



The Effect of Capital Intensity Ratio and Sales Growth to Tax Avoidance with Independent Commissioners as Moderating Variable (Empirical Study on Consumer Goods Industry Companies on the Indonesia Stock Exchange in 2021-2022)

Fadhilah Hasna^{a*}, Sri Zulaihati^b, Ati Sumiati^b

^bFaculty of Economic, State University of Jakarta, Indonesia

*Corresponding Author: fadhilahhasna18@gmail.com

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ABSTRACT

This study aims to: 1) determine the effect of capital intensity ratio and sales growth to tax avoidance; (2) regarding the effect of capital intensity ratio to tax avoidance; (3) the effect of sales growth to tax avoidance; (4) the effect of capital intensity to tax avoidance with the moderating of independent commissioners; and (5) the effect of sales growth to tax avoidance. the population in this study are consumer good industry listed on the Indonesia Stock Exchange in the 2021-2022 period. The source of data in this study is the annual report data of the consumer goods industry companies. The proxied of the variable are cash effective tax rate for tax avoidance, capital intensity ratio, sales growth rate, and the proportion of independent commissioners of the companies. The sampling method used was purposive sampling and 65 companies were selected with a total sample of 170 research data. The analytical technique used are multiple linear regression and moderated regression analysis. Data is processed using SPSS. The results of the study indicate that capital intensity and sales growth have a significant effect on tax avoidance, capital intensity has a positive effect on tax avoidance, sales growth has no significant effect on tax avoidance, independent commissioners is able to strengthen the effect of capital intensity on tax avoidance, meanwhile the independent commissioners are unable to moderate the effect of sales growth on tax avoidance.

Keywords: Capital Intensity Ratio, Sales Growth, Independent Commissioners, Tax Avoidance

INTRODUCTION

Taxes are the biggest source of state revenue to achieve the country's goals, for increasing the economic growth and the resources in it, such as human resources, natural resources, also for state activities that for the welfare of the people. Different case with taxpayers, who consider taxes to be a burden that can reduce their profits/income so that they minimize their taxes (Purnama et al., 2023) through tax avoidance practice (Afrianti et al., 2022). According to Sinaga and Suardikha, the parties that contributes to tax sector revenues are companies. Because they constantly involves tax for their activities (Sinaga & Suardikha, 2019).

During past these years, Tax Justice Network (TJN) has reported that Indonesia facing losses up to \$ 4.78 billion, same worth as Rp 68.7 trillion from the companies who does tax avoidance practice, and \$ 78.83 million or the same as Rp 1.1 trillion from individual taxpayers. The way the taxpayers do the practical of tax avoidance by shifting the profits that obtained to tax haven country, so that the income on the financial statements can be reported lower than it should be. It can be minimize the tax that has to be pay in specified time (Santoso et al., 2020). Based on wisevoter.com, Indonesia is ranked 150 out of 172 countries for the highest taxed countries. This matter is different seeing from the Indonesia's economic growth that increase seeing from the number of ultrahigh net worth individuals go 7% up to 9%, the contribution of tax revenue is only 0,00013% (Imantoro, 2023).

One of many cases of tax avoidance practice that cause some major problems is from Adani Group in India that suffers collapse after Hidenburg Research has reported that Adani Group allegedly did tax avoidance through utilized the tax haven country and manipulate their share price. Because of that, their plan to raise funds by selling shares at \$ 2.5 billion or around Rp 37 trillion was unsuccessful also their value slumped up to \$ 100 billion or around Rp 1.480 trillion. Not only Adani that affected by that report, but India has also affected by the value of rupee as Indian currency is decreasing (Hikam, 2023).

There are so many indications the company for doing tax avoidance. One of them by take a look their ownership to the fixed assets. How their invested their capital (Arum et al., 2023) for fixed assets can be seen through capital intensity ratio. According to True Tamplin, capital intensity ratio is a metric that shows how much capital needed to generate revenue (Tamplin. True, 2022). Fixed assets from the companies will experience depreciation, that makes increasing the cost that must be paid and will minimize their payable tax (Kiswanto et al., 2023). The results are in line with the research of (Prawati & Hutagalung, 2020), (Widodo & Wulandari, 2021), (Hendrianto et al., 2022) that shows that capital intensity ratio has significant effect to tax avoidance. However, (Afrianti et al., 2022), shows that capital intensity ratio has no effect on tax avoidance.

