# THE EFFECT OF SALES GROWTH, CAPITAL INTENSITY AND LEVERAGE ON TAX AVOIDANCE

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***Abstract***

*This study investigates the impact of Sales Growth, Capital Intensity, and Leverage on Tax Avoidance within consumer goods industry sector companies listed on the Indonesia Stock Exchange (IDX) between 2018 and 2022. Employing a quantitative approach, the study uses purposive sampling to select 16 companies over a 5-year period, resulting in 80 samples that meet specified criteria. Financial statement data form the basis of the analysis, which incorporates descriptive statistical tests, regression model selection, panel data estimation techniques, classical assumption tests, panel data regression tests, determination coefficient tests, and hypothesis testing. The E-Views 9 application facilitated the data analysis. Findings from the F statistical test indicate that Sales Growth, Capital Intensity, and Leverage together influence Tax Avoidance. Furthermore, the t statistical test reveals that while Sales Growth positively impacts Tax Avoidance, Capital Intensity and Leverage do not have a significant effect.*

*Keywords: Sales Growth, Capital Intensity, Leverage, Tax Avoidance*

## 1. INTRODUCTION

In Indonesia, taxes are used by the government to fund national development and achieve universal welfare in various fields. In terms of tax revenue, the Indonesian government benefits from several taxpaying entities where it operates (Susanti, 2018). If businesses are aware of the need to pay taxes on time and in the right amount, their share of taxes contributes significantly to a country's tax revenue (Nurrahmi & Rahayu, 2020). Business entities are one of the many taxpayers who are obliged to contribute a portion of their wealth to the state from their income for taxes (Pohan, 2016). The property contributed by a business or company creates a burden for the business world, namely the tax burden. Due to this, it can be stated that taxes are a business expense that must be paid by the company and reduce the company's income because it hampers revenue and profits (Maryanti, 2016).

Taxes are state levies from the public and are used for social and governmental purposes, because taxes are paid for public purposes and not for private purposes, this case results in the tax will not be directly received by people who do not pay it (Pratama & Larasati, 2021). Because of this, the state continues to try to maximize tax revenue. Individual taxpayers and corporate taxpayers are two types of taxpayers in Indonesia (Januari & Suardikha, 2019). Paying taxes is one of the many ways taxpayers show their support for the progress of the country (Juliana et al., 2020).

British American Tobacco (BAT), the tobacco company suspected of tax evasion in Indonesia through PT Bentoel Internasional Investama Tbk (RMBA), is one of many

multinational companies involved in one of many tax evasion incidents. State losses due to this practice are estimated at $14 million USD per year. This phenomenon occurred in May 2019, the Tax Justice Network (TJN) organization conducted an investigation which led to allegations of fraud. TJN (Tax Justice Network) is an independent organization with a global network that specializes in conducting research and studies on tax policy and implementation. The Tax Justice Network report states that the tobacco company owned by British American Tobacco (BAT) implemented tax evasion through PT Bentoel Internasional Investama. Indonesia will pay US$ 14 million less in taxes each year as a result of interest payments made that will reduce the country's taxable income (kontan.co.id, 2019).

The first factor that affects tax avoidance is sales growth. When a company has a high sales growth rate, this indicates that the company generates high profits so that it will affect the amount of tax that must be paid by the company (Supriyono, 2018). The higher the profit earned, the higher the tax that the company must pay, thus encouraging companies to avoid taxes to pay the minimum tax possible to maximize profits (Oktamawati, 2017). According to Dewinta and Setiawan (2016), sales growth has a positive effect on tax avoidance because the greater the sales growth, the smaller the ETR value; in other words, corporate tax avoidance activities increase along with the decrease in ETR value (Andhari & Sukartha, 2017).

