The Effect Of Company Size, Transfer Pricing, And Debt Costs On Tax Avoidance Moderated By Accounting Policy (Study On Manufacturing Companies In Food And Beverage Industry Listed On Indonesia Stock Exchange For The Period 2021-2023)

Janitra Rangga Putra Hervin [1]; Sabaruddin [2]
[1,2] Universitas Muhammadiyah Jakarta, Tanggerang Selatan
Email: [1] janitrarangga29@gamil.com ;[2] sabarsco1@gmail.com

ABSTRACT

This study aims to analyze the effect of company size, transfer pricing, and debt costs on tax avoidance using accounting policy as a moderating variable. The population of this study consists of food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. Based on the purposive sampling method, 21 food and beverage manufacturing companies were selected as samples for this study. This research is quantitative in nature, employing descriptive statistical methods. The data in this study were processed using E-Views software. The results of the study show that company size, transfer pricing, and debt costs do not have an effect on tax avoidance. Accounting policy can only moderate the effect of transfer pricing on tax avoidance. Accounting policy weakens the effect of company size on tax avoidance. However, accounting policy cannot moderate the effect of debt costs on tax avoidance. Thus, accounting policy can moderate the effects of company size, transfer pricing, and debt costs on tax avoidance.

INTRODUCTION

Taxes are mandatory contributions to the state owed by individuals or entities, which are coercive in nature based on the law, without direct compensation, and are used for public purposes. According to Jati et al. (2019), taxes are one of the country's sources of revenue; however, for companies, taxes are considered costs that can reduce profits. There is a conflict of interest between the state and taxpayers, where the state expects high tax revenues while companies aim to pay the lowest possible taxes. As a result, efforts to minimize tax obligations arise, known as tax avoidance, which does not violate legal regulations. Tax reductions can be carried out by companies, especially manufacturing companies, through various means, one of

which is legal tax avoidance. Legal tax avoidance is generally considered a form of tax management because companies often exploit loopholes in existing tax regulations.

Several factors are expected to influence a company's legal tax avoidance, including company size, transfer pricing, debt costs, and the company's accounting policies. The first factor influencing legal tax avoidance (tax avoidance) is company size. According to Aprilianti (2021), company size is a metric used to evaluate or classify a company in various ways, such as total assets, revenue, or income level, and total capital, among others. Companies are typically categorized into small, medium, and large. Businesses with consistent or high profits are more likely to engage in tax avoidance, as higher profits translate into higher tax obligations. The size of the organization is significant, and as the company's value increases, so does its level of recognition. According to Cahyono's (2018) research, company size has a positive impact on tax avoidance.

Amelia (2019) found that company size has a positive impact on tax avoidance. Larger companies tend to have lower tax avoidance since they are better equipped to plan their tax strategies effectively. While larger company transactions are more complex, smaller companies are more likely to exploit gaps for tax avoidance. Therefore, there is no significant relationship between company size and tax avoidance, although the results show a negative relationship, meaning that larger companies tend to report their financial conditions more accurately, thus reducing the chances for managers to manipulate profits compared to managers of smaller companies.

The second factor believed to influence tax avoidance is transfer pricing. According to Madjid & Akbar (2023), transfer pricing for tax avoidance is a legal method used to minimize tax liabilities by taking advantage of weaknesses (grey areas) in tax laws and regulations. Ramdhani et al. (2021) found that transfer pricing has a positive impact on tax avoidance. Similar results were reported by Fitri & Pratiwi (2021) and Putri & Mulyani (2020), who state that transfer pricing has a negative effect on tax avoidance.

The third factor influencing tax avoidance is debt costs. Debt costs play a role as a substitute for using debt, meaning tax avoidance acts as a replacement for debt expenses. According to Muda et al. (2020), tax avoidance can reduce a company's tendency to take on debt, which may increase financial concerns, decrease bankruptcy likelihood, and lower bankruptcy risks. Since tax avoidance is negatively correlated with debt costs, tax avoidance supports the trade-off theory hypothesis.

