



The Effect of Liquidity, Profitability, Inventory Intensity and *Corporate Social Responsibility* (CSR) on Tax Aggressiveness

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Abstract. This study aims to examine the effect of theory and case studies of liquidity, profitability, inventory intensity, and corporate social responsibility (CSR) on tax aggressiveness. The realization of tax revenue in Indonesia has not yet met the set target, even though the government has made efforts to optimize it. This is caused by several factors such as the underground economy, low taxpayer compliance and tax avoidance measures such as tax aggressiveness. The population in this study are manufacturing companies in the primary consumer goods sector which are listed on the Indonesia Stock Exchange (IDX) in 2017–2019. The sampling technique and a sample of 31 companies with 93 units of analysis was obtained, then subtract outlier data, as many as 15 units in order to obtain a final sample of 78 units of analysis. Data collection techniques in this study used documentary techniques. Analysis of research data using descriptive statistical analysis and multiple linear regression analysis. The results showed that manufacturing companies in the consumer goods sector listed on the IDX for the period 2017–2019 in carrying out tax aggressiveness were still low at 37.18%. The results of hypothesis testing indicate that liquidity, inventory intensity and corporate social responsibility (CSR) have no effect on tax aggressiveness, while profitability has a negative effect on bag aggressiveness.

Keywords: Corporate Social Responsibility · Inventory Intensity · Liquidity · Profitability · Tax Aggressiveness

1 Introduction

Taxes in Indonesia are one of the largest state revenues. According to Law Number 28 of 2007 concerning General Provisions and Tax Procedures (KUP) Article 1 paragraph 1, it states that tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the law, with no compensation. Directly and used for the needs of the state for the greatest prosperity of the people. Meanwhile, according to Soemitro (2011) defines taxes as people's contributions to the state treasury based on the law (which can be enforced) without receiving reciprocal services (counter achievements) that can be directly shown and which are used to pay general expenses. Taxes are used

Table 1. Percentage Reception Tax and taxpayer Compliance in Indonesia

	2017	2018	2019
Target	1.284T	1.424T	1.578T
Realization	1.151T	1.313T	1.332T
Achievements	90%	92%	84%
Growth	4%	14%	1.43%
taxpayer Compliance	73%	71%	73%

Source: Official Data *Center for Indonesia Taxation Analysis* (<https://cita.or.id/>), 2021.

by the government as a source of funds to carry out state household activities in various sectors and improve people's welfare.

The Indonesian government has made various efforts in order to increase state revenue from the tax sector. Starting from encouraging the optimization of tax revenues, issuing tax policies for foreign powers, providing targeted tax incentives, as well as promoting increased compliance and supervision of taxes. However, these various efforts have not been able to maximize the realization of state revenues from the tax sector. Realization of tax revenue based on the *Center for Indonesia Taxation Analysis* (CITA) from 2017–2019 can be seen in Table 1.

Realization reception tax in Indonesia yet in accordance with targets that have been determined before. That thing could caused by various factor that is *underground economy* (activities economy lower land), which is activity hidden legal and illegal economics from authority official. Furthermore, the low level obedience Required tax to taxation. Besides that, embezzlement tax (*tax evasion*) which is act criminal manipulation subject and object tax for get savings tax.

Aggressive action tax is action company done _ good legally or illegally for _ lower burden the tax that must be paid with utilise a number of gap in regulation taxation (Mustika, 2017). The more many exploited loophole _ for lower burden tax though no everything is illegal, then company the more considered aggressive to taxation. According to Kamila (2014), action aggressiveness tax could caused by mandatory taxes that do savings tax in accordance with regulation taxation, so that action aggressiveness tax no always caused by non-compliance Required tax to regulation taxation. In In practice, companies that do action too aggressive to tax could cause various consequence like get penalty from tax authorities tax as well as the damage quality companies that can lower score company in investors' views.

There is a phenomenon practice avoidance presumed tax _ done by company manufacture sector goods primary consumers in Indonesia, namely PT. Bantoel International Investment Tbk or (RMBA) which is company cigarette biggest second in Indonesia after HM Sampoerna as well as Becomes child company from *British American Tobacco* (BAT). Quoted from the *Vape Magazine website* (February 19, 2021), the *Tax Justice Network* (TJN) reports existence guess practice avoidance tax (*tax evasion*) conducted by PT. Bantoel International Investment Tbk. (RMBA) which makes the state bear loss up to US\$ 14 million per year or around Rp. 196 billion. On report finance annual or The

annual report listed on the Indonesia Stock Exchange (IDX) explains that the RMBA experienced loss of Rp. 608.46 billion in 2018, where make a loss the more tall from 2017 is _ of Rp. 480.06 billion.

