

The Effect of Profitability, Leverage, Firm Size, and Related Party Transactions on Tax Avoidance with Earnings Management as a Moderating Variable



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ABSTRACT: The aims of this research is to examine and analyze the effect of Profitability, Leverage, Firm Size and Related Party Transactions on Tax Avoidance with Earnings Management as a moderating variable. The population in this study were food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2018 – 2021. The sampling technique used was purposive sampling so that a total of 188 research samples were used in this study. The data analysis technique used in this study is panel data regression and moderated regression analysis. The results of the analysis show that Leverage and Related Party Transactions have a significant positive effect on Tax Avoidance, Firm Size has a significant negative effect on Tax Avoidance, and Profitability has no effect on Tax Avoidance. Earnings Management as a moderating variable is able to moderate the effect of Profitability, Firm Size, and Related Party Transactions on Tax Avoidance. However, Earnings Management cannot moderate the effect of Leverage on Tax Avoidance.

Keywords- Profitability, Leverage, Firm Size, Related Party Transactions, Earnings Management, Tax Avoidance.

I. INTRODUCTION

Taxes are mandatory contributions to the country owed by individuals and entities that are coercive by not getting a direct return and are used for the benefit of the country for the greatest prosperity of the people. Taxes are the largest source of revenue for Indonesia. This is reflected in the posture of the 2021 Indonesian State Budget where tax revenues occupy 70.53% of total state revenue and grants. Even though taxes have an important role for the country, there is reluctance to pay taxes because taxes are a cost that will reduce net income for companies and there is no direct return felt by companies. The trend of tax avoidance by companies has increased over the last five years. The Fiscal Policy Agency, Ministry of Finance of The Republic of Indonesia stated that the trend of tax avoidance by companies can be seen from corporate taxpayers (companies) reporting losses for five consecutive years whose number has increased, but they are still able to operate and even develop businesses in Indonesia. The total number of corporate taxpayers who reported losses from 2015 to 2019 reached 9,496 taxpayers, an increase of 83% compared to the 2012-2016 period of 5,199 taxpayers (investor.id).

Tax avoidance can be done by all companies from various business sectors. However, the Directorate General of Taxes as the authority authorized to supervise the fulfillment of tax obligations has determined a list of priority targets for tax revenue based on the business sector for 2021 to. 2024 (kontan.co.id). The food and beverage business sector is one of the first priority business sectors determined by the Directorate General of Taxes for supervision.

The trend of Tax Avoidance for companies in the food and beverage sub-sector for the past four years is as shown in Figure 1. Tax Avoidance for companies in the food and beverage sub-sector are measured using the DIFF (STR-ETR) proxy as the Tax Avoidance proxy used by Thomsen and Watrin (2018). This proxy measures Tax Avoidance by comparing the tax that should be paid by the company as reflected in the statutory tax rate (STR) with the tax actually paid by the company as measured by the effective tax rate (ETR). The greater the DIFF (STR-ETR) value, it indicates that the company is taking greater tax avoidance (Salehi and Shahri, 2020). Based on Figure 1, the DIFF (STR-ETR) value of the food and beverage sub-sector companies is positive so that it can be concluded that there was an act of tax avoidance in the food and beverage sub-sector companies.

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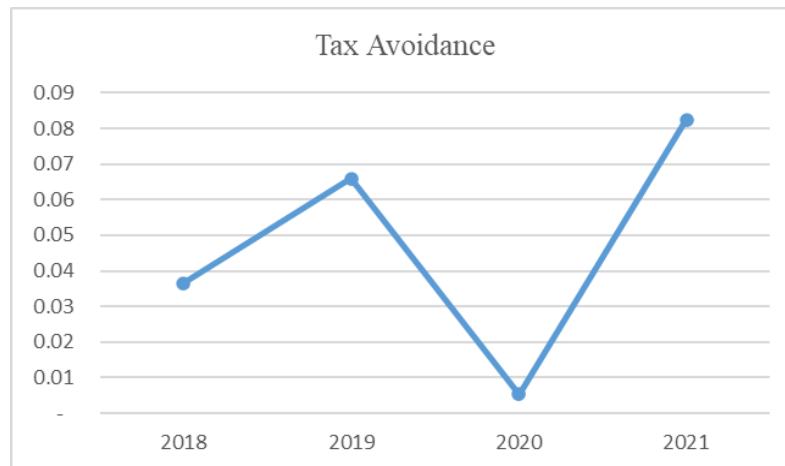


