

## Effect of Performance and Financial Risks Banking on State Income in Indonesia Stock Exchange

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### Abstract

The purpose of this study to prove ROE, ROA, DER, PBV have partially and simultant a significant effect on tax. The population in this study were 17 banking companies listed on the Indonesia Stock Exchange with using a purposive sampling technique, for five years from 2014 to 2018. Secondary information was taken from financial reports using regression analysis Eviews 10. The results showed that 1) Empirically and partially ROE has a significant effect on taxes with probability 0,0029 <0.05, 2) ROA has no significant effect on tax of 0,6417 > 0.05, 3) DER has a significant effect on tax with value 0,0090 <0.05, 4) PBV has no significant effect with value 0,5053 > 0.05, 5) Simultaneously ROE, ROA, DER and PBV have significant effect on taxes with an R Square value of 95.3790%, meaning that there are 4.621% influence outside the variables researched. The adjusted R Square value is 0.225736, while the standard error value of the regression model 0.613272 is indicated by S.E. of regression is smaller than the standard deviation value of the S.D response variable dependent var "that is 2,395616 means that the regression model is valid as a predictor model.

*Keywords:* Tax, ROE, ROA, DER, PBV

### Introduction

Indonesia as a developing country is trying its best to improve the economy by focusing on the financial sector, especially banks. The business has been stated in the Financial Note of the 2015 State Revenue and Expenditure Budget, that in the context of meeting the basic needs of the community, the government will maintain the availability of more equitable basic services, improve governance of basic services, and increase access, where there are 5 ( five) priority activities that are the focus for expanding access to micro, small and medium enterprises in 2018, namely (1) improving product quality and marketing access; (2) expanding access to finance; (3) business skills and service development; (4) entrepreneurship development; and (5) strengthening cooperative institutions, partnerships, and business protection.

The increase in economic productivity of the banking and capital markets carried out by the government aims to boost the country's revenue target from the tax sector. Optimal taxation is one of the important keys in sound and sustainable fiscal management, and is a major source of funding for the government in realizing state objectives, specifically creating community welfare, reducing poverty and inequality, and creating jobs. Therefore, state revenues are continuously being dug up and increased to support the increase in national independence so as to reduce the dependency of financing sourced from loans. Efforts to increase state revenues are influenced by dynamic and challenging global and domestic economic developments.

Tax as state revenue continues to be pursued and optimized because it is a mandatory contribution to the state owed by individuals or entities as taxpayers with no direct reciprocity, is coercive, and the collection is done based on the law. This is done considering the contribution of tax revenue to state revenue which continues to increase from 74.9 percent in 2016 to 85.7 percent in 2017. Policies that have been implemented in the previous period are still maintained by continuing to carry out evaluations and improvements. Tax revenue in the 2018 State Budget is targeted to reach IDR 1.618.095.5 billion, an increase of 9.3 percent compared to the 2017 State Budget. Below is a table of Indonesia's State revenues from the tax sector.

**Table 1 Target and Realization of Indonesian Tax Revenue From 2014 - 2018**

Number	Description	Year				
		2014	2015	2016	2017	2018
1	Target	1.072,37	1.294,26	1.355,20	1.283,57	1.424,00
2	Realization	981,83	1.060,83	1.105,73	1.151,03	1.315,51
3	% Performance	91,56	81,59	81,59	89,67	92,24

Source: *www.pajak.go.id*

Table 1 provides information that in the last 5 (five) years the state revenue from the tax sector has never reached the target. According to the MM or Modigliani and Miller (1963) approach in Bringham & Houston, (2006), which became the first grand theory in this study, the tax paid to the State is an expense or cash out for companies, so companies that operate their operations with debt can save tax, and the interest is a tax deduction. In MM theory there are two Propositions I: the value of the debtor company is the same as the value of the non-debtor company plus tax savings due to debt interest. The implication of this proposition I is that financing with debt is very profitable and MM states that the company's optimal capital structure is one hundred percent debt. Proposition II: the cost of share capital will increase with increasing debt, but the tax savings will be greater than the decrease in value due to an increase in the cost of share capital. The implication of this proposition II is that the use of more debt will increase the cost of capital stock.

