

# THE IMPACT OF PROFITABILITY, LEVERAGE, SALES GROWTH, COMPANY SIZE, AND AUDIT QUALITY ON TAX AVOIDANCE

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## Abstract

The purpose of this study is to determine the impact of profitability, leverage, sales growth, company size, and audit quality on tax avoidance in the food and beverage sector listed on the Indonesia Stock Exchange (IDX), Kuala Lumpur Stock Exchange (KLSE), Thailand Stock Exchange (SET), and Philippine Stock Exchange (PSE) for the period 2016-2019. The number of observations as many as 248 research samples obtained by purposive sampling method. The analysis technique used in this study is robust regression analysis. The types of data used are secondary data obtained from the website of the Indonesia Stock Exchange, Kuala Lumpur Stock Exchange, Thailand Stock Exchange, Philippines Stock Exchange and company website. Analysis of Indonesia and Malaysia shows that leverage, company size, and audit quality have an impact on tax avoidance practices. Profitability and sales growth have no effect on tax avoidance. Then the results of the analysis for the Thailand showed that profitability, leverage, sales growth, company size, and audit quality had no effect on tax avoidance. The latest analysis for the Philippines shows that profitability and leverage influence tax avoidance. Meanwhile, sales growth, company size, and audit quality have no effect on tax avoidance.

**Keywords:** Food and Beverage; Indonesia; Malaysia; Philippines; Tax Avoidance; Thailand

**JEL Classification:** E49, F33, H20

## INTRODUCTION

Taxes are the most valuable element of a country's fiscal income as well as taxes are also among the most crucial budgets for a company (Wang et al., 2020). The most influential source of revenue of a country with the highest percentage in the state budget comes from taxes. As evidenced by the receipt of income in the country of Indonesia

amounting to Rp. 2,165.1 T whereas Rp. 1,786.4 T comes from revenues in the tax sector (Ministry of Finance of the Republic of Indonesia, 2019). Therefore, the government wants to do its best to increase the state revenue from the taxation sector, because the taxation sector is one of the most influential sectors for the income of the state budget .

**Table 1. Realization of State Revenue in 2016-2019 (In Trillions of Rupiah)**

Source of Tax Receipts	2016		2017		2018		2019	
	Nominal	%	Nominal	%	Nominal	%	Nominal	%
Tax Revenue	1.539,2	86,3	1.147,5	78,8	1.315,9	81	1.332,06	76,7
Non-Tax Receipts	245,1	13,7	308,4	21,2	308,4	19	405,03	23,3
Sum	1.784,3	100	1.455,9	100	1.624,3	100	1.737,1	100

Based on the table, tax receipts obtained in the country of Indonesia experienced volatile conditions from 2016-2019. Many factors can be the cause of tax receipt conditions in a volatile country, one of which is the practice of tax avoidance. The road traveled by the government makes the tax sector to increase the state budget is

not as easy as imagined. Because from the company's point of view, tax is a burden that can reduce the profit of the company (Darmayasa &Hardika, 2011). With a different point of view can lead to actions in the form of tax avoidance by taxpayers (Swingly &Sukartha, 2015). Tax avoidance is one of the ways that is done to avoid taxes

legally and certainly does not violate the existing tax regulations (Suardana, 2014).

The policy of tax avoidance is considered to be an inappropriate behavior to be done even though it does not violate the prevailing laws and regulations on taxation. Because of the course this tax avoidance can have an impact on the country's declining revenues. Many studies have investigated what factors can lead to tax avoidance. The topic of tax avoidance has not been widely discussed in the corners of the field in some countries, therefore this study will discuss the tax avoidance not only in Indonesia, but also in Malaysia, Thailand, and Philippines, especially in the food and beverage sub-sector for the period 2016-2019. So here is the hypothesis in this study:

H<sub>1</sub>: Profitability has a positive and significant impact on tax avoidance.

H<sub>2</sub>: Leverage has a positive and significant effect on tax avoidance.

