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Pengaruh *Return on Assets*, Ukuran Perusahaan, Komisaris Independen, dan *Capital Intensity* Terhadap *Effective Tax Rate*

THE EFFECT OF RETURN ON ASSETS, COMPANY SIZE, INDEPENDENT COMMISSIONERS, AND CAPITAL INTENSITY ON EFFECTIVE TAX RATE

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh *return on assets* (ROA), ukuran perusahaan, komisaris independen, dan *capital intensity* terhadap *effective tax rate* (ETR). Populasi penelitian ini adalah perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia pada tahun 2017-2021. Sampel penelitian berjumlah 19 perusahaan yang dipilih dengan menggunakan teknik *purposive sampling* berdasarkan kriteria yang telah ditentukan. Penelitian ini menggunakan data sekunder yang diperoleh dari laporan keuangan dan laporan tahunan. Analisis data dilakukan dengan menggunakan metode analisis regresi berganda. Hasil penelitian menunjukkan bahwa *return on assets* dan *capital intensity* berpengaruh negatif terhadap ETR. Ukuran perusahaan berpengaruh positif terhadap *effective tax rate*. Sementara itu, komisaris independen tidak berpengaruh terhadap *effective tax rate*.

Kata kunci: Return on Asset, Ukuran Perusahaan, Komisaris Independen, Capital Intensity, Effective Tax Rate

ABSTRACT

This study analyzes the effect of return on assets (ROA), company size, independent commissioners, and capital intensity on the effective tax rate (ETR). The population of this study consists of mining sector companies listed on the Indonesian Stock Exchange from 2017 to 2021. The samples of this study consist of 19 companies which were chosen by purposive sampling technique based on the specific criteria. This study uses secondary data obtained from the company's financial statement and annual report. The data analysis used is a multiple linear regression method. The finding of this study shows that return on assets and capital intensity negatively affect the effective tax rate. Company size was found to have a positive effect on the effective tax rate. Meanwhile, the independent commissioners do not affect the effective tax rate.

Keywords: Return on Assets, Company Size, Independent Commissioner, Capital Intensity, Effective Tax Rate

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INTRODUCTION

The effectiveness of tax avoidance is gauged by the effective tax rate (ETR), which is computed as the discrepancy between fiscal profit and accounting profit. Permanent versus transitory is the distinction (Supramono, 2017). The tax avoidance practice can be elucidated through the ETR value; a lesser percentage of ETR signifies greater tax avoidance, while a higher percentage of ETR signifies greater tax avoidance (Paborong, 2021). The phenomenon of the effective tax rate, namely the tax contribution from the economic value generated by the coal mining industry, is very small. According to data from the Ministry of Finance, the mining and coal industry only contributed 3.9% of tax revenue in 2016, in 2016, the national tax ratio stood at 10.4%. Tax evasion is inextricably linked to the coal industry's poor tax ratio. Numerous taxpayers in possession of mineral and coal mining business licenses failed to file their annual tax returns, according to the Ministry of Finance. In 2015, 4,532 taxpayers out of 8,003 in the coal industry failed to file their tax returns. Certainly not included in this figure are small-scale coal enterprises that are not formally registered as taxpayers (Maftuchan, 2019).

Based on the data, it shows that in 2018 and 2020, the ETR value has decreased. This decreasing ETR value illustrates the small taxes paid by mining sector companies. This is in line with Lidwina (2021) which states that tax revenue from several major sectors has dropped dramatically throughout 2020. The mining industry saw the largest fall, with an annual decrease of up to 43.72%. Real estate, construction, and processing industry taxes were all within the 20% range. The trade sector's tax revenue decreased 18.94% in the previous year. Taxes provided by the transportation and warehousing sector and financial and insurance services were also lower

by 15.41% and 14.31%, respectively (Lidwina, 2021).

This study is related to the agency theory and earnings management theory. Agency theory was first coined by Jensen and Meckling in 1976. Jensen and Meckling (1976) describe agency theory as a conflict of interests between the principal and the agent. The main principle of this theory is the statement of the performance relationship between the party who authorizes (principal), namely the owner (shareholder), creditors, and investors, and the party who receives the authority (agent), namely company management. Agency theory is closely associated with the effective tax rate since the proprietor, who is the company owner or shareholder, will motivate the agent, which is management, to undertake aggressive tax measures to minimize the resulting tax liability. This aims to make the profit or net profit obtained high so that the profit (dividends) obtained will also be high. A high tax burden will make dividends lower (Scott, 2015).

