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**The Effect of Tax Avoidance on External Funding in Indonesian Stock Exchange (Study Case on Manufacturing Companies)**

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A B S T R A C T

***This study aims to determine the effect of tax avoidance on external funding of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX). This research is a quantitative research with data collection techniques of data documentation of financial statements of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). 2019-2021 period. The population in this study amounted to 42 companies and the samples taken were 33 manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). 2019-2021 period. The sampling technique used is purposive sampling technique. The analytical method used is simple linear regression analysis. The results showed that the value of Tax Avoidance T = -1.316, then the obtained Tcount < Ttable or -1.316<1,***

***Keywords: Tax Avoidance, External Funding***

**INTRODUCTION**

One of Indonesia's largest state revenues is from the tax sector. As UU KUP Article 1 UU no. 28 of 2007, explains that taxes and other levies which are coercive in nature are regulated in law, in the context of state needs and people's welfare. The largest state revenue comes from tax sources, namely companies. The company is obliged to pay taxes according to the rate determined by the DirectorateGeneralTaxes, which are used to build the country.

Tax is the main source of input for the state, while for companies tax is a cost that can reduce net profit before tax. Companies want savings in paying taxes, while the interests of the tax authorities expect that the amount of tax earned is large and regular. Various methods are used by taxpayer companies, both by making tax savings according to tax regulations and violating tax policies.

One of the ways companies choose to save on taxes is through tax management. The form of tax management that is generally carried out by companies is tax avoidance. Tax avoidance is a tax saving strategy without violating tax policies. In implementing this strategy, the company deliberately uses the weaknesses of tax policies, in addition to determining burdens that can reduce the amount of tax. However, not all companies choose tax avoidance measures, because this has risks and results in higher tax costs, as well as damaging the company's image, so that the continuity of the company can also be disrupted (Ritonga, 2020).

Companies in Indonesia that carry out tax avoidance actions have an impact on decreasing tax revenue achievements. The more companies avoid taxes, the lower the percentage of achieving tax revenue. Tax is a burden on the company because it can reduce the company's net profit. So that companies practice tax avoidance in order to reduce the cost of paying taxes. Companies use loopholes in tax regulations as a form of legal use practiceminimizetax payable. (Yulyanah & Kusumastuti, 2019).

Ernest R Mortenson stated that tax avoidance is related to the setting of activities in such a way as to reduce or even eliminate the tax burden by taking into account whether there are various tax consequences that occur (Kurnia, 2010).

Tax avoidanceinfluenced byvariousfactors, namely institutional ownership, profit levels, and debt levels. The level of profit is a measure of the performance of the company's management in managing its wealth as evidenced by the amount of profit created in a certain period. The level of debt is how much operational funding is funded by debt. The debt level shows the levelassetsfunded by corporate debt. In this case, the debt level is related to the amount of debt that the company uses to buy assets. Meanwhile, institutional ownership is shares owned by the government and institutions, for example foreign institutions, financial institutions, and legal entity institutions. Studies state that institutional ownership is a share asset exceeding 5%, but not as management ownership. (Yulyanah & Kusumastuti, 2019).

This study determines the object of research, namely using manufacturing companies engaged in the industrial goods sector and the consumption of the food and beverage sub-sector. The researchers consider using this type of industrial sector because the food and beverage industry is a manufacturing sector with a high potential contribution to the national economy and tax revenues. This situation can be illustrated by the results of the performance results and the positive and consistent movement in share prices, such as increased productivity, increased employment, exports, and investment. The food and beverage industry is part of a sector that has a high contribution to national investment, contributing Rp. 56.60 trillion in 2018, and an increase of 7.91% exceeding national economic growth of 5.17%.

Various ways are chosen by companies in their tax savings, through tax management actions. Generally, companies carry out tax management by avoiding taxes (tax avoidance). Tax avoidance is a tax saving strategy without violating tax policies. In implementing this strategy, the company deliberately uses the weaknesses in tax provisions, in addition to determining expenses that can reduce the amount of tax. However, not all companies will avoid taxes, because this has risks and results in higher tax costs, as well as damaging the company's image, and the continuity of the company can also be disrupted (Ritonga, 2020).