According to Nadhifah and Arif (2020), the next factor that can affect tax avoidance is sales (Suhardjo et al., 2023) growth. Companies with high sales growth automatically the profits to be obtained will also be high, so in this case the company wants to minimize taxes owed through tax avoidance (UNICSSH 2022, 2023). Companies with low sales growth continuously will cause the company to be in financial distress. Companies that are in financial distress mostly dare to take risks to be more aggressive in tax avoidance due to sustainability of their company. The results are in line with (Darmansyah et al., 2022) shows that sales growth has significant effect to tax avoidance. However, (Amalia & Firmansyah, 2022) shows that sales growth has no effect on tax avoidance.

Independent commissioners as moderating variable to moderate the effect of capital intensity ratio on tax avoidance also the effect of sales growth on tax avoidance. Sen, at. al. (2019) states that the independent commission for the Reform of International Corporate Taxation, a group of leaders from government, academia and civil society created to promote reforms, in its review of the action plans states that they are a patchwork of existing approaches (Sen et al., 2019). Multinational enterprise is essentially unified firms organized to maximize profits (without shifting profits through the exploitation of any assets) across jurisdictions and treat them as independent entities, making the application of the arm's length principle for transfer pricing meaningless. The existence of an independent commissioner in a company is very necessary so that the management can act in the interests of the principal. The more independent commissioners in a company, it is hoped that management performance monitoring will be more effective so as to minimize tax avoidance practices (Putri & Rahmini, 2021). The results of relevant study are Darmansyah, et. al. (2022), that states independent commissioners able to moderate the effect of capital intensity on tax avoidance, but unable to moderate the effect of sales growth on tax avoidance. However, (Supriyanto, 2021) shows that independent commissioners able to moderate the effect of sales growth on tax avoidance.

LITERATURE REVIEW

Tax Avoidance

Tax avoidance is defined as acting within the law, sometimes at the edge of legality, to minimize or eliminate tax that would otherwise be legally owed (Otto et al., 2015). It often involves exploiting the strict letter of the law, loopholes and mismatches to obtain a tax advantage that was not originally intended by the legislation. According to Ning Rahayu that quoted by (Nashirudin, 2023), there are five scheme to do tax avoidance practice. The first one is transfer pricing scheme, where the companies decided the price of good, services, and transaction applied by the company; the second one is thin capitalization scheme, the practice of concealed capital depositing through unreasonable loan; after that, treaty shopping scheme, the scheme that utilize tax facilities listed on tax treaty; Contract Foreign Corporation (CFC) scheme, the scheme through delaying the recognition of income from abroad sourced capital; the last one is tax haven county utilization scheme. Tax avoidance can be measured by twelve proxies according to Hanlon and Heitzman (2010), that are: 1) GAAP Effective Tax Rate (GAAPETR); 2) Current ETR; 3) Cash ETR; 4) Long Run Cash ETR; 5) ETR Differential; 6) Differed Tax; 7) Total Book Tax Difference (Total BTD); 8) Temporary BTD; 9) Abnormal Total BTD; 10) Unrecognized Tax Benefits; 11) Tax Shelter Activity; 12) Marginal Tax Rate. The proxy that used to identified tax avoidance with Cash ETR according to Dyreng et al (2008), suitable to describe tax activities by companies because cash ETR not affected by estimate judgment protection allowance or tax (Hamilah & Situmorang, 2021). Cash money actually ETR reflect level apply to the taxpayer income, Who views based on the amount of tax paid (Christensen et al., 2022).

Capital Intensity Ratio

Capital Intensity Ratio (CIR) is a metric that shows you how much capital is needed to generate \$1 of revenue. It is a ratio analysis tool that companies often use to show how well the business is utilizing its assets. Simply put, capital intensity is an analytical tool used to gauge the effectiveness of assets in production. The proxy of capital intensity ratio can be measured by total fixed assts divided by their sales on annual report of company (Ross, 2015). The principle of capital intensity ratio really important for companies that maximize the usage of their assets, whether they are used effectively and efficiently also this ratio able to assist the investors with investment diction making.

