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The Effect of Return on Assets and Debt to Equity Ratio on Tax Aggressivity: Total Asset as Moderating Variable

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Abstract

This study aims to determine the effect of return on assets (ROA) and debt to equity ratio (DER) on tax aggressiveness with total asset as moderating in manufacturing companies Listed on the indonesia stock exchange (IDX) in 2019 - 2021. This research is a quantitative research type and the sample was based on the purposive sampling method with a total sample of 174. methode analysis used is linear regression analysis. The results partial test results with the t-test showed that ROA had a negative effect on tax aggressiveness, and DER had a positive effect on tax aggressiveness. total asset strengthens the effect of ROA on tax aggressiveness but total asset weaken the effect of DER on tax aggressiveness.

Keywords : Return On Assets, Debt to Equity Ratio, Company Size, Tax Aggressiveness

INTRODUCTION

According to the Law of the Republic of Indonesia No. 12 of 2014, state income has the meaning that all the rights of the central government are recognized as value enhancers for the net worth of a state, can be sourced from Taxes, Non-Tax State Income (PNBP), and Grant Income. Tax according to Law no. 28 of 2007 is a mandatory contribution to the state that must be paid by an individual or entity that according to the law does not have to be compensated directly and used for the needs of the state for the greater welfare of the people. There are 2 tax functions, first as a budgeter or source of funds for the government for state and local household expenses. Second, as a regularend, namely to regulate and implement government policies in the context of the social and economic sphere to achieve certain goals outside the official financial field.

Saka & Istighfa (2021) said taxes are a source of income for thestate. For companies, taxes are a burden that can reduce the company's net profit. Thus encouraging companies to minimize their tax burden, onefeasible method is through tax planning or tax aggressiveness.

Tax aggressiveness is the behavior of companies in reducing their tax burden through tax avoidance schemes or through tax evasion. Tax aggressiveness can also be said to be an act by engineering taxable income by using tax planning (Tax Planning) which is classified legally with tax avoidance (Tax Avoidance) or illegal with tax evasion (Tax Evasion) (Muliasari

& Hidayat, 2020; Riswandari & Bagaskara, 2020) . Eventhough not all tax aggressions actually violate regulations, but if more and more companies take advantage of these loopholes for tax aggression, then companies are considered more aggressive (Sejati & Prasetianingrum, 2019).

Some companies that have done tax aggressiveness occur in multinational companies such as Google Indonesia. Google is considered to be evading taxes because it is not yet a permanent operating burden (BUT). The company only operates as a representative office and not as a permanent business entity, so Google Indonesia has never been deducted from VAT or income tax. Another company that also does pahak avoidance is the British American Tobacco (BAT) tobacco company which was reported by the Tax Justice Network for committing its tax evasion through PT Bentoel Internasional Investama. Then another case of tax aggressiveness has also been carried out by a subsidiary of Astra International Tbk, namely PT. Toyota Motor Manufacturing Indonesia. The director general of the tax department proved that the company had taken advantage of transactions between affiliated companies to other countries that implemented tax *havens* to avoid paying their taxes.

Research on tax aggressiveness has been widely carried out. Financial ratios are variables that have a lot of influence on tax aggressiveness. As the research conducted (Dinar et al., 2020 ; Yauris & Agoes, 2019 ; Savitri & Rahmawati, 2017 ; Leksono et al., 2019) said that the profit ratio measured through return on assets (ROA) affects tax aggressiveness. Companies that have the ability to make profits are directly affected by the company's effective rate of paying taxes. The higher the ROA, the higher the tax burden borne by the company. This is also reinforced by research (Darmawan & Sukartha, 2014; Derashid & Zhang, 2003 ; Maharani & Suardana, 2014) which says the higher the company's ability to make a profit from its assets , the company tends to pay less tax so that the effective tax rate becomes lower.

Another financial ratio that is still widely studied but also still debated is the Debt to equity ratio (DER). Research results (Dinar et al., 2020 ; Sidik & Suhono, 2020 ; Savitri & Rahmawati, 2017 ; Yuliana & Wahyudi, 2018) said companies that have debts tend to incur interest expense that must be paid. Interest expense can reduce taxable income and will have an impact on reducing the tax burden. But it is different from the results of the study (Riswandari & Bagaskara, 2020 ; Rahayu & Aeni, 2017) , mentioning that companies that have a level of debt tend to be supervised by lenders (creditors) so that the company tends to comply and obey the awareness of his tax obligations.

