

Effect of Liquidity, Leverage, Profitability and Company Size on Tax Aggressiveness in Banking Companies Listed in Indonesia Stock Exchange in 2014-2016

Andi Nerissa Novianti
Accounting Department, School of Accounting,
Bina Nusantara University
Jakarta, Indonesia 11480

Heri Sukendar
Accounting Department, School of Accounting,
Bina Nusantara University
Jakarta, Indonesia 11480
heris1024@binus.ac.id

Abstract

This study examines the effect of liquidity, leverage, profitability, and firm size on tax aggressiveness in banking companies listed on the Indonesia Stock Exchange. Research data are secondary data. The population in this study are all banking companies listed on the Indonesia Stock Exchange from 2014 to 2016. Sample selection using a purposive sampling method. The data analysis method used is Multiple Regression Analysis was conducted using SPSS version 20. This study indicates the Liquidity effect on tax aggressiveness. Leverage does not affect tax aggressiveness, profitability does not affect tax aggressiveness, and Firm size does not affect tax aggressiveness. Based on the F test, Liquidity, Leverage, Profitability, and Firm Size simultaneously affect tax aggressiveness.

Keywords

Liquidity, Leverage, Profitability, Firm Size and Tax Aggressiveness.

1. Introduction

According to Law No. 28 of 2007, tax is defined as a mandatory contribution to the state-owned by individuals or entities that are coercive based on the Act, with no direct compensation and used for the state for the greatest prosperity of the people.

Tax must be paid by taxpayers, both personal taxpayers and corporate taxpayers. Provisions regarding taxpayer obligations have been regulated in Law No. 36 of 2008, article 2 paragraph (1). As one of the taxpayers, the company should pay taxes in accordance with tax provisions. The Government of Indonesia undertakes various kinds of taxation policies to maximize revenue from the tax sector because tax revenue can significantly influence the size of the state budget (Nugraha and Meiranto 2015) (Table 1).

Table 1. Realization of tax revenue

Year	Target (Trillion Rupiah)	Realization (Trillion Rupiah)	Realization Percentage
2014	1.246	1.147	92,05%
2015	1.489	1.236	83,01%
2016	1.539	1.285	83,49%

Source: (Ministry of Finance of the Republic of Indonesia accessed via <https://www.kemenkeu.go.id/laporan-tahunan-kementerian-keuangan> on April 2018)

According to the performance report of the Ministry of Finance, tax revenue can be said to experience fluctuations every year. It can be seen in Table 1 above that the realization of tax revenue from 2014 to 2015 decreased by 9.04%. In optimizing tax revenue that has decreased from 2014 to 2015, the government implemented various policies such as reinventing policy, exploring the potential for extensification and intensification to increase tax revenue in 2016. It was proven from 2015 to 2016 tax that revenue increased by 0.48%. The increase is inseparable from the success of the tax amnesty program, which reached Rp 107.0 trillion. However, the realization of tax revenues in 2016 was lower than the 2016 Revised Budget target because economic growth in 2016 tended to be lower. This indicates a change related to tax revenue and has not been significant. Still, it can be said that from year to year, there is an expectation from companies not to carry out tax aggressiveness and continue to pay taxes according to applicable tax regulations.

Every company is founded with the intent and purpose of seeking maximum profit. Thus, some companies' implementation of tax collection is not always well responded because companies try to pay the lowest tax possible to maintain their income and profits. Therefore some companies are suspected of tending to take tax aggressiveness (Pamor 2018). According to (Yoehana and Harto 2013), there are two kinds of terms for illegal tax planning with the same meaning: tax sheltering and tax evasion, which is a tax planning effort carried out to violate the law. It can also conclude that tax aggressiveness is the desire of the company to minimize the tax burden through tax planning activities to maximize corporate value. Tax planning activities are carried out legal, illegal and both. According to (Ibrahim et al. 2013), the most apparent benefit of tax aggressiveness is the use of cash to avoid taxes. The savings aim to increase cash flow to companies that offer further investment opportunities to increase company value.

