TRANSPUBLIKA
Precise. Resilience. Felicitous.

Transekonomika: Akuntansi, Bisnis dan Keuangan
https://transpublika.co.id/ojs/index.php/Transekonomika
Online ISSN 2809-6851 | Print ISSN 2809-7866

https://doi.org/10.55047/transekonomika.v5i6.1089

Original Article

The Effect of Sales Growth, Return on Assets, Firm Size and Fixed Asset Intensity on Tax Avoidance

Salsabila Safa Adzra[1*], Lintang Kurniawati[2]

[1,2]Accounting Study Program, Faculty of Economics and Business, Universitas Muhammadiyah Surakarta, Indonesia
Email: [1)] salsabilasafaadzra931@gmail.com, [2)] lk123@ums.ac.id

Received : 29 November - 2025
Accepted : 10 January - 2026
Published online : 15 January - 2026

Abstract

Tax avoidance is an important issue in corporate taxation because it reflects how companies manage their tax obligations while remaining within legal boundaries. A firm's choice to engage in tax avoidance can reveal much about its overall conduct and governance standards. Using a quantitative methodology, this research examines how sales growth, return on assets, firm size, and fixed asset intensity relate to tax avoidance in food and beverage firms on the Indonesia Stock Exchange from 2021 to 2024. A purposive sampling process yielded 123 observational data points, which were processed with SPSS. Findings shed light that both increased sales growth and higher return on assets reduce tax avoidance, implying that growing, profitable companies may adopt more compliant tax practices. In contrast, neither firm size nor fixed asset intensity showed a meaningful impact, revealing that neither scale nor the proportion of fixed assets significantly drives avoidance behavior. These findings imply that tax avoidance practices are more closely related to company performance dynamics than to asset size or composition. Therefore, companies are encouraged to integrate tax strategies within transparent and responsible governance frameworks to minimize compliance and reputational risks.

Keywords: Firm Size, Fixed Asset Intensity, Return on Assets, Sales Growth, Tax Avoidance.

1. Introduction

Improving the wellbeing of its population is one of the goals of the Indonesian state, according to the fourth paragraph of the Preamble of the 1945 Constitution. In order to accomplish this as efficiently as possible, the state needs resources as a sufficient financial basis. Taxes become the primary source of governmental revenue in order to fund public necessities for the welfare of the populace (Karlinah et al., 2024). A tax refers to a compulsory payment enforced by the government on individuals and businesses with no immediate returns. From a corporate perspective, taxes represent a cost that reduces net income and may conflict with the firm's primary objective of profit maximization (Widyastuti et al., 2022). The perception of taxes as a costly burden thus creates a powerful incentive for corporate management to engage in tax planning, with legally sanctioned avoidance being a common method to curtail liabilities (Hanlon & Heitzman, 2010). While tax avoidance operates within legal boundaries, it may reduce state revenue and pose reputational and monitoring risks for firms, making it a significant concern for policymakers and regulators (Gallemore et al., 2014).

Recent data shows the extent of tax evasion in Indonesia. According to a report from the World Bank called "Supporting Indonesia's Goals for 2045", tax evasion is identified as a significant obstacle in achieving maximum tax revenue. The report reveals that approximately one in four companies in Indonesia is involved in tax avoidance practices, particularly among

Copyright: © 2026 by the authors.
This is an open access article distributed under the terms and conditions of the CC BY 4.0.

formally registered firms, and nearly 50% of companies acknowledge the ease of avoiding tax obligations such as Corporate Income Tax and Value Added Tax (VAT) (World Bank, 2024).

Prior studies have examined tax avoidance from various perspectives, including tax planning by multinational corporations, determinants of tax avoidance, and ownership structure (Sritharan et al., 2022; Velte, 2023). However, existing literature has predominantly focused on governance related and institutional factors, while empirical evidence on firm level financial characteristics such as sales growth, return on assets, firm size, and fixed asset intensity remains fragmented and yields inconsistent results. Moreover, studies that specifically investigate these relationships within the Indonesian food and beverage industry using recent data are still limited, indicating a clear research gap.

Agency theory provides a framework to understand tax avoidance through the lens of conflicting interests between principals and agents (Jensen & Meckling, 1976). The government, as the principal, expects full tax compliance, whereas management, acting as the agent, seeks to maximize firm performance and profitability, including reducing tax burdens. This divergence in interests offers management discretion to make strategic tax decisions, particularly when firms possess sufficient financial capacity and operational flexibility (Desai & Dharmapala, 2006).

Empirical studies indicate that corporate tax avoidance is influenced by internal financial and operational factors. Sales growth reflects business expansion and operational performance, with firms experiencing high sales growth typically generating higher profits, increasing public visibility and likelihood of tax scrutiny, thereby affecting managerial tax strategies (Ainniyya et al., 2021). Such a context directly influences the level of caution management exercises in its tax strategy decisions. The relationship between profitability (measured by ROA) and tax avoidance is significant, as companies with greater financial strength can more readily fulfill tax duties and are therefore less inclined toward risky avoidance methods that threaten their standing (Enggelina, 2024; Yantri, 2022). However, empirical findings regarding return on assets remain inconsistent. Similarly, firm characteristics such as Firm Size and Fixed Asset Intensity have shown mixed results in prior studies. While larger firms are assumed to have more sophisticated tax planning capabilities, they face stricter compliance requirements (Mahdiana & Amin, 2020). Likewise, high fixed asset intensity is linked to regulated depreciation charges, limiting managerial discretion (Novriyanti & Dalam, 2020).

