



**Dinamika Ekonomi: Jurnal Ekonomi dan
Pembangunan**

Vol. 13, No. 2, 2022, pp. 1-12

Journal homepage: https://bit.ly/dinamika_ekonomi

Factors Affecting The Effectiveness Of Corporate Tax Revenue

Jovita Gabriella Wastupranata¹

Bachelor Accounting in IBI Kwik Kian Gie, Jakarta IBII Institute, 14350 Jakarta, North Jakarta, Indonesia

Corresponding Author Email¹*: jovita.gading@gmail.com

<https://doi.org/10.18280/ijdpd.xxxxxx>

Received: 27/11/2022

Accepted: 05/12/2022

Keywords: *Effectiveness of Corporate Income Tax Revenue, Tax Avoidance, Tax Planning*

ABSTRACT

Income tax is a source of state revenue from the taxation sector. The company as tax subjects has contributed the most to state tax revenues. Tax is a burden that can reduce profits for companies, while for the government it is revenue that will be allocated for operational financing. The effectiveness of income tax receipts can be affected by various factors such as tax evasion and tax planning. The research objects used were 48 manufacturing companies from Indonesia Stock Exchange in 2017-2019. The data analysis method used is data pooling test, descriptive statistical test, classic assumption test, multiple linear regression, and hypothesis analysis in the form of F test, t test, and coefficient of determination. The conclusion is that tax avoidance has a negative effect on the effectiveness of the distribution of corporate income tax and tax planning has a negative effect on the effectiveness of corporate income tax.

1. INTRODUCTION

The effectiveness of corporate income tax receipts is a measurement of the results of a tax levy on the tax potential, assuming that all taxpayers pay their respective taxes and the taxes owed by comparing the realization with the potential, namely the ability to generate taxes. If tax revenue has reached 100% or more than the target, income tax revenue is declared effective (Talondong et al., 2018).

Based on articles that researchers found in Kompas (source: www.kompas.com), until December 31 2019, the realization of Income Tax (PPh) revenue has decreased. Sri Mulyani Indrawati as the Minister of Finance said that until the end of 2019 the realization of PPh revenues only grew by 1.43%. Compared to the same period in 2018, PPh revenue grew by 14.33%. Tax revenue for manufacturing companies' 2019 Income Tax (PPh) was recorded at 85.9 percent or IDR 711.2 trillion from the target set at IDR 828.3 trillion. Thus, the realization of tax revenue has not yet reached the target which of course will be closely related to the effectiveness of corporate income tax revenue.

Several previous studies stated that there are several factors that determine the level of effectiveness of corporate income tax revenue, one of which is tax planning. The initial stage in tax management is tax planning, namely by collecting and conducting research on tax regulations, with the aim of being able to select types of tax saving measures to be carried out as long as this is allowed by the provisions of the applicable laws and regulations (Pohan, 2019: 371). Therefore, tax planning is an attempt by the taxpayer to minimize the tax payable to save the amount of cash that must be spent. In addition, the implementation of tax planning in companies can also be used as a regulator of cash flow. This tax planning can also make it easier for company management to calculate estimated cash needed by the company so that the preparation of the cash budget becomes accurate.

Another condition that will affect the effectiveness of corporate income tax revenue, namely tax avoidance. Tax avoidance is an effort to minimize the tax burden that is often carried out by companies with the aim of reducing the tax that must be paid. Tax avoidance is carried out by taking advantage of loopholes in tax laws and not violating tax laws (Thian, 2021: 21). Thus, tax avoidance is legal as long as it does not violate tax laws.

However, the government does not want this tax avoidance to occur because it is considered to be detrimental to state revenues. In 2017, the manufacturing sector contributed 20.16% with a growth of 4.29%. Then, in 2018, the contribution of the manufacturing sector decreased by 19.86% with growth slowing slightly from the previous year of 4.27%. In 2019, the manufacturing sector was the largest contributor to tax revenues of 19.70% with a manufacturing industry growth of 3.8% (source: www.bps.go.id). However, the realization of income tax revenue for manufacturing companies was only 85.9 percent or IDR 711.2 trillion in 2019. Therefore, this figure still has not reached the expected target of IDR 828.3 trillion so that corporate income tax revenue for state can be said to be ineffective. Researchers are also motivated to see whether there are many manufacturing companies that carry out tax planning and tax avoidance. Manufacturing companies also dominate market share, so they are expected to contribute a large share to state revenues.

