

The influence of profitability, leverage, capital intensity, and firm size on tax aggressiveness during covid-19 pandemic

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ABSTRACT

In Indonesia, businesses have recently engaged in tax aggressiveness. The Republic of Indonesia's Ministry of Finance estimates that by the middle of 2020, tax evasion by businesses as reported by the Tax Justice Network might result in a loss of roughly Rp 68.7 trillion annually in worldwide tax collections. State tax income is reduced as a result of this. Additionally, the Covid-19 pandemic has increased economic instability. The purpose of this study is to investigate the impact of profitability, leverage, capital intensity, and business size on tax aggressiveness during Covid-19 pandemic. Profitability, leverage, capital intensity, and company size are the independent variables in this study, while firm age is the control variable. The dependent variable is tax aggressiveness, which is determined by the effective tax rates (ETR). In the 2020–2021 timeframe, 170 manufacturing companies listed on the Indonesia Stock Exchange were chosen as the target of observation. Using the purposive sampling method, a sample of 100 manufacturing businesses was obtained based on predetermined criteria. The findings revealed that profitability, leverage, and capital intensity all had a considerable impact on tax aggressiveness. While the size of the business has no substantial impact on tax aggressiveness. Age of the firm, which serves as the control variable, has a negative and considerable impact on tax aggressiveness.

KEYWORDS

Profitability; leverage; capital intensity; size firm; and tax aggressiveness;

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Introduction

According to the Ministry of Finance's Directorate General of Taxes (DGT), taxes can be paid as an obligatory payment from an individual or a company to the state. This donation is mandatory and governed by law. A well-organized tax system plays a vital part in a country's economic progress. In Indonesia, the State Revenue and Expenditure Budget (APBN) has three revenue sources: tax revenues, non-tax revenues, and grant receipts (Rusli, 2021) Among the three revenues, tax is the largest state revenue which occupies the highest position of the percentage of income in the State Revenue and Expenditure Budget (APBN) and has the most potential compared to other sources of revenue.

For companies, taxes greatly affect the sustainability of the company because the amount of the company's net profit will decrease so it is unlikely that the company will try to pay the lowest possible taxes or taxes to increase profits. According to (Novitasari, 2017), tax aggressiveness is the practice of reducing one's taxable income using both legal and illegitimate tax strategies. The phenomenon of tax aggressive actions by companies has recently occurred in Indonesia. In mid-2020, the Ministry of Finance of the Republic of Indonesia estimates that global tax revenues have the potential to lose around Rp. 68.7 trillion/year caused by tax aggressiveness actions carried out through the transfer of business profits between countries (BEPS) reported by the Tax Justice Network.

The government's efforts to continue to optimize state revenues from taxation in 2020 have encountered obstacles due to an extraordinary event, namely the Covid-19 Pandemic. The Covid-19 pandemic that has occurred for approximately two years in Indonesia has affected the sustainability of the company. Conditions during the Covid-19 pandemic caused the company to experience a decline in revenue. This has an impact on the tax sector. Collecting taxes during pandemic conditions is becoming

increasingly difficult because unstable economic activities make changes to the company's business processes (Safira & Suhartini, 2021). The company will act more aggressively towards taxes in order to optimize profits and be able to survive in this condition. Various factors influence and have an impact on how companies take tax aggressiveness actions.

Looking at the examples of tax aggression that have occurred in Indonesia in recent years, such as what happened to PT Bantoel Internasional Investama, it appears that firms that can be described as large, profitable, and have been established for a long time have been confirmed to engage in tax aggression. The corporation may minimize the level of tax that must be paid by raising debt so that the interest cost grows and also increasing investment in fixed assets so that the depreciation expenditure increases so that it becomes a reduction from the company's tax burden.