Figure 1. Corporate Tax Avoidance in the Food and Beverage Subsector

In general, one of the methods used by companies to do tax avoidance is to do earnings management. According to Scott (2014), Earnings Management is a manager's choice to choose accounting policies or take real actions that affect earnings so that reported earnings are in accordance with what is desired. Scott (2014) divides Earnings Management into four actions, namely income maximization, income minimization, take bath, and income smoothing. The action taken by the company in carrying out tax avoidance is income minimization because the object of corporate income tax is net income so that the smaller the company's net income, the less tax will be paid. Earnings management for food and beverage sub-sector companies for the last four years is as follows:



Figure 2. Food and Beverage Company Earnings Management

Over the last four years, the Earnings Management value for companies in the food and beverage sub-sector has been negative. This indicates that the earnings management actions of companies in the food and beverage sub-sector over the last four years have been income minimization.

There are several factors that can cause companies to take tax avoidance actions, namely Profitability, Leverage, Firm Size and Related Party Transactions. According to Latif and Marsoem (2019), Profitability is a measure used to assess the extent to which a company is able to generate profits. Profitability is closely related to the net income generated by the company and net income is a tax object for the company. Therefore, Profitability has a relationship with the company's Tax Avoidance practices. Lestari and Solikhah (2019) conducted research on the effect of Profitability on Tax Avoidance with the results of the study stating that Profitability had a significant positive effect on Tax Avoidance. However, research conducted by Dianawati and Agustina (2020) states that Profitability has no effect on Tax Avoidance. Fauzan, et al (2019) also conducted similar research with the results of research which stated that Profitability had a significant negative effect on Tax Avoidance.

Another factor that affects Tax Avoidance is Leverage. According to Sumartono and Puspitasari (2021), Leverage is a debt structure used by companies in financing. Debt incurred by the company will generate interest expense which will affect the company's net income so that Leverage has a relationship with the company's Tax Avoidance practices. Based on research

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conducted by Fauzan, et al (2019), leverage has a significant positive effect on tax avoidance. However, research conducted by Azizah and Kusmuriyanto (2016) states that leverage has no effect on tax avoidance. Ernawati, et al (2021) conducted a similar research with the results of the research stating that leverage has a significant negative effect on tax avoidance.

In addition to Profitability and Leverage, Firm Size can also affect Tax Avoidance actions taken by companies. According to Wiratmoko (2018), firm size is a scale or value that can be used to classify a company into a small-scale company or a large company based on total assets, log total assets, etc. The size of the company in general affects the level of the company's internal control and the company's good corporate governance mechanism in preventing management from carrying out practices that can pose a risk to the company. In addition, Geng, et al (2019) stated that company characteristics such as firm size have an important role in the practice of tax avoidance carried out by companies. Based on research conducted by Fauzan, et al (2019), firm size has a significant negative effect on tax avoidance. However, research conducted by Ernawati, et al (2021) concluded that firm size has no effect on tax avoidance. Similar research was conducted by Turyatini (2017) with the results of research which stated that firm size had a significant positive effect on tax avoidance.

Related Party Transactions are another factor that influences the practice of Tax Avoidance. Related Party Transactions are transactions between companies and related parties. If the transactions between related parties are not based on arm's length principle, it will affect the intra-group net income. Because net income is the object of Corporate Tax, Related Party Transactions have a relationship with the practice of Tax Avoidance. According to Risman, et al (2020), related parties are considered to have a special relationship if one party has the ability to control the other party or has significant influence over the other party in making financial and operational decisions. Based on research conducted by Azizah and Kusmuriyanto (2016), Related Party Transactions have a significant positive effect on Tax Avoidance. However, in research conducted by Ellyani and Hidayati (2019) concluded that related party transactions have a significant negative effect on tax avoidance.

In addition to Profitability, Leverage, Firm Size, and Related Party Transactions which act as independent variables, there is also moderating variables that can strengthen or weaken the effect of Profitability, Leverage, Company Size, and Related Party Transactions on Tax Avoidance. In this study, the moderating variable is Earnings Management. Research conducted by Nindita and Budi (2021) and Rani, et al (2018) proves that Earnings Management can moderate the independent variables on Tax Avoidance. However, research conducted by Jati and Murwaningsari (2020) resulted in the conclusion that Earnings Management cannot act as a moderating variable.

II. LITERATURE REVIEW

A. Agency Theory

Jensen and Meckling (1976) define an agency relationship as a contract between one or more people (principal) to employ another person (agent) to carry out a job which involves delegating some decision-making authorization to the agent. However, agents do not always act to maximize the interests of the principal.

