# The Effect of Related Party Transaction on Tax Aggressiveness

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## Abstrak

Tingkat efektivitas pembayaran pajak di Indonesia saat ini masih belum maksimal. Salah satunya dikarenakan masih adanya agresivitas pajak dalam perusahaan teknologi. Penelitian ini bertujuan untuk menguji pengaruh transaksi hubungan istimewa terhadap Agresivitas pajak. Agresivitas pajak diukur dengan menggunakan Effective Tax Rate (ETR). Data yang digunakan dalam penelitian ini adalah data sekunder berupa laporan keuangan perusahaan sektor teknologi yang terdaftar di BEI tahun 2020-2021. Sampel penelitian didapatkan dengan menggunakan purposive sampling sehingga diperoleh sebanyak 39 data dari 70 perusahaan yang terpilih sebagai sampel. Teknik analisis data yang digunakan dalam penelitian ini adalah persamaan regresi berganda. Hasil dari penelitian ini menunjukkan bahwa transaksi penjualan hubungan istimewa dan transaksi pembelian hubungan istimewa tidak berpengaruh secara signifikan terhadap agresivitas pajak sedangkan hasil dari transaksi pinjaman hubungan istimewa yang berpengaruh secara signifikan terhadap agresivitas pajak.
**Keywords:** Transfer Pricing, Agresivitas Pajak

## Abstract

The level of effectiveness of tax payments in Indonesia is currently still not optimal. One of the reasons is that there is still tax aggressiveness in technology companies. This study aims to examine the effect of related transactions consisting of sales, purchases, and loan transactions on tax aggressiveness. Tax aggressiveness is measured using the Effective Tax Rate (ETR). The data used in this study is secondary data from the financial reports of technology sector companies listed on the IDX for 2020-2021. The research sample was taken using purposive samplings to obtain much as 39 data from 70 companies selected as samples. The results of this study indicate that related sales transactions and related purchase transactions do not have a significant effect on tax aggressiveness, while the results of related loan transactions have a significant effect on tax aggressiveness.
**Keywords:** Transfer Pricing, Tax Aggressiveness

## INTRODUCTION

Taxes for the state are one of the important revenues that will be used to finance state expenditures, both routine and development expenditures (budgetary). In addition, taxes are a monetary policy tool and regulate life by encouraging or curbing a way of life (regulator) (Mardiasmo, 2019) Meanwhile, for companies, tax is a burden that will reduce net profit so to tortoise the efficiency of competitiveness, managers must suppress the tax burden as optimally as possible (Santoso et al., 2021). The tax burden borne by the tax payer, can be done by way of engineering that is still within the scope of taxation and beyond the provisions of taxation. Efforts to minimize taxes are often referred to as tax planning techniques (Tambahani et al., 2021)

Tax planning is the process of organizing the business of taxpayers or groups of taxpayers in such a way that their tax debt, both income tax and other taxes, is in a minimal position, as long as this is made possible by the provisions of the applicable tax regulations (Rori & Handri, 2017). Tax planning in minimizing the tax burden or tax costs is in 2 ways that are allowed by the government, namely tax avoidance and what is not allowed by the government, namely tax evasion (Setiawan & Sulistyono, 2017).

The government allows tax evasion, also known as the term tax aggressiveness, a method used to find deficiencies in tax laws and regulations to reduce the total amount of tax that must be paid. Tax aggressiveness, or tax evasion, is a popular strategy used by many taxpayers to reduce their tax burden. Entities prefer to have the opportunity to use various tax expense management techniques that are as small as possible to even greater income because this tax avoidance action is considered official or does not violate the rules set out in tax regulations (Aprianingsih & P, 2021).

Gemilang (2017) states that companies that practice tax evasion expect huge profits by reducing their tax debt to the government to company profits so that they can be used for investment in the future. Even though they get large profits, tax aggressiveness can cause losses for companies such as the imposition of sanctions in the form of fines from the tax office, a decrease in the company's share price because other shareholders realize that the company has carried out tax aggressiveness, as well as negative views from the community because . Any ignore es its tax obligations.

One of the problems in the practice of tax avoidance is that a very large global company, Apple. According to what was reported by the Consortium of Investigative Journalists (ICIJ), Apple managed to free up profits from the use of tax regulations in Jersey, England, which are estimated at US $ 252 billion. Then Apple opened a new branch to stream those profits in tax-free jurisdictions. Several regions suffered losses from this tax evasion, $ 14 billion, Asia US 34 billion, and Europe US$ 78 billion (*Kasus Penghindaran pajak oleh apple*, 2017).

