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THE INFLUENCE OF LIQUIDITY, EARNING MANAGEMENT AND COMPANY SIZE TOWARD TAX AGGRESSIVENESS

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ABSTRACT

Corporate tax aggressiveness is an act of engineering taxable income that is designed through good tax planning using methods that are classified as: legal by committing tax avoidance or illegally by committing tax avoidance. In accounting, tax is one of the cost components that can reduce company profits. The amount of tax that must be paid to the state treasury depends on the amount of profit the company earns in one year. This study focuses on identifying the effect of liquidity, earnings management, and company size on tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange. The independent variables involved in this study are liquidity, earnings management, and firm size, which are tested for their effect on the dependent variable, namely tax aggressiveness. Quantitative research methods are applied by analyzing the collected secondary data. The population consisted of manufacturing companies listed on the IDX, where 178 companies were selected through a purposive sampling approach. A total of 34 samples were obtained interim, from 2017 to 2021. Using the SPSS 26 program, it was revealed that liquidity has a significant effect on tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange. Earnings management and company size have no significant effect on tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange. Liquidity, earnings management and company size simultaneously have a significant effect on tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange.

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1. INTRODUCTION

Taxes are one of the most important sources of state revenue in Indonesia. This is reflected in the composition of state tax revenues in the State Revenue and Expenditure Budget. State tax revenue has the largest percentage of total state revenue as a whole.

Tax is a contribution paid by the people to the state that is included in the state treasury that implements the law and its implementation can be enforced without any remuneration. The contribution is used by the state to make payments for public interest. In 2020 the government again made changes to the Law on Income tax (PPh) No. 36 of 2020 to 22%. And 2021 will be down again to 20% effective for Fiscal Year 2022. The reason for researching tax aggressiveness is due to the company Taxes are not a source of income but are a source of burden must be paid because the tax can reduce the net profit earned by the company so that the company will do everything possible to streamline the taxes that must be paid. Many companies are looking for ways to minimize the cost of taxes that must be paid, because they consider taxes as a deduction factor for net income. Therefore, no will rule out the company will be aggressive towards taxation. One of the company's strategies to streamline the tax burden owed is to do tax aggressiveness. Fixed company performs its obligation to pay taxes, but the company uses a tax aggressiveness strategy to minimize the tax burden issued and the impact on the State is a reduction in the receipt of funds from the tax sector.

Corporate tax aggressiveness is an act of engineering taxable income designed through good tax planning actions using methods that are classified as: legally by doing tax avoidance or illegally by committing tax evasion. In the field of accounting, tax is a component of costs which can reduce company profits. The amount of tax that must be paid to the state treasury depends on the amount of profit earned by the company during the one year. Payment of taxes in accordance with the provisions of course will be contrary to the company's main goal, which is to maximize profits or profit, so the company seeks to

minimize the tax costs incurred Borne. The method used by the company between another with tax planning or with tax aggressiveness.

The phenomenon at PT Garuda Metalindo from the Company's Balance Sheet can be seen to increase in the amount of bank debt (Banks and Financial Institutions). In the report the financial value of short-term bank loans reached Rp. 200 billion as of June 2019, increased from the end of December 2018 worth Rp. 48 billion. Issuer coded BOLT shares utilize capital obtained from loans or debts to avoid paying taxes that must be borne by the company. President Director of Garuda Metalindo Ervin Wijaya said, an increase in the value of the company's debt because the company prepares at least IDR 350 billion for capital expenditure (capex) up to the middle of next year. The source of capex funds comes from loans of around IDR 200 billion and the rest will be taken from the company's internal cash. (http://investor.id)

Based on the phenomenon above, it can be explained that PT Garuda Metalindo conducts tax evasion by utilizing capital that is obtained from loans or debts, thus companies that finance with debt, there will be interest costs that must be paid, the greater the debt, the greater the interest costs incurred borne by the company. High interest costs will have an impact reduced tax burden.

Several previous studies have tried to link the conditional factors of corporate finance to tax aggressiveness such as liquidity, profit management and company size. Tax is one part of the company's short-term liabilities. If the company has a ratio If liquidity is high, the company is in a current condition of smooth cash. Short-term liabilities will be able to be fulfilled if the ratio of the company's liquidity is in a high state and the company is able to carry out their obligations to pay taxes (Suyanto, 2012). On the contrary, low liquidity can reflect that the company is experiencing difficulty meeting its short-term obligations, so that can lead to aggressive action against corporate taxes. Previous research on tax aggressiveness has been widely carried out. [1], [2] which examines the effect of liquidity, leverage, profitability, and ownership characteristics of the company's tax aggressiveness shows the results that there is no significant relationship between liquidity, leverage, and profitability on corporate tax aggressiveness while ownership characteristics show a significant relationship against corporate tax aggressiveness.

Liquidity of a company is predicted to affect the level of corporate tax aggressiveness. Where if If a company has a high level of liquidity, it can It is illustrated that the company's cash flow is going well. With If there is a good cash flow, the company is not reluctant to pay all obligations including paying taxes in accordance with the rules or applicable law. Liquidity has a significant effect on tax aggressiveness. When the company has the ability to pay short-term debt, then the company will not do tax aggressiveness. Earnings management is a management step to increase or intentionally reduce accounting profits within the limits permitted by accounting principles. [3] states that one of the motivations of managers to carry out Earnings management is tax aggressiveness. This is happening because the company is trying to reduce revenue in order to reduce the tax burden borne. The more aggressive a company is in performing earnings management, it can be said that the level of aggressiveness of taxes in the company is high because of the tax burden that is borne by the company getting smaller.