Usually the company has an external financing structure thatshowstrategy of how the company finances assets. Companies need capital sourced from internal capital and foreign capital. (Siswanto, 2007) explained that external funding is an activity of allocating funds to finance investment activities, taking into account the combination of economic resources for the issuance of new shares and debt. (Ritonga, 2020).

Referring to this background, the researcher wishes to conduct research entitled "The Effect of Tax Avoidance on External Funding in Manufacturing Companies Listed on the Indonesia Stock Exchange (Study on Manufacturing Companies Listed on the IDX in 2019-2021)".

# RESEARCH METHODS

# Types of research

This type of research conducted in this research is quantitative research. Quantitative research is research conducted by collecting data in the form of numbers or data in the form of words or sentences converted into data in the form of numbers. According to the title of this study, "The Effect of Tax Avoidance on External Funding in Manufacturing Companies Listed on the Indonesian Stock Exchange". The research conducted by the author took data on manufacturing companies listed on the Indonesian Stock Exchange (IDX) Investment Gallery. Time This research was conducted in April to date. The type of data used in this study is secondary data. Secondary data, namely the type of data in research based on how to obtain it, which means that the source of research data is obtained and collected by researchers indirectly but with other parties. The data source used in this research is the financial statements of manufacturing companies, thus the data obtained in this research is data listed on the Indonesia Stock Exchange. This data is in the form of financial reports on the Indonesia Stock Exchange from the IDX's official website[www.idx.co.id](http://www.idx.co.id).. This research determines the research population namelyfood and beverage manufacturing companies listed on the IDX in 2019 – 2021.

**Population**

The population of this study were 42 food and beverage sector companies listed on the IDX.

**Table 1.** List of Population of Companies in the Food and Beverage Sector Listed on the Indonesia Stock Exchange (IDX) 2019-2021.

|  |  |  |
| --- | --- | --- |
| **No** | **Code** | **Company name** |
| 1. | ADES | Akasha Wira International Tbk |
| 2. | AISA | Tiga Pilar Sejahtera Food Tbk |
| 3. | ALTO | Tri Banyan Tirta Tbk |
| 4. | BTEK | Superior Technoculture Earth Tbk |
| 5. | BUDI | BudiStarch& Sweetener Tbk |
| 6. | CAMP | Campina Ice Cream Industry Tbk |
| 7. | CEKA | Wilmar Cahaya Indonesia Tbk |
| 8. | CLEO | Sariguna Primatirta Tbk |
| 9. | CMRY | Cisarua Mountain Dairy Tbk |
| 10. | COCO | Wahana Interfood Nusantara Tbk |
| 11. | CRAB | Toba Surimi Industries Tbk |
| 12. | DLTA | PT Delta Djakarta Tbk |
| 13. | DMND | Diamond Food Indonesia Tbk |
| 14. | ENZO | Morenzo Abadi Perkasa Tbk |
| 15. | FOOD | Sentra Food Indonesia Tbk |
| 16. | GOOD | Garudafood Putra Putri Jaya Tbk |
| 17. | HOKI | Buyung Poetra Sembada Tbk |
| 18. | IBOS | Indo Boga Success |
| 19. | ICBP | Indofood CBP Success Prosperous |
| 20. | IIKP | Inti Agri Resources Tbk |
| 21. | IKAN | Era Mandiri Cemerlang Tbk |
| 22. | INDF | Indofood Sukses Makmur Tbk |
| 23. | IPPE | Indo Pureco Pratama Tbk |
| 24. | KEJU | Mulia Boga Raya Tbk |
| 25. | MGNA | Magna Investama Mandiri Tbk |
| 26. | MLBI | Multi Bintang Indonesia Tbk |
| 27. | MYOR | Mayora Indah Tbk |
| 28. | NASI | Wahana Inti Makmur Tbk |
| 29. | PANI | Pratama Abadi Nusa Industri Tbk |
| 30. | PCAR | Prima Cakrawala Abadi Tbk |
| 31. | PMMP | Panca Mitra Multiperdana Tbk |
| 32. | PSDN | Prasidha Aneka Niaga Tbk |
| 33. | PSGO | Palma Serasih Tbk |
| 34. | ROTI | Nippon Indosari Corpindo Tbk |
| 35. | SKBM | Sekar Bumi Tbk |
| 36. | SKLT | Sekar Laut Tbk |
| 37. | STTP | Siantar Top Tbk |
| 38. | TAYS | Jaya Swarasa Agung Tbk |
| 39. | TRGU | Cerestar Indonesia Tbk |
| 40. | ULTJ | Ultra Jaya Milk Industry and Trading Company Tbk |
| 41. | WMPP | Widodo Makmur Perkasa Tbk |
| 42. | WMUU | Widodo Makmur Poultry Tbk |