Scott (2015) posits that the comprehension of earnings administration can be categorized into two distinct components. Initially, perceive it as managerial opportunistic behavior intended to maximize their utility in the face of debt contracts, compensation contracts, and political costs. Furthermore, an examination of earnings management through the lens of efficient contracting (Efficient Earnings Management) reveals that it allows managers to safeguard the organization and themselves by proactively anticipating unforeseen circumstances that are advantageous to all contracting parties. The relationship between earnings management and the effective tax rate is where company management will carry out earnings management, which can later reduce the income tax burden from the profit they earn. The act of reducing profits (earning

management) will also make the income tax burden imposed small, reducing the effective tax rate value (Scott, 2015).

Several variables, including return on assets, capital intensity, independent commissioners, and company size, are hypothesized to impact the effective tax rate. Return on assets (ROA) is calculated as the proportion of a company's total assets to its balance of net profit after taxes. Additionally, ROA demonstrates the degree to which the company is generating a high rate of return on all of its assets (Kasmir, 2017). The level of value generated by the organization signifies that its asset management has been effective. It will be presumed that profit-generating, high-performing businesses are capable of effectively managing their income and tax obligations. The company's substantial profitability resulting from the measurement will motivate it to engage in meticulous tax planning to generate optimal taxes. Thus, the company's tax burden can be reduced, and the effective tax rate consequently decreases (Kasmir, 2017). Chytia and Pradana (2021) also Subiyanto (2021) demonstrate that return on assets influences the effective tax rate in a substantial negative way. Yanti et al. (2020) documented that return on assets exerts an adverse influence on the effective tax rate. However, this discovery is in opposition to the findings of Ariani and Hasyim (2019), who concluded that return on assets does not affect the effective tax rate. Therefore, this study expects that return on assets has a negative effect on the effective tax rate.

Company size is the subsequent determinant. Riyanto (2018) posits that the magnitude of an organization is ascertained through the assessment of its equity value, sales value, or asset value. Sawir (2017) stated that

the financial structure of a company is determined in part by its scale. Additionally, Sawir (2017) asserts that the magnitude of a company is ascertainable through a context variable consisting of total asset value, equity value, sales value, and number of employees. This value scale indicates the level of demand for the organization's services or products. Profit margin growth and tax liability escalation are both influenced by the magnitude of an organization's asset base. A larger organization will engage in tax planning in this manner to decrease the effective tax rate, resulting in a reduced tax liability. The findings of a study by Gita et al. (2021) indicate that the scale of a company negatively impacts ETR. This is consistent with the findings of Batmomolin (2018) and Tobing (2018) which demonstrate that the size of a company has a negative effect on ETR. An alternative viewpoint, however, is supported by the findings of Subiyanto (2021) which indicates that the size of a company does not impact the effective tax rate. This study expects that the company size has a positive effect on the effective tax rate.

In addition, a factor that can affect the effective tax rate is the independent commissioner. Tunggal (2018) explains that independent commissioners are board of commissioners members who lack ties to the organization's principal shareholders, the board of directors, or other commissioners. They are appointed to the board by the GMS decision. Independent commissioners act as mediators between management and company owners in making policies that will be taken by the company. One of them is the policy on the effective tax rate of the company when paying taxes.

Independent commissioners are responsible for overseeing the policies formulated by the company and the implementation of the policies. The role of the independent board of commissioners is to convince shareholders or owners that the policy has been implemented correctly. According to Sartono (2016), the greater the number of independent commissioners, operational activities, including in this case corporate tax payments, can be suppressed and optimized properly. Expenditure items that are considered to have a greater potential for generating tax revenue are subject to scrutiny by the independent commissioner in an endeavor to mitigate their effect. One potential outcome of this will be a reduction in the estimated total revenue (ETR) figure. Nilasari and Setiawan (2019) support the notion that the existence of independent commissioners has a detrimental influence on the effective tax rate. Subiyanto (2021) found that independent commissioners have a negative impact on the effective tax rate. However, the present discovery is in opposition to the study done by Yanti et al. (2020) and Syamsuddin and Suryarini (2020) which concluded that the existence of autonomous commissioners does not affect the effective tax rate.