Despite these studies, several gaps remain unaddressed. Previous studies have yielded inconsistent conclusions about the impact of sales growth, profitability, firm size, and fixed asset intensity on tax avoidance. Additionally, targeted investigations into Indonesia's food and beverage industry are rare, even though this sector is characterized by unique growth dynamics, asset composition, and economic importance. Third, most existing studies rely on older datasets or generalized samples, leaving a need for recent, sector-specific empirical evidence.

Addressing these gaps by focused on Indonesian-listed food and beverage companies (2021-2024), this study assesses the effects of Sales Growth, Return on Assets, Firm Size, and Fixed Asset Intensity on levels of tax avoidance. Its contribution lies in delivering an updated and concentrated exploration of this financial behavior within the regional context. Unlike prior studies that predominantly employ cross-industry samples or emphasize governance-related determinants, this research concentrates on firm-level financial characteristics within a single strategic sector. By using recent panel data, this study addresses the inconsistency of previous empirical findings and extends agency theory by proving how managerial tax avoidance decisions are shaped by financial performance and operational structure, thereby providing both theoretical insights and practical implications for corporate management and tax authorities.

2. Literature Review

2.1. Theory Agency

Agency theory, originating with Jensen & Meckling (2019), defines an agency relationship as a contract. Within this contract, one party (the principal) hires another (the agent) to deliver services and grants them the authority to make delegated decisions. The conferral of this power suggests the existence of a principal-agent contract. Central to agency theory is the problem that emerges from the separation of ownership and control: principals and agents, each pursuing their own utility maximization, inherently face conflicting interests. When the agent (business management) acts in a way that hurts the shareholders as principals, agency issues typically occur (Harr et al., 2010).

Agency theory assumes that each part is motivated by its own interests so that it can cause conflicts between principal and agent. In this case, the fiscal act as principal and corporate taxpayers as agent that comply with applicable tax regulations (M. F. Handayani & Mildawati, 2022). Agency theory relevant to tax avoidance applied by the corporation. Difference in importance between agent and principal can have an impact on business entities. Thus, the system can provide Agent to implement tax avoidance so that later the profit before tax is small and makes tax expense which is charged becomes of small value.

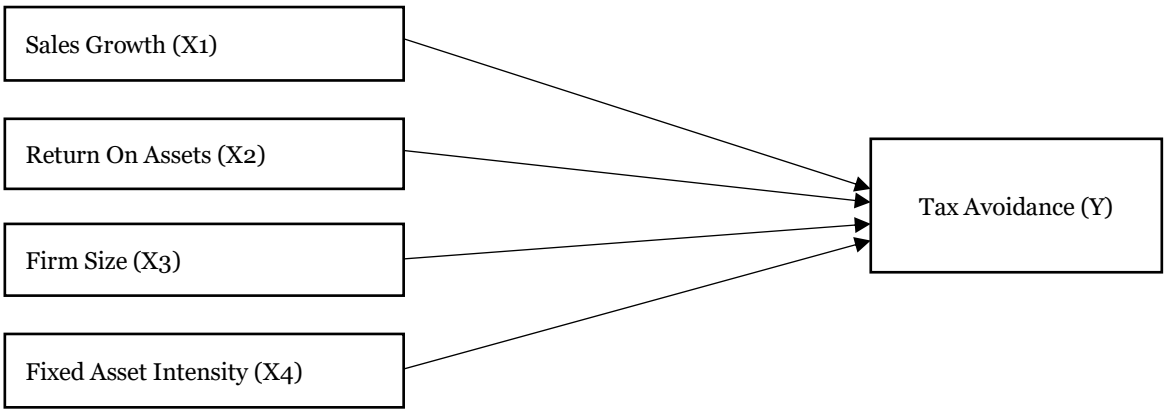

Figure 1. Conceptual Framework

2.2. Tax Avoidance

Tax avoidance falls into the gray area between tax compliance and tax avoidance, which is known as *fraus legis*. Many scholars have tried to define tax avoidance (Aristiyaningrum & Falikhatun, 2024). Low tax payments are typically the goal of taxpayers. As a result, they make an effort to participate in legal tax avoidance, or "tax avoidance." The phrase "tax avoidance" refers to the lawful manipulation of income while following tax laws in order to reduce the amount of taxes owed (Dintia & Santioso, 2025). According to R. Handayani (2023) tax avoidance is not considered to be in violation of tax provisions because the taxpayer's efforts to reduce, reduce, or shift his tax burden are carried out through measures that are still allowed by the applicable tax regulations.

