

Analysis Of Fiscal Loss Compensation in Strengthening Factors Affecting Tax Avoidance

Analisis Kompensasi Kerugian Fiskal Sebagai Penguat Faktor-Faktor yang Mempengaruhi Penghindaran Pajak

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Abstrak - Dalam penghindaran pajak, manajemen perusahaan seringkali menggunakan cara untuk mengurangi beban pajak. Penelitian ini mengkaji dan menganalisis faktor-faktor yang mempengaruhi tax avoidance (TA). Faktor tersebut adalah leverage (DAR) dan profitabilitas (ROA). Tujuan lainnya adalah untuk menguji apakah fiscal compensation loss (FLC) dapat memperkuat pengaruh DAR dan ROA terhadap ROA. Populasi adalah perusahaan manufaktur barang konsumsi yang terdaftar di BEI tahun 2017-2021. Pemilihan sampel Pengambilan data menggunakan purposive sampling Berdasarkan kriteria yang ada dipilih 29 perusahaan sebagai sampel dengan lama pengamatan selama lima tahun, sehingga jumlah pengamatan adalah 145. Pengujian yang dilakukan adalah analisis regresi data panel Hasil penelitian ini menunjukkan bahwa DAR tidak mempengaruhi TA, ROA mempengaruhi TA, dan secara simultan DAR dan ROA mempengaruhi TA. FLC terbukti memperkuat dampak DAR terhadap TA. Kebaruan penelitian ini adalah menggunakan variabel Fiscal Loss Compensation sebagai variabel moderasi, bukan sebagai variabel independen seperti pada penelitian sebelumnya. Hasil penelitian ini menunjukkan bahwa investor dapat menggunakan penghindaran pajak sebagai aspek penting dalam pengambilan keputusan investasi pada perusahaan karena aspek ini dapat mengukur kemampuan perusahaan dalam menghasilkan pengembalian atas investasi yang dilakukan oleh perusahaan.

Kata Kunci: *Fiscal Compensation Loss, Leverage, Profitability, Tax Avoidance*

Abstract - In tax avoidance, company management often uses ways to reduce the tax burden. This study examines and analyzes the factors influencing tax avoidance (TA). These factors are leverage (DAR) and profitability (ROA). Another objective is to test whether fiscal compensation Loss (FLC) can strengthen the effect of DAR and ROA on ROA. The population is a consumer goods manufacturing company registered on the IDX for 2017-2021. Sample selection Data collection using purposive sampling Based on the existing criteria, 29 companies were selected as a sample with a five-year observation period, so the number of observations was 145. The test carried out was panel data regression analysis. Results This study shows that DAR does not affect TA, ROA affects TA, and DAR and ROA affect TA. FLC is proven to strengthen the impact of DAR on TA. The novelty of this study is to use Fiscal Loss Compensation as a moderating variable, not as an independent variable as in previous studies. The results of this study indicate that investors can use tax avoidance as an essential aspect in making investment decisions in companies because this aspect can measure a company's ability to generate returns on investments made by the company.

Keywords: *Fiscal Compensation Loss, Leverage, Profitability, Tax Avoidance*

INTRODUCTION

Tax revenue is a revenue source obtained continuously by the State and can be optimized according to government regulations and the community's economic conditions. Tax revenue is revenue the government receives from taxes paid by taxpayers to the state treasury. It will be used for government expenditure for the greatest prosperity of the people.

Companies as taxpayers have tax obligations that cannot be avoided because taxes are coercive, and companies will get sanctions if they do not carry out their tax obligations. Still, the tax burden can be minimized by looking for loopholes in tax policies. The reason for companies to reduce their tax burden is that companies consider taxes to be a burden that can reduce company profits; two tax evasions can be carried out by taxpayers, namely, tax avoidance and tax evasion. Tax Avoidance

minimizes the company's tax burden, while tax evasion is illegal because the practice does not apply to tax regulations.

Tax avoidance in practice, company management takes ways to reduce the tax burden; it does not violate the law but is not by the intent and purpose of the law. So tax avoidance is quite a unique problem because, from a legal point of view, tax avoidance does not violate the law. However, from a tax perspective, tax avoidance is undesirable.