Sales Growth

Sales growth is a change in sales in the financial statements each year which can show the company's future opportunities. The proxy of sales growth is the difference in total sales revenue on the current period and previous period divided by the sales revenue on the previous period. Sales growth proxies can estimate the profits that the company will get in the future (UNICSSH 2022, 2023). According to Hoetoro (2017), there are two variations of maximization theory. The first one is sales maximization theory, this theory focused on sales level to increase the company's performance, which indirectly will raise the position of managers. This theory will measure the number of sold items, total costs, revenues, and profits. The second one is growth maximization theory, that will be focused on sales growth rate. The bigger sales growth rate, the greater the opportunity to raise the manager's value or career. That makes manager has an effort to achieve higher sales growth than what the company's owner wants. Because the profits that obtained will be allocated for product development costs, company's expansion, and many more. Therefore, the profits will be reduced and the shareholders will receive lower profits. The principle of this theory is the higher sales growth, the greater the required capital adequacy (Hoetoro, 2017).

Independent Commissioners

The independence of regulatory commissions can be regarded more usefully as a concept than as an element capable of precise definition. "Independence" relates to one or more conditions: location outside an executive department. So, the term of independent commissions can be defined as a freedom from the control of the chief executive and bipartisanship (requires that one political party be limited as the case may be) in the membership of commissions (Bernstein, 2015). The role of independent commissioners is intended to create an objective, independent climate to maintain fairness and provide protection for the shareholders. With the existence of a competent independent commissioners, all the parties, such as the company also the whole community will be receiving advantage. The company will be regarded for their independence (Hasnati, 2014). The requirement to be independent commissioners can be seen from the OJK Regulation No.33/04/2014, which are: 1) Have good integrity and morals; 2) No authority in the company's activities; 3) Do not own some shares in the company; 4) No family relationship with any party in the company; 5) No business relation with the company. The measurement of proportion independent commissioners is the sum of independent commissioners divided by all the board of commissioners in the company (Khafid et al., 2022).

METHODOLOGY

This study uses a quantitative approach (Saitri et al., 2023; Sekaran & Bougie, 2016) with documentative method. Researchers used secondary data, namely financial statement data and annual reports obtained from the official website of the Indonesia Stock Exchange, www.idx.go.id. The population of this study are consumer goods industry companies that listed on the Indonesia Stock Exchange (IDX) 2021-2022. The sampling method used was a purposive sampling by using certain criteria.

Table 1. Purposive Sampling

No	Criteria	Number of Companies
1	Consumer goods industry sector companies listed in IDX 2021-2022.	170
2	Companies that didn't obtain profits on 2021-2022.	(30)
3	Companies that didn't submit annual reports on 2021-2022.	(46)
4	Data Outlier	(29)
Total Sample		65

Source: data processed by researches (2023)

The research variable, from the dependent variable, namely Tax Avoidance is measured by using Cash Effective Tax Rate (CETR) formula, and the dependent variable, which are Capital Intensity Ratio (CIR) and Sales Growth Rate (SGR), also the moderating variable, Independent Commissioners Proportion (ICP).

$$\text{CETR} = \frac{\text{Income Tax Payment}}{\text{Profit Before Tax}} \quad \text{CIR} = \frac{\text{Total Fixed Assets}}{\text{Total Sales}}$$

$$\text{SGR} = \frac{\text{Total Sales}^t - \text{Total Sales}^{t-1}}{\text{Total Sales}^{t-1}} \quad \text{ICP} = \frac{\sum \text{Independent Commissioners}}{\sum \text{Board of Commissioners}}$$

RESULTS AND DISCUSSION

Analysis Descriptive Statistics

Descriptive statistics provide an overview or description of a data seen from the average value (mean), standard deviation, maximum, minimum, of each variable (Ghozali, 2019). The variables used include tax avoidance (CETR), capital intensity ratio (CIR), sales growth (SGR), independent commissioners (ICP). The following is a table of descriptive statistical test results:

Table 2. Descriptive Statistics

Descriptive Statistics							
	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
CETR	65	0.0730	0.1901	0.2632	0.225740	0.0167868	0.000
CIR	65	1.6111	0.0004	1.6115	0.308880	0.2992526	0.090
SGR	65	1.5442	-0.3445	1.1997	0.199361	0.2530545	0.064
ICP	65	0.5000	0.3333	0.8333	0.431392	0.1103927	0.012
Valid N (listwise)	65						

Source: data processed by researches (2023)

Normality test

The normality test is needed before determining the research hypothesis, the goal is to find out whether the data is normally distributed or not. The normality test was carried out using the Kolmogorov-Smirnov test with a significance level of 0.05 or 5% using the SPSS application:

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			65
Normal Parameters ^{a,b}	Mean		0.0000000
	Std. Deviation		0.01519151
Most Extreme Differences	Absolute		0.094
	Positive		0.094
	Negative		-0.061
Test Statistic			0.094
Asymp. Sig. (2-tailed)			0.200 ^{c,d}
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			

Source: data processed by researchers (2023)

Based on Table 3, it can be explained that the variable data used in this study is normally distributed after the Kolmogorov-Smirnov normality test, where the Asymptotic Significant value is $0.200 > 0.05$, which means that the research data has been normally distributed, so the data can be used in testing with the regression model.

Multiple Regression Analysis

Multiple regression analysis was carried out to determine the magnitude of the effect between the independent variable (X) and the dependent variable (Y), namely Capital Intensity Ratio (X1) and Sales Growth (X2) which have a positive and significant effect on Interest in Tax Avoidance (Y). The results of multiple regression analysis using the SPSS are as follows:

Table 4. Multiple Regression Analysis Sub Structural I

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	0.222	0.003		63.711	0.000
	CIR	0.017	0.007	0.309	2.558	0.013
	SGR	-0.009	0.008	-0.131	-1.081	0.284

a. Dependent Variable: CETR

Source: data processed by researchers (2023)

Based on the results of the table above, it can be seen that the regression equation with the following formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2$$

$$Y = 0.222 + 0.017 \text{ CIR} - 0.009 \text{ SGR}$$

This shows that the value of the constant α obtained is 0.222. So, it can be interpreted that if the independent variables (X_1 and X_2) are worth 0 (constant) then the dependent variable (Y) is worth 0.222. The regression coefficient values of capital intensity ratio have positive values of 0.017 also sales growth have negative values of 0.003.

Moderated Regression Analysis

Moderated Regression Analysis (MRA) was carried out to determine the magnitude of the effect between the independent variable (X) and the dependent variable with moderated variable involve in it, namely Capital Intensity Ratio and Sales Growth which have a positive and significant effect on Interest in Tax Avoidance with Independent Commissioners as moderating variable. The results of multiple regression analysis using the SPSS application are as follows:

Table 5. Moderated Regression Analysis Sub Structural II

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.222	0.003		66.205	0.000
	CIR	-0.032	0.023	-0.563	-1.359	0.179
	SGR	-0.032	0.031	-0.478	-1.018	0.313
	CIR_ICP	0.113	0.051	0.918	2.210	0.031
	SGR_ICP	0.059	0.073	0.379	0.809	0.422

a. Dependent Variable: CETR

Source: data processed by researchers (2023)

Based on the results of the table above, it can be seen that the regression equation with the following formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 * Z + \beta_4 X_2 * Z + e$$

$$Y = 0,222 - 0,032 \text{ CIR} - 0,032 \text{ SGR} + 0,113 \text{ CIR} * \text{ICP} + 0,059 \text{ SGR} * \text{ICP}$$

This shows that the value of the constant α obtained is 0.219. So, it can be interpreted that if the independent variable (X) with the involve of a moderating variable (Z) is worth 0 (constant) then the dependent variable (Y) is worth 0.222. The regression coefficient values of the independent variable, namely capital intensity ratio and sales growth with each of them have negative values of -0.032. After moderating variable added, the independent variables have positive values of 0.113 and 0.059.