Other opinions about this tax revenue are research conducted by Maria and Tommy, (2013) the company's net income and the imposition of income tax for corporate taxpayers relating to the performance in the financial statements and can be seen in its financial ratios or fundamental analysis such as profitability, liquidity and solvency. One of these ratios is Return on Assets (ROA) which reflects a company's financial performance, the higher the value of ROA, the better the company's performance and the higher the tax paid to the country. Company performance is measured by the ratio of ROA, ROE and PBV. Return on Equity is a ratio that measures the rate of return from a business or all existing capital, ROE is also used by shareholders to measure the success of the business being undertaken. Return on Assets (ROA) is a ratio that measures the rate of return from business for all existing assets. Management uses a ratio to assess the extent of achievement (Arief and Yanuar, 2009: 81). This is important to be done by shareholders, management, government, and other interested parties. The size of the achievements can be seen from its profitability (Mudrajad and Suhardjono, 2012). If the company makes a large profit, it will also make a large contribution to the State in the tax costs deposited.

**Table 2 Indonesian Income Tax Receipts From 2014 - 2018  
(In billions)**

Number	Descriptionz	Year				
		2014	2015	2016	2017	2018
1	Tax article 21	105,6	114,04	109,64	117,76	134,92
2	Tax article 22	7,2	8,48	11,35	16,17	18,01
3	Tax article 22 Import	39,5	40,25	37,98	43,16	54,72
4	Tax article 23	25,5	27,88	29,14	34,01	39,74
5	Tax article 25/29 Personal	4,7	8,26	5,30	7,81	9,41
6	Tax article 25/29 Company	149,3	182,27	169,69	206,55	254,02
7	Tax article 26	39,4	43,00	36,09	43,69	58,86

Source: *www.pajak.go.id*

Table 2 above can be seen that tax revenue is dominated by corporate tax where the last five years have fluctuated, in 2015 it has increased compared to 2014, but in 2016 it has decreased again, and in 2017 and 2018 it has increased due to government policies providing amnesty tax. Fluctuations in economic activity experienced by companies often do not get tolerance from the tax authorities, because the tax authorities want a progressive and stable taxation. The influence of fluctuations in economic activity will certainly have an impact on corporate financial reporting and tax reporting (Maria, M.R., 2013).

According to tax (Mardiasmo, 2011) is a contribution that is collected directly from the community and deposited to the State treasury based on the law and can be forced. The income from this tax becomes state expenditure in the context of increasing aggregate expenditure and heightening the running of the State's economic wheels (Sukirno, 2012). According to Law No. 27 of 2007, tax is a mandatory contribution to the State owed by individuals or entities that are coercive based on the Law and do not get direct benefits and are used for the purposes of the State and the prosperity of the people. The tax deposited to the State aims to sustain the operational financing of the State in developing and prospering the people of Indonesia which is regulated by laws and regulations (Waluyo, 2008). Tax is a source of development funding.

The second grand theory in this study is the trade-off theory revealed by Myers (2001) in Bringham & Houston, (2006), suggesting that companies owe to a certain debt level, where the tax savings (tax shields) from additional debt equals the cost financial distress (financial distress) "(p.81). Financial distress costs are bankruptcy costs or reorganization, and agency costs that increase as a result of the decline in the credibility of a company. Trade-off theory in determining the optimal capital structure includes several factors including taxes, agency costs and financial distress costs but still maintain the assumption of market efficiency and symmetric information as a balance and benefit of using debt. Optimal debt levels are reached when tax shields reach the maximum amount against the costs of financial distress.