2. LITERATURE REVIEW

2.1. Agency Theory

Agency theory (Agency Theory) coined by Jensen and Meckling (1976) explains the analogy of a company, namely agency relationships or agency relationships will arise when one person or many people (principals) operate other people (agents). This theory is a legal cooperation contract between principals (shareholders) and agents (management). This agency theory focuses on the relationship formed between two opposing economic actors, namely agents (managers) and principals (shareholders). Conflicts of interest that arise between the two economic actors in related companies are called agency conflicts.

2.2 Attribution Theory

Attribution Theory or Attribution Theory was first put forward by Fritz Heider (1958). A person's behavior in determining the causes and motives of a person's behavior is influenced by two factors, namely internal factors (internal forces) and external (external forces). Internal factors (internal forces) are aspects that arise within the individual such as ability or effort, while external factors (external forces) are aspects that arise from outside the individual such as the behavior of individuals who are forced to do something due to a situation or condition.

2.3 Theory of Planned Behavior

The Theory of Planned Behavior put forward by Ajzen (1991) which is the development of Theory of Reasoned Action proposed by Fishbein and Ajzen in 1975. Theory of Planned Behavior explains about the theory that projects the judgment of a behavior as a result of behavior that can be considered and planned.

2.4 Tax Avoidance

Tax avoidance is one of the efforts to minimize the tax charged to taxpayers by exploring areas that are not covered by the realm of taxation which indicates the result of tax collection in a smaller amount. In fact, the country's potential to receive taxes should be properly maximized. This is supported by the results of Tikupadang's research (2020) showing that tax avoidance has a negative effect, the more tax avoidance practices are carried out by corporate tax subjects, the less effective corporate income tax revenue for the state will be.

H1: Tax avoidance has a negative effect on the effectiveness of corporate income tax revenue.

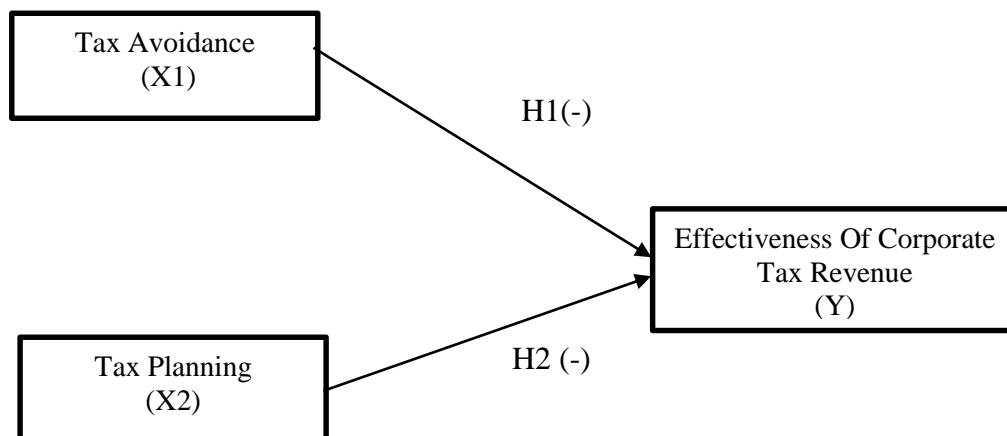
2.5 Tax Planning

The initial stage in tax management is tax planning. Tax planning is a legal action to make tax savings by reducing the amount of tax that must be paid by taxpayers without violating the provisions of tax regulations. This is supported by the results of research by Wahda et al. (2018) shows that tax planning has a negative effect, the higher the knowledge of tax management regarding current tax policies in Indonesia, the motivation of corporate management will increase to carry out tax planning.

H2: Tax planning has a negative effect on the effectiveness of corporate income tax revenue.