Manufacturing companies in the consumer goods sector are one of the industrial sectors with a large enough role for national economic growth. An example of a tax evasion case occurred in a consumer goods company in 2013. A tax evasion case occurred at PT Indofood Sukses Makmur Tbk, related to the practice of tax avoidance of 1.3 billion in 2013. Initially PT. Indofood Sukses Makmur Tbk established a new company and transferred assets and liabilities—business expansion carried out by PT. Indofood has been subject to a decision by the Director General of Taxes (DGT) that it must continue to pay the tax owed, namely 1.3 billion (Gresnews, 2022).

Several factors influence tax evasion, one of which is leverage, the ratio of debt companies use to meet the company's operational and investment needs. The increase in the deficit will result in the emergence of interest expenses that the company must pay. The interest expense component will reduce the company's pre-tax profit so that the tax burden that the company must bear will decrease. The use of leverage is measured by comparing total assets with total debt. The amount of debt will cause a fixed burden called the interest expense that the company must pay. The interest expense will reduce the company's net profit, which will reduce tax payments to achieve maximum profit. (Wijayanti & Merkusiwati, 2017).

The second factor influencing tax avoidance is profitability, which measures a company's ability to earn profits with a certain level of sales, assets, and capital. When a company makes a significant profit, the amount of income tax will also increase with the increase in the company's gain so that the tendency to avoid taxes by the company will grow.

Compensation for fiscal losses is a financial loss calculated in the company's profit for the following year. Compensation for fiscal losses can be used for companies that have already kept books and are by a tax decision approved by the DGT. Companies with fiscal loss compensation will also influence the magnitude of the effect of leverage and profitability on tax avoidance.

Several previous studies have examined the effect of Leverage and Profitability Fiscal Loss Compensation on Tax Avoidance. Research from Andriyani and Mahpudin (2021) shows that Fiscal Loss Compensation affects Tax Avoidance, in contrast to a study conducted by Wardana and Asalam (2022) that fiscal loss compensation does not affect Tax Avoidance. Eneksi and Shandy's research (2019) results show that leverage affects tax avoidance. These results differ from Trias, Devi & Sabaruddin (2020) study, which shows that leverage does not affect tax avoidance. The research results of Eneksi and Shandy (2019) show that Profitability affects Tax Avoidance, in contrast to the effects of research from Fabia and Taufiq (2019).

From the description above, it can be seen that the research results looking at the effect of leverage and Profitability on tax evasion still have different results (GAP). Previous studies have also positioned the fiscal loss compensation variable as independent. Things are other in this research. Fiscal loss compensation is a moderating variable that will strengthen the effect of leverage and Profitability on tax evasion. This is the novelty of this study. This study aims to analyze whether compensating for fiscal losses can strengthen the influence of leverage and Profitability on tax evasion. It is hoped that this study's results can be used to understand tax avoidance by companies in the consumer goods sector. The practice of tax avoidance by companies can result in reduced state revenues, so companies must be wiser in making decisions to do tax evasion and stay within the regulatory limits set by the government to avoid embezzlement practices.

LITERATURE REVIEW

Agency Theory

Agency theory can be described as a relationship between two parties, namely the agent and the principal, in which the principal orders the manager to carry out operational activities on behalf of the

business owner and authorizes the agent to make the best decisions for the business owner. (Supriyono, 2018) One of the main assumptions of agency theory is that the goals of different principals and agents can trigger conflict because company managers generally pursue personal goals. Putting resources or investment into projects that are beneficial in the long term

Signal Theory

Signal theory can be used to understand a management action in conveying information to investors that can change investors' decisions regarding the company's condition (Suganda, 2018). What is emphasized in signal theory is the importance of information published by companies on investment decisions by external parties of the company. Information is the main element and the most important for investors and business people because it provides information, notes, and descriptions for past, present, and future conditions that describe a company's survival. This theory explains how a company should provide information (signal) to parties outside the company, in the sense that the signal is information presented in the form of the company's annual financial report. A company's financial statements must contain relevant information and disclose vital information to be known by users of financial statements. With this signal theory, it can be concluded that company management, especially companies that have gone public, must provide relevant and essential information to investors so that investors can find out about the company's condition and prospects.