According to Saputra & Siregar (2016), debt costs and tax avoidance are related to how companies utilize debt as a strategy to minimize the tax burden they must pay. A high Debt to Equity Ratio (DER) indicates that a company has a larger proportion of debt compared to its own equity, meaning the company relies more on debt than on equity financing. In a financial structure like this, high levels of debt result in interest costs as a fixed expense for the company, which indirectly helps reduce tax liabilities. Interest payments are considered deductible from taxable income, reducing the company's taxable income. In addition to company size, transfer pricing, and debt costs, another factor influencing tax avoidance is accounting policy. In this study, accounting policies are used as a control variable. According to Meliani (2022), accounting policies involve depreciation methods, with straight-line depreciation often being used to achieve lower depreciation costs, thus increasing pre-tax profits. Companies applying depreciation methods other than straight-line may incur higher depreciation costs, leading to smaller profits and lower tax liabilities. This action of reducing tax payments is referred to as aggressive tax planning. Previous research has shown mixed results regarding the relationship between depreciation methods and tax aggressiveness, with some indicating a positive and significant relationship, while others suggest a negative relationship. Due to these differing findings, this study examines the influence of accounting policy, specifically depreciation methods, on aggressive tax behavior. Additionally, there are differing results concerning inventory valuation

and tax aggressiveness, with some research showing a significant positive relationship between inventory valuation and aggressive tax strategies.

LITERATURE REVIEW

Agency Theory

Agency theory explains the relationship between agents and principals as a contract where one or more individuals (principals) hire others (agents) to perform certain services and delegate decision-making authority. According to Djuniar et al., (2019), principals entrust a company (agent) to carry out specific tasks according to the agreed-upon contract. Management is given the authority to make decisions to meet the needs of the principal. The agent acts as a representative of the principal in a contract to manage the company in a way that fulfills the principal's interests. Agents sign cooperation agreements with mutual approval.

Tax Avoidance

Tax avoidance is a legal effort to minimize tax liability without violating tax laws. For companies, taxes are viewed as a burden that reduces profits. Research by Aswati et al., (2018) suggests that tax avoidance can be carried out safely to efficiently reduce tax burdens without conflicting with tax regulations. Conversely, tax evasion refers to illegal actions, such as hiding income, submitting false tax reports, or failing to pay taxes owed to the government.

In this research, tax avoidance is proxied using the effective tax rate (ETR), specifically using the model proposed by Dewinta & Setyawan (2020), which calculates ETR as total tax expense divided by pre-tax income.

$$ETR = \frac{Income\ Tax\ Burden}{Pre - tax\ Income}$$

Company Size

Company size refers to the scale or size of a business. It can be measured based on assets owned by the company. Company size also plays a role in influencing a company's performance. According to Aprilianti (2021), company size is one way to evaluate or classify businesses into categories such as small, medium, and large companies, based on factors like total assets, revenue, capital, and others. However, companies may not always be able to fully use their power for tax planning due to limitations such as the risk of scrutiny and being targeted by regulatory decisions. Therefore, company size can have a significant impact on tax avoidance.

$$Company\ Size = Ln\ Total\ Aset$$

Transfer Pricing

Based on the Director General of Taxes Regulation No. PER-172/TP/2023, transfer pricing refers to the determination of prices in transactions between parties with a special relationship. Transfer pricing serves three main objectives in international pricing, with tax burden management being the primary goal, while operational aspects like maintaining competitive positioning, promoting fair performance evaluation, and motivating employees are also important. Transfer pricing can be calculated by examining transactions with related parties, where prices set in transactions with related parties often use non-arm's length prices—either inflated or reduced. Transfer pricing is often regarded as a common practice in tax avoidance activities, as companies engage in transfer pricing to manipulate profit figures, thereby reducing tax payments to the government.

$$TP\ (Take\ Profit) = \frac{Trade\ receivables\ from\ related\ parties}{total\ Trade\ Receivables}$$

Debt Cost

Debt cost refers to the expenses used to measure a company's ability to meet its short-term and long-term obligations. The use of debt to finance business operations will incur interest, and these interest costs can be deducted from taxes. In debt costs, the level of debt used by a company in financing is significant. As debt costs increase, the company's tax burden is reduced, making debt a preferred strategy for management to minimize tax liabilities. To assess a company's debt position, the Debt to Equity Ratio (DER) can be used, which compares total debt to total equity.