Another phenomenon, namely Google is suspected of committing tax evasion in Indonesia. According to tax observer Danny Darussalam, Google deliberately did not set up a BUT in Indonesia because it did not want to be subject to income tax. If there is a BUT, the profit generated for the BUT is minimal. Google does tax avoidance by means of tax planning. Google's tax planning method is by utilizing physical presence requirements. Google has a subsidiary in Singapore that manages businesses around Asia. Meanwhile, in Indonesia, Google only builds a representative marketing office that acts as a support and complement. According to Danny, Google considers marketing support to be an unimportant function, so in the context of pricing, it is only charged with an 8% fee and commission and there are no problems (Detik.com, 2017).

The case of tax avoidance shows that the action is to minimize costs from the tax sector and increase company profits. Actions to minimize the tax burden on companies known as tax aggressiveness are actions aimed at reducing taxable profits through planning through tax planning either by using methods that are classified as or not classified as tax evasion. Several factors can influence tax aggressiveness, one of which is special party transactions. The problem of tax avoidance is unique and quite complicated because tax avoidance can provide profit to taxpayers without

violating the rules, but for the government, with tax avoidance, state revenues in the taxation sector are reduced and not maximized.

Related party transactions or commonly referred to as Related party transactions in (PSAK) No. 7 (Revised 2015) are a transfer of resources and obligations between related parties. There are transactions with parties that have a relationship to generate profits in a company because the company can determine prices that make the company profitable. In the practice of avoiding corporate taxes not only in Indonesia but in several countries, they often divert profits through transfer pricing practices which are carried out not only in Indonesia but also outside Indonesia (Nurariza, 2019). The internationalization of the economy, business and investment not only helps prevent differences in resources and capabilities between countries, but also has a positive impact on the growth and development of multinational corporations. However, it will also create new fiscal challenges when trying to increase state revenues through taxes. The level of fairness of transaction prices between parties that have special relationships inside or outside the country is one of the issues that arise along with the process of globalization and the rapid growth of multinational companies. The process of setting transaction prices or transferring goods, intangible assets, services, or other economic transactions that are part of company activities is known as transfer pricing (W. Hidayat et al., 2019).

Transfer pricing used by the main company tends to create problems for the company, but is also able to generate opportunities for entities that want to maximize profits. From a taxation point of view, the term transfer pricing is a policy used by taxpayers to practice tax avoidance by minimizing taxable income and then giving that income to another place where the imposition of tax rates is lower. There are transfer pricing transactions used by companies that have special relationships between these entities so special relationships in earning income are the most important indicator for calculating taxable income (Fadillah & Lingga, 2021).

Companies are required by DGT to use Affiliate transactions in two different countries. This is done in order to organize and provide documents regarding determining the appropriate transaction nominal against the notification regulations that have been determined. Transfer pricing is possible to occur both in members between companies or parties who have special relationships within or outside the country (Marundha et al., 2021).

Pitriana et al., (2019) argue that the transaction activities of related parties are increasingly receiving special attention from various groups, both the business world itself and from the state tax authorities. Especially if the transaction is estimated to be to lower taxes by under-reporting income or charging unusual fees. The emergence of related transactions is often used as a measure to minimize the overall tax burden for irresponsible companies. This phenomenon is often referred to as transfer pricing, which is a policy to describe an unfair pricing mechanism for transactions in the supply of goods or services by parties who have special relationships. This deviant practice causes a loss of potential taxes that should be received by the state. Thus the reason for this phenomenon is considered to be one of the causes of losses for the state in the economic sector (Herawati et al., 2022)

Related party transactions have several types. Nilasari & Setiawan, (2019) states that related party transactions are divided into three groups, namely income, expenses, and loans. Revenues referred to in special relationship transactions are sales transactions of goods or services, while expenses are transactions of purchase of goods, receipt of services and expenses. These revenues and expenses may be set at unreasonable prices by related parties, such as setting a lower selling price to reduce revenue and a higher purchase price to increase expenses so that the company's profits are lower. In contrast to loan transactions, the fairness or not of this related loan transaction can be seen from the interest charged. Loan transactions occur because parties who have special relationships will tend to choose to provide loans rather than capital, because the tax regulations allow interest costs

on loans as a deduction from taxable profits, while dividends cannot be deducted from the company's taxable profits (Zubaidah & Satyawan, 2018).