Tax Avoidance (TA)

The practice of tax avoidance is a transaction process carried out by taxpayers to reduce or eliminate the tax burden by looking for loopholes in tax policies and regulations. Even though this tax avoidance is considered legal or does not deviate from the law, it can still be detrimental to the state. Tax avoidance is a process carried out by taxpayers to minimize the payment of company or individual tax burden owed to the state treasury. With so many tax avoidance practices carried out by taxpayers, it will hurt the state because it can reduce state revenue from the tax sector. Taxpayers have various ways to practice this tax avoidance; one way is when a company makes a large loan to a bank, the company will get a considerable interest on the loan as well, then the company recognizes the loan interest expense in the fiscal financial statements, but the loan is not recorded as adding capital, so sales do not grow and do not increase profits. With a few gains, taxpayers can avoid significant tax burdens, so few companies do tax evasion in this way.

Leverage (DAR)

The leverage ratio often called the solvency ratio, is used to determine the extent to which a company's assets are financed with debt by comparing the debt burden borne by the company with its assets. It can be said that the solvency ratio is used to measure a company's ability to pay all of its obligations, both short-term and long term if the company is dissolved. (Kasmir, 2017)

Profitability (ROA)

According to (Sirait, 2017), Profitability is the ability of a company to gain total profits, converting sales into profits and cash flow. The profitability ratio assesses the company's ability to make a profit. This ratio can also measure the effectiveness of managing a company (Kasmir, 2017). The profitability ratio is the ratio a company uses to measure its ability to generate profit from its normal business activities. (Herry, 2018)

Fiscal Loss Compensation (FLC)

According to the income tax law Article 6 Paragraph 2, if the gross income after the deduction referred to in paragraph (1) results in a loss, the loss is compensated with pay starting from the next tax year consecutively for up to 5 (five) years.

Fiscal loss is calculated based on the taxpayer's annual income tax return if there is no tax assessment or meets the tax assessment provisions that the DGT has issued. A fiscal loss occurs if the result of gross income minus costs is a loss. This loss can be compensated with fiscal net profit starting in the next tax year for five consecutive years.

Provisions regarding the period for recognizing compensation for fiscal losses have been enforced since 2009; compensation for fiscal losses will exist if there was a budgetary loss in the previous tax year. If in the future, based on tax assessments that the results of the audit state that there is no loss or the amount of the fiscal loss are different from the loss according to the Annual Income Tax Return,

then the compensation for the tax loss must be revised by making corrections to the SPT as stipulated in the KUP law. Compensation for fiscal losses does not apply to taxpayers with income whose tax is Final and tax losses incurred abroad cannot be considered in calculating payment for fiscal losses.

Effect of Leverage (DAR) on Tax Avoidance (TA)

The company has a source of funds in its operations which come from its capital or shareholders and debt. Leverage is the proper use of borrowed funds to increase returns in a business or investment. Company debt will cause interest expenses; the more outstanding the company's debt, the higher the interest expense borne by the company; this high burden can reduce the profits earned, with reduced profits caused by interest expenses, can reduce the company's tax burden.

Previous research has tested the effect of leverage on tax avoidance, showing that leverage has a significant positive impact on tax avoidance. (Sari & Shandy, 2020). The hypothesis is formulated as follows:

H1: Leverage (DAR) affects Tax Avoidance (TA)

Effect of Profitability (ROA) on Tax Avoidance (TA)

Profitability is the ratio used to determine the company's ability to utilize its assets to earn profits. The higher the Profitability ratio, the better a company's performance in using its assets to generate profits. This sizeable total asset will lead to the use of depreciation and amortization of company assets, which can reduce high taxable income.