Tax avoidance actions carried out by companies can be seen from the perspective of agency theory. Ulfa, et al (2021) stated that the principal in this case is the government, where the government wants to maximize revenue through tax revenue. While the agent is a company where the company wants to maximize company net income by minimizing taxes that must be paid because taxes are a expense that can reduce company net income.

On the other hand, agency theory can also be seen in the relationship between shareholders as principals and managers as agents. Shareholders want high net income from the company without causing big risks, while managers expect incentives for achieving company performance without considering the company's conditions in the future. Tax avoidance practices carried out by companies are related to the risks that will be experienced by companies. Based on Carolina, et al (2019) and Carolina, et al (2021), the practice of tax avoidance by companies is positively related to company risk. Dhawan, et al (2020), based on his research, states that tax avoidance is positively related to the risk of company bankruptcy.

B. Hypothesis

The hypothesis in this study are:

1. Profitability has a positive effect on tax avoidance.
2. Leverage has a positive effect on Tax Avoidance.
3. Firm size has a negative effect on tax avoidance.
4. Related Party Transactions have a positive effect on Tax Avoidance.
5. Earnings Management is able to moderate the influence of Profitability on Tax Avoidance.

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6. Earnings Management is able to moderate the influence of Leverage on Tax Avoidance.
7. Earnings Management is able to moderate the influence of Firm Size on Tax Avoidance.
8. Earnings Management is able to moderate the effect of Related Party Transactions on Tax Avoidance.

Based on the research background, literature review, and hypothesis development, the research framework in this study is as follows:

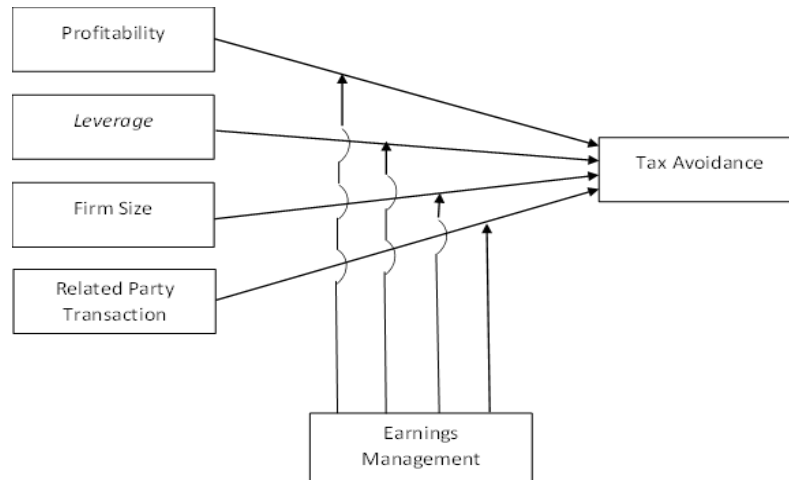


Figure 3. Research Framework

III. RESEARCH METHOD

A. Population and Sample

The design in this research is causal associative research. Causal associative research can be interpreted as research that asks for a causal relationship between the dependent variable and the independent variable (Sugiyono, 2014). The population in this study is the food and beverage sub-sector which is listed on the Indonesia Stock Exchange (IDX). The number of population in this study is a total of 72 companies. The sampling technique used is purposive sampling.

The criteria used to select the sample are as follows: 1) companies in the food and beverage subsector that are listed on the IDX. 2) companies in the food and beverage sub-sector that are listed consecutively on the IDX for the period 2018 - 2021. 3) companies that publish complete financial reports during the research year range in 2018 - 2021. Based on these criteria, 188 research samples were obtained.

B. Variable Operation

The variables in this study are Profitability (X1), Leverage (X2), Firm Size (X3), and Related Party Transactions (X4) as independent variables. In this study, Earnings Management (Z) is a moderating variable while Tax Avoidance (Y) is the dependent variable. Measurements for each variable are as follows:

Tax Avoidance	= Statutory Tax Rate – Effective Tax Rate
Earnings Management	= Discretionary Accrual
Profitability	= Net Income / Total Asset
Leverage	= Debt / Total Assets
Firm Size	= Ln Total Assets
Related Party Transaction	= Related Party Debt / Total Debt

C. Data Analysis Method

Data analysis used in this study is panel data regression analysis, while to test the moderating effect of earnings management variables using moderated regression analysis (MRA).