Corporate tax aggression behavior is impacted and influenced by a number of factors. Some of these factors include profitability, leverage, capital intensity, and company size. Profitability is a profit calculation ratio. How companies know their profits can use profitability ratios. One of the ratios is Return On Assets (ROA). The higher the Return On Assets (ROA) value, the higher the net profit and higher profitability. High profitability allows a company to position itself in tax planning in order to reduce the burden of its tax obligations. Research conducted by (Irianto et al., 2017) and (Legowo et al., 2021) says that profitability has a positive relationship with tax aggressiveness. This indicates that an increase in profitability will increase tax aggressiveness. Research conducted (Adiyani & Septanta, 2017) shows that profitability has an effect but partially on tax aggressiveness. While research (Savitri & Rahmawati, 2017) says that profitability has no effect on tax aggressiveness.

Leverage can be regarded as an illustration of the use of debt to increase profits. The greater the leverage in a corporation, the lower the tax burden incurred by the company, because the company gets tax incentives from loan interest, the greater the debt action taken by management in an effort to minimize the tax burden. Research conducted by (Ardy & Kristanto, 2015) says that leverage has a positive effect on tax aggressiveness, meaning that the higher the leverage value, the more aggressive the company towards taxes. Meanwhile (Jin, 2021) and (Salehi & Salami, 2020) state that leverage has a negative relationship to tax aggressiveness.

Capital intensity, also known as the capital intensity ratio, is the activity of making investments in fixed assets and inventories. Having large fixed assets will result in a high depreciation expense, which will result in lower income. This low income goes hand in hand with a lower corporate tax burden as well. The higher the fixed assets owned by the company, this encourages companies to take tax aggressive actions. Research conducted (Legowo et al., 2021) and (Atami, 2017) shows the effect of positive capital intensity on tax aggressiveness, meaning that the more companies use fixed assets for their operating activities, the more aggressive the company is towards taxes. Meanwhile, according to research (Mustika, 2017) showed the opposite result, namely capital intensity or capital intensity had a negative effect on tax aggressiveness.

Company size according to (Irianto et al., 2017) is a measurement used to reflect the size of the company, which is based on the company's total assets. Companies classified as large-scale companies may pay lower taxes than small-scale companies. This is due to the vast amount of resources that big-scale businesses have available for use in tax aggressiveness. Research conducted (Safira & Suhartini, 2021), (Ogbeide, 2017), and (Belz et al., 2018) says that firm size has a positive effect on tax aggressiveness. Implying that the larger the company, the more likely it is that the company's aggressive actions towards taxes will be higher. However, according to research (Susanto et al., 2018) firm size has a negative effect on tax aggressiveness.

Literature review

Several scholars from various nations have published in-depth studies on the relationship between tax aggression and profitability, leverage, capital intensity, business size, and firm age. Research findings are likewise mixed, corroborating and opposing each other. Previous study on this topic has employed agency theory.

Agency theory

The term "agency theory" was initially used by (Jensen & Meckling, 1976). According to agency theory, the principle and the agent have competing interests since each person is only driven by his or her own interests. While agents are presumed to be satisfied by cash pay and the parameters of the partnership, shareholders are supposed to simply be interested in improving financial outcomes or growing investment in the firm.

Tax aggressiveness

According to (Novitasari, 2017), tax aggressiveness is the practice of reducing one's taxable income using both legal and illegitimate tax strategies. According to (Assidi & Hussainey, 2020) Between tax evasion and tax planning, there is a stance known as tax aggression, which respects the rules of law and morality set out by the tax authorities.

Profitability

Profitability is a term used to describe how well a corporation performs financially in producing profits. The company's profitability, according to (Putriningsih et al., 2019), demonstrates its capacity to generate profits for a predetermined duration at a predetermined level of revenue, share capital, and specific assets. High-profitability businesses might set themselves up through tax aggressiveness to reduce their tax liability. Due to the fact that businesses with significant profitability frequently already are aware of the opportunities for engaging in tax aggressiveness.

Leverage

Leverage according to (Adisamartha & Noviari, 2015) is a ratio that reflects how much money or external capital a company uses to run its operations. Leverage is a measurement of how much debt a firm or organization employs to finance itself. The higher the debt action taken by management in an effort to reduce the tax burden, the higher the leverage in a business or organization, and the lower the tax issued by the firm owing to the significant reduction in interest expenditure.