Liquidity is ownership adequate source of funds in Fulfill needs and obligations that will due as well ability for buy and sell assets with fast (Kamila, 2014). If company have ratio level high liquidity _ so company the currently is at in condition smooth cash flow (Yuliana & Wahyudi, 2018). Research that has been conducted previous by Hutagalung & Ismail (2020) show that level liquidity take effect by significant to aggressiveness tax. Adisamartha & Noviari (2015) has To do study before and stated that level liquidity take effect by significant to aggressiveness tax. This thing no in line with research conducted by Amalia (2021) which shows that level liquidity no have influence to aggressiveness tax. However, another study conducted by Savitri & Rahmawati (2017), revealed that that intensity supply no effect on level aggressiveness tax company.

Corporate social responsibility (CSR) is factor main in success and survival life company. *Corporate social responsibility* (CSR) can also be interpreted as form company in maintain connection good to *stakeholders* with give contribution to development economy on environment large by ethical (Rahayu, 2020). Study previously who had done by Mustika (2017) show that *corporate social responsibility* (CSR) has positive influence _ significant to level aggressiveness tax company. Another study conducted by Anita (2015) disclose that *corporate social responsibility* no have influence to level aggressiveness tax. Study the in line with Fionasari, Savitri, and Andreas (2017) who showed that disclosure *corporate social responsibility* no take effect to aggressiveness taxes paid by the company.

Research results show that influencing factors _ aggressiveness tax still not yet consistent, so that in research this still discuss about action aggressiveness tax. A number of factors studied in research _ this of them about level liquidity, profitability, intensity supply as well as *corporate social responsibility* at a company. Destination from study this is for test and analyze influence liquidity, profitability, intensity inventory and *corporate social responsibility* (CSR) to aggressiveness tax. Originality on research this lies in the object under study that is use one _ sector company special _ manufacturing, namely sector goods primary consumers listed on the Indonesia Stock Exchange (IDX), as well as measurement disclosure *Corporate Social Responsibility* (CSR) uses the latest GRI (*Global Reporting Initiative*) index, namely GRI version 4.0 which includes of 91 disclosure items, including categories economy (9 indicators), environment (34 indicators), practice labor and comfort work (16 indicators), rights basic people (12 indicators), society (11 indicators) and responsibility answer on product (9 indicators).

Study this based on theory agency and theory *triple bottom line*. Jensen & Meckling (1976) explain that theory agency (*agency theory*) is a something contract or connection agency (*agency relationship*) between party principal (*principal*) and agent (*agent*). Connection agency (*agency relationship*) is a something contract Among one party or more from principal with the other party (*agent*) in To do a number of service to principal, with involve delegation part authority taking decision to agent. Contract the relate with existence implementation services by party agent for interest principal as giver authority in skeleton operational company. Party principal is party holder share or investors as fund provider for needs operational company, while party agent is party

management that manages company. Connection Among party agent with party principal You're welcome maximizing utility, because there is reason that party agent no always Act in interest best from principal (Jensen & Meckling, 1976).

Theory *The Triple Bottom Line* (TBL) was proposed by John Elkington in 1997 through his book “*Cannibals with Forks, the Triple Bottom Line of Twentieth Century Business* “. Elkington developed draft *triple bottom line* with term *economic prosperity*, *environmental quality* and *social justice*. Elkington (1997) also explains that draft *Triple Bottom Line* is used as base principle in *Corporate Social Responsibility* program application on a company. Three the principle that becomes destination main not quite enough answer social a company, namely: (1) *Profit / Profit*; (2) *People*; (3) *Planet / Environment*.

Liquidity is ability company in pay off obligation period in short. Liquidity a company estimated could take effect to action aggressiveness taxes paid by the company. Suyanto & Supramono (2012) explain that company with level high liquidity _ show ability company the more good in Fulfill obligation period in short, so condition finance company healthy and not have problem about cash flow, which means company capable resolve costs that arise like tax. If level liquidity company increase so profit or profit company the more high and cause tax borne _ company also increased. However, for _ maintain profit earned _ company from big tax that should be imposed, then manager attempted for manage level liquidity company in order to avoid from burden high taxes.