The next factor is capital intensity. According to Syamsudin (2018), capital intensity demonstrates how effectively all of a company's resources are used to generate a specific amount of sales. According to Sartono (2016), the ratio of fixed assets to total assets, which includes various properties, machinery, and factory equipment, is known as capital intensity. A higher capital intensity ratio indicates that all assets are used more effectively to produce sales. The correlation between capital intensity

and the effective tax rate is predicated on the fact that the operational lifespan of the company's fixed assets, which are physical assets utilized in the course of business operations, exceeds one year. Fixed assets owned by the company will shrink in value. Depreciation in fixed assets is called depreciation. The onset of company depreciation is utilized by managers as a company expense, which may subsequently result in a reduction of the company's tax liability (ETR) (Syamsudin, 2018). Utami and Mahpudin (2021) also Rahmawati and Mildawati (2019) demonstrate that capital intensity is detrimental to the effective tax rate. Ariani and Hasyim (2019) state that capital intensity negatively affects the effective tax rate. Nevertheless, this finding contradicts the research conducted by Chytia and Pradana (2021), which demonstrates that the effective tax rate is not influenced by capital intensity. The urgency of research is to prove and analyze the effect of return on assets, company size, independent commissioners, and capital intensity on the effective tax rate. It is also a guide to know the effective and appropriate strategies in company tax planning. Therefore, this study expects that capital intensity has a negative effect on the effective tax rate.

RESEARCH METHODS

This research analyzes the effect of return on assets (ROA), company size, independent commissioners, and capital intensity on the effective tax rate (ETR). Utilizing financial reports of mining companies obtained from the official website of the Indonesia Stock Exchange (IDX). The research time conducted was 5 years, with the period 2017–2021. The information acquired was

sourced from www.idx.co.id. The populations for this research consisted of mining sector corporations that were listed on the Indonesia Stock Exchange during the period from 2017 to 2021. The sampling technique utilized was purposive sampling. The study utilized samples obtained from a total of 19 different companies. This research employs multiple linear regressions for data analysis using SPSS 24.0.

The effective tax rate is the dependent variable in this study. The effective tax rate represents the ratio of the actual tax rate that the taxpayer is obligated to pay to the income that the taxpayer generates (Supramono, 2017). The effective tax rate (ETR) is measured using the formula as follows (Pohan, 2018):

$$ETR = \frac{\text{Income tax expense}}{\text{Profit before tax}}$$

Independent variables are those that have a positive or negative impact on the dependent variable. The independent variables in this research consist of return on assets, company size, independent commissioner, and capital intensity. The computation of Return on Assets (ROA) is the result of the net profit after taxes divided by the total assets of the organization (Kasmir, 2017). The return on assets (ROA) is measured using the formula (Hanafi and Halim, 2016):

$$ROA = \frac{\text{Net income after tax}}{\text{The total of assets}}$$

The company's size is predicated on the valuation of its assets (Riyanto, 2018). The company's size (CS) is measured using the formula (Sawir, 2015):

$$CS = \text{Natural logarithm of assets}$$

The independent commissioners are the board of commissioners' members nominated

following the GM's decision by parties unaffiliated with the main shareholders, the board of directors, or other commissioners (Tunggal, 2018). The independent commissioners are measured using the formula (Sartono, 2016):

$$IC = \frac{\text{The number of independent commissioner}}{\text{The total of boards of commissioner}}$$

The capital intensity measures how effectively all of a company's resources are used to generate a specific amount of sales (Syamsudin, 2018). Capital intensity (CI) is measured using the formula as follows (Sartono, 2016):

$$CI = \frac{\text{The total of fixed assets}}{\text{The total of assets}}$$

This multiple linear regression was used in the research analysis. The multiple linear regression equation is as below:

$$ETR = \alpha + \beta_1 ROA + \beta_2 CS + \beta_3 IC + \beta_4 CI + \varepsilon$$

| | |
|-------------------|-----------------------------|
| ETR | : Effective tax rate |
| α | : Constant |
| $\beta_{1,2,3,4}$ | : Coefficient |
| ROA | : Return on assets |
| CS | : Company size |
| IC | : Independent commissioners |
| CI | : Capital intensity |
| ε | : Error |