2.3. Sales Growth

According to Dharma (2021), sales growth measures the ability of a company to boost its sales in relation to its overall revenue. Companies that have sales that tend to increase will get increased profits as well. Sales growth is an indicator that serves to measure the rate of increase in sales of a product or service in a certain period of time, such as monthly, yearly, or quarterly. Over time, the sales rate of an entity can fluctuate, both in the form of an increase

and a decrease. Out of all the financial measures (profitability, leverage, liquidity, activity, cash flow, and liquidity), growth has the greatest impact on tax avoidance (Kim & Im, 2017). This is supported by the findings by Ainniyya et al. (2021) and Junrida & Djuharni (2023) that shows a significant relationship between sales growth and tax avoidance. Other studies by Mahdiana & Amin (2020) and Sholekah & Oktaviani (2022) claim that an increase in sales growth has little effect on tax avoidance. Sales have an effect on tax avoidance since higher sales result in higher revenue or profit, and higher profits result in higher business taxes. Consequently, sales growth have a major influence on the prevalence of tax avoidance (Dintia & Santioso, 2025). Based on these findings, the hypothesis proposed is:
H1: Sales Growth affects Tax Avoidance

2.4. Return on Assets

Return on Assets (ROA) is a performance indicator that shows how good a company is at making money with the assets it owns. In simple terms, a higher ROA means the company is using its assets more successfully to create profit (Wahyuni et al., 2021). This ratio serves as a benchmark for evaluating how well management manages the company's resources to generate revenue. Better utilization of company assets to generate profits is indicated by a higher ROA, which can increase company value and boost investor confidence (Zulfa et al., 2025). The results of the research that has been carried out by Novriyanti & Dalam (2020), Mahdiana & Amin (2020), Enggelina (2024) and Rois et al. (2024) argues that there is a significant influence of return on assets against tax avoidance. Another study by Rosa et al. (2022), Madya (2021), and Callista & Susanty (2022) found that profitability has no bearing on tax avoidance. Based on these findings, the hypothesis proposed is:
H2: Return on assets affects Tax Avoidance

2.5. Firm Size

The size of a firm, which consequently reflects the highs and lows of its operational activity, is one of the elements that determines how much tax it pays. The chance to reduce its tax burden increases with the complexity and frequency of business transactions (Rahmayani et al., 2023). According to Rahmawati & Nani (2021), the scale used to classify large and small companies using various measurements constitutes the definition of firm size. Firm size is a measurement that is classified based on the size or size of the company, in addition to being able to show the company's operational activities and revenue (Mahdiana & Amin, 2020). Big corporations often utilize accounting techniques that decrease their reported profits in comparison to smaller companies. This is due to the fact that larger companies generally make more profits than smaller ones, which can significantly impact their tax obligations (Ainniyya et al., 2021). The results of the research that has been carried out by M. F. Handayani & Mildawati (2022), Prihatini & Amin (2022), R. Handayani (2023), and Niariana & Anggraini (2022) stated that there is a significant influence of firm size against tax avoidance. Another research by Sumartono & Puspasari (2021) and Rahmawati & Nani (2021) that company size does not affect tax avoidance. So based on these findings, the hypothesis proposed is:
H3: Firm Size affects Tax Avoidance

2.6. Fixed Asset Intensity

Fixed asset intensity is a measurement that illustrates the level of fixed asset ownership in relation to the total assets of a business. Fixed assets are physical assets that are acquired for operational use, not for selling, and have a lifespan of over twelve months. Fixed assets can include buildings and vehicles (Siboro & Santoso, 2021). High fixed asset ownership will result in a large depreciation burden, which will ultimately reduce the entity's profits. In this

condition, companies tend to take advantage of the high depreciation burden as a strategy to reduce tax liability. Firms that own a significant amount of fixed assets usually end up paying less in taxes because they are able to deduct the depreciation costs of those assets from their taxable income, thus lowering their overall tax burden (Pertiwi & Purwasih, 2023). Prihatini & Amin (2022) found that the fixed asset intensity ratio had a significant effect on tax avoidance. Other studies by Pertiwi & Purwasih (2023) and Setiawan & Putra (2024) claim that an increase in fixed asset intensity has little effect on tax avoidance. So based on these findings, the hypothesis proposed is:

H4: Fixed Asset Intensity affects Tax Avoidance

3. Research Methods

This research applies a quantitative, hypothesis-driven framework to analyze what influences tax avoidance in IDX-listed food and beverage companies during the 2021-2024 period. From a total of 123 companies, 38 were purposively sampled for data availability and consistent reporting, producing a balanced panel dataset. To ensure reliability and minimize bias, all secondary data were gathered from audited financial statements published on the IDX website and the respective companies' official sites. Consistency checks across reporting years were conducted to ensure data comparability and identify potential anomalies. In light of the panel structure, a pooled OLS regression is applied to assess the average marginal effects of firm-level financial attributes on tax avoidance. This specification is appropriate given the sector's homogeneity and the constrained time dimension of the panel, conditions under which the efficiency gains from employing fixed or random effects models are likely to be minimal.