Company size is the size of the company, a large, well-established company will have easy access to the capital market. This convenience is quite meaningful for flexibility and ability to obtain greater funds, so that the company is able to have a higher risk of paying dividends than a small company. So the bigger the size of the company, the higher the dividend distributed is also getting bigger (Mirawati, 2013).

2. METHOD

The research used the quantitative approach, in which numbers are obtained from the initial process of collecting and interpreting the data, as well as the appearance of the results[18]. This research is conducted using the casual research design, where the influence of a variable on other variables will be proven empirically based on the data and facts obtained. Besides that, this study also focuses on deductive thinking which shows that this research is based on a general. The intention of the researcher to conduct causal research is to find out if the independent variables are namely liquidity, earnings management and company size influence and the dependent variable is namely Tax Aggressiveness.

3.1. Population and Sample

The term population refers to the entire research's subject including groups of people, things or events which possess specific characteristics, clear and complete to be studied that the researcher wishes to investigate[19]. This research's population includes manufacturing companies listed on the Indonesia Stock Exchange.

These criteria of the sample are the following:

1. Manufacturing companies are consistently listed on the Indonesia Stock Exchange for the period of 2017-2021.
2. Manufacturing companies which publish the complete annual report from 2017-2021.
3. Manufacturing companies that Rupiah from the period of 2017-2021
4. Manufacturing companies that do not lose financially during the 2017-2021 period.

Table 1Determination of Sample

No.	Criteria	amount
1.	Manufacturing companies are consistently listed on the Indonesia Stock Exchange for the period of 2017-2020.	**178**
2.	Manufacturing companies which did not publish the complete annual report consistently from 2017-2020.	**(41)**
3.	Manufacturing companies that Dollar from the period of 2017-2020	**(32)**
4	Manufacturing companies that have any loss in the financial during the period of 2017-2020.	**(71)**
``	**Amount of companies chosen as sample**	**34**
	Total research sampled (34)× 5 years	**170**

The total number of companies listed under manufacturing companies at the Indonesia Stock Exchange for the period of 2017-2021 is 34 companies. This research eliminates 41 companies that did not complete financial statements related to manufacturing information, 32 companies that did not use Rupiah in financial statements and seventy one of them suffered losses during the 2017-2021 period. Since this study will do research starting from 2017-2021, the total samples of this study will be 34

3.2. Data Collection Method

Use the secondary data were collected for this research, which is refer to the source of research data that the research acquired indirectly via intermediary media obtained and recorded by other parties[20]. This data consists of information that was acquired for a different reason but is now available for others to use. Secondary data is typically evidence, records or historical reports that have been assembled and made available to the user[20]. This research collects secondary data from firm annual reports that are listed at the Indonesia Stock Exchange (IDX) from 2017-2021. The data can be obtained by accessing the websiteIndonesia Stock Exchangeor the company's official website.

This research's data collection procedure is a documentation method by study and collects the data or information presented in the financial statement. And the library study method in order to examine and analyze a few varieties of literature, articles, journals and also other related topics and research purposes.

2.3. Operational Variable Definition and Variable Measurement

This research was composed of three independent variables which are liquidity, earnings management and company size also on the dependent variable which is tax aggressiveness. The following will explain the definition of each variable that was mentioned above.

Table 2Measurement of Operating Variables

Variables	Measurements	Indicators	Scales
Tax aggressiveness (Y)	a tax avoidance strategy to reduce or eliminate the company's tax burden by using permissible provisions or in tax regulations or violating provisions by using existing loopholes but still in the gray area.	ETR = Tax Expenses / Profit Before Tax	Ratio
Liquidity (X1)	a ratio that describes the or measure the company's ability to meet obligations (debt) short term	Current Ratio = Current Assets / Current Liabilities	Ratio
Earnings management (X2)	an attempt to change, hide, and manipulate the numbers in the financial statements and playing with the accounting methods and procedures used by the company	☖E = (Eit) – (Eit-1))/(MVEit-1)	Ratio
Variables	**Measurements**	**Indicators**	**Scales**

Company Size (X3)	a ratio that describes the or measure the company's ability to meet obligations (debt) short term	Company Size = Ln (Total Assets) Ratio

2.4. Data Analysis Method

The data analysis method is a technique for transforming research data into information that can be used to determine whether or not to accept or reject a proposed hypothesis. The data analysis is to describe the data and generate the conclusion regarding the population of the characteristics based on the data obtained from the sample (Sekaran and Bougie, 2015). This research uses quantitative analysis as a data analysis technique, which use numerical and statistical calculations to test the hypotheses with the aid of analytical tools.

Multiple linear regression analysis is used to analyze the data in this research to determine the validity of the developed hypothesis (Ghozali, 2018). This analysis is performed using IBM SPSS 26.0, which is a software that analyzes data and performs statistical calculations, either parametric or non-parametric with windows base (Ghozali, 2018). According to (Sekaran and Bougie, 2016), in the analysis of multiple linear, the independent variable is used to describe the variance of the dependent variable is more than one. it is also assessing the relation between independent and dependent variable. The regression coefficient, which demonstrated the significance of each independent variable in predicting the dependent.