This research consists of four hypotheses. The hypothesis is supported when the variable has met two criteria below:

1. Sig. value of the variable is $< \alpha 0.05$
2. The beta coefficient is the same as the direction in the hypothesis.

The hypothesis is not supported when the variable doesn't meet the first or the second criteria. If the variable has a significant value $< \alpha 0.05$ but the direction of the beta coefficient is

opposite to the research hypothesis, therefore the hypothesis is unsupported.

RESULTS AND DISCUSSION

Results

This research analyzes the effect of return on assets (ROA), company size, independent commissioners, and capital intensity on the effective tax rate (ETR). The analysis consists of descriptive statistics, the coefficient of determination test, and the multiple regression test.

The descriptive statistics table provides a comprehensive summary of the research variables, including ETR, return on assets (ROA), company size, independent commissioners, and capital intensity. Table 1 presents descriptive statistics of this research which consists of information about minimum, maximum, mean, and standard deviation values for each of variables.

Table 1. Descriptive Statistics

| | N | Min. | Max. | Mean | Std. Dev. |
|-----|----|--------|--------|--------|-----------|
| ROA | 87 | 0.002 | 0.520 | 0.122 | 0.120 |
| CS | 87 | 13.207 | 18.554 | 15.873 | 1.223 |
| IC | 87 | 0.200 | 0.600 | 0.388 | 0.083 |
| CI | 87 | 0.067 | 0.859 | 0.337 | 0.199 |
| ETR | 87 | 0.002 | 0.718 | 0.276 | 0.138 |

ROA = Return on assets; CS = Company size; IC = Independent commissioners; CI = Capital intensity; ETR = Effective tax rate

The return on assets exhibits a range of values from 0.002 to 0.520, with a mean of 0.122 and a standard deviation of 0.120. The minimum and maximum values for company size are 13.207 and 18.554, respectively, with a mean of 15.873 and a standard deviation of 1.223. The minimum and maximum values of independent commissioners are 0.200 and 0.600, respectively, with a mean of 0.388 and a

standard deviation of 0.083. The minimum and maximum values of capital intensity are 0.067 and 0.859, respectively, with a mean of 0.337 and a standard deviation of 0.199. The effective tax rate has a minimum and maximum value of 0.002 and 0.718 with a mean of 0.276 and a standard deviation of 0.138.

Before doing the regression test, this study did a classical assumption test to ensure that the regression model employed in this study is free from bias. The classical assumption test consists of a normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test.

The normality test aims to evaluate whether the residual of the model has a normal distribution or not. The normality test done using the Kolmogorov-Smirnov test (1 K-S sample). The result of the normality test is presented in Table 2.

Table 2. The Results of the Normality Test

| | | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N | | 87 |
| Normal Parameters ^{a,b} | Mean | 0.000 |
| | Std. Deviation | 0.117 |
| Most Extreme Differences | Absolute | 0.065 |
| | Positive | 0.065 |
| | Negative | -0.054 |
| Test Statistic | | 0.065 |
| Asymp. Sig. (2-tailed) | | 0.200 ^{c,d} |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on Table 2, it shows that the value of Asymp. Sig. (2-tailed) is 0.200 > α 0.05. Thus, it indicates that the residual of the regression model is distributed normally.

The heteroscedasticity test aims to test whether there is an inequality of variance from the residual of one observation to the other in a regression model. The result of the heteroscedasticity test is presented in Figure 1 below.

