Effect Of Tax Avoidance, Profitability, Liquidity And Company Size On The Value Of The Company (Empirical Study On Property And Real Estate Sector Companies Listed On The Indonesia Stock Exchange In 2020-2023)

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Article Info	ABSTRACT
Keywords: Tax avoidance, profitability, liquidity, company size, company value	The value of the company describes the well-being of the company's management and shareholders, the higher the value of the company, the better the company's performance in the eyes of investors. This study aims to determine the influence effect of tax avoidance, profitability, liquidity and company size on the value of the company. This study is included in the category of quantitative research. The Data used is secondary data. The population used in determining the sample of this study is the property and real estate sector companies listed on the Indonesia Stock Exchange in 2020-2023. Sampling techniques in this study using purposive sampling techniques, and obtained a final sample of 42 companies. The method of data collection using documentation with data analysis techniques using classical assumption test, multiple regression analysis, coefficient of determination, t test, and F test. The results of this study showed that tax avoidance, profitability, and company size affect the value of the company, while liquidity does not affect the value of the company.
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INTRODUCTION

Based on data from the Indonesia Stock Exchange (IDX) as of November 2023, the number of companies that have gone public in Indonesia has reached 903 companies. This shows that competition between companies to be able to obtain financing in the capital market is getting tighter. Businesses also compete by competing to produce the best products. Given the increasing competition that occurs, the company is required to be able to continue to improve its financial performance in order to maximize the prosperity of investors by increasing the value of the company.

The value of the company is often associated with the stock price of the company because there is a positive relationship between the two, namely if the higher the stock price of the company, the higher the value of the company and vice versa, the lower the stock price of the company, the value of the company is also low. A high increase in the

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value of the company is a long-term goal for the company because it is one of the bases for investor decision making. In essence, the main objective of a company is to optimize the value of the company, which will ultimately increase the prosperity of shareholders and generate the greatest possible profit (Hakim & Aris, 2023).

There are several factors that can affect the value of a company, one of which is tax avoidance. According to the OECD (1987), tax avoidance is the taxpayer's attempt to reduce the tax payable. In Indonesia, taxes are a major income in the contribution of the Indonesian state budget (APBN) (Yohanto & Jenni, 2023). The Indonesian government continues to make efforts so that tax revenues can increase because taxes are one of the sources of state revenue for the implementation of development and government. But on the other hand, tax is a burden for the company because it reduces the company's profits so it is possible for management to make efforts so that the tax burden becomes smaller, one of which is through tax Avoidance. This effort may not violate the law, but it is actually contrary to the purpose of making tax legislation.

Tax Avoidance, which according to tax authorities is unethical, is an unfair attitude because a taxpayer makes as much money as possible by using public services provided by the government. On the other hand, the state does not receive tax funds to build such facilities. In addition to providing benefits, Tax Avoidance is also bad for a business (Aris et al., 2022) One of the tax avoidance cases, which occurred in 2019, was carried out by PT Adaro Energy Tbk, which was suspected of conducting tax avoidance practices by conducting transfer pricing through a subsidiary located in Singapore, Coaltrade Services International. PT Adaro Energy Tbk has transferred large amounts of revenue and profits from Indonesia to subsidiaries so as to minimize tax liabilities that must be paid to the government, this has been done since 2009 to 2017. From this action, companies can pay taxes of Rp1.75 trillion or US$ 125 million less than the amount that should be paid in Indonesia (Witness, 2019).

The size of profitability can also affect the value of the company. Profitability is the ability of a company to generate profits during a certain period. Profitability reflects how effective the company is in generating profits derived from the operating activities carried out by the company. Therefore, the company continues to strive to improve the profitability of the company, because the higher the level of profitability of a company, the more guaranteed the survival of the company so that it will increase the value of the company (Dewi & Praptoyo, 2019).

Another factor that affects the value of a company is liquidity. Liquidity is the ability of a company to meet its short-term financial obligations in a timely manner. That is, if the company arises a debt bill, it will be able to meet the debt. If the company has the ability to pay off its short-term obligations at maturity then the company is a liquid company and vice versa. The higher the liquidity of the company, the higher the level of creditor confidence in investing its funds, so as to increase the value of the company in the eyes of creditors and potential investors (Iman et al., 2021).

