TAX AVOIDANCE AS A RESULT OF DEBT LEVELS AND DEFERRED TAX

Lorina Siregar Sudjiman[1], Paul Eduard Sudjiman[2]

[1]Universitas Advent Indonesia Bandung

ABSTRACT

Enter Listed on the Indonesia Stock Exchange and included in the SRI-KEHATI Index for the years 2021–2023, the purpose of this research is to assess the impact of debt levels and deferred taxes on tax avoidance. The Completed Item All of the descriptive methods that were utilized in this investigation were quantitative. The framework of this study makes use of secondary data that was obtained from several information sources, including www.idx.com. Throughout the three-year observation period (2021–2023), sixty data points that satisfy particular criteria were gathered from twenty-five companies that were selected through the use of a purposive sampling approach. To study the data, various statistical methods were utilized, including descriptive statistics with classical assumption testing, multiple linear regression analysis, hypothesis testing using F and t-tests, and evaluation of the coefficient of determination. According to the findings of this research, from 2021 through 2023, the Deferred Tax variable does not have a substantial impact on tax avoidance actions when the context is partial (t). In the context of tax evasion, the Debt Level variable is completely insignificant. From 2021 through 2023, companies that are included on the SRI-KEHATI Index do not let the factors dealing with their Deferred Tax and Debt Level have a major impact on the steps they take to avoid paying taxes (F). The level of debt and the amount of deferred taxes do not simultaneously affect tax evasion in SRI-KEHATI index companies listed on the Indonesia Stock Exchange.

Keywords: tax avoidance, debt levels, deferred tax, Indonesia stock exchange, debt ratio.

1. INTRODUCTION

Taxes are crucial for the government because they significantly affect state revenues. Many corporations continue to avoid taxes in Indonesia by implementing various strategies to pay low tax rates. For the Indonesian people, taxes are the main source of the APBN (state income and expenditure). When compared with other sectors, the tax industry has the highest income. Realized APBN spending reached IDR 3,121.9 trillion, exceeding the APBN target of IDR 3,117.2 trillion in 2023. Compared to the amount of IDR 3,081.2 trillion that was by the year 2020, the amount of actual spending also grew by 0.8%, (*Direktorat Jenderal Anggaran*, 2014).

Business entities aim to pay as little tax as possible because this financial burden has the chance to reduce their net profit (Januari & Suardikha, 2019). Of course not in the implementation of taxation in Indonesia. It cannot be denied that the government and the business world have different perspectives on taxation. From the government's point of view, taxes are very important for the government because they have a big influence on state revenues. Taxes are very important for funding state services. However, from a company's perspective, taxes are one way to reduce the wealth or value of a company. When a taxpayer legitimately attempts to minimize his or her tax liability by making efficient use of applicable tax laws, this practice is known as tax avoidance (Dwi Anggriantari & Purwantini, 2020). In situations where the requirements of the country's tax system are ignored, even though they are not officially prohibited, tax evasion emerges as an act detrimental to the state.

According (Budianti & Curry, 2018) Tax avoidance refers to any method or strategy used to minimize a country's tax burden by exploiting legal loopholes. This planning can be done in a halal way or in a way that circumvents the law (tax avoidance).

In this research there is a gap phenomenon in the tax avoidance variable, namely:

Table 1
Tax Avoidance Phenomenon

No	Company	Information
1	PT.Adaro Energy	It is suspected that PT. Adaro Energy avoids and lowers tax payments by shifting most of its network revenues overseas. In a statement entitled Taxing Time for Adaro, Global Witness reported that between 2009-2017, by utilizing its subsidiary in Singapore, Coaltrade Services International, PT. Adaro Energy reduced its debt to the Indonesian government, by around US$125 million, (Suwiknyo, 2019).
2	PT.Bentoel Internasional Investama	This company was used as a tool to avoid taxes by the tobacco company owned by British American Tobacco (BAT). It was reported that BAT had diverted some of its revenues out of Indonesia through intercompany loans between 2013-2015 and payments back to the UK for royalties, fees, and services. As a result, the country could suffer losses worth US$ 14 million per year, (Prmia, 2019).
3	PT Bank PAN Indonesia (Panin) Tbk.	One of the incidents of tax avoidance in 2021 was PT Bank PAN Indonesia (Panin) Tbk. Panin Bank's attorney, Veronika Lindawati, previously appeared accused of collecting bribes to encourage an investigation into tax corruption at the bank. Panin Bank paid a total of IDR 1.3 trillion in taxes, fines and bribes in 2016, based on a re-examination of the tax engineering bribery case, (Niam, 2022).
4	Industrial Sector Taxpayers	The Corruption Eradication Commission (KPK) found that around 63 thousand taxpayers in the palm oil industry sector had problems, related to alleged evasion of tax payments and suboptimal collections from the Directorate General of Taxes, resulting in a decrease in state income. Taxpayers consist of bodies and individuals in the commodity sector, (Anugrah Perkasa, 2017).

