THE EFFECT OF RETURN ON ASSETS AND DEBT TO ASSETS RATIO ON TAX AVOIDANCE IN PLANTATION COMPANIES LISTED IN INDONESIA STOCK EXCHANGE 2016-2018 PERIOD

Tia Novira Sucipto, Renika Hasibuan
Faculty Economics and Social Sciences, Universitas Sari Mutiara
tianoviras@yahoo.com , **renikahasibuan2016@gmail.com**

Abstract

For tax companies it is a burden that will reduce net income so that many companies are trying to find ways to minimize the tax burden that does not violate the law, commonly referred to as tax avoidance, this study aims to determine the effect of Return On Assets and Debt to Assets Ratio on avoidance. The sampling technique used was purposive sampling, the final sample size was 10 plantation companies listed on the Indonesia Stock Exchange in 2016-2018. The analysis method used is multiple linear regression analysis of panel data using SPSS 24.00. Based on the research results, it shows that the Return on Assets and Debt to Assets Ratio have a significant effect on tax avoidance. It is recommended for further research if you want to follow up on Return On Assets, Debt to Assets Ratio and tax avoidance or with similar research topics can be expected to add other variables, such as variables of liquidity and company size. Management is expected to be able to manage all of its total assets and control interest expenses and minimize tax burdens each year so that the profit earned by the company increases every year.

***Keywords** : Return On Assets, Debt to Assets Ratio and Tax Avoidance*

1. INTRODUCTION

Every Indonesian citizen who is included in the taxpayer will definitely pay and deposit his tax obligations in the State treasury, either personally or in the form of an entity that does not receive direct reciprocity. Tax is one of the most important things for the State, because it contributes greatly to State revenues and to the prosperity of its people, therefore taxes must be managed properly by the State.

Taxes provide a major contribution to the development of the State in various fields, both in terms of education, health, industry and so on. Therefore, the government places great emphasis on paying taxes, because taxes are a very big mainstay of State revenues. From the industrial point of view, taxpayers should comply with applicable norms and correct accounting principles so that tax evasion does not violate taxation rules in force in the government or the State.

Tax collection is not an easy thing to implement. For the state, taxes are a source of income. However, this is different from the company. For tax companies it is an expense that will reduce net income. In its implementation, there are differences in interests between taxpayers and the government. Companies try to pay the smallest possible tax because paying taxes reduces the company's economic ability (Suandy, 2008). This condition causes many companies to try to find ways to minimize the tax burden. Minimizing the tax burden can be done in various ways, ranging from those that are still within the framework of taxation regulations to those that violate tax regulations (Sari, 2014). Minimizing tax obligations that do not violate the law is commonly referred to as tax avoidance. Tax avoidance is a way to avoid legal tax payments made by taxpayers by reducing the amount of taxes owed without violating tax regulations or in other terms looking for regulatory weaknesses with the aim of obtaining large profits and improving the company's financial condition.

Factors of the company's financial condition that affect tax avoidance, including the first, namely focusing on the level of company profitability. The use of profitability ratios can be done by using comparisons between various components in various financial reports, especially balance sheet financial statements and income statements. Measurements can be made for several operating periods. The goal is to see the company's development within a certain time frame, either decrease or increase, as well as to find the causes of these changes (Kasmir, 2012: 196).

Another factor that affects the company's financial condition on tax avoidance is the funding policy which indicates the company is committing tax fraud, namely the leverage policy. The leverage ratio is a measure of how much a company is financed with debt. The use of debt that is too high will endanger the company because it will fall into the category of extreme leverage, where the company is trapped in a high level of debt and it is difficult to release the debt burden. Therefore, on the other hand, the company must balance several debts that are worth taking and from which sources can be used to pay debts (Fahmi, 2016: 72).

A company in the agricultural sector in the plantation sector is a company whose business is to manage and utilize land to become land to meet needs. Choosing the plantation sector as the object of research because most of the companies in this sector are experiencing a decline in profit prices, this can be seen from the development of plantation sector company activities listed on the IDX decreasing every year and also the impact of the decline in world CPO (crude palm oil) prices. whereas this sector plays an important role in growing and improving

National economy as well as increasing the country's foreign exchange and absorbing labor.