Previous research has tested the effect of Profitability on Tax Avoidance, showing that Profitability significantly negatively impacts tax avoidance (Sari & Shandy, 2020). The hypothesis is formulated as follows:

H2: Profitability (ROA) affects Tax Avoidance (TA)

Fiscal Loss Compensation (FLC) Moderates the Effect of Leverage (DAR) and Profitability (ROA) on Tax Avoidance (TA)

Fiscal Loss Compensation is a plan for compensation against the tax burden to corporate and individual taxpayers who experience losses in their books; compensation for fiscal losses can be made every subsequent year for up to 5 consecutive years. Companies that experience losses can avoid the tax burden; in the following year, taxable profits can be reduced by compensation for company losses. This will make Fiscal Loss compensation a factor that will strengthen the influence of leverage and profitability on Tax Avoidance. The hypothesis is formulated as follows:

H3: Fiscal Loss Compensation (FLC) strengthens the effect of leverage (DAR) on Tax Avoidance (TA)

H4: Fiscal Loss Compensation (FLC) strengthens the effect of Profitability (ROA) on Tax Avoidance (TA)

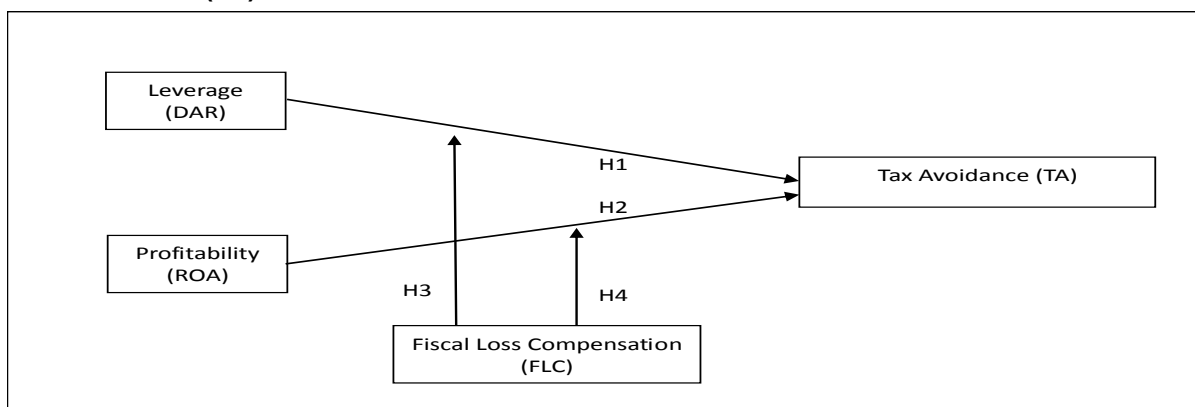


Figure 1 Thinking Framework

METHODOLOGY

Population and Sample

This study selects the population of consumer goods companies listed on the Indonesia Stock Exchange data in complete financial reports, namely 102 companies. The sample selection method

was done using a purposive sampling method determined from specific criteria. Seventy-three companies did not meet the criteria, so the number of companies used as samples was 29 over five years, and the number of observations was 145.

Variable Operationalization

Tax Avoidance

This is one way to minimize the tax burden on a company. Tax avoidance is a tax practice still within the framework of tax provisions. In this study, tax evasion will be measured using the calculation of the cash effective tax rate (CETR), which is as follows:

$$CETR = \frac{\text{Payment of tax}}{\text{Profit before tax}} \tag{1}$$

Leverage

Leverage is the use of company assets derived from loans so that the company has an interest expense which is a fixed burden on the company. Leverage is measured by the ratio I as follows:

$$\text{Debt to Asset Ratio} = \frac{\text{Current Liabilities} + \text{Long Term Liabilities}}{\text{Total Assets}} \tag{2}$$

Profitability

Profitability is the ratio used to see the extent to which the investment that has been planted can provide returns for the company as expected. In this study, the profitability variable will be measured using the calculation of ROA, Return on assets (ROA).

$$\text{Return on Assets} = \frac{\text{Net Profit}}{\text{Total Assets}} \tag{3}$$

Fiscal Loss Compensation

Fiscal Loss Compensation is part of the compensation made by the taxpayer in his bookkeeping. Companies with conditions experiencing fiscal losses in one accounting period get relief to pay their taxes or avoid the tax burden. Compensation for fiscal losses can be measured using a dummy variable, which will be given a value of 1 if there is compensation for fiscal losses at the beginning of year t.