In carrying out tax avoidance, deferred tax expense is also involved, due to temporary variances, where accounting profit exceeds fictitious profit. The difference in recognition between accounting profit and fiscal profit will give rise to adjustments in the form of positive corrections and negative corrections. Positive adjustments create a deferred tax asset, which leads to a decrease in expenses reported in the commercial income statement and an increase in profits. Conversely, a negative adjustment creates a deferred tax expense, resulting in an increase in costs reported in the commercial income statement and a decrease in profits, (Setia et al., 2020). Tax deferrals or also known as deferred tax expenses encourage tax avoidance by postponing tax obligations for a certain period based on management strategy, (Gula et al., n.d.).

A company will try to minimize its tax payments if it has a high debt value, this is related to the size of the debt. The level of debt often also called leverage is the amount of capital support owned by a company and comes from external parts of the company, (Muda et al., 2020). The lower the ETR value, the more taxes the company has to pay, and the higher the debt value, according to a study conducted by (Eka Prasatya & Mulyadi, 2020). The amount of debt (debt ratio) is another factor besides delayed taxes. Debt levels serve as a measure of the extent to which a company's assets are financed by debt. The author plans to analyze the example to see how corporate debt levels and deferred taxes impact tax avoidance. According to thorough testing, (Tarigan & Lauren, 2023). Deferred taxes do have quite a big influence on tax avoidance. The results of other research conducted show that partially deferred tax expense has an insignificant negative effect on tax avoidance, and simultaneously deferred tax expense has a significant effect on tax avoidance, (Safitri et al., 2023). Other research shows that debt levels have a positive effect on tax avoidance and after controlling for company size, the relationship is positive and significant (getting stronger) between debt levels and the avoidance variable, (Yulia Hermawati & Wardhani, n.d.). In his research, this is shown by obtaining a significance value, the higher the level of debt in a company, the greater the practice of using tax avoidance, and deferred tax does not influence tax avoidance.

The researcher plans to conduct research which is expected to produce data that is relevant to the current situation based on the findings of previous research testing and the phenomena mentioned above. The findings supported by this data show that the results of the influence of each variable vary. The author aimed to conduct research with the title "The Effect of Deferred Taxes and Debt Levels on Tax Avoidance in Companies Listed on the SRI-KEHATI Index for 2021-2023." This research will involve selecting relevant organizations through the SRI-KEHATI Index and evaluating their impact.

The Yemima Agadima test results show that Deferred Taxes and Debt Levels simultaneously influence Tax Avoidance. However, this is contrary to the results of research conducted which shows that deferred taxes and debt levels simultaneously do not necessarily affect tax avoidance, (Miftah Rahman Amir, 2023).

To formulate the problem, the researcher will first discuss the effect of deferred tax on tax avoidance. Second, the influence of debt size on tax avoidance. And the third is the influence of deferred taxes and debt levels on tax avoidance.

2. LITERATURE REVIEW

2.1 Compliance Theory

Taxpayer compliance practices are commonplace in the tax payment process.

This behavior occurs in the context of fulfilling tax obligations and exercising taxpayer rights concerning tax obligations. According (Wahyuni et al., 2021), The relevant taxpayer's compliance regulates that all assets owned by the taxpayer are reported, and payments are made for each of these assets under the applicable statutory provisions and regulations. This theory is carried out to make taxpayers aware to be more compliant, accompanied by socialization and applicable sanctions to influence taxpayer compliance behavior.

