The Influence of Profitability, Transfer Pricing, and Capital Intensity on Tax Avoidance in Making Companies in Property and Real Estate Sub Sectors Listed on the Indonesia Stock Exchange, 2017-2021

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ABSTRACT

This research aims to determine whether there is an effect of profitability, transfer pricing and capital intensity with tax avoidance as the control variable both simultaneously and partially. This study listed the Property and Real Estate sub-sector companies on the Indonesia Stock Exchange in 2017-2021, with a sample of 8 companies taken by purposive sampling. The research variables consist of independent variables: Profitability, Transfer Pricing, and Capital Intensity—research method aims to determine the relationship between two variables, one with another variable. The data used is secondary data. The collected data were analyzed using the SPSS Statistics 25 program. The results showed that only Profitability, Transfer Pricing, and Capital Intensity significantly affected the tax avoidance prediction. In contrast, companies did not have a significant effect on the prediction of tax avoidance.

Keywords: Keyword, Second Keyword, Third Keyword

INTRODUCTION

Indonesia is a non-industrial country whose basic salary comes from retribution (Guthold dkk., 2020). KUP Regulation Article 1 Regulation No. 28 of 2007 Expenditure is an obligation to the state owed by people who can be forced by regulations by not immediately experiencing deviations and used for the needs of the state for the best possible welfare of individuals (Salari dkk., 2021). Taxes are one of the state's biggest revenue sources (Poorarbabi dkk., 2020). Duties are one of the
mainstays of public payments derived from levies (Chen dkk., 2019). Taxes play an important role in a country as they are used for state funding and turnover of public events (S. Yu dkk., 2021). With levies, the existence of a nation will go well.

Thus, taxes are used as the beginning of the turn of events of a nation. The strange costs that occur in Indonesia In the Tax Justice Network report entitled The State of Tax Justice 2020: Tax justice in the time of Covid-19 (Carrillo-Nieves dkk., 2019), it is revealed from these figures, as much as 4.78 billion US dollars, equivalent to Rp. 67.6 trillion is a consequence of the reluctance to valuation companies in Indonesia (Alves-Silva dkk., 2020). While the excess is 78.83 million US dollars or around Rp. 1.1 trillion comes from obligatory secret persons. Productivity with cost avoidance will have a positive relationship (Parkes dkk., 2019). Suppose the organization has the desire to stay away from costs (Curtó-Pagès dkk., 2021). In that case, it should be more effective in monitoring the organization's benefits so that they do not have to pay for multiple tasks (Charai dkk., 2021). Furthermore, what influences the amount of money a business partner can have on tax avoidance is transfer estimates, which is a task handled through designing costs that are transferred between divisions (Aracil, 2019).

The impact on capital intensity is that the higher the organizational capital intensity, the higher the organizational task avoidance.

From the description above (Rathore & Chaudhary, 2019), the search will be directed at building companies listed on the Indonesia Stock Exchange for the 2017-2021 period (Mandolla dkk., 2019). Producing companies are selected, considering similar quality information (Zhao dkk., 2020). Based on this foundation, research is directed with the title "The Influence of Profitability (Chanana & Sangeeta, 2021), Transfer Prices, and Capital Intensity on Tax Avoidance in Manufacturing Companies in the Property and Real Estate Sub-Sector Listed on the Indonesia Stock Exchange in 2017-2021."

The research objectives are targets to be achieved in the research as follows: Analyze and obtain evidence of the effect of profitability on tax avoidance in property and real estate manufacturing companies listed on the IDX in 2017-2021 (Golan dkk., 2019), Deciding the effect of transfer prices on tax avoidance in property and real manufacturing companies estates listed on the IDX in 2017-2021 (Scholten dkk., 2019), Deciding the effect of capital intensity on tax avoidance in property and real estate manufacturing companies listed on the IDX in 2017-2021 (Y. Liu & Meyer, 2020), Deciding the effect of profitability, transfer prices, and capital intensity simultaneously on tax avoidance in companies manufacturing property and real estate listed on the IDX.

According to (Dabbous & Barakat, 2020), profitability is a balance which means determining the organization's ability to create benefits over a certain period and then providing an overview of the feasibility level of the board in completing its duties (Dabbous & Barakat, 2020). According to Henry, the balance of profitability is a measure that discusses the mastery of a company to generate benefits by demonstrating its skills and assets (N. Liu dkk., 2020), such as transaction training, use of capital, and use of resources (Ranjan & Foropon, 2021). As stated by R. Agus Sartono, the elements
that affect productivity are as follows: Efficiency is influenced by the type of company that is set to offer products at a price or assistance (Alves-Silva dkk., 2020), which generally has more stable profits than companies that send stock. Age, companies that have been around for a long time have a more stable advantage compared to companies that have been around for a long time, and the economies of scale guaranteed by the company (La Torre dkk., 2020). Profitability is a measure of a market balance to create benefits during a certain period.

According to Gunadi, quoted by Chairil Anwar Pohan, "the complete cost of gifts or merchandise held by two meetings in exchange of money or different exchanges is called a step assessment (Baldassarre dkk., 2020)." Chairil Anwar's assessment (2018: 196) regarding "transfer price is the cost of handing over the administration or other resources that are difficult to understand that is felt by a process to other elements that have extraordinary relationships and depend on standard fair market costs (Haarhaus & Liening, 2020). Moreover, there are types of transfer pricing as follows: transfer prices between divisions within a company (Charai dkk., 2021), transfer prices are not just the actions of individual companies in groups.