H1: Liquidity take effect positive to aggressiveness tax.

Profitability is ability company in produce profit in something period certain (Kashmir, 2016). Something company have destination for earn profit or profit as high as possible with increase productivity company and streamline cost of one is cost for payment tax. When the company produce profit hit high taxes _ so burden the tax that must be paid by the company will also high. The more tall burden the tax that must be paid company so company tend will To do savings on burden tax that is with action aggressiveness tax.

Study previously who had conducted by Hidayat & Sopian (2016) disclose that companies that have level high profitability _ will obey to payment tax, vice versa if company with level profitability low no obey to payment tax To use maintain company assets than pay tax. Profitability have negative direction _ to aggressiveness tax because of the ups and downs profit reflect trend to aggressiveness tax. The more tall level profitability so aggressiveness tax on company will the more low. On the other hand, the more low level profitability so aggressiveness company will the more high.

H2: Profitability take effect negative to aggressiveness tax.

Intensity supply is how much big company invest in existing inventory. _ Supply is part of current assets used _ for activity operational company in period long. Companies that invest in inventory will cause emergence cost maintenance that can result in increase burden company so that could reduce profit earned _ company. Companies that have level intensity high inventory _ will the more effective and efficient in manage supplies. If intensity supply high, then company To do efficiency cost so that amount profit could

increase in period next. The more tall level intensity supplies, will the more high level _ aggressiveness tax company.

Research conducted by Yuliana & Wahyudi (2018) explain that big intensity supply expected capable increase a lot sale so that profit earned _ company in period next more maximum. Height profit earned _ company could increase burden tax borne _ company so that cause company To do action aggressiveness tax for reduce big burden tax. That thing in line with research conducted by Adisamartha & Noviyari (2015) which shows that intensity supply take effect positive to aggressiveness tax.

H3: Intensity supply take effect positive to aggressiveness tax.

Lanis & Richardson (2012) state that *corporate social responsibility* (CSR) is a factor main in success and survival life company. *Corporate social responsibility* (CSR) can also be interpreted as something mechanism company for integrate her concern to environmental and social to in operations and interactions with *stakeholders* that go beyond not quite enough answer in the field law. *Corporate Social Responsibility* (CSR) is becoming factor main in guard name good and loyal company in the eyes *stakeholders*. However, *corporate social responsibility* (CSR) in the company is also load that can reduce profit company and not can Becomes subtractor in calculation fiscal, so that many companies that do action aggressiveness tax for enter CSR burden to other expenses recognized by taxation.

Study previously done by Mustika (2017) prove that *corporate social responsibility* (CSR) has positive influence _ significant to level aggressiveness tax company. With Thus, fulfillment obligation *corporate social responsibility* (CSR) is carried out by the company for cover image bad company so that only seen well, as well get Support from society and the environment. That thing strengthened with research by Aalin (2018) which explains that disclosure not quite enough answer social company take effect positive by statistics significant to aggressiveness tax.

2 Method

Type study this is study quantitative with design study studies testing hypothesis.

3 Results and Discussion

The results of descriptive statistics in this study describe data from the dependent variable, namely tax aggressiveness and the independent variables, namely liquidity, profitability, inventory intensity, and *corporate social responsibility* (CSR).

3.1 Influence Liquidity to Aggressiveness Tax

The result describe that level the aggressiveness of the company relatively small. That thing in line with Tiaras & Wijaya (2017) who revealed that no the significance connection liquidity with level practice avoidance tax could caused because level liquidity on

each company relatively same. So that could concluded that with good liquidity, company _ no make tax as destination for minimize cost. Too much liquidity describe high idle cash __ could considered not enough productive, will but if liquidity too low will reduce level trust creditor to company (Liani & Saifudin, 2020).

Research results this in line with with study Tiaras & Wijaya (2017), Yani (2018), Liani & Saifudin (2020), Amalia (2021) who say that liquidity no take effect to aggressiveness tax. However, research this no in line with research conducted by Adisamartha & Noviyari (2015), Anita (2015) which explains that liquidity have influence significant to aggressiveness tax.