2.5. Hypothesis Development

Liquidity Towards Tax Agressiveness

Liquidity, which describes the company's ability to meet short-term obligations. If the company has high liquidity, the company is in a condition of low fluent cash flow. Short-term obligations will be able to be met if the liquidity of the company is in a high state (Suyanto, 2012).

If the company is in good financial condition, the government expects the company to pay or carry out tax obligations on time. On the other hand, low liquidity can reflect that the company is having difficulty meeting its short-term obligations, so that it can lead to aggressive action against corporate tax.

Research results from Suroiyah (2018), Putra (2018) and Sukmawati (2016) which concludes that liquidity has a significant effect on tax aggressiveness. When the company has the ability to pay debts In the short term, the company will not carry out tax aggressiveness.. On this basis, the first hypothesis of this research is as follows:

H1: Liquidity has significant influence towards tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange.

Earnings Management Towards Tax Agressiveness

According to Putri (2014) one of the reasons for the existence of earnings management is a tax motivation. Taxes are a problem for companies because paying taxes is directly related to the amount of net profit of the company. Profit has been used as the main indicator of management success in managing the company. Therefore, company management will report profit that has been adjusted for its purpose either through increasing income or decreasing income.

If the goal is to reduce the tax burden payable company management is more likely to reduce the amount of profit reported earned to reduce taxable income, so that the company can save on the tax burden. The study conducted by Putri (2014) shows evidence that earnings management is used as a tool for companies to tax evasion.

According to [16] also stated that there is a positive relationship between the aggressiveness of financial reporting and tax reporting aggressiveness. So, if you carry out financial reporting aggressively, then engineering is also carried out on the tax report. Hence, the second hypothesis of this research is:

H2: Earnings managementhave significant influence towards tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange.

Company Size Towards Tax Aggressiveness

According to [17]nsenstates that company size is a scale which can be classified as large or small companies according to various ways, including total assets, log size, sales and market capitalization and others. The bigger the items, the bigger the company. The larger the size of the company, the transactions made by the company will be more complex. These conditions allow the company to take advantage of existing loopholes to carry out tax aggressiveness or tax evasion. A company that is categorized as a company of course has adequate financial conditions, so that Under these conditions the company will be

able to recruit experts who are specialized in paying to assist the company in its efforts to take aggressive action on taxes so that the tax burden paid becomes small so that it does not harm the company. Thus, the larger the size of the company,

The results of research conducted by Surya and Ardiana (2016) show that firm size has an effect on tax avoidance. Another study conducted by Ngadiman and Puspitasari (2014) proves that firm size has an effect on tax avoidance. The same result was also proven by the Goddess and Noviari (2017) which proves that company size has a negative and significant effect on tax avoidance. As a result, the third hypothesis of this research is:

H3: Company Sizehas significant influence towards tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange

Liquidity, Earnings management and Company Size Toward Tax Aggressiveness

The liquidity, Earnings management and company size are the important impact towards the Tax Aggressiveness measure. So that the hypothesis below is established to analyze their effect on financial performance simultaneously, which is:

H4: Lequity, Earnings management and Company Size simultaneously have significant influence toward tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange

3. RESULT AND DISCUSSION

General Description of Manufacturing Company

A manufacturing company is a company whose activity is to manage materials, either raw or semi-finished materials into finished goods that can be consumed. In its operations, manufacturing companies have a reference or operational standards that aim not only to be guidelines but to reduce production damage.

There are various characteristics that are owned by manufacturing companies. These characteristics include:

a. Material Processing and Production Results
   In contrast to trading companies that only sell goods from suppliers, manufacturing companies focus on the processing of raw materials into finished products. The results from the production process and raw materials manufacturing companies can be seen by the eye or their products have existence. This is also what distinguishes it from service companies where the product is not an object or tangible.
b. Big Machines and Scale
   In production management, manufacturing companies usually use machine setup and human power with division of labor in large-scale production.
c. There are Production Costs
   Production costs are costs obtained from production activities. Cost the production costs incurred usually consist of 3 cost elements, namely: raw materials, labor costs, and factory overhead costs (BOP).

The miscellaneous industry sector is the manufacturing sub-sector and the 5th sector that is registered with JASICA. Companies included in this sector include automotive, textile and garment, cable and electronics industries. Multi-industrial sector classified because the company in this sector is cyclical, it is said to cycle where

Its demand is subject to change, especially the automotive industry. The main thing is,

The multi-industry sector is a collection of various companies or various manufacturing industries with fluctuating demand.

The multi-industrial sector is a sector that is prone to destruction when a crisis occurs because the crisis can weaken the demand for products from industries that can result in losses for the company in it. But when the economy is stretched this sector will also follow to squirm. Therefore investors who invest in this sector are generally done when the economy is growing fast.

The object of this research is the various industrial sub-unit manufacturing companies listed at the Indonesia Stock Exchange for the 2018-2020 period. During the study period there were 178 populations to be tested, but there were only 70 samples that met the requirements of purposive sampling.

Here is a list of manufacturing companies listed at the Indonesia Stock Exchange for the 2018-2020 period.