H<sub>3</sub>: Sales growth has a positive and significant effect on tax avoidance.

H<sub>4</sub>: The company size has a positive and significant effect on tax avoidance.

H<sub>5</sub>: Audit quality has a positive and significant impact on tax avoidance.

## **METHOD**

The population used in this study is all companies in the food and beverage sub-sector on the Indonesia Stock Exchange (IDX), Kuala Lumpur Stock Exchange (KLSE), Thailand Stock Exchange (SET), and Philippine Stock Exchange (PSE) for the period 2016 - 2019 with a total of 62 companies. The sample techniques used are purposive sampling with the following criteria: (1) food and beverages sub-sector

companies listed on the Stock Exchange of each country, (2) food and beverages sub-sector companies that have complete data and information related to variables in the research in the financial statements, (3) food and beverages sub-sector companies that do not suffer financial losses in vulnerable time 2016-2019.

The independent variables used in this study were profitability

(PROFIT), leverage (LEV), sales growth (SAGS), company size (SIZE), and audit quality (AUDITQUAL). Dependent variables used by tax avoidance are proxy with a Cash Effective Tax Rate (CETR).

To prove the hypothesis that has been described above, the researchers used robust regression analysis as follows:

**Table 2. Variable Operations**

Variable	Definition	Indicators
Tax Avoidance	A framework of action in which an agency taxpayer tries to lower the nominal related to the taxable income (PKP) of the company.	$CETR = \frac{\text{Payment of Taxes}}{\text{Profit Before Taxes}}$
Profitability	The company's total asset capability in generating net profit.	$ROA = \frac{\text{Net Income}}{\text{Total Asset}}$
Leverage	Measure how far the company is financed by debt and the company's ability to meet its obligations with assets or assets owned.	$DAR = \frac{\text{Total Liabilities}}{\text{Total Asset}}$
Sales Growth	A description of the success of a period of investment in the past and can be used as the basis for future sales growth.	$\text{Sales Growth} = \frac{\text{Sales}(t) - \text{Sales}(t-1)}{\text{Sales}(t-1)}$
Company Size	Benchmark how big a company is taking into account the number of assets, sales and market capacity of the company.	$\text{Company Size} = \text{Ln}(\text{Total Asset})$
Audit Quality	Any opportunity that can arise when the auditor conducts an audit of a company's financial statements.	1 = Using The Big Four Public Accounting Firm 0 = Using a non-Big Four Public Accounting Firm.

Indonesia:

$$CETR_{it} = \beta_0 + \beta_1 PROFIT_{it} + \beta_2 LEV_{it} + \beta_3 SAG_{it} + \beta_4 SIZE_{it} + \beta_5 AUDITQUAL_{it} + \epsilon_{it}$$

Malaysia:

$$CETR_i = \beta_0 + \beta_1 PROFIT_{it} + \beta_2 LEV_{it} + \beta_3 SAG_{it} + \beta_4 SIZE_{it} + \beta_5 AUDITQUAL_{it} + \epsilon_{it}$$

Thailand:

$$CETR_{it} = \beta_0 + \beta_1 BLEV_{it} + \beta_2 SAG_{it} + \beta_3 SIZE_{it} + \beta_4 AUDITQUAL_{it} + \epsilon_{it}$$

Philippines:

$$CETR_{it} = \beta_0 + \beta_1 BLEV_{it} + \beta_2 SAG_{it} + \beta_3 SIZE_{it} + \beta_4 AUDITQUAL_{it} + \epsilon_{it}$$

Description:

$\beta_0$  = Constant

CETR = Cash Effective Tax Rate

PROFIT = Profitability

LEV = Debt

SAG = Sales Growth

SIZE = Company Size

QUALITY = Dummy Audit Quality

$\epsilon$  = Error

it = object-i and t-time

## RESULT

### Descriptive Analysis of Indonesia

Cash Effective Tax Rate (CETR)

in Indonesia has an average value is 0.3275 with a standard deviation is 0.3320. For a maximum value is 2.2950.