Source: Secondary data processed (2021)

**Sample**

The sample in this research is a manufacturing company listed on the Indonesia Stock Exchange. The sample in this study used a purposive sampling technique. Purposive sampling technique is a technique of determining the sample by considering certain. The criteria that must be met by in this study are as follows:

**Table 2.** Sampling Criteria

|  |  |
| --- | --- |
| **Information** | **Amount** |
| Food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) 2019-2021. | 42 |
| Companies that do not issue annual reports consecutively during the study period, namely 2019-2021. | (8) |
| Companies in the Food and Beverage sector that do not present financial reports using the rupiah currency | (1) |
| **Total number** | **33** |
| **Total number of observations (3 years)** | **99** |

Source: Secondary data processed (2021)

Referring to the sample consideration criteria above, a sample of 33 companies was obtained based on the results of observations. The total observation period used in this study was 3 years. Thus the total data used is 99 data. The following is a list of companies that do not report (Annual Report) and companies that do not present (Annual Report) in the rupiah currency (RP) and a list of samples of companies in the food and beverage sector that are listed on the Indonesia Stock Exchange (IDX) for 2019-2021.

**Table 3.** List of Companies That Do Not Report (Annual Report) and Companies That Do Not Present (Annual Report) With Rupiah Currency (RP) AT IDX Research Period 2019-2021)

|  |
| --- |
| **Companies That Do Not Report (Annual Report) During the 2019-2021 Research Period.** |
| 1. Cisarua Mountain Dairy Tbk (CMRY) |
| 2. Toba Surimi Industries Tbk (CRAB) |
| 3. Indo Boga Sukses Tbk (IBOS) |
| 4. Indo Pureco Pratama Tbk (IPPE) |
| 5. Wahana Inti Makmur Tbk (NASI) |
| 6. Jaya Swarasa Agung Tbk (TAYS) |
| 7. Cerestar Indonesia Tbk (TRGU) |
| 8. Widodo Makmur Perkasa Tbk (WMPP) |
| **Companies That Do Not Present (Annual Reports) in Rupiah Currency (RP) During the 2019-2021 Research Period.** |
| 1. Panca Mitra Multiperdana Tbk (PMMP) |

Source: Secondary data processed (2021)

**Table 4.** List of Sample Companies in the Food and Beverage Sector Listed on the Indonesia Stock Exchange (IDX) 2019-2021

