



IS TAX AVOIDANCE IN THE MINING INDUSTRY MODERATED BY COMPANY SIZE?

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Abstract. *The goal of this study is to ascertain if tax avoidance is impacted by capital intensity, leverage, and profitability which is moderated by firm size. Purposive sampling is used for the sample in this study, which focuses on mining companies that are listed on the IDX. The websites of the respective companies and IDX were used to get the data. The data were analyzed using MRA and multiple linear regression. The results demonstrate that while profitability and capital intensity have a significantly positive impact on tax avoidance, leverage has a negative impact. This study also demonstrates that firm size can moderate the impact of capital intensity and leverage, but it cannot moderate the impact of profitability.*

Keywords: *profitability, leverage, capital intensity, firm size, tax avoidance.*

INTRODUCTION

One of the largest sources of income is taxes. According to Law of the Republic of Indonesia No. 28 of 2007, Article 21, tax is a compulsory contribution to the state owed by an individual or organization that is compelling under the Law, without obtaining compensation directly, and used for the needs of the state for the greatest prosperity of the people. As a primary source of government income, tax participation is very important. It is useful for financing government activities and economic growth and aims to improve the well-being of society as a whole. Taxation is also a way society helps national progress. Therefore, taxes are an important component that must always change in Indonesia and be well managed.

The performance report of the Direktorat-General of Taxation shows achievements in tax receipts over five years; the highest tax achievement reached 114% in 2022, with a realization of Rp. 2.034,5 and a government target of Rp. 1 874,0.

Tax receipts face many challenges in practice, one of which is tax avoidance efforts. Tax avoidance is done to avoid unnecessary tax consequences without violating the applicable law (Handayani & Hermawan, 2021). Tax avoidance is influenced by various factors, one of which is profitability. Profitability shows how well a company can make a profit in a given period of time based on the level of sales, assets, and stock capital

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(Hery, 2020). The research by (Gabetua et al., 2020), (Amalia & Nurhayati, 2019), (Qibti & Amin, 2020) and (Rahmawati, 2021) demonstrates that profitability has a major impact on tax avoidance. Profitability couldn't effect tax avoidance, according to a study by (Pitaloka & Biduri, 2022), which revealed the contrary conclusion.

Leverage can affect tax avoidance in addition to profitability. Sartono (2015) stated that leverage indicates the amount of debt used for investment financing. Capital intensity is also an important factor. Leverage has no impact on tax avoidance strategies, according to his research (Yunita, 2021). However, in contrast to studies by (Ismiani & Mahpudin, 2020), (Suyanto, 2022), and (Prabowo & Sahlan, 2021). This is a capital ratio that shows how much capital the company has invested in fixed assets. (Sinaga & Suardhika, 2019). Fixed assets, which are shrinking every year, allow companies to reduce their tax burden (Prabowo & Sahlan, 2021). Capital intensity can have an impact on tax avoidance strategies, according to research from (Khamisan & Astusti, 2023), (Diana Sari, 2021), and (Gabetua et al., 2020). However, according to research from (Nur Amiah, 2021) da (Prabowo & Sahlan, 2021), capital intensity has little bearing on tax avoidance.

This study uses the size of the company as a moderating variable. The capacity of a company to carry out its economic activities is called the size of the company (Prabowo & Sahlan, 2021). (Nur Amiah, 2021) explains that scale or value can place a company into a large or small category in various ways. One way to determine the size of a company is by looking at the total assets it holds. As larger assets are expected to boost company productivity, large companies tend to draw attention from the government about the profits they earn as well as the fiscal authorities in terms of paying taxes (Prabowo & Sahlan, 2021).

An article from katadata.co.id shows that the PRAKARSA study found that as much as US\$62.4 billion in black coal funds came from export activities. Approximately US\$41.8 billion of this amount comes from the black money flows issued by Indonesia and US\$20.6 billion from the dark money streams entering Indonesia. Between 1989 and 2017, Indonesia lost a potential GDP of US\$1.2 billion, which indicates a black financial flow overseas of \$2.2 billion, or 25% of the total value of coal exports. Nevertheless, the dark financial potential derived from the export of coal commodities

could serve as a potential source of state receipts for national development projects. There is tax evasion in the cash flow of the coal mining industry. In addition, as a sign that the coal sector's taxation is having problems, For years, mining companies have been engaged in tax avoidance practices. In 2019, an article from news.ddtc.co.id stated that the government has long prioritized the mining industry, including coal. However, according to the Anti-Corruption Commission (CEC), the mining industry is vulnerable to corruption, including tax evasion. In addition, the CEC has recorded cases of underpayment of taxes in the mining sector of Rp 15.9 trillion annually. In 2017, there was a PNB (Non-Tax State Revenue) in the mining sector of Rp 25,5 trillion. This shows a decline in national income every year.

