

**THE EFFECT OF PROFITABILITY, LEVERAGE,
ACCOUNTING CONSERVATISM, CAPITAL INTENSITY AND
FINANCIAL DISTRESS ON TAX AVOIDANCE DURING THE
COVID-19 PANDEMIC IN THE PROPERTY, REAL ESTATE,
AND BUILDING CONSTRUCTION SECTOR**

A THESIS

**Presented as Partial Fulfillment of the Requirement to
Obtain the Bachelor Degree in Accounting Departement**



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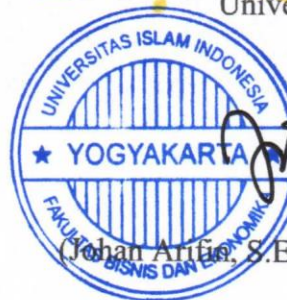
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DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, September 22, 2022



Afiq Kamal Rizki

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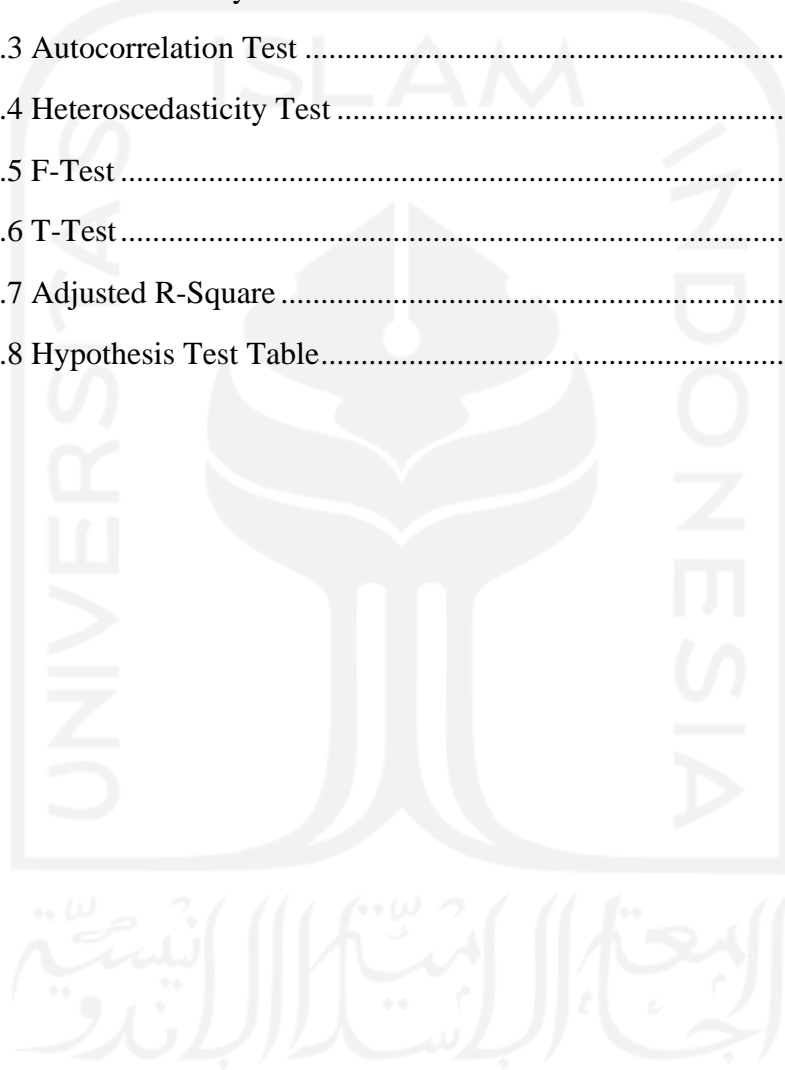
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ABSTRAK

Penelitian ini menguji pengaruh *Profitability*, *Leverage*, *Accounting Conservatism*, *Capital Intensity* dan *Financial Distress* terhadap *Tax Avoidance* selama pandemi Covid-19 Q2 2020 – Q1 2022. Populasi penelitian ini adalah perusahaan sektor properti, real estate, dan konstruksi bangunan yang terdaftar di Bursa Efek Indonesia (BEI). Jumlah populasi sebanyak 144 perusahaan dan dianalisis menggunakan analisis regresi berganda.

Hasil penelitian ini menunjukkan bahwa hanya variabel *Capital Intensity* yang terbukti berpengaruh positif terhadap *Tax Avoidance*. Sedangkan variabel *Profitability*, *Leverage*, *Accounting Conservatism*, dan *Financial Distress* tidak berpengaruh terhadap penghindaran pajak.

Kata kunci: ETR, Profitability, Leverage, Accounting Conservatism, Capital Intensity, Financial Distress

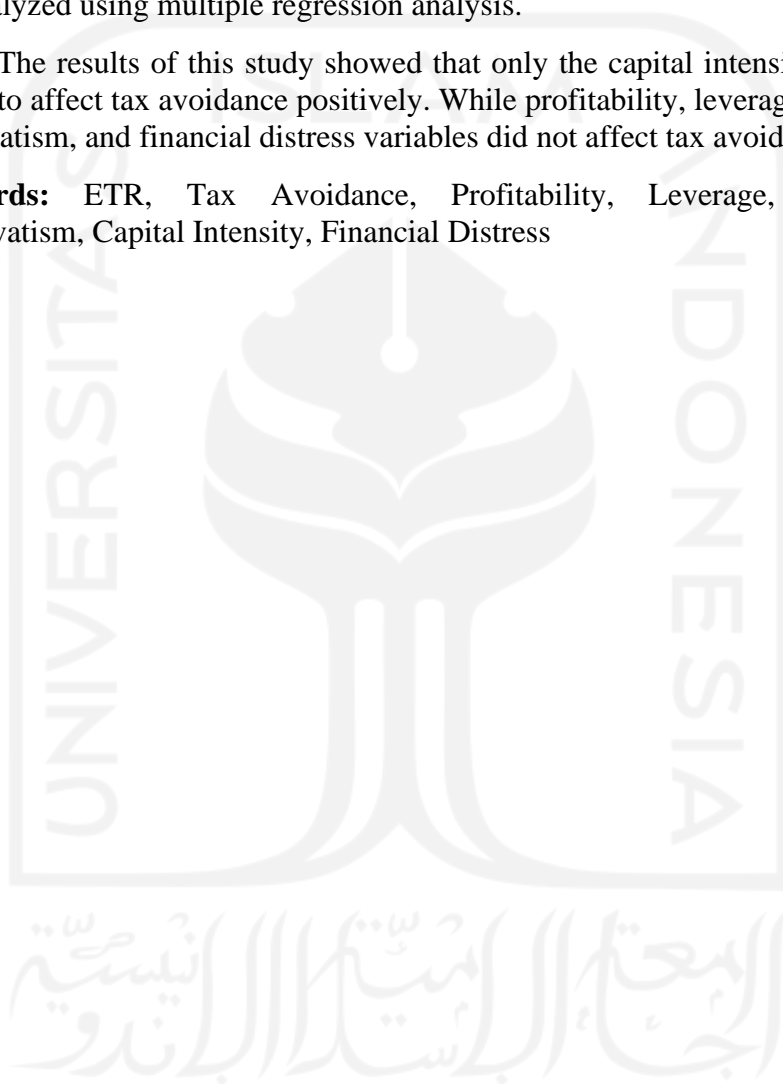


ABSTRACT

This study examined the effect of Profitability, Leverage, Accounting Conservatism, Capital Intensity, and Financial Distress on tax avoidance during the Covid-19 Q2 2020 – Q1 2022 pandemic. The research population was the property, real estate, and building construction sector companies listed on the Indonesia Stock Exchange (IDX). The total population was 144 companies and was analyzed using multiple regression analysis.

The results of this study showed that only the capital intensity variable is proven to affect tax avoidance positively. While profitability, leverage, accounting conservatism, and financial distress variables did not affect tax avoidance.

Keywords: ETR, Tax Avoidance, Profitability, Leverage, Accounting Conservatism, Capital Intensity, Financial Distress



CHAPTER 1

INTRODUCTION

1.1. Study Background

Coronavirus Disease (COVID-19) is an infectious disease of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), which was officially declared a pandemic by the World Health Organization (WHO) on March 9, 2020. Many countries have implemented lockdowns that furnish consequences on the economy that immediately fell sharply, including the economy in Indonesia, which was affected tremendously. According to a Minister of Finance (MenKeu) Sri Mulyani, Indonesia experienced an economic contraction in 2020 of minus 2.07%.

President Joko Widodo has declared the respiratory disease caused by the Coronavirus (Covid-19) a national disaster in Indonesia. This is stated in Presidential Decree Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Coronavirus Diseases 1019 (Covid-19) as a National Disaster, signed on April 13, 2020. Not only detrimental from a health perspective, President Joko Widodo also said that the coronavirus had a significant impact on the economy in Indonesia. The production of goods is disrupted and the investment is also hampered.

In dealing with the Covid-19 pandemic, the Indonesian government used tax instruments to encourage the economy to keep running. Taxes played an essential role in all state expenditure financing, including in terms of national development (Safira & Suhartini, 2021). Indonesia is a country where most of

its state spending comes from tax revenues. Every citizen of Indonesia is mandatory and forced to pay taxes even though many people do not understand taxes, so inevitably they have to understand what taxes are. The government issued Government Regulation no. 23 of 2020 concerning implementing the National Economic Recovery Program (PEN) to encourage and restore the Indonesian economy evenly. One of the National Economic Recovery Programs is business incentives in taxes.

Unfortunately, the provision of business incentives in the form of taxes increases tax avoidance efforts by company managers. The differences in interests between the government and taxpayers make company managers try to reduce tax payments legally. In the Tax Justice Network report, it was stated that the practice of tax avoidance resulted in Indonesia experiencing a loss of Rp 68.7 trillion (Safira & Suhartini, 2021). The existence of tax incentives in the form of lowering income tax rates allows companies to carry out tax avoidance (Rombe et al., 2017). Therefore, the Covid-19 pandemic is considered capable of encouraging the practice of tax avoidance, primarily through new tax regulations made to adapt to the conditions and impacts of the Covid-19 pandemic (Suhaidar et al., 2020).

