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Optimizing Tax Aggressiveness: Unraveling The Impact Of Liquidity, Profitability, Leverage, Firm Size, Inventory Intensity, and Capital Intensity

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Abstract

This study examines whether liquidity, profitability, leverage, company size, capital intensity, and inventory intensity influence companies' tax aggressiveness or tax avoidance. This research uses secondary data taken from the annual financial statements of food and beverage sector companies listed on the IDX during the 2019-2023 period. After going through the calculation and selection of samples, 17 companies were obtained during five observation periods. Hence, the sample of financial statements tested in this study was as many as 85 financial reports. The methods used are descriptive analysis, classical assumption test, multiple linear regression test, and model feasibility test. The results of this study show that liquidity, profitability, company size, and capital intensity affect corporate tax aggressiveness or tax avoidance. Leverage and inventory intensity do not influence tax aggressiveness or tax avoidance.

Keywords: Liquidity; Profitability; Leverage; Company Size; capital intensity; Inventory Intensity, Tax Aggressiveness.

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Introduction

One source of state revenue or funding comes from taxes; in other words, taxes have a significant influence on a country's income. Tax can be defined as a contribution that is mandatory and must be paid by every individual or business entity. The application of taxation in Indonesia is regulated in law, such as in Law Number 16 of 2009 concerning General Provisions and Tax Procedures. The dues that enter the state treasury will be used toufulfilleeded byofy, especially for national and people's development and prosperity (Dayanara et al., 2019). Table 1 shows the target and realization of tax revenue in Indonesia in 2019 – 2023 in units of trillion rupiah, where Indonesian government tax revenue is getting better, even if the achievement of tax revenue exceeds the target.

Table 1. Target and Realization of Tax Revenue Achievement

Period	Target	Realization	Achievement (%)
2019	1.577,56	1.332,68	85,56%
2020	1.198,82	1.069,98	89,25%
2021	1.229,60	1.227.50	99,83%
2022	1.716,80	1.485,00	115,60%
2023	2.058,80	1.892,20	108,80%

Source: Processed secondary data (2023)

Indonesia's tax ratio is still low compared to Western European or ASEAN countries, such as Singapore, Malaysia, Thailand, and the Philippines. Indonesia's tax ratio stagnated at 10-12% during this period. Meanwhile, Singapore recorded a level of 13-14%. Meanwhile, Malaysia 12-15%, Philippines 1718%, Thailand 17-17.5%, and the highest is Western Europe at 41% (Wulandari, 2022).

The Indonesian government's efforts to increase or optimize revenue performance in the tax sector are hindered by obstacles; many taxpayers still try to avoid the tax burden, including corporate or corporate taxpayers, where the management takes tax aggressiveness actions. Taxes must be paid by companies as corporate taxpayers; this becomes a burden and reduces net profit (Saputra et al., 2023). The company still strives to maintain the net profit target by minimizing its corporate tax by regulating tax planning or managing tax administration in its financial statements, commonly referred to as tax aggressiveness. Companies use loopholes in tax regulations to avoid taxes or pay lower or even zero taxes (Endaryati et al., 2021).

The concept of tax aggressiveness can be divided into two distinct categories-tax avoidance and tax evasion. While tax avoidance is a legal practice, tax evasion is deemed illegal. In this study, we employ the Effective Tax Rate (ETR), a widely used metric in previous research, to identify tax aggressiveness. A low ETR value is indicative of tax aggressiveness (Awaliah et al., 2022).

One of the factors that causes companies to do tax aggressiveness is profitability. Profitability describes financial performance in profit generation obtained through asset management called Return On Asset (ROA). The higher the company's ROA ratio, the higher the tax burden will be paid. This causes companies to exercise tax aggressiveness by lowering the level of profitability so that the tax burden is reduced (Carolina, 2022). Previous research conducted by Ann (2019) and Wibowo et al. (2023)stated that a company has high profitability, so profitability is one factor that triggers companies to carry out tax aggressiveness. However, this differs from research conducted by Sumiati and Ainniyya (2021), which states that profitability does not significantly affect tax aggressiveness.