Trade-off theory has the implication that managers think in terms of a trade-off between tax savings and the cost of financial difficulties in determining capital structure. Companies with high levels of profitability certainly try to reduce their taxes by increasing their debt ratios, so that the additional debt can reduce taxes so that companies that run their operations by debt can save taxes, and the interest is a tax deduction. The development of facilities and infrastructure is carried out with the aim of encouraging economic growth and employment opportunities, so that equitable development can be achieved (Munandar 2017).

(Lin, Cheng, & Zhang, 2017) argue that companies tend to see tax payments as an important social obligation in areas with an underdeveloped market economy, inadequate legal infrastructure and professional intermediaries, lack of ethical awareness and commitment to social obligations, low confidence in the government, and the consequences of low costs and violations.

From some of the researchers' opinions above, it can be concluded that tax is an important factor that must be collected from the community, both individuals and entities, and can be imposed on sources of income and the running of a country's economy.

Return on Equity (ROE), is the company's ability to manage capital to obtain overall profit (Overall Management). The Return on Equity (ROE) ratio can be formulated as follows:

$$ROE = \frac{Net\ profit}{Capital} \times 100\%$$

Return on Equity (ROE) according to (Arief and Yanuar, 2009: 81) is a ratio to measure the rate of return of existing business ventures or capital, where ROE is one of the financial ratios used by shareholders to find out and measure the success of business businesses that are traveled.

Return on Assets (ROA), is the ratio of a company's ability to earn profits in managing assets or a number of assets. The Return on Assets (ROA) ratio can be formulated as follows:

$$ROA = \frac{Net\ profit}{Total\ assets} \times 100\%$$

According to (Handayani, 2017) Return on Assets (ROA) has a significant value of 0.047, this shows there is a partial effect of Return on Assets (ROA) on Tax Avoidance. The results obtained in this study are in line with

the results of the study (Fatharani, 2012), (Nugroho, 2011) (Fatharani, 2012), (Maria, MR, 2013) and (Dryeng, SD, M. Hanlon, 2008) in his research proving that middle and high level taxpayers results in lower ROA, this is because ROA is influenced by large expenditures in conducting research and company development that is carried out for business development. Research and development costs can be used as a deduction for taxable profits based on Law No. 36 of 2008 article 6 paragraph. According to (Annisa, 2015) an increased ROA means that the company is able to streamline its assets so that it can generate large profits, thus the tax levied becomes large.

The DER ratio is a comparison between debt and equity in company funding and shows the ability of the company's own capital to fulfill all its obligations. The formula of this DER is:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Equity}}$$

According to (Sartono, 2002), DER is the company's ability to use its capital to fulfill its obligations. Liability results in an interest expense, so that it will reduce profits, and the impact of taxes deposited in the State will also be reduced.

PBV is (Price to Book Value) / a comparison between stock price and book value per share in Indonesian, called price / book value per share, is the ratio used to compare stock prices with book value per share in circulation, with the following formula:

$$\text{PBV} = \frac{\text{Share price}}{\text{Book value per share}}$$

Research conducted by (Elshandidy & Shrivess, 2016) that risks can be seen from the disclosures that exist in the financial statements and the value of the company or PBV, so that the risk is significantly related to environmental incentives and also factors of ownership structure, financial external equity, capital structure and loans. According to (Olibe, 2016) that risk can be seen from information on stock returns, periods of use of information that are timely and can help investors reduce adverse selection, information risk and liquidity risk.

#### **Return on Equity (ROE) partially significant effect on taxes**

Based on the above theory, researchers assume the following hypotheses: H1: Return on Equity (ROE) has a partially significant effect on taxes. This result is in line with research conducted by (Wedha, 2017) which states that ROE has a significant positive effect on tax.

#### **Return on Assets (ROA) has a partially significant effect on tax**

Based on the above theory, researchers assume the following hypotheses: H2: Return on Equity (ROA) partially significant effect on taxes. This hypothesis is in line with research conducted by (Gustin, 2017) and (M.Rajab Beigi, 2013) which states that ROA has a significant effect on income tax. However, it is different from the results of research, (Meilinda, M., & Cahyonowati, 2013), (Laila Marfu'ah, 2015) and (Prakoso, 2014) which states that ROA has no effect on tax reduction.