Based on the above phenomenon, the authors are interested in conducting research with the title "The Effect of Return On Assets and Debt to Assets Ratio Against Tax Avoidance at Plantation Companies Listed on the Indonesia Stock Exchange 2016-2018 Period".

1.1 Problem Formulation

The problem formula is defined:

1. Does Return On Assets affect tax avoidance on plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018?
2. Does the Debt to Assets Ratio affect tax avoidance on plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018?

1.2 Research Objectives

Research objectives to:

1. To find out and analyze the effect of Return On Assets on tax avoidance on plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018.
2. To find out and analyze the effect of the Debt to Assets Ratio on tax avoidance on plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018.

1.3 Research Benefits

This research is expected to:

1. For Researchers

   Can expand the knowledge and insight of researchers about Return On Assets, Debt to Assets by using tax avoidance.
2. For the Company

   The company can find out the steps to be taken in anticipating its business activities based on tax avoidance available for the achievement of targets, so that it is expected to continue to develop in a better direction so that it can be used as a material consideration in determining profit policy.
3. For other researchers

   This research is expected to be an input for the parties concerned in further research.

2. LITERATURE REVIEW

2.1 Definition of Return On Assets

Return On Asset able to measure the company's ability to generate profits in the past and then projected in the future. Assets or assets in question are all company assets obtained from own capital or from foreign capital that the company has converted into company assets which are used for the survival of the company.

According to Brigham and Houston (2011: 148) "The ratio of net income to total assets measures the return on total assets (ROA) after interest and taxes." The greater the Return On assets (ROA), it means that the more efficient use of company assets, or in other words, with the same number of assets, a greater profit can be generated, and vice versa.

According to Kasmir (2012: 201) states that Return On Investment or return on total assets is a ratio that shows the results (return) on the total assets used in the company. ROI is also a measure of management effectiveness in managing its investment.

2.2 Definition of Debt to Assets Ratio

Debt to Assets Ratiois a ratio that measures how much assets are financed with debt. The higher the ratio, the greater the risk the company will face. DAR is calculated by dividing total liabilities by total assets. This ratio is used to measure how much assets are financed with debt. The higher the ratio, it means that the bigger the assets that are financed with debt and it is more risky for the company.

According to Kasmir (2012: 156) states that the Debt to Assets Ratio (DAR) is a debt ratio used to measure the ratio between total debt and total assets. In other words, how much the company's assets are financed by debt or how much the company's debt affects asset management.

According to Sudana (2011: 20) states that the Debt to Assets Ratio or Debt Ratio is one of the leverage ratios that shows how much the company's financing is financed by debt. DAR measures the proportion of funds originating from debt to finance company assets. The greater the DAR, the greater the use of debt in financing investment in assets, which means that the risk of the company will also increase.

2.3 Definition of Tax Avoidance

Taxes are the main pillar of national development in Indonesia. However, there are differences in interests between the government as a tax collector and companies as taxpayers.

According to Kurnia (2010: 146) states that "Tax avoidance is related to the arrangement of an event in such a way as to minimize or eliminate the tax burden by taking into account the presence or absence of tax consequences it causes. Tax avoidance does not constitute a violation of taxation laws and is ethically not considered wrong in the taxpayer's business framework to reduce, avoid, minimize or alleviate the tax burden in a way that is allowed by the tax law. "

Tax avoidance can be interpreted as manipulation of other legally generated income that is still in accordance with the provisions of tax laws and regulations to reduce the amount of tax owed.

3. RESEARCH METHODS

3.1 Types of research

This type of research uses an associative approach. According to Sugiyono (2018, p. 11), associative research is research that aims to determine the relationship between two or more variables. In this study, researchers wanted to determine the effect of Return on Assets and Debt to Assets Ratio on tax avoidance. The type of data used is quantitative in nature, namely in the form of numbers using formal, standard, and measuring instruments.

3.2 Types and Sources of Data

Type of Data

The type of data used in this study is to use quantitative data, so that it can be in the form of numbers or can be measured from the financial statements of the research period starting from 2016-2018.