While the minimum value obtained is 0.1087. Return on Asset (ROA) has an average value is 0.1399 with a standard deviation is 0.1206. For a maximum value is 0.5267. While the minimum value obtained is 0.0005.

**Table 3. Descriptive Statistics of the State of Indonesia**

	CETR	PROFIT	LEV	SAGS	SIZE	AUDITQUAL
<b>Mean</b>	0,32745	0,139859	0,373332	0,078941	25,85441	0,6
<b>Maximum</b>	2,295040	0,526704	0,639285	0,242505	30,57745	1
<b>Minimum</b>	0,108701	0,000526	0,140557	-0,147593	17,17942	0
<b>Standard Deviation</b>	0,331978	0,120590	0,151860	0,088753	4,746136	0,496139
<b>Observation</b>	40	40	40	40	40	40

Leverage (LEV) has an average value is 0.3733 with a standard

deviation is 0.1519. For the maximum leverage value is 0.6393. While the

minimum value obtained is 0.1406. Sales growth (SAGS) has an average value is 0.0789 with a standard deviation is 0.0888. For the maximum value is 0.2425. While the minimum value obtained is -0.1476.

Firm size (SIZE) has an average value is 25.85 with a standard deviation is 4.7461. For the maximum value is

30.5775. While the minimum value obtained is 17.1794. Audit quality (AUDITQUAL) has an average value is 0.6 with a standard deviation is 0.4961. Then based on the table above can be interpreted that companies in Indonesia majority use auditor the big four.

**Table 4. Descriptive Statistics of The State of Malaysia**

	CETR	PROFIT	LEV	SAGS	SIZE	AUDITQUAL
<b>Mean</b>	0,210901	0,134447	0,340593	0,056515	20,30481	0,562500
<b>Maximum</b>	0,711804	0,507643	0,770190	0,606914	23,88365	1
<b>Minimum</b>	0,017552	0,012619	0,045588	-0,313256	18,55035	0
<b>Standard Deviation</b>	0,112574	0,108577	0,224131	0,119607	1,179201	0,499208
<b>Observation</b>	80	80	80	80	80	80

### Descriptive Analysis of Malaysia

Cash Effective Tax Rate (CETR) in Malaysia has an average value is 0.2109 with a standard deviation is 0.1126. For the maximum value is 0.7118. While the minimum value obtained is 0.0176. Return on Asset (ROA) has an average value is 0.1344 with a standard deviation is 0.1086. For

the maximum value is 0.5076. While the minimum value obtained is 0.0126.

Leverage (LEV) has an average value is 0.3406 with a standard deviation is 0.2241. For the maximum leverage value is 0.7702. While the minimum value obtained is 0.0456. Sales growth (SAGS) has an average value is 0.0565 with a standard

deviation is 0.1196. For the maximum value is 0.6069. While the minimum value obtained is -0.3133.

Firm size (SIZE) has an average value is 20.3048 with a standard deviation is 1.1792. For the maximum value is 23.8837. While the minimum

value obtained is 18.5504. Audit quality (AUDITQUAL) has an average value is 0.5625 with a standard deviation is 0.4992. Then based on the descriptive statistics table above can also be interpreted that companies in Malaysia majority use auditor the big four.

**Table 5. Descriptive Statistics of Thailand**

	CETR	PROFIT	LEV	SAGS	SIZE	AUDITQUAL
<b>Mean</b>	0,159605	0,092578	0,367766	0,068150	22,14684	0,9
<b>Maximum</b>	0,489970	0,253495	0,693000	0,811260	26,31456	1
<b>Minimum</b>	0,013263	0,017423	0,066711	-0,196124	16,56254	0
<b>Standard Deviation</b>	0,083170	0,051426	0,201180	0,147174	1,803499	0,301893
<b>Observation</b>	80	80	80	80	80	80

### Descriptive Analysis of Thailand

Cash Effective Tax Rate (CETR) in Thailand has an average value is 0.1596 with a standard deviation is 0.0832. For a maximum value is 0.49. While the minimum value obtained is 0.0133. Return on Asset (ROA) has an average value is 0.0926 with a standard deviation is 0.0514. For a maximum value is 0.2535. While the minimum value obtained is 0.0174.