Research Sungwon Park, (2018) there are business groups that use related party transactions as a tax avoidance strategy. Companies use related-party transactions to maximize tax avoidance strategies. According to research conducted by Darma, (2019) in contrast to the findings of two previous studies, related party transactions do not affect the effective tax rate. In contrast, related party transactions are influenced by other variables such as thin capitalization, company size, and profitability.

Alkawsar et al., (2017) research the impact of tax avoidance in manufacturing companies. The variables used in this study are purchases, sales and debt. Sales transactions are able to influence tax actions but by using outside Indonesia or in Indonesia. Due to differences in economic conditions and policies, it is difficult for governments to set appropriate market prices. Because entities offer loans that carry interest and can result in lower taxable income, the existence of loan transactions has an effect on tax avoidance.

## LITERATURE REVIEW
### *Reinforcement Theory*

The theory of reinforcement (Reinforcement Theory) is a theory coined by B.F Skinner which explains a causal relationship between behavior with punishment and leniency. In relation to this research, this theory can be linked to tax compliance where the government issues a new policy or regulation regarding taxation related to tax sanctions and rewards in the form of relief if companies do not violate tax regulations (Pranajaya, 2017).

### Tax Aggressiveness

Tax Aggressiveness is a term that is familiar to large companies everywhere. This action is used to minimize or reduce the tax burden on a company. The definition of tax aggressiveness according to Leksono et al., (2019) is an action that aims to reduce the tax bill of a person or entity by planning the tax in such a way that it is not prohibited by the government. According to Mira & Purnamasari, (2020) a transaction is included in tax aggressiveness if a business actor carries out activities such as delaying tax payments, the taxpayer tries to impose a tax on announced profits rather than actual profits. Meanwhile, tax evasion or illegal tax evasion is a deliberate action by a taxpayer to minimize his tax obligations by manipulating taxable income or not paying any taxes (Halim et al., 2019). ETR (Effective Tax Rate) is used in this study to measure the tax aggressiveness variable. Whait et al., (2018) Stated that tax aggressiveness is in the gray area even though it can be said to be more directed to action behavior. The more often companies use loopholes to avoid taxes, it can be said that companies are increasingly aggressive in implementing tax avoidance.

### Transfer pricing

According to Klassen et al., (2018) Transfer pricing is a transfer pricing policy used by a company to determine the transfer price of a transaction, which can be the price of goods, services or intangible assets. Transactions using transfer pricing can be interpreted as pricing based on a special relationship.

### Related Party According to PSAK dan Fiskus

In PSAK No.7 The existence of a company can be interpreted as having a special relationship with another company if the company has full control in making decisions, both operationally and financially, over the other entity. Parties who have an engagement relationship are individuals or entities that have a relationship with the reporting company and the company that presents the financial statement (Ramadhan et al., 2021).

**Related Party Transaction**

Related party transactions are transfers of resources, services or obligations between parties who have an engagement relationship and a company that prepares financial statements (reporters), where the transaction price is not taken into account. According to Santoso et al., (2021) the company's initial policy, which is also called transfer pricing, is used to determine related party transactions. There are several categories used. Each category handles the delivery of goods and services from one category to another handled by each category to evaluate and measure its performance (Fahri, 2018). The term transfer pricing is also known as a related party transaction, which has two different objectives, the first is to assess the company's performance and the second is to avoid the company's tax burden. related party transactionshas an important role in meeting the economic needs of the company (Elizabet & Elaine, 2019).

**Related Sales Transaction**

Related-party sales transactions are business activities in the form of sales where prices have previously been set by both parties, namely companies with related parties, by ignoring market prices (Emzaed et al., 2018). The existence of different rates in each country regarding tax rates, especially countries with lower tax rates, makes companies motivated to avoid taxes by reducing company sales or profits (Klassen et al., 2018).

**Related Purchase Transaction**

Purchase transactions with related parties are company business activities by transferring company costs, such as purchase costs to related parties, where the purchase price has been set by both parties (Anouar & Houria, 2017).This transaction has an effect when buying from related businesses in other countries, especially those with tax heaven regulations. This transaction will have an impact on the company's tax burden (Panjalusman et al., 2018).

**Related Loan Transaction**

Loan transactions with related parties are company business activities to transfer costs in the form of interest-bearing loans, where loans are an option for companies when compared to equity (Jr & Summers, 2018). According to Pozzoli & Venuti, (2019) this is motivated by differences in tax treatment in each country, such as regarding debt and equity. Indonesia itself has regulations regarding interest on debt, where the interest is used as a deductible for taxable income. Meanwhile, dividends and other returns on capital cannot be recognized as a tax-deductible expense and receive other tax treatment such as non-credit (Ramadhan et al., 2021).