The company has a high liquidity ratio so that the company will be in a stable state due to the state of smooth cash flow. The financial condition is good for the company, so the government expects it to carry out its tax obligations properly and orderly as determined (Saputra et al., 2023). Previous research by Ann (2019) and Wibowo et al. (2023) found that liquidity significantly affects tax aggressiveness. The results are different from the research of Rineke et al. (2022), where liquidity does not significantly impact tax aggressiveness.

Leverage is a ratio that indicates the company's operational ability to be financed by external parties or debt (Sari & Ajimat, 2023). Leverage is the company debt used to finance the company's operational activities. The greater the company's debt to other parties, the more

the company carries out tax aggressiveness (Carolina, 2022). The results of previous studies show that leverage had a significant influence on tax aggressiveness, such as in the research of Sari and Ajimat (2023), Carolina (2022), and Wibowo et al. (2023). However, Christy's research (2023) states that leverage does not affect tax aggressiveness.

The company's size can be seen from the value of its assets and the amount of sales (Santini & Indrayani, 2020). Companies with high sales levels also have a significant asset value. The immense value of assets impacts the tax burden that the company must bear, which will reduce the company's profits. The company maintains these profits by aggressive tax practices so that the tax burden is not too significant (Romdhon et al., 2021). This has been proven in research conducted by Rineke et al. (2022) and Ann (2019), who state that the company's size influences tax aggressiveness or tax avoidance. However, the findings differ from the research of Sumiati and Ainniyya (2021), where the size of the company has no impact on tax aggressiveness.

One of the causes of the tax burden on companies is capital intensity, where investments are aimed at too large assets. Assets owned by the company each year will have a tax burden that must be paid due to the depreciation of assets. Companies engage in tax aggressiveness by investing in assets to reduce profits through high depreciation costs. Based on this, capital intensity influences company aggressiveness, according to research conducted by Sari and Ajimat (2023) and. However, according to research by (Jusman & Nosita, 2020), capital intensity does not impact tax aggressiveness or tax avoidance.

Inventory intensity shows how much inventory turnover occurred during the current period, according to PSAK No. 14 (Revised 2008), which explains additional costs incurred due to the company's investment in inventory. Costs from the company's investment are recognized as expenses in each period that will reduce profits (Andhari & Sukartha, 2017). The more inventory the company has, the more maintenance expenses will be incurred each period, which will reduce the tax burden for the company. The company applies inventory intensity to its financial statements to practice tax aggressiveness or tax avoidance (Ann, 2019). This is based on the results of research conducted by Sumiati & Ainniyya (2021) and Saputra et al. (2023), which found that inventory intensity influences corporate tax aggressiveness. However, other studies state that the inventory intensity carried out by companies does not affect tax aggressiveness, such as in the research of Andhari & Sukartha (2017) and (Sari & Ajimat, 2023).

Based on the background, phenomena, and problems of the research gap, this study aims to conduct testing to determine the effect of liquidity, profitability, leverage, company size, capital intensity, and inventory intensity on Tax Aggressiveness (an Empirical Study on Food and Beverage companies listed on the IDX in 2019 – 2023).

Research Method

The population of this study is all food and beverage manufacturing companies listed on the IDX for the 2019-2023 period. The sampling method uses purposive sampling with sample criteria of annual reports, financial statements reported consecutively in 2019-2023, and companies that experience positive profits. Based on this, 85 research samples were obtained with the following details.

Table 2 Research Sample Data

Criterion	2019	2020	2021	2022	2023	Total
Food and beverage manufacturing company listed on IDX for the period 2019 – 2023	25	27	26	26	27	131
Companies that experience losses in the period 2019 – 2023	5	17	12	7	5	46
Total Sample	**20**	**10**	**14**	**19**	**22**	**85**

The analysis tool uses multiple linear regression, starting with the stages of descriptive analysis, normality test, multicolonicity test, autocorrelation test, heteroskedasticity test, multiple linear regression equation analysis, model fit test with a coefficient of determination and F test, and finally, partial hypothesis test. The independent and dependent variables in this study can be explained through operational definitions in Table 3.