The effect of the financial ratio on the company's actions to tax aggressiveness is certainly inseparable from the size of the company. Maulana, (2020) said that the size of the company can be measured through the number of assets owned by the company. Companies that have large total assets can have a strong influence between the company's financial ratio to tax aggressiveness. Companies with large assets, the resources owned by the company are also high so that management tends to be more aggressive compared to companies that have small assets , Faizah (2022). This research uses the object of manufacturing companies because the sector contributes greatly to national economic growth, especially tax revenues.

Based on this background, research questions arise, namely, whether the financial ratio of ROA and DER affects tax aggressiveness and whether the size of the company can moderate the relationship financial ratio of ROA and DER to tax aggressiveness?

THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

In the agency teori by Jensen & Meckling, (1976) describes the relationship between management (*agent)* as the managing party of the company and shareholders *(principle),* where both are bound by a cooperation contract. Shareholders can also as information reviewers and decision-making is taken by agentst. According to (Adityamurti & Ghozali, 2017) information review has the responsibility to choose an information system, so that it must have a variety of choices so that policy makers can make decisions that are best for the interests of the owner.

Based on this, agency theory has a relationship with tax aggressiveness actions carried out by companies. Where the situation is caused by differences in interests caused by information asymmetry between principal and agent. Based on agency theory, company resources can be used by *agents* to maximize agent compensation, namely by reducing the company's tax burden to maximize company performance, Tarmidi et al., (2020).

Tax Aggressiveness

Tax aggressiveness is an action that aims to reduce the corporate tax burden legally and illegally to reduce the tax burden so that the profit obtained is optimal, (Sejati & Prasetianingrum, 2019; Susanto et al., 2018 ; Maulana, 2020). Prasista & Setiawan, (2016) said that the aggressiveness of taxes carried out by companies is divided into 2 parts, including:

1. *Tax avoidance* is an effort by corporate actions to save the amount of tax that must be paid through the act of exploiting loopholes in laws and regulations. This is considered legal because there is no violation of applicable regulations.
2. *Tax evasion* is an act of tax evasion that does not report the amount of tax or does not report its taxes in accordance with the actual value of income. This is considered illegal in its implementation.

Tax avoidance is a resistance to taxes resulting in a reduction in state treasury revenues. *Tax avoidance* is the avoidance of tax payments made by taxpayers legally by reducing the amount of tax owed without violating taxation or by looking for regulatory weaknesses (Halimi & Waluyo, 2019).

Rahmi et al., (2019) said the statutory tax rate is the tax rate set in 2010 with the income tax law article 17 paragraph 2a which means that it is the lowest at 25% and if a company has an ETR value below 0.25 or 25% then it shows that the company is doing tax avoidance. This is due to the effective corporate income tax rate of 25 percent.

According to (Frank et al., 2009) Tax aggressiveness can be measured in various ways, namely by: Effective Tax Rate (ETR), *Book* Tax Difference (BTD), *Residual Tax Difference* (RTC), and *Cash Effective Tax Rate* (CETR).

In this study, tax aggressiveness was measured using the *Effective Tax Rate* (ETR) with the aim of determining the tax burden paid in the current year, in which there is a current tax burden and a deferred tax burden. In using ETR proxies in measuring tax aggressiveness, it is hoped that it can provide a comprehensive picture of changes in the tax burden. Companies with an ETR value between 0-1 can simplify calculations. With the existence of an ETR proxy, it becomes an indicator of tax aggressiveness if it has an ETR that is close to zero. The lower the ETR value (close to 0), the higher the value of tax aggressiveness, therefore with a low

ETR, it is an indicator that there is an aggressive tax aggressiveness action (Sejati & Prasetianingrum, 2019).

Return on Asset (ROA) to tax aggressiveness.