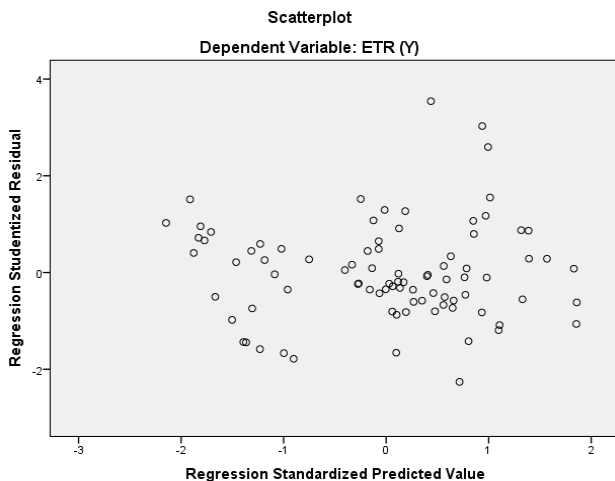


Figure 1. The Results of the Heteroscedasticity Test

Figure 1 indicates the data spreads randomly above and below point 0 on the Y axis. Therefore, it can be concluded that the regression model is free from the heteroscedasticity problem.

The multicollinearity test aims to test whether there is a correlation between independent variables in the regression model. This study detects the multicollinearity issues by looking at the VIF and tolerance values. There is no multicollinearity issue if the variable has a VIF value < 10 and the tolerance value is > 0.1. The result of the multicollinearity test is presented in Table 3.

Based on the result of the multicollinearity test presented in Table 3, it is indicated that all the independent variables (return on assets, company size, independent commissioners, and capital intensity) have a VIF value < 10 with a tolerance value > 0.1.

Therefore, it can be concluded that there is no multicollinearity issue in the regression model.

Table 3. The Results of the Multicollinearity Test

| Model | Collinearity Statistics | |
|--------------|-------------------------|-------|
| | Tolerance | VIF |
| 1 (Constant) | | |
| ROA | 0.790 | 1.266 |
| CS | 0.835 | 1.198 |
| IC | 0.997 | 1.003 |
| CI | 0.674 | 1.483 |

ROA = Return on assets; CS = Company size; IC = Independent commissioners; CI = Capital intensity.

The autocorrelation test aims to find out if there is a correlation of variables within the predictive model with changes in time. The autocorrelation test in this study used the Durbin-Watson test. The result of the autocorrelation test is presented in Table 4. Table 4 explains that the Durbin-Watson value is 1.380. That value is in a range between -2 and +2. Therefore it can be concluded that the regression model employed in this study is free from the autocorrelation issue.

Table 4. The Results of the Autocorrelation Test

| Model | R | R ² | Adj. R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|--------------------|----------------|---------------|----------------------------|---------------|
| 1 | 0.524 ^a | 0.274 | 0.239 | 0.120645 | 1.380 |

a. Predictors: (Constant), Capital Intensity (CI), Independent Commissioners (IC), Company Size (CS), Return on Assets (ROA)

b. Dependent Variable: ETR

This study employed multiple regression analysis to test the influence of independent variables such as return of assets (ROA), company size, independent commissioners, and capital intensity on the ETR. This study used SPSS 24.0 to do the regression test. The results of the test consist of information about the

coefficient of determination and the multiple regression.

The determination coefficient test aims to measure how far the model's ability is in describing the variation of dependent variables. The value of the determination coefficient is between 0 and 1. If the value is close to 1, then the independent variable provides almost all the information needed to predict the dependent variable. However, if the R^2 value becomes smaller, it means that the ability of independent variables to explain dependent variables is quite limited. The result of the coefficient determination test is presented in Table 5.

Table 5. The Results of The Coefficient Determination Test

| Model | R | R Square | Adj. R Square |
|-------|--------------------|----------|---------------|
| 1 | 0.524 ^a | 0.274 | 0.239 |

a. Predictors: Return on assets, company size, independent commissioners, capital intensity
b. Dependent Variable: Effective tax rate

Table 5 shows that the research model has an R square of 0.274 with an adjusted R square value of 0.239. This result indicates that the independent variables of this research which consist of return on assets, company size, independent commissioners, and capital intensity can explain 23,9% of the company's effective tax rate. Meanwhile, 76,1% are explained by other variables which are not studied in this study. The next phase is the results of the hypotheses testing which are presented in Table 6.