$$DER\ (Debt\ to\ Equity\ Ratio) = \frac{Total\ Debt}{Total\ Equity}$$

Accounting Policy

Accounting policy is a system of information that provides reports to stakeholders about a company's economic activities and conditions. In Indonesia, the presentation of financial statements generally follows accounting principles, including the disclosure of relevant information about material matters and the presentation of financial statements according to facts. CETR helps identify the extent of a company's tax planning efforts through both permanent and temporary differences, allowing for a direct view of the cash flow paid for taxes.

$$CETR\ (Cash\ Effective\ Tax\ Rate) = \frac{Tax\ Payment}{Pre - Tax\ Income}$$

METHODS

The research chosen by the researcher is quantitative, using descriptive statistical methods. Quantitative research seeks to examine the relationship between independent and dependent variables. This study uses secondary data in the form of financial reports from manufacturing companies in the food and beverage sector listed on the Indonesia Stock Exchange (BEI) for the period 2021 – 2023.

The sampling technique is the process of determining the sample size from a defined population, which will then be used to draw conclusions. This study employs a non-probability sampling technique, specifically purposive sampling.

Data collection is conducted through documentation, utilizing data in the form of documents such as annual financial reports of manufacturing companies in the food and beverage sector for the period 2021 to 2023, sourced from the website www.idx.co.id. Additionally, the research uses library research to gather various information as a reference and theoretical foundation by reading, studying, and analyzing literature such as books, journals, and previous research related to the research problem.

RESULTS

Table 1 Descriptive Statistics Test

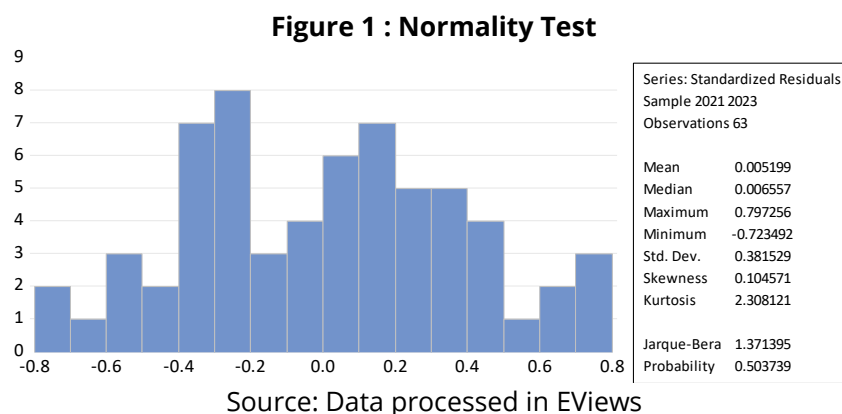|	LN	TP	DER	ETR	CETR
Mean	24.78550	0.901643	1.368577	0.296235	0.804280
Median	27.18644	0.997940	0.726792	-0.217183	0.783727
Maximum	30.77137	1.000000	17.03699	2.017965	3.017965
Minimum	14.98792	0.489846	0.072085	-1.590575	-0.590575
Std. Dev.	4.941607	0.172131	2.638416	0.436814	0.431620
Skewness	-0.893714	-1.496509	4.512516	2.046990	2.022434
Kurtosis	2.318118	3.490352	24.54662	15.72288	16.70571
Jarque-Bera	9.607143	24.14632	1432.484	468.9102	536.0447
Probability	0.008200	0.000006	0.000000	0.000000	0.000000
Sum	1561.487	56.80351	86.22035	-12.36280	50.66964
Sum Sq. Dev.	1514.008	1.836993	431.5968	11.83000	11.55035
Observations	63	63	63	63	63

Source: Data processed in EViews

Based on the descriptive statistical test, the results show that the number of observations is 63, with a sample size of 21 manufacturing companies in the food and beverage subsector, with a research period spanning 3 years from 2021 to 2023. From this descriptive statistical test, the mean value of the tax avoidance variable, proxied by effective tax rate (ETR), is 0.29. This indicates that, on average, mining companies in the coal sector have an ability of 29% to engage in tax avoidance during the period of 2021-2023. This means that, on average, the companies studied in this research are engaging in reasonable tax avoidance, as the average applicable tax rate is 22% according to the Harmonization of Tax Regulations Act. The maximum value is -2.01, the minimum value is -1.59, and the standard deviation is 0.43, indicating data variation as the standard deviation is higher than the mean.