Linearity Test

The purpose of doing linearity testing is to find out whether the two variables that will be subjected to statistical analysis procedures show a linear relationship or not. The linearity test can be seen from the Test of Linearity in the ANOVA table using the SPSS application as follows:

Table 6. Sub Structural I Linearity Test

			Sum of Squares	Df	Mean Square	F	Sig.
CETR * CIR_SGR	Between Groups	(Combined)	0.015	51	0.000	1.221	0.362
		Linearity	0.000	1	0.000	0.270	0.612
		Deviation from Linearity	0.015	50	0.000	1.240	0.350
	Within Groups	0.003	13	0.000			
	Total	0.018	64				

Source: data processed by researchers (2023)

Based on the results of the linearity test above, it can be seen that the significance value is 0.083 where this value is > 0.05 so that there is a linear effect. It means that there is a linear effect between capital intensity ratio variables (X_1) and sales growth (X_2) with the variable tax avoidance (Y).

Table 7. Sub Structural II Linearity Test

ANOVA Table			Sum of Squares	df	Mean Square	F	Sig.
CETR * CIRICP_SGRICP	Between Groups	(Combined)	0.006	19	0.000	1.202	0.298
		Linearity	0.001	1	0.001	3.016	0.089
		Deviation from Linearity	0.005	18	0.000	1.101	0.382
	Within Groups		0.012	45	0.000		
Total			0.018	64			

Source: data processed by researchers (2023)

Based on the results of the linearity test above, it can be seen that the significance value is 0.890 where this value is > 0.05 so that there is a linear effect. It means that there is a linear effect between capital intensity ratio (X1) and sales growth variables (X2) on the variable tax avoidance (Y) with independent commissioners as moderating variable.

Multicollinearity Test

The purpose of conducting a multicollinearity test is to determine whether or not multicollinearity exists by investigating how large the intercorrelation between the independent variables is. Whether multicollinearity exists or not can be seen from the tolerance value and variance inflation factor (VIF).

Table 9. Multicollinearity Test

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	0.207	0.009		24.105	0.000		
CIR	0.018	0.007	0.316	2.675	0.010	0.961	1.041
SGR	-0.007	0.008	-0.107	-0.898	0.373	0.952	1.051
ICP	0.035	0.018	0.230	1.978	0.052	0.989	1.011

a. Dependent Variable: CETR

Source: data processed by researchers (2023)

Based on the results in the table, it can be seen that the Tolerance value for the capital intensity ratio and sales growth variables is 0.961 and 0.952. Also, the independent commissioner has a Tolerance value of 0.989 which means greater than 0.1 (Tolerance > 0.1). And the VIF value for each variable is 1.041 for Capital Intensity Ratio, Sales Growth is 1.051 and 1.011 for Independent Commissioners, which shows less than 10 (VIF < 10). Therefore, it can be concluded that the four variables studied, namely Capital Intensity Ratio, Sales Growth, Independent Commissioner, and Tax Avoidance are free from multicollinearity.

Heteroscedasticity Test

This test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation with other observations. The way to detect the presence or absence of heteroscedasticity is by using the Glejser test. The heteroscedasticity test can be seen from the Sig. value in the Coefficients table using the SPSS application as follows:

Table 10. Heteroscedasticity Test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	-3.922	1.085		-3.615	0.001
CIR	0.465	0.551	0.167	0.844	0.407
SGR	-0.807	0.633	-0.248	-1.274	0.214
ICP	-1.779	2.475	-0.137	-0.719	0.479

a. Dependent Variable: ABS_RES1

Source: data processed by researchers (2023)

Based on the results in the table 10, it can be seen that the Significant value for the Capital Intensity Ratio is 0.407. Sales Growth of 0.214 and Independent Commissioners of 0.479. This shows that the significant value for each variable is greater than 0.05 (significant > 0.1). Therefore, the results of this study indicate that between

the independent variables and the moderating variable, namely the Capital Intensity Ratio, Sales Growth, and the Independent Commissioner, there is no heteroscedasticity.

Autocorrelation Test

Autocorrelation test is used to determine whether in a linear regression model there is a correlation between confounding errors in period t and errors in period t-1 (previous). A good regression model is a regression that is free from autocorrelation. The model used in this test is the Durbin-Watson test (DW test). This autocorrelation test can be seen in the table using SPSS as follows:

Table 11. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.425 ^a	0.181	0.141	0.0155606	2.306
a. Predictors: (Constant), ICP, CIR, SGR					
b. Dependent Variable: CETR					

Source: data processed by researchers (2023)

Based on the results in table it can be seen that the Durbin-Watson value is $2.306 < 4$. And greater than dU, namely $1.999 > 1.7246$. Therefore, it can be concluded that there are no signs of autocorrelation so that linear regression can be continued.