2.2 A Theory of Agency

There is potential for bias between principals and agents in this research because this research is based on agency theory which states that people act in accordance with their own interests. There will be direct consequences to tax avoidance as a result of this conflict of interest, as managers will seek to maximize profits by engaging in tax avoidance practices to receive incentives and compensation, while shareholders will want managers to avoid tax avoidance at all costs. by complying with tax regulations.

In understanding the relationship and potential conflicts of interest that exist between owners (principals) and agents (managers) in a company, agency theory is a framework that can be used. In this theory, the focus is on the function of agents who act on behalf of principles to achieve certain goals. However, agency difficulties may occur due to knowledge asymmetries and conflicts of interest, (Rahmawati & Nani, 2021). When discussing tax avoidance, the term "agency theory" refers to a framework that provides information about the relationships and potential conflicts of interest that exist between principals (owners) and agents (managers) related to corporate tax management.

In this theory, it is highlighted that a mismatch between the goals and interests of the principal and the agent can inspire the agent to carry out tax avoidance actions in a way that may not be in the principal's interests. This theory was developed by the Securities and Exchange Commission (SEC). The existence of knowledge gaps and conflicts of interest can encourage agents to take certain actions or decisions in seeking ways to minimize the tax burden, which can then lead to confrontation with the authorities in charge of taxation. Based on this, agency theory is the basis for understanding the dynamics behind tax avoidance strategies in an organization.

2.3 Deferred Tax Expenses

One type of tax is deferred tax, which is a tax that postpones payment until a later date or after receiving a certain amount, (Anggraini et al., 2019). The term "deferred tax" refers to a type of tax that, depending on its implementation, may increase or decrease the amount of tax payable by the taxpayer in the future. In most cases, there are two ways to view deferred taxes: as an asset account in accounting, and as a liability or debt that must be paid. Following (Fatkhurrozi & Kurnia, 2021), deferred Tax Expenses are tax burdens that arise from short-term differences between a company's profits and the taxable income that forms the basis of the tax.

This means that we can see when a transaction is recognized in the financial statements, both from a commercial and fiscal perspective. The results obtained from this calculation are the results that will be recorded as deferred tax in the income statement. Therefore, the author uses the formula:

$$DTE\ it = \frac{Deferred\ tax\ expense}{Total\ Asset\ t-1}$$

2.4 Debts Level

Debt level/leverage is a financial ratio that compares a company's debt with its equity/capital, referring to the organization's capacity to immediately fulfill and pay short-term and long-term financial obligations, (Andreas Deny Prayoga dan Farid Addy Sumantri, 2023). A high proportion of leverage increases an organization's capacity to send payments to its creditors (This ratio measures a company's debt financing. The use of debt by a company also results in interest payment obligations. The higher the proportion of debt in the company's financial structure, the greater the interest burden it bears, and Significant interest can result in a reduction in the tax burden that must be borne by the company.(Kalbuana et al., 2022).

This measurement uses the DER percentage. One measure of a company's financial health is the debt-to-equity ratio (DER). Dangers to a company's financial stability increase as debt levels increase. Therefore, the author uses the formula:

$$Total\ Debt\ to\ Equity\ Ratio\ = \frac{Total\ Liabilities}{Total\ Equity}$$

2.5 Tax Avoidance

In an effort to increase cash flow while minimizing or eliminating tax debt, tax avoidance is an approach that does not conflict with the provisions of tax regulations. In fact, it can save money in taxes by avoiding filing taxes and hiding the facts, meaning the Company will not be breaking the law and potentially avoiding taxes altogether.

As the risks within a company increase, leaders will have a tendency to be risk takers. On the other hand, if it has a smaller risk, it will tend to be risk averse. (Darsani & Sukartha, 2022) states that the effective tax rate (ETR) is a useful metric to determine whether a company is engaging in tax avoidance. A smaller ETR value indicates increasing tax avoidance behavior.

Based on this, the author uses the formula:

$$ETR\ = \frac{Income\ Tax\ Expense}{Profit\ before\ tax}$$

2.6 The Effect of Deferred Tax on Tax Avoidance

Accounting profit may exceed actual tax profit due to temporary differences; in such cases, deferred taxes will exist. Therefore, the business world postpones its tax payments until the next period. Consequently, deferred taxes are a sign of aggressive tax policy. Deferred tax, as determined by tax circulation, will fall over a certain period according to the extent to which a company avoids tax.