Leverage (LEV) has an average value is 0.3678 with a standard deviation is 0.2012. For a maximum leverage value is 0.6930. While the minimum value obtained is 0.0667. Sales growth (SAGS) has an average value is 0.0682 with a standard deviation is 0.1472. For a maximum value is 0.8113. While the minimum value obtained is -0,1961.

Firm size (SIZE) has an average value is 22,1468 with a standard deviation is 1.8035. For a maximum value is 26,3146. While the minimum value obtained is 16.5625. Audit quality

(AUDITQUAL) has an average value is 0.9 with a standard deviation is 0.3019. Then based on the table above can be interpreted that companies in Thailand majority use auditor the big four.

**Table 6. Descriptive Statistics of the Philippines**

	CETR	PROFIT	LEV	SAGS	SIZE	AUDITQUAL
<b>Mean</b>	0,231429	0,078143	0,435975	0,070095	23,25277	0,770830
<b>Maximum</b>	0,420893	0,216718	0,720830	0,088942	26,30664	1
<b>Minimum</b>	0,000518	0,023002	0,188030	-0,266608	18,10224	0
<b>Standard Deviation</b>	0,103019	0,041787	0,144452	0,108269	1,826884	0,424744
<b>Observation</b>	48	48	48	48	48	48

### **Descriptive Analysis of Philippines**

Cash Effective Tax Rate (CETR) in Philippines has an average value is 0.2314 with a standard deviation is 0.1030. For a maximum value is 0.4209. While the minimum value obtained is 0.0005. Return on Asset (ROA) has an average value is 0.0781 with a standard deviation is 0.0418. For a maximum value is 0.2167. While the minimum value obtained is 0.0230.

Leverage (LEV) has an average value is 0.4360 with a standard

deviation is 0.1445. For a maximum leverage value is 0.7208. While the minimum value obtained is 0.1880. Sales growth (SAGS) has an average value is 0.0701 with a standard deviation is 0.1083. For a maximum value is 0.8113. While the minimum value obtained is -0,1961.

Firm size (SIZE) has an average value is 23,2528 with a standard deviation is 1.8269. For a maximum value is 26,3066. While the minimum value obtained is 18,1022. Audit quality



(AUDITQUAL) has an average value is 0.7708 with a standard deviation is 0.4247. Then based on the table above can be interpreted that companies in Philippines majority use auditor the big four.

### Hypothesis Testing

**Table 7. Indonesia Data t Test Results**

Variable	Coefficient	Prob.	Information
PROFIT	-0,076250	0,5629	H <sub>0</sub> accepted
LEV	0,256565	0,0090	H <sub>0</sub> denied
SAGS	-0,058678	0,7324	H <sub>0</sub> accepted
SIZE	-0,010546	0,0059	H <sub>0</sub> denied
AUDITQUAL	-0,066421	0,0917	H <sub>0</sub> denied

Table 7 shows robust regression results for Indonesian. Based on the table above it can be concluded that profitability has no significant effect on CETR with a coefficient is -0.0763. Leverage positive and significantly affects CETR with a coefficient is 0.2566. Sales growth had no significant effect on CETR with a coefficient is -0.0587. The size of the company has a positive and significant effect on CETR with a coefficient is -0.0105. Then for

the audit quality negatively and significantly effect on CETR with a coefficient is -0.0664.

