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COMPANY'S FINANCIAL PERFORMANCE AND COMPANY'S DEBT LEVEL ITS EFFECT ON TAX MANAGEMENT WITH COMPANY SIZE AS A MEDIATION VARIABLE AT PT. BANK NEGARA INDONESIA (Persero) Tbk PERIOD 2016-2022

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Abstract

This study aims to determine the effect of company financial performance and corporate debt levels on tax management with company size as a mediating variable at PT. Bank Negara Indonesia (Persero) Tbk for the period 2016-2022 which is listed on the Indonesia Stock Exchange (IDX) for the period 2017 - 2021. This type of research uses secondary data. The sampling technique used was purposive sampling. The data analysis method used is Path Analysis with SPSS. The results of this study show that the company's financial performance and the company's debt level influence tax management with company size as a mediating variable at PT. Bank Negara Indonesia (Persero) Tbk for the 2016-2022 period both partially and simultaneously, there are those that have a positive and significant effect and there are those that have a negative and insignificant effect.

Keywords : Financial Performance, Debt Level, Tax Management, Company Size

INTRODUCTION

A sovereign country, Indonesia has a national development goal to improve people's welfare and prosperity. This of course must be supported by adequate funding, both from government and private sources, namely through tax collection. Taxes are statutory collections by the government, some of which are used for the provision of public goods and services. Meanwhile, according to (Pohan, 2013: 2) taxes are a very important source of state revenue for the implementation and improvement of national development which aims to increase the prosperity and welfare of the community.

In addition, tax is one of the cost elements that will reduce available profits to be shared or reinvested so that companies will tend to minimize their tax burden. Companies may pay less than the amount of tax that should be detrimental to the state and if detected by the government will result in tax sanctions and vice versa if the amount paid exceeds the amount that should be detrimental to the company.

Therefore, the management of tax obligations is a must for companies. In the State Revenue and Expenditure Budget (APBN) from year to year it varies greatly, this can be seen in the image below:

Table 1
Summary List of APBN (State Revenue and Expenditure Budget) for the 2016-2020 period

Tahun Anggaran		Pendapatan Negara (Rp)		Belanja Negara (Rp)		Surplus / Defisit (Rp)	
2021	APBN[4]	▼	1.743,6 triliun	▲	2.750 triliun	▲	-1.006,3 triliun
2020	APBN	▲	2.233,3 triliun	▲	2.540,4 triliun	▲	-307,1 triliun
2019	APBN[5]	▲	2.165,1 triliun	▲	2.461,1 triliun	▼	-296,0 triliun
2018	APBN[6]	▲	1.894,7 triliun	▲	2.220,6 triliun	▼	-325,9 triliun
2017	APBN-P[7]	▼	1.736,1 triliun	▲	2.133,3 triliun	▲	-397,2 triliun
	APBN[8]	▼	1.750,3 triliun	▼	2.080,5 triliun	▲	-330,2 triliun
2016	APBN-P[9]	▼	1.786,2 triliun	▼	2.082,9 triliun	▲	-296,7 triliun
	APBN[10]	▲	1.822,5 triliun	▲	2.095,7 triliun	▲	-273,2 triliun

Source: Wikipedia. State Budget and Expenditure Income
http://www.wikipedia.com

Management of tax obligations is often associated with an element in the management of a company called tax management or what is often called tax management. Tax management is a structuring activity related to the tax consequences. This means that the tax control can streamline the amount of tax that will be transferred to the government (Meilinda, 2013: 21). The purpose of tax management must be in accordance with the main objectives of the company being managed, namely increasing the value of the company through increasing the prosperity of owners and shareholders and balancing benefits against risks and costs. One measurement that can be used in assessing management performance in managing tax obligations is the effective tax rate.

Economic competition that is increasingly rapid at this time has resulted in companies having to pay more attention directly to the performance of their companies. In achieving good financial performance, companies need to pay attention to operational activities such as maximizing sales and reducing expenses. Good performance control in management can increase company profitability and increase public trust in the company (Fahmi and Rahayu, 2017). According to Gurdyanto, et al (2019) company performance is a description of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period.

Debt is one source of corporate financing. A good company should have more capital than debt. Debt can also cause a decrease in the company's effective tax rate because of the interest expense component which can be a tax deduction. In addition, company size also influences the achievement of the company's financial performance. Company size can affect stock prices in the capital market. Company size is a reflection of the size of the company related to the opportunity and ability to enter the capital market and other types of external financing that shows the company's ability to borrow. Company size is a scale where the size can be classified according to various ways, for example, market capitalization owned by the company, total assets owned or total sales. The size of the company is related to the disclosures that will be made in the context of a public offering (Hadi, 2013: 2).

LITERATURE REVIEW

Tax Management

In general, tax management can be defined that tax management is a comprehensive effort carried out by a tax manager in a company or organization so that matters relating to the taxation of the company or organization can be managed properly, efficiently and

economically so as to provide maximum contribution to the company (Pohan, 2013:13). To measure tax management, the following formula is used:

$$\text{Effective tax rate} = \frac{\text{tax burden}}{\text{Profit before tax}}$$

Company Financial Performance

Return on Assets (ROA)

The company's financial performance is based on financial statements, so this study uses financial ratios, namely Return on Assets (ROA). Return on Assets (ROA) is one of the profitability ratios. According to Harmono (2011), the following formula is used to measure financial performance:

$$\text{Return On Assets (ROA)} = \frac{\text{Net profit before tax}}{\text{Total assets}}$$

Corporate Debt Level

The level of debt owned by the company can explain how much the company uses debt as a source of financing. The level of debt in the company can be calculated using the leverage ratio. The leverage ratio is a ratio that measures how far a company uses debt.

$$\text{Debt ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

Company Size

Company size is one of the important variables in company management. Company size reflects the total assets owned and managed by the company. Company size is calculated using the following formula (Sari, 2014).

$$\text{Company size} = \text{Total assets}$$

RESEARCH METHODOLOGY

This research was conducted at the Indonesian Stock Exchange including data on stock returns obtained from IDX Statistics or the Indonesian Capital Market Dictionary (ICMD). The data used in this study involves quantitative data. In this study the authors used secondary data obtained from the financial statements of PT. Bank Negara Indonesia (Persero) Tbk for the 2016-2022 period which is published publicly.