|  |  |  |
| --- | --- | --- |
| **No** | **Code** | **Company name** |
| 1. | ADES | Akasha Wira International Tbk |
| 2. | AISA | Tiga Pilar Sejahtera Food Tbk |
| 3. | ALTO | Tri Banyan Tirta Tbk |
| 4. | BTEK | Superior Technoculture Earth Tbk |
| 5. | BUDI | BudiStarch& Sweetener Tbk |
| 6. | CAMP | Campina Ice Cream Industry Tbk |
| 7. | CEKA | Wilmar Cahaya Indonesia Tbk |
| 8. | CLEO | Sariguna Primatirta Tbk |
| 9. | COCO | Wahana Interfood Nusantara Tbk |
| 10. | DLTA | PT Delta Djakarta Tbk |
| 11. | DMND | Diamond Food Indonesia Tbk |
| 12. | ENZO | Morenzo Abadi Perkasa Tbk |
| 13. | FOOD | Sentra Food Indonesia Tbk |
| 14. | GOOD | Garudafood Putra Putri Jaya Tbk |
| 15. | HOKI | Buyung Poetra Sembada Tbk |
| 16. | ICBP | Indofood CBP Sukses Makmur Tbk |
| 17. | IIKP | Inti Agri Resources Tbk |
| 18. | IKAN | Era Mandiri Cemerlang Tbk |
| 19. | INDF | Indofood Sukses Makmur Tbk |
| 20. | KEJU | Mulia Boga Raya Tbk |
| 21. | MGNA | Magna Investama Mandiri Tbk |
| 22. | MLBI | Multi Bintang Indonesia Tbk |
| 23. | MYOR | Mayora Indah Tbk |
| 24. | PANI | Pratama Abadi Nusa Industri Tbk |
| 25. | PCAR | Prima Cakrawala Abadi Tbk |
| 26. | PSDN | Prasidha Aneka Niaga Tbk |
| 27. | PSGO | Palma Serasih Tbk |
| 28. | ROTI | Nippon Indosari Corpindo Tbk |
| 29. | SKBM | Sekar Bumi Tbk |
| 30. | SKLT | Sekar Laut Tbk |
| 31. | STTP | Siantar Top Tbk |
| 32. | ULTJ | UltraJayaMilk Industry &TradingCompany Tbk |
| 33. | WMUU | Widodo Makmur Poultry Tbk |

 Source: Secondary data processed (2021)

Method of collecting data

Data was collected through documentation study techniques, namely by understanding, classifying, and analyzing secondary data, including financial reports, various records, and other information related to food and beverage manufacturing companies listed on the IDX for 2019-2021 obtained from the official website of the IDX i.e. ([*https://www.idx.co.id/*](https://www.idx.co.id/)*).*

Variable Operational Definitions

**Table 5.** Variable Operational Definitions

|  |  |  |
| --- | --- | --- |
| **Variable** | **Definition** | **Formula** |
| Tax evasion | *Tax avoidance*is a means of fulfilling the obligation to pay taxes correctly. But the amount of tax paid can be reduced in order to obtain the expected profit and liquidity. | *Cash* ETR = $\frac{Cash Tax Paid i, t}{Pretax Income i, t}$ |
| *Debt to Equity Ratio* (DER). | *Debt to Equity Ratio* (DER) namely the comparison used to assess debt with equity. | DER = $\frac{Total Debt}{Total Capital}$ |

Data Analysis Method

1. **Descriptive Statistics**

Descriptive statistical analysis is used to show the nature of the sample used and to reflect the various variables in the study. Descriptive statistical analysis includes scoresminimumas well as the maximum, average value, number, sample, and standard deviation of all variables.

1. **Classic assumption test**

The classic assumption test is to test whether the data meets the classic assumptions. The goal is to prevent biased estimates from occurring. This study uses the Normality test.

**Normality test**

The normality test aims to test whether the data in the regression model meet the normal distribution requirements and whether the residuals in the regression model are normally distributed. The normality test used in this study, namely by *Kolmogorov - Smirnov* (KS), guidelines for decision making regarding data that is close to or is a normal distribution which can be seen from:

1. Significant value or probability > 0.05, then the data is not normally distributed.
2. Significance or probability value <0.05, then the data is normally distributed.

**Autocorrelation test**

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. If there is a correlation, then there is called an autocorrelation problem. Autocorrelation arises because successive observations over time are related to one another. This problem arises because the residuals are not independent from one observation to another.

The autocorrelation test was run using the Durbin-Watson test (DW test). The following is the basis for making a decision whether or not autocorrelation exists:

1. If the DW value lies between the upper limit (du) and (4-du), then the autocorrelation coefficient = zero, meaning that there is no autocorrelation.
2. If the DW value is lower than the lower limit (di), then the autocorrelation coefficient > zero, meaning there is a positive autocorrelation.
3. If the DW value is greater than (4-di), then the autocorrelation coefficient is <zero, meaning that there is autocorrelationnegative. If the DW value is at (4-du) and (di), then the results cannot be concluded.