The second factor that affects tax avoidance, namely capital intensity, is defined as how much the company invests its wealth in fixed assets (Januwito, 2022). Fixed assets can be utilized by companies to avoid taxes so that the company's Effective Tax Rate (ETR) is lower. This shows that the higher the capital intensity, the higher the level of tax avoidance by the company. According to Juliana et al. (2020), capital intensity has a positive effect on tax avoidance because when companies choose to invest in fixed assets, they will face a greater fixed asset depreciation expense so that it will reduce company profits and the amount of tax to be paid (Supriyono, 2018). Agency theory related to capital intensity states that company management can benefit from the depreciation costs generated from fixed assets to reduce the tax burden imposed on the company (Eisenhardt, 1989).

The third factor affecting tax avoidance is leverage, which is a component of interest expense that can reduce pre-taxable profit, so it can be understood that high interest expense indicates lower profits (Barli, 2018). If this happens, then companies with low profits are less likely to take tax avoidance actions. According to Putriningsih et al. (2018), leverage has a positive effect on tax avoidance because when a company has a high interest expense on loans, the company's profit will decrease. As a result, the tax burden that must be paid will be reduced, which will have an impact on reducing the tax avoidance that will be carried out by the company (Indah & Wijaya, 2021). Agency theory related to leverage states that company managers will know the use of own capital and loan capital and know the ratio of the company's ability to fulfill its obligations (Bawazier, 2022).

This research is a development of previous research, because the sample of this study is manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. This study aims to analyze the effect of Sales Growth, Capital Intensity, and Leverage on Tax Avoidance.

## 2. LITERATURE REVIEW

### 2.1. Agency Theory

According to Jensen and Meckling (1976) describe agency theory as a contractual relationship between the agent (management) and the principal (company owner). The principal assigns a task to the agent to provide services (services) for the benefit of the principal. Agency theory refers to the agreement between the principal and the agent. In this case, both parties are considered to have personal interests and economic comparisons. Agency problems arise in 2 forms, namely between the owner of the company (principal) and the management (agent), between shareholders and bondholders. The normative objective of financial decision making, namely decisions made to maximize entrepreneur wealth, only applies if the financial decision maker (agent) makes decisions in the interests of investors (Irawati et al., 2020).

### 2.2. Tax Avoidance

A company that tries to reduce its tax burden aggressively also carries out tax aggressiveness, either by using methods that are classified as legal, namely tax avoidance or methods that are classified as illegal such as tax evasion (Mulyadi, 2021). Tax avoidance is a legal tax avoidance effort that does not violate tax regulations to take advantage of weaknesses in tax provisions to reduce the burden on taxpayers ((Mardianti & Ardini, 2020). Tax avoidance is closely related to the company's desire to maximize profits (Hidayat, 2018). Tax avoidance is considered not to conflict with tax laws and regulations because it is considered that practices related to tax avoidance are more utilizing loopholes in tax laws, which are believed to have an impact on state revenue from the tax sector (Juliana et al., 2020).

### 2.3. Sales Growth

The main component of the company's revenue is obtained from sales. Sales play an important role for the company because if sales in a period increase, the profit earned will also increase (Hendrianto & Hidayati, 2022). The company certainly wants its sales to continue to grow from year to year. A company with sales growth that increases from year to year indicates that the company is able to manage its resources well (Haryaningsih, 2019). The more the company experiences growth in its sales, the component of its income increases, this can help the company to be able to expand its business so that the company's value also increases (Dramawan, 2015). However, sometimes companies experience a phase of declining sales even though this is not desirable. This situation is not impossible when economic changes in a country experience a recession.

### 2.4. Capital Intensity

Capital intensity is a form of financial decision in investing its assets in the form of fixed assets in total assets (Alfarasi & Muid, 2022). This decision is taken by the company's management to increase the company's profitability through depreciation of equipment, machinery and various other properties (Ikhfa, 2023). Capital Intensity is the amount of money invested to get one dollar of output (Intan & Jati, 2019). The more capital used to produce the same unit, the greater the capital intensity of the firm (Pitaloka & Merkusiwati, 2019). In general, capital intensity is associated with the amount of capital owned by a

company in the form of fixed assets, so the capital intensity ratio is measured by some proportion of fixed assets to total assets owned by the company (Firdaus & Poerwati, 2022). Transparency is defined as the openness of information, both in the process of making and disclosing relevant material information about the company (Laeladevi et al., 2021). Information transparency helps access to information to be transparent and easily accessible to investors, thereby minimizing the opportunistic behavior of managers in conducting tax avoidance, thereby reducing the risk of detection and risk due to information asymmetry related to tax avoidance policies carried out by company managers .