Table 3. Operational Definition of Research Variables

Variable	Definition	Measurement Formula	Scale
Tax Aggressiveness	Proxied by Effective Tax Rate (ETR) The ratio of total tax expense to total net profit before income tax (Kuo, 2022); (Rohman syah &; Fitriana, 2020)	$ETR = \frac{Income\ Tax\ Expense}{Profit\ Before\ Tax}\ x\ 100\%$	Ratio
Liquidity	Proportional to Current Ratio (CR) is a ratio that measures a company's ability in the short term by looking at the company's current assets against current liabilities (Christy, 2023); (Mustika et al., 2020).	$CR = \frac{Current\ Asset}{Current\ Liabilites}\ x\ 100\%$	Ratio
Profitability	Proxied with Return On Assets (ROA) is the ratio of net profit obtained from how much the company uses assets (Kholifah &; Adinda, 2023); (Christy, 2023).	$ROA = \frac{Net\ Profit}{Total\ Assets}\ x\ 100\%$	Ratio
Leverage	Proxied with Debt to Total Asset Ratio (DAR) is a ratio that measures the ability of debt both long-term and short-term to finance company assets (Christy, 2023); (Endaryati et al., 2021)	$DAR = \frac{Total\ Debt}{Total\ Assets}\ x\ 100\%$	Ratio
Firm Size	Proxied by the company's total assets (Kholifah &; Adinda, 2023); (Rineke et	Size = Ln(Total Asset)	Ratio

Variable	Definition	Measurement Formula	Scale
	al., 2022)		
Capital Intensity	The company's ability to invest in fixed assets. Capital Intensity is the ratio of the ratio between net fixed assets to total assets (Jaffar et al., 2021) ; (Apriyanti &; Arifin, 2021).	$CI = \frac{Total\ fixed\ asset}{Total\ Assets}\ x\ 100\%$	Ratio
Inventory Intensity	The ratio of inventory turnover during the current period which can be measured by comparing total inventory with total assets (Wulandari, 2022); (Saputra et al., 2023).	$InvI = \frac{Total\ Inventory}{Total\ Assets}\ x\ 100\%$	Ratio

Based on theoretical concepts and a discussion of previous research on factors that affect tax aggressiveness, the proposed research model describes how the factors of liquidity, profitability, leverage, company size, capital intensity, and inventory intensity influence tax aggressiveness or tax avoidance, as seen in Figure 1 below.

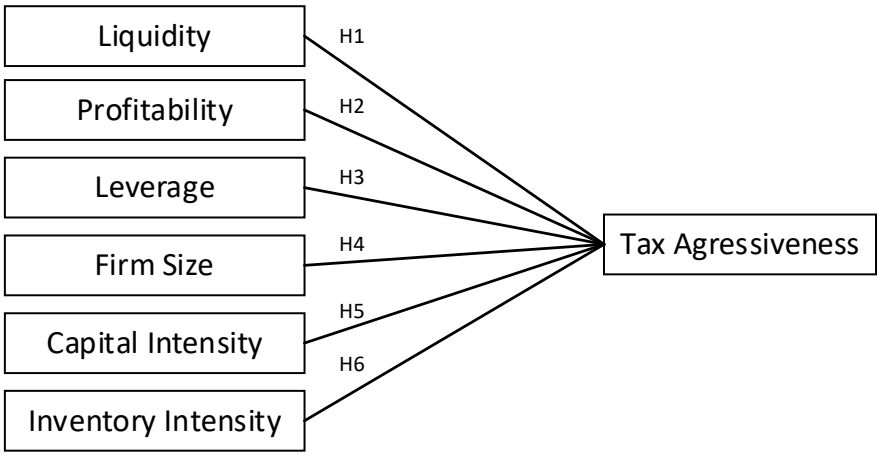

Figure 1. Tax Aggressiveness Factor Research Model

Result and Discussion

Descriptive Statistical Analysis

Descriptive statistics convey information about data that is viewed through minimum, maximum, homogeneous average, and standard deviation values produced through independent variable research and dependent variables. Before discussing the discourse of hypothesis testing further, what is done first is to describe the variables of liquidity, profitability, leverage, company size, capital intensity, and inventory intensity against tax aggressiveness. The following data discusses the painting of each variable.