The Covid -19 pandemic in Indonesia has caused the property sector's performance to dim. Many shopping centers in various regions were required to stop operating due to the Large-Scale Social Restrictions. This caused the income from the shopping center to fall. Not only did it impact the closure of shopping centers, but the construction of projects from property companies had

to be temporarily suspended. The Coronavirus pandemic has also disrupted homeownership credit (KPR) transactions. Delays in mortgage distribution have resulted in the income of many prospective debtors, making it difficult to access financing from banks. The coronavirus has slowed down the space for property buying and selling transactions and affected the psychology of potential end-user buyers and investors who currently prioritize more primary things.

The impact of Covid 19 also had impact the performance of the construction sector. The trade movement in goods and services decreased very extremely due to the enactment of Large-Scale Social Restrictions. This was one of the reasons for the delay in construction work. During the pandemic, many housing developments were stopped at a specific range because the budget was allocated to other more prioritized needs, such as the construction of hospitals, clean water providers, and handwashing facilities. Covid-19 also had impact the PUPR Ministry's budget cut by almost 40% in 2020, from Rp 120 trillion to Rp 75 trillion. In addition to delays in settlement due to problems with the mobility of equipment, materials and labor, other impacts are an increase in implementation costs and the potential for construction disputes.

In the results of previous studies, there were still inconsistencies that made researchers interested in bringing up the topic of tax avoidance issues with the supporting variables. As in the leverage variable, research from Sulhendri & Wulandari (2020) & Oktavian (2019) stated that leverage has a positive effect on Tax Avoidance. Meanwhile, Safira & Suhartini (2021) research stated that

leverage has no effect on tax avoidance. Therefore, it is necessary to conduct a re-examination to analyze the relationship between the independent variable and the dependent variable whether it has similarities with previous research or brings up new results that can be used as decision making.

This research is focused on the property, real estate, and construction sectors because these sectors are one of the sectors that have been significantly affected by COVID-19. Where revenues from companies in the property, real estate and construction sectors contracted quite deeply. There is a possibility of tax avoidance activities by company managers during the Covid-19 pandemic. Therefore further analysis is needed. Several factors encouraged tax avoidance practices, namely Profitability, Leverage, Accounting Conservatism, Capital Intensity, and Financial Distress. This research focused on tax avoidance in property, real estate, and building construction sector companies listed on the Indonesia Stock Exchange. The Covid-19 pandemic created an economic depression that impacted the property industry in Indonesia and put pressure on companies in this sector. Consumers tended to hold back on purchases and maintain savings to anticipate spending during the Covid-19 pandemic. The decrease in income increased the potential for company managers to use all means to reduce the burden to continue to run. One way is to reduce the tax burden. In the research that has been done, the data used is data before the COVID-19 pandemic, some of which have not provided conclusive results when it comes to the Covid-19 pandemic situation.

1.2. Problem Formulation

Based on the background of the problem above, the problems in the research can be formulated as followed:

“What are the effect of Profitability, Leverage, Accounting Conservatism, Capital Intensity and Financial Distress on tax avoidance in Property, Real Estate, and Building Construction companies listed on the Indonesian Stock Exchange during the Covid-19 pandemic?”

1.3. Research Objective

In accordance with the problems posed in this study, the objectives of this study are to:

“To understand the effect of Profitability, Profitability, Leverage, Accounting Conservatism, Capital Intensity and Financial Distress on tax avoidance actions in Property, Real Estate, and Building Construction companies listed on the Indonesian Stock Exchange during the Covid-19 pandemic.”

1.4.Benefits of Research

The results of this study are expected to provide the following uses:

1. For Companies

The results of this study are expected to be material for evaluation and consideration for each entity that implements tax avoidance so that fraud does not occur, which can harm the company.

2. Prospective Investors

The results of this study are expected to be one of the considerations in making decisions for shareholders or potential investors in choosing a company to invest in.

3. Academics

The results of this study are expected to contribute to the development of theories regarding the effect of Profitability, Leverage, Accounting Conservatism, Capital Intensity, and Financial Distress on the company and their influence on the company's tax policy.

4. Upcoming Researcher

The results of this study are expected to be a reference or research material in finance so that it can be helpful for future researchers regarding tax avoidance.

1.5. Systematic Writing

Chapter I: Introduction

This chapter described the background of the problem, the formulation of the problem, the objectives and uses of the research, and the systematics of the discussion.

Chapter II: Literature Review

This chapter contained theoretical foundations regarding the theories and variables used in the research, previous research that became the basis for the research hypotheses, and frameworks of thought.

Chapter III: Research Methods

This chapter contained the population and research samples, research variables, measuring variables, instrumental submission methods, data processing, analysis techniques, and discussion.

Chapter IV: Data Analysis

This chapter contained descriptions of research objects, characteristics of respondents, validity and reliability tests, descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, hypothesis testing, and discussion.

Chapter V: Conclusion

This chapter contained conclusions from the results of the research in the previous chapter, limitations of the study, and suggestions for future similar studies.



CHAPTER II

LITERATURE REVIEW

This chapter contained a detailed explanation and discussion of the literature review which included, a discussion of tax avoidance profitability, leverage, accounting conservatism, capital intensity, and financial distress and previous research which is then formulated in the form of a hypothesis.

2.1. Agency Theory

Agency theory described an agency relationship in which one party (principal) delegates work and decision-making authority to another party (agent), who then completed the work on behalf of the principal (Nadhifah & Arif, 2020). As the party giving the authority, the principal of the company certainly hoped that the management (agent) could take policies and act in accordance with the interests of the owner of the company, but in fact management always acted in accordance with the interests of management because management must have personal interests. Each party acted according to its interests to achieve the maximum possible benefit (Safira & Suhartini, 2021). Due to the information asymmetry shared by both parties, the agent had more information than the principal, which leads to differences in interests. The agency problem could cause one party to take advantage of realizing their interests because the other party did not have information from the agent.

In this study, agency theory is used to explain the activity of tax avoidance itself, which can occur due to agency caused by a difference in the information held between the two parties. The management who directly ran the company's business had more information about the company's performance than the company owner so management would use this information to benefit the management itself. This information asymmetry could encourage management to take tax avoidance actions so that the taxes paid are low. This can make the management had good performance in front of the principal because they can manage the company's operational activities well (Oktavian, 2019).

2.2. Tax Avoidance

Tax avoidance is an effort to avoid tax carried out legally and safely for taxpayers because it did not conflict with tax provisions, where the methods and techniques used tended to take advantage of the weaknesses (gray areas) contained in the tax laws and regulations themselves to reduce the amount of tax owed (Sari et al., 2016). Tax avoidance is one way to reduce the tax burden by companies. Although tax avoidance is legal, the government did not want it.

The ways to do tax avoidance according to Kurniasih & Ratna Sari (2013) are as followed:

- a. Tax subjects and/or tax objects transferred to countries that provide special tax treatment or tax relief (tax haven countries) for a type of income (substantive tax planning),

- b. Efforts to avoid tax by maintaining the economic substance of transactions through formal elections that provide the lowest tax burden (Formal tax planning),
- c. Anti Avoidance provisions on transfer pricing, thin capitalization, treaty shopping, and controlled foreign corporation transactions (Specific Anti Avoidance Rule); and transactions that do not have business substance (General Anti Avoidance Rule).

2.3.Profitability

Profitability is the company's ability to generate profits with all the capital that works in it. Profitability described the company's ability to generate profits with certain levels of sales, assets, and actions within a certain period (Safira & Suhartini, 2021). The greater the profitability (Return on Assets) indicated the company's performance is getting better because the rate of return on investment is getting bigger. Increasing Return on Assets would also increase the amount of taxes to be paid. In line with agency theory, agents would try to increase profits for the company by reducing the tax burden so that the company's profits are maximized.

2.4.Leverage

Leverage is a comparison that reflected the amount of debt used for financing by the company in carrying out its operating activities (Parowa, 2021).

Companies used leverage to ensure that profits are more significant than the costs and sources of funds, thereby increasing shareholder profits. Interest expense that can be used as a deduction from taxable profit is interest expense that arises from loans to third parties or creditors who have no relationship with the company (Noviani et al., 2018).

2.5.Accounting Conservatism

Conservatism is one of the principles used in accounting. Accounting conservatism is the practice of lowering profits and net assets in response to bad news but not increasing profits and increasing net assets in response to good news (Pramudito & Sari, 2015). This is what causes the principle of conservatism applied by the company will indirectly affect the financial statements issued by the company, where the prepared financial statements will later be used as the basis for decision-making for management in making policies related to the company. Policies related to companies, in this case, of course, also include taxation, especially related to tax avoidance because tax avoidance carried out by companies is usually carried out through policies taken by company leaders and not accidentally (Sari et al., 2016).

2.6.Capital Intensity

The capital intensity is a form of financial decision determined by the company's management to increase the company's profitability in the form of fixed

assets (non-current assets / NCA) (Nadhifah & Arif, 2020). Capital intensity shows how much capital the company needs to generate revenue. Fixed assets owned by the company are used for company activities. Companies with significant investments in depreciable NCAs can minimize their tax liability by taking advantage of higher investment tax credits and accelerating capital allowances, thereby reporting a lower effective tax rate (ETR) (Kasim & Saad, 2019).

2.7.Financial Distress

Financial distress can be interpreted as the company's inability to pay its financial obligations at maturity which causes the company's bankruptcy (Nadhifah & Arif, 2020). The financial distress cycle in the company includes the initial period of declining performance to the lowest point, then the recovery phase if the company can improve its performance. When a company experiences financial difficulties, the company is not in the same position but continues to transition to the following stages. If the performance gets worse, the company will likely face bankruptcy. Companies experiencing financial distress will take the opportunity to avoid tax for their company's sustainability.

