maidah: 8)

TAX DEFINITOIN

Tax according to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 states that tax is a compulsory contribution to the state owed by an individual or entity that is compelling based on Law, by not getting compensation directly and used for state needs for the greatest prosperity of the people.

According to Prof. Dr. PJ. A. Adriani, as quoted by Herry Purwono, is a tax on people's contributions to the state treasury (which can be imposed) owed by those who are obliged to pay according to the regulations without getting an achievement - which can be directly appointed, and the purpose is to finance expenses generally related to the task of the state in organizing government (Purwono, 2010).

The word tax in the Qoran is not mentioned, but in translation it is mentioned by the name jizyah which means tax. In the Qur'an only once in translation there is the word tax on surah at-Taubah verse 29:

"*Fight those who do not believe in Allah and the day after, those who do not forbid what is forbidden by Allah and His Messenger and those who are not true religion, who have been given the book, so they pay jizyah obediently while they are in submission."* (QS. At Taubah: 29)

TAX MANAGEMENT

According to Pohan, tax management is a comprehensive effort carried out by tax managers in a company or organization so that matters related to taxation from the company or organization can be managed properly, efficiently, and economically, so as to contribute the maximum to the company (Pohan, 2018). There are several benefits that can be obtained from tax planning that is done carefully. First the cash savings out, because the tax burden which is an element of cost can be reduced. The second regulates cash flow in and out (cash flow), because with a mature tax plan can be estimated the cash requirements for taxes, and determine when payment so that the company can prepare the cash budget accurately. In general, the main goal to be achieved from tax management or good tax planning is to minimize the tax burden owed, maximize profit after tax, minimize the occurrence of tax surprises (tax surprise)

if there is a tax audit by tax authorities and fulfill tax obligations correctly, efficiently and effective, in accordance with the provisions of taxation (Pohan, 2018).

TAX AVOIDANCE

Tax avoidance effort that is carried out legally and safely for taxpayers because it does not conflict with tax provisions, where the methods and techniques used tend to utilize weaknesses (gray area) which can be in the laws and tax regulations themselves, to minimize the amount of tax owed (Pohan, 2018).

According to Balter quoted from Muhammad Zain's book, tax avoidance is an effort made by taxpayers to reduce or eliminate tax debts that do not violate the provisions of tax laws and regulations. This tax avoidance is intentionally carried out by the company in order to reduce the amount of tax payments that must be done and increase the company's cash flow. There is no legal violation carried out by the company and conversely tax savings will be obtained by regulating actions that avoid the application of taxation through controlling the facts in such a way as to avoid taxation that is bigger or not taxable at all (Zain, 2018)

RETURN ON ASSETS

Return on assets measures the ability of a company to generate profits by using the total assets or assets owned by the company after adjusting for the costs to fund the asset. Return on assets measures the overall effectiveness of generating profits through available assets (Cahyono, Andini and Raharjo, 2016).

According to Derazhid and Zhang as quoted in the journal Darmawan and Sukartha, return on assets (ROA) is one approach that reflects the profitability of a company. The return on assets approach shows that the amount of profit obtained by the company using the total assets it has. Return on assets also takes into account the company's ability to generate profits regardless of funding. The higher this ratio, the better the performance of the company by using assets in obtaining net income. The level of profitability of the company has a negative effect on the effective tax rate because the more efficient the company, the company will pay less tax so that the effective tax rate of the company becomes lower (Darmawan and Sukartha, 2014).

LEVERAGE

According to Husnan quoted in the journal Kurniasih and Sari, the leverage is a ratio that measures how far the company uses debt. Leverage describes the relationship between the total assets with regular stock capital or showing the use of debt to increase the use of debt to increase profit (Kurniasiasi and Sari, 2013)

According to Godfrey as quoted by Ngimadan and Puspitasari, leverage shows the use of debt to finance the investment and assets owned by the company. Leverge can be said to be an image of the company's ability to use assets or funds that have fixed loads to enlarge the income level for the company owner. Leverage shows how far companies are financed by debt or outsiders with the capability of the company capable of capitalized by Name (Ngimadan and Puspitasari, 2014).