Previous research shows that deferred taxes affect tax avoidance, so this makes sense. The findings of this study are consistent with the findings, (Sukmaastuti, n.d.) dan (Ningsih et al., 2022). However, the deferred tax findings are not in line with the findings (Damayanti dan Nafsiah, abitha Simbolon, 2022), (Amari, 2023), dan (Prolita, 2023).

H1 = Deferred tax affects tax avoidance

2.7 The Effect of Debt Levels on Tax Avoidance

Debt results in fixed expenses, or interest payments, for the organization; this is a company's risk of having to make interest payments that increase with the level of its debt. The company's high interest expenses reduce income. The tax benefits of loan interest are greater for companies with larger debt obligations, which consequently results in reduced taxable profits. As a result, the business world uses debt more often.

Debt levels are positively correlated with tax avoidance, according to research (Kusumaningsih dan Mujiyati, 2024), (Hasanah & Faisol, 2023), (Khairunnisa et al., 2023). However, this is not in line with the claims (Novita & Janrosl, 2021), (Sophian et al., 2022) dan (Pratiwi & Ratnawati, n.d.) that there was no influence. And research (Novia, 2020) found that leverage harms tax avoidance.

H2= Debt Levels Have an Influence on Tax Avoidance

2.8 The Effect of Deferred Tax and Debt Levels on Tax Avoidance

In addition to the impact of each variable, Deferred Taxes and Debt Levels must also be considered. Considering that deferred taxes and debt levels influence tax avoidance, companies use debt levels/leverage to avoid taxes. Because interest expenses reduce a company's gross income before tax, the tax burden will decrease, (Dewi, 2022), (Roslita dan Safitri, 2022), found that deferred tax burden and debt affect tax avoidance. The relationship between deferred taxes and debt levels on tax avoidance is as follows.

H3= Deferred Tax and Debt Levels Influence Tax Avoidance

3. RESEARCH METHOD

3.1 Research Subjects and Objects

The subject of this research examines financial reports included in the SRI-KEHATI index and listed on the Indonesia Stock Exchange (BEI) in 2021–2023. Specifically, the object of this research aims to examine the effect of debt and deferred taxes on tax avoidance.

3.2 Data Collection Technique

Researchers used quantitative methodology and combed secondary sources to collect data relating to factors of concern. This data collection method comes from the official website of the Indonesian Stock Exchange and relates to the financial reports of companies included in the SRI-KEHATI index from 2021 to 2023. These reports contain numerical data for research purposes. After that, the sections of the financial statements related to the topics discussed in this research were examined.

3.3 Population and Sample

The business world that is part of the SRI-KEHATI Index on the BEI in 2021–2023, is considered as part of the population used as a benchmark in this research. To find a representative sample for this research, a purposive sampling process was used. According (Sugiyono Sutopo, 2021) what is meant by "sampling objectives" is a sampling strategy that considers certain factors before being implemented. The sample was chosen because of its characteristics which were considered important for answering the research objectives. The following parameters are the criteria used in this research:

Tabel 3.1
Results of Obtaining Research Samples

NO	Sample Criteria	Number of Samples
1	Researchers are looking for information about SRI-KEHATI index business actors who have submitted complete financial reports to the IDX for 2021–2023, to include these companies in the sample criteria. This means that 25 samples were used as the basis for the results.	25

2	To select companies as samples, researchers looked for companies that had not been delisted. Based on these results, not a single SRI-KEHATI index business was removed from the list. 25 samples are remaining after removing companies from the sample criteria.	25
3	Researchers found one company that used Dollars but did not fit into the sample criteria when entering data. Therefore, the researcher chose a sample size of 24 people and excluded one organization	24
4	To determine sample requirements, the researcher found that the financial records of four organizations showed negative figures for deferred tax expenses. After these four businesses were removed from consideration, a total of twenty samples were used in this study.	20
5	For the period 2021 to 2023, a total of 20 organizations were determined that met the sample acquisition criteria. Thus, the total sample to be used is sixty samples.	20
6	The research year is 3 years (2021-2023)	3
7	Complete sample used during 2021-2023	60