There are several phenomena related to tax aggressiveness in Indonesia. Media online CNN Indonesia wrote a series of corruption cases that ensnared tax officials, one of which was a tax evasion case carried out by a former civil servant at the Ministry of Finance's DGT, Gayus Halomoan Tambunan. Gayus was involved in the PT Megah Citra Raya tax evasion case. Gayus was also stated to have been proven to have received a bribe worth Rp 925 million from a consultant from PT Metropolitan Retail market regarding the handling of a tax objection to the company. In addition, Gaius caused the state to suffer a loss of Rp 570 million for not thoroughly handling the tax objections raised by PT Surya Alam Tunggal (SAT). (Source: <https://www.cnnindonesia.com/nasional/20161122162351-12-174492/rentetan-kasus-korupsi-yang-menjerat-pegawai-pajak>)

In addition to tax cases related to tax aggressiveness actions in Indonesia, tax aggressiveness actions carried out by companies outside Indonesia are also of considerable value. As reported by BBC Indonesia, there are reports that a worldwide company, namely Apple, is declared the biggest tax evader. The Senate report estimates that Apple made tax evasion of US \$ 3.5 billion in 2011 and US \$ 9 billion in 2012. (Source: http://www.bbc.com/indonesia/majalah/2013/05/130521_bisnis_apple)

From some of the phenomena above related to the scandal of corporate tax aggressiveness, several studies discuss the factors of corporate aggressiveness, such as (Suyanto and Suparmono 2012), (Adisamartha and Noviari 2015), (Tiaras and Wijaya 2015), (Purwanto 2016), (Prasista and Setiawan 2016), (Adiyani and Septanta 2017), (Mustika 2017), (Rohmansyah 2017), (Pamor 2018). There are also several studies conducted related to tax aggressiveness outside Indonesia, such as (Lanis and Richardson 2012), (Ibrahim et al. 2013), (Martinez and Ramalho 2014), (Dayday and Zaam 2017) and many more studies that link the influence of several factors towards tax aggressiveness.

Some of them discuss the effect of liquidity on tax aggressiveness. (Purwanto 2016) states that liquidity significantly affects tax aggressiveness. With a good level of company liquidity, corporate tax aggressiveness is low. Otherwise, if the level of liquidity is bad, the level of company aggressiveness will be high. (Adisamartha and Noviari 2015) show a positive effect between liquidity and tax aggressiveness. Companies with a high level of liquidity will be more aggressive in minimizing their tax burden because high liquidity will affect the high level of profit.

Another factor that influences tax aggressiveness is leverage. Some studies that discuss tax leverage and aggressiveness are studies conducted by (Suyanto and Suparmono 2012) which prove that leverage has a significant effect on tax aggressiveness because companies with higher debt levels tend to take tax aggressiveness actions to minimize the corporate tax burden. Likewise, (Purwanto 2016) proves that leverage has a positive effect on tax

aggressiveness and, at the same time, explains that if the company's leverage ratio is high, then the level of tax aggressiveness will also be low.

According to Mustika (2017), profitability is the company's ability to generate profits from activities carried out by the company. According to research conducted by (Prasista and Setiawan 2016), the level of profitability owned by a company can reflect the company's financial health. Companies with a high level of profitability will have no difficulty paying their obligations, so they tend to be more obedient to paying taxes. In contrast, companies with a low level of profitability tend not to obey paying taxes.

Company size is also one of the factors that influence tax aggressiveness. Several studies discuss company size and aggressiveness, such as Mustika (2017), which states that large companies with large profits will be taxed accordingly by the government. Research conducted by (Pamor 2018) also shows that the larger the size of the company, the smaller the opportunity for companies to carry out tax aggressiveness. This makes it possible for companies in the category of large companies to have abundant assets. The company will be overseen by investors, capital and government supervision so that companies tend to minimize tax aggressiveness.

The objectives of this research are to analyze each effect of liquidity, leverage, profitability, company size on tax aggressiveness, the effect of leverage on tax aggressiveness, the effect of profitability on tax aggressiveness, the effect of company size on tax aggressiveness; and to analyze the effect of liquidity, leverage, profitability, and company size together (simultaneously) on tax aggressiveness.

2. Hypothesis

2.1 Effect of Liquidity on Tax Aggressiveness

Liquidity is the company's ability to meet its short-term obligations, which are conventionally 'short-term' considered to be a period of up to one year even though it is associated with the company's normal operational cycle. Calculating this liquidity ratio can determine the company's ability to carry out its short-term obligations. These short-term obligations will be able to be fulfilled if the company's liquidity ratio is in a high state (Suyanto and Suparmono 2012).