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The size of the company can also affect the value of the company. The size of the company describes the size of the company which is reflected in the amount of capital that the company uses, the total assets that the company has, and the total sales that the company earns. Large-scale companies indicate that the company has good growth in order to maximize the value of the company so that it can attract potential investors (Dewi & Praptoyo, 2019).

In this study was conducted to prove several factors that affect the value of the company consisting of several variables, namely Tax Avoidance, profitability, liquidity and company size. Based on the above background, the author intends to conduct a study entitled "The effect of Tax Avoidance, profitability, liquidity and Company Size on company value" the object of research used in this study is the financial statements of Property and Real Estate sector companies listed on the Indonesia Stock Exchange in 2020-2023.

This research is expected to add insight and knowledge in the field of financial statements. This study can also be used as a reference for subsequent researchers who have similar research objects, expand the understanding of researchers related to the influence of Tax Avoidance, profitability, liquidity and Company Size on the value of the company, the results of this study are expected to be a consideration for the company to evaluate and improve the performance of the company, and is expected to assist investors in making decisions to invest in the company by taking into account the factors that affect the value of the company.

Literature Review

Signal Theory

Signaling Theory was first proposed by Michael Spence in 1973. Spence (1973) states that by giving a signal, the owner of the information is trying to provide information that can be utilized by the recipient of the information. The information provided by the company is in the form of submitting reliable financial statements. The information that investors capture is what is called a signal. The information a company provides can be either a positive signal (good news) or a negative signal (bad news). If the signal is positive, investors will respond positively and be able to distinguish between quality companies and those that are not, so the stock price will be higher and the value of the company increases. However, if the signal is negative, indicating that the desire of investors to investing is decreasing which will affect the decline in the value of the company (Syahrani et al., 2023).

Agency Theory

Agency Theory was first proposed by Jensen and Meckling (1976), who stated that agency theory describes the separation between shareholders as principals and company management as agents. The purpose of this separation is to achieve effectiveness and efficiency in managing the company, because basically both the principal and the agent have the same goal, which is to maximize the value of the company. But in agency relationships there are usually agency problems because managers tend to prioritize personal interests. Where the shareholders (principal) expect the welfare of the company

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but the manager (agent) who should make decisions with the aim of maximizing the welfare of the shareholders do not always act that way.

Effect Of Tax Avoidance On Company Value

Tax avoidance is a tax avoidance scheme that aims to minimize the tax burden by utilizing legal loopholes in accordance with the tax provisions of a country (Mappadang n.d., 32). Tax avoidance is part of tax planning. The higher the tax avoidance makes the amount of expenses that must be incurred by the company less, so the net profit received by the company will be greater. Information on high net income due to tax avoidance activities is expected to be a positive signal for investors so that it has a positive impact on the value of the company as reflected in the increase in the value of shares in the capital market. Based on research conducted by (Arviana & Pratiwi, 2018). states that tax avoidance has a significant effect on the value of the company. This shows that if the costs incurred by the company are small, the profit will increase which can be a reference for investors to invest so that it increases the value of the company. Based on the description and research, the hypothesis is taken as follows:

H1: Tax Avoidance affects the value of the company

Effect Of Profitability On The Value Of The Company

Profitability is a description of the level of effectiveness of company management in generating profits (Hidayat 2018, 50) Profitability plays an important role for the company in order to maintain its business continuity in the long term. This is because profitability reflects how good the company's prospects in the future. The higher the profitability of the company, the more likely the company is to distribute its dividends. Of course this can attract investors to invest in the company so that it will increase the value of the company (Sjahrussin et al., 2021). Based on research conducted (Abdul Aris & Ninis, 2024) shows that profitability affects the value of the company. Profitability proxied by Return on assets (ROA) shows the company's ability to obtain net income based on total assets. Companies with high profitability values describe companies that have good prospects in the future, so investors are interested in investing in the company. Investors who invest in the company will affect the stock price, high and low stock prices will affect the value of the company. Based on the description and research, the hypothesis is taken as follows:

H2: profitability affects the value of the company

Effect Of Liquidity On The Value Of The Company

Liquidity is a company's ability to meet its short-term debt to creditors (Kariyoto 2017, 37). The high liquidity capability of the company will have an impact on the company's ability to meet its short-term obligations, which will have a positive impact on the value of the company. The higher the value of liquidity, the higher the value of the company and the lower the liquidity, the lower the value of the company. Based on research conducted (Komalasari & Yulazri, 2023) shows that liquidity affects the value of the company. This shows that the level of smoothness of a business is a factor that affects the strengthening of the company's stock price so that the value of the company will increase. Based on the description and research, the hypothesis is taken as follows:

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H3: liquidity affects the value of the company

Effect Of Company Size On Company Value

The size of the company (Firm Size) is a picture of the size of a company shown in total assets, total sales, average sales and total assets (Riyanto 2001, 299). The size of the company can affect the value of the company. Usually large companies have a higher company value than small companies. The larger the size or scale of the company, the easier it will be for the company to obtain funding sources both internal and external. Based on research conducted (Syahrani et al., 2023) shows the size of the company has a positive influence on the company. That is, the High size of the company causes the value of the company to be higher. Large companies tend to have more stable conditions, these conditions are the cause of rising stock prices in the capital market. Based on the description and research, the hypothesis is taken as follows:

H4: the size of the company affects the value of the company

METHODS

Research Design

This study is included in the category of quantitative research based on the type of data used. The Data used is secondary data sourced from the financial statements of property and real estate sector companies listed on the Indonesia Stock Exchange for the period 2020-2023. The population used in determining the sample of this study is the property and real estate sector companies listed on the Indonesia Stock Exchange in 2020-2023. Sampling techniques in this study using purposive sampling techniques. The analysis tool in this study is multiple linear regression analysis to examine the effect of tax avoidance, profitability, liquidity and company size on the value of the company. In this study, the statistical tools used are descriptive statistical testing, classical assumption test and multiple regression analysis.

Table 1. Variable Measurement

Variable	Indicators	Referencessources
Dependent Variable		
Company Value	$PBV = \dfrac{\text{Stock market prices}}{\text{Book value per share}}$	(Brighman & Gapenski, 2006)
Independent Variable		
Tax Avoidance	$ETR = \dfrac{\text{Tax Expense}}{\text{Pretax Income}}$	(Dyreng et al., 2018)
Profitability	$ROA = \dfrac{\text{Profit After Tax}}{\text{Total Assets}}$	(Kasmir, 2019)
Liquidity	$CR = \dfrac{\text{Current Assets}}{\text{Current Debt}}$	(Kusumawati et al., 2018)
Company Size	UP = Natural logarithm (Total assets)	(Dewi & Praptoyo, 2019)

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Table 2. Sampling criteria

No	Description	Total
1	Property and real estate sector companies listed on the Indonesia Stock Exchange for the period 2020-2023	78
2	Companies that did not publish financial statements for the financial year to December 31 during the study period 2020-2023	(10)
3	Companies that do not use rupiah during the 2020-2023 period	(0)
4	Companies that have negative profits	(45)
5	Enterprises with gross circulation > Rp50, 000, 000, 000.00	(8)
6	Companies that do not have complete data	(2)
7	Number of sample companies that meet the criteria	13
8	Number of samples for 4 years	52
9	*Outlier*	(10)
10	Final sample	42

RESULTS AND DISCUSSION

Table 3. Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
TA	42	.0001	.1618	.024277	.0331432
PROF	42	.0031	.1997	.056345	.0429576
LIK	42	1.0089	6.5439	3.200609	1.3645676
UP	42	27.7130	31.8331	29.950083	1.1482999
NP	42	.1856	2.1448	.738465	.3754887
Valid N (listwise)	42				

Source: SPSS output, 2024

The value of the company proxied with Price Book Value (PBV) has a maximum value of 2.1448, a minimum of 0.1856. The average value (mean) of 0.7384. The value of standard deviation is 0.3754 < 0.7384 the average value (mean) which shows that the distribution of data variables is small or the absence of a large enough gap from the ratio of the lowest and highest PBV.