### 2.5. Leverage

Leverage is the extent to which a company is able to finance its operations from debt. Company operations are financed by two main sources: shareholders and debt (Januari & Suardikha, 2019). According to Wijayanti et al. (2020), leverage can be used to determine the company's position towards its creditors so that it can fulfill its obligations, including debt and interest payments. Broadly speaking, leverage is used to measure the company's ability to meet short-term and long-term obligations (Alfina et al., 2018). According to Ngadiman & Puspitasari (2014), long-term debt financing results in high interest payments that reduce the tax burden that the company must pay.

### 3. RESEARCH METHOD

This study employs quantitative research with a descriptive method. Quantitative research, as defined by Sugiyono (2019), involves investigating specific populations or samples, collecting data through research instruments, and analyzing the data quantitatively or statistically to test predetermined hypotheses.

The research focuses on manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange from 2018 to 2022. The analysis aims to describe research variables through data metrics such as quantity, maximum, minimum, average, range, and standard deviation. The author utilizes quantitative data for this study.

The study uses three types of variables: independent variables (sales growth, capital intensity, and leverage) and a dependent variable (tax avoidance). Independent variables influence changes in the dependent variable, which in this study, is tax avoidance.

**Table 1. Operational Variables**

| No | Variable Type | Variables | Measurement Scale | |
|----|---------------|-----------|-------------------|--|
| 1 | Dependent | Tax Avoidance | $ETR = \dfrac{Tax\ Expense}{Profit\ before\ Tax}$ | Ratio |
| 2 | Independent | Sales growth | $SG = \dfrac{Sales\ t - Sales\ t_1}{Sales\ t_1}$ | Ratio |
| 3 | Independent | Capital Intensity | $CI = \dfrac{Fixed\ assets}{Total\ assets}$ | Ratio |
| 4 | Independent | Leverage | $DER = \dfrac{Total\ Liabilities}{Total\ Equity}$ | Ratio |

The data used is secondary data in the form of annual reports and financial reports of mining companies that have been published from the IDX website (www.idx.co.id).

**Table 2. Company Criteria**

| No | Criteria | No Criteria | Total |
|----|----------|-------------|-------|
| 1. | Manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) during the research period from 2018-2022. | (14) | 73 |
| 2 | Manufacturing companies in the consumer goods industry sector that publish complete and consecutive annual financial reports on the Indonesia Stock Exchange (IDX) during the research period from 2018-2022. | (23) | 50 |
| 3 | Manufacturing companies in the consumer goods industry sector that publish financial reports in Indonesian currency units and experience net profit during the research period from 2018-2022. | (21) | 29 |
| 4 | Data regarding the variables studied are available in full in the annual financial statements from 2018 to 2022. | (13) | 16 |
| **Total Companies that Meet the Criteria** | | | **16** |
| **Research Year** | | | **5 Years** |
| **Total Research Sample Data** | | | **80** |

The population used in this study are manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) in the 2018-2022 period. Based on the sampling criteria, 16 companies were obtained that met the sample criteria. So that the total sample during the 5-year observation period was 80 research observations.

The type used in this research is secondary data. Secondary data is data obtained or collected by researchers from various existing sources. Data for this study were obtained from various annual financial sources of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. The data includes data on the company's annual financial statements and company ownership structure (Santo & Nastiti, 2023).