Capital Intensity

Capital intensity according to (Lestari et al., 2019) is an investing practice used by businesses that make fixed asset investments. Large fixed assets also result in very high depreciation costs. The extremely high depreciation is accompanied by a reduced corporation tax burden. The more fixed assets a corporation has, the more likely it is to pursue tax avoidance strategies.

Firm Size

Firm size according to (Mustika, 2017) is a scale where the size of the company may be stated in numerous ways, such as total assets, stock market value, and others. According to (Ogbeide, 2017) One of the factors that is anticipated to affect how aggressively a company approaches taxation is business size or firm size. Larger businesses or larger firms are more likely to be tax-aggressive because of their relative advantage in economic and political clout.

Hypothesis

The effect of profitability on tax aggressiveness

In this agency theory provides an overview of the separation between management and shareholders. This separation has the aim of achieving effectiveness and efficiency in managing the company by hiring the best agents in managing the company. With this, the agent has a tendency to increase profits as high as possible because of the pressure exerted by the principal who wants a high rate of return from the resources that have been invested. When the Covid-19 incident occurred, the agency tried to survive in a difficult situation by taking many steps to minimize taxes. With adequate human resources, companies with a high level of profitability will try to do tax aggressiveness, so it is not impossible that the phenomenon of the estimated disappearance of state revenue from taxes is estimated to have disappeared by 68.7 T during the pandemic. The better a corporation manages its assets, the higher its ROA and the higher its profitability. Profitable companies make better use of their resources, which lowers their effective tax rates. Companies can take advantage of tax benefits and carefully manage their tax strategies in order to efficiently lower their tax rates.

H1: Profitability has an effect on tax aggressiveness.

The effect of leverage on tax aggressiveness

This summary of the distinction between management and shareholders is provided by agency theory. By employing the greatest managers for the job, this division hopes to increase the company's efficacy and efficiency in management. Due to pressure from the principle, who desires a high rate of return on the resources invested, the agent has a tendency to boost profits as high as feasible in this situation. The strategies employed by agents to increase profits by being aggressive with taxes, one of which is raising the debt level so that interest costs rise and the tax burden falls because of the increase in interest costs. The company's debt has a set charge in the form of interest expense. As stated in Law no. 36 of 2008 concerning Income Tax (PPh) article 6 paragraph 1 concerning Income Tax (PPh), interest expenditure is included in expenses that might lower taxable income (deductible expense). As a result, the usage of debt has a favorable association with a company's tax aggressiveness. The influence of interest expenses on corporate earnings has an impact on how much tax the corporation is required to pay.

H2: Leverage has an effect on tax aggressiveness.

The effect of capital intensity on tax aggressiveness

Capital intensity or intensity ratio is an activity that is purchased by investing in fixed assets and inventories. Agency theory provides a concise explanation of the distinction between management and shareholders. This section seeks to improve the effectiveness and efficiency of management inside the organization by hiring the best managers available. The agent tends to increase profits as much as is practical in this scenario due to pressure from the principle, who wants a high rate of return on the resources invested. The techniques employed by agents to boost profits by being aggressive with taxes include raising the amount of investment in fixed assets so that the depreciation expenditure grows and the tax burden falls as a result of the increased depreciation expense. Having large fixed assets will result in different expenses that are also unusually high, resulting in lower income. A large burden will reduce the company's fiscal profit which means that the tax burden imposed will also be lower. Expenses can reduce taxable income as stated in Law no. 36 of 2008 concerning Income Tax (PPh) article 6 paragraph 1.

H3: Capital intensity has an effect on tax aggressiveness

The effect of firm size on tax aggressiveness

The agency theory in this case gives a general picture of the division between management and shareholders.

By engaging the greatest agents to manage the firm, this separation aims to increase effectiveness and efficiency in management. Because the principal is pressing for a high rate of return on the resources invested, the agent has a tendency to enhance profits as high as feasible. In big businesses, management is already aware of the ways to get tax breaks that will eventually be advantageous to the company. There is a unidirectional association between firm size and tax aggressiveness since larger organizations also have the biggest permanent difference discretion, which indicates the existence of a stronger tax aggressiveness action.

H4 : Firm size has an effect on tax aggressiveness Corporate tax aggressiveness.