Assuming a US\$14.149 per U.S. dollar, Indonesia is expected to suffer losses of US\$4.86 billion per year, or roughly Rp. 68.7 trillion, according to the New York Tax Justice report. Tax evasion leads to losses. (Fatimah, 2020) Many in Indonesia, including mining companies, do tax avoidance. According to PricewaterhouseCoopers (PwC) Indonesia's latest book, *"Mine 2021: Great Expectations, Seizing Tomorrow,"* published in 2021 at www.economic.business.com only thirty percent of the forty major mining companies will implement tax reporting transparency by 2020. In addition, the mining sector's tax reporting is considered untransparent. According to Sacha Winzenried, Mining Advisor at PwC Indonesia, tax reporting openness is crucial because it allows mining companies to show how they contribute financially to society (Suwiknyo, 2021). One example of the mining company PT Adaro Energy Tbk's tax avoidance in 2019 was reported by CNBC Indonesia. PT Adaro Energy Tbk is suspected of tax evasion by diverting its opinions through its subsidiary in Singapore. According to research (Nuramalia et al., 2021), PT Multi Sarana Avindo (MSA) is an example of alleged tax avoidance; MSA is suspected of not paying VAT.

The researchers are motivated to learn more about tax avoidance methods in the mining industry. This is triggered by the many incidents of tax abolition in this sector. This survey is seen from the profitability, leverage, and capital intensity sides of a company, which are moderated by the size of the company. Based on this, the researchers considered studying "The impact of profitability, leverage, and capital intensity on tax avoidance on mining companies with firm size as a moderation variable."

LITERATURE REVIEW

Agency Theory

According to the agency theory (Jensen & Meckling, 1976), an agency is a relationship between one or more people (the chief) and another person (the agent) to perform several services, which includes the delegation of several decision-making authorities to agents (Prabowo et al., 2021). The study shows that there are differences in interest between owners and agents that can affect business performance. Corporate tax regulations are one example. As an agent, the manager wants to get great compensation with a high profit on his performance. On the other hand, as a principal, shareholders want to lower taxes with low profits (Nugraha & Mulyani, 2019). As a result, avoidance measures were taken to resolve the differences between the two concentrations.

Tax Avoidance

Tax avoidance is an attempt to reduce the tax burden without violating the law. This is achieved by exploiting weaknesses in tax laws or regulations intended to reduce the amount of tax to be paid. Thus, the amount of tax paid is not too large (Nurul Janatin & Pardi, 2022). In this study, tax avoidance can be calculated with ETR. The tax burden that will affect the accounting profit can be seen in the company's financial statements using the ETR, which can be calculated by dividing the income tax burdens by pre-tax profits (Mahdiana & Amin, 2020).

Profitability

Profitability is a ratio that shows how asset, debt, and liquidity management affect operating outcomes (Mardiana et al., 2019). This profitability can indicate the company's ability to control profits and how effective its management is (Setiyowati & Mardiana, 2022). This can be demonstrated by looking at how much money a company makes from sales and investment opinions. Competitiveness between companies will increase when a company has a high profitability ratio (Mufidah & Purnamasari, 2018). The researchers in this study use the return on assets (ROA) to measure the rate of profitability of a company. This is due to the fact that ROA can show how effectively a company manages assets, both from its own capital and from borrowed capital. Investors will see how effectively the company manages its assets (Mufidah & Purnamasari, 2018). If the total value of a company's assets (ROA) is higher, its net profit and profitability are also higher (Mufidah & Purnamasari, 2018). Companies with

a high profitability ratio may have the opportunity to do tax planning, which can reduce their tax burden (Schreiber, 2013).

Leverage

According to (Mardiana et al. 2019), a leverage or solvency ratio is a way to know how much a company relies on a creditor to finance its assets. The leverage level describes the company's financial risk because companies with a high leverage rate rely heavily on external loans to finance their assets, while companies with lower leverage rates are more likely to finance their assets with their own capital.

The higher the leverage ratio, the more money the company uses to pay off third-party debt and the greater the interest generated from that debt (Rahmawati, 2021). High interest rates can reduce the tax burden, so the higher the leverage ratio, the less profit the company earns. As a result, the tax payable by the company will be lower (Tunggal & Gabetua, 2020).