2.6 Theoretical Framework

The framework in this research is as follows:



Gambar 2.1 Theoretical Framework

3. METHODOLOGY

The objects of this research are manufacturing companies that have been listed on the Indonesia Stock Exchange during the 2017-2019 period and published on the website www.idx.co.id. The sample selection was carried out using a purposive sampling method with the criteria specified in this research sampling, namely:

1. Manufacturing companies listed on the Indonesia Stock Exchange during the 2017-2019 period.
2. Annual financial report period as of December 31 which has been audited consecutively during the 2017-2019 period.
3. Manufacturing companies that did not experience delisting during the 2017-2019 period.
4. Manufacturing companies that present financial reports in Rupiah.
5. Manufacturing companies that have no profit before negative income tax (loss) during the 2017-2019 period.
6. Manufacturing companies that present complete data for the 2017-2019 period. The number of samples used in this study were 48 companies with a three-year observation period of 144 samples.

3.1 Definition of Operational Variables

The definition of operational variables in this study can be seen in Table 1 as follows:

Table 1 Research Operational Variables

No.	Variable	Operational definition	Scale	Measurement
1	Effectiveness Of Corporate Tax Revenue	Effectiveness Of Corporate Tax Revenue proxied through effectiveness	Ratio	$\text{Efektivitas} = \frac{\text{Realisasi Penerimaan PPh Badan}}{\text{Target Penerimaan PPh Badan}} \times 100\%$
2	Tax Avoidance	Tax Avoidance proxied through CuETR	Ratio	$\text{CuETR} = \frac{\text{Current Tax Expense}}{\text{Pretax Income}}$
3	Tax Planning	Tax Planning proxied through ETR	Ratio	$\text{ETR} = \frac{\text{Tax Expense}}{\text{Pretax Income}}$

3.2 Data Analysis Technique

Descriptive Statistics

According to Ghozali (2018) statistics are a description or description of a data seen from the minimum value (min), maximum value (max), average value (mean), and standard deviation regarding the independent and dependent variables which are translated in statistical form.

Classical Assumption Test

According to Ghozali (2018) the classic assumption test is used to test whether the data collected by researchers is of good quality. If the data that has been collected meets all the classic assumption criteria, then the existing data is included in the good data category. The classic assumption test used in this study consists of a data normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Multiple Linear Regression Analysis

According to Ghozali (2018) the multiple linear regression method is a statistical method to test the effect of several independent variables on one dependent variable which aims to connect one dependent variable and several independent variables.

Hypothesis Test

Hypothesis testing was carried out to state the relationship between the dependent variable, namely the effectiveness of corporate income tax revenue proxied by the effectiveness of the variable tax avoidance and tax planning. Hypothesis testing will be carried out through the F test, t test, and R2.

4. RESULT AND DISCUSSION

4.1 Descriptive Statistics

Table 2

Descriptive Statistical Test Results

Variable	N	Minimum	Maximum	Mean	St. Deviation
CuETR	144	0	1	0,42	0,050
ETR	144	0	1	0,34	0,048
Effectivities	144	0,01	2,24	1,06	0,438
Valid N (listwise)	144				

Source: Results of SPSS Output Data

Referring to the descriptive statistical results contained in table 2, the following is an explanation of each variable:

1. CuETR

CuETR shows the lowest (minimum) value of 0. This figure indicates that it tends not to take tax avoidance actions. Furthermore, the highest (maximum) value is at 1. Of course, this states that it tends to take tax avoidance actions. The mean value is 0.42 with a standard deviation value of 0.050.

2. ETR

ETR shows the lowest value (minimum) at 0. Of course, this number indicates that it tends not to take tax planning actions. The highest (maximum) value is at 1. With this figure, it has been shown that it tends to take tax planning actions. Has a mean value of 0.34 with a standard deviation value of 0.048.

3. Effectiveness

Effectiveness shows the lowest (minimum) value at PT Semen Baturaja Tbk in 2019 of 0.01 or equal to 1%. In addition, the highest value (maximum) at PT Ricky Putra Globalindo Tbk in 2019 was 2.24 or 224%. The mean value is 1.06 with a standard deviation value of 0.438.

4.2 Normality Test

Table 3
Normality Test Results

Model	Sig.	Description
<i>Unstandardized Residual</i>	0,064	Normal

Source: Results of SPSS Output Data

Based on the normality test results in table 3, it shows that the Sig. value of 0.064 is greater than the significance level of 0.05 or 5%, so the conclusion is that the residual data is normally distributed.

4.3 Multicollinearity Test

Table 4
Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
CuETR	0,796	1,257
ETR	0,796	1,257

Source: Results of SPSS Output Data

Based on the multicollinearity test results in table 4, it shows that the independent variables in this study do not occur multicollinearity.