(Adisamartha and Noviari 2015) found a positive effect between liquidity on tax aggressiveness. They stated that the higher the level of liquidity, the higher the possibility for companies to allocate profit from the current period to the next period because the tax rate is high if the company is in good condition. So, companies with a high level of liquidity will be more aggressive towards taxes.

H1: Liquidity has a significant effect on tax aggressiveness

2.2 Effect of Leverage on Tax Aggressiveness

According to (Rohmansyah 2017), leverage is a ratio that can describe a company's ability to meet its long-term obligations.

A company can utilize debt to meet its operational and investment needs. But utilizing the company's debt will cause a fixed burden called interest. With a high level of debt, companies will get tax incentives in the form of deductions from loan interest in accordance with Article 6 paragraph (1) letter an of Law Number 36 of 2008 so that companies with high tax burden can make tax savings by increasing company debt. By adding debt to obtain a large tax incentive, it can be said that the company tends to be aggressive toward taxes (Suyanto and Suparmono 2012).

H2: Leverage has a significant effect on tax aggressiveness

2.3 Effect of Profitability on Tax Aggressiveness

According to Mustika (2017), profitability is the company's ability to generate profits from activities carried out by the company. According to research conducted by (Prasista and Setiawan 2016), companies with high profitability will not experience difficulties in meeting company obligations, especially obligations to the government, namely paying taxes. Meanwhile, a company with low profitability will have a high possibility of disobeying taxes because a company with low profitability will choose to maintain the financial condition and assets of the company rather than pay taxes, so the company becomes aggressive towards taxes.

According to (Dayday and Zaam 2017), companies with high profits can aggressively use transfer pricing techniques as a form of tax avoidance to transfer profits from high taxes to low taxes.

H3: Profitability has a significant effect on tax aggressiveness

2.4 Company Size for Tax Aggressiveness

Company size is a value that can classify companies into large or small categories with total assets owned (Rusli 2017).

According to (Rohmansyah 2017), the greater the size of the company, the company will consider more risk in terms of managing its tax burden. Companies included in large companies tend to have more resources than companies with a smaller scale to carry out tax management.

According to Ardyansyah and Zulaikha in Mustika (2017), the larger the size of the company, the possibility of the company doing tax aggressiveness because the small tax burden paid compared to the profit before tax obtained by the company causes the company's ETR to be small and makes the company do tax aggressiveness.

H4: Company size has a significant effect on tax aggressiveness

2.5 Liquidity, Leverage, Profitability, and Size of the Company simultaneously against Tax Aggressiveness

Several previous studies have examined several factors related to tax aggressiveness. Suyanto and Supramono's research shows that leverage and earnings management positively affect tax aggressiveness, while liquidity and independent commissioners have a negative effect on tax aggressiveness. (Adisamartha and Noviani 2015) show that liquidity and inventory intensity significantly affect tax aggressiveness, while leverage and asset intensity do not affect tax aggressiveness. According to (Tiaras and Wijaya 2015), research, liquidity, earnings management, and company size significantly affect tax aggressiveness, while leverage and independent commissioners have no significant effect on tax aggressiveness.

According to research conducted by (Prasista and Setiawan 2016), profitability and corporate social responsibility have a significant effect on tax aggressiveness. Research conducted by (Purwanto 2016) shows that liquidity, leverage, and earnings management significantly affect tax aggressiveness while fiscal loss compensation has no significant effect on tax aggressiveness. Research conducted by (Adiyani and Septanta 2017) shows that profitability and corporate social responsibility have no significant effect on tax aggressiveness, while liquidity significantly affects tax aggressiveness. In addition, testing using the F Statistical Tests shows that profitability and liquidity simultaneously affect tax aggressiveness.

And finally, liquidity and profitability do not significantly influence corporate social responsibility. (Mustika 2017) conducted a study and showed that corporate social responsibility and family ownership affects tax aggressiveness while company size, profitability, leverage, and capital intensity do not affect tax aggressiveness. Research conducted by (Rohmansyah 2017) shows that size and managerial ownership significantly affect tax aggressiveness, while leverage and capital intensity have no significant effect on tax aggressiveness. Finally, research from (Pamor 2018) shows that tax aggressiveness is significantly influenced by liquidity, profitability, inventory intensity, and firm size.