The statistical method used to test the hypothesis is to use multiple regression and path analysis with the help of E-views software. After all the data in this study have been collected, descriptive statistical tests are then carried out which are seen from the average (mean), standard deviation, and minimum maximum (Yulyanti et al., 2022). Then proceed with the classical assumption test which consists of data normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. The effect of the independent variables on the dependent variable in this study will be tested using multiple regression analysis and path

analysis used to test the hypothesis in this study. Furthermore, the coefficient of determination, model feasibility test (F test) and T test will be found (Ghozali, 2018).

## 4. RESULT AND DISCUSSION
### 4.1. Research Result
### 4.1.1. Descriptive Statistical Test Results

**Table 3. Descriptive Statistical Test Results**

|              | Tax Avoidance | SG       | CI       | Leverage |
|--------------|---------------|----------|----------|----------|
| Mean         | 0.294757      | 0.227213 | 0.289704 | 0.320383 |
| Median       | 0.278138      | 0.231323 | 0.272810 | 0.323970 |
| Maximum      | 0.857600      | 0.508022 | 0.833666 | 0.938046 |
| Minimum      | 0.006997      | 0.001151 | 0.024251 | 0.023440 |
| Std. Dev.    | 0.191535      | 0.143511 | 0.173095 | 0.193236 |
| Skewness     | 0.965296      | 0.084673 | 0.695146 | 0.645951 |
| Kurtosis     | 3.777500      | 1.824734 | 3.476779 | 3.423176 |
|              |               |          |          |          |
| Jarque-Bera  | 14.43898      | 4.699760 | 7.200776 | 6.160298 |
| Probability  | 0.000732      | 0.095381 | 0.027313 | 0.045952 |
|              |               |          |          |          |
| Sum          | 23.58058      | 18.17700 | 23.17631 | 25.63067 |
| Sum Sq. Dev. | 2.898159      | 1.627044 | 2.366982 | 2.949864 |
|              |               |          |          |          |
| Observations | 80            | 80       | 80       | 80       |

Source: Data processed by Eviews

Based on the results of the above calculations, it can be seen that there is a total of 80 data used in this study from 16 companies multiplied by 5 years. The dependent variable (Y) is tax avoidance, while the independent variables are sales growth (X1), capital intensity (X2), and leverage (X3). The following is an analysis of each variable on the results of descriptive statistical tests that have been carried out:

**a. Tax Avoidance**

The test shows that the highest value (maximum) is 0.857600 from PT Unilever Indonesia Tbk. (UNVR) in 2022, while the lowest value (minimum) is 0.006997 from PT Nippon Indosari Corpindo Tbk. (ROTI) in 2020. While the standard deviation value of 0.191535 is smaller than the average value (mean) of 0.294757, this indicates that the tax avoidance variable is homogeneous, which means that the distribution of data is less varied and shows no significant gap (Prasetyowati & Panjawa, 2022).

**b. Sales Growth**

The test shows that the highest value (maximum) is 0.508022 from PT Sekar Bumi Tbk. (SKBM) in 2018, while the lowest number (minimum) is 0.001151 from PT Ultrajaya Milk Industry and Trading Company Tbk. (ULTJ) in 2020. While the standard deviation value of 0.143511 is smaller than the average (mean) value of 0.227213, this indicates that the sales growth variable is homogeneous, which means that the data distribution is less varied and shows no significant gap (Widodo & Wulandari, 2021).

**c. Independent Commissioner**

The test shows the highest (maximum) value of 0.833666 from PT Unilever Indonesia Tbk (UNVR) in 2022, while the lowest (minimum) value is 0.024251 from PT Kalbe Farma Tbk (KLBF) in 2019. While the standard deviation value of 0.173095 is smaller than the average (mean) value of 0.289704, this indicates that the sales growth variable is homogeneous, which means that the data distribution is less varied and shows no significant gap (Wahyuni et al., 2023).

**d. Leverage**

The test shows the highest (maximum) value is 0.938046 from PT Integra Indocabinet Tbk (WOOD) in 2022, while the lowest (minimum) value is 0.023440 from PT Hartadinata Abadi Tbk (HRTA) in 2019. While the standard deviation value of 0.193236 is smaller than the average (mean) value of 0.320383, this indicates that the sales growth variable is homogeneous, which means that the data distribution is less varied and shows no significant gap (Astari et al., 2019).