Capital Intensity

Investment activity in assets remains called capital intensity (Khamisan & Astuti, 2023). When a company invests in fixed assets, they can use a fixed-asset cost deduction as a deduction in the calculation of taxable income. The higher the cost of fixed asset cuts, the less tax the company has to pay. This may indicate that they are avoiding taxes (Monika & Noviari, 2021). In this study, the level of capital intensity is measured by comparing the amount of fixed assets with total assets. The term capital intensity refers to the ratio of funding provided by the company in the form of fixed assets and reserves (Pitaloka & Biduri, 2022).

Firm Size

According to Yuni & Setiawan (2019), company size is a scale that categorizes the size of a company based on various factors, such as sales volume, workforce amount, and total asset value. Due to the costs inherent in such resources, companies that are included on a large scale tend to have large resources in terms of tax management (Sriyono & Andesto, 2022).

Resources identifiable by a business that can be used to avoid taxes are called assets. (Utomo & Fitria, 2021). Small, medium, micro, and large enterprises are four categories of enterprises based on their size (Khamisan & Astuti, 2023). In this study, the natural

logarithm (Ln) of the total assets is used to measure the size of the company (Prabowo & Sahlan, 2021).

METHODS

This descriptive and verification research uses quantitative data. The data used in this study is derived from secondary data obtained from the IDX website and the respective companies. Mining companies listed on the Indonesian Stock Exchange (IDX) are the subject of this research. Purposive sampling is used in this study. Continued with data analysis using classical assumption tests, double linear regression analysis, and Moderated Regression Analyses (MRA). The following table shows the population and sample criteria of the study.

Table 1. Population and Sample Criteria

No.	Criteria	Total
1.	Mining companies registered in IDX	79
2.	Mining companies listed in 2020-2023 and without attaching financial statements for 2020-2023	(7)
3.	Mining companies with losses form 2020-2022	(38)
4.	Mining companies under special surveillance and suspended by IDX	(3)
Total Sample		31
Period of Observation		3
Total Sample of Research (31x3)		93

Source: Processed Research Data (2023)

Definition Operational Variable

Tax Avoidance

Tax avoidance serves as the study's dependent variable. Utilizing effective tax rate indicators (ETR), tax avoidance is quantified. The study's (Mahdiana & Amin, 2020) formulation of the tax avoidance measures is as follows:

$$\text{Effective Tax Rate (ETR)} = 1 - \frac{\text{Beban Pajak}}{\text{Laba Sebelum Pajak}}$$

Profitability

Profitability describes the management's ability to generate profits. Profitability is measured by ROA. (Mahdiana & Amin, 2020) The formula for calculating ROA is as follows:

$$\text{Return On Asset (ROA)} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Asset}} \times 100\%$$

Leverage

Leverage is a measure that measures the capacity of debt, both short-term and long-term, to finance a company's assets. Leverage is measured using the debt-to-equity ratio. The formula for calculating DER is as follows (Mahdiana & Amin, 2020):

$$\text{Debt to Equity Ratio} = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100\%$$

Capital Intensity

The capital intensity ratio is a ratio that shows how much capital a company invests in the form of fixed assets (Sinaga & Suardikha, 2019). (Nur Aminah, 2021) Capital intensity is measured by the fixed asset intensity indicator with the following formula:

$$\text{Capital Intensity} = \frac{\text{Total Aset Tetap}}{\text{Total Aset}}$$

Firm Size

A company's size is determined by how many assets it has and is divided into large and small sizes. The overall ownership of the company's assets is used to predict its size because it represents the highest amount when compared to other financial factors (Prapitasari & Safrida, 2019). (Prabowo and Sahlan, 2021) The total logarithm of assets is used in the following calculation to determine the size of the business:

$$\text{Ukuran Perusahaan} = \text{Ln} (\text{Total Aset})$$

RESULTS

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas	93	,00	,62	,1348	,15562
Leverage	93	-14,39	9,03	,8284	2,04646
Capital Intensity	93	,00	,98	,3413	,28787
Ukuran Perusahaan	93	12,85	28,85	20,3300	3,93137
Penghindaran Pajak	93	,20	1,00	,7601	,15947
Valid N (listwise)	93				

Descriptive Statistical Analysis

Source: Secondary data is processed with SPSS 25 (2023)

Classical Assumption Test

Normality Test

Table 4. Normality Test Result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		93
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,14654629
Most Extreme Differences	Absolute	,111
	Positive	,060
	Negative	-,111

Test Statistic	,111
Asymp. Sig. (2-tailed)	,060 ^c
Exact Sig. (2-tailed)	,185
Point Probability	,000

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

Source: Secondary data output with SPSS 25 (2023)

Based on table 4.4 above, it can be seen that the Kolmogrov-Smirnov (K-S) test on Asymp Sig. (2-tailed) gets a value of 0.06. This indicates that the residual data is normally distributed because the significance level of the value is above 0.05 or above 5%. From this test result table, it can be concluded that the regression model does not have data normality problems and the data is normally distributed.