For the size variable, proxied by natural logarithm (Ln), the descriptive statistical test shows an average value of 24.78. This indicates that, on average, the sampled companies have total assets of approximately Rp. 125,858,406,342, placing them in the large company category (total assets > 10 billion). The maximum Ln value is 30.77, and the minimum is 14.98, with a standard deviation of 4.94, which is below the mean, indicating low data variation for Ln. The transfer pricing variable, proxied by Take Profit (TP), shows a mean value of 0.90. This indicates that for every 1 unit of capital held by the company, 0.90 is used to finance trade receivables from related parties. The maximum TP value is 1.00, and the minimum is 0.48, with a standard deviation of 0.17, which is lower than the mean.

The leverage variable, proxied by Debt to Equity Ratio (DER), has an average value of 1.36. This indicates that for every Rp. 1 of capital held by the company, Rp. 1.36 is used to finance liabilities. The maximum DER value is 17.03, and the minimum is 0.07, with a standard deviation of 2.63, which is higher than the mean. For the accounting policy variable, proxied by Cash Effective Tax Rate (CETR), the descriptive statistical test shows a value of 0.80, indicating an effectiveness level of 80%. The maximum CETR value is 3.01, and the minimum is -0.59, with a standard deviation of 0.43, which is lower than the mean.

Normality Test

Figure 1 : Normality Test

Series: Standardized Residuals	
Sample 2021 2023	
Observations	63
Mean	0.005199
Median	0.006557
Maximum	0.797256
Minimum	-0.723492
Std. Dev.	0.381529
Skewness	0.104571
Kurtosis	2.308121
Jarque-Bera	1.371395
Probability	0.503739

Source: Data processed in EViews

Based on the normality test, the Jarque-Bera value is 1.371395 with a probability of 0.503739. Therefore, it can be concluded that the data in this study is normally distributed, as the probability value of 0.503739 is greater than 0.05.

Heteroskedasticity Test
Table 2 - Heteroskedasticity Test
Heteroskedasticity Test: Harvey

F-statistic	3.193043	Prob. F(3,12)	0.0626
Obs*R-squared	7.102514	Prob. Chi-Square(3)	0.0687
Scaled explained SS	7.080448	Prob. Chi-Square(3)	0.0694

Based on the heteroskedasticity test, the probability value is 0.0687, which is greater than the significance level of 0.05. Therefore, it can be concluded that there is no heteroskedasticity issue in this study.

Multicollinearity Test

Table 3 - Multicollinearity Test

Variance Inflation Factors
Date: 10/31/24   Time: 20:01
Sample: 2001Q1 2016Q4
Included observations: 63

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.186874	61.47130	NA
X1	0.000130	27.34592	1.029483
X2	0.109036	30.20413	1.045827
X3	0.000467	1.339597	1.051984

Source: Data processed in EViews

Based on the multicollinearity test, the VIF values for each independent variable are less than 10. It can be concluded that there is no multicollinearity issue in this study.

Data Dimensionality Test
Common Effect Model
Table 4 - Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.255756	0.432290	-0.591631	0.5564
X1	0.002414	0.011412	0.211497	0.8332
X2	-0.052840	0.330206	-0.160021	0.8734
X3	0.034593	0.021606	1.601061	0.1147
R-squared	0.044820	Mean dependent var		0.296235
Adjusted R-squared	-0.003748	S.D. dependent var		0.496814
S.E. of regression	0.437632	Akaike info criterion		1.246510
Sum squared resid	11.29978	Schwarz criterion		1.382582
Log likelihood	-35.26507	Hannan-Quinn criter.		1.300028
F-statistic	0.922820	Durbin-Watson stat		1.456767
Prob(F-statistic)	0.435464			

Source: Data processed in EViews

The adjusted R-squared value indicates that the R-squared has been corrected for the standard error. The adjusted R-squared value is 0.044820, while the standard error is 0.437632. Furthermore, the R-squared value of 0.044820 is smaller than the standard deviation of the dependent variable, which is 4.941607. This indicates that the independent variables are considered valid.