ROA is a ratio that describes the profitability of a company, especially if it is high in profitability, the higher the profit generated by the company. ROA is also a ratio used to see how much the rate of return on assets owned by the company, (Haryati & Ayem, 2014 ; Sidik & Suhono, 2020) . According to Prasista & Setiawan, (2016) because ROA describes the company's ability to make a profit, it can have an influence on tax aggressiveness. A high ROA is then accompanied by a high tax burden. The greater the profit, the greater the corporate tax burden, so that it can affect the emergence of tax aggressiveness actions because it decreases the value of the company's ETR. Then it can be concluded that:

H1: ROA has a significant negative effect on tax aggressiveness

Debt to Equity Ratio (DER) to tax aggressiveness

According to Maryani, (2021) DER is a ratio that describes the comparison between debt and equity in a company's finances and shows the company's equity ability to meet all obligations. The DER ratio is also used to measure a company's ability to cover all or allof its long-term and short-term debt with its own equity, Haryati & Ayem, (2014). The relationship of DER to tax aggressiveness occurs because companies that have debts tend to cause interest expenses that must be paid. Interest expense can reduce taxable income and will have an impact on reducing tax burden, so the size of DER affects tax aggressiveness (Rahayu & Aeni, 2017).

Based on agency theory, the DER ratio can be used to evaluate an agent's ability to manage a company's debt. So that DER can affect tax aggressiveness, (Savitri & Rahmawati, 2017). Then it can be concluded that:

H2 : DER has a significant positive effect on tax aggressiveness

The Company's Size Moderation of Firm Performance to Tax Aggressiveness

According to Yauris & Agoes, (2019) company size is an important part because it is a measurement that is grouped according to the size of the company along with all kinds of activities and income of a company, one of which can be measured through the number of company assets. The size of the company can directly indicate the high and low operational activity of the company as well as the size of the company can affect the income tax to be paid. The larger the company, the greater the company's operational activities and the company's ability to maintain its economic activity is also higher. Thus (Nugraha, 2015 ; Leksono et al., 2019) Summing up large assets tend to have large resources as well to carry out tax avoidance actions. Large companies have good resources compared to small-scale companies in managing their tax burdens. So in this case, the size of the company can strengthen the influence of ROA on tax aggressiveness (Faizah, 2022). In addition , large-scale companies have more resources than small-scale companies , because large companies use more debt to raise funds. So that the size of the company can strengthen the influence of DER on tax aggressiveness (Ramdhania & Kinasih, 2021). Then it can be concluded that:

H3 : Total Assets moderates the effect of ROA to tax aggressiveness.

H4 : Total Asset moderates the effect of DER to tax aggressiveness

RESEARCH METHODS

Types of Research and data collection

This research uses a quantitative approach by using data analysis methods and data conclusions measured by measurements, calculations, formulas, numerical data as well as statistical, computational and mathematics. This research uses secondary data in the form of company financial statements obtained from the Indonesia Stock Exchange (IDX) and company websites.

Population and Sample

The population of this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019 - 2021. The sample method used is the purposive sampling method, which is a sample based on the conformity of characteristics with the sample criteria in order to obtain a representative sample, (Rahayu & Aeni, 2017). Based on the specified criteria, 62 sample companies were obtained and multiplied by the number of observation years of 3 years, 186 data were obtained.

Research Variables

Variables in this study using 4 variables consisting of 2 independent variables, 1 moderating variable and 1 dependent variable. Independent variables are Return on asset (ROA) and Debt to Equity Ratio (DER). The moderating variable is the total assets, and the dependent variable is the tax aggressiveness measured by tax avoidance.

Table 1. Operationalization of Variables

No	Variable	Measurement	Scale
1	Tax Aggressiveness	$ETR = \frac{Income\ Tax\ Expense}{earning\ before\ tax}$	Ratio
2	Profitability	$ROA = \frac{Earning\ after\ tax}{Total\ Assets}$	Ratio
3	Leverage	$DER = \frac{Total\ Liabilities}{Total\ Equity}$	Ratio
4	Total Asset	$SIZE = Ln_Total\ Assets$	Ratio

Metode analysis

To test the hypothesis, the study established a regression analysis using SPSS.26 software.

$$ETR = a + \beta 1\ ROA + \beta 2\ DER + \beta 3\ ROA*TA + \beta 4\ DER*TA + e$$

RESULTS AND DISCUSSION

Descriptive Test Results

Based on testing with SPSS 22, descriptive statistical output is obtained which can be seen in table 2 as follows :

