TAX AGGRESSIVE ANALYSIS USING ETR APPROACH IN THE MINING SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2016-2019

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ABSTRACT

This study aims to analyze tax aggressiveness in mining sector companies listed on the Indonesia Stock Exchange (IDX) indicated to practice tax aggressiveness.

The type of research in this study is descriptive quantitative, collecting data used by literature studies and documentation of 20 financial statements of manufacturing companies for the 2016-2019 period.

The results of the study show that more than fifty percent of the mining companies that are the research sample have been proven to be tax aggressive.

Keywords: Tax Aggressiveness. ETR

Preliminary

Tax aggressiveness is an act of engineering taxable income designed through tax planning, both legal and illegal, although not all actions violate regulations, but take advantage of loopholes for greater savings so that companies are considered tax aggressive. (Frank et al., 2009).

Based on the 2016-2019 Directorate General of Taxes Performance Report, the percentage of tax revenue has not yet reached 100%, ranging from: 81, 61%, 89%, 92% and 84.4%. This shows that there are still companies that have not fulfilled their tax obligations. The company considers tax as a burden that can reduce revenue, so the company tries to do tax aggressiveness so that the corporate tax paid to the government is of small value.

Moreover, there are studies that show that tax revenues from the mining sector, especially coal, are still far from their true potential. A study conducted by Prakarsa in 2019 showed that in Indonesia's coal mining industry there are tax evasion measures.

The 2018 Corruption Eradication Commission (KPK) sees the mining sector as prone to corrupt practices, one of which is tax evasion. The KPK once recorded a shortage of mining tax payments in forest areas of IDR 15.9 trillion per year, even as of 2017, arrears of non-tax state revenues (PNBP) in the mineral and coal sector reached IDR 25.5 trillion.

Based on the research problems described above, the authors are interested in analyzing tax aggressiveness in mining sector companies using the ETR approach.

I. LITERATURE REVIEW

Several previous researchers have conducted research related to tax aggressiveness, including: Tiaras and Wijaya (2015); Purwanto (2016); Cahyadi and Salim (2020); Dewinta and Setiawan (2016); Hidayat and Fitria (2018); Dinar and Goddess (2020); Andhari and Sukartha (2017); Anita (2015) in Real estate and Property companies; Darmawan and Sukartha (2014) and Ayem and Setyadi (2019). The results of the study show that it varies, so researchers are interested in conducting research with a consistent theme, namely tax aggressiveness with the ETR approach.
Measurement of Tax Aggressiveness

Tax aggressiveness can be measured by several proxies. Tax aggressiveness in this study was measured using the Effective Tax Rate (ETR). Effective Tax Rate (ETR) is the percentage of the tax rate borne by the company. ETR is a comparison of the total tax burden paid by the company with total income before tax (Permana and Zulaikha, 2015). ETR is calculated or assessed from financial information based on financial statements produced by the company. This proxy is used to measure the impact of changes in tax policy on the company's tax burden.

According to Rist and Pizzica (2014: 54) “The effective tax rate explains the various rates at which a company's income is taxed as a result of different tax jurisdictions both domestically and internationally. Companies also employ strategies to minimize tax. To compute the effective (or average for the year) tax rate, total tax expense is divided by earning before tax”

The formula for calculating the effective tax rate according to Rist and Pizzica (2014: 54) is as follows:

\[
\text{Effective tax rate} = \frac{\text{Tax Expense}}{\text{Pretax Income}} \times 100\%
\]

The lower the value of the effective tax rate indicates the existence of tax aggressiveness in the company. On the other hand, the higher the ETR value indicates the lower tax aggressiveness in the company (Gimilang, 2017).

II. RESEARCH METHODOLOGY

This research is included in quantitative descriptive research, the object of research is the financial statements of 20 mining companies listed on the Indonesia Stock Exchange for the 2016-2019 period. Collecting data by conducting a study in the library, and documenting the financial statements of the selected companies as research samples. Calculation of tax aggressiveness using ETR proxy and data analysis using descriptive analysis.

III. RESEARCH RESULTS AND DISCUSSION

Research result

Statistically descriptive, the result is that the tax aggressiveness proxy with the ETR value shows the average value (mean) 0.386573, the median value is 0.322721, the maximum value is 1.552534, the minimum value is 0.032193, and the standard deviation value is 0.229489. The average value (mean) which is greater than the standard deviation value indicates that the distribution of the sample data is good. The skewness value of 2.355533 indicates that the data is distributed close to normal, the ideal value of skewness is when the data is normally distributed, namely when the skewness is 0. The kurtosis value of 10.83666 indicates that the data is distributed close to normal, the ideal kurtosis value is when the data is normally distributed, namely when the kurtosis is worth 3.

ETR Calculation Results

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<th>Nama Perusahaan</th>
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The meaning of the ETR value is as follows: the lower the value of the effective tax rate indicates the existence of tax aggressiveness in the company. On the other hand, the higher the ETR value indicates the lower tax aggressiveness in the company (Gimilang, 2017). Based on the results of the ETR calculation, the average value based on the results of statistical analysis calculations shows a value of 0.386573, this becomes a reference for assessing whether every year the company carries out tax aggressiveness.

IV. DISCUSSION

The meaning of the ETR value is as follows: the lower the value of the effective tax rate indicates the existence of tax aggressiveness in the company. On the other hand, the higher the ETR value indicates the lower tax aggressiveness in the company (Gimilang, 2017). Based on the results of the ETR calculation, the average value based on the results of statistical analysis calculations shows a value of 0.386573, this becomes a reference for assessing whether every year the company carries out tax aggressiveness.
From the table, it can be seen that in 2016, of the 20 companies that carried out tax aggressiveness, there were 10 companies or in other words, there were 50% of additional companies in 2016 that had carried out tax aggressiveness. In 2017 there were 13 companies that had carried out tax aggressiveness or 65%. In 2018 there were 14 companies that carried out tax aggressiveness or 70%. And in 2019 the number of companies carrying out tax aggressiveness was 13 companies or 65%. This data shows that it is proven that most mining companies carry out taxable income engineering actions designed through legal or illegal tax planning actions.

Twenty of mining companies, during the research year there were 6 companies, always carrying out tax aggressiveness, there were 4 companies carrying out tax aggressiveness for 3 years, there were 5 companies that carried out tax aggressiveness twice, and there were 5 companies that only carried out tax aggressiveness once and there was one company who have never done tax aggressiveness.

V. CONCLUSIONS AND SUGGESTIONS

Conclusion

Thus, it can be said that during the research year, more than 50% of companies carried out tax aggressiveness. This supports the information that in mining companies, state financial revenues have decreased, one of the reasons is because most of these mining companies have been proven to be tax aggressive.

Suggestion

For manufacturing companies, understand again what the tax benefits are for countries in development. If you want this country to quickly change from a developing country to a developed country, let's support the government by paying taxes that match the actual financial condition.

REFERENCES


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