H5: Liquidity, Leverage, Profitability, and Company Size have significant effect simultaneously on tax aggressiveness

3. Research Methodology

The population in this research is all banking companies listed on the Indonesia Stock Exchange from 2014 to 2016. The type of data used is secondary data obtained from the official website of the Indonesia Stock Exchange, www.idx.co.id. Determination of the number of samples used in this research is purposive sampling with several criteria, namely: (1) banking companies listed on the Indonesia Stock Exchange in 2014-2016, (2) companies that publish annual reports and annual financial reports from 2014 to 2016 completely (3) companies that did not experience losses in 2014-2016, (4) companies that have ETRs between 0-1. The data analysis method used in this

research is multiple linear analysis with the classic assumption test: normality test, multicollinearity test, heteroscedasticity test and autocorelasy test, and hypothesis testing, namely the coefficient of determination test, F test and t-test. The dependent variable in this research is tax aggressiveness, and the independent variables in this research are liquidity, leverage, profitability, and company size.

3.1 Tax Aggressiveness (Y)

According to (Frank et al. 2009), tax aggressiveness is an action taken by companies to reduce taxable income through taxable planning both legally (tax avoidance) and illegally (tax evasion), called corporate tax aggressiveness. Tax aggressiveness can be measured using the Effective Tax Rate (ETR) proxy using the formula:

$$ETR = \frac{\text{Income Tax Expense}}{\text{Income Before Tax}}$$

ETR describes the percentage of total income tax expense paid by the company from all total pre-tax income earned by the company.

3.2 Liquidity (X1)

Liquidity is defined as a ratio that describes or measures the company's ability to meet short-term obligations (debt). This means that if the company is billed, the company will be able to meet the debt, especially past due debt (Kasmir 2014). However, liquidity owned by banks has different measurement tools. Banking liquidity is measured by the ratio of LDR (Loan Deposit to Ratio). According to (Kasmir 2014) LDR (Loan to Deposit Ratio) is a ratio used to measure the composition of the amount of credit given compared to the number of public funds and own capital used. LDR ratio can be measured by:

$$\text{Loan Deposit to Ratio} = \frac{\text{Granted Credit}}{\text{Customer Deposits}}$$

3.3 Leverage (X2)

Leverage is defined by (Kasmir 2014) as a ratio used to measure how a company's activities are financed with debt. The leverage ratio can be measured by:

$$\text{Leverage} = \frac{\text{Total Liability}}{\text{Total assets}}$$

3.4 Profitability (X3)

According to (Kasmir 2014), profitability is a ratio to assess the company's ability to seek profits. This ratio also provides a measure of the effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the company's efficiency. The profitability variable can be measured using Return on Assets (ROA) with the formula:

$$\text{Return on Asset} = \frac{\text{Profit After Tax}}{\text{Total assets}}$$

3.5 Company Size (X4)

The company's size is a scale classified as large and small companies, such as expressed in total assets, the market value of shares, and others (Mustika, 2017). Company size can be measured by calculating the natural logarithm of total assets using the formula:

$$\text{Company Size} = \text{Ln} (\text{Total Assets})$$

4. Result and Discussion

4.1 Descriptive Analysis

Table 2. Descriptive statistics test results

	N	Minimum	Maximum	Mean	Std. Deviation
LIK	77	.527	1.093	.83866	.123470
LEV	77	.116	.920	.81178	.144604
PROF	77	.001	.030	.01158	.007473
SIZE	77	28.127	34.148	30.94317	1.673753
ETR	77	.136	.380	.25306	.048747
Valid N (listwise)	77				

From the results of the descriptive statistical tests above, it can be concluded as follows:

1. N is the number of samples in the research after an outlier. Previously the sample that should have been used was 84. (Table 2)
2. The minimum liquidity value is 0.527, while the maximum is 1.093. The mean value of liquidity is 0.83866, and the standard deviation is 0.123470
3. The minimum leverage value is 0.116, while the maximum leverage value is 0.920. The mean value of leverage is 0.81178, and the standard deviation is 0.144604
4. The minimum value of profitability is 0.001, while the maximum value of profitability is 0.30. The mean profitability is 0.1158, and the standard deviation is 0.007473
5. The minimum value of company size is 28,127, while the maximum value of company size is 34,148. The mean value of company size is 30.94317, and the standard deviation is 0.48747
6. The minimum value of tax aggressiveness is 0.136, while the maximum value of tax aggressiveness is 0.380. The mean value of tax aggressiveness is 0.25306, and the standard deviation is 0.48747

4.2 Classic Assumption Test

4.2.1 Normality Test

The normality test in this research uses the Kolmogorov-Smirnov test with the following results (Table 3).