**4.1.2. Classical Assumption Test Results**
**a. Normality Test Results**

**Table 4. Normality Test Results**
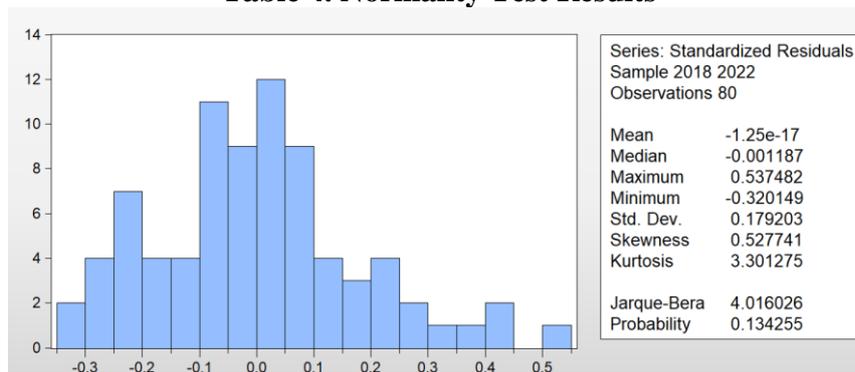


After transforming the data, the normality test results obtained are a probability value of 0.134255 where the probability value is greater than significant, namely 0.05 or $0.134255 > 0.05$. So it can be concluded that the data is normally distributed.

**b. Multicollinearity Test Results**

**Table 5. Multicollinearity Test Results**

|  | SG | CI | Leverage |
|---|---|---|---|
| SG | 1.000000 | 0.102385 | 0.085553 |
| CI | 0.102385 | 1.000000 | -0.120573 |
| Leverage | 0.085553 | -0.120573 | 1.000000 |

Based on the multicollinearity test table above, the variable correlation between Sales Growth (X1) and Capital Intensity (X2) is $0.102385 < 0.85$, the variable correlation between

Sales Growth (X1) and Leverage (X3) is 0.085553 < 0.85, the variable correlation between Capital Intensity (X2) and Sales Growth (X1) is 0. 102385 < 0.85, the variable correlation between Capital Intensity (X2) and Leverage (X3) is -0.120573 < 0.85, the variable correlation between Leverage (X3) and Sales Growth (X1) is 0.085553 < 0.85, and the variable correlation between Leverage (X3) and Capital Intensity (X2) is -0.120573 < 0.85, which means that each independent variable < 0.85, so there is no multicollinearity problem.

**c.    Heteroscedasticity Test Results**

**Table 6. Heteroscedasticity Test Results**

Heteroskedasticity Test: White

| | | | |
|---|---|---|---|
| F-statistic | 1.812158 | Prob. F(9,70) | 0.0812 |
| Obs*R-squared | 15.11716 | Prob. Chi-Square(9) | 0.0878 |
| Scaled explained SS | 15.69842 | Prob. Chi-Square(9) | 0.0735 |

The heteroscedasticity test using the white test shows that the Chi-Square probability value is 0.0878 where the Chi-Square probability value is greater than the significant level of 0.05 (0.0878> 0.05), so it can be concluded that there is no heteroscedasticity.