SIZE

In general, a company is a certain unit of activity that converts economic resources into use values in the form of goods and services with the aim of obtaining profits and other purposes. In sharia guidance, this goal is falah, namely prosperity in the world and happiness in the hereafter which is blessed by Allah SWT (Najmudin, 2011).

The size of the company can be expressed as the total assets, sales and market capitalization. The greater the total assets, sales and market capitalization, the greater the size of the company. These three variables are used to determine the size of the company because it can represent how big the company is. The greater the assets, the more capital invested, the more sales, the more money will be circulated and the greater the market capitalization, the more he will be known in the community. Of these three

variables, asset values are relatively more stable compared to market values capitalized and sales in company size (Sudarmadji dan Sularto, 2007)

CAPITAL INTENSITY

Capital intensity is a description of the number of company investments in the company's fixed assets. Fixed assets as one of the company's assets have an impact that can reduce the company's earnings where almost all fixed assets can experience depreciation or depreciation which will then be a cost for the company itself. Then the greater the costs incurred due to depreciation of fixed assets, the smaller the tax rate that must be paid or issued by the company (Dwilopa, 2016). The company's performance will increase due to a reduction in the tax burden and the desired manager's performance compensation will be achieved (Dharma and Noviari, 2017).

The formulation of the hypothesis in this study is divided into four, namely as follows:

1. Return on assets has an effect on tax avoidance
2. Leverage has an effect on tax avoidance
3. Company size has an effect on tax avoidance
4. Capital intesnity has an effect on tax avoidance

3. RESEARCH METHODOLOGY

Population of this research are property and real estate companies listed on the IDX, the selection of samples using purposive sampling method, where samples are selected according to certain criteria. Based on the selected sample, a sample of 28 companies from 48 property and real estate companies was listed on the IDX. The research period is for five consecutive years. So that the total sample is 28 x 5 years = 140 research samples. However there are outlier data of 10 samples so they must be removed. Thus the total sample was 125 samples. The sample criteria set are as follows: Property and real estate companies that publish annual financial reports on the IDX in 2013 - 2017 respectively; The company has complete data to analyze: Financial reports are provided in rupiahs; The company has an ETR value <1; Companies have positive profits.

The data obtained in this study are secondary data, namely financial statements from the Indonesia Stock Exchange website (www.idx.co.id), literature and literature relating to research problems, previous research journals and other secondary data that can assist in this research..

Tax avoidance in this study is projected to use the ratio of effective tax rates (ETR) as well as research conducted by Handayani (Handayani, 2018). The ETR ratio is measured by the following calculations:

$$ETR = \frac{income\ tax\ expense}{pre - tax\ income}$$

Retrun on assets is a ratio that measures overall effectiveness in generating profits through available assets, the power to generate profits from invested capital (Handayani, 2018). The formula for measuring this variable is:

$$ROA = \frac{net\ income\ before\ tax}{total\ assets} x100\%$$

Leverage is a financial ratio that describes the relationship between a company's debt to capital and company assets. The leverage ratio describes the source of operating funds used by the company (Handayani, 2018). The formula for measuring this variable is:

$$leverage = \frac{total\ debt}{own\ capital}$$

Company size is the classification of companies based on the number of assets owned. Assets are considered to have a fairly sustainable level of stability (Handayani, 2018). The formula for measuring this variable is:

SIZE = Nutural Logarihm of total assets

The capital intensity in this study is proxied using the fixed asset intensity ratio. Fixed asset intensity describes the ratio or proportion of fixed assets of a company to the total assets of a company (Sandra and Anwar, 2018). The formula for measuring this variable is:

$$\text{Rasio Intensitas Aset Tetap} = \frac{total\ fixed\ assetsp}{total\ assets}$$

The method of data analysis in this study is using multiple linear regression analysis. Before testing hypotheses in multiple linear regression, the classical assumption test is done first, the aim is to ensure that the model obtained really fulfills the assumptions in the regression analysis which performed the data normality test, multicollinearity test, auto correlation test and heteroscedasticity test. Then test the hypothesis consisting of t test and F test. As well as test the coefficient of determination.