The analysis was done in SPSS. It started with descriptive statistics, then checked regression assumptions like normality, multicollinearity, heteroskedasticity, and autocorrelation. The main hypotheses were tested using multiple linear regression with t-tests, the F-test, and R^2. Finally, to handle outliers, a review of data consistency across the study period helped discriminate between likely reporting mistakes and actual, significant firm conditions. Observations with incomplete or inconsistent data were excluded at the sampling stage, while outliers reflecting actual firm performance were retained to preserve the robustness and representativeness of the estimates. This approach, in terms of methodology, guarantees a structured and consistent examination, even though concentrating on just one industry and a narrow range of factors might limit how broadly the conclusions can be applied. The standards for selecting participants in the research are as outlined:

Table 1. Sample Selection Criteria

Criteria	Sample
Food and beverage companies that were consecutively listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period	70
Food and beverage companies that publish a complete annual report during the period 2021-2024	66
Food and beverage companies that use the Rupiah (Rp) currency in 2021-2024	64
Food and beverage companies that have complete data and documents related to the variables needed in the research	38
Research sample	38
Research period (4 years)	152
Outlier data	(29)
Total sample	123

Table 1 illustrates the method used to choose the sample. Out of the 70 food and beverage businesses listed on the Indonesia Stock Exchange from 2021 to 2024, certain criteria were used to narrow down the selection. These criteria included having thorough annual reports, using the Rupiah for financial reporting, and having complete data for all variables in the study. As shown in Table 1, these criteria resulted in a final sample of 38 firms, yielding 152 firm-year observations. After excluding 29 outlier observations, the final dataset used for analysis consists of 123 firm-year observations, ensuring data consistency and robustness of the regression results.

Table 2. Operational Definition and Variable Measurement

Variable	Definition	Measurement
Tax Avoidance	Tax avoidance is distinguished from illegality because it constitutes the taxpayer's effort to diminish or reallocate their tax burden through means that are expressly allowed under prevailing tax statutes (R. Handayani, 2018).	$CETR = \frac{Tax\ Payments}{Profit\ Before\ Tax}$
Sales Growth	Sales growth measures the rise in a company's sales over time and is a primary metric for evaluating its sales performance. The author compares sales in the current year with sales in the prior year as a proxy to gauge sales growth (Putri et al., 2025)	$SG = \frac{Salest - Salestt - 1}{Salest - 1}$
Return on Assets	As a crucial indicator of financial efficiency, Return on Assets (ROA) assesses a company's profitability by calculating the ratio of its net profit to the total assets held at the period's close (Enggelina, 2024).	Return on Assets $= \frac{Net\ Profit\ After\ Tax}{Total\ Assets}$
Firm Size	An organization's total size in terms of assets, income, and operations is reflected in its firm size. Because they often have more intricate organizational structures and access to advanced tax planning knowledge, larger businesses are better able to spot and take advantage of tax loopholes (Situmorang et al., 2025).	$FirmSize = Ln(TotalAssets)$
Fixed Asset Intensity	Fixed assets are the company's wealth that is acquired to support its business operations, has a physical form, and offers financial rewards for more than a year (Rois et al., 2024).	Fixed Asset Intensity $= \frac{Total\ Fixed\ Assets}{Total\ Assets}$

The constructs of firm performance (measured by sales growth and return on assets), scale (firm size), and asset structure (fixed asset intensity), as operationally defined in Table 2, are subsequently analyzed in the Results and Discussion section to account for differences in corporate tax avoidance.

4. Results and Discussion

4.1. Research Results

4.1.1. Descriptive Statistical Test

Table 3. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Hours of deviation
SG	123	-0.1222	0.4911	0.1349	0.140243
ROA	123	0.0049	0.2266	0.0974	0.051541
FS	123	24.9393	32.9379	29.3276	1.690561
IAT	123	0.0230	0.7629	0.3482	0.161898
TA	123	0.0325	0.4545	0.2186	0.080382

Source: Data processed with SPSS, 2025

Based on table 3, of the 123 research sample companies, the lowest value was -0.1222 in the Sales Growth variable while the highest value was 32.9379 in the Firm Size variable. The lowest average was 0.0974 in the Return on Assets variable, while the highest average was 29.3276 in the Firm Size variable. The standard deviation in this test shows the lowest value of 0.051541 in the Return on Assets variable and the highest value of 1.690561 in the Firm Size variable.

4.1.2. Classic Assumption Test

1) Normality Test

The distribution of the regression model's residuals was evaluated for normality using the One-Sample Kolmogorov-Smirnov Test. According to this test, a p-value > 0.05 satisfies the normality condition, while a p-value < 0.05 points to a non-normal distribution.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
Kolmogorov-Smirnov Z	0.047
Asymp. Sig. (2-tailed)	0.200

Source: Secondary data processed with SPSS, 2025

Table 4 displays a Kolmogorov-Smirnov test statistic of 0.047 and an associated significance of 0.200. Because the p-value (0.200) is greater than the conventional alpha level of 0.05, the null hypothesis of normality is not rejected. This confirms the normal distribution of residuals, satisfying a fundamental prerequisite for valid inference using multiple linear regression analysis.

2) Multicollinearity Test

Table 5. Multicollinearity Test Results

Variable	Tolerance	BRIGHT	Information
Sales Growth	0.978	1.023	Multicollinearity does not occur
Return on Assets	0.942	1.062	Multicollinearity does not occur
Firm Size	0.953	1.049	Multicollinearity does not occur
Fixed Asset Intensity	0.996	1.004	Multicollinearity does not occur

Source: Secondary data processed with SPSS, 2025

Based on the diagnostic output in Table 5, the variables Sales Growth, Return on Assets, Firm Size, and Fixed Asset Intensity demonstrate tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values under the critical threshold of 10. These results satisfy the multicollinearity assumption, permitting the continuation of further diagnostic testing.

3) Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Variable	Sig. Value	Information
SG	0.609	Heteroscedasticity does not occur
ROA	0.902	Heteroscedasticity does not occur
FS	0.902	Heteroscedasticity does not occur
IAT	0.796	Heteroscedasticity does not occur

Source: Secondary data processed with SPSS, 2025

To test for heteroscedasticity, the Spearman Rho method was employed. As shown in table 6, the significance levels for all independent variables are above 0.05: Sales Growth (0.609), Return on Assets (0.902), Firm Size (0.902), and Fixed Asset Intensity (0.796). This indicates the absence of heteroscedasticity in the regression model.

4) Autocorrelation Test

Table 7. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.465[a]	0.216	0.190	0.072349238132	1.972

Source: Secondary data processed with SPSS, 2025

The independence of the model's residuals was assessed using the Durbin-Watson test as in table 7. The resulting statistic (DW = 1.972) is situated between the critical upper bound of 1.7733 and 2.2267, leading to the conclusion that there is no autocorrelation present.

4.1.3. Hypothesis Testing Results with Multiple Linear Regression Analysis

This study uses multiple regression analysis to model the relationship between Tax Avoidance (dependent variable) and four independent variables (Sales Growth, ROA, Firm Size, and Fixed Asset Intensity) in the food and beverage sector. The empirical findings are detailed in Table 8.

Table 8. Multiple Linear Regression Test

Variable	Regression Coefficients	Significance	Information
Constant	0.136	0.265	
SG	-0.184	0.000	H1 Accepted
ROA	-0.364	0.006	H2 Accepted
FS	0.005	0.172	H3 Rejected
IAT	-0.048	0.234	H4 Rejected
Adjusted R^2 = 0,190			
Significance F = 0.000			

Source: Secondary data processed with SPSS, 2025

After analyzing the outcomes of the multiple linear regression test mentioned earlier, we can establish the subsequent regression equation model:

$$\mathbf{TA = 0.136 - 0.184\ SG - 0.364\ ROA + 0.005\ FS - 0.048\ IAT + \varepsilon} \quad (1)$$

The explanation from the equation is explained as follows:

1) An intercept of 0.136 signifies a positive baseline for tax avoidance when the explanatory variables are set to zero. This implies that, independent of the factors examined (sales growth, profitability, size, and asset intensity), companies exhibit an inherent level of tax avoidance driven by determinants not captured in the current model.
2) A regression coefficient of -0.184 for Sales Growth signifies that it exerts a negative influence on tax avoidance. This implies that firms experiencing higher sales growth are less inclined to avoid taxes, potentially because their improved performance reduces the perceived need for such strategies.
3) The coefficient for Return on Assets is -0.364, indicating a significant negative relationship with tax avoidance. In practical terms, this means companies with higher

asset profitability which is a sign of strong financial health that tend to exhibit lower levels of tax avoidance.

4) Firm Size shows a positive coefficient of 0.005. Although this implies a very slight positive relationship with tax avoidance, the magnitude is so small that it effectively demonstrates that firm size is not a significant factor. Thus, the scale of a company does not reliably predict its approach to tax avoidance.
5) A coefficient of -0.048 for Fixed Asset Intensity illustrates that its impact on tax avoidance is minimal. Although increased fixed asset intensity results in higher depreciation expenses, this non-discretionary accounting effect does not substantially influence managerial decisions to engage in or abstain from tax avoidance.

Results from the F-test (p = 0.000) show the regression model is statistically valid. The adjusted R-square value is 0.190, revealing that approximately 19% of the fluctuations in Tax Avoidance can be attributed to Sales Growth, Return on Assets, Firm Size, and Fixed Asset Intensity. The majority (81%) of the variation, however, stems from elements outside this model. These factors may include internal aspects such as tax management policies, ownership structure, liquidity, and corporate governance, as well as external conditions like tax regulations, economic conditions, industry competition, and tax supervision. Therefore, the study results should be interpreted considering both the internal and external context of the companies.

The t-test results for the four research hypotheses are presented in table 7. The significance value of Sales Growth is 0.000 (0.000 < 0.05), indicating that H1 is accepted. An expansion of business operations is reflected in increased sales, which is generally followed by higher profits. Firms with strong sales performance are more likely to be subject to stricter fiscal scrutiny and have greater incentives to maintain their reputation and tax compliance. Consequently, this condition encourages management to be more cautious in making tax-related decisions, indicating that Sales Growth significantly affects Tax Avoidance. Furthermore, Return on Assets shows a significance value of 0.006 (0.006 < 0.05), leading to the acceptance of H2.

Higher profitability corresponds with lower tax avoidance, likely because companies with strong earnings have less incentive to engage in risky tax planning and are better positioned to fulfill their obligations. On the other hand, firm size does not play a decisive role, as tax compliance pressures are largely uniform across companies of different scales. Similarly, fixed asset intensity is not a major factor, since depreciation rules are clearly defined and leave limited opportunity for aggressive tax positioning.