Table 6. The Results of Multiple Linear Regression Test

| Model | β | t-stat | Sig. |
|----------|---------|--------|----------|
| Constant | 0.046 | 0.220 | 0.827 |
| ROA | -0.502 | -4.128 | 0.000*** |
| CS | 0.026 | 2.201 | 0.031** |
| IC | -0.095 | -0.611 | 0.543 |
| CI | -0.232 | -2.923 | 0.004*** |

ROA = Return on assets; CS = Company size; IC = Independent commissioners; CI = Capital intensity
***, **, * significant at the level of 1%, 5%, and 10% respectively.

Based on Table 6, it is known that the multiple linear regression equation in this study is $ETR = 0.046 - 0,502 ROA + 0.026 CS - 0.095 IC - 0.232 CI + \epsilon$. The interpretation of those equation results is as follows:

- The constant value is 0.046. This indicates that when the value of the return on assets (ROA), the company size (CS), the independent commissioner (IC), and the capital intensity (CI) are constant, the ETR is 0.046.
- The coefficient of return on assets is -0,502. This indicates that if the return on assets increases by 1 unit, the effective tax rate will have a decrease of 0.502 with the assumption that other variables are constant.
- The coefficient of company size is 0.026. This indicates that when the company size increases by 1 unit, the effective tax rate will have an increase of 0.026 with the assumption that other variables are constant.
- The coefficient of independent commissioners is -0.095. This indicates that if the value of the independent commissioners increases by 1 unit, the

effective tax rate will experience a decrease of 0.095 with the assumption that other variables are constant.

- e. The coefficient of capital intensity is -0.232. This indicates that when the value of the capital intensity increases by 1 unit, the effective tax rate will experience a decrease of 0.232 with the assumption that other variables are constant.

There are four hypotheses employed in this study. The hypotheses are analyzed using a t-test. The t-test measures the extent to which the variability in the dependent variable can be accounted for by the influence of a single independent variable (Ghozali, 2017). This study employed multiple linear. The result of hypotheses testing is presented in Table 6 below.

Based on Table 6, it can be seen that the return on assets has a significant value of 0.000 ($< \alpha$ 0.05) with a coefficient of -0.502. This indicates that the return on assets has a negative influence on the effective tax rate. Therefore hypothesis 1 which states that return on assets has a negative effect on the effective tax rate is supported. The company size has a significant value of 0.031 ($< \alpha$ 0.05) with a coefficient of 0.026. This indicates that company size has a positive influence on the effective tax rate. Therefore hypothesis 2 which states that company size has a positive effect on the effective tax rate is supported.

The independent commissioner has a significant value of 0.543 ($< \alpha$ 0.05) with a coefficient of -0.095. This indicates that independent commissioners don't have a significant influence on the effective tax rate. Therefore hypothesis 3 which states that an independent commissioner has a negative effect on the effective tax rate is not supported. The

capital intensity has a significant value of 0.004 ($< \alpha$ 0.05) with a coefficient of -0.232. This indicates that capital intensity has a negative influence on the effective tax rate. Therefore hypothesis 4 which states that capital intensity has a negative effect on the effective tax rate is supported. The summary of research hypotheses results is presented in Table 7.

Table 7. The Summary of Hypothesis Testing Results

| Hypothesis | Result |
|--|---------------|
| H1: The return on assets has a negative effect on the effective tax rate | Supported |
| H2: The company size has a positive effect on the effective tax rate | Supported |
| H3: The independent commissioner has a negative effect on the effective tax rate | Not supported |
| H4: The capital intensity has a negative effect on the effective tax rate | Supported |

Discussion

The results described that the return on assets (ROA) variable had a negative effect on the effective tax rate (ETR). Following the data that has been collected, the ROA value data of each company in the sample shows that when the ROA value increases, the ETR value decreases in the same period. For example, PT Radiant Utama Interinsco Tbk's (RUIS) ROA value in 2017 amounted to 0.022. Meanwhile, in 2018 it increased by 0.027, compared to the company's ETR value in 2017 of 0.436 and in 2018 it decreased to 0.393. This means that the increase in return on assets is followed by a decrease in the effective tax rate value.