Data source

In this study, the data used are secondary data where the data has been provided by the Indonesia Stock Exchange in the form of plantation company financial reports for the period 2016 to 2018.

3.3 Population and Research Sample

Population

Population is a group that has similarities in one or more things that form the main problem in a study. According to Sugiyono (2018: 116) population is the totality of all elements in the research area.

The population used in this study is the population of plantation companies listed on the Indonesia Stock Exchange from 2016 to 2018, totaling 16 companies for 3 consecutive years so that 48 data were obtained.

Sample

According to Sugiyono (2018, p. 116) the sample is part of the number and characteristics of the population. Samples can be taken in certain, clear and complete ways that are considered to have the population. In this study, the sample used in this study was determined by using a purposive sampling technique, namely a sampling technique with certain considerations in order to obtain samples that match the specified criteria.

The author chooses a sample based on research on the characteristics of the sample according to the research criteria as follows:

1. Plantation sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2018 period.
2. The company publishes or publishes the company's annual report during the observation period 2016-2018.
3. The company has complete data according to the needs of researchers.

Based on the sampling criteria as mentioned above, the number of samples used in this study was 10 companies for 3 consecutive years so that 30 samples were obtained.

In analyzing data or problems, to solve these problems the authors use two types of analysis methods, namely:

1. Descriptive statistics

Descriptive statistics are methods that formulate and interpret data and information obtained from the object of research by collecting, compiling and interpreting. Furthermore, it is analyzed to find an overview of the problems faced by the research object.

2. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to measure the strength of the relationship between the dependent variable and the independent variable and to show the direction of the relationship between the dependent variable and the independent variable. The multiple linear regression equation in this study can be written as follows: Y = a + b1x1 + b2x2 + e

Where:

Y = tax avoidance (dependent variable)

a = constant

b = regression coefficient

x1 = return on assets (the independent variable)

x2 = debt to assets ratio (the variable known / independent variable)

e = error rate (error)

This study uses the statistical software SPSS (Statistical Program For Social Sciences).

A general description of the company

As one of the important sub-sectors in the agricultural sector, the plantation sub-sector has traditionally contributed significantly to the Indonesian economy. The plantation sub-sector is also one of the subsectors experiencing the most consistent growth, both in terms of area and production. Of several important plantation commodities in Indonesia (rubber, oil palm, coconut, coffee, cocoa, tea and sugar cane), oil palm, rubber and cocoa are growing faster than other plantation crops with a growth rate of over 5% per year. The rapid growth of these three commodities is generally related to the relatively better profitability of these commodities and also government policies to encourage expansion of the area for these commodities.

4. RESULTS AND DISCUSSION

Multiple Linear Regression

Table 4.9
Multiple Linear Regression Test Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,073	1,919		1,601	, 121
	ROA	-, 564	, 246	-, 419	-2,291	, 030
	DAR	-1,027	, 456	-, 412	-2,253	, 033
a. Dependent Variable: PP						

Source: Data processed by SPSS version 24.00

From table 4.9 above, it is known that the values are as follows:

1. Constant = 3,073
2. *Return On Assets* = -0.564
3. *Debt to Assets Ratio* = -1,027

The multiple linear regression equation model is obtained, namely:

Y = 3.073-0.564X -1.027X + e

From the regression equation above it can be interpreted as follows:

1. The multiple regression equation above, is known to have a constant of 3.073 with a positive sign. shows that if it is independent that isROA (X1) and DAR (X2) are constant or do not change (equal to zero), then the firm value (Y) is 3.073.

2. *Return On Assets* has a regression coefficient of -0.564 states that if *Return On Assets*increase by 1% (assuming that the coefficient value of other variables is fixed or unchanged) then Tax Avoidance will decrease by -0,564. On the contrary, if*Return On Assets* a decrease of 1% (assuming that the coefficient value of other variables is fixed or unchanged), then there will be an increase in Tax Avoidance of -0.564.
3. *Debt to Assets Ratio* has a regression coefficient of -1.027 states that if *Debt to Assets Ratio*increase by 1% (assuming that the coefficient value of other variables is fixed or unchanged) then Tax Avoidance will decrease by -1.027. On the contrary, if*Debt to Assets Ratio* decreases by 1% (assuming that the coefficient value of other variables is fixed or unchanged), then the Tax Avoidance will increase by -1.027.