2.8. Summary of Past Research

#	Researcher/s	Research Title	Research Variables	Research Method	Research results
1	Sulhendri & Wulandari (2020)	<i>Pengaruh Corporate Governance, Leverage dan Ukuran Perusahaan Terhadap Tax Avoidance (Studi Kasus pada perusahaan Manufaktur Sektor Automotive yang Terdaftar di BEI tahun 2015-2019)</i>	Institutional Ownership, Independent Commissioner, Audit Committee, Audit Quality, Leverage, Company Size	Logistic regression model using E-Views software version 9	<ol style="list-style-type: none"> 1. Institutional Ownership (X1) had a negative and insignificant effect on Tax Avoidance. 2. Independent Commissioner, Audit Quality, Leverage, and Company Size had a positive and significant effect on Tax Avoidance. 3. The Audit Committee (X3) had a negative and significant effect on Tax Avoidance.
2	Vidiyanna Rizal Putri & Bella Irwansyah Putra (2017)	<i>Pengaruh Leverage, Profitability, Ukuran Perusahaan dan Proporsi Kepemilikan Institusional Terhadap Tax Avoidance</i>	Profitability, Leverage, Company Size, Proportion Of Ownership Institutional	Multiple regression analysis	Return on Assets, Debt to Equity Ratio and SIZE had no significant effect
3	Mauliddini Nadhifah & Abubakar Arif (2020)	<i>Transfer Pricing, Thin Capitalization, Financial Distress, Earning Management, Dan Capital</i>	Transfer Pricing, Thin Capitalization, Financial Distress, Earning Management, Capital	Balanced panel data multiple regression analysis	<ol style="list-style-type: none"> 1. Transfer pricing, financial distress, earning management, and sales growth had a negative effect on tax avoidance. 2. Thin capitalization had a positive effect

		<i>Intensity Terhadap Tax Avoidance Dimoderasi Oleh Sales Growth</i>	Intensity		on tax avoidance. 3. Capital intensity had no effect on tax avoidance.
4	Dimas Oktavian (2019)	<i>Pengaruh Profitabilitas, Leverage, Capital Intensity, Umur Perusahaan, Dan Kompensasi Eksekutif Terhadap Penghindaran Pajak</i>	Profitability, Leverage, Capital Intensity, Firm Age, And Compensation	Multiple regression analysis	1. Profitability, Leverage, Capital intensity, Firm age had a significant effect on tax avoidance. 2. Executive compensation had no significant effect on tax avoidance.
5	Dwi Fionasari, Adriyanti Agustina Putri, Pandu Sanjaya (2020)	<i>Analisis Faktor-Faktor yang Mempengaruhi Penghindaran Pajak pada Perusahaan Pertambangan Di Bursa Efek Indonesia (BEI) Tahun 2016-2018</i>	ROA, Leverage, Company Size, Sales Growth	Multiple regression analysis	Return on Assets, Leverage, Company Size and Sales Growth had a significant effect on tax avoidance.
6	Kusnita Dyah Septiarini (2017)	<i>Pengaruh ROA, Leverage, Ukuran Perusahaan, Kepemilikan Institusional dan Kompensasi Rugi Fiskal Terhadap Tax Avoidance</i>	ROA, Leverage, Company Size, Institutional Ownership and Fiscal Loss Compensation	Multiple regression analysis	1. ROA, Leverage, Company Size, had a significant positive effect on tax avoidance. 2. Institutional Ownership had a significant negative effect on tax avoidance. 3. Fiscal Loss Compensation had no significant effect on tax avoidance.

7	Ismiani Aulia & Endang Mahpudin (2020)	<i>Pengaruh Profitabilitas, Leverage, dan Ukuran Perusahaan Terhadap Tax Avoidance</i>	Profitability, Leverage, and Company Size	Multiple regression analysis	<ol style="list-style-type: none"> 1. Profitability had no significant effect on tax avoidance. 2. Leverage had a negative effect on tax avoidance. 3. Company size had a positive effect on tax avoidance
8	Robin, Anggara Jesslyn, Ronaldo Tandrea (2021)	<i>Pengaruh Ukuran Perusahaan, Profitabilitas, Leverage, dan Pertumbuhan Penjualan Terhadap Penghindaran Pajak</i>	Company Size, Profitability, Leverage and Sales Growth	Multiple regression analysis	<ol style="list-style-type: none"> 1. Company Size, Profitability, and Sales growth had a negative effect on tax avoidance. 2. Leverage had a positive effect on tax avoidance

2.9.Hypothesis Formulation

2.9.1 Effect of Profitability on Tax Avoidance

Profitability shows the company's ability to generate profits in its operational activities. Companies that have high profitability indicate that the company can generate large profits. Because the profit generated by the company is the basis for calculating taxes, the greater the profit generated by the income tax will increase. Therefore, the company will try to avoid increasing taxes with tax avoidance.

Based on research from Oktavian, the result showed that the profitability variable has a negative effect on tax avoidance where profitability has increased, the lower the cash effective tax rate indicated

high tax avoidance activity (Oktavian, 2019). In addition, research from Putri & Putra, (2017) obtained the results that Profitability with return on assets (ROA) proxy had a negative and significant effect. This means that if the ROA increased, the cash effective tax rate would be higher, a high CETR indicated the lower level of tax avoidance activity. This happened because the company wanted to get the maximum profit by reducing the tax burden in order to indicate that the company had better performance.

Based on the description above, the hypothesis can be formulated as, profitability has a negative effect on tax avoidance. Which means it is indicated by an increase in profitability, the higher the ETR that indicates the lower level of tax avoidance activity.

H₁ : Profitability has a negative effect on tax avoidance.

2.9.2 Effect of Leverage on Tax Avoidance

The more leverage the company has, the higher the amount of debt funding from other parties for the company's operational activities and the higher the interest costs paid. Interest expense that can be used as a deduction from taxable profit is interest expense that arises from loans to third parties or creditors who have no relationship with the company (Noviani et al., 2018). The more interest costs will provide convenience for the company, namely the reduced tax burden.

Based on research from Pratiwi (2020), the result showed that leverage variable had a positive effect on tax avoidance. The higher the

value of the leverage ratio meant the higher the amount of funding from third party debt used by the company and the higher the interest costs incurred. The higher interest costs would reduce the company's profit before tax so that it would affect the lower corporate tax burden. Therefore, the use of debt by companies can be used for tax savings by obtaining incentives in the form of interest expense which would be a deduction from taxable income (Putri & Putra, 2017). In addition, research from Barli (2018) found that leverage had a positive effect on tax avoidance. This is because the more significant the company's debt, it would increase the payment of the company's interest obligations, so it would reduce the profit before tax. If the profit before tax decreased, the company's tax payment obligations would decrease (Aulia & Mahpudin, 2020).

Based on the description above, the hypothesis can be formulated as, leverage had a positive effect on tax avoidance. Which means that it is indicated by an increase in leverage, the lower the ETR that indicates the high level of tax avoidance activity.

H₂ : Leverage has a positive effect on tax avoidance.

2.9.3 Effect of Accounting Conservatism on Tax Avoidance

Conservatism is an action taken by company managers that can affect the company's financial statements. Financial statements are the basis for decision-making by company management regarding company operations. Based on agency theory, management will tend to make

decisions that will benefit the company, namely by taking taxation policies to pay taxes as low as possible.

Based on research from Swandewi & Noviari (2020), the result showed that variable accounting conservatism had a negative effect on tax avoidance which meant that the higher the level of accounting conservatism, the higher the CETR of the company. In addition, research from Sarra (2017) resulted that accounting conservatism had a negative effect on tax avoidance.

Based on the description above, the hypothesis can be formulated as, accounting conservatism has a negative effect on tax avoidance. Which means that it is indicated by an increase in accounting conservatism, the higher the ETR that indicates the lower level of tax avoidance activity.

H₃ : Accounting Conservatism has a negative effect on tax avoidance.

2.9.4 Effect of Capital Intensity on Tax Avoidance

The capital intensity or capital intensity is a form of financial decision determined by the company's management to increase the company's profitability in the form of fixed assets (non-current assets / NCA) (Nadhifah & Arif, 2020). Companies that have high non-current assets tend to practice avoidance. Companies with significant investments in depreciable NCAs can minimize their tax liability by taking advantage of higher investment tax credits and accelerating capital allowances, thereby reporting a lower effective tax rate (ETR) (Kasim & Saad, 2019).

Based on research from Kalbuana (2020), the results showed that the capital intensity variable has a positive effect on tax avoidance, where the greater the capital intensity of the company, the greater the company's tax avoidance. In addition, research from Rahma (2022) obtained the results that capital intensity has a positive effect, companies that invest more of their capital in fixed assets would have a lower effective tax rate.

Based on the description above, the hypothesis can be formulated as, capital intensity has a positive effect on tax avoidance. Which means it is indicated by the higher the capital intensity ratio owned by the company, the lower the ETR that indicates the high level of tax avoidance activity.

H₄ : Capital intensity has a positive effect on tax avoidance.

2.9.5 Effect of Financial Distress on Tax Avoidance

Financial distress is when the company experiences financial difficulties in carrying out its operations which can indicate conditions leading to bankruptcy. Companies in this condition are at risk of being more aggressive in carrying out tax avoidance practices for the sake of business continuity (Nadhifah & Arif, 2020). Taxes that are the company's obligation to pay will be the primary burden for companies experiencing financial difficulties.

Based on research from Swandewi & Noviari (2020), the result showed that financial distress variable had a positive effect on tax avoidance. Z-Score is a measuring tool to determine the level of financial

distress of the company, the higher the Z-Score, the company would avoid distress. In addition, research from Feizi (2016) found that financial distress had a positive effect on tax avoidance. In other words, the intensification of financial distress in a firm would lead to an increase in corporate tax avoidance (Feizi et al., 2016).

Based on the description above, the hypothesis can be formulated as, financial distress has a positive effect on tax avoidance. Which means it is indicated by an increase in the value of the Z-score, the lower the ETR indicates the higher level of tax avoidance activity

H₅ : Financial distress has a positive effect on tax avoidance.