The return on assets has a negative effect on the effective tax rate. This is because

the substantial value attained by the organization signifies that it has effectively administered its assets. Companies with good performance that can generate good profits will be assumed to be able to control their income and tax payments. The company's substantial profitability resulting from the measurement will incentivize it to engage in meticulous tax planning to generate optimal taxes. Consequently, the company's tax burden support can be reduced, and the effective tax rate consequently declines (Kasmir, 2017).

The higher the return on assets means the better the company's performance. Companies with good performance that can generate good profits will be assumed to be able to control their income also tax payments. The high profitability generated by the company from the measurement will encourage the company to achieve careful tax planning therefore as to produce optimal taxes, which means the tax burden supported by the company can be minimized, thus the effective tax rate becomes low (Riyanto, 2017).

The present study is in line with the research conducted by Chytia and Pradana (2021) which establishes a substantial inverse relationship between return on assets and the effective tax rate. It also supports the research of Yanti et al. (2020) which demonstrates that return on assets-based profitability has an adverse impact on the effective tax rate. Subiyanto (2021) found that the effective tax rate is significantly impacted negatively by the return on assets. Meanwhile, Lubis and Putri (2021) showed which shows that ROA does not affect the effective tax rate.

The results showed that the company size had a positive effect on the effective tax rate. Following the data that has been collected,

the data on the company size value of each company in the sample shows that when the company size value increases, the effective tax rate value also increases in the same period. For example, at PT Radiant Utama Interinsco Tbk (RUIS), the value of the company size in 2019 amounted to 14.040 while in 2020 it increased by 14.113. Based on the effective tax rate value, the company's effective tax rate value in 2019 is 0.347 meanwhile in 2020, it increased to 0.427. This indicates that an increase in the effective tax rate corresponds to a growth in the scale of the company.

Additionally, company size positively influences the effective tax rate, as larger organizations are better equipped to manage their total assets. By effectively managing its assets, the organization can enhance its stability and effectiveness in remitting taxes, as well as fulfill its tax obligations more efficiently. This indicates that the effective tax rate increases with the size of the business (Riyanto, 2018).

The company size measure is used to describe the scale of a firm's operations and the amount of money it brings in each year. It's worked out depending on how big the company is generally speaking. The concept of company size can also be understood as a scale on which businesses are categorized based on several factors, including the size of their assets (Sawir, 2017).

This study's findings are consistent with Tobing (2018) which indicates that the scale of a company positively influences the effective tax rate. This contradicts the findings of Batmomolin (2018) which demonstrate that the scale of a company negatively impacts the effective tax rate. A study by Gita et al. (2021) indicates that the scale of a company negatively influences the effective tax rate. The findings of

this investigation are contrary to Ariani and Hasymi (2018) which indicates that the scale of a company does not influence the effective tax rate.

The results showed that the independent commissioner did not affect the effective tax rate. Following the data that has been collected, the data on the value of the independent commissioner of each company in the sample does not show a significant increase from 2017 to 2021. As an illustration, the value of independent commissioners at PT Trans Power Marine Tbk (TPMA) was 28.181 in 2017, 28.149 in 2018, and 28.151 in 2019. This observation suggests that there is minimal variation in the value attributed to independent commissioners. This is the reason why the presence of independent commissioners does not negatively impact the effective tax rate.

Because independent commissioners do not undergo any structural changes, they do not have an adverse impact on the effective tax rate. Furthermore, the inability of the selected independent board of commissioners to provide better governance for the company is due to the requirement that its members be external to the organization. Furthermore, the independent board of commissioners is responsible for overseeing and reporting to management, so the ultimate decision-making authority rests with management and company owners. If the effective tax rate is below 25%, the company tends to do tax avoidance or reduce the level of the effective tax rate (Sartono, 2016).

The inclusion of independent board members within the organization may serve only to comply with the stipulations, while the majority shareholder continues to exert significant influence to prevent an escalation in the performance of the board of commissioners.

In addition, the existence of nepotism in the selection of the board of commissioners also allows the existence of independent commissioners to not necessarily be truly independent and able to anticipate pressure and intervention from management or majority shareholders who have an interest in certain decisions in the company. During the new order era, many children, relatives, grandchildren, and even distant relatives of officials, high-ranking officials, or former generals sat as commissioners only to open access to collusive relationships between businessmen and the government. This nepotism may continue to this day (Effendi, 2016).