Hypothesis Testing

**Simple Linear Regression Test**

Regression analysis is a type of analysis with the intention of knowing the effect of one variable on another. The influencing variable is the independent variable, while the affected variable is said to be the dependent variable (free). If in the regression equation there is only one dependent and independent variable, then it is said to be a 'simple regression equation'. Simple linear regression is used if there is one independent variable (X) and one dependent variable (Y). The use of simple linear regression analysis aims to estimate the value of the variable (Y) that is affected by the variable (X). Here is a simple linear regression formula:

**Y = a + bx**

Description:

*Y* = DER

*A* = constant regression equation

*b1, b2,* = regression coefficient

*x1* = tax avoidance

**T Test (Partial)**

Hypothesis testing is a branch of inferential statistics that is used to statistically test the truth of a statement and draw conclusions whether to accept or reject the statement. The purpose of Hypothesis Testing is to establish a basis so that it can collect evidence in the form of data in determining a decision whether to reject or accept the truth of the statements or assumptions that have been made.

The t statistical test shows the extent to which the influence of one independent variable individually explains the dependent variable. Studydeterminestatistical test t has a significance value = 5%. The criteria for testing the hypothesis use the statistical t test, namely if the significance value of t (p-value) <0.05; then the alternative hypothesis is accepted, namely the dependent variable is influenced individually by the independent variable. The following is the decision making on the t test in this study:

1. If the significance probability value is > 0.05, then the hypothesis is rejected. The hypothesis is rejected, meaning that the independent variable has no significant effect on the dependent variable.
2. If the significance probability value is <0.05, then the hypothesis is accepted. The hypothesis is accepted, meaning that the independent variables have a significant effect on the dependent variable.

**RESULTS & DISCUSSION**

General Description of the Research Object

## The Indonesia Stock Exchange (IDX) is a Self Regulatory Organization (SRO) that provides infrastructure to support the implementation of regular, fair and efficient securities trading and is easily accessible to all stakeholders.

Historically, the stock exchange or capital market has existed since the Dutch colonial era in 1912 in the Netherlands long before Indonesia's independence which was founded on national interests. Capital market activities experienced a vacuum for several periods because growth and development did not go as expected. The factors that caused this were World War I and II, the transfer of power from the colonial government to the government of the Republic of Indonesia and stock exchange operations that did not work properly due to various conditions.

In 1977, the government of the Republic of Indonesia reactivated the capital market. Along with various incentives and regulations issued by the government, the capital market experienced growth several years later.

The Indonesia Stock Exchange is an exchange resulting from the merger of the Jakarta Stock Exchange (BEJ) and the Surabaya Stock Exchange (BES). For the sake of operational and transaction effectiveness, the government decided to merge the Jakarta Stock Exchange as a stock market with the Surabaya Stock Exchange as a bond and derivatives market to become the Indonesia Stock Exchange (IDX). The exchange resulting from this merger began operating on December 1, 2007. There are several sectors of companies whose shares are traded on the Indonesia Stock Exchange, namely:

1. *Agriculture*
2. *Basic Industry and chemicals*
3. *Consumer goods industry*
4. *Finance*
5. *Mining*
6. *Miscellaneous industry*
7. *Property, real estate, and building construction*
8. *Trade, service and investment.*

The vision and mission of the Indonesian Stock Exchange is to become a competitive exchange with world-class credibility and to create a trusted and credible financial market infrastructure to realize an orderly and efficient market, and accessible to all stakeholders through innovative products and services.

Results

**Descriptive Statistics**

Descriptive statistics is a process of transforming research data in tabular form so that it is easy to understand and interpret. Descriptive statistical analysis is used to find out the description or description of a data seen from the minimum, maximum, average, number, sample, and standard deviation values ​​of the variables research namely tax avoidance (X) and DER (Y). Based on the results of the analysis can be described as following:

**Table 6.** Descriptive Statistics Test

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Range | Minimum | Maximum | Means |
| Statistics | Statistics | Statistics | Statistics | Statistics | std. Error |
| Tax evasion | 99 | .89 | .02 | .91 | .2553 | .01491 |
| External Funding | 99 | 2.05 | .07 | 2.12 | .8462 | .05664 |
| Valid N (listwise) | 99 |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | std. Deviation | Variances |
| Statistics | Statistics |
| Tax evasion | .14836 | 022 |
| External Funding | .56359 | .318 |
| Valid N (listwise) |  |  |