Table 4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Aggressiveness	85	.0003	.9593	.256752	.1126215
Liquidity	85	.5861	15.8223	3.018463	2.9128359
Profitability	85	.0001	.2229	.070104	.0602549
Leverage	85	.1152	.7285	.397361	.1640589
Ln(Firm Size)	85	26.6374	32.7256	28.806834	1.4857537
Capital Intensity	85	.0003	.7576	.299508	.2223552
Inventory Intensity	85	.0001	.3997	.125987	.0801997
Valid N (listwise)	85				

Source: Secondary data processed by SPSS

Table 4, based on sample data of as many as 85, describes the research variables statistically, where tax aggressiveness (ETR) with the smallest ratio of 0.00027 (0.027%) owned by Budi Starch & Sweetener Tbk (BUDI) and the most significant ratio value of 0.9593 (95.93%) owned by Sekar Bumi Tbk (SKBM) with a mean value of ETR ratio of 0.256762 (25.67%) and standard deviation of 0.11262 (11.26%). Our research delves into the liquidity (CR) ratios of a diverse range of companies. Sariguna Primatirta Tbk (CLEO) holds the record for the smallest ratio at 0.5861 (58.61%), while Campina Ice Cream Industry Tbk (CAMP) boasts the largest liquidity ratio of 15.8223. This wide spectrum of liquidity ratios, with a mean of 3.01846 and a standard deviation of 2.9128, underscores the varied financial health of these companies.

Our analysis of profitability ratios is backed by robust data, providing a high level of confidence in our findings. Delta Djakarta Tbk. (DLTA) emerges as the leader with a profitability ratio of 0.2229 (22.29%), while Indofood CBP Sukses Makmur Tbk (ICBP) and Indofood Sukses Makmur Tbk (INDF) lag behind with a ratio of 0.0001 (0.01%). The mean profitability ratio is 0.070104 (7.01%), with a standard deviation of 0.060254 (6.02%), reflecting the stability and volatility of these companies' profits. The leverage ratio value of 0.1152 (CR) is highest at 0.1152 (72.85%), owned by Tunas Baru Lampung Tbk (TBLA), and the smallest ratio of 0.1152 (11.52%) is owned by Campina Ice Cream Industry Tbk (CAMP). The mean value of leverage is 0.3973 (39.73%), with a standard deviation value of 0.1640 (16.40%).

The value of firm size in this study is the result of natural logarithms (Ln). Thus, the largest company size is Indofood Sukses Makmur Tbk (INDF), with a value of 32.72, and the smallest company size is Buyung Poetra Sembada Tbk (HOKI), with a value of 26.64. The mean value of the company size is 28.80, and the standard deviation value is 1.4857. Sariguna Primatirta Tbk (CLEO) has the highest capital intensity value of 0.7576 and the smallest Capital Intensity value of 0.0003 owned by Indofood CBP Sukses Makmur Tbk (ICBP), while the mean value of this capital intensity is 0.2995 with a standard deviation value of 0.2223. Indofood CBP Sukses Makmur Tbk (ICBP) owns the lowest inventory intensity value, 0.0001, while Wilmar Cahaya Indonesia Tbk owns the highest value, 0.3997. The mean inventory intensity value is 12.60, and the standard deviation is 0.0801.