Fixed Effect Model
Table 5 - Fixed Effect Model Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-18.59681	16.12646	-1.153186	0.2559
X1	0.767514	0.658849	1.164932	0.2511
X2	-0.756675	2.698231	-0.280434	0.7806
X3	0.043555	0.049443	0.880903	0.3838
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.484606	Mean dependent var		0.296235
Adjusted R-squared	0.180656	S.D. dependent var		0.496814
S.E. of regression	0.395394	Akaike info criterion		1.264462
Sum squared resid	6.097108	Schwarz criterion		2.080894
Log likelihood	-15.83054	Hannan-Quinn criter.		1.585568
F-statistic	1.594362	Durbin-Watson stat		2.734642
Prob(F-statistic)	0.097455			

Source: Data processed in EViews

The adjusted R-squared value indicates that the R-squared has been corrected for the standard error. The adjusted R-squared is 0.484606, while the standard error is 0.395394. Furthermore, the adjusted R-squared is smaller than the standard deviation of the dependent variable, which is 0.496814. This indicates that the regression model, as represented by the independent variables, is considered valid.

Random Effect Model
Table 6 - Fixed Effect Model Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.257509	0.532694	-0.483408	0.6306
X1	0.002553	0.014108	0.180951	0.8570
X2	-0.054987	0.405748	-0.135520	0.8927
X3	0.034766	0.025059	1.387386	0.1705
Effects Specification				
			S.D.	Rho
Cross-section random			0.213882	0.2264
Idiosyncratic random			0.395394	0.7736
Weighted Statistics				
R-squared	0.034748	Mean dependent var		-0.143202
Adjusted R-squared	-0.014333	S.D. dependent var		0.387079
S.E. of regression	0.389843	Sum squared resid		8.966689
F-statistic	0.707975	Durbin-Watson stat		1.835977
Prob(F-statistic)	0.551084			
Unweighted Statistics				
R-squared	0.044815	Mean dependent var		-0.196235
Sum squared resid	11.29984	Durbin-Watson stat		1.456891

Source: Data processed in EViews

The adjusted R-squared value indicates that the R-squared has been corrected for the standard error. The adjusted R-squared value is 0.034748, and the standard error is 0.389843. Furthermore, the adjusted R-squared is smaller than the standard deviation of the dependent variable, which is 0.387079. This indicates that the regression model, represented by the independent variables, is considered valid.

Determination of Panel Data Regression Estimation Model
Chow Test
Table 7 - Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.663940	(20,39)	0.0855
Cross-section Chi-square	38.869053	20	0.0069

Source: Data processed in EViews

Based on the Chow test, the probability value of the cross-section chi-square is 0.0069. Since this value is smaller than the significance level of 0.05, H0 is rejected, and H1 is accepted. Therefore, it can be concluded that the Fixed Effect Model (FEM) is more suitable than the Common Effect Model (CEM).

Hausman Test

Table 8 - Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.355203	3	0.7161

Source: Data processed in EViews

Based on the Hausman test, the probability value of the cross-section random is 0.7161. This means the value is smaller than the significance level of 0.05, so H0 is rejected, and H1 is accepted. Therefore, it can be concluded that the Fixed Effect Model (FEM) is more suitable than the Random Effect Model (REM).

Lagrange Multiplier Test

Table 9 - Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
        (all others) alternatives

| | Test Hypothesis | | |
	Cross-section	Time	Both
Breusch-Pagan	1.663821 (0.1971)	0.001566 (0.9684)	1.665387 (0.1969)

Source: Data processed in EViews

Based on the Lagrange Multiplier test, the determination of the regression model can be observed by examining the "both" value in the Breusch-Pagan test. This value is then compared to the significance level of 0.05. As a result, H0 is accepted, and H1 is rejected. It can be concluded that the chosen model is the Common Effect Model (CEM).

Hipotesis Test

Table 10 - Hipotesis Test

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 11/04/24   Time: 21:04
Sample: 2021 2023
Periods included: 3
Cross-sections included: 21
Total panel (balanced) observations: 63
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.222085	0.018699	-11.87667	0.0000
X1	0.000921	0.000620	1.486610	0.1424
X2	-0.027444	0.012771	-2.148936	0.0358
X3	0.011605	0.006337	1.831165	0.0721

Source: Data processed in EViews.