Table 3. Kolmogorov-Smirnov normality test results after outlier

		Unstandardized Residual
N		77
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.04551129
	Absolute	.069
Most Extreme Differences	Positive	.069
	Negative	-.048
Kolmogorov-Smirnov Z		.605
Asymp. Sig. (2-tailed)		.857

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS results

The Kolmogorov-Smirnov test results above show that Asymp Sig (2-tailed) of 0.857. was produced. It can be concluded that the results are normally distributed because of the Asymp Sig (2-tailed) > 0.005 (0.857 > 0.005) value.

4.2.2 Multicollinearity Test

Normality Test in this research uses the Kolmogorov-Smirnov test with the following results in table 4

Table 4. Multicollinearity test result

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 LIK	.891	1.122
LEV	.952	1.050
PROF	.678	1.475
SIZE	.651	1.536

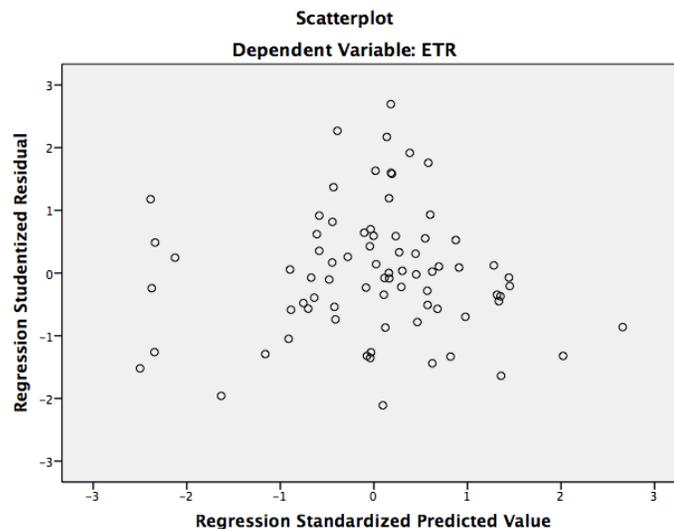
a. Dependent Variable: ETR
Source: SPSS results

From the multicollinearity test results above, it can be concluded that the value of tolerance liquidity (LIK) is 0.891, tolerance leverage (LEV) is 0.952, tolerance profitability (PROF) is 0.678, and tolerance for company size (SIZE) is 0.651. This shows that all independent variables in this study have tolerance values above 0.10.

The results of the calculation of the Variance Inflation Factor (VIF) value also showed the same thing the VIF value owned by the liquidity variable (LIK) was 1.22, the VIF leverage (LEV) was 1.050, the VIF profitability (PROF) was 1.475 and the value of VIF company size (SIZE) of 1,536. This shows that the VIF values of all variables in this research have VIF values below 10.00.

And it can be concluded that the regression model of this research does not occur multicollinearity and the regression model is feasible to use.

4.2.3 Heteroscedasticity Test



Source: SPSS results
Figure 1. Scatterplot test result

From the results of the heteroscedasticity test above, there is no specific pattern on the scatterplot graph. The points are scattered randomly and are spread above and below the number 0 on the Y-axis. Then it can be concluded that heteroscedasticity did not occur in this test (Figure 1)

4.2.4 Autocorrelation Test

Table 5. Determination coefficient test results (R2)

Model	R	R Square ^b	Adjusted R Square	Std. Error of the Estimate
1	.964 ^a	.929	.925	.04335

- Predictors: Lag_SIZE, Lag_PROF, Lag_LEV, Lag_LIK
- For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.
- Dependent Variable: Lag_ETR
- Linear Regression through the Origin

Based on table 5 above, the Adjusted R Square value is 0.925 or 92.5%. This shows that the dependent variable, tax aggressiveness, can be explained well by the independent variables: liquidity, leverage, profitability, and company size of 92.5%. And the remaining 7.5% is explained by other factors outside the model.