# HYPOTHESIS DEVELOPMENT
**Effect of Special Relationship Sales Transactions on Tax Aggressiveness**

Related-party sales transactions are business activities in the form of sales where prices have previously been set by both parties, namely companies with related parties by ignoring market prices (Zubaidah & Satyawan, 2018). The existence of different rates in each country regarding tax rates, especially countries with lower tax rates, motivates companies to avoid taxes by reducing company sales or profits (Pramesthi et al., 2019). Pranajaya, (2017) said that company behavior, namely in the form of related party transactions through sales, is carried out in the hope of obtaining maximum profits, this behavior is allowed if it is still in accordance with tax regulations. If this behavior violates tax regulations then the company will get sanctions tax. Previous research that discusses sales transactions with related parties is the research (Trisnawati et al., 2020) which states that sales transactions have a positive effect on tax evasion, which means that companies take advantage of sales transactions to avoid taxes. Aryotama & firmansyah (2019) states that sales transactions with special relations do not affect tax aggressiveness. Related party transactions have a positive effect on tax avoidance (Abdani, 2020)

**H1: Sales Transactions with Related Parties Have a Positive Effect on Tax Aggressiveness**

**Effect of Special Relationship Purchase Transactions on Tax Aggressiveness**

Purchase transactions with related parties are company business activities by transferring company costs such as purchase costs to related parties, where the purchase price has been set by both parties (Zubaidah & Satyawan, 2018). This transaction has an effect when buying from related businesses in other countries, especially those with tax heaven regulations, this transaction will have an impact on the company's tax burden (Alkawsar et al., 2017). Related party purchase transactions are related to reinforcement theory, where the company will get a reward in the form of relief if the company takes action to determine the price of an item in accordance with applicable tax regulations, but if the company uses a method that violates tax regulations, the company will get a tax sanction (Pranajaya, 2017). Research conducted by Zubaidah & Satyawan, (2018) states that purchase transactions with parties who have a positive influence on tax evasion, meaning that increasing a purchase transaction can also increase tax evasion. Research conducted by Nurariza, (2019) states that related party transactions have no significant effect on tax aggressiveness

**H2: Purchase transactions with special relations have a positive effect on tax aggressiveness**

**Effect of Special Relationship Loan Transactions on Tax Aggressiveness**

Loan transactions with related parties are company business activities to transfer costs in the form of interest-bearing loans where loans are an option for companies when compared to equity (Zubaidah & Satyawan, 2018). Menurut Setiawan & Sulistyono (2017) this is motivated by differences in tax treatment in each country, such as regarding debt and equity. Indonesia itself has regulations regarding interest on debt, where the interest is used as a deductible for taxable income. Meanwhile, dividends and other returns on capital cannot be recognized as tax-deductible expenses and receive other tax treatment such as non-credit (Lubis et al., 2022). Based on reinforcement theory which explains that companies that carry out loan transactions with related parties will get rewards if they are done in a way that does not violate tax regulations, namely by tax avoidance. So that companies can manage the tax burden by carrying out tax avoidance practices, one of which is loan transactions with related parties. Research by Alkawsar et al., (2017) says that loan transactions with related parties have a positive impact on tax avoidance.

**H₃: *Special Relationship Loan Transactions Have a Positive Effect on Tax Aggressiveness***

**Conceptual Framework**

Based on the description of the background and review of the literature above, the following framework can be used to describe the research variables:

**Figure 1. Conceptual Framework**
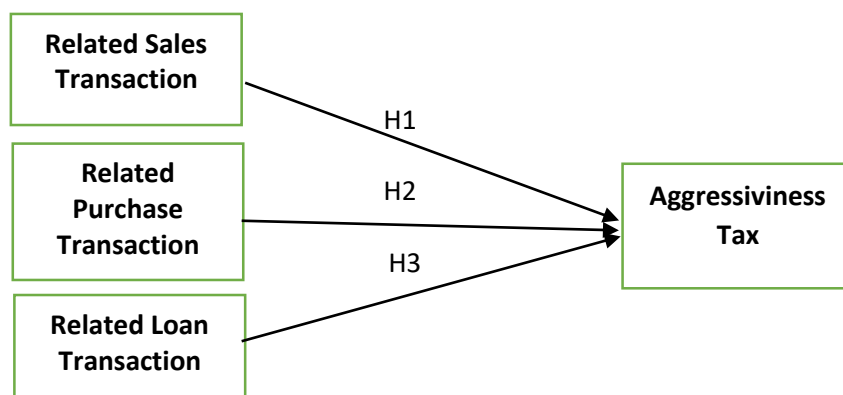
# RESEARCH METHODS

## Analysis method

The data analysis used in this study is the classical assumption test analysis, descriptive statistics and hypothesis testing. The available data is then processed statistically so that it can be used to answer the formulation of the problem in analyzing how special relationship transactions affect tax aggressiveness. This study uses eviews software to help analyze the data in this study.