4. RESULT

Table 2 above presents a summary of descriptive statistics for each variable used in the study. Based on the table above, it can be seen that the number of samples (N) is 125. The average data on the return on assets (SQROA) variable is 0.25 with a standard deviation of 0.098, a minimum value of 0.01 and a maximum value of 0.56. The leverage variable (SQLEV), in the descriptive statistical test shows that leverage has a minimum value of 0.27, a maximum value of 1.50, an average value of 0.84 and a standard deviation value of 0.27. The company size variable (SQSIZE), in the descriptive statistical test shows that the company size variable has a minimum value of 5.16, a maximum value of 5.63, the average value of the company size variable has a value of 5.42, and the value standard deviation is 0.10. Capital intensity variable (SQCI), in the descriptive statistical test shows that the capital intensity variable has a minimum value of 0.03, a maximum value of 0.97, an average value of 0.75 and a standard deviation value of 0.16 . Tax avoidance variable (SQTAX), in the deskiptif statistical test shows that the variable tax avooidance has a minimum value of 0.1, the maximum value of 0.70, the average value of 0.30 and the standard deviation value of 0.16.

Table 2 Output Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
SQROA	125	,01	,56	,2545	,09956
SQLEV	125	,27	1,50	,8476	,27552
SQSIZE	125	5,16	5,63	5,4282	,10425
SQCI	125	,03	,97	,7508	,16359
SQTAX	125	,01	,70	,2707	,16610
Valid N (listwise)	125				

Source: Data Processed SPSS 22, 2019

Table 3 One-Sample Kolmogrov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		RESIDUAL
N		125
Normal Parameters[a,b]	Mean	,2707
	Std. Deviation	,05653
Most Extreme Differences	Absolute	,068
	Positive	,047
	Negative	-,068
Test Statistic		,068
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

Source: Data Processed SPSS 22, 2019

Based on table 3 above, it can be seen that the sig value, in the Kolmogorov-Smirnov normality test of all residual values of the data used in this study is 0.200, which means it is greater than 0.05 or 5%. This shows that the overall research data used as samples has been normally distributed.

Table 4 Multicollinearity Test

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	Model	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	1,474	,830		1,776	,078		
	SQROA	-,408	,144	-,245	-2,836	,005	,989	1,011
	SQLEV	,132	,060	,219	2,204	,029	,749	1,336
	SQSIZE	-,210	,157	-,132	-1,339	,183	,758	1,319
	SQCI	-,091	,087	-,090	-1,045	,298	,995	1,005

a. Dependent Variable: SQTAX

Source: Data Processed SPSS 22, 2019

Based on the table above, it can be seen that the VIF value of all variables has a value of less than 10. This shows that there is no multicollinearity or there is a relationship between the independent variables.

Table 5 Autocorrelation

Runs Test	
	RESIDUAL
Test Value[a]	,28
Cases < Test Value	62
Cases >= Test Value	63
Total Cases	125
Number of Runs	59
Z	-,808
Asymp. Sig. (2-tailed)	,419

a. Median

Source: Data Processed SPSS 22, 2019

The table above shows that the value of Asymp.Sig (2-tailed) has a value of 0.419 greater than 0.05. Thus, the data used is quite random so that no problems with autocorrelation occur in the data being tested.

Table 6 Gleser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-,034	,397		-,086	,932
	SQROA	-,133	,069	-,173	-1,927	,056
	SQLEV	-,021	,029	-,076	-,736	,463
	SQSIZE	,036	,075	,049	,480	,632
	SQCI	,034	,042	,074	,823	,412

a. Dependent Variable: RES_2

Source: Data Processed SPSS 22, 2019

Based on table 6 above, it shows that each variable in the research regression model has a sig value above 5% or 0.05. The variable return on assets (SQROA) has a significance value of 0.056 greater than 0.05. The leverage variable (SQLEV) has a significance value of 0.463 greater than 0.05. Firm size variable (SQSIZE) has a significance value of 0.632 greater than 0.05. And the capital intensity variable has a significance value of 0.412 greater than 0.05. This shows that the variables used in the regression model in this study do not indicate symptoms of heterocedasticity.