Data analysis technique

Data processing uses Eviews 13, with the following stages:

Model Selection: To select the suitable model to obtain the best approach in this analysis, namely: the Chow test to choose an common effect or a fixed effect, Husman's test to select a fixed effect or a random effect. If these two tests produce different choices, then the Lagrange Multiplier Test will determine whether it is a common or a random result. The classic assumption test consists of normality, multicollinearity, and heteroscedasticity tests. A descriptive Statistical Test consists of the mean, median, maximum, minimum, and standard deviation. The hypothesis test consists of the Persian Significance Test (t-test), Determination Coefficient Test, and the Moderated Regression Analysis (MRA) test is used to test the moderating variable.

RESULT AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics test results

	TA__Y__	DAR__X1__	ROA__X2__	FLC__Z__
Mean	-0.641548	-0.405849	-1.111221	0.282759
Median	-0.621710	-0.366890	-1.105990	0.000000
Maximum	0.253874	0.065743	-0.114770	1.000000
Minimum	-1.504290	-0.889300	-2.186620	0.000000
Std. Dev.	0.247456	0.220145	0.346831	0.451901
Observations	145	145	145	145

From table 1 above, the results of the descriptive and frequency statistical tests with a total sample (n) of 145 samples, the minimum value of the TA _Y_ variable (tax avoidance) based on the Cash Effective Tax Rate (CETR) is -1.504290; namely in MLBI in 2017 it means that PT Multi Bintang Indonesia Tbk is relatively high in tax evasion. The maximum value of CETR is 0.253874, representing that the tax evasion with the highest CETR value is the RANC in 2021, indicating that the tax evasion by the company is low. The average value (mean) of the CETR variable is -0.641547, and the standard

deviation value of the CETR variable is 0.247456. This means that the companies in this research sample are in a disparity between 2017 and 2021.

The variable DAR_X1 (Leverage) has a minimum value of -0.889300, namely by BISI in 2021. It means that PT BISI International Tbk in 2016 had a lower percentage of debt than other sample companies, the maximum leverage value of 0.065743 is owned by TGKA in 2019, meaning PT Tigaraksa Satria Tbk in 2019 has the highest percentage of debt compared to other sample companies. The average value is -0.405849, and the standard deviation is 0.220145. The standard deviation value indicates the variation in the data; if the standard deviation value is more significant, the interpretation, data, or the average distance of each data unit is greater than the mean. The standard deviation of this variable is 0.220145, which means that the average data deviation that occurs is 0.220145 from the average value, with an average value of -0.0405849 which is smaller than the standard deviation. This illustrates a low data balance, indicating that the average value cannot be used as a representation of the entire data.

The ROA_X2 variable (profitability) has a minimum value of -2.186621 owned by RANC in 2021, meaning that PT Supra Boga Lestari Tbk in 2021 has the lowest rate of return on assets, the maximum value of -0.114771 is owned by MLBI 2017 meaning that PT Multi Bintang Indonesia Tbk in 2017 has the highest rate of return on assets. The average value of -1.111221 is smaller than the standard deviation value of 0.346831, illustrating a gap in this study's data. Hence, the data as a whole cannot be used as a representation.

For the variable FLC_Z (fiscal loss compensation), proxied by the dummy variable fiscal loss compensation, the results of Table 2 show a value of 0 if the company has no fiscal loss compensation and shows number 1 if the company has fiscal loss compensation during the study period. The frequency statistical test indicates 104 samples in companies with no fiscal loss compensation, or 71.72%, and 41 samples with fiscal loss compensation, or equal to 28.28%.

Panel Data Regression Model Selection

Table 2. Chow test results

Cross-section F	3.292295	(28,113)	0.0000
Cross-section Chi-square	86.495491	28	0.0000

From table 2, it can be seen that the probability value is 0.0000 < 0.05. Therefore the fixed effect is selected.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	28.848134	3	0.0000

From table 3, it can be seen that the probability value is 0.0000 < 0.05. Therefore the selected effect is the fixed effect.

Because the chow and hausman test results are the same, the Lagrange test is no longer needed. The selected model is the fixed.