Table 2 : Descriptive Statistical Test Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ROA_X1	186	0.0004	0.4163	0.0836	0.0698
DER_X2	186	0.0034	3.8247	0.6580	0.5806
SIZE_Z	186	12.7314	30.8762	22.8540	5.5557
ETR_Y	186	0.0017	0.9368	0.252870	0.1092

The results of the descriptive test show that the average ROA in manufacturing companies is 8.36, meaning that the company's ability to generate profits from the company's total assets is 8.36 %. Meanwhile, the average DER value in manufacturing companies is 65.80, which means that of all the company's total equity owned, the equity debt value is 65.8 %. Then the total asset value of the manufacturing company is owned by Pt. Kalbe in 2021, this is an increase because during the pandemic, medicines and medical device companies have experienced a sharp increase . Meanwhile, the tax avoidance value in manufacturing companies has an average value of 25.28, which means that almost all companies in manufacturing companies have paid their taxes in accordance with regulations however, not a few companies still have an ETR value below 25 or close to 0, which means tax avoidance measures occur.

Test classical assumptions

Normality Test Results

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		175
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.18767926
Most Extreme Differences	Absolute	.063
	Positive	.063
	Negative	-.059
Test Statistic		.063
Asymp. Sig. (2-tailed)		.084[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

This study tested normality using the one simple K-S test where after discarding 11 outlier data, an Asymp value can be obtained. Sig. (2-tailed) of 0.084. So it can be concluded that the residual data is normally distributed because it is 0.084 > 0.05. Therefore, the assumption of normality is met.

Multicholinearity Test Results

Table 4. Multicholinearity Test Results

Coefficients[a]		
	Collinearity Statistics	
Model	Tolerance	BRIGHT

1	(Constant)		
	ROA_X1	0.299	3.342
	THER_X2	0.224	4.466
	ROA*TA_Mfrom 1	0.295	3.388
	DER*SIZE_M od 2	0.218	4.594

a. Dependent Variable: ETR_Y

Based on the table above, *tolerance* values for variable ROA of 0.299 , DER of 0.224 , ROA*SIZE of 0.295 , and DER*SIZE of 0.218 were obtained. The *tolerance* value of the variable is greater than 0.10. While the VIF value in the variable ROA is 3.342, DER 4.466, ROA*SIZE 3.388 and DER*SIZE 4.594. The VIF value on the variable < 10.00 So it can be concluded that in this study there were no symptoms of multicholinearity.

Heteroskedasticity Test

Table 5. White Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.210[a]	.044	.016	.05391	1.979

a. Predictors: (Constant), X2_X3, X3_KUADRAT, X1_X3, X1_KUADRAT, X2_KUADRAT

b. Dependent Variable: U2T

Based on the table above, the value of R Square is 0.044 with Chi Square Calculate: N*R Square = (175*0.044 = 7.7). And Chi square table of 7.8147 with Df = 3 and constant (α) = 0.05 then in this case shows the result of Chi Square Calculate < Chi Square table (7.7 < 7.8147) which can be concluded that there are no symptoms of Heterochedasticity.

Autocholeration Test

Table 6. Autocholeration Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.735[a]	.541	.530	.18987	1.796

a. Predictors: (Constant), DER*SIZE (mod 2), ROA*SIZE (mod 1), ROA, DER

b. Dependent Variable: ETR

Based on the table above, a DW value of 1.796 was obtained. Using a significance value of 5% and the number of samples as many as 175 (n) and variable independent (k) as many as 3 (k = 3), then in the Durbin-Watson table a dL value of 1.7180 and dU of 1.7877 was obtained. because DW is greater than dU (1.796 > 1.7877) and less than 4-dU (4-1.7877) = 2.2123. Then DU < DW < 4-DU (1.7877 < 1.796 < 2.2123) then in which case Ho is accepted no autocollaboration occurs and the regression model is worth using.

Coefficient of Determination Test (R2)

Table 7. Coefficient of Determination Test Results (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735[a]	.541	.530	.18987

a. Predictors: (Constant), DER*SIZE (mod 2), ROA*SIZE (mod 1), ROA, DER

b. Dependent Variable: ETR

Based on the results of the table above, the value of *R Square* (R2) was obtained by 0.541 or 54.1%. This shows that 54.1% of the tax aggressiveness variable can be explained by ROA, DER, ROA*SIZE and DER*SIZE. While the remaining 45.9% (100% - 54.1%) is influenced by other variables described by other variables outside of these variables.