**Table. 8 Malaysia Data t Test Results**

Variable	Coefficient	Prob.	Information
PROFIT	0,044640	0,5690	H <sub>0</sub> accepted
LEV	0,065793	0,0780	H <sub>0</sub> denied
SAGS	-0,023918	0,6666	H <sub>0</sub> accepted
SIZE	-0,047442	0,0000	H <sub>0</sub> denied
AUDITQUAL	-0,041334	0,0064	H <sub>0</sub> denied

Table 8 shows robust regression results for Malaysia. Based on the table above, it can be concluded that profitability has no significant effect on CETR with a coefficient is 0.4464. Leverage has a positive and significant effect on CETR with a coefficient is 0.0658. Sales growth had no significant effect on CETR with a coefficient is -0.0239. The size of the company negatively and significantly effect on CETR with a coefficient is -0.0474. Then for the audit quality negatively and significantly effect on CETR with a coefficient is -0.0413.

**Table 9. Thailand Data t Test Results**

Variable	Coefficient	Prob.	Information
PROFIT	-0,251330	0,3636	H <sub>0</sub> accepted
LEV	-0,104380	0,1789	H <sub>0</sub> accepted
SAGS	-0,046562	0,4698	H <sub>0</sub> accepted
SIZE	-0,004291	0,4002	H <sub>0</sub> accepted
AUDITQ UAL	-0,024118	0,5652	H <sub>0</sub> accepted

Table 9 shows robust regression results for Thailand. Based on the table above it can be concluded that profitability has no significant effect on CETR with a coefficient is -0.2513. Leverage has no significant effect on CETR with a coefficient is -0.1044. Sales growth had no significant effect on CETR with a coefficient is -0.0466. The size of the company has no significant effect on CETR with a coefficient is -0.0043. Then for the audit quality has no significant effect on CETR with a coefficient of -0.0241.

**Table 10. Philippines Data t Test Results**

Variable	Coefficient	Prob.	Information
PROFIT	0,963466	0,0047	H <sub>0</sub> denied
LEV	0,274534	0,0379	H <sub>0</sub> denied
SAGS	0,008908	0,9552	H <sub>0</sub> accepted
SIZE	-0,011452	0,2020	H <sub>0</sub> accepted
AUDITQ UAL	-0,061109	0,1088	H <sub>0</sub> accepted

Table 10 shows robust regression results for Philippines. Based on the table above, it can be concluded that profitability has a positive and significant effect on CETR with a coefficient is 0.9634. Leverage has a positive and significant effect on CETR with a coefficient is 0.2745. Sales growth had no significant effect on CETR with a coefficient is 0.0089. The size of the company had no significant effect on CETR with a coefficient is -0.0115. Then for the audit quality has no significant effect on CETR with a coefficient is -0.0611.

## DISCUSSION

### Indonesia

#### The Effect of Profitability on Tax Avoidance

Profitability has no effect on CETR, this relationship is due to the government has sought tax revenues

for the state by changing the tax regulation of Article 17 paragraph 2a on corporate tax rates to be proportional by 25%. The results of this study are supported by (Alfina et al., 2018; Dewi et al., 2019; Faradisty et al., 2019) stated that profitability has no effect on tax avoidance.

### **The Effect of Leverage on Tax Avoidance**

Leverage has a positive and significant effect on CETR, this is because when a company has a high leverage will cause a high interest expense and certainly can be a deduction from the taxable income of the company. This statement is supported in Law No.36 of 2008 Article 6 paragraph 1a and Article 18 paragraph 3. The results of this study are supported by (Abrar, 2019; Alfina et al., 2018; Fauzan et al., 2019; Mahdiana & Amin, 2020; Nugraha & Mulyani,

2019) stated that leverage has a positive and significant effect on tax avoidance.

### **The Effect of Sales Growth on Tax Avoidance**

Sales growth has no significant effect on CETR, this is because taxpayers has the same obligation in the payment, this is in accordance with Article 1 paragraph 1 contained in Law No. 28 of 2007. The results of this study are supported by (Aprianto & Dwimulyani, 2019; Astuti et al., 2020; Susilowati et al., 2020) stated that sales growth has no effect on tax avoidance.