**d.    Autocorrelation Test Results**

**Table 7. Autocorrelation Test Results**

| | | | |
|---|---|---|---|
| R-squared | 0.086777 | Mean dependent var | 4.37E-17 |
| Adjusted R-squared | 0.011717 | S.D. dependent var | 0.179203 |
| S.E. of regression | 0.178150 | Akaike info criterion | -0.528946 |
| Sum squared resid | 2.316839 | Schwarz criterion | -0.320519 |
| Log likelihood | 28.15784 | Hannan-Quinn criter. | -0.445381 |
| F-statistic | 1.156105 | Durbin-Watson stat | 1.976626 |
| Prob(F-statistic) | 0.339246 | | |

Source: Data processed by Eviews (Indra Sakti, 2018)

The Durbin Watson (DW) method is used to test for autocorrelation, and the criterion for no autocorrelation is du < dw < (4-du). Based on a significance of 5% independent variables (k) = 3 and the number of samples (n) = 80, it is found that the value of dL = 1.5600 and the number dU = 1.7153, the value of 4 - dU = 2.2847. In table 4.13, the DW (Durbin Watson) number is 1.976626, and the criteria for values that do not experience autocorrelation are 1.7153 < 1.976626 < 2.2847. So the result obtained is that there is no autocorrelation.

### e.   Multiple Linear Regression Analysis Results

**Table 8. Multiple Linear Regression Analysis Test Results**

```
Dependent Variable: Tax Avoidance
Method: Panel Least Squares
Date: 12/13/23   Time: 07:23
Sample: 2018 2022
Periods included: 5
Cross-sections included: 16
Total panel (balanced) observations: 80
```

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| Konstanta | 0.120586 | 0.061102 | 1.973532 | 0.0521 |
| SG | 0.353541 | 0.144706 | 2.443173 | 0.0169 |
| CI | 0.192226 | 0.120413 | 1.596389 | 0.1146 |
| Leverage | 0.119088 | 0.107690 | 1.105837 | 0.2723 |

| | | | |
|---|---|---|---|
| R-squared | 0.124620 | Mean dependent var | 0.294757 |
| Adjusted R-squared | 0.090066 | S.D. dependent var | 0.191535 |
| S.E. of regression | 0.182706 | Akaike info criterion | -0.513171 |
| Sum squared resid | 2.536990 | Schwarz criterion | -0.394070 |
| Log likelihood | 24.52685 | Hannan-Quinn criter. | -0.465420 |
| F-statistic | 3.606481 | Durbin-Watson stat | 2.554491 |
| Prob(F-statistic) | 0.017090 | | |

Based on the results of the above calculations which show the test results with multiple linear regression obtained based on the following equation:

$$Y = 0.120586 + 0.353541 (X1) + 0.192226 (X2) + 0.119088 (X3) + e$$

From the equation it can be explained that:

1)   Constant

The constant value in the regression equation is 0.120586, which shows that if the variables are Sales Growth, Capital Intensity, and Leverage, then the amount of Tax Avoidance in company i in period t is 0.120586.

2)   Sales Growth

The regression coefficient of the sales growth variable is 0.353541 and is positive, this case shows that for every increase in the amount of Sales Growth in company i at time t worth 1% and other variables are considered constant, Tax Avoidance will increase by 0.353541 (Tantika & Masyitah, 2023).

3)   Independent Commissioner

The regression coefficient of the capital intensity variable is 0.192226 and has a positive value, this indicates that for each increase in the amount of Capital Intensity in company i at time t worth 1% and other variables are considered constant, Tax Avoidance will increase by 0.192226.

4)   Leverage

The regression coefficient of the leverage variable is 0.119088 and has a positive value, this indicates that for each increase in the amount of leverage in company i at time t worth 1% and other variables are considered constant, the Tax Avoidance has increased by 0.119088 (Masyitah et al., 2022).

### f.    Determination Coefficient Test Results

#### Table 9. Determination Coefficient Test Results

Dependent Variable: Tax Avoidance
Method: Panel Least Squares
Date: 12/13/23   Time: 07:23
Sample: 2018 2022
Periods included: 5
Cross-sections included: 16
Total panel (balanced) observations: 80