Classic assumption test

Normality test

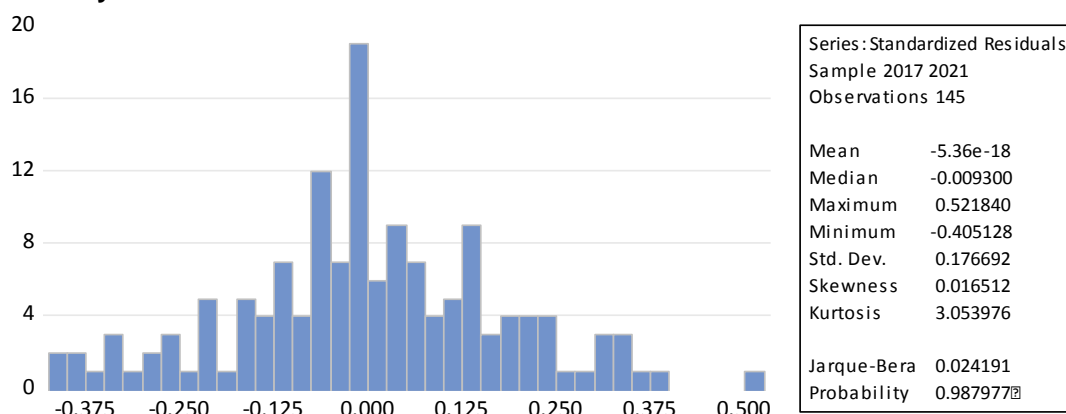


Figure 2. Data Normality Test Results

Figure 2 above shows that the result of the Jarque-Bera probability is 0.987, which is greater than 0.05. So it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test Results

	DAR	ROA	FLC
DAR	1	-0.2503135242993152	0.3352721521929499
ROA	-0.2503135242993152	1	-0.4408181609756639
FLC	0.3352721521929499	-0.4408181609756639	1

Based on table 4, Fiscal Loss Compensation to Profitability is obtained $-0.440 < 0.80$, free from multicollinearity symptoms. The value obtained from Leverage to Profitability is -0.250 , which means that it is free from multicollinearity symptoms; the Fiscal Loss Compensation variable to Leverage is $0.335 < 0.80$, which means it is free from multicollinearity symptoms. From this interpretation, it can be concluded that the data in this study are free from multicollinearity.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

	Value	Df	Probability
Likelihood ratio	4.383395	29	1.0000

Based on table 5, The probability value of $1.000 > 0.05$ means that H_0 cannot be rejected. Meaning that there is no heteroscedasticity

Hypothesis testing

t-test

Table 6. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DAR	-0.299612	0.185899	-1.611691	0.1098
ROA	-0.666950	0.096320	-6.924293	0.0000
C	-1.504275	0.148623	-10.12140	0.0000

Based on table 6, only ROA has a probability below 0.05. Therefore only ROA continues its moderating test

Moderated Regression Analysis (MRA) Test

Table 7. Equation 1 ROA to AT

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	-0.622100	0.092851	-6.699972	0.0000
C	-1.332839	0.104518	-12.75228	0.0000

Effects Specification

Cross-section fixed (dummy variables)	
R-squared	0.473881
Adjusted R-squared	0.341207

Table 8. Equation 2 ROA, FLC to TA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	-0.594556	0.096723	-6.146999	0.0000
FLC	0.083956	0.082704	1.015138	0.3122
C	-1.325970	0.104723	-12.66172	0.0000

Effects Specification

Cross-section fixed (dummy variables)	
R-squared	0.478594
Adjusted R-squared	0.341382

Table 9. Equation 3 ROA, FLC, ZROA against TA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	-0.494651	0.124743	-3.965370	0.0001
FLC	-0.258019	0.282991	-0.911757	0.3638
ZROA	-0.241244	0.190965	-1.263288	0.2091
C	-1.210611	0.138739	-8.725831	0.0000

Equation 2, FLC, is not significant; equation 3, ZROA is not significant; this means that the FLC variable is pure moderating.

Adjusted r-square equation 1 0.341207 is smaller than adjusted r-square equation 2 0.341382, meaning that FLC strengthens the effect of ROA on TA.