Methods

This study makes use of secondary data in the form of financial records and data from the company's website. Multiple linear regression was used to process the data using IBM SPSS 25.

Participants

The object of this research is a manufacturing company which is listed on the Indonesia Stock Exchange. This study analyzes the relationship between tax aggressiveness and dependent variables such as profitability, leverage, capital intensity, and firm size with one control variable which is company age. Researchers plan to research in the 2020-2021 period. This research uses purposive sampling method. The sample obtained is 170 companies with 2 years of research using annual data. The total sample obtained is 200 samples.

Table 1. Research sample details

No	Description	Total
1.	Manufacturing companies for 2020-2021 listed on the IDX.	170
2.	Manufacturing companies that do not consistently publish financial reports for the 2020-2021 period	(11)
3.	Companies that experience losses during the research year.	(59)
Total Companies that can be used as research samples		100
Sample Period		2
Total Sample		200

Source: Processed Data, 2022

Instruments

This study has one dependent variable and four independent variables and one control variable. These variables are listed in Table 2

Table 1. The variable measurements

Variable	Proxies	Measurement
Y	Effective tax rates	$ETR = \frac{\text{Tax expense}}{\text{Pre-tax income}}$

X1	Profitability (Return On assets)	$ROA = \frac{Net\ profit}{Total\ Assets}$
X2	Leverage (Debt To Assets Ratio)	$DAR = \frac{Total\ debt}{Total\ Assets}$
X3	Capital Intensity (CAPIN)	$DAR = \frac{Net\ Fixed\ Assets}{Total\ Assets}$
X4	Company Size	$SIZE = Ln\ Total\ Assets$
Control	Company Age	$Age = Research\ year - Company\ Founding\ Year$

Results

Table 3. Descriptive statistics test result

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
ETR (Y)	200	.00	1.77	.2610	.18577
ROA (X1)	200	.00	1.82	.0925	.17451
DAR (X2)	200	.00	.97	.3909	.19272
CAPIN (X3)	200	.00	1.00	.3807	.21081
SIZE (X4)	200	25.08	33.54	28.8747	1.72332
AGE (CONTROL)	200	12.00	108.00	42.4200	18.41464
Valid N (listwise)	200				

Source: Processed Data, 2022

Effective Tax Rate (tax aggressiveness) by dividing tax expense by profit before tax, has a minimum value of 0.00000 which is owned by PT Buana Artha Anugerah Tbk. (STAR) in 2020. The maximum value is 1.77000 which is owned by PT Krakatau Steel (Persero) Tbk. (KRAS) in 2020. The average value for this variable is 0.261 or 26%. The average shows that the companies in the sample pay an actual tax rate of 26%. The standard deviation is 0.18577.

The profitability variable is measured using the Return On Assets (ROA) ratio which has a minimum value of 0.00000 which is owned by the Semen Baturaja (Persero) Tbk company. (SMBR) in 2020 and a maximum value of 1.82 owned by PT Krakatau Steel (Persero) Tbk. (KRAS) in 2020. Then the average ROA value is 0.0925 or 9%. This average can be interpreted that the average company in the sample generates a profit or profit of 9% by utilizing the total assets of the company. The standard deviation is 0.17451.

The leverage variable which is measured using the ratio of Debt to Total Assets (DAR) has a minimum value of 0.00 or 0% which is owned by the company Buana Artha Anugerah Tbk. (STAR) in 2020 and 2021. The maximum value for leverage is 0.97 or 97% owned by Searad Produce Tbk (SIPD) in 2021. Then the average leverage value is 0.3909 or 39%. The standard deviation is 0.19272.

The capital intensity variable is measured by dividing net fixed assets by total assets. Capital intensity has a minimum value of 0.00000 which is owned by PT Buana Artha Anugerah Tbk. (STAR) in 2020 and has a maximum value of 1,000000 owned by Searad Produce Tbk (SIPD) in 2021. The average value on Capital Intensity is 0.3807 or 38%. Standard deviation of 0.21081

Company size variable as measured by Ln (total assets) shows a minimum value of 25.08, namely at PT Sinergi Into Plastindo Tbk. (ESIP). The maximum value is owned by PT Astra International Tbk (ASII) with a value of 33.54. The average value is 28.8747, if it is converted into the natural anti-logarithm form or its original form, the value is Rp. 3,468,349,679,259. This value means that the average company in the sample can be categorized as a large company with total assets of more than 10 billion. And the standard deviation is 1.72331.