Source: Data processed in 2022

Table 4.1 is the output of descriptive statistics of all research variables with a total sample of 99. Based on the table, it can be explained descriptive statistical analysis of each variable as follows:

1. Variable X (Tax Avoidance) has a minimum value of 0.02 and a maximum value of 0.91. While the average value is 0.2553 and the standard deviation is 0.14836.
2. Variable Y (External Funding) has a minimum value of 0.07 and a maximum value of 2.12. While the average value is 0.8462 and the standard deviation is 0.56359.

**Test Assumptions Classic**

**Normality Test**

The normality test aims to test whether in the regression model the dependent variable and independent variable both have a normal distribution or not. To find out about the normality of the data in this study, it was done by looking at the Kolmogorov-Smirnov value. The limit for data acceptance is stated to be normally distributed if the significant value is at Kolmogorov-Smirnov> 0.05. Data normality test results for variablesTax avoidance (X) and DER (Y) can be seen as follows:

**Table 7.** Normality test

One-Sample Kolmogorov-Smirnov Test

|  |
| --- |
|  |
| One-Sample Kolmogorov-Smirnov Test | Unstandardized Residuals |
| N | 99 |
| Normal Parameters, b | Means | 0E-7 |
| std. Deviation | .85542634 |
| Most Extreme Differences | absolute | 095 |
| Positive | .069 |
| Negative | -.095 |
| Kolmogorov-Smirnov Z | .943 |
| asymp. Sig. (2-tailed) | .336 |

Source: Data processed in 2022

Based on table 7 it is known that the significance value of Asiymp.Sig (2-tailed) as big0.336 is greater than 0.05. So according to the basis of decision making, it can be concluded that the data is normally distributed. Thus, the assumptions or data normality requirements have been fulfilled.

**Autocorrelation test**

Test autocorrelation aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. Autocorrelation test can be done by means of the Durbin-Watson test (DW test). Table 4.3 shows the results of the autocorrelation test.

**Table 8.** Autocorrelation Test

Summary model b

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | std. Error of the Estimate |
| 1 | .132a | .018 | 007 | .85982 |

a. Predictors: (Constant), Ln\_Tax Avoidance

b. Dependent Variable: Ln\_External Funding

**Hypothesis Test**

**Simple Linear Regression Test**

Simple regression analysis is a regression where the independent variable has the highest rank of one. The goal is to predict the value of one variable in relation to another variable through the equation of the regression line. Simple linear regression is linear regression which only involves two variables. The following is a simple linear regression table that has been tested using SPSS.

**Table 9.** Simple Linear Regression Test

Coefficientsa

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | std. Error | Betas |
| 1 | (Constant) | .186 | .232 |  | .775 | .440 |
| Ln\_Tax Avoidance | -.180 | .141 | -.132 | -1,316 | .191 |

Dependent Variable: Ln\_External Funding

Source: data processed in 2022

Based on table 4.4 above, the results obtained are constant (a) of 0.186, while the value of working capital financing (b/regression coefficient) is -0.180. From these results it can be included in the regression equation as follows:

Y = a+bX

Y = 0.186 + -0.180X

The results of the above equation can be translated as a constant of 0.186 which means that the consistency value of the external funding variable is 0.186, the regression coefficient of the tax avoidance variable is -0.180 which states that the direction of the effect of tax avoidance is negative.

**T test (Partial).**

Partial test (t test) is used to test the hypothesis partially in order to show the effect of each independent variable individually on the dependent variable. The following are the results of the t test using SPSS software.