#### **Debt to Ratio (DER) has a partially significant effect on tax**

Based on the above theory, researchers assume the following hypotheses: H3: Debt to Ratio (DER) partially significant effect on taxes, this hypothesis is in line with research conducted by (Roni Dwi Laksono, 2019) and (Patar Simamora, 2012) shows the results of DER partially affect the income tax of the Agency.

#### **Price Book Value (PBV) has a partially significant effect on tax**

Based on the above theory, researchers assume the following hypotheses: H4: Price Book Value (PBV) has a partially significant effect on tax, while research conducted by (Elshandidy & Shrivess, 2016) suggests that corporate value or PBV is a risk that is significantly associated with environmental incentives and also the ownership structure, external equity factors finance, capital structure and loans.

#### **Return on Equity (ROE), Return on Assets (ROA), Debt Equity Ratio (DER) and Price Book Value (PBV) have a significant effect simultaneously on Tax.**

Based on the above theory, researchers assume the following hypotheses: H5: Return on Equity (ROE), Return on Assets (ROA), Debt Equity Ratio (DER) and Price Book Value (PBV) have a significant effect

simultaneously on Tax. These results are consistent with research conducted by (Handayani, 2017), where panel data regression shows Adjusted R Square of 0.221 which means that 22.1% of Tax Avoidance variations are explained by the free variable Return on Assets (ROA), Leverage or ROE, and Company Size, while the remaining 77.9% is explained by other factors. Hubungan antar variabel dan Hipotesis

**Methods**

This type of research is an associative descriptive research that is research to provide a description of the social phenomenon or phenomenon under study by describing the value of the independent variable, either one or more variables based on indicators from the study in order to determine the effect between two variables or better directly or indirectly (Iskandar, 2009). The population of this study is the whole subject of research as a goal to get data, carried out on the Indonesia Stock Exchange by taking a population of 17 banking companies by using purposive sampling technique as many as 17 banks x 5 years of financial statements from 2014 to 2018 with a total of 85 financial statements. Data collection techniques using secondary data and analysis used is panel data regression with Eviews 10, which is a combination of cross section data with Time Series or a combination of a number of variables observed in a certain period of time (Dr, rer, nat, Dedi Rosadi, 2012).

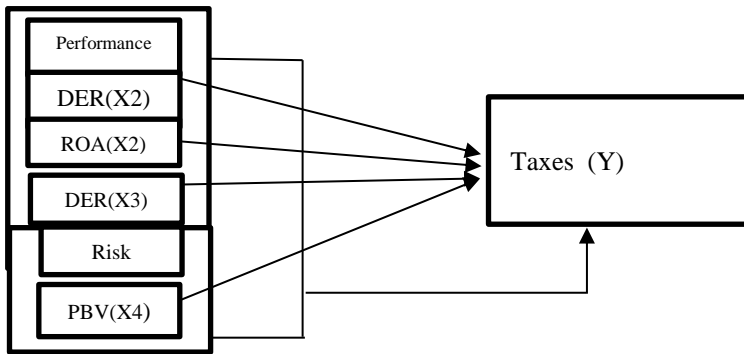


Figure 1. Conceptual Framework

**Panel Data Regression Analysis has the Following Steps:**

**1. Estimating model parameters with three models viz**

**a. Common Effect Model (CEM)**

Common effect model is the most basic estimation model or method in panel data regression, using the principle of ordinary least square or least squares. Common Effect Model (CEM) is also called the pooled least square. In the Common effect Model does not pay attention to the dimensions of time and also the dimensions of individuals or cross sections, so it can be assumed that the behavior of individuals remains in various periods of time.