The variable age of the company has a minimum value of 12, namely at PT Buana Artha Anugerah Tbk. (STAR) which means the company is the youngest company among other companies in the sample. the maximum value of 108 at PT Hanjaya Mandala Sampoerna Tbk (HMSP) means that the company is the oldest company among the other companies in the sample. The age variable of this company has an average value of 42.42 and a standard deviation of 18.41464.

Table 4. Normality test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	
N		200	
Normal Parameters ^{ab}	Mean	.0000000	
	Std. Deviation	.09858688	
Most Extreme Differences	Absolute	.066	
	Positive	.066	
	Negative	-.041	
Test Statistic		.066	
Asymp. Sig. (2-tailed)		.032 ^c	
Monte Carlo Sig. (2-tailed)	Sig.	.324 ^d	
	99% Confidence Interval	Lower Bound	.312
		Upper Bound	.336

Sumber : *Output SPSS 25, 2022*

Based on table 4 above, it can be seen that the data is said to be normal if the Asymptotic Significant Sig. (2-tailed) is greater than 0.05. The test results using the Kolmogorov-Smirnov One Sample based on table 4.3 above show the Asymp value. Sig. (2-tailed) is 0.324. Thus, the data in this study are normally distributed and meet the normality test requirements because of the Asymp value. Sig (2-tailed) $0.324 > 0.05$.

Table 5. Multicollinearity Test Results
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA (X1)	.933	1,072
	DAR (X2)	.960	1,042
	CAPIN (X3)	.916	1,092
	SIZE (X4)	.814	1,228
	AGE (CONTROL)	.858	1,165

a. Dependent Variable: ETR (Y)
Sumber : *Output SPSS 25, 2022*

Based on Table 5 above, it can be seen that there is no multicollinearity in the regression model, because the independent variables (profitability, leverage, capital intensity, firm size, and firm age) show a tolerance number above 0,1 and a VIF figure below 10.00. Therefore, it may be said that there is no connection between independent variables, or that the existent independent variables do not exhibit multicollinearity issues.

Table 6. Heteroscedasticity Test Results
Coefficients^a

Model		t	Sig.
1	(Constant)	-2,089	,038
	ROA (X1)	,644	,520
	DAR (X2)	1,612	,109
	CAPIN (X3)	,830	,408
	SIZE (X4)	,008	,994
	AGE (CONTROL)	-1,391	,166

a. Dependent Variable: LNU2I
Source : *Output SPSS 25, 2022*

Based on table 5, the results of the park test state that the profitability variable as measured by ROA has a significant value of $0.520 > 0.05$; leverage as measured by DAR has a significant value of $0.109 > 0.05$; capital intensity has a significant value of $0.507 > 0.05$; firm size has a significant value of $0.994 > 0.05$; the age of the company has a significant value of $0.166 > 0.05$. So it can be concluded that there is no problem of heteroscedasticity in the independent variables.

Table 7. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,848a	,718	,711	,09985	1,796

a. Predictors: (Constant), AGE (CONTROL), CAPIN (X3), DAR (X2), ROA (X1), SIZE (X4)

b. Dependent Variable: ETR (Y)

Source : *Output* SPSS 25, 2022

Based on table 7 shows that the Durbin Watson value is 1,796 this value will be compared with the table value using a significant 5%, the number of samples is 200 (n), and the number of independent variables is four plus one control variable so that k used is (k-5). In the Durbin Watson table, the upper limit (dU) is 1.7952 and the lower limit (dL) is 1.7382. Then it produces a position $dU < d < 4 - dU$, or $1,7952 < 1,796 < 2,2048$, these results do not show any symptoms of autocorrelation.

Table 8. Simultaneous Significance Test Results
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,933	5	,987	98,963	,000 ^b
	Residual	1,934	194	,010		
	Total	6,867	199			

a. Dependent Variable: ETR (Y)

b. Predictors: (Constant), AGE (CONTROL), CAPIN (X3), DAR (X2), ROA (X1), SIZE(X4)

Source : *Output* SPSS 25, 2022.