4.4 Autocorrelation Test

Table 5
Autocorrelation Test Results

Variable	n	DW	du	4-du
CuETR, ETR terhadap Efektivitas	144	2,188	1,7559	2,2441

Source: Results of SPSS Output Data

Based on table 5, the results of the autocorrelation test are entered into the formula obtained $du < d < 4-du = 1.7559 < 2.188 < 2.2441$. So the conclusion is that there is no autocorrelation.

4.5 Heteroscedasticity Test

Table 6
Heteroscedasticity Test Results

Variable	Sig.
CuETR	0,871
ETR	0,626

Source: Results of SPSS Output Data

Based on table 6, the results of the Heteroscedasticity Test show that CuETR and ETR are greater than the alpha value (0.05), so the conclusion is that there is no heteroscedasticity.

4.6 Multiple Regression Analysis

Table 7
Multiple Regression Analysis Test Results

Variable	B
(Constant)	1,210
CuETR	-0,392
ETR	-0,163

Source: Results of SPSS Output Data

The Multiple Regression Analysis Test results show that the regression equation model in table 7, namely:

$$\text{Effectiveness} = 1,210 - 0,392 \text{ CuETR} - 0,163 \text{ ETR}$$

4.7 F Statistical Test

Table 8
F Statistical Test Results

Variable	F _{Count}	F _{table}	Sig.
CuETR, ETR	15,856	3,060	0,000

Source: Results of SPSS Output Data

Based on table 8, the results of the F Statistical Test show that CuETR and ETR together have an effect on effectiveness.

4.8 Statistical test t

Table 9
Results of the t Statistical Test

Variabel	T _{Count}	T _{table}	Sig.
CuETR	-5,207	1,977	0,000
ETR	-2,036	1,977	0,044

Source: Results of SPSS Output Data

The t-test results can be interpreted as follows:

1. CuETR variable
Based on the resulting output, it shows that the CuETR variable has a negative and significant effect on effectiveness.
2. ETR variable
Based on the resulting output, it shows that the ETR variable has a negative and significant effect on effectiveness.

4.9 R² Test

Table 10
R2 Test Results

<i>Adjusted R Square</i>
0,172

Source: Results of SPSS Output Data

Based on table 10, it shows that the percentage contribution of the influence of CuETR and ETR is 17.2%, which means that the independent variables in this study are able to explain 17.2% of the variation in the dependent variable, namely the effectiveness of corporate income tax revenue (Y). While the remaining 82.8% is influenced or explained by other variables that are not included in this research model.

DISCUSSION

The Effect of Tax Avoidance on the Effectiveness of Corporate Income Tax Revenue

Based on the results of hypothesis testing on the tax avoidance variable, the regression coefficient value is -0.392, and the t-test value of 5.207 is greater than the t-table value of 1.977 and the significance value is smaller when compared to the level of significance level, which is $0.000 < 0.05$ so that H_a is accepted. So, the tax avoidance variable has a negative and significant effect on the effectiveness of corporate income tax revenue in manufacturing companies listed on the IDX for the 2017-2019 period.

The Effect of Tax Planning on the Effectiveness of Corporate Income Tax Revenue

Based on the results of testing the hypothesis, it is known that the tax planning variable has a regression coefficient value of -0.163, with a t-test value of 2.036 greater than the t-table value of 1.977 and a significance value smaller than the level of significance, which is $0.044 < 0.05$ so that H_a is accepted. This shows that the tax planning variable has a negative and significant effect on the effectiveness of corporate income tax revenue in manufacturing companies listed on the IDX for the 2017-2019 period.

5. CONCLUSIONS

5.1. Summary

Based on the results of the analysis conducted in the study, the conclusions drawn from the results of this study are as follows:

- 1) There is sufficient evidence that tax avoidance has a negative effect on the effectiveness of corporate income tax revenue.
- 2) There is sufficient evidence that tax planning has a negative effect on the effectiveness of corporate income tax revenue.

5.2. Suggestions

Based on the results of the research and discussion in the previous chapter, as well as conclusions, the following suggestions can be made:

1) For Further Researchers

Future researchers are expected to add independent variables that affect the effectiveness of corporate income tax revenue, such as: self assessment system, tax avoidance, and other variables.