2.10. Research Framework

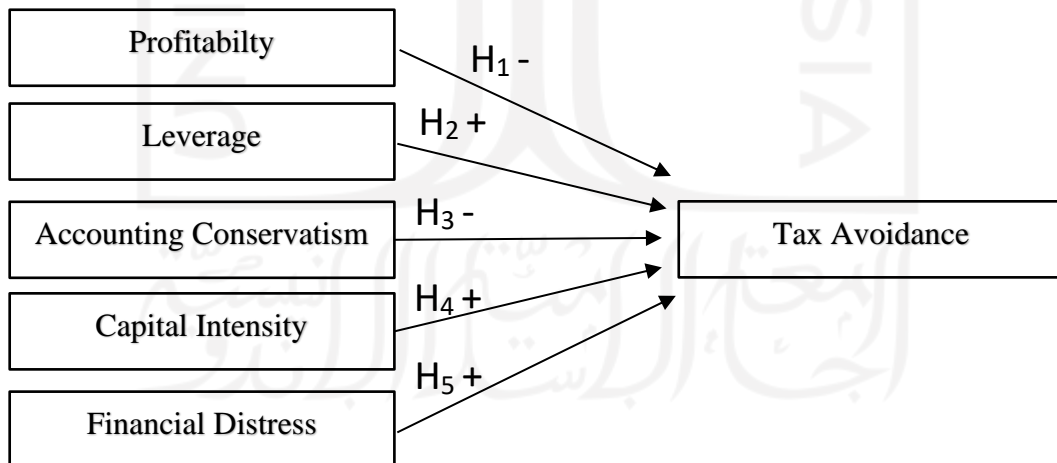


Figure 2.1 Hypothesis Framework

CHAPTER III

RESEARCH METHOD

This chapter discussed the population and the determination of the research sample to be analyzed, data sources, data collection techniques and variable measurement.

3.1. Research Design

This study aimed to analyze the effect of profitability, leverage, accounting conservatism, capital intensity, and financial distress on the company's tax avoidance during Covid-19 pandemic. This research used quantitative research, and this research is associative research. Research with a quantitative approach in associative casual type is a type of research that explained the influence of the independent variable on the dependent variable. Sources of data used come from secondary data as an analytical tool. Data will be collected using the purposive sampling method from a predetermined population.

3.2. Population and Sample

3.2.1 Population

The population used in this study were Property, Real Estate and Building Construction companies listed on the Indonesia Stock Exchange

from 2020 – 2022. The population data used is company data during the Covid-19 pandemic.

3.2.2 Sample

The sample selection was carried out based on the purposive sampling method, namely selecting a sample of companies during the 2020 – 2022 period based on specific criteria. The use of the purposive sampling method aimed to obtain a representative sample. The criteria for selecting the sample to be studied are:

Table 3.1
Sampling Results

No	Criteria	Result
	Company in the Property, Real Estate, and Building Construction Sector	102 x 8 = 816
1	Companies that are already listed at least 2020	5 x 8 = (40)
2	Companies that have been suspended	8 x 8 = (64)
3	Companies data that publish financial reports in accordance with the data required in the research	(21)
4	Property, Real Estate and Building Construction Companies data that did not experience losses during quarter II, III, IV of 2020, quarter I - IV of 2021, or quarter I of 2022. Because the loss company will be subject to Income Tax at a minimum rate, which is 1% of the tax base in the form of gross income. So, it is not relevant to this research.	(411)
5	Companies data that pays tax quarterly	(134)

6	Company data that the result of Gorver Model not in grey area	(1)
Number of Samples that meet the Criteria		145

3.3.Data Collection Method

The type of data collection used in this study is quantitative data, which is data in numbers. Quantitative data is processed using mathematical calculation techniques and statistics. The data collection technique is by searching secondary data using documentation techniques. The data obtained came from annual reports and company financial reports available on the Indonesia Stock Exchange (www.idx.co.id) in quarter II, III, IV of 2020 and quarter I, II, III, IV of 2021 and quarter I of 2022 and came from annual reports and company financial reports available on each company's website.

3.4.Research Variables and Definition of Operational Variables

3.4.1 Research Variables

There are two types of variables used in this study, namely:

1. Dependent Variables, variables that are influenced or dependent on other variables. In this study, the dependent variable used is the Tax Avoidance.
2. Independent Variables, variables that have an effect or no effect on other variables. In this study, the independent variables used are return on equity, debt to equity ratio, total assets, capital intensity and accounting

conservatism. This study empirically analyzed the factors that influence the company's tax avoidance. Hypothesis testing is carried out according to research and analysis methods designed according to the variables studied to get accurate results.

3.4.2 Operational Definition

This study analyzed one independent variable on the effect of the five dependent variables. To test the hypothesis that has been formulated in the previous chapter, the following are operational variables that are used in this study.

3.4.2.1 Dependent Variable

Tax avoidance is dealing with arrangements in an event in such a way as to minimize or eliminate the tax burden by eliminating the tax burden by paying attention to the presence or absence of tax consequences that may grow (Sulhendri & Wulandari, 2020). The lower the cash paid by the company for the tax burden, the higher the company tends to do tax avoidance (Widya et al., 2020). The dependent variable in this study is tax avoidance which is measured using the effective tax rate (ETR) proxy. ETR is an income statement-based outcome measured that generally measures the effectiveness of tax reduction strategies and leads to high after-tax profits (Sari et al., 2016).

$$ETR = \frac{Tax\ Expense\ i, t}{Pretax\ Income\ i, t}$$

3.4.2.2 Independent Variable

The independent variables in this study are as followed:

a) Profitability

Profitability is one way to measure the value of a company's financial performance in obtaining profits for a certain period based on the level of sales, assets, and capital (Safira & Suhartini, 2021).

In this study, the profitability variable used the ROA (Return on Assets) calculation indicator with a ratio measurement scale. The Return on Assets ratio formula is:

$$\text{Return on Assets} = (\text{EBIT}) / (\text{Total Assets})$$

b) Leverage

Leverage is a comparison that reflected the amount of debt used for financing by the company in carrying out its operating activities (Parowa, 2021). In this study, the leverage variable used the DER (Debt to Equity) calculation indicator. The Debt to Equity

formula is:

$$\text{Debt to Equity} = (\text{Total Liability}) / (\text{Total Equity})$$

c) Accounting Conservatism

Accounting conservatism is the practice of lowering profits and net assets in response to bad news, but not increasing profits and increasing net assets in response to good news (Pramudito & Sari, 2015). Measurement of accounting conservatism with the formula:

$$\text{CONACC} = \frac{(\text{NI} + \text{Depreciation} - \text{CFO}) \times (-1)}{\text{TA}}$$

Where:

NI = Net Income

CFO = Cash Flow from Operation

TA = Total Assets

d) Capital Intensity

The capital intensity or capital intensity is a form of financial decision determined by company management to increase company profitability in the form of non-current assets (NCA) (Nadhifah & Arif, 2020). In this study, capital intensity is proxied using the intensity ratio of fixed assets. Capital intensity is measured using the following ratio:

$$\text{Capital Intensity} = \frac{\text{Tangible Non Current Assets}}{\text{Total Assets}}$$

e) Financial Distress

Financial distress can be interpreted as the company's inability to pay its financial obligations at maturity which causes the company's bankruptcy (Nadhifah & Arif, 2020). Financial distress in this study was measured using the Grovel Model as measured by a dummy variable. The dummy variable included two categories: 1 for companies with score values above 0.01 that are not in financial

distress and 0 for companies with score values below -0.02 that are in financial distress condition.

$$\text{Score} = 1.650X1 + 3.404X2 + 0.016ROA + 0.057$$

Where:

X1 = Working Capital to Total Assets

X2 = Earning Before Interest and Taxes to Total

Assets

ROA = Return on Assets

3.5.Data Analysis Method

3.5.1 Descriptive Statistics

Descriptive statistics described data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghazali, 2013). Descriptive statistics functioned to analyze or provide an overview of the object under study through sample and population data, without making broader conclusions. Descriptive statistics use data presentation methods with ordinary tables or frequency distributions, line or bar graphs, diagrams.

3.5.2 Classical Assumption Test

Classical assumption testing is required before regression testing begins. The use of classical assumptions aimed to determine and test the

feasibility of the regression model used in this study. There were several types of classical assumption tests, namely normality, heteroscedasticity, multicollinearity and autocorrelation. This test was carried out using SPSS 23 software.

3.5.2.1 Normality Test

According to Ghozali (2013), the normality test aimed to test whether the confounding or residual variables have a normal distribution in the regression model. One of the easiest ways to see the normality of the residuals is to look at a histogram graph that compares two observations with a distribution close to a normal distribution. If the histogram test were not clear enough, researcher can use the Kolmogorov Smirnov One Sample to test normality, with the condition that if the significant value is above 0.05, the data is normally distributed.

3.5.2.2 Heteroscedasticity Test

Heteroscedasticity test is a test used to test whether there is an inequality of variance from the residuals of one observation to another observation in the regression model. If there is no particular pattern and did not spread above and below zero on the y-axis, there is no heteroscedasticity (Ghazali, 2013). If the significant value between the independent variable and the absolute residual is more

than 0.05, then there is no problem. Heteroscedasticity test using scatter plot.

3.5.2.3 Multicollinearity Test

According to Ghozali (2013), this multicollinearity test aimed to test whether the regression model found a correlation between the independent (independent) variables. A regression model is good if there is no correlation between the independent variables. To detect the presence or absence of multicollinearity in the regression model, researcher can use the value of Variant Inflation Factor (VIF) and Tolerance, with $VIF < 10$ and Tolerance > 10 .

3.5.2.4 Autocorrelation Test

The autocorrelation test aimed to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period $t-1$ (Ghozali, 2013). Autocorrelation arose because successive observations over time are related to each other. To identify the occurrence of autocorrelation, the Durbin Watson (DW) test can be used, which has the following conditions: no autocorrelation occurs if the DW is between -2 to $+2$.