**Table 10.** T test

Coefficientsa

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | Q | Sig. |
| B | std. Error | Betas |
| 1 | (Constant) | .186 | .232 |  | .775 | .440 |
| Ln\_Tax Avoidance | -.180 | .141 | -.132 | -1,316 | .191 |

Dependent Variable: Ln\_External Funding

Source: data processed in 2022

For the t test criteria carried out at the level∝= 5% with a value of t, for n = 99, the independent variable 99-2 = 97 is 1.984. The table above shows the results of Tcount for variable X which is -1.316, so Tcount <Ttable or -1.316 <1.984, significant value 0.191 > 0.05, variable X does not have a significant effect on variable Y because Tcount -0.180 <1.985 and significant value 0.191 >0.05.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **pr** | **0.25** | **0.10** | **0.05** | **0.025** | **0.01** | **0.005** | **0.001** |
| **Df** | **0.50** | **0.20** | **0.10** | **0.050** | **0.02** | **0.010** | **0.002** |
| **81** | 0.67753 | 1.29209 | 1.66388 | 1.98969 | 2.37327 | 2.63790 | 3.19392 |
| **82** | 0.67749 | 1.29196 | 1.66365 | 1.98932 | 2.37269 | 2.63712 | 3.19262 |
| **83** | 0.67746 | 1.29183 | 1.66342 | 1.98896 | 2.37212 | 2.63637 | 3.19135 |
| **84** | 0.67742 | 1.29171 | 1.66320 | 1.98861 | 2.37156 | 2.63563 | 3.19011 |
| **85** | 0.67739 | 1.29159 | 1.66298 | 1.98827 | 2.37102 | 2.63491 | 3.18890 |
| **86** | 0.67735 | 1.29147 | 1.66277 | 1.98793 | 2.37049 | 2.63421 | 3.18772 |
| **87** | 0.67732 | 1.29136 | 1.66256 | 1.98761 | 2.36998 | 2.63353 | 3.18657 |
| **88** | 0.67729 | 1.29125 | 1.66235 | 1.98729 | 2.36947 | 2.63286 | 3.18544 |
| **89** | 0.67726 | 1.29114 | 1.66216 | 1.98698 | 2.36898 | 2.63220 | 3.18434 |
| **90** | 0.67723 | 1.29103 | 1.66196 | 1.98667 | 2.36850 | 2.63157 | 3.18327 |
| **91** | 0.67720 | 1.29092 | 1.66177 | 1.98638 | 2.36803 | 2.63094 | 3.18222 |
| **92** | 0.67717 | 1.29082 | 1.66159 | 1.98609 | 2.36757 | 2.63033 | 3.18119 |
| **93** | 0.67714 | 1.29072 | 1.66140 | 1.98580 | 2.36712 | 2.62973 | 3.18019 |
| **94** | 0.67711 | 1.29062 | 1.66123 | 1.98552 | 2.36667 | 2.62915 | 3.17921 |
| **95** | 0.67708 | 1.29053 | 1.66105 | 1.98525 | 2.36624 | 2.62858 | 3.17825 |
| **96** | 0.67705 | 1.29043 | 1.66088 | 1.98498 | 2.36582 | 2.62802 | 3.17731 |
| **97** | 0.67703 | 1.29034 | 1.66071 | 1.98472 | 2.36541 | 2.62747 | 3.17639 |
| **98** | 0.67700 | 1.29025 | 1.66055 | 1.98447 | 2.36500 | 2.62693 | 3.17549 |
| **99** | 0.67698 | 1.29016 | 1.66039 | 1.98422 | 2.36461 | 2.62641 | 3.17460 |
| **100** | 0.67695 | 1.29007 | 1.66023 | 1.98397 | 2.36422 | 2.62589 | 3.17374 |

**Table 11.** Point Percentage Distribution t

Discussion

Based on the research results that have been presented in statistical form, it is necessary to carry out a more in-depth analysis in order to obtain a more comprehensive picture of the research. Therefore, in the following, we will discuss in full the results of the hypothesis test.

Tax avoidance is considered as an activity to transfer wealth from the state to corporations (Kim et al., 2010). In other words, tax evasion is a legal action for taxpayers by exploiting weaknesses in tax provisions to save on paying the tax burden so that the company achieves the targeted profit. (Ritonga, 2020).