## Hypothesis test

## Multiple linear regression test

The purpose of multiple linear regression analysis is to find out whether the independent variables have an effect partially or simultaneously. Effect on the dependent variable. Then it can be formulated the equation of the multiple linear regression model is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :
Y   = Dependent Variable (Tax Aggressiveness)
a   = Constant Value
b1 - b2 = Regression coefficient of each independent variable
X1 = Independent variable 1/ Special party sales
X2 = Independent variable 2/ Special party purchases
X3 = Independent variable 3/ Special party loans
e = standard error

## Partial Test (T-test)

Ghozali, (2018) The T statistical test is a test that can be used to determine the effect of individual independent variables on the dependent variable. The criteria in partial testing with a significant level of 0.05 (5%).

## Determination Coefficient Test (R2)

The coefficient of determination ($R^2$) is basically used to determine the magnitude of the influence of the independent variable on the dependent variable. The value of the coefficient of determination is zero and one. A value that is close to one means that the independent variable provides almost all the information needed to predict the variation of the dependent variable.
According to Maryam & Orinaldi, (2021) the things that need to be considered regarding the coefficient of determination are the following:

1.  R2 value should range from 0 to 1 ($0 < R < 1$)
2.  If R2 = 1 then there is a perfect match for the independent variable in explaining the dependent variable.
3.  If R2 = 0 then there is no relationship at all between the independent variable and the dependent varible.

## Types of Research

The research method used in this study is a quantitative method. Quantitative research methods are defined as methods that examine certain samples or populations (Sugiyono, 2018) .This research is intended to obtain empirical evidence, test and explain how the influence of the variables Sales, Purchases, Special Relationship Loans has on tax aggressiveness in technology sector companies listed on the IDX for the 2020-2021 period.

**Variable Operational Definitions**
**Related Party – Sales**

A special party sale transaction is an entity that transfers revenue to another related entity by agreeing on a selling price, regardless of whether the market price is fair, is a related sales transaction. The measurement used in this study is used to measure the sale of a relationship. Zubaidah & Satyawan, (2018) with the formula:

$$\text{Sales Transacions with related parties} = \frac{\text{Sales to Related Parties}}{\text{Total Sales}}$$

**Related Party – Purchase**

A special party purchase transaction is a transaction between entities that have a special relationship by transferring costs from one entity to another. In this study, related party purchasing transactions are measured using the measurement used by Zubaidah & Satyawan, (2018) with the formula:

$$\text{Purchase Transaction with Related Parties} = \frac{\text{Purchase To Related Parties}}{\text{Total Operational Costs}}$$

**Related Party – Loan**

Related party loan transactions are cost-transfer transactions between companies that involve granting loans. In this case, related party loan transactions use the measurement used by Zubaidah & Satyawan, (2018) with formula :

$$\text{Loan Transaction with Related Parties} = \frac{\text{Loan to Related Parties}}{\text{Total Loan}}$$

**Tax Aggressiveness**

Tax Aggressiveness is an activity that aims to reduce a tax burden through tax planning using a method that does not violate or violate tax regulations. Measurement of tax aggressiveness using the effective tax rate. The formula for calculating the Effective tax rate is as follows*:*

$$\text{Effective Tax Rate (ETR)} = \frac{\text{Tax Expense}}{\text{Pre Tax Income}}$$

**Population and Sample Determination**

The population in this study are technology sector companies listed on the Indonesia Stock Exchange in 2020-2021, namely 70 companies. In determining the sample of this study using purposive sampling technique, namely the technique of determining the sample with certain considerations or criteria. The sample for this research is technology sector companies listed on the IDX for 2020-2021 which were taken with the following criteria:

1. Companies that do not experience losses in the 2020-2021 period.
2. Companies that have related transactions.
3. Companies that publish annual reports 2020-2021

From the above criteria, the sample that can be taken in this study is data on the annual financial statements of technology sector companies on the IDX in 2020-2021, namely 39 companies.