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| Konstanta | 0.120586 | 0.061102 | 1.973532 | 0.0521 |
| SG | 0.353541 | 0.144706 | 2.443173 | 0.0169 |
| CI | 0.192226 | 0.120413 | 1.596389 | 0.1146 |
| Leverage | 0.119088 | 0.107690 | 1.105837 | 0.2723 |

| | | | |
|---|---|---|---|
| R-squared | 0.124620 | Mean dependent var | 0.294757 |
| Adjusted R-squared | 0.090066 | S.D. dependent var | 0.191535 |
| S.E. of regression | 0.182706 | Akaike info criterion | -0.513171 |
| Sum squared resid | 2.536990 | Schwarz criterion | -0.394070 |
| Log likelihood | 24.52685 | Hannan-Quinn criter. | -0.465420 |
| F-statistic | 3.606481 | Durbin-Watson stat | 2.554491 |
| Prob(F-statistic) | 0.017090 | | |

This study shows that the adjusted R-squared of 0.090066 shows that 9% of the amount of Tax Avoidance can be explained by the variables of Sales Growth, Capital Intensity, Leverage where studied, while the rest is explained by other variables outside the study.

### g.    Partial Test Results (T Test)

#### Table 10. Partial Test Results (T Test)

Dependent Variable: Tax Avoidance
Method: Panel Least Squares
Date: 12/13/23   Time: 07:23
Sample: 2018 2022
Periods included: 5
Cross-sections included: 16
Total panel (balanced) observations: 80

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| Konstanta | 0.120586 | 0.061102 | 1.973532 | 0.0521 |
| SG | 0.353541 | 0.144706 | 2.443173 | 0.0169 |
| CI | 0.192226 | 0.120413 | 1.596389 | 0.1146 |
| Leverage | 0.119088 | 0.107690 | 1.105837 | 0.2723 |

| | | | |
|---|---|---|---|
| R-squared | 0.124620 | Mean dependent var | 0.294757 |
| Adjusted R-squared | 0.090066 | S.D. dependent var | 0.191535 |
| S.E. of regression | 0.182706 | Akaike info criterion | -0.513171 |
| Sum squared resid | 2.536990 | Schwarz criterion | -0.394070 |
| Log likelihood | 24.52685 | Hannan-Quinn criter. | -0.465420 |
| F-statistic | 3.606481 | Durbin-Watson stat | 2.554491 |
| Prob(F-statistic) | 0.017090 | | |

Based on the results of the above calculations, it can be concluded that:
1) The Sales Growth variable (X1) produces a t_statistic value of 2.443173> t_table of 1.66515 and a significance figure of 0.0169 <0.05 which shows that H_0 is rejected and H_1 is accepted. Thus, it can be concluded that the Sales Growth variable has an effect on Tax Avoidance.
2) The Capital Intensity variable (X2) produces a t_statistic value of 1.596389 < t_table of 1.66515 and a significance value of 0.1146> 0.05 which shows that H_0 is accepted and H_1 is rejected. Thus, it can be concluded that the Capital Intensity variable has no effect on Tax Avoidance.

3) The Leverage variable (X3) produces a t_statistic value of 1.105837 < t_table of 1.66515 and a significance value of 0.2723 > 0.05 which shows that H_0 is accepted and H_1 is rejected. Thus, it can be concluded that the Leverage variable has no effect on Tax Avoidance.

## h. Simultaneous Test Results (F Test)

### Table 11. Simultaneous Test Results (F Test)

Dependent Variable: Tax Avoidance
Method: Panel Least Squares
Date: 12/13/23  Time: 07:23
Sample: 2018 2022
Periods included: 5
Cross-sections included: 16
Total panel (balanced) observations: 80

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| Konstanta | 0.120586 | 0.061102 | 1.973532 | 0.0521 |
| SG | 0.353541 | 0.144706 | 2.443173 | 0.0169 |
| CI | 0.192226 | 0.120413 | 1.596389 | 0.1146 |
| Leverage | 0.119088 | 0.107690 | 1.105837 | 0.2723 |

| | | | | |
|---|---|---|---|---|
| R-squared | 0.124620 | Mean dependent var | | 0.294757 |
| Adjusted R-squared | 0.090066 | S.D. dependent var | | 0.191535 |
| S.E. of regression | 0.182706 | Akaike info criterion | | -0.513171 |
| Sum squared resid | 2.536990 | Schwarz criterion | | -0.394070 |
| Log likelihood | 24.52685 | Hannan-Quinn criter. | | -0.465420 |
| F-statistic | 3.606481 | Durbin-Watson stat | | 2.554491 |
| Prob(F-statistic) | 0.017090 | | | |