T test

The t test is a test carried out to find out how far the influence of one explanatory (free) variable individually in explaining the variation of the dependent variable by comparing the probability of a significant level of output results with a determined significant level. The level of significance used is 0.05.

The results of statistical calculations in this study partially show the influence of Return On Assets and Debt to Assets Ratio on Tax Avoidance in plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018.

Table 4.12

T Test Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,073	1,919		1,601	, 121
	ROA	-, 564	, 246	-, 419	-2,291	, 030
	DAR	-1,027	, 456	-, 412	-2,253	, 033
a. Dependent Variable: PP						

Source: Data processed by SPSS version 24.00

Determinant Coefficient Test (R^2)

The coefficient of determination in simple linear regression is used to determine the percentage of the contribution of the influence of the independent variables simultaneously to the dependent variable.

This coefficient shows the percentage of variation in the dependent variable. According to Ryanto (2010), if R^2 is equal to 0, then there is not the slightest percentage of the contribution of influence given by the independent variable to the dependent variable, or the variation of the independent variable used in the model does not explain the slightest variation in the dependent variable. Conversely, if R^2 is equal to 1, then the percentage contribution of the influence given by the independent variable to the dependent variable is perfect, or the variation in the independent variable used in the model does not explain 100% of the variation in the dependent variable.

Determinant Coefficient Test (R^2)

Table 4.10
Determination Coefficient Test Results

Model Summary b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	, 468a	, 219	, 161	1,10738
a. Predictors: (Constant), DAR, ROA				
b. Dependent Variable: PP				

Source: SPSS version 24.00

D = R2 X 100%

D = 0.219 X 100%

= 21.9%

Based on the table above, it can be seen that the value of the R square is 0.219 which means 21.9% and this indicates that the ROA and DAR variables are 21.9% to influence the variableTax evasion. Furthermore, the difference is 100% - 21.9% = 78.1%. this shows that 78.1% is another variable that does not contribute to the researchTax evasion.

Based on the results of variable testing

1. *Return On Assets* against Tax Avoidance by using the t test the value of t = t-2,291 > t table = 2.048, with a significance level 0.030or less than α = 0.05. This shows that*Return On Assets* influential and significant on Tax Avoidance on plantation companies listed on the Indonesia Stock Exchange for the period 2016-2018 and the Debt to Assets Ratio against Tax Avoidance by using the t test obtained the value of t =--2,253 > t table = 2.048, with a significance level 0.033or less than α = 0.05. This

shows that the Debt to Assets Ratio has a significant and significant effect on Tax Avoidance on plantation companies listed on the Indonesia Stock Exchange for the 2016-2018 period.

2. The correlation coefficient (R) value of 0.219 or 21.9% indicates that the correlation or relationship between the ROA and DAR variables is 21.9% to influence the variable Tax evasion. Furthermore, the difference is 100% - 21.9% = 78.1%. this shows that 78.1% is another variable that does not contribute to the researchTax evasion.
3. Multiple linear regression equation Y = 3.073-0.564X -1,027X + e**,** From this equation it can be seen that there is a constant value factor of3,073 show with a positive sign, indicates that if it is independent that is ROA (X1) and DAR (X2) are constant or do not change (equal to zero), then the firm value (Y) is 3.073.

5. CONCLUSIONS AND RECOMMENDATIONS

From the results and discussion, the following conclusions can be drawn:

1. Partially, Return On Assets has a significant effect on tax avoidance on plantation companies listed on the Indonesia Stock Exchange.
2. Partially the Debt to Assets Ratio has a significant effect on tax avoidance on plantations listed on the Indonesia Stock Exchange.

Some suggestions given regarding further research are:

1. Companies are better able to manage the number of assets they have so that the profits they earn will increase.
2. Management is expected to control total debt every year, because high debt will have an impact on decreasing profits.
3. Management should be better able to minimize the amount of tax they bear.

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