## RESULTS AND DISCUSSION

**Descriptive Statistical Analysis**
**Table 1.**
**Descriptive Statistical Test Results**

|         | Y        | X3       | X2       | X1       |
|---------|----------|----------|----------|----------|
| Mean    | 0.138361 | 0.151659 | 2.191145 | 0.223625 |
| Median  | 0.115704 | 0.129007 | 0.189933 | 0.213727 |
| Maximum | 0.343816 | 0.344201 | 2.609546 | 0.567586 |

| | | | | |
|---|---|---|---|---|
| Minimum | 0.000261 | 0.000847 | 0.000427 | 0.001009 |
| Std. Dev. | 0.146140 | 0.171147 | 4.178618 | 0.162563 |
| Skewness | 0.450286 | 0.255115 | 6.002193 | 0.449533 |
| Kurtosis | 2.009574 | 1.758755 | 37.02632 | 2.542406 |
| Jarque-Bera | 2.911956 | 2.926663 | 2115.580 | 1.653784 |
| Probability | 0.233172 | 0.231464 | 0.000000 | 0.437407 |
| Sum | 5.396079 | 5.914710 | 2.61E+09 | 8.721387 |
| Sum Sq. Dev. | 0.428099 | 0.521489 | 6.64E+18 | 1.004217 |
| Observations | 39 | 39 | 39 | 39 |

Source: Eviews 12

Table 1 shows the test results of the descriptive statistics with a sample size of 39 technology sector companies listed on the IDX for 2020-2021. The tax aggressiveness variable obtained a minimum value of 0.000261 and a maximum value of 0.343816 with an average value of 0.138361 and a standard deviation of 0.146140 so that the distribution of the data shows normal results, marked by the large average value lower than the standard deviation. The special relationship loan transaction (X3) has a minimum value of 0.000847 and a maximum value of 0.344201 with an average value of 0.151659 and a standard deviation of 0.171147. Likewise with related purchasing transaction (X2) and related selling transactions (X1), which have a minimum value of 0.000427 and a maximum of 2.609546 with an average value of 2.191145 and a standard deviation value of 4.178618 for the related purchasing transaction (X2) and for the related selling transactions (X1), it has a minimum value of 0.001009 and a maximum value of 0.567586 with an average value of 0.223625 and a standard deviation of 0.462563 which means that the distribution of the data shows normal results and the quality of the variables is good.

**Normality Test**

**Table 2.**
**Normality Test Result**

| | |
|---|---|
| Mean | 1.668817 |
| Median | -0.017895 |
| Maximum | 0.130986 |
| Minimum | -0.136796 |
| Std. Dev. | 0.084253 |
| Skewness | 0.310637 |
| Kurtosis | 1.881499 |
| Jarque-Bera | 2.660166 |
| Probability | 0.264455 |

Source: Eviews 12

The normality test is a test used to measure whether in the regression model the residual values resulting from the regression are normally distributed or not. Based on the normality test above, it can be seen that the probability value is 0.264 which indicates the residual data is normally distributed because it ha a significant ance level above 0.05 (0.264 > 0.05).

**Multicollinearity Test**

**Table 2.**
**Multicollinearity Test Result**

| Variable | Coefficient Variance | Uncentered VIF | Centered VIF |
|---|---|---|---|
| C | 0.000871 | 4.408317 | NA |
| X3 | 0.016971 | 3.123640 | 1.148349 |
| X2 | 0.000803 | 2.491051 | 1.900790 |
| X1 | 0.013858 | 5.312397 | 1.805628 |

Source: Eviews 12

The multicollinearity test is a test conducted in a regression model to ascertain whether there is a correlation between the independent (independent) variables. The table above shows the results of the multicollinearity test on variable X1 having a VIF value of 1,805 <10, which means that the regression model is free from multicollinearity symptoms and is feasible to be used in research. Like with variables X2 and X3 with a VIF value of 1,900 <10 and 1,143 <10, which means that the regression model has no symptoms of multicollinearity and is feasible to be used in research.

**Heteroscedasticity Test**

**Table 3.**
**Result Of Heteroscedasticity Breusch Test**

| F-statistic | 2.587773 | Prob. F(3,35) | 0.0685 |
|---|---|---|---|
| Obs*R-squared | 7.080121 | Prob. Chi-Square(3) | 0.0694 |
| Scaled explained SS | 2.513272 | Prob. Chi-Square(3) | 0.4729 |

Source: Eviews 12

Heteroscedasticity is a test used to test for differences in variance and residuals from one observation to another in the regression model. This study uses the Breusch-Pagan-Godfrey method to detect whether there is heteroscedasticity in a regression model by looking at the probability. The results of the heteroscedasticity test did not indicate the occurrence of heteroscedasticity.