Multicollinearity Test

Table 5. Multicollinearity Test Result

<i>Coefficients^a</i>		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Profitabilitas	,866	1,154
	Leverage	,994	1,006
	Capital Intensity	,871	1,148

Source: Secondary data output with SPSS 25 (2023)

Based on the multicollinearity test results shown in table 5, which show that both the moderating variable, company size, and the independent variables studied, profitability, leverage, and capital intensity, have tolerance values above 0.10 and VIF values below 10, it can be said that there is no multicollinearity between the independent variables in the study.

Autocorrelation Test

Table 6. Autocorrelation Test Result

<i>Runs Test</i>	
	Lag_Res1
Test Value ^a	,02
Cases < Test Value	46
Cases >= Test Value	46
Total Cases	92
Number of Runs	44
Z	-,629
Asymp. Sig. (2-tailed)	,529
Exact Sig. (2-tailed)	,601
Point Probability	,069

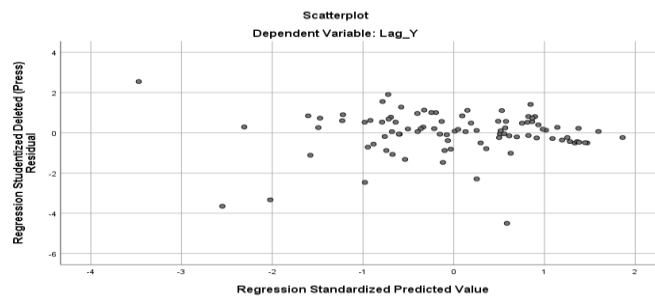
a. Median

Source: Secondary data output with SPSS 25 (2023)

Based on the test results from table 4.6, it displays the findings of testing autocorrelation using the run test with an Asymp Sig value. (2-tailed) of 0.529, indicating that this value is more than the significant value of 0.05 or more than 5%. According to these findings, the residual value does not exhibit autocorrelation.

Heteroskedasticity Test

Figure 1. Scatterplot Graph



Source: Secondary data output with SPSS 25 (2023)

According to the heteroscedasticity test findings shown in the scatterplot graph in the figure above, the image does not have a distinct pattern or structure. On the Y axis, the dots extended above and below the axis with the number 0. The research regression model, which is based on the independent variables of profitability, leverage, and capital intensity and is moderated by firm size, can therefore be used to predict tax evasion factors without experiencing heteroscedasticity.

Hypotesis Test

T Statistical Test

Table 7. Simultaneous Significance Test Result

Model		Unstandardized		Standardized		t	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	,691	,033			20,663	,000
	Profitabilitas	,236	,108	,231		2,184	,032
	Leverage	-,018	,008	-,225		-2,281	,025
	Capital Intensity	,153	,058	,276		2,618	,010

a. Dependent Variable: Tax Avoidance

Source: Secondary data output with SPSS 25 (2023)

Moderate Regression Analysis

Test Coefficient of Determination

Table 8. Moderate Regression Adjust R Square Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,555	,308	,259	,13795	1,406

^a

a. Predictors: (Constant), Capital Intensity with Firm Size, Leverage, Profitabilitas with Firm Size, Capital Intensity, Profitabilitas, Leverage with Firm Size

b. Dependent Variable: Tax Avoidance

Source: Secondary data output is processed with SPSS 25 (2023)

The table above shows that the Tax Avoidance variable can be explained by profitability, leverage, capital intensity, and company size of 0.259 or 25.9%. While the remaining 0.741 or 74.1% is explained by other factors not included in the regression analysis in this study.