4.3 Hypothesis Testing

4.3.1 F Statistic Test

Table 6. F Statistic test results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.023	4	.006	2.651	.040 ^b
Residual	.157	72	.002		
Total	.181	76			

- Dependent Variable: ETR
 - Predictors: (Constant), SIZE, LEV, LIK, PROF
- Source: SPSS results

From the results of the F statistical test in the table above, the calculated F value is 2.651 with a significance probability level of 0.040 or below 0.05 ($0.040 < 0.05$). These results show that the variables of liquidity, leverage, profitability, and company size together (simultaneously) affect the tax aggressiveness (table 6).

4.3.2 T Statistic Test

Table 7. T Statistic test result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.158	.115		1.374	.174
1 LIK	.139	.046	.351	3.014	.004
LEV	-.023	.038	-.069	-.611	.543
PROF	-.048	.872	-.007	-.056	.956
SIZE	-7.37	.004	-.003	-.019	.985

- Dependent Variable: ETR
- Source: SPSS results

Based on table 7 above, it can be known:

- a. The test results on the variable liquidity (LIK) have the t value of 3.014 with a significance value of 0.004, meaning that the significance value is below 0.05 ($0.004 < 0.05$). This shows that the variable liquidity (LIK) has a significant positive effect on tax aggressiveness, so hypothesis 1 (H1) is **accepted**.
- b. The test results on the leverage variable (LEV) have a t value of -0.069 with a significance value of 0.543, meaning that the significance value is above 0.05 ($0.543 > 0.05$). This shows that the leverage variable (LEV) has no significant negative effect on tax aggressiveness, so the second hypothesis (H2) is **rejected**.
- c. The test results on the profitability variable (PROF) have a t value of -0.007 with a significance value of 0.956, meaning that the significance value is above 0.05 ($0.956 > 0.05$). This shows that the profitability variable (PROF) has no significant negative effect on tax aggressiveness, so the third hypothesis (H3) is **rejected**.
- d. The test results on the company size variable (SIZE) have a t value of -0.003 with a significance value of 0.985, meaning that the significance value is above 0.05 ($0.985 > 0.05$). This shows that the company size variable (SIZE) has no significant negative effect on tax aggressiveness, so the fourth hypothesis (H4) is **rejected**.

4.3.3 Multiple Linear Analysis

Table 8. Multiple linear analysis result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.158	.115		1.374	.174
1 LIK	.139	.046	.351	3.014	.004
LEV	-.023	.038	-.069	-.611	.543
PROF	-.048	.872	-.007	-.056	.956
SIZE	-7.37	.004	-.003	-.019	.985

The results of the multiple linear analysis equation obtained from this research in accordance with table 8 above are:

$$ETR = 0,158 + 0,139LIK - 0,23LEV - 0,48PROF - 7,37SIZE + e$$

4.4 Hypotheses Discussion

4.4.1 Effect of Liquidity on Tax Aggressiveness

Based on the results of tests on the t statistical test, liquidity has a significance value below 0.05, namely 0.004 ($0.004 < 0.05$) with a coefficient value with a positive direction of 0.139. This shows that liquidity has a significant positive effect on tax aggressiveness.

This first hypothesis concludes that liquidity positively and significantly affects tax aggressiveness. According to Adisamartha and Noviari (2015), the higher the level of company liquidity, the higher the company's tendency to reduce profits by allocating profit for the current period to the next period because of avoiding the tax burden that gets higher. This shows that banking companies use liquidity to reduce their profits in this research to avoid paying corporate taxes.

The results of this research are in line with research by Adisamartha and Noviari (2015), which shows that liquidity has a positive and significant effect on tax aggressiveness and states that the higher the level of liquidity, the more aggressive the company is in handling its tax burden because high liquidity will affect the high level of profit. However, the results of this research are not in line with Purwanto's research (2016) which shows that liquidity has a negative but significant effect on tax aggressiveness and the results of research by Suyanto and Supramono (2012), Tiaras and Wjiaya (2015), Pamor (2018), Adiyani and Septanta (2017) which states that there is no influence between liquidity on.

4.4.2 Effect of Leverage on Tax Aggressiveness

Based on the test in the T statistical test, leverage has a significant value above 0.05, which is 0.543 ($0.543 > 0.05$) with a coefficient value with a negative direction of -0.23. This shows that leverage has no significant effect on tax aggressiveness.