3.5.3 Multiple Regression Analysis

Multiple regression analysis methods to determine the independent variables that significantly affect the Tax Avoidance in Property, Real Estate and Building Construction companies to Return on Assets, Debt to Equity, Conservatism Accounting, Capital Intensity, and Financial Distress. This research used a Multiple Regression equation to analyze the five independent variables on the dependent variable. This model was chosen because this study was designed to determine the independent variables that influence the dependent variable. The results of the regression analysis are in the form of coefficients for each independent variable. In this study, the independent variables used were Return on Assets (X1), Debt to Equity Ratio (X2), Accounting Conservatism (X3), Capital Intensity (X4), and Financial Distress (X5). The dependent variable used in this study is the Tax Avoidance (Y).

The multiple linear regression equation in the study is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Information:

Y = Tax Avoidance

a = Constant

b1 - b5 = Slopes

X1 = Return on Assets

- X2 = Debt to Equity
- X3 = Conservatism Accounting
- X4 = Capital Intensity
- X5 = Financial Distress
- e = Error

3.5.4 Hypothesis Testing (T-Test & F-Test)

3.5.4.1 F-Test

The F test was conducted to determine whether the research model used was suitable for the function of the regression model. The level of confidence used is 95%, so the limit research inaccuracy of $(\alpha) = 5\% = 0.05$. The regression model can be said to be worth the test if the significance is less than 0.05, the provisions of which are as followed:

If the F value ≥ 0.05 , it can be said that the regression model is not fit in predicting the dependent variable

If the value of F < 0.05 , it can be said that the regression model is fit in predicting the dependent variable

3.5.4.2 T-Test

According to Ghozali (2013) the t-test aimed to show how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable.

The level of confidence used is 95%, so the limit research inaccuracy of $(\alpha) = 5\% = 0.05$.

The operational hypothesis (H_0) is an objective and neutral comparative hypothesis that compares with the basic assumptions.

The operational hypothesis (H_0) is stated to be supported if the results of the statistical test show the basic assumptions or the research hypothesis made are not supported. Then to find out whether the variables affect tax avoidance individually, the T test is carried out. These are operational hypothesis:

1. H_{01} = There is a non-negative effect of profitability on tax avoidance

H_{a1} = There is a negative effect of profitability on tax avoidance

2. H_{02} = There is a non-positive effect of leverage on tax avoidance

H_{a2} = There is a positive effect of leverage on tax avoidance

3. H_{03} = There is a non-negative effect of accounting conservatism on tax avoidance

H_{a3} = There is a negative effect of accounting conservatism on tax avoidance

4. H_{04} = There is a non-positive effect of capital intensity on tax avoidance

H_{a4} = There is a positive effect of capital intensity on tax avoidance

5. H_{05} = There is a non-positive effect of financial distress on tax avoidance

H_{a5} = There is a positive effect of financial distress on tax avoidance

The decision criteria for H_1 and H_3 :

1. H_0 is accepted if the significance value of $t \geq 0.05$ or $\beta > 0$, then H_a is rejected.
2. H_0 is rejected if the significance value of $t < 0.05$ and $\beta < 0$, then H_a is accepted.

The decision criteria for H_2 , H_4 , and H_5 :

1. H_0 is accepted if the significance value of $t \geq 0.05$ or $\beta < 0$, then H_a is rejected.
2. H_0 is rejected if the significance value of $t < 0.05$ and $\beta > 0$, then H_a is accepted.

CHAPTER IV

FINDINGS AND DISCUSSION

This chapter discussed the description of the research based on the data that has been collected, finding, analyzing hypotheses, and discussing the results of the study.

4.1.Descriptive Analysis

This study took the population of public companies listed on the Indonesia Stock Exchange in the real estate, property, and building construction sectors. The data collection period started from the post-covid-19 pandemic, starting from Q2 2020 to Q1 2022, by taking samples of companies that meet the criteria.

Researchers used descriptive analysis to determine the amount of data, minimum, maximum, and average values of the variables in this study. The number of data that have passed the criteria were 145, which then 51 extreme data were deleted. The final data for the study were 94 datas.

The results of descriptive statistics for all variables used in this study are presented in the table below:

Table 4.1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	94	0.001	0.033	0.01515	0.007050
Leverage	94	0.084	3.528	0.89525	0.789876
Accounting Conservatism	94	-0.055	0.043	-0.00357	0.019512
Capital Intensity	94	0.000	0.186	0.04781	0.044363
Financial Distress	94	0.000	1.000	0.94681	0.225618
Tax Avoidance	94	0.000	0.161	0.03575	0.042627
Valid N (listwise)	94				

1. The description of the profitability variable that is proxied using the return on assets (ROA) ratio showed an average of 0.01515 or 1.5%. This showed that the average company gets a net profit of 1.5% of the total assets of the company. The highest ROA value is 3.3%, while the lowest ROA value is 0.1%. The standard deviation of the ROA is 0.7%, which indicated a low variation in the data from the profitability variable data.
2. The description of the leverage variable that is proxied using the debt to equity ratio (DER) showed an average value of 0.89525, meaning that the sample company has high debts, but their capital is still higher. The highest value of leverage is 3,528, and the lowest value of leverage ratio is 0.084. The standard deviation of leverage is 0.789876, which indicated a low variation of leverage data.
3. The variable accounting conservatism measured using the Givoly and Hayn model showed an average value of -0.00357 which meant that since the

average value is negative the sample companies is less conservative. The highest value of accounting conservatism is 0.043, and the lowest value of accounting conservatism is -0.055. The standard deviation of accounting conservatism is 0.019512, which indicated high data variation.

4. The variable capital intensity is proxied using the intensity ratio of fixed assets showing the average value is 0.04781 or 4.78%, which meant that the average sample company had a low fixed asset value of only 4.78% from their total assets. The lowest value of capital intensity is 0.000, and the highest is 0.186. The standard deviation of the capital intensity variable is 0.044363, which indicated that the data variation is low.
5. The financial distress variable was measured using the Grover model method and stated using a dummy variable. The financial distress variable had an average value of 0.94681, with a maximum value of 1 and a minimum value of 0. This indicated that the average sample company when this research was conducted was in good health and not bankrupt. The standard deviation of financial distress is 0.225618, which showed a low variation of financial distress data.
6. The description of tax avoidance as measured by the effective tax rate (ETR) showed an average of 0.03575. This showed that the sample company recorded the tax expense of an average of 3.575% of the total profit before tax. The highest ETR value is 0.161, or 16.1%. The standard deviation of the ETR is 0.042627, which indicated that the high variation in

data from the corporate tax avoidance data is because it is greater than the mean of 3.575%.

4.2. Classical Assumption Test

A classical assumption test is conducted to determine whether the data obtained can be continued in the analysis process by using multiple linear regression analysis. The tests to be carried out for the classical assumption test consist of a multicollinearity test using the Tolerance value, an autocorrelation test using the Run test, and heteroscedasticity testing using the glejser test.

4.2.1. Normality Test

The normality test aimed to test whether the confounding or residual variables have a normal distribution in the regression model (Ghazali, 2013). Based on the empirical experience of several statisticians, as mentioned (Sayekti, 2019), data with more than 30 numbers ($n > 30$) can be assumed to be normally distributed and categorized as a large sample.

In this study, the data used are 94 datas, which can be categorized as a large sample and can be assumed to be normally distributed. Therefore, the normality test is not carried out in this research.

4.2.2. Multicollinearity Test

A multicollinearity test was conducted to find out whether there are variables that are related to each other. The test conducted to determine

multicollinearity is to calculate the Tolerance value of each independent variable. The requirement to be free from multicollinearity is if the Tolerance value does not exceed > 10 . The results of this test are as followed:

Table 4.2
Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Profitability	.908	1.102
Leverage	.705	1.418
Accounting Conservatism	.894	1.118
Capital Intensity	.860	1.162
Financial Distress	.692	1.446

It can be seen from the test results that there were no independent variables included in the criteria for multicollinearity because the Tolerance value is more than 0.10. This indicated that the data obtained can be said to be free from multicollinearity.

4.2.3. Autocorrelation Test

An autocorrelation test is used to see if there is a correlation or relationship between samples sorted by time. The tests carried out to detect are using the Run Test. The requirement to be said to be free from autocorrelation is if the value of Asymp.Sig (2-tailed) is greater than 0.05,

then there is no autocorrelation symptom. The results of this test are as followed:

Table 4.3
Autocorrelation Test

	Unstandardized Residual
Test Value ^a	-.01184
Cases < Test Value	47
Cases >= Test Value	47
Total Cases	94
Number of Runs	41
Z	-1.452
Asymp. Sig. (2-tailed)	.147

From the calculation results obtained that the value of Asymp.Sig (2 tailed) is greater than 0.05, it can be concluded that there is no autocorrelation.

4.2.4. Heteroscedasticity Test

The heteroscedasticity test is used to test whether the analyzed data is homogeneous. The test carried out to see the heteroscedasticity was the glejser test by looking at the significance value between the independent variable and the absolute residual. The requirement to be free from heteroscedasticity symptoms is if the significance value between the independent variable and the absolute residual is greater than 0.05. The results of this test are as followed:

Table 4.4
Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.022	.016		1.404	.164
	Profitability	-.130	.389	-.036	-.333	.740
	Leverage	.001	.004	.024	.193	.847
	Accounting Conservatism	-.146	.142	-.113	-1.031	.305
	Capital Intensity	.109	.064	.191	1.709	.091
	Financial Distress	-.001	.014	-.005	-.037	.971

a. Dependent Variable: ABS_RES

From the results of the calculation of the Glejser test, it is found that the significance value of each independent variable is greater than 0.05, so it can be concluded that there are no symptoms of heteroscedasticity.

4.3. Multiple Linear Regression Analysis

4.3.1. F-Test

The F test was conducted to determine whether the research model used was suitable for the function of the regression model. If the significant value of F is less than alpha (<0.05%), it can be said that all the independent variables in the regression model simultaneously affect tax avoidance.