Table 7 Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1,474	,830		1,776	,078
	SQROA	-,408	,144	-,245	-2,836	,005
	SQLEV	,132	,060	,219	2,204	,029
	SQSIZE	-,210	,157	-,132	-1,339	,183
	SQCI	-,091	,087	-,090	-1,045	,298

a. Dependent Variable: SQTAX

Source: Data Processed SPSS 22, 2019

Based on the table 7, the regression equation can be obtained as follows:

$$\mathbf{Y = 1,474 - 0,408.X_1 + 0,132.X_2 - 0,210.X_3 - 0,091.X_4 + e}$$

Inforation:

Y = Tax Avoidance
X1 = Return on assets
X2 = leverage
X3 = Size
X4 = Capital Intensity
e = Error term

Table 8 Simultan Significance Test (Test F)

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	,396	4	,099	3,930	,005[b]
Residual	3,025	120	,025		
Total	3,421	124			

a. Dependent Variable: SQTAX
b. Predictors: (Constant), SQCI, SQSIZE, SQROA, SQLEV

Source: Data Processed SPSS 22, 2019

Based on table 8 above, testing the simultaneous significance of the F-value is 3.930 with a sig value of 0.005 which is smaller than 0.05. These results indicate that the independent variables simultaneously have a significant effect on the dependent variable, which means that the return on assets, levergae, firm size, and capital intensity variables simultaneously influence tax avoidance.

Table 9 Significance Individual Test (Test T)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1,474	,830		1,776	,078
	SQROA	-,408	,144	-,245	-2,836	,005
	SQLEV	,132	,060	,219	2,204	,029
	SQSIZE	-,210	,157	-,132	-1,339	,183
	SQCI	-,091	,087	-,090	-1,045	,298

a. Dependent Variable: SQTAX

Source: Data Processed SPSS 22, 2019

Based on table 9 above shows the results of individual significance test (t test) for the variables used in this study shows the results of testing hypotheses include:

a. Testing of hypothesis 1

Based on table 9, the return on assets (SQROA) variable has a significance value of 0.005, which means smaller than 0.05. So that the return on assets variable proved to have a significant effect on tax avoidance variables. So that hypothesis 1 is accepted.

b. Testing hypothesis 2

Based on table 9, the leverage variable (SQLEV) has a significance value of 0.029, meaning less than 0.05. So that the leverage variable proved to have a significant effect on tax avoidance variables. So that hypothesis 2 is accepted.

c. Testing of hypothesis 3

Based on the table at 9, the company size variable (SQSIZE) has a significance value of 0.183, which means that it is greater than 0.05. So that company size variables are proven not to have a significant effect on tax avoidance variables. So hypothesis 3 is rejected.

d. Testing of hypothesis 4

Based on table 9, the capital intensity variable (SQCI) has a significance value of 0.298, meaning greater than 0.05. So that the capital intensity variable is proven to have no significant effect on the tax avoidnce variable. So hypothesis 4 is rejected.

Table 10 Coefficient of Determination Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,340[a]	,116	,086	,15876

a. Predictors: (Constant), SQCI, SQSIZE, SQROA, SQLEV

b. Dependent Variable: SQTAX

Source: Data Processed SPSS 22, 2019

Based on table 10 above, it can be seen that the value of R^2 is 0.116, this value indicates that the independent variable namely return on assets, leverage, firm size and capital intensity can explain the variation of the dependent variable, tax avoidance which is proxied by effective tax rate (ETR) amounting to 11.6% and the remaining

88.4% is explained by other variables outside the regression model, such as institutional ownership, audit committees, sales growth, etc.