Table 5. Multiple linear regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.158	.346		.457	.649
	Liquidity	-.007	.006	-.174	-1.213	.002
	Profitability	-.814	.256	-.436	-3.176	.001
	Leverage	-.232	.115	-.339	-2.016	.267
	Firm Size	-.008	.011	-.110	-0.131	.046
	Capital Intensity	-.057	.067	-.112	-.845	.000
	Inventory Intensity	.356	.183	.254	1.947	.259
	Dependent Variable: Tax Aggressiveness					

Source: Secondary data processed by SPSS

The Effect of Liquidity on Tax Aggressiveness

Based on the results of multiple linear regression statistics (Table 4), it is known that there is a significant and negative influence between liquidity variables and tax aggressiveness. Negative influence shows that the value of the liquidity ratio has an inverse or opposite effect on the value of the effective tax rate (ETR), which is a proxy for tax aggressiveness. The higher the value of the company's liquidity ratio, the lower the ETR value, which means the company carries out tax avoidance practices. Conversely, the lower the liquidity ratio, the higher the ETR value, which means the company does not engage in tax avoidance practices. Companies with high liquidity ratios can pay short-term debts, which indicates that the company is in good health and has no problems with cash flow. Companies with high profits will have high liquidity ratios (Ann, 2019). The higher the company's liquidity ratio, the more the company will try to allocate profits for the current period to the next period because the tax payment rate is high if the company is in good condition. The higher the company's liquidity ratio, the tendency of companies to act on tax aggressiveness by reducing profits to avoid a higher tax burden (Saputra et al., 2023). This result is based on research by Ann (2019) and Wibowo et al. (2023), which states that liquidity ratios have a negative influence on tax aggressiveness. The results differ from those of Santini & Indrayani (2020) and Christy (2023), which stated that the liquidity ratio has a positive effect. Meanwhile, research conducted by Manurung et al. (2022) states that liquidity ratios have no effect on tax aggressiveness.

The effect of profitability on tax aggressiveness

The results of our rigorous linear regression coefficient statistics (Table 4) underscore the significant and negative influence of profitability on tax aggressiveness. This finding is of paramount importance, as it reveals that companies with higher profits are more likely to impact tax aggressiveness. The negative coefficient of profitability (ROA) further emphasizes this relationship, indicating that as a company's profitability increases, its effective tax rate (ETR) decreases. Companies with high profitability tend to be indicated by companies practicing tax aggressiveness or tax avoidance (Santini & Indrayani, 2020). A high level of profitability reflects that the company earns better or increased profits. Large profits obtained by companies impact the tax burden to be paid, so companies try to avoid increasing the tax burden by managing pre-tax profits well to benefit from tax incentives (Dayanara et al., 2019). Based on

agency theory, if the company has good profitability, it is believed that its management carries out its duties optimally, but high taxes will follow high taxes (Ann, 2019). This leads to a divergence of interests with shareholders who want high dividends. Shareholders are reluctant to share part of the profits generated by the company's activities to pay their tax liability but can only minimize the amount of tax they pay. This allows company management to minimize taxes by trying to maintain their operating profits by reducing the burden of tax costs paid by the fiscal and then deposited through tax aggressiveness (Carolina, 2022). The results of this study are in line with research conducted by Christy (2023), Carolina (2022), and Wibowo et al. (2023), which found that profitability has a significant and negative impact on tax aggressiveness. The results of research conducted by Santini and Indrayani (2020) have a positive impact. Different results are also in research Kholifah and Adinda (2023), which reveals that profitability does not affect tax aggressiveness.