This assertion finds support in the theory that the absence of a supervisory role of corporate management and the board of commissioners' limited comprehension of the company's business operations can impede the development of effective corporate strategies, including those concerning taxes. Independent commissioners are non-employees of the company who serve as members of the board of commissioners. While they are not affiliated with the company, they do have direct interactions with its internal organizations (Tunggal, 2018).

Independent commissioners do not affect the effective tax rate because the existing independent commissioners only fulfill the provisions of existing regulations and have no impact on company policies, including tax policies. Tax policies carried out by management are not monitored. So, the tax payment policy becomes weak (Sartono, 2016).

Yanti et al. (2020) found that independent commissioners had no impact on the effective tax rate is consistent with these findings. Syamsuddin and Suryarini (2020)

demonstrate similarly that impartial commissioners do not affect the effective tax rate. Nilasari and Setiawan (2019) find that independent commissioners have a negative influence on the effective tax rate, whereas this study's findings are the opposite. Subiyanto (2021) proves that independent commissioners have a negative effect on the effective tax rate.

The study results explained that the capital intensity had a negative impact on the effective tax rate. This is based on field facts because the data on the capital intensity value of each company in the sample shows that when the capital intensity value increases, the ETR value decreases in the same period. For example, at PT Radiant Utama Interinsco Tbk (RUIS), the value of capital intensity in 2018 amounted to 0.377, while in 2019, it increased by 0.389. That is compared to the company's effective tax rate value in 2018 of 0.393, while in 2019 it decreased to 0.347. This means that the increase in capital intensity is followed by a decrease in the effective tax rate value.

The capital intensity has a negative impact on the effective tax rate. According to agency theory, the depreciation of a company can be utilized by managers to reduce the corporate tax burden. Managers will invest idle company funds by investing in fixed assets to obtain tax benefits in the form of depreciation on these fixed assets, which can be utilized to lessen the tax liability of the organization. By utilizing the depreciation of an asset, managers can improve company performance to achieve the expected manager performance compensation (Syamsudin, 2018).

The effective tax rate decreases as the capital intensity ratio of the company's ownership increases. This is the result of tax preferences associated with fixed asset

investments. Organizations are permitted to depreciate fixed assets under the estimated useful life stated in the company's policy. However, for taxation preferences, the useful life of fixed assets is typically shorter than the useful life estimated by the organization. Consequently, the increased longevity of fixed assets will lead to a reduction in the organization's effective tax rate (Munawir, 2017).

This study result is consistent with the findings of Utami and Mahpudin (2021) which demonstrate that capital intensity negatively impacts the effective tax rate. The research of Ariani and Hasyim (2019) also Rahmawati and Mildawati (2019) demonstrates that capital intensity is detrimental to the effective tax rate. This study result is in opposition to the findings of Lubis and Putri (2021) which indicate that capital intensity positively influences the effective tax rate.

CONCLUSION

This research analyzes the effect of return on assets (ROA), company size, independent commissioners, and capital intensity on the effective tax rate (ETR). This study finds that return on assets (ROA) negatively impacts the effective tax rate. Therefore, as the return on assets increases, the company can mitigate its tax burden to a greater extent, resulting in a reduced effective tax rate. The size of a company positively influences the effective tax rate. This indicates that the effective tax rate will increase in proportion to the size of the company. The independent commissioners do not affect the effective tax rate. This implies that alterations in the number of independent commissioners have no discernible impact on the value of the

effective tax rate. The intensity of capital exerts an adverse effect on the effective tax rate. This indicates that the effective tax rate will decrease as the capital intensity value increases.

This study has several limitations. First, the samples for this study are limited to mining sector companies listed on the Indonesian Stock Exchange (IDX). Therefore, the research findings cannot be generalized to other companies in different industries. Future research may alternate this limitation by expanding other company sectors listed in the Indonesia Stock Exchange to increase the generalizability of the research findings.

Second, this study solely examined a limited number of determinants that impact the effective tax rate. Specifically, this study examines four determinants which consist of return on assets, company size, independent commissioners, and capital intensity. Therefore, future research may expand this study with other variables not examined in this study, for example, net profit margin, return on equity, and economic value added.

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