Tax avoidance is proxied with the Effective Tax Rate (ETR) has a maximum value of 0.1618, the minimum value of 0.0001. The average value (mean) of 0.0242. The value of the standard deviation of 0.0331 > 0.0242 the average value (mean) which shows that the data used in the tax avoidance variable has a large distribution because the standard deviation is greater than the mean value, so that the deviation of the data on the tax avoidance variable can be said to be less good.

Profitability proxied by Return on Assets (ROA) has a maximum value of 0.1997, the minimum value of 0.0031. The average value (mean) of 0.0563. The value of standard deviation is 0.0429 < 0.0563 the average value (mean) which shows that the distribution of

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data variables is small or the absence of a large enough gap from the ratio of the lowest and highest ROA.

Proxied liquidity with Current Ratio (CR) has a maximum value of 6.5439, a minimum of 1.0089. The average value (mean) of 3.2006. The value of standard deviation is 1.3645 < 3.2006 the average value (mean) which shows that the distribution of data variables is small or the absence of a large enough gap from the ratio of the lowest and highest CR.

The size of the company showed a maximum value of 31.8331. The average value (mean) of 29.950083 which shows that the overall average total assets of the company amounted to Rp10, 166, 132, 820, 133. The standard deviation value is 1.1482999 which indicates that the distribution of data variables is small or there is no large enough gap from the lowest and highest values.

Table 4. Normality Test Results

		Unstandardized Residual
N		42
Normal Parameters[a,b]	Mean	-0,0250754
	Std. Deviation	0,19907116
Most Extreme Differences	Absolute	0,100
	Positive	0,100
	Negative	-0,061
Test Statistic		0,100
Asymp. Sig. (2-tailed)		.200[c]

a. Test distribution is Normal, b. Calculated from data, c. Lilliefors Significance Correction.
Source: SPSS Output, 2024

Based on the Kolmogorov-Smirnov one Sample test in the table, it can be seen that the value of Asymmp. Sig. (2-tailed) is equal to 0.200. This shows that the significance value of Asymmp. Sig. (2-tailed) > 0.05 (significance level), so it can be concluded that the research data are distributed normally.

Tabel 5. Test Result Multicollinearity

Variable	Tolerance	VIF	Description
TA	.724	1.381	There Is No Multicollinearity
PROF	.847	1.181	There Is No Multicollinearity
LIK	.797	1.255	There Is No Multicollinearity
UP	.975	1.026	There Is No Multicollinearity

Source: SPSS Output, 2024

Based on the table above multicollinearity test results show that the value of tolerance and VIF all independent variables showed the value of VIF < 10 and tolerance value > 0.10. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

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<p align="center">Tabel 6. The Results Heteroscedasticity</p>

Variable	Sig. (2. Tailed)	Description
TA	0,359	There Is No Heteroscedasticity
PROF	0,260	There Is No Heteroscedasticity
LIK	0,658	There Is No Heteroscedasticity
UP	0,957	There Is No Heteroscedasticity

<p align="center">Source: SPSS Output, 2024</p>

Based on the table above heteroscedasticity test results show that all independent variables showed significance value > 0.05. So it can be concluded that the regression model does not contain heteroscedasticity.

<p align="center">Tabel 7. The Results Autocorrelation</p>

	Unstandardized Residual
Test Value[a]	-.04661
Cases < Test Value	21
Cases >= Test Value	21
Total Cases	42
Number of Runs	19
Z	-.781
Asymp. Sig. (2-tailed)	.435

<p align="center">Source: SPSS Output, 2024</p>

Based on the table shows the value of Asymmp. Sig. (2-tailed) amounted to 0.435. This indicates that the value of Asymmp. Sig. (2-tailed) > 0.05 (significance level). So it can be concluded that the data does not contain autocorrelation problems.