**Autocorrelation Test**

**Tabel 4.**
**Autocorrelation Test Results**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.243797 | 0.029515 | 8.260044 | 0.0000 |
| X3 | -0.384072 | 0.130274 | -2.948190 | 0.0057 |
| X2 | -0.003365 | 0.028333 | -0.118778 | 0.9061 |
| X1 | -0.205279 | 0.117718 | -1.743818 | 0.0900 |
| R-squared | 0.369900 | Mean dependent var | | 0.138361 |
| Adjusted R-squared | 0.315892 | S.D. dependent var | | 0.106140 |
| S.E. of regression | 0.087790 | Akaike info criterion | | -1.930433 |
| Sum squared resid | 0.269745 | Schwarz criterion | | -1.759811 |
| Log likelihood | 41.64344 | Hannan-Quinn criteria. | | -1.869215 |
| F-statistic | 6.841473 | Durbin-Watson stat | | 1.687740 |
| Prob(F-statistic) | 0.000952 | | | |

Source: Eviews 12

Table 4 shows that the DW value is 1.6877, then this value will be compared with the total sample of 39 (n). The number of independent variables is 3 (K = 3) and a significant value of 5% so that the value dU = 1.6575 is obtained and for the value (4-dU) is 2.3425. With the formula (dU < d < 4 - dU) it can be concluded that this study is said to be good because there is no autocorrelation with the translation of the results as follows: (1.6575 < 1.6877 < 2.3425).

**Hypothesis Test**

**Table 5.**
**Hypothesis Test**

| Variable | Coefficient | | Prob. |
|---|---|---|---|
| C | 0.243797 | | 0.0000 |
| X3 | -0.384072 | | 0.0057 |
| X2 | -0.003365 | | 0.9061 |
| X1 | -0.205279 | | 0.0900 |
| R-squared | 0.369900 | Mean dependent var | 0.138361 |
| Adjusted R-squared | 0.315892 | S.D. dependent var | 0.106140 |
| S.E. of regression | 0.087790 | Akaike info criterion | -1.930835 |
| Sum squared resid | 0.269745 | Schwarz criterion | -1.760213 |
| Log likelihood | 41.65128 | Hannan-Quinn criter. | -1.869617 |
| F-statistic | 6.848917 | Durbin-Watson stat | 1.624064 |
| Prob(F-statistic) | 0.000945 | | |

Sumber: Olah data *E-views* 12

From the data processing above, it can be seen that the results for the multiple regression analysis tests where the constant value ($\alpha$) is 0.243, which is a positive value. The value of this constant shows that if the independent variables X1, X2 and X3 are all 0, then the dependent variable of tax aggressiveness is 0.243. As for the results of the regression coefficient variable, the variable sales transactions with special relationships (X1) with a regression coefficient value of -0.384, purchase transactions with related parties (X2) with a regression coefficient value of -0.003 and related loan transactions (X3) with a regression coefficient value of - 0.205. All of these independent variables have a negative value assuming all independent variables remain constant, for every 1 increase in X1, X2 and X3 will have an impact on decreasing the tax aggressiveness variable.

Table 5 above shows the results of the partial regression test (T-test) with a value of 0.906 for the purchase variable for special parties and a value of 0.0900 for the sales variable for special parties so that it can be concluded that there is no effect between variables X1 and X2 on tax aggressiveness as evidenced by the magnitude of the probability value is more than 0.05, which means that the value is much greater than the predetermined significance level. Therefore, hypotheses H1 and H2 were rejected. Loan transactions to special parties have a value of 0.0057, which means they have an effect on tax aggressiveness, as evidenced by the smaller probability value of 0.05. The test results indicate that the third hypothesis is that special relationship loan transactions have an effect on the tax aggressiveness received.

Based on table 5 above, the results of the coefficient of determination ($R^2$) above show that the R-Squared value is 0.315, which means that the effect of the independent variables on related transactions consisting of sales, purchases, loans on the dependent variable tax aggressiveness (ETR) is 31.5 %, This shows that the independent variables, namely related transactions have an influence of 31.5%, while the remaining 68.5% is explained by other independent variables such as managerial ownership, thin capitalization, company size, ROA, capital intensity, sales growth, leverage.