5. DISCUSSION

The Effect of Return on Assets on Tax Avoidance

Based on the results of statistical data processing, it can be seen that return on assets has a significant effect on tax avoidance. So that the hypothesis has been formulated in accordance with the results of research that hypothesis 1 is accepted.

Return on assets has a significant effect on tax avoidance. The higher the value of retun on assets, the higher the profit of the company so that the better management of the assets of a company. Return on assets is used because it is able to provide sufficient measurements of the overall effectiveness of the company. When the profits obtained by the company increase, the amount of corporate income tax will also increase in accordance with the increase in the company's profits. So that the tendency to do tax avoidance will increase (Dewinta and Setiawan, 2016).

The Effect Leverage on Tax Avoidance

Based on the results of statistical data processing, it can be seen that leverage has a significant effect on tax avoidance. So that the hypothesis has been formulated in accordance with the results of research that hypothesis 2 is accepted.

Leverage has a significant effect on tax avoidance. According to Lanis, as quoted by the Ngadiman journal and Puspitasari leverage has a significant influence on tax avoidance actions carried out by the company. This is because the high level of leverage will result in a low tax burden, where the interest costs incurred by financing with debt are costs that can be deducted from taxes. This makes the company prefer to engage in capital activities with debt so that they can take advantage of the benefits of the tax burden incurred (Ngadiman and Puspitasari, 2014).

The Effect Size on Tax Avoidance

Based on statistical data processing, it can be seen that company size variables do not significantly influence tax avoidance. So, the hypothesis that has been formulated is not in accordance with the results of the study. One hypothesis 3 is rejected.

Company size variables do not significantly influence tax avoidance. According to Prakosa, as quoted in the journal Saifudin and Yunanda, the greater the size of the company, the lower the company will conduct tax avoidance. This is possible because the company does not use the power it has to carry out tax planning because the limitation in the form of possible highlights and targets of the regulator's decision. In general, large-scale companies have abundant assets, in which there is sufficient cash and capital used in funding corporate performance activities (Saifudin and Yunanda, 2016).

The results of this study are in line with the research conducted by Saifudin and Yunanda and research conducted by Oktamawati which states that company size does not significantly influence tax avoidance (Oktawati, 2017).

However, the results of this study are not in line with the results of research conducted by Ngadiman and Puspitasari and Swingly and Sukartha's research stating that firm size has a significant effect on tax avoidance.

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The Effect Capital Intensity on Tax Avoidance

Based on statistical data processing, it can be seen that the capital intensity variable has no significant effect. So, the hypothesis that has been formulated is not in accordance with the results of the study. One hypothesis 4 is rejected.

Capital intensity variables do not have a significant effect on tax avoidance. Companies that have high fixed assets do use these fixed assets for the company's operational and investment interests rather than tax avoidance. According to Fajar as quoted in Putra and Merkusiwati journals, a company does not mean intentionally

saving a large proportion of assets to avoid taxes. Instead the company does use these fixed assets for the company's operational purposes. So that the high fixed asset proportion will not affect the level of tax avoidance that will be done by the company (Putra and Merkusiwati, 2016).

Depreciation expenses derived from fixed assets do not have a significant effect on reducing corporate tax income. Even though the company has a high capital intensity, it does not mean that the company intentionally saves the large fixed assets to carry out tax avoidance, but the company uses these large fixed assets for the company's operational goals in the future.

6. CONCLUSION

Return on assets and leverage has a significant effect, while firm size and capital intensity do not have a significant effect on tax avoidance. The results of the study cannot represent the entire company listed on the Indonesia Stock Exchange, because the population in this study is limited to property and real estate companies. There are ten (10) property and real estate sector companies in 2013-2017 that do not consistently publish company financial reports. There are 1 company that does not have complete data so it cannot be analyzed. From the results of the coefficient of determination analysis, it can be concluded that the four independent variables can only be explain the tax avoidance variable at 11.6%. These results indicate that the independent variables cannot fully influence tax avoidance. There are 15 outlier sample data because they have extreme values so they must be removed because they can cause abnormal data distribution.

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