**RESEARCH METHODOLOGY**

This quantitative research was used as the design of this study (Mandolla dkk., 2019). This quantitative research aims to test the hypothesis by testing the application of a theory or through the validity of the theory (Murray dkk., 2020). The independent variables of this study include profitability (X1), transfer pricing (X2), capital intensity (X3), and tax avoidance (Y) as the dependent variables of this study (Palansooriya dkk., 2020). The object of this study is to companies listed on the Indonesia Stock Exchange from 2017 to 2021 (Chawanpaiboon dkk., 2019). The search object that has yet to be determined according to the problem to be contemplated is the company's financial statements for property and real estate sub-sector companies listed on the Indonesia Stock Exchange for 2017-2021.

The population of this study were property companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021, with 65 companies used as the population of this study. However, a sample that met the criteria was eight companies (Roy dkk., 2020). The variables in this study are the variables to be tested, including the following two types of variables (Dewan dkk., 2019). Independent Variables are variables that affect or cause changes or the emergence of dependent variables (Wilder-Smith & Freedman, 2020), which in this study consist of profitability (X1), transfer pricing (X2), and capital intensity (X3) (Dekker dkk., 2019). The dependent variable is the variable that is influenced by the independent variable (de Bono dkk., 2020), which in this study is tax avoidance (Y) (West dkk., 2019). The analytical tool used in this study is the SPSS 25 software because the variable depends on the nature of the dichotomy (tax avoidance which is calculated by the presence of sales to parties with specialities).
RESULT AND DISCUSSION

The results of the descriptive statistical analysis in this study can be seen in the following table:

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>40</td>
<td>-.06</td>
<td>.11</td>
<td>.0185</td>
<td>.036</td>
</tr>
<tr>
<td>TP</td>
<td>40</td>
<td>-8.37</td>
<td>1.71</td>
<td>-.4635</td>
<td>1.715</td>
</tr>
<tr>
<td>CINT</td>
<td>40</td>
<td>.00</td>
<td>.13</td>
<td>.0315</td>
<td>.034</td>
</tr>
<tr>
<td>CETR</td>
<td>40</td>
<td>-.94</td>
<td>7.78</td>
<td>.2005</td>
<td>1.257</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Descriptive Statistical Analysis

From the results of the descriptive statistical test in the table above, it can be seen that the variable return on assets (ROA) has an expected value of 0.0185 with a maximum value of 0.11 and a base value (-0.06) and with a standard deviation of 0.3620 (0, 36). It shows that the benefit of the example organization is 0.0185 (0.01). The transfer price variable (TP) has an expected value (-0.4635) with the largest value of 1.71 and the smallest value of -8.37, so it has a standard deviation of 1.71503. The capital intensity variable (CINT) has an expected value of 0.0315 with a maximum value of 0.13 and a small value of 0.00, so it has a standard deviation of 0.03424. The money-worthy transfer price (CETR) has a value of 0.005. This indicates that the standard corporate tax rate is 0.25% of the pre-fee. Moreover, the small value is -0.94, and the spread value is 7.78.

The normality test aims to test whether the dependent variable and independent variable regression models have a normal distribution. This test for normality uses one sample, Kolmogorov-Smirnov.

Normality Test Results

Based on the normality test results, the analysts also use the Kolmogorov-Smirnov regularity test. If the Kolmogorov - Smirnov habit test produces a Sig > 0.05, it implies that the information is distributed regularly and assumes the value is asymptomatic. Sig < 0.05 means that this study's information is normally distributed.

Autocorrelation Test Results

From the table above, the D-W price is 2.250, where if the D-W price is between -2 to +2, there is no autocorrelation; it can be said that in this review, there is no autocorrelation.

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.157a</td>
<td>.025</td>
<td>-.057</td>
<td>1.29298</td>
<td>2.250</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), CINT, ROA, TP
b. Dependent Variable: CETR

Sumber: Pengolahan Data SPSS 25
The heteroscedasticity test aims to test whether there is variable inequality from one residual observation to another in the regression model. A scatterplot graph carries out heteroscedasticity testing.

From the table above, for the effect of profitability (ROA) on tax evasion (CETR), the calculated T value for profitability (ROA) is \(-0.498\) from T table 2.026 with a sig probability of 0.622 <0.05. Then it was stated that the balance (Ho) was rejected and (Ha) was acknowledged. Productivity (ROA) tends to significantly affect tax avoidance (CETR) in property and land organizations listed on the Indonesia Stock Exchange. Then the principal balance recognized by the benefits of the independent factor has a positive and rather large influence on tax evasion. For the movement estimates (TP) calculation, the calculated T value is \(-0.639\) < from T table 2.026 with a sig probability of 0.527 > 0.05.

Then it was stated that speculation (Ho) was recognized and (Ha) was rejected. Movement estimates (TP) probably affect cost avoidance (CETR) in material and clothing organizations listed on the Indonesian Stock Exchange. For the calculation of capital intensity, the calculated T value is \(-0.321\) < from T table 2.026 with a sig possibility of 0.750 > 0.05. Then it was stated that the balance (Ho) was recognized and (Ha) was rejected. Capital intensity (CINT) probably affects tax avoidance (CETR) in property organizations listed on the Indonesian Stock Exchange.

CONCLUSION

From the results of the examination and discussion regarding the effect of profitability, transfer prices and capital intensity on tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange, the authors can make the following decisions: The profitability variable has a positive and significant effect on tax avoidance in companies property and real estate listed on the Indonesia Stock Exchange for the 2017-2021 period. As for the transfer, the price variable positively and significantly affects tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange 2017-2021. The capital intensity variable positively and significantly affects tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange.

REFERENCES


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