The results of this test are as followed:

Table 4.5

F-Test

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.046	5	.009	6.558	.000 ^b
	Residual	.123	88	.001		
	Total	.169	93			

- a. Dependent Variable: Tax Avoidance
- b. Predictors: (Constant), Financial Distress, Capital Intensity, Profitability, Accounting Conservatism, Leverage

From the table, it can be seen that the significance of F is 0.000. Significantly F is smaller than alpha (<0.05), so it can be concluded that the research model used was suitable for the function of the regression model.

4.3.2. T-Test

This individual test is conducted to see whether the independent variable can individually affect the dependent variable of tax avoidance.

This test used the t-test. This test is carried out using SPSS software with 5% alpha. If the significant value of t for each independent variable in the model is less than alpha (<0.05%), it can be concluded that the independent variable individually affects tax avoidance.

The results of the t-test are as followed:

Table 4.6
T-Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.051	.023		2.199	.031
	Profitability	-.565	.577	-.093	-.979	.330
	Leverage	.008	.006	.154	1.422	.158
	Accounting Conservatism	-.285	.210	-.130	-1.354	.179
	Capital Intensity	.351	.094	.366	3.728	.000
	Financial Distress	-.034	.021	-.181	-1.655	.102

a. Dependent Variable: Tax Avoidance

The resulting equation from this test is:

$$Y = 0.051 - 0.565X1 + 0.008X2 - 0.285X3 + 0.351X4 - 0.034X5$$

1. The coefficient value of 0.051 meant that if profitability (X1), leverage (X2), accounting conservatism (X3), capital intensity (X4), and financial distress (X5) were equal to zero, then the tax avoidance (Y) value is 0.051.

2. Profitability variable (X1) is -0.565, so when the company's profitability ratio increases by 1%, there would be a decrease in tax avoidance of 0.565 with the assumption that other variables are constant. A significant value of 0.330 meant that the profitability variable did not affect tax avoidance ($0.330 > 0.05$).

3. The leverage variable (X2) is 0.008, so when the company's leverage ratio increases by 1%, there would be an increase in tax avoidance of 0.008, assuming other variables are held constant. A significant value of 0.158 meant that the leverage variable did not affect tax avoidance ($0.158 > 0.05$).

4. The variable accounting conservatism (X3) is -0.285, therefore when the company's accounting conservatism ratio increases by 1%, tax avoidance would decrease by 0.285, assuming other variables are held constant. A significant value of 0.179 meant that the accounting conservatism variable does not affect tax avoidance ($0.179 > 0.05$).

5. The variable capital intensity (X4) is 0.351, therefore when the capital intensity ratio has increased by 1%, there is an increase in tax avoidance of 0.351, assuming other variables are held constant. A significance value of 0.000 meant that the company's capital intensity affects tax avoidance ($0.000 < 0.05$). The direction of the positive regression coefficient indicates that the higher the capital intensity, the higher the tax avoidance. Large assets lead to large depreciation and amortization and would affect reducing the tax burden.

6. The financial distress variable (X5) is -0.034, so when the company's financial distress ratio increases by 1%, tax avoidance would decrease by 0.034, assuming other variables are constant. A significant value of 0.102 meant that the financial distress variable did not affect tax avoidance ($0.102 > 0.05$).

4.3.3. Coefficient of Determination Analysis

Regression analysis aimed to determine the effect of the independent variable on the dependent variable and how the dependent variable can be predicted through independent variables, partial or simultaneously. This test is carried out using multiple regression analysis tool, namely SPSS, with an alpha of 5%.

The results of testing the coefficient of determination are as followed:

Table 4.7
Adjusted R-Square

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.521 ^a	.271	.230	.03740	1.731

- a. Predictors: (Constant), Financial Distress, Capital Intensity, Profitability, Accounting Conservatism, Leverage
- b. Dependent Variable: Tax Avoidance

The results of the analysis of determination obtained an adjusted R-squared value of 23%. These results meant that the independent variables can explain tax avoidance that occurred at the time of the study in this model amounting to 23%. In comparison, the remaining 77% is influenced by other variables that were not included in the research model.

4.4.Hypothesis Test

Hypothesis testing using a t-test, the independent variable is considered influential if the significance value is less than 0.05. Here are the conclusions from the results of the t-test:

Table 4.8
Hypothesis Test Table

Hypothesis	Variable	B	t	Sig	Findings
1	Profitability	-.565	-.979	.330	Ha ₁ Rejected
2	Leverage	.008	1.422	.158	Ha ₂ Rejected
3	Accounting Conserveatism	-.285	-1.354	.179	Ha ₃ Rejected
4	Capital Intensity	.351	3.728	.000	Ha ₄ Accepted
5	Financial Distress	-.034	1.655	.102	Ha ₅ Rejected

4.4.1. Profitability

The results of testing hypothesis 1 to determine profitability against tax avoidance, the coefficient of beta porosity is -.565 with a t value of 0.330. These results indicated that profitability did not affect tax avoidance. It can be concluded that Ho₁ was accepted and Ha₁ was rejected.

4.4.2. Leverage

The results of testing hypothesis 2 to determine leverage on tax avoidance showed that the leverage beta coefficient is 0.008 with a t value of 0.258. These results indicated that leverage did not affect tax avoidance. It can be concluded that Ho₂ was accepted and Ha₂ was rejected.

4.4.3. Accounting Conservatism

The results of testing hypothesis 3 to determine accounting conservatism against tax avoidance showed that the beta coefficient of accounting conservatism is -0.285 with a t value of 0.179. These results indicated that accounting conservatism did not affect tax avoidance. It can be concluded that H_{03} was accepted and H_{a3} was rejected.

4.4.4. Capital Intensity

The results of testing hypothesis 4 to determine capital intensity on tax avoidance, it showed that the value of the beta capital intensity coefficient is 0.351 with a t value of 0.000. These results indicated that capital intensity had a positive effect on tax avoidance. It can be concluded that H_{04} was rejected and H_{14} was accepted.

4.4.5. Financial Distress

The results of testing hypothesis 5 to determine financial distress on tax avoidance showed that the beta coefficient of financial distress is -0.034 with a t value of 0.102. These results indicated that financial distress did not affect tax avoidance. It can be concluded that H_{05} was accepted and H_{15} was rejected.

4.5. Discussion

4.5.1. Profitability

The results of testing the profitability variable as a proxy for return on assets showed a significance value of 0.330 which is greater than 0.05, so it can be concluded that H1 can be rejected. It can be concluded that the profitability variable did not affect tax avoidance. This may be because the property, real estate, and building construction sector companies had low profitability with an average of 1.3%. Thus, the company was not necessary to do tax avoidance.

This research is in line with research from Aulia (2020), Cahyono (2016), and Nursari (2017) which showed that profitability did not affect tax avoidance. However, the results of this study were not in line with the research of Oktavian (2019) and Putri & Putra (2017) which stated that profitability had a negative effect on tax avoidance.

4.5.2. Leverage

The results of the hypothesis testing of the leverage variable as proxied by debt to equity showed a significance value of 0.158 which is greater than 0.05 so it can be concluded that H2 can be rejected. It can be concluded that the leverage variable does not affect tax avoidance. This may be due to the relatively low debt from property, real estate, and building construction sector companies, where the company's leverage is still below the total capital owned, with an industry average of 89.5%.

This research is in line with research from Tebiono & Sukadana (2019), and Moeljono (2020) which showed that leverage did not affect tax avoidance. However, the results of this study are not in line with research from Pratiwi (2020) and Barli (2018) which stated that leverage has a positive effect on tax avoidance.

4.5.3. Accounting Conservatism

The results of hypothesis testing for the accounting conservatism variable show a significance value of 0.179 which is greater than 0.05, so it can be concluded that H3 can be rejected. It can be concluded that the accounting conservatism variable did not affect tax avoidance. This showed that companies that are conservative with companies that are less conservative had no effect on tax avoidance. This may be due to the standard accounting in Indonesia tended not to conservative. Thus the degree of conservative are not high enough to affect the tax avoidance.

This study is in line with research from Sari (2016) and Pramudito & Sari (2015) which showed that accounting conservatism did not affect tax avoidance. However, this study is not in line with research from Swandewi & Noviari (2020) and Sarra (2017) which stated that accounting conservatism had a negative effect on tax avoidance.

4.5.4. Capital Intensity

The results of testing the capital intensity variable as proxied by the intensity ratio of fixed assets showed a significance value of 0.000 less than

0.05 so it can be concluded that H4 is acceptable. The value of the beta capital intensity coefficient of 0.351 indicated that the capital intensity has a positive effect. This showed that the capital intensity variable had a significant effect on tax avoidance.

Capital intensity is a form of financial decision determined by the company's management to increase the company's profitability in the form of fixed assets (non-current assets / NCA). Capital intensity showed how much capital the company needs to generate revenue. Fixed assets owned by the company are used for company activities.

Companies that have high non-current assets tend to practice avoidance. Companies with significant investments in depreciable NCAs can minimize their tax liability by taking advantage of higher investment tax credits and accelerating capital allowances, thereby reporting a lower effective tax rate (ETR).

This research is in line with research from Kalbuana (2020) and Rahma (2022) which stated that capital intensity had a positive effect on tax avoidance. Companies in the property, real estate, and building construction sectors had high fixed asset values, resulting in high depreciation of the company. This would reduce the tax rate that must be paid.

4.5.5. Financial Distress

The results of hypothesis testing for the financial distress variable measured using the Grovel Model as measured by a dummy variable show a significance value of 0.102 which is greater than 0.05, so it can be

concluded that H5 can be rejected. It can be concluded that the financial distress variable did not affect tax avoidance. This showed that whether the company is in a state of bankruptcy or not, it did not affect the company's tax avoidance actions. This may be due to the fact that the average sample companies used in this research did not experience financial distress, which made the company not have a purpose for tax avoidance.

This study is in line with research from Taufik & Muliana (2021) and Ari & Sudjawoto (2021) which showed that financial distress did not have a significant effect on tax avoidance. However, this study is not in line with research from Swandewi & Noviani (2020) and Feizi (2016) which stated that financial distress had a positive effect on tax avoidance.