**b. Fixed Effect Model (FEM)**

Fixed Effect Model (FEM) is different from the Common effect Model, but it still uses the principle of ordinary least square. Assumptions from making models that produce constant intercepts for each cross section and time series are considered less realistic, so we need a model that can better capture the difference.

**c. Random Effect Model (REM)**

This model is to estimate panel data that has interruption variables and is interconnected between time and between individuals. Differences between individuals and between times are accommodated through errors. Due to the correlation between the interruption variables, the OLS method cannot be used so the random effect model uses the Generalized

### Least Square (GLS) method.

Random Effect Model (REM) is a model that can see the characteristics of data that are not constant (Dr, rer, nat, Dedi Rosadi, 2012), the panel data regression allows Intercept to be the difference in respondents (Crosssectional)  $\beta_{0i}$  replaced with intercepts that indicate average average population intercept. The Error model (Vit) consists of Errors due to Crosssectional differences in the company ( $\mu_i$ ) and because of the total Error of the combination of Crosssectional and Time Series (eit), then the next step needs to be tested whether the Random Effect model is a better model than the Fixed Effect model.

## Results and Discussion

### Uji Chow

Chow test or F statistical test aims to find the best model between the Common Effect model and the Fixed Effect Model

**Table 3 Uji Chow**

Redundant Fixed Effects Tests				
Equation: Untitled				
Test cross-section fixed effects				
Effects Test	Statistic	d.f.	Prob.	
Cross-section F	37.904058	(16,64)	0.0000	
Cross-section Chi-square	199.672506	16	0.0000	
Cross-section fixed effects test equation:				
Dependent Variable: PAJAK				
Method: Panel Least Squares				
Date: 08/01/19 Time: 20:32				
Sample: 2014 2018				
Periods included: 5				
Cross-sections included: 17				
Total panel (balanced) observations: 85				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.885034	0.635081	-1.393577	0.1673
ROE	0.030405	0.018298	1.661654	0.1005
ROA	0.366251	0.113942	3.214361	0.0019
DER	0.001071	0.069591	0.015386	0.9878
PBV	1.154977	0.201814	5.722969	0.0000
R-squared	0.515906	Mean dependent var	1.595753	
Adjusted R-squared	0.491701	S.D. dependent var	2.395616	
S.E. of regression	1.707956	Akaike info criterion	3.965495	
Sum squared resid	233.3692	Schwarz criterion	4.109180	
Log likelihood	-163.5335	Hannan-Quinn criter.	4.023289	
F-statistic	21.31427	Durbin-Watson stat	0.644235	
Prob(F-statistic)	0.000000			

Table 3 above shows the probability value in the Chi Square cross section is 0.0000 < 0.05 this means that H0 = Common Effect Model (CEM) is rejected and accepts H1 = Fixed Effect Model (FEM), which means the Fixed Effect Model (FEM) is better than the Common Effect Model (CEM).

To determine which model is the best, then the Hausman test is performed, is the Fixed Effect Model (FEM) better than the Random Effect Model (CEM).

**Table 4 Uji Hausman**

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	25.832250	4	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
ROE	-0.028485	-0.023074	0.000004	0.0040
ROA	0.023503	0.071197	0.000114	0.0000
DER	-0.102610	-0.102005	0.000071	0.9428
PBV	0.098351	0.301205	0.002587	0.0001

Cross-section random effects test equation:

Dependent Variable: PAJAK

Method: Panel Least Squares

Date: 08/01/19 Time: 20:34

Sample: 2014 2018

Periods included: 5

Cross-sections included: 17

Total panel (balanced) observations: 85

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.386182	0.357095	6.682210	0.0000
ROE	-0.028485	0.009211	-3.092547	0.0029
ROA	0.023503	0.050276	0.467481	0.6417
DER	-0.102610	0.038089	-2.693930	0.0090
PBV	0.098351	0.146797	0.669977	0.5053