The Effect of Company Size on Tax Avoidance

The first hypothesis (H1) proposed in this study tests whether company size (X1) has an effect on tax avoidance (Y). From Table 10, the regression coefficient for company size is 0.000921 with a positive beta direction. The t-statistic is 1.486610, compared to the t-table value of 1.99962, which indicates that the t-statistic is smaller than the t-table value. The probability

value for company size is 0.1424, which is greater than 0.05. This suggests that company size has a negative, but insignificant, effect on tax avoidance. Therefore, the first hypothesis stating that company size does not significantly affect tax avoidance is supported.

The Effect of Transfer Pricing on Tax Avoidance

The second hypothesis (H2) proposed in this study is Transfer Pricing, which aims to examine whether transfer pricing (X2) has a significant effect on tax avoidance (Y). From Table 10, transfer pricing has a regression coefficient of -0.27444 with a negative beta direction. The t-statistic is -2.148936, which is greater than the t-table value of 1.99962. The probability value for transfer pricing is 0.0358, which is less than 0.05. This indicates that transfer pricing has a significant positive effect on tax avoidance. Therefore, the second hypothesis stating that transfer pricing has a significant or positive effect on tax avoidance is supported.

The Effect of Debt Costs on Tax Avoidance

The third hypothesis (H3) proposed in this study tests whether debt costs (X3) have an effect on tax avoidance (Y). From Table 10, debt costs have a regression coefficient of 0.011605 with a positive beta direction. The t-statistic is 1.831165, which is smaller than the t-table value of 1.99962. The probability value for debt costs is 0.0721, which is greater than 0.05. This suggests that debt costs have a negative, but insignificant, effect on tax avoidance. Therefore, the third hypothesis stating that debt costs do not significantly or negatively affect tax avoidance is supported.

The Effect of Company Size on Tax Avoidance Moderated by Accounting Policy

Based on Table 10, the probability value of the variable company size moderating accounting policy against tax avoidance is 0.0060. This value is lower than the significance level of 0.05. Therefore, it can be concluded that company size can moderate the effect of accounting policy on tax avoidance. Thus, the fourth hypothesis stating that company size moderates the effect of accounting policy on tax avoidance is supported.

The Effect of Transfer Pricing on Tax Avoidance Moderated by Accounting Policy

Based on Table 10, the probability value of the transfer pricing variable moderating accounting policy against tax avoidance is 0.0000. This value is lower than the significance level of 0.05. Therefore, it can be concluded that company size can moderate the effect of accounting policy on tax avoidance. Thus, the fifth hypothesis stating that transfer pricing moderates the effect of accounting policy on tax avoidance is supported.

The Effect of Debt Costs on Tax Avoidance Moderated by Accounting Policy

Based on Table 10, the probability value of the debt costs variable moderating accounting policy against tax avoidance is 0.0010. This value is lower than the significance level of 0.05. Therefore, it can be concluded that debt costs can moderate the effect of accounting policy on tax avoidance. Thus, the sixth hypothesis stating that debt costs moderate the effect of accounting policy, and significantly or positively affect tax avoidance, is supported.

Simultaneous Test (F-Test)
Table 11 - Simultaneous Test (F-Test)

R-squared	0.895753	Mean dependent var	-0.296235
Adjusted R-squared	0.884584	S.D. dependent var	0.436814
S.E. of regression	0.148399	Akaike info criterion	-0.873389
Sum squared resid	1.233242	Schwarz criterion	-0.635263
Log likelihood	34.51175	Hannan-Quinn criter.	-0.779733
F-statistic	80.19766	Durbin-Watson stat	0.353203
Prob(F-statistic)	0.000000		

Based on Table 11, the probability value of the F-statistic is 0.000000, which is lower than the significance level of 0.05. This indicates that the independent variables can influence the dependent variable. Therefore, it can be concluded that the seventh hypothesis is accepted, which states that company size, transfer pricing, and debt costs simultaneously affect tax avoidance, moderated by accounting policy.