Table 3 List Of Manufacturing Companies

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No	Issuer Code	Issuer Name
1	ADES	Akasha Wira International Tbk
2	AGII	Aneka Gas Industri Tbk
3	AKPI	Argha Karya Prima Ind. Tbk
4	ALDO	Alkindo Naratama Tbk
5	ALKA	Alakasa Industrindo Tbk
6	ARNA	Arwana Citramulia Tbk
7	ASII	Astra International Tbk
8	CPIN	Charoen Pokphand Indonesia Tbk
9	DLTA	Delta Djakarta Tbk
10	DPNS	Duta Pertiwi Nusantara Tbk
11	DVLA	Darya-Varia Laboratoria Tbk
12	EKAD	Ekadharma International Tbk
13	FASW	Fajar Surya Wisesa Tbk
14	HMSP	HM Sampoerna Tbk
15	ICBP	Indofood CBP Sukses Makmur Tbk
16	IGAR	Champion Pacific Indonesia Tbk
17	HENNA	Indal Aluminum Industry Tbk
18	INDF	Indofood Sukses Makmur Tbk
19	INTP	Indocement Tunggal Prakarsa Tbk
20	JPFA	JAPFA Comfeed Indonesia Tbk
21	KBLM	Kabelindo Murni Tbk
22	KINO	Kino Indonesia Tbk
23	KLBF	Kalbe Farma Tbk
24	MYOR	Mayora Indah Tbk
25	BREAD	Nippon Indosari Corpindo Tbk
26	SIDO	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk
27	SKLT	Sekar Laut Tbk
28	SMBR	Semen Baturaja (Persero) Tbk
29	SMGR	Semen Indonesia (Persero) / Semen Gresik Tbk
30	SMSM	Happy Perfect Tbk
31	TSPC	Tempo Scan Pacific Tbk
32	ULTJ	Ultra Jaya Milk Industry Tbk
33	UNVR	Unilever Indonesia Tbk
34	WTON	Wijaya Karya Beton

Data Analysis
Descriptive Statistics

Table 4 Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
Liquidity	170	, 10	208,44	4.2948	16.84105
Earnings management	170	-,14	, 12	,0032	.03472
Company Size	170	26,44	33,54	29.3819	1.71691
Tax Aggressiveness	170	,00	7,29	,6786	,76320
Valid N (listwise)	170				

Table 4 presents the descriptive statistics summaries of the independent variables of this research, namely liquidity, earnings management, and company size as well as the dependent variable, namely tax aggressiveness which is as follows:

1) Tax aggressiveness (Y) with a total sample data (N) of 170 has a minimum value of 0.00, and a maximum value of 7.29. The variable also has a mean value of 0.6786 and a standard deviation of 0.76320.
2) Liquidity (X1) with a total sample data (N) of 170 has a minimum value of 0, 10, and a maximum value of208,44. The variable also has a mean value of 4.2948 and a standard deviation of16.84105.

3) Earnings management (X2) with a total sample data (N) of 170 has a minimum value of -0.14, and a maximum value of 0.12. The variable also has a mean value of 0.0032 and a standard deviation of 0.03472.
4) Company size (X3) with a total sample data (N) of 170 has a minimum value of 26.44, and a maximum value of 33.54. The variable also has a mean value of 0.6786 and a standard deviation of 0.76320.

Result of Data Quality Testing

To test the data quality, this study conducts the classical assumption tests which include normality tests, multicollinearity tests, autocorrelation tests and heteroscedasticity tests.

Normality Test

Normality test aims to test whether the residual in a regression model is normally distributed. A good regression model should have a normally distributed residual. This research uses the Kolmogorov-Smirnov (KS) test to determine the normality of the residual distribution. Using a significance level (α) of 5%, if the significance level (Asymp. Sig. 2-tailed) is higher than 0.05, then the normality test is passed and it indicates that the residual is normally distributed. Contrarilyif it is lower than 0.05, the test is not passed and it indicates that the residual is not normally distributed. Following is the result of the Kolmogorov-Smirnov (KS) test conducted.

Table 5 Normality Test Result using Kolmogorov-Smirnov

		Unstandardized Residuals
N		116
Normal Parameters, b	Means	,0000000
	std. Deviation	,20438501
Most Extreme Differences	absolute	, 169
	Positive	,106
	Negative	-,169
Test Statistics		, 169
asymp. Sig. (2-tailed)		,104c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the Kolmogorov-Smirnov test results in Table 4.3, it can be seen that the significance level (Asymp. Sig. 2-tailed) is 0.104 which is more than 0.05 (0.104 > 0.05). This indicates the residual is normally distributed, thus the normality test is passed.

In addition, normal probability plots (p-plots) and histograms can be used to ensure whether the residuals are normally distributed or not. Based on Figure 4.1, it is evident that the data is distributed around and following the direction of the diagonal line, which indicates normal distribution.

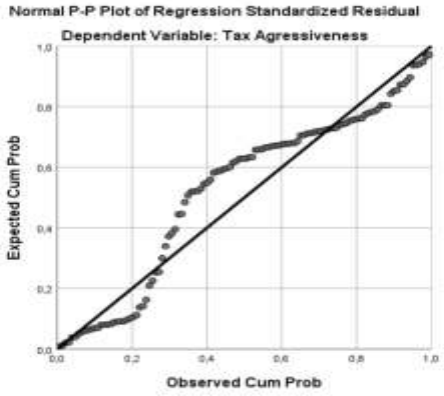

Figure 1 Normality Test using Normal P-Plot

From Figure 1, it can be seen that the histogram is in a bell-shaped and does not lean to either left or right sides, which means that the data has spread evenly and the regression model fulfills the assumption of normality.

