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ANALYSIS OF FACTORS AFFECTING TAX MANAGEMENT WITH EFFECTIVE TAX RATE INDICATORS IN A FOOD AND DRINK COMPANY LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2012 - 2019

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Abstract

In this study, the problems that occur are the lack of maximum use of effective tax rates, an increase in Debt to Asset Ratio) and low inventory turnover so that the time used to spend inventory is long so that the profit earnedexperienced a decrease in food and beverage companies listed on the Indonesia Stock Exchange and was followed by an increase in tax rates.This study aims to examine and analyze the effect of the Debt to Asset Ratio and inventory turnover on the effective tax rate of food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the period 2012 - 2019. The population used in this study were 26 food and beverage companies. beverages listed on the Indonesia Stock Exchange, while the samples taken were 5 food and beverage companies using purposive sampling. This study uses an associative approach. The type of data in this research is quantitative. The data analysis technique in this study is using Descriptive Statistical Analysis, multiple Linear Regression analysis, classical assumption test, hypothesis testing, and Coefficient of Determination with a significance level of 5%. The data processing in this study used the SPSS (Statistics Packcage for the Social Sciences) software program for Windows version 23.00. The results of this study indicate that the Debt to Asset Ratio has a significant effect on the effective tax rate of 4.797 with a significance value of 0.000. Inventory turnover has no significant effect on the effective tax rate of 1.072 with a significance value of 0.291. Debt to Asset Ratio and inventory turnover simultaneously have a significant effect on the effective tax rate of 18.241 with a significance value of 0.000.

Keywords: Debt to Asset Ratio, Inventory Turnover, Effective Tax Rate

1. INTRODUCTION

The company is a subject of income tax, namely the subject of corporate tax. Explanation of Law No. 16 of 2009 Article 2 paragraph (1) letter b explains that the subject of corporate tax is "a group of people and/or capital which is a unit both doing business and not doing business which includes limited liability companies, limited liability companies, other companies, state-owned enterprises. or regionally-owned business entities in whatever name and form, firms, kongsi, cooperatives, pension funds, partnerships, associations, foundations, mass organizations, socio-political organizations, or other organizations, institutions, and other forms of bodies including collective investment contracts and other forms of steady business. The company in calculating its tax uses the basis of taxable income and applicable tariffs in accordance with Law no. 36 of 2008. Law no. 36 of 2008 article 6 paragraph (1) explains that taxable income is determined based on gross income less costs to earn, collect, and maintain income. In general, tax rates are expressed in percentage terms (Prabowo, 2011).

Tax is one of the sources of regional revenue that is used to carry out regional development which is collected from local communities which can be forced to collect. (Nainggolan, 2018). Tax is one of the sources of state revenue that provides the largest income for the Republic of Indonesia(Lubis, 2019). Taxes are people's contributions to the state treasury based on the law (which can be forced) which are directly addressed and used to pay general expenses (Hanum & Rukmini, 2016). For companies, tax is a burden that will reduce the amount of net profit that will be received by the company so that as much as possible the company pays the lowest possible tax. There are many ways that companies do to reduce the tax burden, such as tax planning, tax avoidance and tax evasion or with various policies implemented by companies to minimize the amount of taxes paid by the company (Susilawaty, 2020). .

Efforts to minimize the tax burden by violating tax regulations are certainly highly undesirable by companies because companies can receive sanctions, both administrative sanctions and even criminal sanctions as regulated in Law Number 16 of 2009 concerning General

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Provisions and Tax Procedures. Efforts to legally minimize taxes without violating tax regulations can be done through tax management (Suandy, 2015).

Tax management can be carried out by companies to reduce their tax obligations as low as possible. Tax management is the management of tax obligations by using a strategy to minimize the total tax burden (Prabowo, 2011).

The strategy to streamline the tax burden (tax savings) carried out by the company must be legal, in order to avoid tax sanctions in the future. In general, tax savings adhere to the principle of the last and latest, namely paying the minimum amount possible and at the last time that is still permitted by tax laws and regulations (Hati, 2019).

One way to measure how well a company manages its taxes is to look at its effective tax rate. The existence of an effective tax rate is one form of calculating the ideal tax rate value calculated in a company. So this study uses effective tax rates as an indicator of tax management (Karayan & Charles, 2013). By using an effective tax rate, you can find out how big the percentage of the company pays actual taxes on the taxable income earned by the company. And from this effective tax rate, the company can see how much the company actually pays taxes, whether it is greater or less than the rate set based on the company's taxable income.

The effective tax rate is the ratio between tax expense and taxable income. TPE is very useful for measuring how big the tax burden will be paid by the taxpayer (Gatot, 2011). The effective level of corporate tax rates is influenced by factors of leverage, profitability, fixed asset intensity and inventory turnover (Prakoso, 2018).

Leverage ratio is a ratio that measures the extent to which the company uses funding through debt (financial leverage). If the company has sufficient assets to pay all its debts, on the other hand, if the total assets are insufficient or less than the total debt, it means that the company is in an "insolvable" state. One of the tools to analyze the company's ability to meet its financial obligations that affect the company's profit is the leverage ratio(Brigham & Houston, 2011).

To measure leverage only use the Debt to Assets Ratio this is because this ratio uses assets as a comparison of company debt which can have risk and return and will affect company profits and taxes. Debt to Assets Ratio is a financial ratio used to measure how much the company's assets are financed by debt or how much the company's debt affects asset management. The higher this ratio, the more funding with debt, the more difficult it is for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with its assets. Conversely, the lower this ratio, the smaller the company is financed from debt(Jufrizen & Nasution, 2016).