Coefficient of Determination Test (R2)
Table 12 - Coefficient of Determination Test

Dependent Variable: Y
Method: Panel Least Squares
Date: 11/04/24   Time: 21:13
Sample: 2021 2023
Periods included: 3
Cross-sections included: 21
Total panel (balanced) observations: 63

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.064699	0.148404	-0.435965	0.6645
X1	-0.029858	0.004475	-6.672041	0.0000
X2	-0.160001	0.112657	-1.420241	0.1611
X3	0.077500	0.012214	6.345027	0.0000
X1Z	0.089425	0.031282	2.858650	0.0060
X2Z	0.035325	0.002981	11.85188	0.0000
X3Z	-0.060139	0.017357	-3.464900	0.0010

R-squared	0.895753	Mean dependent var		-0.296235
Adjusted R-squared	0.884584	S.D. dependent var		0.436814
S.E. of regression	0.148399	Akaike info criterion		-0.873389
Sum squared resid	1.233242	Schwarz criterion		-0.635263
Log likelihood	34.51175	Hannan-Quinn criter.		-0.779733
F-statistic	80.19766	Durbin-Watson stat		0.353203
Prob(F-statistic)	0.000000			

Source: data processed in EViews

Based on Table 12, the coefficient of determination (R-squared) is 0.895753. This means that company size, transfer pricing, and debt costs simultaneously influence tax avoidance by 89.15%, while the remaining 10.85% is influenced by other factors.

DISCUSSION

The first hypothesis, stating that firm size has a significant influence on tax avoidance, must be rejected. Academically, this suggests that firm size may not be a primary factor in the tax avoidance strategies employed by companies.

The second hypothesis (H2), which posits that transfer pricing significantly influences tax avoidance, can be accepted. This implies that transfer pricing is a key strategy used by companies in managing their tax obligations. While the relationship is negative, the significant impact indicates that transfer pricing plays a crucial role in tax avoidance.

The third hypothesis, regarding the impact of debt costs on tax avoidance, cannot be accepted or rejected. Debt costs are used to assess a company's ability to meet both short-term and long-term obligations. The use of debt in funding operational activities results in interest, which can be deducted from taxes.

The fourth hypothesis suggests that firm size moderates the effect of accounting policies on tax avoidance. Therefore, as company size increases, the influence of accounting policies on tax avoidance becomes stronger, while smaller firms may experience weaker moderating effects. Firm size is crucial because larger companies often have more resources, flexibility in management policies, and broader access to implement strategies like transfer pricing for optimized tax management.

The fifth hypothesis posits that transfer pricing moderates the impact of accounting policies on tax avoidance. This implies that with transfer pricing, the effectiveness of accounting policies in managing tax avoidance becomes more targeted and efficient. Transfer pricing allows companies to allocate costs, revenues, or profits to entities in different tax jurisdictions, impacting the overall tax liability.

The sixth hypothesis, suggesting that debt costs serve as a moderating variable between accounting policies and tax avoidance, reinforces the understanding that debt costs influence both the company's capital structure and its tax avoidance strategies.

CONCLUSION

Company size has a positive but insignificant effect on tax avoidance. This finding aligns with hypotheses and previous research results stating that firm size influences tax avoidance. Transfer pricing has a significant negative effect on tax avoidance. This finding supports the hypothesis and previous research indicating that transfer pricing affects tax avoidance.

Profitability has a positive but insignificant effect on tax avoidance. This aligns with the hypothesis and prior research suggesting that debt costs impact tax avoidance. Accounting policies can moderate the effect of firm size on tax avoidance. Based on the significance value of 0.0060, accounting policies can moderate the relationship between firm size and tax avoidance.

Accounting policies can moderate the effect of transfer pricing on tax avoidance. This is supported by a significance value of 0.0000, indicating that accounting policies can moderate the effect of transfer pricing on tax avoidance. Accounting policies can moderate the effect of debt costs on tax avoidance. According to a significance value of 0.0010, accounting policies can moderate the effect of debt costs on tax avoidance.

LIMITATION

The limitations of the study include the time period used, which is from 2021 to 2023. Additionally, the sample consists of only 21 manufacturing companies in the food and beverage subsector registered on the IDX. There are other variables not included in the study. The R-square value in this research is 0.895753, indicating that 89.57% of tax management in mining companies is influenced by firm size, leverage, and profitability, moderated by the complexity of tax regulations, while the remaining 10.43% is influenced by other variables.

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