Statistical Test F

Table 8. Silmutant Signification Test Results (F Test)

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Itself.
1	Regression	7.211	4	1.803	50.005	.000[b]
	Residual	6.129	170	.036		
	Total	13.340	174			

a. Dependent Variable: ETR

b. Predictors: (Constant), DER*SIZE (mod 2), ROA*SIZE (mod 1), ROA, DER

Based on the results of the table above, a calculated F value of 50.005 and a significance value of 0.000 were obtained. The value of F table is (F table = F (k:n-k) = F (3:175-3) = 2.66. From these results can be seen F calculate > F table = (50.005 > 2.66). And the sig value of 0.000 < 0.05 can be concluded that all independent variables simultaneously have a significant influence on tax avoidance.

Statistical Test t

Table 9. Partial Significance Test Results (t-test)

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Itself.
1	(Constant)	-2.262	.105		-21.469	.000
	ROA	-.305	.027	-1.094	-11.510	.000
	THE	.134	.037	.397	3.609	.000
	ROA*SIZE (mod 1)	.112	.020	.547	5.719	.000
	DER*SIZE (v. 2)	-.006	.003	-.234	-2.099	.037

a. Dependent Variable: ETR

1. ROA obtains t count of -11.510 and t table = t (α/2; n-k-1) = t (0.05/2; 175-3-1) then t (0.025; 171) = 1.97393 and sig value X1 (ROA) of 0.000 < 0.05 then, it can be concluded

that H1 which states "ROA bsignificant negative effect terhadap Tax Aggressiveness" **is accepted.**

2. DER obtains t count by 3.609 and t table = t (α/2; n-k-1) = t (0.05/2; 175-3-1) then t (0.025; 171) = 1.97393 and sig value X2 (DER) of 0.000 < 0.05 then, it can be concluded that H2 stating "DER Has a significant positive effect on Tax Aggressiveness" **is accepted.**
3. The interaction of Company Size with ROA obtains t count of 5.719 and t table = t (α/2; n-k-1) = t (0.05/2; 175-3-1) then t (0.025; 171) = 1.97393 and a sig value of 0.000 < 0.05 then, it can be concluded that H3 stating "Company Size moderates the effect of ROA on Tax Aggressiveness" **is accepted.**
4. The interaction of Company Size with DER obtains t count of -2.099 and t table = t (α/2; n-k-1) = t (0.05/2; 175-3-1) then t (0.025; 171) = 1.97393 and a sig value of 0.037 < 0.05 then, it can be concluded that H4 stating "Company Size moderates the effect of DER on Tax Aggressiveness" **is accepted.**

Multiple Linear Regression Analysis

ETR = -2,262 - 0,305 ROA + 0,134 DER + 0,112 ROA*UP - 0,006 DER*UP

Konstanta (a)

A constant value (α) of -2.262 states that if the independent variables namely ROA, DER, ROA*UP, and DER*UP the value is 0 then, the ETR value is -2.262.

Regression Coefficient Value (β)

1. The value of the *Return on Asset* (ROA) variable regression coefficient of -0.305 can be interpreted to mean that ROA has a negative coefficient against the ETR value. If there is a 1% increase in variable ROA, it will reduce the ETR value by 0.305.
2. The value of the *Debt To Equity Ratio* (DER) variable regression coefficient of 0.134 can be interpreted to mean that DER has a positive coefficient against the ETR value. If there is a 1% increase in variable DER, it will increase the ETR value by 0.134.
3. The coefficient value of the moderation variable regression 1 (ROA*SIZE) is 0.112. So if there is a 1% increase in variable moderation of total assets, it will increase the effect of ROA on ETR by 0.112.
4. The coefficient value of the moderation variable regression 2 (DER*SIZE) is -0.006. If there is a 1% increase in variable moderation of total assets, it will reduce the effect of DER on ETR by 0.006.