Source: SPSS 25 Data Processing Results

3.2 Data Processing Techniques

Researchers tested the data within the research framework using statistical analysis procedures which included descriptive statistical tests, classical assumption tests, hypothesis tests, multiple linear regression analysis, and evaluation of the coefficient of determination. The data is processed using SPSS Version 25 software so that conclusions can be drawn that show the existence of a relationship or correlation between variables. Using a statistical methodology that will be detailed, this research tests two independent variables, deferred taxes (X1) and debt levels (X2) and uses tax avoidance (Y) as the dependent variable.
For the regression equation, researchers use the following formula:

$$\mathbf{ETRit = \alpha + \beta 1DTE + \beta 2DER + e}$$

Information:
ETR : The dependent variable is tax avoidance.
α : Constanta
β1 β2 : Regression coefficient
DEF : Deferred Tax (Independent Variable 1)
DER : Debt level (Independent Variable 2)
e : Error

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistical Test

Descriptive statistics is a test that provides a summary or description of data seen from differences in distribution, including skewness, kurtosis, range, minimum, standard deviation, variance and average, (Ghozali, 2021). Deferred tax burden, debt level, and tax avoidance are the variables used in descriptive statistics in this research. These variables are accompanied by minimum and maximum values, as well as the mean, standard deviation, and sample size for each variable.

Tabel 4.1 Descriptive Test Results

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
DEF	60	,000	,039	,00777	,007296
DER	60	,315	15,308	3,56221	3,788378
ETR	60	,005	2,091	,27619	,325087
Valid N (listwise)	60				

Source: SPSS 25 Data Processing Results

Sixty data samples were used in this investigation, as shown in the attached Table 2. The variable DEF (X1) can take values as low as 0.000 and as high as 0.039. This variable has a mean value of 0.00777. At the same time, X2, the DER variable, fluctuates between 0.315 and 15.308 at the low end and 3.56221 at the high end. The ETR(Y) variable has a lowest value range of 0.005 and a maximum of 2.091. With a value of 0.27619, the ETR variable is classified as average.

4.2 Classic Assumption Test

1. Normality Test

Tabel 4.2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters [a.b]	Mean	,0000000
	Std. Deviation	,32295097
Most Extreme Differences	Absolute	,378
	Positive	,378
	Negative	-,327
Test Statistic		,378
Asymp. Sig. (2-tailed)		,000[c]

Source: SPSS 25 Data Processing Results

a. Test distribution is Normal
b. Calculated from data
c. Lilliefors Significance Correction

The significance value is 0.000, which means 0.000 < 0.05 as seen in the table which is the result of the Kolmogorov-Smirnov non-parametric statistical test. The results showed that the data that was used for the Kolmogorov-Smirnov normality test did not have a normal distribution because it did not meet the 0.05 significance level.

2. Multicollinearity Test

Tabel 4.3 Multicollinearity Test Results
Coefficients a

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
DEF	,934	1,071
DER	,934	1,071

a. Dependent Variable: ETR
Source: SPSS 25 Data Processing Results

The multicollinearity test shows that the tolerance value for the DEF and DER variables is 0.934 each, meaning that the tolerance value for these variables is more than 0.1. This information is relevant for the Deferred Tax and Debt Level variables. The Variance Inflation Factor (VIF) value for the DEF and DER variables of 1.071 turns out to be less than 10, based on the findings of the multicollinearity test. Therefore, we can say that there is no multicollinearity.

3. Heteroscedasticity Test

Table 4.5
Heteroscedasticity Test Result
Coefficients[a]

Model	t	Sig
1 (Constant)	4,045	,000
DEF	-,850	,399
DER	-,397	,693

Source: SPSS 25 Data Processing Results

The significance level for the DEF variable was obtained at 0.399, which exceeds 0.05, as possible seen from the available table. Apart from that, the DER variable has a significance level of 0.693, which is higher than the threshold of 0.05. This proves that testing the regression model does not show any signs of heteroscedasticity.