Data analysis uses the classical assumption test, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test.

Multiple linear regression analysis using two models namely

Regression Model I

$$Y = \alpha + b1x1 + b2x2 + e$$

Regression Model II

$$Z = \alpha + b1x1 + b2x2 + b3Y + e$$

Hypothesis testing and path analysis (Path Analysis)

I line model

$$Y = \rho yx1 + \rho yx2 + \rho zy + \varepsilon 1$$

Line II models

$$Z = \rho zx1 + \rho zx2 + \varepsilon 2$$

RESULTS AND DISCUSSION

RESULTS

Normality test results

Table 2
Kolmogorov-Smirnov normality test results

	Unstandardized residual Model 1	Unstandardized residual Model 2
asymp. Sig. (2-tailed)	0,811	0,997

Source: SPSS 21, Data processed

Multicollinearity test results

Table 3
Multicollinearity test results of tolerance and VIF (model one)

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	0,823	1,215
	DAR	0,823	1,215

a. Dependent Variable: ETR

Source: SPSS 21, Data processed

Table 4
Multicollinearity test results of tolerance and VIF (model two)

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
2	(Constant)		
	ROA	0,403	2,480
	DAR	0,464	2,155
	ETR	0,437	2,287

a. Dependent Variable: TA

Source: SPSS 21, Data processed

Autocorrelation test results

Table 5
Autocorrelation test results

Model	Std. Error of the Estimate	Durbin-Watson
1	0,025677	3,289
2	0,70476	1,358

Source: SPSS 21, Data processed

Results of Multiple Linear Regression analysis

Table 6
Multiple Linear Regression test results (model one)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2,026	0,452		-4,484	0,011
	ROA	0,071	0,016	0,919	4,436	0,011
	DAR	2,002	0,523	0,792	3,824	0,019

a. Dependent Variable: ETR
Source: SPSS 21, Data processed

Table 7
Multiple Linear Regression test results (model two)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	14,277	1,781		8,014	0,004
	ROA	0,010	0,063	0,046	0,157	0,885
	DAR	7,287	1,914	1,030	3,808	0,032
	ETR	-0,656	0,631	-0,289	-1,039	0,375

a. Dependent Variable: TA
Source: SPSS 21, Data processed

Hypothesis test

t test results

From the results of data processing can be presented in the following table:

Regression Model I

Table 8
Partial over all independent variables

Independent Factor	t	Significant
ROA	4,436	0,011
DAR	3,824	0,019

Source: SPSS 21, Data processed

Regression Model II

Table 9
Partial over all independent variables

Independent Factor	t	Significant
ROA	0,157	0,885
DAR	3,808	0,032
ETR	-1,039	0,375

Source: SPSS 21, Data processed

Test results f

Regression Model I

Table 10
Testing the hypothesis of all variables simultaneously

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,016	2	0,008	12,168	0,020[b]
	Residual	0,003	4	0,001		
	Total	0,019	6			

a. Dependent Variable: ETR

b. Predictors: (Constant), ROA, DAR

Source: SPSS 21, Data processed

Regression Model II

Table 11
Testing the hypothesis of all variables simultaneously

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	0,132	3	0,044	8,829	0,053[b]
	Residual	0,015	3	0,005		
	Total	0,146	6			

a. Dependent Variable: TA

b. Predictors: (Constant), ROA, DAR, ETR

Source: SPSS 21, Data processed

Coefficient of Determination (R2)

Regression Model I

Table 12
Coefficient of determination test results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0,927[a]	0,859	0,788	0,25677

a. Predictors: (Constant), ROA, DAR

b. Dependent Variable: ETR

Source: SPSS 21, Data processed

Regression Model II

Table 13
Coefficient of determination test results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0,948[a]	0,898	0,797	0,070476

a. Predictors: (Constant), ROA, DAR, ETR

b. Dependent Variable: TA

Source: SPSS 21, Data processed

DISCUSSION

Table 14
Hypothesis testing results

Hypothesis				B	Sign	Comparison	Decision
Ha 1	ROA	To	ETR	0,919	0,011	0,05	Accepted
Ha 2	DAR	To	ETR	0,792	0,019	0,05	Accepted
Ha 3	ROA	To	TA	0,046	0,885	0,05	Rejected
Ha 4	DAR	To	TA	1,030	0,032	0,05	Accepted
Ha 5	ROA,ETR	To	TA	-0,265	0,004	0,05	Accepted
Ha 6	DAR,ETR	To	TA	-0,228	0,004	0,05	Accepted
Ha 7	TA	To	ETR	-0,289	0,375	0,05	Rejected

Sumber : SPSS 21, Data diolah

CONCLUSION

In table 14, the results of the test and discussion regarding the company's financial performance and the level of corporate debt affect Tax Management with Company Size as a Mediation Variable at PT. Bank Negara Indonesia (Persero) Tbk for the 2016-2022 period, both partially and simultaneously, there are those that have a positive and significant effect and there are those that have a negative and insignificant effect.

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