Discussion

1. **The Effect of *Return On Assets* (ROA) to tax aggressiveness**

Based on the results of hypothesis testing, it shows that ROA has a significant negative effect on tax aggressiveness. In accordance with the income tax law article 17 paragraph 2a where the effective corporate income tax rate is 25%. So the results showed that the lower the ROA value, the higher the ETR value. The higher the ETR value or exceeding the corporate income tax rate of 25% then indicates that the company pays taxes according to the specified rate. Vice versa, a higher ROA will reduce the value of ETR or if a company has an ETR value below 0.25 or 25%, it shows that the company is doing tax avoidance or tax aggressiveness.

The results of this study are in line with the research (Darmawan & Sukartha, 2014; Maharani & Suardana, 2014 ; Leksono et al., 2019) who mentioned ROA negatively affects tax aggressiveness. The more efficient the company, the company pays less tax so that the effective tax rate becomes lower.

2. The Effect of *Debt To Equity Ratio* (DER) to tax aggressiveness

Based on the results of hypothesis testing, it shows DER has a positive effect on tax aggressiveness. Companies that have an ETR value below 0.25 or 25% indicate that the company is doing tax avoidance or tax aggressiveness and vice versa. The results showed that the higher the value of DER, the higher the ETR value , which means that companies tend to comply with paying taxes according to the specified rate. This can be because the company is able to take advantage of its equity debt. Companies with high debts will be supervised and prudent in acting so that the company will comply with its tax obligations. Vice versa, the value of DER which is increasingly deteriorating will reduce the value of its ETR , so the company tends to do tax avoidance or tax aggressiveness.

The results of this study are in line with the research conducted by (Dinar et al., 2020 ; Sidik & Suhono, 2020 ; Savitri & Rahmawati, 2017) DER has a positive effect on tax aggressiveness. Corporate debt has fixed costs in the form of interest, and interest is included as an expense that can reduce taxable income so that the use of debt will have a positive relationship with corporate tax avoidance.

3. Total assets moderating ROA to tax aggressiveness

Based on the results of hypothesis testing, this study shows that Company size moderates the influence of ROA on tax aggressiveness. A positive direction indicates that a company that has large assets will increase or strengthen the influence of ROA on the value of ETR. The higher the assets owned by the company, the more the company is considered capable of paying taxes in accordance with the specified rate.

The results of this study are in line with the research conducted by (Putra & Jati, 2018); (Faizah, 2022) Large companies will tend to be able to make a profit and be more stable in the management of their corporate organizations and have good resources in managing their tax burdens. The high profit profit earned by the company causes its tax liability to increase so that the company's tendency to carry out tax avoidance practices. Unlike small-scale companies, with inadequate human resources (HR) in taking advantage of tax weaknesses with the aim of avoiding high income tax obligations that must be borne by a company. So in this case, the size of the company strengthens the influence of ROA on tax avoidance .

4. Total assets moderating DER to tax aggressiveness

Based on the results of hypothesis testing, this study shows that the company's moderation of the influence of DER on tax aggressiveness. A negative direction indicates that companies that have large assets will reduce or weaken the influence of DER on the value of ETR. Companies with high debt will be supervised by lenders, so companies that have large assets will seek to reduce the influence of debt on tax avoidance measures.

The results of this study are in line with the research conducted by (Faizah, 2022) if the DER level in a company is high, it means that the company has a very large debt compared to the capital owned by the company and with the presence of large company debts it will affect the company's interest expense. So that companies that have high assets will reduce the influence of DER on tax avoidance or tax aggressiveness.

CONCLUSION

1. ROA negatively affects tax aggressiveness. That is, the lower the ROA value, the higher the ETR value will be in the company which means it shows the company does not avoid taxes.
2. DER has a positive effect on tax aggressiveness. That is, the higher the DER value, the higher the ETR value in the company, which means it shows the company does not avoid taxes.
3. Total assets moderate the effect of ROA on tax aggressiveness. A positive direction indicates that a company that has large assets will increase or strengthen the influence of ROA on the value of ETR.
4. Total assets moderate the effect of DER on tax aggressiveness. The negative direction indicates that companies that have large assets will reduce or weaken the influence of DER on the value of ETR.

Based on the research that has been carried out, the researcher's suggestions are described as follows:

1. In this study using the performance of ROA and D ER, in the next study it can add other performance measures such as ROE and DAR. Furthermore, it can also test elements of the GCG mechanism as variable control as a management supervisor.
2. For further research in order to expand or update the research period by increasing the year of observation.

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