4.2. Discussion

4.2.1. The Effect of Sales Growth on Tax Avoidance

Hypothesis 1 is supported, indicating that higher sales growth correlates with reduced tax avoidance. This is likely because rapidly growing companies, facing heightened scrutiny, tend to pursue more conservative tax strategies to safeguard their public image. This finding is consistent with Ainniyya et al. (2021) and Sinambela & Nuraini (2021). However, it contrasts with studies by Mahdiana & Amin (2020) and Sholekah & Oktaviani (2022), which suggest that high-growth firms engage in more aggressive tax avoidance to preserve cash flows. This difference may be explained by the industry-specific characteristics of the food and beverage sector, which operates under high public visibility and strict regulatory oversight. From an agency theory perspective, increased monitoring reduces managerial discretion, thereby

limiting opportunistic tax behavior and reinforcing managerial prudence in managing corporate tax burdens.

4.2.2. The Effect of Return on Assets on Tax Avoidance

The acknowledgment of H2 suggests that the level of profitability has a notable impact on the tendency to avoid taxes. Companies that have a higher return on assets (ROA) typically have more financial flexibility to fulfill their tax responsibilities, reducing their motivation to engage in risky tax schemes because of the potential negative effects on their reputation and regulatory compliance. This result supports prior findings by Danardhito et al. (2023); Enggelina (2024); and Yantri (2022). Nevertheless, it contrasts with studies by Callista & Susanty (2022); Madya (2021); and Rosa et al. (2022), which argue that more profitable firms tend to engage in higher levels of tax avoidance as a response to increased tax burdens. In the Indonesian context, particularly within consumer-oriented industries, higher profitability may intensify external monitoring by regulators and stakeholders, thereby constraining managerial opportunism in line with agency theory.

4.2.3. The Effect of Firm Size on Tax Avoidance

The results of the third hypothesis test show that the idea of firm size influencing tax avoidance is not supported. Even though bigger companies may have better tax planning tools, they also face more scrutiny from regulators and greater risks to their reputation. This finding is consistent with Situmorang et al. (2025), Ainniyya et al. (2021), Mahdiana & Amin (2020), Sumartono & Puspasari (2021), but contrasts with studies by M. F. Handayani & Mildawati (2022) and R. Handayani (2023), which report a positive relationship between firm size and tax avoidance. The insignificance of firm size may reflect a trade-off between enhanced tax planning capabilities and intensified external monitoring, supporting agency theory that increased monitoring reduces information asymmetry and limits managerial discretion regardless of firm size.

4.2.4. The Effect of Fixed Asset Intensity on Tax Avoidance

The analysis fails to support H4, finding no statistically significant relationship between fixed asset levels and tax evasion. Although a higher proportion of fixed assets increases depreciation expenses, depreciation methods are strictly regulated under tax law, thereby limiting managerial discretion. This finding is consistent with Callista & Susanty (2022); Novriyanti & Dalam (2020); Rois et al. (2024), but contrasts with findings by Prihatini & Amin (2022), who suggest that asset structure can be strategically utilized for tax avoidance. The rigidity of depreciation regulations appears to standardize tax treatment across firms, constraining managerial flexibility and supporting agency theory that regulatory monitoring reduces opportunistic behavior.

Overall, these findings extend agency theory by demonstrating that managerial tax avoidance decisions are more strongly influenced by firm performance and external monitoring than by firm size or asset structure. From a practical perspective, the results suggest that corporate managers should prioritize compliance-oriented tax strategies as firm growth and profitability increase. For tax authorities, the findings imply that supervisory efforts may be more effectively directed toward firms with high growth and profitability rather than relying solely on firm size or asset composition as risk indicators.

5. Conclusion

This study assesses the impact of sales growth, profitability, size, and asset structure on tax avoidance in Indonesia's food and beverage sector (2021-2024). Contrary to some expectations, only performance-related variables (sales growth and ROA) significantly affect avoidance, whereas firm scale and asset intensity do not. This indicates that tax avoidance behavior is more strongly linked to a company's operational results than to its inherent structural features. Sector-specific conditions, such as high market visibility, strong consumer exposure, and regulatory oversight, appear to limit managerial discretion and encourage more cautious tax behavior as firm performance improves.

From a theoretical perspective, the results extend agency theory by emphasizing the role of financial capability and external monitoring in shaping managerial tax decisions. Practically, the findings suggest that managers of high-growth and highly profitable firms should strengthen compliance-oriented tax strategies, while tax authorities may improve supervisory effectiveness by prioritizing firms with strong operational performance rather than relying solely on firm size or asset composition. Future studies should consider including more factors related to governance, lengthening the timeframe of observation, and using different research methods to gain a deeper insight into how companies avoid paying taxes.

6. References

Ainniyya, S. M., Sumiati, A., & Susanti, S. (2021). Pengaruh Leverage, Pertumbuhan Penjualan, dan Ukuran Perusahaan Terhadap Tax Avoidance. *Owner*, *5*(2), 525–535. https://doi.org/10.33395/owner.v5i2.453

Aristiyaningrum, U. L., & Falikhatun. (2024). *Corporate Tax Avoidance : A Structured Literature Review and Areas for Future Research*. *8*(07), 109–134. https://doi.org/https://doi.org/10.51505/IJEBMR.2024.8708

Callista, O., & Susanty, M. (2022). Faktor-faktor yang Mempengaruhi Penghindaran Pajak pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. *E-Jurnal Akuntansi TSM*, *2*(3), 225–240. https://doi.org/10.34208/ejatsm.v2i3.1703

Danardhito, A., Widjanarko, H., & Kristanto, H. (2023). Determinan penghindaran pajak: likuiditas, leverage, aktivitas, profitabilitas, pertumbuhan, dan nilai perusahaan. *Jurnal Pajak Indonesia*, *7*(1), 45–56.