CHAPTER V

CONCLUSION

This chapter contained conclusions from the results of the research in the previous chapter, limitations of the study, and suggestions for future similar studies.

5.1. Summary

Based on the results of the analysis that has been described, the conclusions of this study were:

1. There was a positive effect between capital intensity on tax avoidance. This result can be interpreted that the greater the capital intensity, the higher the company's tax avoidance.
2. There was no effect between profitability, leverage, accounting conservatism, and financial distress on tax avoidance.

5.2. Limitations

This research still has limitations including:

1. This research was only limited to the period of Q2 2020 – Q1 2022, because this research was conducted in the bad pandemic situation of Covid-19.
2. This study only used profitability, leverage, accounting conservatism, capital intensity, and financial distress as regression models.
3. Financial distress is measured using the Grovel Model.

5.3.Recommendation

Further research is expected to contribute better to the development of accounting.

Inputs or suggestions that can be given related to this research include the following:

1. Further research is expected to enlarge the period of pandemic. Since probably until right now, the pandemic is still going.
2. Further research is expected to re-examine the independent variables using other measurement procedures, such as Transfer Pricing, Earning Management, Institutional Ownership and Fiscal Loss Compensation.
3. There are other models to measure financial distress, such as Altman model, Springate model, Zmijewski model, Foster Model, and Ohlson Y-Score model.

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APPENDICES

Appendix 1

TABLE OF COMPANIES MEET RESEARCH CRITERIA

	Code	Company
1	APLN	PT Agung Podomoro Land Tbk
2	ASRI	PT ALAM SUTERA REALTY Tbk
3	BCIP	PT Bumi Citra Permai Tbk
4	BEST	PT Bekasi Fajar Industrial Estate Tbk
5	BIPP	PT Bhuwanatala Indah Permai Tbk
6	BKSL	PT Sentul City Tbk
7	BSDE	PT Bumi Serpong Damai Tbk
8	CITY	PT NATURA CITY DEVELOPMENTS Tbk
9	CTRA	PT Ciputra Development Tbk
10	DMAS	PT Puradelta Lestari Tbk
11	DUTI	PT Duta Pertiwi Tbk
12	GMTD	PT Gowa Makassar Tourism Development Tbk
13	GPRA	PT Perdana Gapura Prima Tbk
14	JRPT	PT Jaya Real Property Tbk
15	KIJA	PT Kawasan Industri Jababeka Tbk
16	LPCK	PT Lippo Cikarang Tbk
17	LPKR	PT Lippo Karawaci Tbk
18	MDLN	PT Modernland Realty Tbk
19	MMLP	PT Mega Manunggal Property Tbk
20	MTLA	PT Metropolitan Land Tbk
21	PLIN	PT Plaza Indonesia Realty Tbk
22	POLI	PT POLLUX HOTELS GROUP Tbk
23	POLL	PT Pollux Properties Indonesia Tbk
24	PURI	PT Puri Global Sukses Tbk
25	PWON	PT Pakuwon Jati Tbk
26	PTPP	PT Pembangunan Perumahan (Persero) Tbk
27	PTPW	PT PRATAMA WIDYA Tbk
28	TOTL	PT Total Bangun Persada Tbk
29	WEGE	PT Wijaya Karya Bangunan Gedung Tbk
30	WIKA	PT Wijaya Karya (Persero) Tbk
31	WSKT	PT Waskita Karya (Persero) Tbk
32	RDTX	PT Roda Vivatex Tbk
33	SMDM	PT Suryamas Dutamakmur Tbk

34	SMRA	PT Summarecon Agung Tbk
35	URBN	PT URBAN JAKARTA PROPERTINDO Tbk
36	ADHI	PT Adhi Karya (Persero) Tbk
37	BUKK	PT Bukaka Teknik Utama Tbk
38	DGIK	PT Nusa Konstruksi Enjiniring Tbk
39	JKON	PT Jaya Konstruksi Manggala Pratama Tbk
40	PBSA	PT PARAMITA BANGUN SARANA Tbk
41	PPRE	PT PP Presisi Tbk



Appendix 2

**TABLE OF VARIABLE PROFITABILITY, LEVERAGE,
ACCOUNTING CONSERVATISM, CAPITAL INTENSITY,
FINANCIAL DISTRESS & TAX AVOIDANCE**

Company		Profitability	Leverage	Accounting Conservatism	Capital Intensity	Financial Distress	Tax Avoidance
APLN	Q4 2020	0.021	1.676	(0.009)	0.129	0.429	0.067
ASRI	Q2 2020	0.012	1.163	(0.035)	0.059	(0.032)	0.031
	Q2 2021	0.012	1.350	0.013	0.057	0.026	0.032
	Q3 2021	0.013	1.348	0.015	0.056	0.056	0.015
	Q4 2021	0.023	1.300	0.013	0.055	0.090	0.021
	Q1 2022	0.018	1.286	0.014	0.054	0.071	0.010
BCIP	Q2 2020	0.013	0.931	(0.011)	0.039	0.423	0.148
	Q3 2020	0.004	0.936	0.013	0.038	0.419	0.384
	Q1 2021	0.005	1.030	0.006	0.042	0.349	0.201
BEST	Q4 2021	0.008	0.408	(0.017)	0.026	0.651	0.067
	Q1 2022	0.004	0.433	(0.008)	0.025	0.603	0.040
BIPP	Q3 2020	0.015	0.792	(0.002)	0.071	0.564	0.001
	Q1 2022	0.011	0.752	(0.005)	0.086	0.544	0.006
BKSL	Q1 2021	0.018	0.754	0.002	0.010	0.265	0.000
	Q2 2021	0.005	0.608	(0.112)	0.011	0.256	0.001
BSDE	Q1 2021	0.012	0.804	0.013	0.009	0.573	0.002
	Q2 2021	0.006	0.685	0.007	0.009	0.583	0.001
	Q3	0.008	0.697	0.014	0.009	0.581	0.013

	2021						
	Q4 2021	0.013	0.713	(0.006)	0.009	0.568	0.006
	Q1 2022	0.010	0.743	0.018	0.008	0.554	0.006
CITY	Q4 2020	0.077	0.092	(0.096)	0.005	1.028	0.002
	Q1 2021	0.000	0.101	0.008	0.005	0.756	0.052
	Q4 2021	0.015	0.088	(0.016)	0.005	0.817	0.003
CTRA	Q3 2020	0.007	1.300	0.014	0.078	0.499	0.140
	Q4 2020	0.046	1.249	(0.014)	0.066	0.595	0.033
	Q1 2021	0.017	1.220	0.012	0.065	0.581	0.016
	Q2 2021	0.016	1.231	0.019	0.064	0.618	0.007
	Q3 2021	0.023	1.156	(0.004)	0.064	0.630	0.015
	Q4 2021	0.027	1.097	0.007	0.062	0.593	0.038
	Q1 2022	0.019	1.057	0.020	0.063	0.597	0.019
DMAS	Q2 2020	0.006	0.281	0.090	0.043	0.530	0.085
	Q3 2020	0.031	0.230	(0.036)	0.042	0.686	0.013
	Q4 2020	0.154	0.221	0.182	0.043	1.211	0.004
	Q1 2021	0.039	0.139	(0.049)	0.043	0.919	0.014
	Q3 2021	0.052	0.118	(0.029)	0.044	0.991	0.011
	Q4 2021	0.012	0.143	(0.023)	0.051	0.762	0.057
	Q1 2022	0.058	0.149	0.013	0.050	0.987	0.011
DUTI	Q3 2020	0.017	0.307	(0.006)	0.021	0.673	0.000
	Q4 2020	0.011	0.331	0.001	0.020	0.597	0.007
	Q1 2021	0.007	0.371	(0.005)	0.018	0.638	0.002
	Q2	0.003	0.395	0.011	0.017	0.656	0.004

	2021						
	Q3 2021	0.012	0.414	0.005	0.017	0.677	0.001
	Q4 2021	0.020	0.397	0.003	0.016	0.717	0.002
	Q1 2022	0.009	0.443	0.032	0.015	0.692	0.005
GMTD	Q2 2020	0.005	0.595	0.001	0.000	0.317	0.026
	Q3 2020	0.010	0.565	0.003	0.002	0.263	0.008
GPRA	Q4 2020	0.012	0.640	0.003	0.022	1.095	0.051
JRPT	Q2 2020	0.018	0.587	(0.000)	0.014	0.161	0.002
	Q3 2020	0.028	0.484	(0.007)	0.014	0.246	0.009
	Q4 2020	0.030	0.458	(0.019)	0.014	0.295	0.137
	Q1 2021	0.016	0.462	0.004	0.014	0.248	0.014
	Q2 2021	0.015	0.522	0.007	0.013	0.207	0.011
	Q3 2021	0.025	0.450	(0.009)	0.014	0.255	0.007
	Q4 2021	0.014	0.441	0.003	0.014	0.119	0.033
	Q1 2022	0.017	0.450	0.015	0.014	0.129	0.020
KIJA	Q4 2021	0.026	0.929	(0.006)	0.159	1.129	0.070
LPCK	Q3 2020	0.021	0.297	(0.050)	0.007	0.785	0.004
	Q1 2021	0.012	0.478	(0.017)	0.008	0.877	0.027
	Q2 2021	0.019	0.447	(0.012)	0.007	0.906	0.013
	Q3 2021	0.017	0.410	(0.015)	0.007	0.867	0.046
	Q1 2022	0.012	0.415	(0.003)	0.007	0.873	0.047
LPKR	Q2 2020	0.021	0.908	(0.032)	0.155	0.903	0.054
	Q1 2021	0.016	1.782	(0.006)	0.275	0.676	0.396
MDLN	Q4	0.026	2.475	(0.033)	0.091	0.138	0.007