Based on Table 7, it shows that the value of the statistical calculation of the F test with an F value of 98.963 and a significant value of 0.000 which means that it is smaller than 0.05 means that this regression model can be used to predict the dependent variable. It states that all independent variables used are profitability, leverage, capital intensity and firm size along with the control variable, namely firm age, which has a significant effect on the dependent variable, namely tax aggressiveness which is measured using the Effective Tax Rate (ETR) proxy.

Table 9. Individual Parameter Significance Test
(t test)

Model		Unstandardized Coefficients		Standardize	t	Sig.
		B	Std. Error	d Coefficients Beta		
1	(Constant)	,160	,123		1,300	,195
	ROA (X1)	,786	,042	,738	18,706	,000
	DAR (X2)	,218	,037	,226	5,820	,000
	CAPIN (X3)	,157	,035	,179	4,487	,000
	SIZE(X4)	-,003	,005	-,027	-,637	,525
	AGE (KONTROL)	-,001	,000	-,078	-1,886	,061

a. Dependent Variable: ETR (Y)
Source : *Output* SPSS 25, 2022

Discussion

The effect of profitability on tax aggressiveness

The first variable (X1), namely profitability as proxied by ROA on tax aggressiveness has a calculated T value of 18,706 and a significance value of 0.000, which means that the significance value is less than 0.05 ($\text{sig} \leq 0.000 < 0.05$) and t arithmetic value $18,706 > t$ table 1.9719. So, Profitability or X1 has a significant effect on tax aggressiveness. So that the first hypothesis (H1) is accepted. Large profitability of a corporation is a sign that it can produce high profits. Because a huge profit will result in a higher income tax burden proportionate to the growth in the company's earnings, the agency theory might motivate agents to raise business profits. According to agency theory, agents will

make every effort to minimize the tax burden in order to avoid lowering their performance bonuses due to the company's decreased profitability as a result of the tax burden.

This research is supported by research conducted by (Rosmaria et al., 2021) states that profitability has a positive effect on tax aggressiveness, higher profit-making businesses pay lower tax rates and put more effort into tax-saving strategies. as well as research conducted by (Lanis & Richardson, 2012) demonstrating that profitable companies are more prone to practice tax avoidance than less successful companies. Research conducted by (Onyali & Gloria, 2018) state that corporate tax aggressiveness was strongly correlated with profitability.

The effect of leverage on tax aggressiveness

The second variable (X2) is leverage as proxied by the debt to assets ratio (DAR) has a T count of 5,820 and a significance value of 0.000. The significance is smaller than the value of which is 0.000. value ($\text{sig} < = 0.000 < 0.050$) and t arithmetic value $5,820 > t \text{ table } 1.9719$, then the leverage variable, namely X2, has an effect on tax aggressiveness. So the second hypothesis (H2) is accepted. The results of this test can be interpreted that the more the use of debt in financing the company's activities, the burden that can reduce the burden is even greater so that the tax paid is lower. This is because companies that have high debt will get tax incentives in the form of discounts on loan interest (Suyanto, 2012). In addition, interest expense can reduce taxable income (deductible expense) as stated in Law no. 36 of 2008 concerning Income Tax (PPh) article 6 paragraph 1. This means that the greater the interest expense, the lower the tax rate that must be paid by the company.

These results are also supported by research conducted (Ortas & Gallego-Álvarez, 2020) which state that highly leveraged businesses can lower their tax obligations by employing tax-deductible interest payments. it's the same as what was said in (Ogbeide, 2017) research said that High interest costs are a problem for heavily leveraged businesses. The effective tax rate is typically reduced by interest expenditure since it is tax deductible.