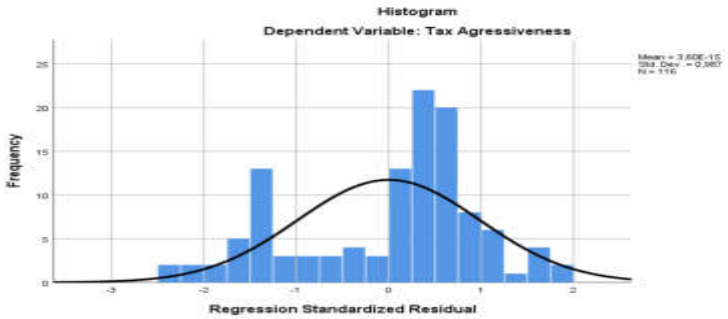

Figure 2 Normality Test using Histogram

Multicollinearity Test

The multicollinearity test aims to find out whether there is a correlation between two or more independent variables in a regression model. A good regression model should not show correlation between the independent variables. Multicollinearity is a problem because it causes the partial regression coefficient not to be measured precisely. Thus, small changes in the sample data will cause drastic changes in the partial regression coefficient.

This research uses tolerance and variance inflation factor (VIF) to conduct the multicollinearity test. To pass the multicollinearity test, the tolerance value must be greater than 0.10 (> 0.10) and the value of VIF must be less than 10 (<10).

Table 6 Multicollinearity Test

Model		Collinearity Statistics	
		tolerance	VIF
1	LN Liquidity	,950	1.053
	Earnings management	,988	1.012
	LN Company Size	,942	1,061

a. Dependent Variable: Tax Aggressiveness

Based on Table 4.4, it can be seen that Liquidity has a tolerance value of 0.950 which is greater than 0.10 (0.950>0.10) and VIF value of 1.053 which is less than 10 (1.053<10). It can be seen that earnings management has a tolerance value of 0.988 which is greater than 0.10 (0.988>0.10) and VIF value of 1.012 which is less than 10 (1.012<10). It can be seen that Company size has a tolerance value of 0.942 which is greater than 0.10 (0.942>0.10) and VIF value of 1.061 which is less than 10 (1.061<10). This signifies that there is no multicollinearity problem between institutional ownership and other independent variables.

Autocorrelation Test

Autocorrelation test is taken to determine whether there is a correlation between the values of the same variables over successive time intervals. A feasible regression model must be free from autocorrelation. This study uses Run test to detect autocorrelation on the basis of decisions as mentioned in the previous chapter. The results of the autocorrelation test using the Run Test are as follows:

Table 7 Autocorrelation Test using Run Test

	Unstandardized Residuals
Value test	.06795
Cases < Test Value	58
Cases >= Test Value	58
Total Cases	116
Number of Runs	43
Z	-2,984
asymp. Sig. (2-tailed)	.065

a. Median

Based on Table 7 it can be seen that the value of the significance level (Asymp. Sig. (2-Tailed)) is 0.065 which means it is greater than 0.05 so it can be concluded that there is no autocorrelation problem in the data used in the regression model.

Heteroscedasticity Test

Heteroscedasticity test is done to test whether there is inequality of variance from one observation's residual to another in the regression model. A feasible regression model should present no occurrence of heteroscedasticity. Firstly, this research will observe the scatterplot graph between the dependent variable (ZPRED) and the residual (SRESID). If there is no pattern form in the scatterplot and the points (data) scatter above and below the zero value of the Y axis, it can be said that heteroscedasticity does not occur.

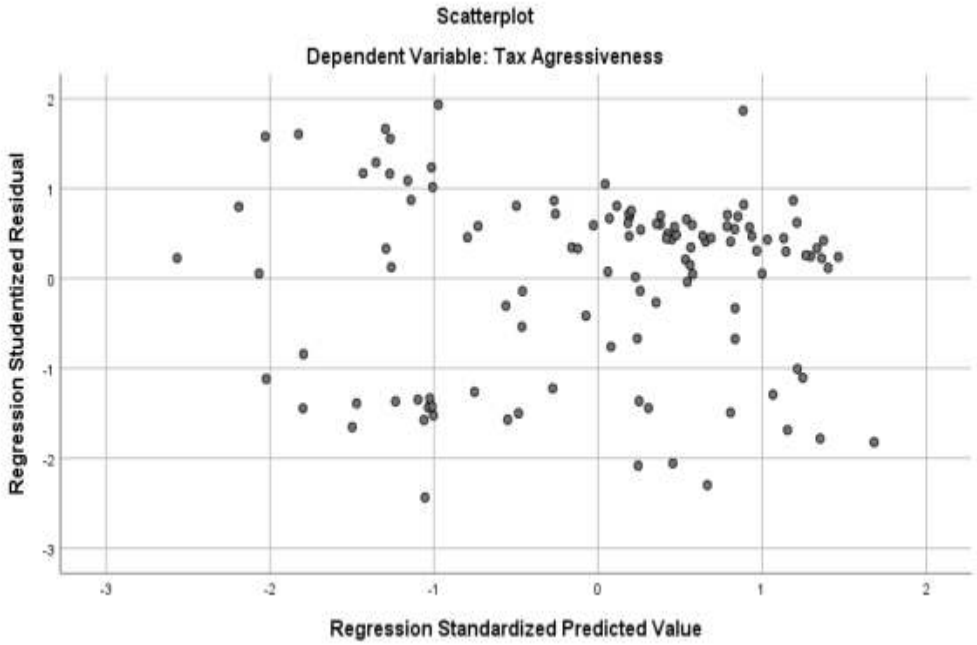

Figure 1 Heteroscedasticity Test using Scatterplot Graph

From Figure 3, it can be seen that the data scatter is above and below zero value of the Y axis in the scatterplot. Thus, it can be said that there is no heteroscedasticity.