The effect of leverage on tax aggressiveness

The results of multiple linear regression statistics show that leverage has no significant effect on tax aggressiveness. The size of the Company's leverage does not allow it to carry out tax aggressiveness or tax avoidance activities. Companies that cover the lack of funding need to choose the sources of funds that can be used, namely internal or external funding. The Company considers the selection of sources of funds based on the objectives, conditions, benefits, and ability of the Company to pay off these obligations. So, companies choose funding sources from loans or debts, not only to carry out tax aggressiveness (Sari & Ajimat, 2023). The Company previously conducted an analysis related to the possibility that the risk of making debt decisions will be more significant than the benefits that the Company will gain rather than avoiding taxes. Based on agency theory, if the Company utilizes debt to finance operations, it will incur interest expenses that must be paid. High debt interest expense decreases profits and will impact reducing tax burden (Wibowo et al., 2023). The high level of leverage in the Company can also mean that the Company needs more capital to pay its tax obligations. Hence, companies with a high level of leverage are more likely to carry out tax aggressiveness by acting conservatively in the financial reporting of company operations (Carolina, 2022). Our findings align with the conclusions of previous studies by Wibowo et al. (2023) and Carolina (2022), which also found no significant impact of leverage on tax aggressiveness. However, our results differ from the research conducted by Christy (2023), which suggests that leverage does influence tax aggressiveness. This disparity underscores the ongoing debate in the field and the need for further research to fully understand the relationship between these variables.

The Effect of Company Size on Tax Aggressiveness

The company's size, reflecting the magnitude of its assets, is a key determinant of its tax aggressiveness. The findings from our rigorous statistical analysis (Refer to Table 4) underscore a significant and inverse correlation between company size and tax aggressiveness. Specifically, as the value of a company's assets increases, its effective tax rate (ETR) decreases, indicating a higher propensity for tax aggressiveness or avoidance. Conversely, smaller companies with lower asset values tend to exhibit higher ETRs, suggesting a lower likelihood of tax aggressiveness. The company's size is a benchmark to prove that the company is in the high or low category, which can be seen from the total assets or assets that the company has. The size

of assets also makes operating expenses high. So, companies that have high operational expenses can trigger companies to want to tax aggressiveness (Santini & Indrayani, 2020). The company conducts tax aggressiveness through the management of company assets because the assets owned by the company will generate depreciation costs; the greater the total assets owned by the company, the higher the depreciation cost. Companies can use depreciation expense to reduce company income because depreciation expense can be used as a deduction from taxable or gross income (Romdhon et al., 2021). Depreciated assets will reduce the company's income, thereby reducing the tax burden that the company will pay (Manurung et al., 2022). The results of this study are in accordance with the results of research conducted by Manurung et al. (2022) and Ann (2019), which state that the size of the company has a negative impact on tax aggressiveness. This is in contrast to the results of research by Romdhon et al. (2021), which states that company size has a positive impact on tax aggressiveness. Meanwhile, research by Sumiati & Ainniyya (2021) shows that company size has no impact on tax aggressiveness.

The Effect of Capital Intensity on Tax Aggressiveness

The results of statistical testing show that there is a significant and negative influence between capital intensity and tax aggressiveness. The higher the value of the company's capital intensity, the lower the effective tax rate (ETR) value, which indicates the company is taking tax aggressiveness. Conversely, if the capital intensity value is lower, the ETR value is higher, which indicates the company does not take tax aggressiveness. The company invests in its assets, so every year or period, it experiences depreciation and incurs taxable expenses. Depreciation expense arising from various assets or assets of the company comes from deducting costs with income in the calculation of corporate tax. Companies use capital intensity in their financial statements to carry out tax aggressiveness or tax avoidance, namely by bearing depreciation and depreciation costs for all assets owned by the company (Santini & Indrayani, 2020). The results of this study are in accordance with those conducted by Sari & Ajimat (2023) and Santini & Indrayani (2020); namely, capital intensity impacts tax aggressiveness. However, the results differ from the research conducted by Jusman & Nosita (2020), where capital intensity has no impact on tax aggressiveness.