The effect of capital intensity on tax aggressiveness

The third variable (X3) capital intensity in the table above has a T count of 4.487 and a significance value of 0.13. The significance is smaller than the value of which is 0.05. the value ($\text{sig} < = 0.000 < 0.050$) and the value of t count $4.487 > t \text{ table } 1.9719$, then the variable capital intensity, namely X3 has an effect on tax aggressiveness. So that hypothesis 3 (H3) is accepted. The capital intensity variable has a significant effect on tax aggressiveness with a positive direction meaning that companies investing more capital in fixed assets will have a low effective tax rate because depreciation expense can reduce deductible expense as stated in the Act. -Law No. 36 of 2008 concerning Income Tax (PPh) article 6 paragraph 1. This means that the greater the depreciation expense, the lower the tax rate that must be paid by the company. Companies typically utilize this loophole to carry out tax-aggressive operations.

This research is supported by research conducted by (Lanis & Richardson, 2012). Capital-intensive businesses that want to be tax-aggressive use accelerated depreciation charges depending on asset lifetimes. These results are also supported by research conducted by (Legowo et al., 2021) said that companies with a large percentage of fixed assets pay comparatively little in taxes. This is because depreciation expenditure is one of the deductible expenses in determining taxable income under Indonesia's current tax legislation.

The effect of company size on tax aggressiveness

The size of the firm, represented by Ln (total assets) in the aforementioned table as the fourth variable (X4), has a T count of -0.637 and a significance value of 0.525. The significance is greater than the value of which is 0.05. value ($\text{sig} < = 0.525 > 0.050$) then the company size variable, namely X4 has no effect on tax aggressiveness. So the fourth hypothesis (H4) is rejected. Tax aggression is unaffected by company size. The aggressive measures that the corporation takes are unaffected by whether it is a small or huge company. This occurs because both large and small businesses can engage in tax-aggressive behavior since both are still subject to tax obligations. This is because tax-aggressive behavior is not just practiced by large businesses. The distinction is in how tax aggressiveness impacts state revenues; if it is used sparingly by firms, the impact is little since the amount used is not excessive, but if it is used widely by enterprises, it will significantly damage state revenues. So that the ones that are reported to be taking tax aggressiveness are companies with large scales, because they get more attention from the government

This research is supported by research conducted by (Ogbeide, 2017) said that larger firms with a proven track record seem to be subject to more political scrutiny, which tends to lessen the likelihood of tax aggressiveness. Also (Onyali & Gloria, 2018) said that size has no significant impact on tax aggressiveness. in line with what was said in the research conducted by (Belz et al., 2018) which said that larger businesses are subject to more regulatory action, pressure from the public, and inspection.

Conclusion

Based on the results of the first hypothesis test, profitability has a significant positive effect on tax aggressiveness. This shows that profitability has a big role in influencing the company's decision to take tax aggressiveness actions. That is, Ha1 is supported. Based on the results of the second hypothesis test, leverage has a significant positive effect on tax aggressiveness. This shows that leverage has a big role in influencing the company's decision to take tax aggressiveness actions. That is, Ha2 is supported. Based on the results of the third hypothesis test, capital intensity has a significant positive effect on tax aggressiveness. This shows that capital intensity has a big role in influencing the company's decision to take tax aggressiveness actions. That is, Ha3 is supported. Based on the results of the fourth hypothesis test, firm size has no effect on tax aggressiveness. This shows that the size of the company has no influence in influencing the company's decision to take tax aggressiveness actions. That is, Ha2 is supported. Based on the results of hypothesis testing for the control variable, namely the age of the company, the age of the company has a negative and significant effect on tax aggressiveness. This shows that the age of the company has the opposite relationship with tax aggressiveness. Companies with a younger age are indicated to be more likely to carry out tax aggressiveness than companies with a more established age and stand first.

The outcomes of the conducted study may be useful to the government. In order to take into account the variables that are thought to affect tax aggressiveness in determining policies related to tax regulations and becoming inputs in developing the tax system, the government can learn about tax aggressive actions from several factors that have been studied in this study.

Although this study's findings are outstanding, it also includes several flaws that can be fixed in further investigations. First, in this study, researchers conducted purposive sampling of companies that experienced losses so that they could not guarantee that the entire sample could represent the population and second, his research was conducted in the year the Covid-19 pandemic (2020-2021) occurred so that some companies were in an unfit condition with fluctuating financial performance and had a very wide range of values from one company to another.

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