# DISCUSSION

**The effect of purchasing a special relationship on tax aggressiveness**

Based on testing the hypothesis on the variable selling transactions with special relationships, the results show a significance value of 0.900, greater than the probability value of 0.05. This shows that the size of the sale of related parties carried out by the company does not affect tax aggressiveness. This is because the Government has issued Regulation of the Director General of Taxes Number 32 of 2011 concerning the Application of the Fairness and Normal Business Principles, which requires companies (taxpayers) to use fair prices in conducting transactions between related parties and the tax authorities can also assess the fairness of transactions. That special relationship. In determining the right of a related party transaction, the tax authorities need internal and external comparative data to determine a fair market price.

The results of this study are in accordance with the results of research conducted by Zubaidah & Satyawan, (2018), (Lubis et al., 2022) and I. R. Hidayat & Damayanti, (2021)), which shows that there is no effect between sales transactions with special relations and tax avoidance. In contrast to the research results of Istiqomah & Trisnaningsih, (2022), Amalia, (2021) and Surjana, (2020) state that related sales transactions have a significant effect between related sales transactions and tax aggressiveness.

**The effect of Purchasing a special relationship on tax aggressiveness**

Based on the results of testing the hypothesis on the variable selling transactions with special relationships, the results showed a significance value of 0.906 which was greater than the probability value of 0.05. This shows that there is no significant effect between the purchase of special relations on tax aggressiveness. This is due to an imbalance in the amount of data between companies that do and those that do not make purchases with related parties.

This research has similarities with the results of research conducted by Setiawan & Sulistyono, (2017), Zubaidah & Satyawan, (2018), Herawati et al., (2022), which shows that purchasing transactions with special relationships do not affect tax aggressiveness. Meanwhile, the research by Anggraini et al., (2018), Jian & Wong, (2019) and Amidu et al., (2019) states that special relationship purchase transactions have a significant effect on tax aggressiveness.

**The effect of Loan a special relationship on tax aggressiveness**

Based on the results of testing the hypothesis on the variable selling transactions with special relationships, the results showed a significance value of 0.057 which is smaller than the probability value of 0.05. This shows that there is a significant influence between related parties' loan transactions on tax aggressiveness, which means that if there is an increase in loan transactions, the company's ETR value will be higher, and if there is a decrease in loan transactions, the company's ETR value will be even lower. Thus it can be concluded that the company's goal of practising related loan transactions is not to minimize the interest earned by the company, but rather to maximize the interest earned so that the costs earned by the company will be greater and the profit earned by the company will be smaller so that the tax burden imposed by the company is lower because the income earned by the company is reduced.

This research supports the results of research conducted by Zubaidah & Satyawan, (2018), Padmini, (2018), and Elizabet & Elaine, (2019) which show that special relationship loan transactions affect tax aggressiveness. However, it is contrary to the results of research by Herawati et al., (2022), Ramadhan et al., (2021) and Nurariza, (2019), which show that related loan transactions have no effect on ETR.

# CONCLUSION

1. Sales transactions with related parties have no effect on tax aggressiveness. This is due to government regulations that require companies that carry out related transactions to use fair prices and it is easier to find comparative data for goods originating from within the country, Thus companies do not use related sales transactions for tax aggressiveness purposes.
2. Purchase transactions with special relations have no effect on Tax Aggressiveness. This is due to an imbalance in the amount of data between companies that do and those that do not make purchases with related parties.
3. Related party loan transactions have an effect on tax aggressiveness. This is because the company's goal of practicing related relationship loan transactions is not to minimize the interest earned by the company, but to maximize the interest earned so that the costs earned by the company will be greater and the profit earned by the company will be smaller so that the tax burden imposed by the company is lower because the income earned by the company is reduced.

# SUGGESTION

**Practical Advice**

1. DJP needs to know how corporate taxpayers exploit loopholes in the applicable tax regulations. This can be done by looking at the potential for tax aggressiveness that corporate taxpayers can impose.
2. The government can conduct a review of tax regulations to close the gap between corporate tax aggressiveness.
3. Corporate taxpayers must always fulfil their tax obligations in accordance with applicable regulations. This is to avoid tax problems related to fines and criminal sanctions that can affect the company's sustainability.

**Theoretical Suggestions**

1. Future researchers should add other variables, such as thin capitalization, inventory intensity, liquidity, corporate social responsibility, etc. Or use other measurements when calculating variables to provide significant results on tax aggressiveness.
2. Future researchers are expected to use a more extended observation period and a broader sample to provide a greater possibility of getting real conditions and providing accurate results.

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