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.953790	Mean dependent var	1.595753
Adjusted R-squared	0.939350	S.D. dependent var	2.395616
S.E. of regression	0.589975	Akaike info criterion	1.992877
Sum squared resid	22.27652	Schwarz criterion	2.596355
Log likelihood	-63.69727	Hannan-Quinn criter.	2.235613
F-statistic	66.04943	Durbin-Watson stat	1.330190
Prob(F-statistic)	0.000000		

Table 4 above shows the probability value in the Random Cross section is 0.0000 < 0.05 this means that H<sub>0</sub> = Random Effect Model (CEM) is rejected and accepts H<sub>1</sub> = Fixed Effect Model (FEM), which means that the Fixed Effect Model (FEM) is better than the Random Effect Model (CEM).

Because the best model is the Fixed Effect Model (FEM), this model can already interpret the results.

The best model is the Fixed Effect Model (FEM) and the analysis is as follows:

**Table 5 Fixed Effect Model (FEM)**

Dependent Variable: PAJAK  
 Method: Panel Least Squares  
 Date: 08/01/19 Time: 20:28  
 Sample: 2014 2018  
 Periods included: 5  
 Cross-sections included: 17  
 Total panel (balanced) observations: 85

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.386182	0.357095	6.682210	0.0000
ROE	-0.028485	0.009211	-3.092547	0.0029
ROA	0.023503	0.050276	0.467481	0.6417
DER	-0.102610	0.038089	-2.693930	0.0090
PBV	0.098351	0.146797	0.669977	0.5053

Effects Specification

Cross-section fixed (dummy variables)				
R-squared	0.953790	Mean dependent var	1.595753	
Adjusted R-squared	0.939350	S.D. dependent var	2.395616	
S.E. of regression	0.589975	Akaike info criterion	1.992877	
Sum squared resid	22.27652	Schwarz criterion	2.596355	
Log likelihood	-63.69727	Hannan-Quinn criter.	2.235613	
F-statistic	66.04943	Durbin-Watson stat	1.330190	
Prob(F-statistic)	0.000000			

The panel data regression equation with Eviews 10 is as follows:

$$Y = 2.386182 - 0.028485 ROE_{it} + 0.023503 ROA_{it} - 0.102610 DER_{it} + 0.098351 PBV_{it}$$

The results of the Fixed Effect Model (FEM) show that Constanta has a positive value of 2.386182, this means ROE, ROA, DER and PBV if considered constant it can increase the tax value. Return on Equity (ROE) partially has a negative and significant effect on taxes, where the probability value is 0.0029 < 0.05 which means that every Rp. 1 Trillion tax can reduce Return on Equity (ROE) by 2.8485%. Return on Assets (ROA) has no significant effect partially on taxes, where the probability value is 0.6417 > 0.05. This result means that every Rp. 1 trillion in taxes, it can raise ROA by 2.3503%.

Debt to Ratio (DER) has a negative and partially significant effect on tax, where the probability value is 0.0090 < 0.05, this result means that every Rp. 1 trillion in taxes, then it can reduce DER by 10.2610%. Price Book Value (PBV) has no significant effect partially on taxes, where the probability value is 0.5053 > 0.05. This result means that every Rp. 1 trillion in taxes can raise PBV 9.8351%.

Return on Equity (ROE), Return on Assets (ROA), Debt Equity Ratio (DER) and Price Book Value (PBV) have a positive and significant effect simultaneously on taxes, giving an R Square value of 95.3790%, this means that there are 4.621% again that affects outside the variables under study.

The adjusted R Square value in this study was 0.939350, while the standard error value of the regression model 0.589975 was indicated by S.E. of regression is smaller than the standard deviation value of the S.D response variable. Dependent var "that is 2,395616 which can be interpreted as a valid regression model as a predictor model. The Hannan-Quin Criter value is 2.235613, while the Durbin-watson stat value is 1.330190. The results of the F-Test value on F-statistics amounted to 66.04943 with a p value of 0.000000 where < 0.05 or the critical limit of the study, so it can be concluded in the simultaneous test of predictor variables simultaneously affecting the respont variable.