However, it cannot be clearly decided that there is no pattern form in the scatterplot. Moreover, the scatterplot graph is not reliable enough to determine heteroscedasticity as it might be subjective. Therefore, a statistical test must be performed to support the result of the scatterplot. To detect heteroscedasticity, this research uses the Glesjer test, which is done by regressing the absolute residuals (ABS_RES) against the independent variables. If the significance level is more than 0.05, it indicates no heteroscedasticity. Whereas if the significance level is less than 0.05, it indicates the presence of heteroscedasticity.

Table 8 Heteroscedasticity Test using Glesjer Test

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	,789	,680		1,160	,249
	LN Liquidity	-.059	,016	-,336	-3,670	.053
	Earnings management	, 163	1,182	,012	,138	,891
	LN Company size	-,169	,200	-.078	-,849	,398

a. Dependent Variable: ABS_RES

From Table 8 , it can be seen that the significance level of all independent variables is more than 0.05, with Liquidity, earnings management, and Company size having significance levels of 0.053, 0.891, and 0.398 consecutively. This indicates no heteroscedasticity, thus the regression model passed heteroscedasticity test.

Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted to test the influence of independent variables, namely liquidity, earnings management and company size toward the tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange.

Table 9 Multiple Linear Regression Analysis

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	-1,848	1.285		-1,438	, 153
	LN Liquidity	,099	.030	,300	3,267	,001
	Earnings management	-1.527	2,233	-.062	-.684	,496
	LN Company size	,704	,377	, 172	1,867	.065

a. Dependent Variable: Tax Aggressiveness

From the results of multiple linear regression analysis in Table 4.7, with tax aggressiveness as Y,Liquidity as X1, earnings management as X2 and Company size as X3, the multiple regression model developed is as follows:

$$Y = -1.848 + 0.099\ X1 - 1.527\ X2 + 0.704\ X3 + \varepsilon$$

The interpretation of the regression model is as follows:

1. The constant value of the regression model is -1.848, which indicates that assumingLiquidity, earnings management, and company size are constant or have a value of zero, the value of tax aggressiveness is -1.848.
2. The coefficient of the Liquidity (X1) is 0.099. This means that a one-unit increase in Liquidity will result in a 0.099 increase in the tax aggressiveness, assuming the other variables remain constant.
3. The coefficient of the earnings management (X2) is -1.527. This shows that a one-unit increase in earnings management will result in a 1.527 decrease in the tax aggressiveness, assuming the other variables remain constant.
4. The coefficient of the company size (X3) is 0.704. This explains that one-unit increase in Company size will result in a 0.704 increase in the tax aggressiveness, assuming the other variables remain constant.

Results of Hypothesis Testing

T-Test

T-test is conducted to analyze the partial influence of independent variables namely liquidity, earning management and company size toward tax aggressiveness. There are two bases of decisions for the T-test, first by observing the t-count. Using a 5% significance level or 95% confidence interval and the value of the degree of freedom (total sample - total independent variables) of 113 (116 – 3), the T-table obtained is 1.98063, . If the T-count is more than the T-table (T-count > T-table) or -T-count is less than -T-table (-T-count < -T-table), it indicates a significant partial effect of the independent variable toward the dependent variable. On the contrary, if the T-count is less than or equal to T-table (T-count ≤ T-table) or -T-count is more than or equal to -T-table (-T-count ≥ -T -table),

Secondly, the significance level can be observed. If the significance level of a particular independent variable resulting from the test is higher than 0.05 (Sig. > 0.05), it indicates no significant partial effect of the independent variable towards the dependent. However, the significance level is less than 0.05 (Sig. <0.05) indicating a significant partial effect of the independent variable toward the dependent variable.

Table 10 Results of Partial T-Test

Model	Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.

1	(Constant)	-1,848	1.285		-1,438	, 153
	LN Liquidity	,099	.030	,300	3,267	,001
	Earnings management	-1.527	2,233	-.062	-.684	,496
	LN Company size	,704	,377	, 172	1,867	.065

a. Dependent Variable: Tax Aggressiveness

Table 10 shows the partial T-test conducted which details are as follows:

1. The T-test conducted on the Liquidity (X1) toward the tax aggressiveness (Y) results in a T-count value of 3,267, which is more than1.98063 (the value of T-table). The significance level is 0.001, which is less than 0.05, and the variable has a coefficient of 0.300. Therefore, with the T value of 3.267 > 1.98063 (T-count > T-table), a significance level of 0.001 < 0.05, and a positive coefficient, it indicates that Liquidity does have a significant partial positive effect on tax agressiveness. Thus, H0 is rejected and H1 is accepted.
2. The T-test conducted on the earnings management (X2) toward the tax aggressiveness (Y) results in a T-count value of -0.684, which is less than1.98063 (the value of T-table). The significance level is 0.496, which is more than 0.05, and the variable has a coefficient of -0.062. Therefore, with the T value of -0.684 < 1.98063 (T-count < T-table), a significance level of 0.496 > 0.05, and a negative coefficient, it indicates that earnings management has a negative but no significant influence on tax aggressiveness. Thus, H0 is accepted and H2 is rejected.
3. The T-test conducted on the Company size (X3) toward the tax aggressiveness (Y) results in a T-count value of 1,867, which is less than1.98063 (the value of T-table). The significance level is 0.143, which is more than 0.05, and the variable has a coefficient of 0.172. Therefore, with the T value of 1.867 < 1.98063 (T-count < T-table), a significance level of 0.172 > 0.05, and a positive coefficient, it indicates that Company size profit has a positive but has no significant influence on tax aggressiveness. Thus, H0 is accepted and H3 is rejected.

F-test

The F-test is conducted to analyze the simultaneous influence of independent variables namely Liquidity, earnings management and Company size toward tax aggressiveness. There are two bases of decisions for the F-test, first by observing the F-count. Using a 5% significance level or 95% confidence interval, the value of the numerator degree of freedom of 3 and the denominator degree of freedom is 123, the F-table obtained is 2.68. If the F-count is greater than the F-table (F-count > F-table), it indicates a significant simultaneous effect of the independent variables toward the dependent variable. Otherwise, if the F-count is less than or equal to F-table (F-count ≤ F-table), it indicates no significant simultaneous effect of the independent variables toward the dependent variable.

Secondly, the significance level can be observed. If the significance level resulting from the test is higher than 0.05 (Sig. > 0.05), it indicates no significant simultaneous effect of the independent variables on the dependent variable. However, the significance level is less than 0.05 (Sig. <0.05), indicating a significant simultaneous effect of the independent variables on the dependent variable.

Table 11 Result of Simultaneous F-Test

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	,539	3	,180	4,189	,008b
	residual	4,804	112	.043		
	Total	5,343	115			

a. Dependent Variable: Tax Aggressiveness

b. Predictors: (Constant), LN Company size, Earnings management, LN Liquidity

From Table 11 it can be seen that the F-count value derived from the test is 4.189 which is greater than 2.68 (the F-table value) and the significance level is 0.008, which is less than 0.05. Therefore, with the F value of 4.189 > 2.68 (F-count > F-table) and a significance level of 0.008 < 0.05, it indicates that Liquidity, earnings management, and company size have significant simultaneous influence on tax aggressiveness. Thus, H0 is rejected and H4 is accepted.

Coefficient of Determination (Adjusted R2)

The coefficient of determination measures the independent variable's ability to describe the variation of the dependent variable. The coefficient determinant value is between zero and one (0≤ R2 ≤1). A small R2 value signifies limited power of the independent to explain the variation of the dependent variable. A value near one showcased that the independent variables supply nearly all the information needed to predict variations in the dependent variable (Ghozali, 2018). This research will use the Adjusted R2 because this study has more than two variables.

Table 12 Coefficient of Determination (Adjusted R2)

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	, 318a	,101	,077	,20710

a. Predictors: (Constant), LN Company size, Earnings management, LN Liquidity
b. Dependent Variable: Tax Aggressiveness

From Table 12, it can be seen that the value Adjusted R2 is 0.077, which indicates that the multiple linear regression model accounts for 7.7% of the total variability. This means that 7.7% of the dependent variable which is tax aggressiveness is influenced by the independent variables namely Liquidity, earnings management and Company size, while the remaining 92.3% is influenced by other variables which are not studied in this research.

Discussion

The Influence of Liquidity on Tax Aggressiveness

The result of the hypothesis test reveals that Liquidity does not have a significant partial positive effect on tax aggressiveness. This is shown through the T value of 3.267 > 1.98063 (T-count > T-table), a significance level of 0.001 < 0.05, and a positive coefficient, Based on these results, that Liquidity does not have a significant partial positive effect on tax aggressiveness.

This signifies that the first hypothesis (H1) of this research which states that Liquidity has not significant impact towards tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange is partially rejected. Liquidity, which describes the company's ability to meet short-term obligations. If the company has high liquidity, the company is in a condition of low fluent cash flow. Short-term obligations will be able to be met if the liquidity of the company is in a high state. If the company is in good financial condition, the government expects the company to pay or carry out tax obligations on time. On the other hand, low liquidity can reflect that the company is having difficulty meeting its short-term obligations, so that it can lead to aggressive action against corporate tax.

Based on the signaling theory, Liquidity is a ratio to measure the company's ability to pay short-term obligations or debts that fall due soon due at the time of billing in its entirety. In other words, how much the amount of current assets available to cover long-term liabilities short due soon. The Liquidity can also be said as a form to measure the level of safety (margin of safety) of the company

This is not in line with research conducted byBagas Krisnugraha, Trisnawati Rahayu, and YP Supardiyono (2021) stateliquidity had no effect on tax aggressiveness. This is not in line with research conducted by [25] stateliquidity had no influence on tax aggressiveness.This is in line with research conducted byLafrida Rianita (2021)stateliquidity affected tax aggressiveness.This is in line with research conducted by Agus Purwanto (2016) state liquidity significantly influences the partial on corporate tax aggressiveness.