4. Autocorrelation Test

Table 4.6
Autocorrelation Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate	Durbin - Watson
1	.114[a]	,013	-,022	,328568	2,008

Source: SPSS 25 Data Processing Results

The tests carried out showed a Durbin-Watson value of 2.008. Values of 1.484 for dU and 2.649 for 4-dU can be seen in the Durbin-Watson table. Taking these results into account, we can conclude that the DW value we obtained is between 1.484 and 2.008, or 2.649, which is the range of dU to 4-dU values. Considering that the DW values are in the dU and 4-dU intervals, this finding rules out the possibility of autocorrelation.

Multiple Linear Analysis
4.4 Coefficient of Determination Test

Tabel 4.7
Determination Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate
1	,114[a]	,013	-,022	,328568

Source: SPSS 25 Data Processing Results

a. Dependet Variabel; ETR
b. Predictors; (Constant), DER, DEF

4.5 Uji Hipotesis
1. Uji F (Simultan)

Tabel 4.8 Hasil Uji F
ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig
1 Regression	,082	2	,041	,378	,687[b]
Residual	6,154	57	,108		
Total	6,235	59			

Source: SPSS 25 Data Processing Results
a. Dependet Variabel; ETR
b. Predictors; (Constant), DER, DEF

The data presented above results in the conclusion that the significance level is greater than 0.05, because the calculated F value reaches 0.378 with a significance level of 0.687. The null hypothesis states that X1 and X2 have no significant effect on Y so the null hypothesis is rejected.

2. T Test (Partial)

This experiment was carried out to determine the extent to which the independent variable influences the dependent variable. This can be seen from the significance value of each variable. If the calculated results are much lower than the α threshold of 5%, this indicates that the independent variables individually influence the dependent variable.

Table 4.9.
T Test Results
Coefficients a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	,333	,082		4,045	,000
DEF	-5,159	6,068	-,116	-,850	,399
DER	-,005	,012	-,054	-,397	,693

Source: SPSS 25 Data Processing Results

a. Dependent Variable: ETR
Y = 0,333 – 5,159 DEF – 0,005 DER

The following is an explanation of the results of the overall regression equation:

1. The presence of independent variables (X1 and X2) is necessary for tax avoidance to occur at 0.333. The constant value of 0.333 reflects this.
2. The consequence of having a DEF of 5.159 is that assuming all other variables remain constant, the level of tax avoidance will decrease by 5.159 points for every 1% decrease in the DEF variable.
3. A DER of 0.005 has a negative influence, meaning that tax avoidance will decrease by 0.005 for every 1% decrease in the DER variable if all other factors remain constant.

This is explained by looking at the table above which shows the test results and their level of significance:

1. The research results show that there is no relationship between Deferred Tax and Tax Avoidance because the significant DEF value of 0.399 is greater than 0.05 (0.399 > 0.05). Thus, H1 is rejected
2. The research results show that there is no relationship between debt levels and tax avoidance because the DER significance value of 0.693 is greater than the significance level of 0.05. Thus, H2 is rejected.

4.6 Discussion

1. The Effect of Deferred Tax on Tax Avoidance

Table 4.9 displays the results of the t-test hypothesis test; The Deferred Tax variable gives a result of 0.399. With a significance level above 0.05 (0.399 > 0.05), these findings indicate that deferred tax has no significant effect on ETR.

The findings of this research indicate that large companies, especially those included in the SRI-KEHATI Index, do not face additional obstacles in tax avoidance when using deferred taxes. Companies engage in tax avoidance at a lower rate when their deferred tax rate, as determined by tax turnover over some time, is high, as this helps lower their tax liabilities. Companies have more capital for investment, growth, and operations if they can defer paying taxes. Taxes are still owed to the corporation, but are postponed until a later date.

The findings of this research confirm previous research which did not find a statistically significant effect of deferred tax on tax avoidance, (Sayati et al., 2023), (Agadima, 2022), (Oktavia Erlin et al., 2023). (Panjaitan & Simbolon, 2022) found that deferred tax had a negative and insignificant effect on tax avoidance. Simply put, we can say that deferred tax has no effect on tax avoidance, so H1 is rejected.

2. The Effect of Debt Levels on Tax Avoidance

The debt level variable has a significance value (0.693 > 0.05) which indicates that the value is above 0.05, based on the t-test results in Table 4.9. For both ETR and tax avoidance, this shows that the debt level variable is meaningless.