### **Return on Equity (ROE) has a partially significant effect on taxes**

Return on Equity (ROE) has a negative and partially significant effect on taxes, where this study is in line with previous research conducted by Jimmy<sup>1</sup>, Raisa Pratiwi (2018), argues that profitability is the company's ability to obtain a return on operating results related to the use of capital and the results of its research have a significant negative effect on the amount of corporate income tax. According to Firdiansyah (2018) partially, profitability has a positive effect on the tax burden on the income of the outstanding entity which states that ROE has a significant positive effect on tax.

### **Return on Assets (ROA) has no significant effect partially on taxes**

Return on Equity (ROA) has no significant effect partially on tax at 17 banks on the Indonesia Stock Exchange, where this study is in line with previous research conducted by (Meilinda, M., & Cahyonowati, 2013), (Laila Marfu'ah, 2015 ) and (Prakoso, 2014) which states Return on Assets (ROA) have no significant effect partially on tax deduction.

### **Debt to Ratio (DER) partially significant effect on taxes**

Debt to Ratio (DER) has a negative and partially significant effect on the tax of 17 banks on the Indonesia Stock Exchange, this study is in line with research conducted by (Roni Dwi Laksono, 2019) and (Patar Simamora, 2012) shows the results of DER partially affect the Corporate income tax. The relationship between DER and this tax is that if DER increases, it can cause interest expense on company obligations, so that it can reduce profits, and the impact of tax burden can also be reduced.

### **Price Book Value (PBV) has a partially significant effect on tax**

Price Book Value (PBV) does not have a significant significant effect on tax. The results of this study are in line with previous studies conducted by (Kristianto, 2017) found no significant direct relationship between tax avoidance activities and corporate or PBV value.

### **Return on Equity (ROE), Return on Assets (ROA), Debt Equity Ratio (DER) and Price Book Value (PBV) have a significant effect simultaneously on Tax.**

Return on Equity (ROE), Return on Assets (ROA), Debt Equity Ratio (DER) and Price Book Value (PBV) have a significant effect simultaneously on Tax. This result is in line with research conducted by (Handayani, 2017), which states that panel data regression shows Adjusted R Square of 0.221 which means that 22.1% of Tax Avoidance variations are explained by the free variable Return on Assets (ROA), Leverage or ROE, and Size The company, while the remaining 77.9% is explained by other factors.

## **Conclusion**

Based on the results of the processing and discussion of this study produced several important conclusions which are answers to the problems discussed in this study, namely as follows:

1. Empirically prove Return on Equity (ROE) has a negative and partially significant effect on taxes, if ROE is high it will have an impact on the quality of banking performance and increase investor confidence in investing in the bank, so that it will increase profits and will certainly increase revenue country of the tax sector.
2. Empirically prove Return on Assets (ROA) has no partially significant effect on taxes. If ROA increases, corporate profits will also increase, taxes should also increase, but with the interests of companies that want low taxes and make tax planning or tax avoidance, so that it will affect the tax burden.
3. Empirically prove Debt Equity Ratio (DER) partially significant effect on taxes. Debt Equity Ratio (DER) is the ability of a company to manage its capital to meet obligations, so that it will result in interest costs, so that it will reduce profits, and the impact of taxes deposited in the country will also be reduced.
4. Empirically prove Price Book Value (PBV) does not have a significant partial effect on tax. PBV is the company's ability to invest its capital in the form of shares, so that if the PBV of a company is high, it will attract investors to invest their capital in the company, then profits and taxes will also increase.
5. Proving simultaneously ROE, ROA, DER and PBV simultaneously have a significant effect on tax. If profits increase in terms of both assets and equity, it can increase the tax burden. While from the DER side, there is

an interest expense, so that it can reduce profits and impact the lack of tax burden. PBV is the value of the company, so it will increase profits and taxes.

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