Inventory turnover is a ratio used to measure the number of times the funds invested in this inventory rotate in one period. This ratio is known as the inventory turnover ratio. It can also be interpreted that inventory turnover is a ratio that shows how many times the number of inventory items is replaced in one year. How to calculate the inventory turnover ratio is by comparing the cost of goods sold with inventory (Kasmir, 2012).

Inventory turnover is one of the activity ratios that measures the efficiency of the company's investment into inventory management, and is illustrated by the period of inventory turnover for one year. Thus, companies with high inventory turnover indicate that the company is efficient in managing inventory (Jufrizen & Nasution, 2016).

This research was conducted on food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. The reason for choosing a food and beverage company as the object of research is because the growth of the food and beverage industry which has experienced a significant increase shows that the food and beverage industry not only has good prospects, but is also an indication that the competition between food and beverage products is very tight. This makes food and beverage producers demanded to be able to develop and create new innovations that can maintain the market they already have and win the competition so that the potential for tax revenue received by the government is very large from the food and beverage industri.

2. RESEARCH METHODS

This research uses an associative approach. The main topic that becomes the dependent variable is the effective tax rate, while the independent variables are the Debt to Assets Ratio and inventory turnover.This study uses empirical data obtained from the Indonesia Stock Exchange

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(www.idx.co.id) which focuses on food and beverage companies listed on the Indonesia Stock Exchange and the data taken is from 2014 to 2018. The IDX office address in Medan is located at Jl. New Juanda No. 5-6A, Medan.The research time is planned from February 2020 to June 2020.The population used in this study were all food and beverage companies listed on the Indonesia Stock Exchange in 2012-2019, totaling 26 companies. The author chooses a sample based on research on the characteristics of the sample that is adjusted to the research criteria as follows:

1. Food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2012-2019 period.
2. The company publishes or publishes the company's annual report during the observation period during 2012-2019.
3. Companies that present financial statements in rupiah.

3. RESULTS AND DISCUSSION

1. Effect of Debt to Asset Ratio on Effective Tax Rate

The results of this study indicate that the Debt to Asset Ratio variable has a significant effect on the Effective Tax Rate on food and beverage companies listed on the Indonesian stock exchange for the period 2012-2019. The results of this study indicate that the higher the value of the Debt to Asset Ratio, the value of the company's effective tax rate will be lower, because the company's debt can reduce the tax burden paid by utilizing debt interest as a tax deduction. Companies with more debt have a lower effective tax rate. This is because interest costs can reduce the company's income before taxes. The results of this study indicate that the Debt to Asset Ratio has an effect on the Effective Tax Rate. This is in line with the results of research conducted by Putri (2016) which concludes that the Debt to Asset Ratio has a significant effect on the Effectiveness Tax Rates of Transportation companies listed on the Indonesia Stock Exchange for the period 2011-2013.

2. Effect of Inventory Turnover on Effective Tax Rate

The results of this study indicate that the Inventory Turnover variable has no significant effect on the Effective Tax Rate on food and beverage companies listed on the Indonesian stock exchange for the period 2012-2019. The results of this study indicate that the higher inventory turnover will not affect the company's effective tax rate. This is probably due to the long inventory turnover will cause the company's cost of goods sold to be higher so that the taxable profit will decrease, but it has not been able to reduce the company's effective tax rate because the company's tax rate is still increasing. This is probably caused by the inventory turnover used by the company to take advantage of the high cost of goods sold that has not been able to reduce company profits and income taxes. The results of this study indicate that inventory turnover has no significant effect on the effective tax rate. This is in line with research from Imelda, Septi (2015) which states that Inventory Turnover has no significant effect on the effective tax rate on LQ45 companies listed on the Indonesia Stock Exchange in 2010 - 2012.

3. Effect of Debt to Asset Ratio and Inventory Turnover on Effective Tax Rate

Based on the results of the research above, it can be concluded that the Debt to Asset Ratio and Inventory Turnover have a significant effect on the Effective Tax Rate on food and beverage companies listed on the Indonesia Stock Exchange for the period 2012 – 2019. The results of this study indicate that a high Debt to Asset Ratio will increase the Inventory Turnover and the effective tax rate will be lower. The higher the debt value, the lower the company's effective tax rate, the company's debt can reduce the tax burden paid by utilizing debt interest as a tax deduction and also the long inventory turnover will cause the cost of goods sold to be higher so that the taxable profit will decrease. When viewed from the value of Adjusted R Square, which is 0.469, it shows that the proportion of the effect of Debt to Asset Ratio and Inventory Turnover on the Effective Tax Rate variable is 46.9%, meaning that the Debt to Asset Ratio and Inventory Turnover have a proportion of influence on the Effective Tax Rate of 46.9. % while the remaining 53.1% (100% - 46.9) is influenced by other variables outside the study..

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4. CONCLUSION

Based on the results of research and discussion conducted by the author regarding the effect of Debt to Asset Ratio and Inventory Turnover on Effective Tax Rates in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2012-2019, the following conclusions can be drawn:

1. In the results of the first hypothesis test, it is known that the Debt to Asset Ratiosignificant effect on the Effective Tax Rate on food and beverage companies listed on the Indonesia Stock Exchange for the period 2012 - 2019
2. In the results of the second hypothesis test, it is known that Inventory Perputran does notsignificant effect on the Effective Tax Rate on Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2012 - 2019.
3. In the results of the third hypothesis test, it is known that the Debt to Asset Ratio and Inventory Turnover have a significant effect on Effective Tax Rates for Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2012 – 2019

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