### **The Effect of Company Size on Tax Avoidance**

The size of the company has negatively and significantly effect on CETR, this is because companies that are categorized into large companies involve many stakeholders. Where

with this stakeholder can cause greater cost. Therefore, the way that the management of the company is to increase the burdens that can reduce the amount of taxable income. The results of this study are supported by (Munandar et al., 2016; Praditasari & Setiawan, 2017; Sari, 2014) stated that the size of the company negatively and significantly effect of tax avoidance.

### **The Effect of Audit Quality on Tax Avoidance**

The audit quality has negatively and significantly effect on CETR, this is because the big four public company do not have the right to require the management of the company when conducting tax avoidance. Because basically the decision of tax avoidance in a company is in the hands of the management of the company. The results of this study are supported by (Feranika et al., 2016; Khairunisa et al.,

2017; Sunarsih & Oktaviani, 2016) stated that the audit quality had a negative and significant effect on tax avoidance.

### **Malaysia**

### **The Effect of Profitability on Tax Avoidance**

Profitability has no effect on CETR, this relationship is due to the Malaysian government has made reforms related to the corporate income tax rate to be proportional at 24% (PKF International Limited, 2020). The results of this study are supported by (Alfina et al., 2018; Dewi et al., 2019; Faradisty et al., 2019) stated that profitability has no effect on tax avoidance.

### **The Effect of Leverage on Tax Avoidance**

Leverage has a positive and significant effect on CETR, this is

because when a company has a high leverage means it will cause a high interest expense and can be a deduction from the taxable income. This statement is supported in the Earning Stripping Rules (ESR) where this regulation serves to control the reduction of interest costs (Singh & Kee, 2008). The results of this study are supported by (Abrar, 2019; Alfina et al., 2018; Fauzan et al., 2019; Mahdiana & Amin, 2020; Nugraha & Mulyani, 2019) stated that leverage has a positive and significant effect on tax avoidance.

### **The Effect of Sales Growth on Tax Avoidance**

Sales growth has no effect on CETR, this is because taxpayers still has the same obligation in the payment of taxes. The results of this study are supported by (Aprianto & Dwimulyani, 2019; D. F. Astuti et al., 2020; Susilowati

et al., 2020) stated that sales growth has no effect on tax avoidance.

### **The Effect of Company Size on Tax Avoidance**

The company size has negatively and significantly effect on CETR, this is because large companies can be ensured to have quality resources. So it can give the company more clever in making tax planning in order to generate the lowest taxable income. The results of this study are supported by (Munandar et al., 2016; Praditasari & Setiawan, 2017; G.M. Sari, 2014) stated that the company size has a negative effect on tax avoidance.

### **Thailand**

### **The Effect of Profitability on Tax Avoidance**

Profitability has no effect on CETR, this relationship is due to the Thai government has reformed in 2013

to the company income *tax* (CIT) changed to 20%. The percentage value of CIT rates in Thailand is the lowest tax rate among other countries (PKF International Limited, 2020). The results of this study are supported by (Alfina et al., 2018; Dewi et al., 2019; Faradisty et al., 2019) stated that profitability has no effect on tax avoidance.

### **The Effect of Leverage on Tax Avoidance**

Leverage has no effect on CETR, this kind of relationship is due to the Thai Revenue Department (TRD) has made regulations related to Thailand's domestic taxation containing efforts that can overcome anti-avoidance problems in the country (PKF International Limited, 2020). The results of this study are supported by (Fadila et al., 2016; Kusufiyah & Anggraini, 2019; Sonia & Suparmun,

2019) states that leverage has no effect on tax avoidance.

### **The Effect of Sales Growth on Tax Avoidance**

Sales growth has no effect on CETR, this relationship is due to Thai Revenue Department (TRD) has set prices to address the issue of transfer pricing as evidence of legislative efforts to follow up on unjustified tax avoidance practices (PKF International Limited, 2020). The results of this study are supported by (Aprianto & Dwimulyani, 2019; Astuti et al., 2020; Susilowati et al., 2020) stated that sales growth has no effect on tax avoidance.