Moderate Regression t Test

Table 9. Moderate Regression t Test Result

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	,702	,034		20,379	,000
Profitabilitas	-,236	,304	-,230	-,775	,441
Leverage	-,094	,025	-1,207	-3,705	,000
Capital Intensity	,539	,123	,972	4,376	,000

Profitabilitas	dengan	,038	,023	,481	1,673	,098
Ukuran Perusahaan						
Leverage	dengan	,005	,002	1,001	3,081	,003
Ukuran Perusahaan						
Capital Intensity	dengan	-,032	,009	-,771	-3,562	,001
Ukuran Perusahaan						

a. Dependent Variable: Tax Avoidance

Source: Secondary data output is processed with SPSS 25 (2023)

F Moderate Regression Test Result

Table 10. F Moderate Regression Test

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,720	6	,120	6,304	,000 ^b
Residual	1,618	85	,019		
Total	2,337	91			

a. Dependent Variable: Tax Avoidance

b. Predictors: (Constant), Capital Intensity with Firm Size , Leverage, Profitabilitas with Firm Size , Capital Intensity, Profitabilitas, Leverage with Firm Size

DISCUSSION

The Effect of Profitability on Tax Avoidance

The Hypothesis Test findings shown in Table 7 indicate that the profitability variable's significance rate is 0.032. According to this, the significance level is 0.05, or 5%. The study's findings likewise pointed in a favorable direction, with a standard beta coefficient of 0.231. These findings lead to the conclusion that H1 is valid, proving that

profitability significantly affects tax avoidance. This demonstrates that when profitability increases, the net profit realized by the business also increases. Because taxes must be paid on increased earnings, management in this situation frequently employs tax avoidance strategies to reduce the company's tax burden (Dirman & Frisky, 2022).

According to studies by Mahdiana & Muhammad (2020), Aulia & Endang (2020), Sari (2021), Frizky & Angela (2022), Adia & Ririn (2021), Astri & Elly (2023), Ivan & Vinola (2020), and Christili & Nazmel (2021), profits have a sizable positive impact on tax avoidance. High net profits are a sign of profitable businesses. Tax loads will rise in response to high net profits. Because of this, the agent will facilitate tax avoidance, in which an entity takes advantage of discrepancies in tax laws to pay as little in taxes as possible in order to limit the amount of taxes that must be paid (Christili & Nazmel, 2021).

The Effect of Leverage on Tax Avoidance

The degree of significance for the Leverage variable according to the Hypothesis Test results shown in Table 7 is 0.032. As a result, the significance value is 0.05, or 5%. With a standardized beta coefficient value of -0,225, the study's findings also pointed in a favorable direction. Based on these findings, H2 is accepted, indicating that Leverage significantly negatively impacts Tax Avoidance. The amount of money used to pay off third-party debt and the amount of interest accrued on that debt increase as the leverage ratio rises (Rahmawati, 2021).

Higher leverage ratios result in lower profits for the corporation because high interest rates can reduce tax liability. The corporation will pay less tax as a result. (Tunggal and Gabetua, 2020). This is consistent with studies done by Aprianto & Dwimulyani (2019) and Adia & Ririn (2021).

The Effect of Capital Intensity on Tax Avoidance

The Capital Intensity variable has a significance level of 0.010, according to the Hypothesis Test results shown in Table 7. This shows that the significance value is less than 0.05. With a standardized beta coefficient value of 0.276, the study's findings likewise pointed in a favorable direction. Based on the findings, H3 is approved,

indicating that Capital Intensity significantly affects Tax Avoidance. The corporation has the opportunity to reduce the amount of taxes that must be paid because of its increased size and greater intensity of capital and assets (Utomo & Fitria, 2020) Large fixed asset holdings by businesses will also result in lower tax payments overall (Saputra et al. 2020).

This is in line with studies conducted (Nisa & Dessy, 2022), (Gabetua, Dkk, 2020), (Irfan & Diana, 2021) and (Khamisan & Astuti, 2023) that stated that capital intensity affects tax avoidance. The size of the company means that it has large fixed assets, which can give the company a chance to minimize the tax burden to be paid. Because basically the fixed asset will undergo depression which will be a cost reduction in the company's financial statements. (Ayem & Setyadi, 2019). This means that the greater the cost of reduction, the lower the tax rate the company has to pay. Saputra et al. (2020).

The Effect of Profitability on Tax Avoidance with Firm Size as a Moderating Variable

The results of stage two hypothesis testing using moderated regression analysis (MRA) presented in table 9 show that the interaction between the profitability and firm size has a significance level of 0.098. This shows that the significance level is > 0.05 . So that the hypothesis that has been formulated in H4 is rejected. The results of this study state that company size cannot moderate the relationship between profitability and tax avoidance.