T Test

The t test was carried out aiming to find out whether there is a significant effect between variable X and variable Y partially. Following are the results of the sub structural I t test in this study using the SPSS application.

Table 12. T Test Sub Structural I

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.222	0.003		63.711	0.000
	CIR	0.017	0.007	0.309	2.558	0.013
	SGR	-0.009	0.008	-0.131	-1.081	0.284

a. Dependent Variable: CETR

Source: data processed by researchers (2023)

The results of the table above show that the calculated t value for capital intensity ratio is 2.558 and the t table value is at a significance level of 0.05 with $df (n - k - 1) = 65 - 2 - 1 = 62$ which is 1.671. The calculated t value is $2.558 >$ the t table value is 1.671, so there is a positive and significant effect between capital intensity ratio on tax avoidance. Meanwhile sales growth, which has a calculated t value of 1.081 < t table value of 1.671, and the significant value is 0.284, which is more than 0.05. so, there is no significant effect between sales growth on tax avoidance.

The t test for sub structural II also was carried out aiming to find out whether there is a significant effect between variable X and variable Y partially with the variable Z involve. Following are the results of the sub structural II t test in this study using the SPSS application.

Table 13. T Test Sub Structural II

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.222	0.003		66.205	0.000
	CIR	-0.032	0.023	-0.563	-1.359	0.179
	SGR	-0.032	0.031	-0.478	-1.018	0.313
	CIR_ICP	0.113	0.051	0.918	2.210	0.031
	SGR_ICP	0.059	0.073	0.379	0.809	0.422

a. Dependent Variable: CETR

Source: data processed by researchers (2023)

The results of the table above show that the calculated t value for capital intensity ratio is 5.537 and the t table value is at a significance level of 0.05 with $df (n - k - 1) = 65 - 3 - 1 = 61$ which is 1.671. The calculated t value is $2.210 >$ the t table value is 1.671, so independent commissioners able to moderate the effect between

capital intensity ratio and tax avoidance. Meanwhile independent commissioners unable to moderate the effect of sales growth and tax avoidance, seeing the calculated t value of $0.809 < t$ table value of 1.671 and the significant value is 0.422.

F test

The purpose of doing the f test is to find out whether there is a significant simultaneous (together) effect between the Capital Intensity Ratio (X1) and Sales Growth (X2) variables with the Tax Avoidance (Y). The F test in this study was carried out using the SPSS application as follows:

Table 14. F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.002	2	0.001	4.571	0.014 ^b
	Residual	0.016	62	0.000		
	Total	0.018	64			

a. Dependent Variable: CETR
b. Predictors: (Constant), SGR, CIR

Source: data processed by researchers (2023)

Based on the results of these calculations, the significance value for the effect of Capital Intensity Ratio and Sales Growth together on Tax Avoidance is $0.014 < 0.05$ and for the calculated F value that is equal to $4.571 > 4.023$ (Ftable). Therefore, it can be concluded that the hypothesis is rejected which shows that the effect of Capital Intensity Ratio and Sales Growth has a significant effect on Tax Avoidance in Companies in the Consumer Goods Industry sector listed on the Indonesia Stock Exchange in 2021-2022.

Determination Coefficient Test

The coefficient of determination test was carried out to determine how much effect the independent variables (capital intensity ratio and sales growth) had on the dependent variable (tax avoidance) in the form of a percentage. The following are the results of the coefficient of determination test in this study using SPSS application:

Table 15. Determination Coefficient Test Sub Structural I

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.358 ^a	0.129	0.100	0.0159219	

a. Predictors: (Constant), SGR, CIR

Source: data processed by researchers (2023)

Based on the results in the table, the value of Adjusted R. Square (Coefficient of Determination) is 0.100, which means that the effect of the independent variables, namely Capital Intensity Ratio and Sales Growth on the dependent variable, namely Tax Avoidance in companies in the consumer goods industry sector is 10%. So, it can be concluded that the Capital Intensity Ratio and Sales Growth can explain the variable Tax Avoidance of 10%.