The Effect of Inventory Intensity on Tax Aggressiveness

Our study's statistical tests reveal a significant finding: there is no discernible influence between inventory intensity and tax aggressiveness. This means that the size of a company's inventory intensity does not impact the effective tax rate (ETR) value, a key indicator of tax aggressiveness or avoidance. These findings challenge existing notions and open up new avenues for understanding tax planning in manufacturing companies. Companies can recognize various costs associated with inventory management, such as maintenance, storage, supervision, and other costs. The higher the inventory, the higher maintenance and storage costs can be generated, corresponding to the increase in inventory. This cost recognition will be one of the company's profit deductions (Ann, 2019). The company's profit will be reduced by the costs associated with maintaining and storing this inventory, which will reduce tax liability. Therefore, the tendency of companies to increase their inventory in warehouses can be attributed to their aggressiveness towards taxes (Andhari & Sukartha, 2017). However, the object of this study is manufacturing companies, where the inventory of raw materials owned tends to be significant

because, in manufacturing companies, raw materials are managed into finished goods. Although the results of this study are positive, they are not significant because manufacturing companies have much inventory for company production activities, so inventory intensity is not used by companies for tax aggressiveness or tax avoidance (Apriyanti & Arifin, 2021).

The results of this study are not in accordance with those carried out by Saputra et al. (2023) and Sumiati & Ainniyya (2021), which state that inventory intensity impacts tax aggressiveness or tax avoidance. However, the results of this study are in accordance with the research of Andhari & Sukartha (2017), Apriyanti & Arifin (2021), and Sari & Ajimat (2023), which states that inventory intensity does not affect tax aggressiveness.

Feasibility Test and Model Goodness

Table 6. Anova Test and Determinant Factor

ANOVATest	F	Sig.
	2.496	.029
Determinant Factor	**R Square**	**R Square Adjusted**
	0.472	0.406

Source: Secondary data processed by SPSS

The regression model is feasible and can be used in the following research stage, so the F test (ANOVA) is needed. Based on Table 6, known sign values. From test F, which is 0.29, smaller than 0.05, it can be stated that the variables liquidity, profitability, leverage, company size, capital intensity, and inventory intensity significantly affect tax aggressiveness. In other words, the research model proposed in this article is declared feasible. The independent variable in this study has an impact or influence on tax aggressiveness, which can be seen from the value of the coefficient of determination (Adjusted R Square) of 0.406. This means that the independent variable contributes to the influence of tax aggressiveness by 40.6%, so the remaining 59.4% (100% - 40.6%) is influenced by factors other than the variables used in this study.

Conclusion

Based on the results of statistical tests and the discussion above, liquidity, profitability, company size, and capital intensity negatively affect tax aggressiveness. The higher the value of liquidity, profitability, company size, and capital intensity, the tendency of these companies' effective tax rate (ETR) is smaller. In other words, statistically, food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) tend to use liquidity, profitability, company size, and capital intensity factors in their financial statements to carry out tax aggressiveness or tax avoidance with the aim of maintaining profits from falling. Meanwhile, based on the results of statistical tests of leverage factors and capital intensity, companies should refrain from using these two factors in their financial statements to carry out tax aggressiveness or tax avoidance.

While the results of this study provide valuable insights into the tax aggressiveness of food and beverage sector manufacturing companies listed on the IDX, it is important to note that these findings are specific to this sector. Therefore, it is recommended to conduct further

research that includes companies from various sectors. This will not only enhance the applicability of the research but also open up new avenues for understanding tax aggressiveness in different business contexts.

Based on the statistical test of the fit model, the research model proposed in this article is fit. The independent variables (liquidity, profitability, company size, leverage, inventory intensity, and capital intensity) proposed together can influence the dependent variable (tax aggressiveness). The ability of the independent variable to influence the dependent variable is 40.6%. The remaining 59.4% is influenced by other factors that researchers have yet to study or use. This means several other factors still affect tax aggressiveness that have yet to be revealed. Research on tax aggressiveness in the future is recommended to add other independent variable factors that can influence it.

The proxy of tax aggressiveness used in this study is the effective tax rate (ETR); future research can use other proxies, such as Cash ETR or GAAP ETR. According to Hanlon and Heitzman (2010), these tax aggressiveness proxies have their own advantages and disadvantages. However, the use of different tax aggressiveness proxies provides a new perspective in uncovering tax avoidance activities.

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