### **The Effect of Company Size on Tax Avoidance**

The company size has no effect on CETR, this kind of relationship is due to the CIT rate set in Thailand is only 20% and the value becomes the

lowest tax rate compared to other countries (PKF International Limited, 2020). The results of this study are supported by (Abrar, 2019; Eddy et al., 2020; Khairunisa et al., 2017) stated that the company has no effect on the tax avoidance.

### **The Effect of Audit Quality on Tax Avoidance**

The audit quality has no effect on CETR, this relationship is due to the practice of tax avoidance is legal in the eyes of the law, therefore the auditor cannot influence the company's internal decisions in conducting tax avoidance because the company does not violate tax laws. The results of this study are supported by (Amalia & Ferdiansyah, 2019; Arinda & Dwimulyani, 2018; Damayanti & Susanto, 2016) stated that the audit quality had no effect on tax avoidance.

### **Philippines**

### **The Effect of Profitability on Tax Avoidance**

Profitability has positive and significantly effect on CETR, this kind of relationship is due to when a company has a large income, the company is considered able to pay off obligations related to the payment of taxes. The results of this study are supported by (Dewinta & Setiawan, 2016; Mahdiana & Amin, 2020; Pitaloka & Aryani Merkusiwati, 2019) stated that profitability positive and significantly affects tax living practices.

### **The Effect of Leverage on Tax Avoidance**

Leverage has a positive and significant effect on CETR, this is because the government in the Philippines has also established policies related to hefty fines if companies are caught doing tax avoidance practices and prison

sentences of 4 years (KPMG Asia Pacific Tax Centre, 2018). The results of this study are supported by (Abrar, 2019; Alfina et al., 2018; Fauzan et al., 2019; Mahdiana & Amin, 2020; Nugraha & Mulyani, 2019) stated that leverage has a positive and significant effect on tax avoidance.

### **The Effect of Sales Growth on Tax Avoidance**

Sales growth has no effect on CETR, this is because the government in the Philippines also has a very strict tax regime whereby if corporate taxpayers are late in reporting SPT will be subject to an additional tax rate of 25% (Darussalam, 2016). The results of this study are supported by (Aprianto & Dwimulyani, 2019; Astuti et al., 2020; Susilowati et al., 2020) stated that sales growth has no effect on tax avoidance.

### **The Effect of Company Size on Tax Avoidance**

The company size has no effect on CETR, this is because the department of commerce in the Philippines or commonly known Philippine Economic Zone Authority (PEZA) makes policies related to tax incentives for companies registered in PEZA special economic zones will be given a tax holiday in the form of income tax exemption for a certain period of time (Febrianto, 2012). The results of this study are supported by (Abrar, 2019; Eddy et al., 2020; Khairunisa et al., 2017) stated that the company size has no effect on tax avoidance.

### **The Effect of Audit Quality on Tax Avoidance**

The audit quality has no effect on CETR, this is because the practice of tax avoidance is legal in the eyes of the law, therefore the auditor cannot influence the company's internal



decisions in conducting tax avoidance because the company does not violate tax laws. The results of this study are supported by (Amalia & Ferdiansyah, 2019; Arinda & Dwimulyani, 2018; Damayanti & Susanto, 2016) stated that the audit quality had no effect on tax avoidance.

## **CONCLUSION**

Indonesia and Malaysia show that leverage, company size, and audit quality have an effect on tax avoidance practices. Profitability and sales growth have no effect on tax avoidance. Then the results of the analysis for Thailand showed that profitability, leverage, sales growth, company size, and audit quality had no effect on tax avoidance. Then for Philippines shows that profitability and leverage affect tax avoidance. While sales growth,

company size, and audit quality have no effect on tax avoidance.

## **SUGGESTION**

It is hoped that further research can add moderation variables such as corporate social responsibility (CSR), corporate value and institutional ownership that are suspected to affect tax avoidance practices and not only focused in a food and beverage sub sector but can increase the scope of the sample research sector.

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