This second hypothesis concludes that there is no strong influence between leverage on tax aggressiveness. According to Rohmansyah (2017), companies tend to use debt obtained for investment and generate income outside the company. This shows that banking companies do not use their debts to minimize their tax burden and make it possible for companies to use their debts for other more profitable company operational activities.

The results of this research support the research of Adisamartha and Noviari (2015), Tiaras and Wjiaya (2015), Mustika (2017), and Budi Rohmansyah (2017). They did not find a significant effect between leverage on tax aggressiveness. On the contrary, this research contradicts the research of Suyanto and Supramono (2012), which states that companies with high debt levels will receive tax incentives in accordance with Article 6 paragraph (1) letter an of Law Number 36 of 2008 so that companies with high tax burden can save tax by increasing company debt. By adding debt to obtain a large tax incentive, it can be said that the company is aggressive toward taxes.

4.4.3 Effect of Profitability on Tax Aggressiveness

Based on the T statistical test, profitability has a significant value above 0.05 which is 0.956 ($0.956 > 0.05$) with a coefficient value with a negative direction of -0.48. This shows that profitability has no significant effect on tax aggressiveness.

This third hypothesis concludes that profitability has a significant negative effect on tax aggressiveness. This shows that banks have a high profitability value so that banks do not experience difficulties in fulfilling company obligations, namely tax payments.

The results of this research are in line with the results of Mustika's (2017) research which shows that profitability has no significant effect on tax aggressiveness. But the results of this research are not in line with the research of Prasista and Setiawan (2016), Adiyani and Septanta (2017) and Pamor (2018), which state that profitability has a significant effect on tax aggressiveness.

4.4.4 Effect of Company Size on Tax Aggressiveness

Based on the T statistical test, company size has a significant value above 0.05, namely 0.985 ($0.985 > 0.05$) and the coefficient value with a negative direction of -7.37. This shows that company size has no significant effect on tax aggressiveness.

This fourth hypothesis concludes that company size does not significantly influence tax aggressiveness. A publicly traded banking company is a company that has a large scale so that it has large enough assets so that many investors and banking supervision bodies oversee it. Therefore, if viewed from the size of companies in large banks, banks tend to be reluctant to carry out tax aggressiveness.

The results of this research are consistent with the results of Mustika's (2017) and Pamor's (2018) research, which shows that company size has no significant effect on tax aggressiveness and is not in line with the research of Tiaras and Wijaya (2015) which shows that company size has a significant effect on tax aggressiveness because it is possible that companies do not use the power they have to do tax planning because in general large-scale companies have abundant assets, in which there is sufficient cash and capital used in funding corporate performance activities.

5. Conclusion and Suggestion

Based on the results and analysis that has been carried out regarding the EFFECT OF LIQUIDITY, LEVERAGE, PROFITABILITY AND COMPANY SIZE ON TAX AGGRESSIVITY using data from banking companies listed on the Indonesia Stock Exchange for three years (2014-2016), the following conclusions can be made as follows:

1. Liquidity has a significant effect on tax aggressiveness. This shows that banking companies are less able to meet their short-term obligations.
2. Leverage does not affect tax aggressiveness. This means that banking companies do not use debt to minimize their tax burden.
3. Profitability does not affect tax aggressiveness. This means that banks have a high profitability value so that banks do not experience difficulties in meeting company obligations, namely tax payments.
4. Company size does not affect tax aggressiveness. This means that banking companies are classified as large and overseen by many investors and banking supervision bodies.
5. Liquidity, Leverage, Profitability and Size of the company have a joint (simultaneous) effect on tax aggressiveness.

Based on the conclusions and limitations above, the suggestions for further researchers are as follows:

1. It is expected to use other variables that affect tax aggressiveness, such as independent commissioners, corporate social responsibility, capital intensity, etc.
2. It is expected to extract data from companies other than banking companies listed on the Indonesia Stock Exchange, such as mining, agricultural, or real estate companies.
3. It is expected that the Financial Services Authority will further improve supervision of the company's financial ratios.

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Biographies

Andi Nerissa Novianti was born in Ujung Pandang on November 14, 1996. She studied Accounting - Taxation at Bina Nusantara University. Heri Sukendar is a lecturer of Accounting and Finance at Bina Nusantara University.