The Prob (F-Statistic) value for all models shows a value of 0.017090, meaning that the probability value is smaller than the significance value of 0.05. F_table search with the number (n) = 80; number of variables = 4; significance number = 0.05; df_1 = k-1 = 4-1 = 3; and df_2 = n-k = 80-4 = 76 so that the F_table value is 2.72, then the F_statistic value is 3.606481> F_table value 2.72 and the significance value is 0.017090 < 0.05, then H_0 is rejected and H_1 is accepted. The case can be concluded that Sales Growth, Capital Intensity, and Leverage simultaneously affect Tax Avoidance.

## 4.2. Discussion
## 4.2.1. Simultaneous Effect of Sales Growth, Capital Intensity, and Leverage on Tax Avoidance

The results of the F test (simultaneous test) indicate that Sales Growth, Capital Intensity, and Leverage collectively influence Tax Avoidance in consumer goods industry sector companies listed on the Indonesia Stock Exchange from 2018 to 2022. This finding suggests that these three factors, when considered together, significantly impact the level of tax avoidance practiced by these companies. It highlights the importance of evaluating the combined effects of multiple financial metrics to understand their overall impact on tax behavior.

## 4.2.2. Impact of Sales Growth on Tax Avoidance

Based on the results of the t test (partial test), it is evident that Sales Growth has a positive effect on Tax Avoidance among consumer goods industry sector companies listed

on the Indonesia Stock Exchange during the 2018-2022 period. This indicates that as companies experience higher sales growth, they are more likely to engage in tax avoidance practices. A possible explanation for this could be that companies with increasing sales seek to maximize their after-tax profits by minimizing their tax liabilities, using various tax avoidance strategies.

### 4.2.3. Impact of Capital Intensity on Tax Avoidance

The t test (partial test) results show that Capital Intensity does not have a significant effect on Tax Avoidance in consumer goods industry sector companies listed on the Indonesia Stock Exchange from 2018 to 2022. This finding suggests that the proportion of fixed assets to total assets in these companies does not significantly influence their tax avoidance behavior. Companies with high capital intensity may not find it advantageous or necessary to engage in tax avoidance to the same extent as those focusing on other financial metrics.

### 4.2.4. Impact of Leverage on Tax Avoidance

According to the results of the t test (partial test), Leverage does not significantly affect Tax Avoidance in consumer goods industry sector companies listed on the Indonesia Stock Exchange during the 2018-2022 period. This indicates that the ratio of a company's debt to its equity does not play a significant role in determining its tax avoidance practices. This might be due to the fact that companies with different leverage levels may have other priorities or strategies that influence their approach to tax planning, rendering leverage less relevant in this context.

### 5. CONCLUSION

This study investigates the influence of sales growth, capital intensity, and leverage on tax avoidance in consumer goods industry sector companies listed on the Indonesia Stock Exchange from 2018 to 2022. The research results indicate the following conclusions. First, sales growth is shown to have a significant impact on tax avoidance, with a p-value smaller than 0.05. In contrast, both capital intensity and leverage exhibit p-values greater than 0.05, indicating that these variables do not significantly influence tax avoidance.

Based on the findings of this study, future research should consider including additional variables such as company size and profitability to provide a more comprehensive understanding of tax avoidance. Extending the study period and conducting comparative studies across different industries or regions could enhance the generalizability of the results. Incorporating qualitative methods, such as interviews with executives or tax experts, may offer deeper insights into tax avoidance strategies. Policymakers can use these findings to develop targeted tax regulations and enforcement mechanisms, while companies should strengthen corporate governance practices to minimize tax avoidance through transparent financial reporting and ethical guidelines.

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