The coefficient of determination test (R2) is also able to measure how far the effect of the independent variable is moderated by the dependent variable. Will there be an increase or decrease for the percentage. The following is the calculation table based on the 2023 SPSS output.

Table 16. Determination Coefficient Test Sub Structural II

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.472 ^a	0.222	0.171	0.0152886	

a. Predictors: (Constant), SGR_ICP, CIR_ICP, CIR, SGR

Source: data processed by researchers (2023)

Based on the results in the table, the value of Adjusted R. Square (Coefficient of Determination) is 0.171, which means that the effect of the independent variables, namely Capital Intensity Ratio and Sales Growth with Independent Commissioners as a moderating variable on the dependent variable, namely Tax Avoidance in companies in the consumer goods industry sector is 17.1%. So, it can be concluded that the Capital Intensity Ratio and Sales Growth with the Independent Commissioner as moderator is able to explain the variable Tax Avoidance of 17.1%.

The Effect of Capital Intensity Ratio on Tax Avoidance

One of the variables that is a factor in the existence of a company taking tax avoidance measures is by looking at how big the level of capital intensity that is owned by the company. Based on the results of the study on the t test statistic, the t_{count} value for the capital intensity ratio is 2.558 with a t_{table} of 1.671 and a significant value of 0.013. So that, **H0 rejected: Capital Intensity Ratio has a positive and significant effect on Tax Avoidance.**

It is the same as the example from this research sample, namely Indofood CBP has a capital intensity ratio of 0.24955 with the CASHETR level as an indicator of tax avoidance of 0.20484. With a comparison to PT Bike Bersama Indonesia Tbk which has a capital intensity ratio of 0.00046 with the CASHETR level as an indicator of tax avoidance of 0.22532. Therefore, it can be concluded that the greater the capital intensity ratio, the greater the company's tax avoidance.

The results of this study are relevant to the results of previous research by (Widodo & Wulandari, 2021) which stated that the results of the hypothesis testing in this study showed that capital intensity had a significant positive effect on tax evasion with a sig value of $0.008 < 0.05$ and t_{count} of 2.678.

The Effect of the Sales Growth on Tax Avoidance

Based on the results of research on statistical tests it is known that the t_{count} is -1.081 which is smaller than the t_{table} which is 1.671 and also a significance value of $0.284 < 0.05$, so it can be concluded that sales growth has no significant effect on tax avoidance. This shows that regardless of the level of sales growth, experiencing an increase or decrease will not affect a company's tax avoidance. So that, **H0 accepted: Sales Growth has no significant effect on Tax Avoidance.**

As can be seen from the sample in this study, namely PT Akasha Wira International Tbk, which has a sales growth rate of 0.38062 and a tax avoidance rate of 0.21394. Then as a comparison, the Unilever Indonesia company has a sales growth rate of -0.07973 with a tax avoidance rate of 0.23189. Then the Sido Muncul company has a sales growth rate of -0.03865 with a tax avoidance rate of 0.22195. The sample shows that sales growth does not affect tax avoidance.

The results of this study are supported by previous research as was done by (Claudia & Mulyani, 2020) which stated that sales growth did not significantly affect tax evasion, where the sig value was $0.172 < 0.05$ and had a t_{count} of -0.882.

The Effect of Capital Intensity Ratio and Sales Growth on Tax Avoidance

The results of the simultaneous F significance test show that there is a significant influence between the capital intensity ratio variable and sales growth with tax avoidance. This can be seen from the F_{count} of $4.571 > 3.15$ (F_{table}) with a significance value of $0.014 < 0.05$, then **H0 rejected: capital intensity ratio and sales growth have a significant effect on tax avoidance.**

The results of this study are relevant to previous research conducted by (Prawati & Hutagalung, 2020), which stated that the capital intensity ratio, executive characteristics, and sales growth have a simultaneous effect on tax avoidance with a sig value of $0.012 < 0.05$ and F_{count} of 4.409.