Darma, S. S. (2021). Pengaruh Kompensasi Manajemen, Umur Perusahaan, Pertumbuhan Penjualan, Capital Intensity dan Leverage terhadap Penghindaran Pajak. *Reslaj : Religion Education Social Laa Roiba Journal*, *4*(2), 118–128. https://doi.org/10.47467/reslaj.v6i1.3822

Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, *79*(1), 145–179.

Dintia, C., & Santioso, L. (2025). The Influence pf Sales Growth, Leverage, Company Size, and Profitability on Tax Avoidance in Consumer Non-Cyclicals Companies from 2021 to 2023. *International Journal of Application on Economics and Business*, *3*(3), 1234–1244. https://doi.org/https://doi.org/10.24912/ijaeb.v3i3.1234-1244

Enggelina, N. (2024). Pengaruh Return on Asset (ROA), Leverage, Capital Intensity, dan Financial Distress Terhadap Tax Avoidance (Pada Perusahaan Sektor Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2019-2022). *Global Accounting: Jurnal Akuntansi*, *3*(1), 1–12.

Gallemore, J., Maydew, E. L., & Thornock, J. R. (2014). The reputational costs of tax avoidance. *Contemporary Accounting Research*, *31*(4), 1103–1133.

Handayani, M. F., & Mildawati, T. (2022). Pengaruh profitabilitas, leverage, dan ukuran perusahaan terhadap penghindaran pajak. *Jurnal Ilmu Dan Riset Akuntansi*, *7*(2), 1–16.

Handayani, R. (2018). Pengaruh Return on Assets (ROA), Leverage dan Ukuran Perusahaan Terhadap Tax Avoidance Pada Perusahaan Perbankan yang Listing di BEI Periode Tahun 2012-2015. *Jurnal Akuntansi Maranatha*, *10*(1), 72–84. https://doi.org/10.28932/jam.v10i1.930

Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, *50*(2–3), 127–178.

Harr, D. J., Godfrey, J. T., & Frank, R. H. (2010). *Accounting for Volunteer Services in a Charitable Organization*.

Jensen, M. C., & Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360.

Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs and ownership structure. In *Corporate Governance*. Gower. https://www.taylorfrancis.com/chapters/edit/10.4324/9781315191157-9/theory-firm-managerial-behavior-agency-costs-ownership-structure-michael-jensen-william-meckling

Junrida, S., & Djuharni, D. (2023). The Effect of Corporate Governance, Sales Growth, and Capital Intensity on Tax Avoidance. *Journal of Business and Management Studies*, 71–78. https://doi.org/10.32996/jbms

Karlinah, Lady, Sugondo, L. Y., & Laurentya, V. (2024). Kesadaran Pajak sebagai Mediasi dalam Pengaruh Pengetahuan dan Pemahaman Perpajakan terhadap Kepatuhan Wajib Pajak UMKM. *Ownwer: Riset & Jurnal Akuntansi*, *8*(3), 2235–2249. https://doi.org/https://doi.org/10.33395/owner.v8i3.2296

Kim, J., & Im, C. (2017). Study on corporate social responsibility (CSR): Focus on tax avoidance and financial ratio analysis. *Sustainability*, *9*(10), 1710.

Madya, E. (2021). Pengaruh Return on Asset, Leverage, Ukuran Perusahaan Terhadap Tax Avoidance. *YUME: Journal of Management*, *4*(2), 293–305. https://doi.org/10.33592/jeb.v27i2.2020

Mahdiana, M. Q., & Amin, M. N. (2020). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Dan Sales Growth Terhadap Tax Avoidance. *Jurnal Akuntansi Trisakti*, *7*(1), 127–138. https://doi.org/10.25105/jat.v7i1.6289

Niariana, D., & Anggraini, D. R. (2022). Pengaruh Leverage, Ukuran Perusahaan dan Likuiditas Terhadap Penghindaran Pajak (Studi Empiris Perusahaan Manukfaktur Subsektor Makanan dan Minuman Pada Tahun 2016-2020). *Prosiding: Ekonomi Dan Bisnis*, *2*(1), 1–13.

Novriyanti, I., & Dalam, W. W. W. (2020). Faktor - Faktor Yang Mempengaruhi Penghindaran Pajak. *Journal of Applied Accounting and Taxation*, *5*(1), 24–35. https://doi.org/10.53916/jam.v35i1.127

Pertiwi, S. D., & Purwasih, D. (2023). Pengaruh Ukuran Perusahaan, Intensitas Aset Tetap Terhadap Penghindaran Pajak Dengan Pertumbuhan Penjualan Sebagai Variabel Moderasi. *JURNAL REVENUE: Jurnal Akuntansi*, *3*(2), 477–487.