3.2 Influence Profitability to Aggressiveness Tax

Hidayat & Sopian (2016) disclose that companies that have level high profitability _ will obey to payment tax, vice versa if company with level profitability low no obey to payment tax To use maintain company assets than pay tax.

Based on *triple bottom line theory*, profitability is elements and goals main from a company as addition income used _ for ensure continuity life his efforts. Something company have destination for earn profit or profit as high as possible with increase productivity company and streamline cost of one is cost for payment tax. That thing in line with study this because the more tall level profitability so aggressiveness tax on company will the more low. On the other hand, the more low level profitability so the more tall level aggressiveness taxes made _ company.

This research is in line with the research conducted by Sidik & Suhono (2020) and Hidayat & Sopian (2016) which said that profitability had a significant negative effect on tax aggressiveness. However, research by Yani (2018) explains that profitability has a significant positive effect on tax aggressiveness. This research is not in line with the research conducted by Rahayu & Aeni (2017) and Savitri & Rahmawati (2017) which said that profitability had no significant effect on tax aggressiveness.

3.3 Influence Intensity Supply to Aggressiveness Tax

Research results this no in line with research conducted by Yuliana & Wahyudi (2018) which shows that intensity supply take effect by significant to aggressiveness tax. However, research _ this could in line with research that has been conducted by Savitri & Rahmawati (2017) who explain that intensity supply no take effect to aggressiveness tax. Results study this show that intensity inventory which is activity investation company rated not one _ the right way for To do action aggressiveness tax.

3.4 Influence Corporate Social Responsibility (CSR) Towards Aggressiveness Tax

Research results neither is this consistent with research that has been conducted by Mustika (2017) and Aalin (2018) who stated that that *corporate social responsibility* (CSR) has an effect positive significant to aggressiveness tax.

Study previously conducted by Anita (2015) and Rahayu & Aeni (2017) explain that *corporate social responsibility* (CSR) no have influence by significant to aggressiveness

tax. That thing consistent with results study this also explains that *corporate social responsibility* (CSR) no have influence to aggressiveness tax. The result could concluded that *corporate social responsibility* (CSR) in report annual or report sustainable company no could made as guarantee will low action tax aggressive by the company. _

3.5 Influence Liquidity, Profitability, Intensity Inventory and *Corporate Social Responsibility* (CSR) Towards Aggressiveness Tax

Research results this in accordance with theory agency state that existence connection contract Among principal and agents, where party principal as given party _ mandate for operate operation company have trend for prosper interest personal. Strategies that can done by manager for well-being interest personal that is with push cost taxation. Manager could To do planning tax with utilise loopholes in the regulations _ taxation for get incentive tax. The more many looking for gap company so company the could said more aggressive to tax. Study this has prove that company aggressive to tax that is with use variable liquidity, profitability, intensity inventory and *corporate social responsibility* (CSR) together for reduce burden tax.

4 Conclusion

Based on results data analysis and discussion, then obtained conclusion as following: 1) Liquidity no take effect to aggressiveness tax, 2) Profitability take effect negative to aggressiveness tax, 3) Intensity supply no take effect to aggressiveness tax, 4) *Corporate social responsibility* (CSR) no take effect to aggressiveness tax on company manufacture sector goods primary consumers (*non-cyclical*) for the 2017–2019 period.

Solution article this no miss from help and guidance from a number of party. Because of that, researcher say accept first love _ to Prof. Dr. Fathur Rokhman, M. Hum., Chancellor of the State University of Semarang who has give opportunity to researcher for complete studies degree in Education at the State University of emarang. Second, Prof. Harry Yanto, MBA., Ph.D., Dean Faculty of Economics, State University of Semarang, which has give convenience permission to researcher During To do research. Third, Ahmad Nurkhin, S.Pd., M.Si., Chairman Department of Economics Education who has give service as well as convenience in the study period. Fourth, Dr. Kusmuriyanto, M.Si., as lecturer supervisor, Ahmad Nurkhin, S.Pd., M.Si., as lecturer examiner I and Rediana Setiyani, S.Pd., M.Si., as lecturer examiner II who has give briefing in success study this. Fifth, Mr/Mrs Lecturer Faculty of Economics which has give input, inspiration, and motivation During researcher undergo study at the State University of Semarang. Sixth, Mr. S. Effendi and Mrs. Suriyah who always give prayer, support, love and sacrifice for success in complete article this.

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