	2021						
	Q1 2022	0.007	2.415	(0.011)	0.090	0.093	0.036
MMLP	Q2 2020	0.011	0.227	(0.003)	0.001	0.101	0.000
MTLA	Q4 2020	0.020	0.455	0.009	0.083	0.683	0.002
	Q4 2021	0.033	0.455	0.020	0.094	0.682	0.013
PLIN	Q2 2021	0.010	0.109	(0.000)	0.036	0.184	0.147
	Q4 2021	0.009	0.109	0.007	0.040	0.187	0.411
POLI	Q3 2020	0.000	0.465	(0.008)	0.216	0.015	0.159
POLL	Q2 2020	0.008	1.646	(0.027)	0.002	(0.031)	0.114
	Q1 2021	0.010	3.528	(0.007)	0.001	(0.095)	0.071
	Q2 2021	0.013	3.359	0.002	0.001	(0.083)	0.100
	Q3 2021	0.009	3.235	(0.028)	0.001	(0.075)	0.098
PURI	Q3 2020	0.022	0.993	(0.266)	0.012	0.958	0.004
	Q4 2020	0.096	0.845	(0.029)	0.012	1.268	0.000
PWON	Q3 2020	0.017	0.511	(0.004)	0.083	0.492	0.026
	Q4 2020	0.011	0.503	0.006	0.089	0.361	0.027
	Q1 2021	0.015	0.493	0.009	0.089	0.382	0.027
	Q2 2021	0.018	40.078	0.012	0.082	0.513	0.017
	Q3 2021	0.015	0.558	0.001	0.082	0.533	0.004
	Q4 2021	0.031	0.505	(0.003)	0.080	0.645	0.001
PTPP	Q3 2020	0.005	2.790	(0.007)	0.138	0.199	0.129
	Q4 2020	0.017	2.818	0.066	0.133	0.297	0.048
	Q1 2021	0.005	2.820	(0.022)	0.131	0.259	0.121
	Q2	0.004	2.924	(0.006)	0.128	0.148	0.068

	2021						
	Q3 2021	0.008	2.957	(0.001)	0.126	0.124	0.051
	Q1 2022	0.007	2.918	0.009	0.097	0.171	0.154
PTPW	Q2 2021	0.014	0.252	(0.010)	0.442	0.715	0.003
	Q4 2021	0.029	0.247	0.009	0.444	0.749	0.005
TOTL	Q3 2020	0.015	1.664	0.009	0.050	0.513	0.011
	Q4 2020	0.018	1.536	(0.003)	0.050	0.533	0.096
	Q3 2021	0.010	1.264	(0.023)	0.049	0.588	0.009
	Q4 2021	0.010	1.214	0.039	0.047	0.547	0.046
	Q1 2022	0.017	1.461	0.030	0.040	0.534	0.009
WEGE	Q2 2021	0.005	1.524	(0.035)	0.028	0.523	0.001
	Q3 2021	0.013	1.489	(0.014)	0.026	0.521	0.001
WIKA	Q2 2020	0.013	2.704	(0.055)	0.083	0.146	0.098
	Q1 2021	0.005	2.640	(0.072)	0.085	0.249	0.028
	Q2 2021	0.013	2.704	(0.055)	0.083	0.333	0.098
WSKT	Q2 2021	0.015	5.695	(0.006)	0.072	(0.124)	0.507
RDTX	Q4 2020	0.020	0.086	(0.030)	0.005	0.236	0.003
	Q1 2021	0.014	0.094	0.025	0.004	0.230	0.030
	Q2 2021	0.015	0.084	(0.027)	0.004	0.261	0.000
	Q4 2021	0.024	0.088	(0.020)	0.004	0.305	0.000
SMDM	Q1 2021	0.012	0.195	0.002	0.085	0.383	0.024
	Q2 2021	0.004	0.207	0.015	0.083	0.352	0.021
	Q3 2021	0.018	0.176	(0.005)	0.083	0.421	0.002
	Q4	0.008	0.189	0.019	0.080	0.380	0.028

	2021						
	Q1 2022	0.018	0.182	(0.008)	0.078	0.424	0.007
SMRA	Q1 2022	0.021	1.385	0.043	0.011	0.540	0.015
URBN	Q4 2020	0.029	0.888	(0.018)	0.007	0.409	0.016
	Q1 2021	0.002	0.903	0.009	0.007	0.298	0.930
	Q2 2021	0.007	0.957	0.014	0.006	0.346	0.282
	Q3 2021	0.006	0.822	0.094	0.007	0.310	0.203
	Q4 2021	0.013	1.005	(0.072)	0.003	0.274	0.211
	Q1 2022	0.003	1.154	(0.006)	0.002	0.197	0.364
ADHI	Q3 2020	0.004	5.722	0.062	0.050	0.236	0.546
	Q4 2020	0.011	5.833	0.013	0.058	0.226	0.399
	Q1 2021	0.005	5.728	(0.041)	0.058	0.209	0.170
	Q3 2021	0.006	6.281	0.017	0.053	0.099	0.173
	Q4 2021	0.013	6.052	0.074	0.054	0.121	0.077
	Q1 2022	0.004	5.465	(0.052)	0.055	0.115	0.019
BUKK	Q3 2020	0.023	0.751	0.021	0.208	0.271	0.164
	Q4 2020	0.038	0.752	0.095	0.200	0.309	0.248
	Q1 2021	0.029	0.724	(0.075)	0.190	0.323	0.138
	Q2 2021	0.023	0.629	0.031	0.190	0.342	0.243
	Q3 2021	0.021	0.594	(0.042)	0.186	0.329	0.157
	Q4 2021	0.041	0.575	0.076	0.178	0.307	0.110
	Q1 2022	0.022	0.572	(0.044)	0.170	0.273	0.100
DGIK	Q4 2020	0.006	0.713	(0.012)	0.097	0.328	0.055
JKON	Q3	0.008	0.764	(0.014)	0.130	0.370	0.514

	2020						
	Q4 2020	0.027	0.702	0.015	0.123	0.516	0.161
	Q4 2021	0.020	0.564	0.013	0.113	0.642	0.092
	Q1 2022	0.002	0.520	(0.023)	0.113	0.539	0.534
PBSA	Q4 2020	0.018	0.310	(0.017)	0.215	0.905	0.027
	Q4 2021	0.057	0.337	(0.072)	0.120	1.169	0.006
PPRE	Q4 2020	0.019	1.426	0.024	0.340	0.341	0.086
	Q1 2021	0.014	1.444	(0.009)	0.314	0.341	0.040
	Q2 2021	0.011	1.459	(0.015)	0.309	0.356	0.063
	Q3 2021	0.015	1.386	0.001	0.304	0.374	0.051
	Q4 2021	0.015	1.360	(0.020)	0.295	0.264	0.093
	Q1 2022	0.012	1.407	(0.034)	0.271	0.341	0.048

Appendix 3

DESCRIPTIVE ANALYSIS

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	94	.00	.03	.0152	.00705
Leverage	94	.08	3.53	.8952	.78988
Accounting Conservatism	94	-.06	.04	-.0036	.01951
Capital Intensity	94	.00	.19	.0478	.04436
Financial Distress	94	.00	1.00	.9468	.22562
Tax Avoidance	94	.00	.16	.0357	.04263
Valid N (listwise)	94				



Appendix 4

MULTIPLE REGRESSION ANALYSIS AND CLASSIC ASSUMPTIONS TEST

Multicollinearity Test

Coefficients^a

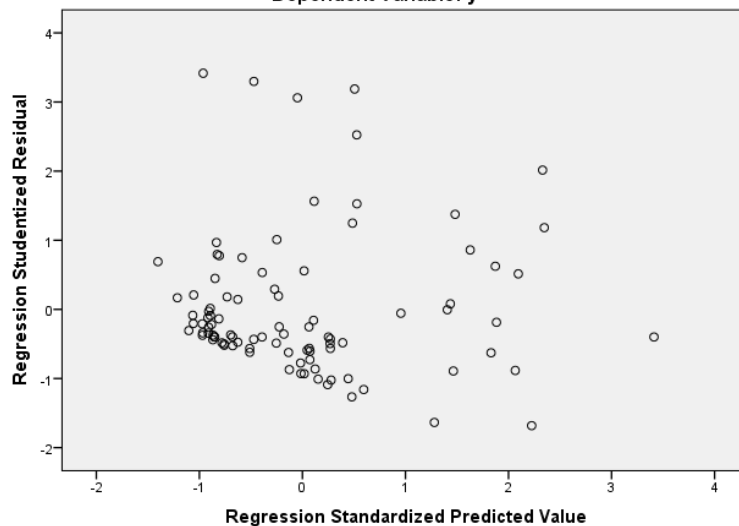
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.051	.023		2.199	.031		
	x1	-.565	.577	-.093	-.979	.330	.908	1.102
	x2	.008	.006	.154	1.422	.158	.705	1.418
	x3	-.285	.210	-.130	-1.354	.179	.894	1.118
	x4	.351	.094	.366	3.728	.000	.860	1.162
	x5	-.034	.021	-.181	-1.655	.102	.692	1.446

a. Dependent Variable: y

Heteroscedasticity Test

Scatterplot

Dependent Variable: y



Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.022	.016		1.404	.164
	x1	-.130	.389	-.036	-.333	.740
	x2	.001	.004	.024	.193	.847
	x3	-.146	.142	-.113	-1.031	.305
	x4	.109	.064	.191	1.709	.091
	x5	-.001	.014	-.005	-.037	.971

a. Dependent Variable: abs_res

Autocorrelation Test

Runs Test

	Unstandardized Residual
Test Value ^a	-.01184
Cases < Test Value	47
Cases >= Test Value	47
Total Cases	94
Number of Runs	41
Z	-1.452
Asymp. Sig. (2-tailed)	.147

a. Median

F-Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.046	5	.009	6.558	.000 ^b
	Residual	.123	88	.001		
	Total	.169	93			

a. Dependent Variable: y

b. Predictors: (Constant), x5, x4, x1, x3, x2

T-Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.051	.023		2.199	.031
	x1	-.565	.577	-.093	-.979	.330
	x2	.008	.006	.154	1.422	.158
	x3	-.285	.210	-.130	-1.354	.179
	x4	.351	.094	.366	3.728	.000
	x5	-.034	.021	-.181	-1.655	.102

a. Dependent Variable: y