Prihatini, C., & Amin, M. N. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Intensitas Aset Tetap Dan Kualitas Audit Terhadap Tax Avoidance. *Jurnal Ekonomi Trisakti*, *2*(2), 1505–1516. https://doi.org/10.25105/jet.v2i2.14669

Putri, V. R., Falatifah, M., & Karlinah, Lady. (2025). Pengaruh Profitabilitas , Firm Size dan Sales Growth terhadap Tax Avoidance. *Owner: Riset & Jurnal Akuntansi*, *9*(2), 1340–1356. https://doi.org/https://doi.org/10.33395/owner.v9i2.2679

Rahmawati, D., & Nani, D. A. (2021). Pengaruh Profitabilitas, Ukuran Perusahaan, Dan Tingkat Hutang Terhadap Tax Avoidance. *Jurnal Akuntansi Dan Keuangan*, *26*(1), 1–11. https://doi.org/10.23960/jak.v26i1.246

Rahmayani, M. W., Hernita, N., & Riyadi, W. (2023). Company Size and Profitability Against Tax Avoidance in Coal Sector Mining Companies Listed on the IDX in 2018-2021.

International Journal of Profesional Business Review, *8*(8), 1–11. https://doi.org/https://doi.org/10.26668/businessreview/2023.v8i8.3262

Rois, D. I. N., Astungkara, A., Kurniati, S., & Hasanah, A. N. (2024). The Influence of Profitability , Leverage , Company Size , and Fixed Asset Intensity on Tax Avoidance in the Consumer Goods Industry. *Journal of Management and Administration Provision*, *4*(2), 117–122. https://doi.org/https://doi.org/10.55885/jmap.v4i2.360 The

Rosa, H. F., Hartono, A., & Ulfah, I. F. (2022). Pengaruh Return on Asset (ROA), Leverage dan Intensitas Modal Terhadap Penghindaran Pajak (Tax Avoidance). *Jurnal Ekonomi Syariah Darussalam*, *3*(I), 18–33.

Setiawan, I., & Putra, F. T. B. (2024). Pengaruh Ukuran Perusahaan, Intensitas Modal, Pertumbuhan Penjualan dan Intensitas Persediaan Terhadap Penghindaran Pajak. *Jurnal Nusa Akuntansi*, *1*(3), 987–1007.

Sholekah, F. I., & Oktaviani, R. M. (2022). Pengaruh Profitabilitas, Sales Growth dan Leverage terhadap Penghindaran Pajak. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *6*(2), 1406–1420.

Siboro, E., & Santoso, H. F. (2021). Pengaruh Profitabilitas, Leverage, dan Capital Intensity terhadap Tax Avoidance pada Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2019. *Jurnal Akuntansi*, *21*(1), 21–36.

Sinambela, T., & Nuraini, L. (2021). Pengaruh Umur Perusahaan, Profitabilitas dan Pertumbuhan Penjualan Terhadap Tax Avoidance. *INOBIS: Jurnal Inovasi Bisnis Dan Manajemen Indonesia*, *5*(1), 25–34. https://doi.org/10.31842/jurnalinobis.v5i1.209

Situmorang, Y. D., Hamzani, U., & Dosinta, N. F. (2025). Determinants of Tax Avoidance on Basic Materials Companies. *Jurnal Ilmiah Akuntansi Kesatuan*, *13*(4), 1063–1074. https://doi.org/10.37641/jiakes.v13i4.3659

Sritharan, N., Salawati, S., Sharon, C. C. S., & Syubaili, M. A. (2022). Corporate Tax Avoidance : A Systematic Literature Review and Research Agenda. *International Journal of Academic Research in Business & Social Sciences*, *12*(8), 1104–1123. https://doi.org/10.6007/IJARBSS/v12-i8/14683

Sumartono, & Puspasari, I. W. T. (2021). Determinan Tax Avoidance: Bukti Empiris pada Perusahaan Publik di Indonesia. *Jurnal Ilmiah Akuntansi*, *6*(1), 136–162. https://doi.org/10.23887/jia.v6i1.29281

Velte, P. (2023). Ownership structure and corporate tax avoidance : a structured literature review on archival research. *Journal of Applied Accounting Research*. https://doi.org/10.1108/JAAR-10-2022-0259

Wahyuni, K., Aditya, E. M., & Indarti, I. (2021). Pengaruh Leverage, Return On Assets dan Ukuran Perusahaan terhadap Penghindaran Pajak pada Perusahaan Publik di Indonesia. *Management & Accounting Expose*, *2*(2), 116–123. https://doi.org/10.36441/mae.v2i2.103

Widyastuti, S. M., Meutia, I., & Candrakanta, A. B. (2022). The Impact Of Leverage, Profitability, Capital Intensity And Corporate Governance On Tax Avoidance Sari. *Integrated Journal of Business and Economics*, *6*(1), 13–27.

Yantri, O. (2022). Pengaruh Return on Assets, Leverage dan Firm Size terhadap Tax Avoidance pada Perusahaan Sektor Energi yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2021. *Reviu Akuntansi, Manajemen, Dan Bisnis*, *2*(2), 121–137. https://doi.org/10.35912/rambis.v2i2.1530

Zulfa, R. N., Setiyaningrum, S., Khasanah, N. K., & Gunawan, A. (2025). Pengaruh ROA dan Leverage Terhadap Tax Avoidance pada Perusahaan Kosmetik di BEI Tahun 2021-2023. *Journal Of Economic, Accounting and Management*, *3*(1), 08–16. https://doi.org/10.1201/9781032622408-13