<p align="center">Tabel 8. Multiple Linear Regression Test Results</p>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-3.759	.871		-4.317	.000
TA	2.369	1.146	.209	2.068	.046
PROF	7.359	.817	.842	9.004	.000
LIK	-.039	.027	-.142	-1.469	.150
UP	.139	.028	.424	4.863	.000

<p align="center">Source: SPSS Output, 2024</p>

The model resulting from testing the regression model is:

$$NP = -3{,}759 + 2{,}369\ TA + 7{,}359\ PROF - 0{,}039\ LIK + 0{,}139\ UP + \varepsilon$$

A constant of -3.759 indicates that if all independent variables consisting of tax avoidance, profitability, liquidity and company size are considered constant or equal to zero

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(0), then the value of the company (NP) will decrease by 3.759. Regression coefficient on variable tax avoidance of 2.369 is positive. This shows that each tax avoidance has increased by 1%, followed by an increase in the value of the company by 236.9%. Conversely, any decrease in the value of corporate tax avoidance, the value of the company will decrease. Regression coefficient on the profitability variable of 7.359 is positive. This shows that every profitability increase of 1% will be followed by an increase in the value of the company by 735.9%. Conversely, any decrease in the value of the company's profitability, then the value of the company will decrease. Regression coefficient on variable liquidity of -0.039 is negative. This shows that for every 1% increase in liquidity, the company's value will decrease by 3.9%. Conversely, any decrease in the value of the company's liquidity, the value of the company will increase. Regression coefficient on the company size variable of 0.139 is positive. This shows that every company size increase will be followed by an increase in the value of the company by 0,139 or RP1, 149, 124, 100. Coefficient of error term (Ɛ) explains that there are other factors that can affect the value of the company in this study..

Tabel 9. Test Results Koefisien Determinasi

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852a	.726	.696	.2068719

Source: SPSS Output, 2024

Based on the results of the table, it is known that the Adjusted R Square /coefficient of determination is 0.696 or 69.6%. So it can be concluded that the variables of tax avoidance, profitability, liquidity and company size are able to explain the dependent variable of the company's value by 69.6%. While the remaining 30.4% explained by other variables outside the research model.

Tabel 10. Test Results F

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.197	4	1.049	24.519	.000b
Residual	1.583	37	.043		
Total	5.781	41			

a. Dependent Variable: ROA; b. Predictors: (Constant), DER, SIZE

Source: SPSS Output, 2024

Based on the table shows the calculated F value of 24.519 is greater than the F table which is 2.6261 with a significance of 0.000 < 0.05. So it can be concluded that each of the independent variables tax avoidance, profitability, liquidity and size of the company simultaneously significantly affect the value of the dependent variable of the company.

Tabel 11. Test Results T

	Coeff. B	t	Sig.	Description
(Constant)	-3.759	-4.317	.000	
TA	2.369	2.068	.046	H_1 accepted

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	Coeff. B	t	Sig.	Description
PROF	7.359	9.004	.000	H_2 accepted
LIK	-.039	-1.469	.150	H_3 rejected
UP	.139	4.863	.000	H_4 accepted

Source: SPSS Output, 2024

The significance value for the effect of tax avoidance on the value of the company is 0.046 < 0.05. This means that tax avoidance has a significant effect on the value of the company. Hypothesis 1 was accepted. Significance value for the effect of profitability on the value of the company by 0.000 < 0.05. This means that profitability has a significant effect on the value of the company. Hypothesis 2 is accepted. Significance value for the effect of liquidity on the value of the company at 0.150 > 0.05. This means that liquidity has no significant effect on the value of the company. Hypothesis 3 was rejected. Significance value for the effect of company size on the value of the company by 0.000 < 0.05. This means that the size of the company has a significant effect on the value of the company. So, hypothesis 4 is accepted.

Discussion
Effect Of Tax Avoidance On Company Value

Based on the T test, it is known that the significance value for the effect of tax avoidance on the value of the company is 0.046 < 0.05. It can be concluded that H1 is accepted, which means that tax avoidance has a significant effect on the value of the company.