A company size minimizes the effect of profitability on tax avoidance because as the size of the company increases, the amount of profit earned also increases. The largest companies are dominantly involved with tax avoidance and a method that should be under the supervision and control of the tax authorities, and can increase the amount of tax paid by the company and can affect the company's profitability. Therefore, the larger the company, the lower the profitability of tax avoidance. With the results of the research that has been done, it is known that the fourth hypothesis is rejected. This is in line with research conducted by Frizky & Angela (2022), Yuniar & Sarwendah (2022), Adia & Ririn (2021), and Nurul (2022) which states that company size cannot moderate the relationship between profitability and tax avoidance.

The Effect of Leverage on Tax Avoidance with Firm Size as a Moderating Variable

Based on hypothesis testing using moderated regression analysis (MRA) presented in table 9 shows that the interaction between leverage and company size has a significance level of 0.000. This shows that the level of significance is smaller than 0.05. So that the hypothesis that has been formulated in H5 is accepted, which means that company size can moderate leverage on tax avoidance. To carry out their operational tasks and boost the company's output, large businesses typically require larger amounts of funding. In order to finance their assets, many businesses employ debt. Larger businesses typically find it easier to get money from foreign debts ((Dewi & Noviari, 2017). The amount of debt that a small business has is frequently correlated with its size because a larger business will typically prefer to fund using its operating resources (Saputra, et all, 2020). Higher leverage ratios result in lower profits for the corporation because high interest rates can reduce tax liability. The corporation will pay less tax as a result. (Tunggal and Gabetua, 2020)

In line with the research that has been conducted which shows the results that company size can moderate leverage on tax avoidance. This is in accordance with research conducted by Nurul (2022) which states that company size can moderate leverage on tax avoidance.

The Effect of Capital Intensity on Tax Avoidance with Firm Size as a Moderating Variable

Based on hypothesis testing using moderated regression analysis (MRA) presented in table 9 shows that the interaction between capital intensity and company size has a significance level of 0.003. This shows that the significance level is smaller than 0.05. So that the hypothesis that has been formulated in H6 is accepted, which means that company size can moderate capital intensity on tax avoidance.

The size of the company is large, hence the capital intensity is also asset and high, able to utilize the depreciation expense to reduce net income. So that a high proportion of fixed assets will affect tax avoidance by the company. The results of this study mean that the higher the capital intensity owned by the company, the higher the tax avoidance. Large capital intensity will cause high depreciation expense of fixed assets.

Management can utilize the fixed asset depreciation expense to reduce the company's tax burden. Managers can invest the company's capital in the form of fixed assets to utilize the depreciation expense as a tax expense deduction.

The size of the company is large, therefore the capital intensity is also asset and high, able to utilize the depreciation expense to reduce net income. So that a high proportion of fixed assets will affect tax avoidance by the company. The results of this study mean that the higher the capital intensity owned by the company, the higher the tax avoidance. Large capital intensity will cause high depreciation expense of fixed assets. Management can utilize the fixed asset depreciation expense to reduce the company's tax burden. Managers can invest the company's capital in the form of fixed assets to utilize the depreciation expense as a tax expense deduction. With research conducted with results stating that company size can moderate capital intensity on tax avoidance. This is in line with research conducted by Kairun & Andi (2023) which states that company size can moderate capital intensity on tax avoidance

CONCLUSION

According to the findings of the research mentioned above, regardless of the negative impact of leverage on tax avoidance, profitability, leverage, and capital intensity all affect tax avoidance. Leverage and capital intensity relationships can have an impact on tax avoidance tactics that are moderated by the size of the company, but profitability cannot be moderated by firm size. In other words, tax avoidance does not consider the profitability of the company. Large and small businesses with high profitability can participate in tax avoidance. Therefore, if a business generates significant profits, its tax burden will also be high, with the result that the business will likely try to minimize the fiscal burden imposed.

LIMITATION

According to scientific researchers, the application of sophisticated research methodologies leads to the development of more robust studies, as supported by many suggestions. Given that this study exclusively focuses on the mining sector in Indonesia, it is expected that researchers may replace the research subject or include additional independent variables, such as transfer pricing, sales growth, institutional ownership, audit quality, and other aspects that may affect tax avoidance. To facilitate comparison

with the parameters used in this study, it is recommended that future investigations use different proxies for each variable. In addition, to improve the precision and consistency of the research findings, it is suggested that future researchers expand the temporal scope of their study.

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