The Effect of Capital Intensity Ratio on Tax Avoidance with Independent Commissioners as Moderating Variable

Based on the results of the research on statistical tests, it is known that the t_{count} value is 2.210 which is greater than the t_{table} 1.671. Also, the significance value of $0.031 < 0.05$. That means, **H0 rejected: capital intensity ratio has a significant effect on tax avoidance with independent commissioners as moderating variable.** Which you can say that independent commissioners able to moderate (strengthen) through supervising the company's fixed assets management activities so that the management capable to provide the information (Chandra et al., 2018) on the financial/annual report that suitable with the tax regulation.

The result of this study are relevant to previous research by (Darmansyah et al., 2022), which stated that an independent commissioners can moderate the relationship between capital intensity ratio and tax avoidance, with significant value $0.000 < 0.05$ and t_{count} 5.186.

The Effect of Sales Growth on Tax Avoidance with Independent Commissioners as Moderating Variable

Based on the result of research on statistical tests it is known that the t_{count} is 0.809 which is smaller than the t_{table} which is 1.671 and also a significance value of $0.422 > 0.05$, this is have the meaning that **H0 accepted: sales growth has no significant effect on tax avoidance with Independent Commissioners as a variable moderation.** This means that the independent board of commissioners is unable to moderate the influence

between sales growth and tax avoidance. Back to the role of independent commissioners as supervisor, they remain in his own realm. Tax avoidance due to high sales, does not make the independent commissioners, triggering management to avoid corporate taxes.

The results of this study are relevant to previous research by (Amalia & Firmansyah, 2022), which stated that an independent commissioner cannot moderate the influence between the relationship between sales growth and tax avoidance, with a sig value of $0.1620 > 0.05$ and t_{count} of 0.9914.

CONCLUSION

Conclusion

Based on the results of research and discussion, it can be concluded as follows:

1. There is a positive and significant effect of Capital Intensity Ratio on Tax Avoidance.
2. There is a no significant effect of Sales Growth on Tax Avoidance.
3. There is a significant effect of Capital Intensity Ratio and Sales Growth on Tax Avoidance.
4. Independent Commissioners able to moderate the effect of Capital Intensity Ratio on Tax Avoidance.
5. Independent Commissioners unable to moderate the effect of Sales Growth on Tax Avoidance.

Implication

Based on the conclusion above, the implication from the research and discussion can be concluded as follows:

1. Capital intensity ratio in this study has a positive and significant effect on tax avoidance. This is because the high capital intensity ratio, the higher tax avoidance practice will happen in the company. Therefore, the conflict on the agency theory will occur, where the manager will take advantage of profits that should be obtained by investors, to utilize the fixed asset management.
2. Sales growth in this study has no significant effect on tax avoidance. This context shows that it is not the level of sales growth that is a factor, but the profit generated will reflect how the company responds in term of their taxation.
3. Independent commissioners are able to moderate the effect between capital intensity ratio and tax avoidance. This is because the existence of the objective independent commissioners is expected to be able to deal with the agency conflict/problem that occur because the agent's disclosures are not transparent enough to principals.
4. Independent commissioners unable to moderate the effect of sales growth and tax avoidance. This is because tax avoidance by the company will not make the independent commissioners to influence management in terms of increasing or decreasing sales growth.

Limitation

Based on the implication above, there are the limitation and it can be concluded as follows:

1. The variables used in this study are capital intensity ratio, sales growth, and independent commissioners as moderating variable. Alternatives that can be uses for the further research are financial distress, leverage, profitability, and many more.
2. The population used in this study only the consumer goods industry that listed on the Indonesia Stock Exchange 2021-2022, so it cannot be generalized to other types of industry.
3. The number of samples used was limited, which is only 65 companies out of total population of 170 companies, because not all the companies met the criteria.

Recommendation

Based on the results of the research and analysis that has been done, here are some suggestions for future research so that it can be even better, including:

1. Further research is expected to add other variables and use other proxies from corporate governance mechanisms such as audit quality, leverage, and others as moderating variables.
2. Expected to increase the number of samples of companies in the study. This can be done by trying to increase the period to be studied and replace other types of industry in the sample company, such as basic materials, consumer cyclical, finance, and may more.
3. The investors and potential investors are better to know much more whether the company is predicted to have a high or low level of tax avoidance.

4. The company is expected to be able to identify the tax risks early on their company by analyzing their financial reports first.
5. The independent commissioners are expected to supervise the companies more objectively so that tax avoidance can be minimized.

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