Tax avoidance is related to the process of selecting one or more alternative external funding that is considered beneficial for the company. Tax avoidance is proxied by the cash effective tax rate (Cash ETR). Tax evasion is carried out to reduce profit before tax by committing debt so that a debt burden arises, so with a high amount of expenses it can be said that net profit before tax will be low, of course the tax burden that will be paid is small. So the greater the number of DER, that is, above 1 company has a large amount of debt and vice versa if the number of DER is below 1 company has less debt.

The results of the above equation can be translated as a constant of 0.186 which means that the consistency value of the external funding variable is 0.186, the regression coefficient of the tax avoidance variable is -0.180 which states that the direction of the effect of tax avoidance is negative.

The negative value in the results of the simple regression analysis that has been done indicates that if the value of tax avoidance increases, then the value of external funding decreases. Vice versa, if the value of tax avoidance decreases, then the value of external funding increases.

Based on the results of research that has been done, it shows that the value of Tcount tax avoidance is equal to-1.316, then obtained Tcount <Ttable or -1.316 <1.984, significant value 0.191 > 0.05, then the tax avoidance variable has no significant effect on the external funding variable because the Tcount value is -1.316 <1.984 and a significant value of 0.191 > 0.05.

Which means that tax avoidance has no effect on external funding. This is because the value of Cash ETR tends to be below 25%, thus causing a higher value of tax evasion by companies. Vice versa, if the Cash ETR is above 25%, then it shows that the company is doing less tax evasion. In addition, the DER value for food and beverage sub-sector companies listed on the IDX for the 2019-2021 period tends to be low. So by doing debt so that high interest expenses cannot minimize the company's tax burden. Then the results of this study are in accordance with the hypothesis.

Based on the results of the coefficient test, it shows that the R value is 0.132, which means 13.2%. The output results obtained a coefficient of determination (R square) of 0.018 which implies that the effect of the independent variable (tax avoidance) on the dependent variable (external funding) is 0.18%. Thus, it can be seen that tax avoidance has little effect on external funding.

Based on this research, the results of this study are in accordance with research conducted by (Ritonga, 2020) which says that tax avoidance has no effect and is not significant on fundinguexternal.

CONCLUSION & SUGGESTIONS

Conclusion

Based on the results of a research analysis regarding the effect of tax avoidance on external funding in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period, it can be concluded that:

1. The results of simple linear regression analysis show that the consistency value of the external funding variable is 0.186, the regression coefficient for the tax avoidance variable is -0.180 which states that the direction of the influence of tax avoidance is negative.
2. The results showed that the tax avoidance variable (x) had no effect on the external funding variable (y).
3. The value (R square) is 0.018 or 0.18%, where it is known that tax avoidance has little effect on external funding.

Suggestion

Based on the conclusions and limitations that have been put forward, the researcher provides several suggestions, including:

1. Further researchers are advised to use other companies listed on the Indonesia Stock Exchange which have a relatively larger number of companies.
2. Future research should increase the range of the research period in order to get better results.
3. In addition, companies must also pay attention to the value of external funding obtained through loans or debt so that later the company can be managed properly.

**Implications**

It is hoped that the theoretical model developed and tested in this study can contribute to our understanding of what factors affect profitability in the financial statements of manufacturing companies listed on the Indonesian Stock Exchange in 2019-2021. The results of this study have several important implications for corporate practitioners, investors and academics. Based on the conclusions that have been described, the authors propose implications that may be useful as follows:

1. For Companies

It is hoped that the results of this study can assist companies in considering corporate financial decision making. Companies can manage company resources contained in working capital optimally and effectively. as well as companies can pay more attention to any variables that greatly affect the company's profitability as material for further evaluation of company performance.

2. For Investors

Investors in investing certainly expect a return or return on their investment by facing a smaller risk. This research is expected to be a consideration in determining and deciding which investments to make, because of course every investor wants good prospects for his company in the future. Investors can invest in manufacturing companies that have a good level of profitability with good working capital management as well.

3. For Academics

This research can provide implications for academics for the development of science, developing insights and researchers' mindsets. The results of this study can be used as comparisons and references for further research and it is hoped that the results of this study will be useful in knowing more about the effect of tax avoidance on external funding.

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