Determination Test

Table 10. Determination Test Results

R-squared	0.485601	Mean dependent var	-0.641548
Adjusted R-squared	0.350233	S.D. dependent var	0.247456
S.E. of regression	0.199470	Akaike info criterion	-0.199257
Sum squared resid	4.535855	Schwarz criterion	0.437148
Log likelihood	45.44613	Hannan-Quinn criter.	0.059336
F-statistic	3.587267	Durbin-Watson stat	2.347677
Prob(F-statistic)	0.000000		

From table 10, it can be seen that the Adjusted R-squared value is 0.350233 with a Probability of 0.0000. This means that DAR and ROA can explain the TA of 35%. The rest is explained by other variables not included in this research model.

Discussion

Effect of Leverage on Tax Avoidance

The t-test results in this study indicate that the leverage variable based on DAR does not affect tax avoidance. The result of the count is -1,600, with a probability of 0.11 greater than 0.05. so that Ho is accepted, Ha is rejected. The results of this study support research conducted by Arimurti et al. (2018), who also said there is no effect on leverage on tax avoidance. When there is an increase in corporate debt, the company will be more conservative in its financial and operational reporting activities; the company will be careful about tax avoidance activities by increasing the amount of corporate debt. The results of this study do not support research conducted by Fabia Tiala et al. (2019) and Sari and Shandy (2020), which say that leverage affects tax avoidance. Where if the value of leverage is high, which means that the use of high debt by the company makes the interest expense that the company increase must pay, it can result in the company taking tax avoidance actions.

Effect of Profitability on Tax Avoidance

The t-test results in this study indicate that the profitability variable based on ROA has a significant negative effect. Table 6 produces a count of -6.389 and a probability of 0.0000, more diminutive than 0.05. The results of this study support research conducted by Sari and Shandy (2020) and Arimurti et al. (2018) that Profitability partially has a significant negative effect on tax avoidance as measured by ROA. So that Ho is rejected, Ha is accepted. Thus it can be concluded that tax avoidance decreases when there is an increase in company ROA. ROA is a component that shows the profitability of the company. The higher the value of the company's profitability, the better the company's tax planning because the company can optimize its taxes so that the tendency of companies to avoid taxes decreases. However, the results of this study do not support research conducted by Tiala and Rokhman (2019), which states that Profitability does not affect tax avoidance. The meaning of the Profitability variable not affecting tax avoidance is that when there is an increase or decrease in profits generated from using company assets, it does not affect tax avoidance activities.

Fiscal Loss Compensation on the Effect of Probability on Tax Avoidance

This study's t-test results (equation 2) indicate that the fiscal loss compensation variable does not affect tax avoidance. From the MRA test the interaction variable between fiscal loss compensation and probability (ROA) shows a significant number. Therefore fiscal loss compensation is a moderating

variable of the pure moderating type. From the results of the comparison of Adjusted R-Square values, it is known that the role of Fiscal Loss Compensation is to strengthen the effect of probability on tax aid. So companies that have fiscal loss compensation, the impact of probability on tax avoidance actions is getting stronger. Compensation for tax losses cannot affect tax avoidance by companies, but it strengthens the effect of probability on tax avoidance. Tax loss compensation is compensation for income tax losses where the company will carry losses from one tax year to the next for five years. Fiscal losses to the company were not carried out intentionally, but losses did occur in that period. Wardana and Asalam. (2022) and Anarky and Bustari (2021) conducted study results that concluded no effect between fiscal loss compensation and tax avoidance. But Andriyani and Mahpudin (2021) and Safitri (2021) obtained different results that fiscal loss compensation affects tax avoidance.

CONCLUSION

Leverage does not affect tax avoidance. Profitability affects tax avoidance. fiscal loss compensation strengthens the influence of profitability on tax avoidance. The limitation of this research is that it only considers the leverage and profitability factors in analyzing the financial factors that influence tax avoidance. The year of observation is limited to 2021. Future researchers can add other variables beyond those studied and add years of observation. Subsequent researchers can also add other moderating variables suspected of strengthening or weakening the influence of variables that affect tax avoidance. This study provides theoretical implications in the form of insight into the factors that cause tax evasion in companies, especially the consumption goods sub-sector, and practical implications in the form of an understanding of tax avoidance by companies in the consumer goods sector. The practice of tax avoidance by companies can result in reduced state revenues, so companies must be wiser in making decisions to do tax evasion and stay within the regulatory limits set by the government to avoid embezzlement practices.

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