Based on the findings of this research, companies that have a lot of debt ultimately pay less taxes because the debt creates long-term liabilities that the company must pay. As a result, heavily indebted companies end up making more money. as a way to lower their own tax liabilities, rather than collecting more funds for their own use. The possibility of a company committing tax avoidance increases in direct correlation with its debt level. Therefore, the high and low levels of corporate debt in the SRI-KEHATI index can still be controlled and have no impact on tax avoidance.

Claiming that debt levels have a significant influence on tax avoidance is contrary to the findings of research conducted (Gunita & Oktaviani, 2023); (Aulia et al., n.d.), dan (Rindu & Junianto, 2023). In other words, H2 is rejected and concludes that debt levels do not affect tax avoidance.

3. The Effect of Deferred Tax and Debt Levels on Tax Avoidance

With a calculated F value of 0.378 and a significance level of (0.687 > 0.05), it can be concluded that the deferred tax variable and the level of debt for tax avoidance have a significance value greater than 0.05. This conclusion can be drawn based on the consequences of the F test hypothesis test which is presented in Table 4.8. The coefficient of determination test was carried out to determine the magnitude of the influence. The test results show that the influence of the level of deferred taxes and debt on tax avoidance only reaches 1.3%, while the remaining 98.7% is caused by other factors not included in the research. Based on this data, the level of debt and the amount of deferred tax do not have a significant influence on tax avoidance, those who avoid paying taxes.

The findings of this research provide an interpretation that there is a tendency that the lower the company's debt level, the smaller the possibility of tax evasion in avoiding paying taxes. This is proven by the correlation between the two. In addition, because companies included in the SRI-KEHATI Index have a high level of deferred tax, the amount of tax that must be paid will be reduced. Therefore, it is very likely that it will not have any influence on the SRI-KEHATI company's compliance with tax avoidance practices. Companies included in the SRI-KEHATI Index are required to maintain their debt and deferred tax levels at the same level. After that, SRI-KEHATI can carry out its own management of business entities that have been registered and selected appropriately.

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5. CONCLUSION

The following are some conclusions that can be drawn from the findings of this analysis:

1. There is no influence of Partial Deferred Tax on tax avoidance practices in companies included in the SRI-KEHATI Index on the Indonesia Stock Exchange throughout the 2021-2023 period.
2. In 2021-2023, the partial debt level of companies included in the SRI-KEHATI Index on the Indonesian Stock Exchange does not influence tax avoidance practices.
3. During the 2021-2023 period, the level of debt and the amount of deferred tax do not simultaneously influence tax avoidance in SRI-KEHATI index companies listed on the Indonesia Stock Exchange.

Taking into account the findings previously presented, the following are several recommendations for conducting additional investigative efforts:

1. By previous conclusions which show that the level of deferred tax and debt has no impact on tax avoidance. It is hoped that companies included in the SRI KEHATI Index will be able to maintain and continue to be consistent in refusing to commit excessive tax evasion and violate the law.
2. Even though there are only two independent variables in this research, researchers who choose to continue the research have the ability to add new variables, which will have an impact on the dependent variable being discussed, namely tax avoidance. This study is limitative in employing data from manufacturing companies from 2021 to 2023. Recommendations for future studies include using more independent variables and extending the research time.
3. The SRI-KEHATI index for companies listed on the Indonesian Stock Exchange is the subsector that is the subject of this research with a period of 2021 to 2023. It is hoped that it can be used as material for consideration.