This shows that tax avoidance carried out by management is able to increase the value of the company. When the company does tax avoidance, the expenses that must be incurred by the company are smaller and the net profit obtained by the company will be greater. Investor interest is getting higher in the shares of companies that have large profits, so it is able to provide a positive signal for investors to invest in company shares. The higher the investor's interest in a stock, the stock price will increase and the value of the company will also increase.

The results of this study are in line with research conducted by (Herdiyanto & Ardiyanto, 2015) and (Laurenty & Imelda, 2023) which shows that tax avoidance is proven to have a significant effect on company value. But contrary to research conducted by (Yohanto & Jenni, 2023) and (Rifqi et al., 2024), which states that tax avoidane has no effect on the value of the company.

Effect Of Profitability On The Value Of The Company

Based on the T test, it is known that the significance value for the effect of profitability on the value of the company is 0.000 < 0.05. It can be concluded that H2 is accepted, which means that profitability has a significant influence on the value of the company.

Profitability is the profit obtained by the company derived from sales that have been made. Profitability is considered very important, because it can show the efficiency of the company in running its business and reflect the performance of the company. Companies

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with high profitability, the more likely the company is to distribute its dividends. In addition, companies with high profitability reflect that the company has good prospects in the future. So it will attract investors ' interest in the shares of companies that have high profitability and will increase the value of the company. Therefore, based on the results showed that profitability has a significant influence on the value of the company.

The results of this study are in line with research conducted by (Abdul Aris & Ninis, 2024) and (Rifqi et al., 2024). But contrary to research conducted by (Yohanto & Jenni, 2023) and (Dharmaputra et al., 2022) which states that profitability has no significant effect on the value of the company.

Effect Of Liquidity On The Value Of The Company

Based on the T test, it is known that the significance value for the effect of liquidity on the value of the company is 0.150 > 0.05. It can be concluded that H3 is rejected, which means that there is no significant effect of liquidity on the value of the company. Liquidity is a company's ability to meet its short-term debt. In this study the liquidity and value of the company has a negative relationship or inversely proportional. According to Sawir (2005, 9) a low value of the current ratio can lead to a decrease in the company's stock price, but if the value of the current ratio is too high it can reduce the ability to profit due to the large number of idle company funds. So the value of a high current ratio does not necessarily reflect the company's condition is good.

The results of this study are in line with research conducted by (Harfani & Nurdiansyah, 2021) and (Akbar, 2021). However, contrary to research conducted by (Yohanto & Jenni 2023) and (Komalasari & Yulazri 2023) which states that liquidity has a significant effect on the value of the company.

Effect Of Company Size On Company Value

Based on the T test, it is known that the significance value for the effect of company size on the value of the company is 0.000 < 0.05. It can be concluded that H4 is accepted which means that the size of the company has a significant influence on the value of the company. The size of the company is a reflection of the total assets owned by the company. The larger the size of the company, the higher the value of the company. The size of a large company reflects that the company is in a stable condition, with good development and growth, thereby increasing the value of a company. The increasing value of the company can be characterized by the total assets of the company that have increased and are larger than the amount of the company's debt (Pratama & Wiksuana, 2020).

The results of this study are in line with research conducted by (Putri et al., 2022) and (Harahap et al., 2022). But contrary to research conducted by (Komalasari & Yulazri 2023) which states that company size does not have a significant effect on company value.

CONCLUSION

Based on the results showed that tax avoidance, profitability, and company size affect the value of the company, while liquidity does not affect the value of the company. Based on the research that has been done there are some limitations in this study, namely this study is

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only limited to property and real estate companies. This causes this study cannot be directly applied to other corporate sectors, the research period is only 4 years from 2020-2023, so it does not provide maximum data variation in this study. Based on the conclusions and limitations that have been described, the authors suggest that the next researcher to add years of observation, so that the greater the opportunity to provide an overview of the results of research, and further research is recommended to conduct research with other sectors, not only the property and real estate sector. Sempel can use other corporate sectors, such as the manufacturing sector, mining industry sector and transportation industry sector.

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