The Influence of Earnings Management on Tax Agressiveness

The result of the hypothesis test reveals that earnings management has a negative but significant influence on tax aggressiveness. This is shown through the T-test results, that T value of -0.684 < 1.98063 (T-count < T-table), significance level 0.496 > 0.05, and a negative coefficient. Based on these results, it can be seen that earnings management does have a significant partial negative effect on tax aggressiveness.

This signifies that the second hypothesis (H2) of this research which states earnings management has a significant impact towards the tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange is partially rejected. One of the reasons for the existence of earnings management is a tax motivation. Taxes are a problem for companies because paying taxes is directly related to the amount of net profit of the company. Profit has been used as the main indicator of

management success in managing the company. Therefore, company management will report profit that has been adjusted for its purpose either through increasing income or decreasing income. If the goal is to reduce the tax burden payable company management is more likely to reduce the amount of profit reported earned to reduce taxable income,

Based on the signaling theory, earnings management occurs when managers use their judgment in financial reporting and transaction structure to modify reports financial statements with the aim of misleading stakeholders regarding the condition of the company's economic performance or to influence the results of contractual contracts that rely on reported accounting numbers.

This is not in line with research conducted byBagas Krisnugraha, Trisnawati Rahayu, and YP Supardiyono (2021)state earnings managementhad no effect on tax aggressiveness.This is in line with research conducted byIrvan [26]and Henryanto Wijaya (2015)state earnings management has a negative effect on tax aggressiveness.This is not in line with research conducted by Bagas Krisnugraha (2021) stateearnings management had no influence on tax aggressiveness.This is not in line with research conducted byLafrida Rianita (2021)state eearnings management did not affect tax aggressiveness. This is in line with research conducted by Agus Purwanto (2016) states earnings management significantly influences the partial on corporate tax aggressiveness.

The Influence of Company Size on Tax Aggressiveness

The result of the hypothesis test reveals that the independent variable, namely company size profit, has no significant influence with a positive direction toward the dependent variable, namely tax aggressiveness. This is shown through the T value of 1.867 < 1.98063 (T-count < T-table), a significance level of 0.172 > 0.05, and a positive coefficient. Based on these results, Company size profit has a positive but has no significant influence on tax aggressiveness

This signifies that the third hypothesis (H3) of this research which states company size has a significant impact towards tax aggressiveness of manufacturing companies listed on the Indonesia Stock Exchange is partially rejected. Company size is a scale which can be classified as large or small companies according to various ways, including total assets, log size, sales and market capitalization and others. The bigger the items, the bigger the company. The larger the size of the company, the transactions made by the company will be more complex. These conditions allow the company to take advantage of existing loopholes to carry out tax aggressiveness or tax evasion. A company that is categorized as a company of course have adequate financial conditions, so that under these conditions the company will be able to recruit experts who are specialized in paying to assist the company in its efforts to take aggressive action taxes so that the tax burden paid becomes small so that it does not harm the company. Thus, the larger the size of the company, the greater the opportunity for tax aggressiveness.

Based on the signaling theory,that firm size is a scale which can be classified as large or small companies in various ways, including total assets, log size, sales and market capitalization and others. The bigger the items show the bigger the company.

This is in line with research conducted byBagas Krisnugraha, and YP Supardiyono (2021) state firm sizehad no effect on tax aggressiveness.This is not in line with research conducted byIrvan Tiaras and Henryanto Wijaya (2015)state firm size has no negative effect on tax aggressiveness.This is in line with research conducted by Bagas Krisnugraha (2021) state firm sizehas no influence on tax aggressiveness.

The Influence of Liquidity, Earnings Management and Company Size on Tax Agressiveness

The result of the F-count value derived from the test is 4.189 which is greater than 2.68 (the F-table value) and the significance level is 0.008, which is less than 0.05. Therefore, withthe F value of 4.189 > 2.68 (F-count > F-table) and a significance level of 0.008 < 0.05, it indicates that Liquidity, earnings management, and Company size has significant simultaneous influence on tax management.

As for the coefficient of determination, the result of the value Adjusted R2 is 0.077, which indicates that the multiple linear regression model accounts for 7.7% of the total variability. This means that 6.6% of the dependent variable which is tax aggressiveness is influenced by the independent variables namely Liquidity, earnings management and Company size, while the remaining 92.3% is influenced by other variables which are not studied in this research.

4. CONCLUSION

This research analyzes the effect of liquidity, earnings management and company size on tax aggressiveness. The object of this study are manufacturing companies listed at the Indonesia Stock Exchange for the 2017-2021 period. The sampling method used was purposive sampling with 34 eligible

companies and taken as samples, which resulted in a total of 170 observations used in this study. Based on the data analysis (multiple linear regression) and hypothesis testing, the conclusions that can be drawn are as follows: The first hypothesis (H1) is accepted. Liquidity has significant impact towards tax aggressiveness of manufacturing companies listed at Indonesia Stock Exchange. The second hypothesis (H2) is rejected. Earnings management has no significant impact towards the tax aggressiveness of manufacturing companies listed at Indonesia Stock The third hypothesis (H3) is rejected. Company size has no significant impact towards tax aggressiveness of manufacturing companies listed at Indonesia Stock Exchange. The four hypotheses (H4) are accepted. Liquidity, earnings management and company size simultaneously have a significant impact toward the tax aggressiveness of manufacturing companies listed at the Indonesia Stock Exchange.

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