2) For the Directorate General of Taxes

The Directorate General of Taxes is expected to obtain information about tax avoidance and tax planning in the manufacturing sector in order to increase the effectiveness of corporate income tax revenue.

3) For the Company

The company is expected to be an important input and consideration for companies in Indonesia, especially those engaged in the manufacturing sector, in planning taxes so as not to violate Indonesian laws and regulations.

REFERENCES

- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211. <http://doi.org/10.1.1.317.9673>
- Akbar, T. (2021). *Hukum Pajak & Perpajakan*. Malang: Literasi Nusantara Abadi.
- Andini, R., D.Andika, A., & Pranaditya, A. (2021). *Pengaruh GCG (Good Corporate Governance) Dan Profitabilitas*. Jawa Barat: Media Sains Indonesia.
- Arafat, Y., Sulaiman, Akim, I., & Fathurrahman. (2021). *Hukum Pajak*. Jakarta: Absolute Media.
- Badan Pusat Statistik. 2017. *Laju Pertumbuhan PDB Industri Manufaktur 2015-2017*. Jakarta: Badan Pusat Statistik.
- Badan Pusat Statistik. 2018. *Laju Pertumbuhan PDB Industri Manufaktur 2018-2020*. Jakarta: Badan Pusat Statistik.
- Badan Pusat Statistik. 2019. *Laju Pertumbuhan PDB Industri Manufaktur 2018-2020*. Jakarta: Badan Pusat Statistik.
- Cooper, D.R. dan Schindler, P.S. (2017), *Metode Penelitian Bisnis*, Edisi 12, Buku 2, Jakarta : Salemba Empat.
- Faradiza, S. A. (2019). Dampak Strategi Bisnis terhadap Penghindaran Pajak. *Journal of Applied Accounting and Taxation*, 4(1), 107–116. <https://doi.org/10.30871/jaat.v4i1.1199>
- Heider, Fritz. (1958). *The Psychology of Interpersonal Relations*. London: Lawrence Erlbaum Associates.
- Jamiah. (2019). Efektivitas Program Alokasi Dana Desa (ADD) Dalam Pemberdayaan Masyarakat Di Desa Liang Ulu Kecamatan Kota Bangun Kabupaten Kutai Kartanegara. *Jurnal Mahasiswa Ilmu Administrasi Publik (JMIAP)*. <https://doi.org/10.31293/pd.v1i1.4450>
- Jensen, M. C., dan Meckling, W. H (1976). Theory of the Firm:Managerial. Behaviour, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3(4), 305-360. [https://doi.org/http://dx.doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/http://dx.doi.org/10.1016/0304-405X(76)90026-X)
- Mardiasmo. (2018). *Akuntansi Sektor Publik*. Yogyakarta: ANDI.
- Pohan, C. A. (2019). *Pedoman Lengkap Pajak Internasional*. Jakarta: Gramedia Pustaka Utama.
- Sari, D. H. P., Heriansyah, K., & Masri, I. (2018). Analisis Efektivitas dan Kontribusi Penerimaan BPHTB dan PBB-P2 Terhadap Pendapatan Asli Daerah Kabupaten Bogor (Studi Kasus Pada Badan Pengelolaan Pendapatan Daerah Kabupaten Bogor). *Konferensi Ilmiah Akuntansi V. 1979–1998*. <https://doi.org/10.21009/wahana.13.026>
- Syakroni, M. (2019). Menguak Kepatuhan Wajib Pajak Dalam Pemungutan PPh Pasal 23 Atas Sewa Kendaraan. *Jurnal Akademi Akuntansi*, 2(2), 73–80. [https://doi.org/10.46821/bharanomics.v1i1.11](https://doi.org/10.22219/jaa.v2i2.10432Virdausya, S., Balafif, M., & Imamah, N. (2020). Dampak Eksternalitas Industri Tahu Terhadap Pendapatan Desa Tropodo Kecamatan Krian Kabupaten Sidoarjo. <i>Bharanomics</i>, Volume 1(1), 1–8. <a href=)
- Widyaningsih, T., & Ma'ruf, A. (2017). Eksternalitas Tempat Pengolahan Sampah Terpadu (Tpst) Piyungan Kabupaten Bantul Daerah Istimewa Yogyakarta. *Jurnal Ekonomi & Studi Pembangunan*, Volume 18(1). <https://doi.org/10.18196/jesp.18.1.4013>