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APPENDIXES

Appendix 1
Tax Avoidance Phenomenon

No	Company	Information
1	PT.Adaro Energy	It is suspected that PT. Adaro Energy avoids and lowers tax payments by shifting most of its network revenues overseas. In a statement entitled Taxing Time for Adaro, Global Witness reported that between 2009-2017, by utilizing its subsidiary in Singapore, Coaltrade Services International, PT. Adaro Energy reduced its debt to the Indonesian government, around US$125 million. (Suwiknyo, 2019)
2	PT.Bentoel Internasional Investama	This company was used as a tool to avoid taxes by the tobacco company owned by British American Tobacco (BAT). It was reported that BAT had diverted some of its revenues out of Indonesia through intercompany loans between 2013-2015 and through payments back to the UK for royalties, fees and services. As a result, the country could suffer losses worth US$ 14 million per year. (https://www.kompasiana.com/2022)
3	PT Bank PAN Indonesia (Panin) Tbk.	One of the incidents of tax avoidance in 2021 was PT Bank PAN Indonesia (Panin) Tbk. Panin Bank's attorney, Veronika Lindawati, previously appeared accused of collecting bribes to encourage an investigation into tax corruption at the bank. Panin Bank paid a total of IDR 1.3 trillion in taxes, fines, and bribes in 2016, based on a re-examination of the tax engineering bribery case, (Niam, 2022).
4	Industrial Sector Taxpayers	The Corruption Eradication Commission (KPK) found that around 63 thousand taxpayers in the palm oil industry sector had problems, related to alleged evasion of tax payments and suboptimal collections from the Directorate General of Taxes, resulting in a decrease in state income. Taxpayers consist of bodies and individuals in the commodity sector, (Anugrah Perkasa, 2017)

Source: processed by the Researcher

Appendix 2
Results of Obtaining Research Samples

Number	Sample Criteria	Number Samples
1	Researchers are looking for information about SRI-KEHATI index business actors who have submitted complete financial reports to the IDX for 2021–2023, to include these companies in the sample criteria. This means that 25 samples were used as the basis for the results.	25
2	To select companies as samples, researchers looked for companies that had not been delisted. Based on these results, not a single SRI-KEHATI index business was removed from the list. There are 25 samples remaining after removing companies from the sample criteria.	25
3	Peneliti menemukan satu perusahaan yang menggunakan Dollar namun tidak masuk dalam kriteria sampel saat memasukkan data. Oleh karena itu, peneliti memilih ukuran sampel sebanyak 24 orang dan mengecualikan satu organisasi.	24
4	Researchers found one company that used Dollars but did not fit into the sample criteria when entering data. Therefore, the researcher chose a sample size of 24 people and excluded one organization. To determine sample requirements, the researcher found that the financial records of four organizations showed negative figures for deferred tax expenses. After these four businesses were removed from consideration, a total of twenty samples were used in this study.	20
5	For the period 2021 to 2023, a total of 20 organizations were determined that met the sample acquisition criteria. Thus, the total sample to be used is sixty samples.	20
6	The research year is 3 years (2021-2023)	3
7	Complete sample used during 2021-2023	60

Source: processed by the Researcher

Appendix 3
Descriptive Statistical Test Results

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
DEF	60	,039	,000	,039	,466	,00777	,000942	,007296	,000
DER	60	14,993	,315	15,308	213,733	3,56221	,489078	3,788378	14,352
ETR	60	2,086	,005	2,091	16,571	,27619	,041969	,325087	,106
Valid N (listwise)	60								

Appendix 4
Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,32295097
Most Extreme Differences	Absolute	,378
	Positive	,378
	Negative	-,327
Test Statistic		,378
Asymp. Sig. (2-tailed)		,000[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Appendix 5
Multicollinearity Test Results

Coefficients[a]

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
DEF	,934	1,071
DER	,934	1,071

a. Dependent Variable: ETR

Appendix 6
Heteroscedasticity Test Results

Coefficients[a]

Model	t	Sig
1 (Constant)	4,045	,000
DEF	-,850	,399
DER	-,397	,693

a. Dependent Variabel; ETR

Appendix 7
Autocorrelation Test Result

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,114[a]	,013	-,022	,328568	2,008

a. Predictors: (Constant), DER, DEF
b. Dependent Variable: ETR

Appendix 8
Coefficient of Determination Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,114[a]	,013	-,022	,328568

a. Predictors: (Constant), DER, DEF
b. Dependent Variable: ETR

Appendix 9
F Test Results (simultaneous)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,082	2	,041	,378	,687[b]
	Residual	6,154	57	,108		
	Total	6,235	59			

a. Dependent Variable: ETR

b. Predictors: (Constant), DER, DEF

Lampiran 10
T Test Results (partial)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,333	,082		4,045	,000
	DEF	-5,159	6,068	-,116	-,850	,399
	DER	-,005	,012	-,054	-,397	,693

a. Dependent Variable: ETR

Appendix 11
Excel Data for Research on 20 Companies

data excel
penelitian 20 perusa

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