IV. RESEARCH RESULT

A. Selection of the Best Panel Data Regression Model Estimation

The panel data regression estimation model was selected using three tests, namely the Chow test, the Hausman test, and the Lagrange multiplier test.

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1. Chow Test

The Chow Test is used to determine the best model between the Common Effect Model and the Fixed Effect Model. If the p value < 0.05 then the best choice is the Fixed Effect Model, whereas if the p value > 0.05 then the best choice is the Common Effect Model.

Table 1. Chow Test Results

Redundant Fixed Effects Tests
Equation: CHOW
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.776236	(46,137)	0.8378
Cross-section Chi-square	43.543573	46	0.5757

Cross-section Chi-square value is 43.543573 with p value: 0.5757 where this value is greater than 0.05, the better model is the Common Effect Model.

2. Hausman Test

The Hausman test is used to determine the choice of the best estimation model between the Fixed Effect Model or the Random Effect Model. If the p value < 0.05 then the best choice is the Fixed Effect Model, otherwise if the p value > 0.05 then the best choice is the Random Effect Model.

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.523157	4	0.6405

Cross-section random value: 2.523157 with p value: 0.6405 where this value is greater than 0.05, then the best choice is the Random Effect Model.

3. Lagrange Multiplier Test

The Lagrange Multiplier Test is used to determine the choice of the best estimation model between the Common Effect Model or the Random Effect Model. If the p value < 0.05, then the best estimation method is the Random Effect Model. If the n p value > 0.05 then the best estimation method is the Common Effect Model.

Table 3. Lagrange Multiplier Test Results

Lagrange multiplier (LM) test for panel data
Date: 11/29/22 Time: 02:11
Sample: 2018 2021
Total panel observations: 188
Probability in ()

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	1.400661 (0.2366)	0.017083 (0.8960)	1.417745 (0.2338)
Honda	-1.183495 (0.8817)	-0.130703 (0.5520)	-0.929278 (0.8236)
King-Wu	-1.183495	-0.130703	-0.419478

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	(0.8817)	(0.5520)	(0.6626)
GHM	--	--	0.000000
	--	--	(0.7500)

The Breusch-Pagan Cross-section value is 1.400661 with a p value of 0.2366 where this value is greater than 0.05, so the best model is the Common Effect Model.

Based on the three previous tests, the best panel data regression for this study is the Common Effect Model.

B. Classical Assumption Test

1. Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Heteroskedasticity Test: White

F-statistic	3.686669	Prob. F(14,153)	0.0000
Obs*R-squared	42.37771	Prob. Chi-Square(14)	0.0001
Scaled explained SS	318.8881	Prob. Chi-Square(14)	0.0000

Based on the results of the Heteroscedasticity test, Obs*R-Squared with Prob. Chi_Square is 0.0001 where this value is smaller than 0.05, so the model has a heteroscedasticity problem so that the model does not meet the requirements or assumptions of homoscedasticity. According to Prasanti, et al (2015), a correction procedure that can be used if the model does not meet the assumptions of homoscedasticity is cross section weights. If from testing the assumption of heteroscedasticity it is concluded that there is heteroscedasticity, then testing the correlation between unit cross sections is carried out.

Table 5. Cross Section Dependence Test Results

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	1401.792	1081	0.0000
Pesaran scaled LM	6.899146		0.0000
Pesaran CD	1.881831		0.0599

The p value of the Breusch-Pagan LM test is 0.0000 where this value is less than 0.05, so there is cross-sectional dependence. According to Greene in Prasanti, et al (2015), a correction procedure that can be used if the model occurs cross sectional dependency is SUR cross section.

2. Autocorrelation Test

Table 6. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.544870	Prob. F(2,181)	0.0813
Obs*R-squared	5.141988	Prob. Chi-Square(2)	0.0765

Based on the results of the autocorrelation test, the Obs*R-squared value was obtained with a Prob Chi-square of 0.0765 where this value was more than 0.05 so it can be concluded that there was no autocorrelation.

3. Multicollinearity Test

Table 7. Multicollinearity Test Results

	X1	X2	X3	X4
X1	1.000000	-0.302107	-0.100693	-0.139163
X2	-0.302107	1.000000	-0.158889	0.118302
X3	-0.100693	-0.158889	1.000000	0.171361
X4	-0.139163	0.118302	0.171361	1.000000

Based on the correlation matrix in Table 7, there is no correlation between the independent variables that exceeds 0.9. Thus, there is no multicollinearity problem.

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4. Normality Test

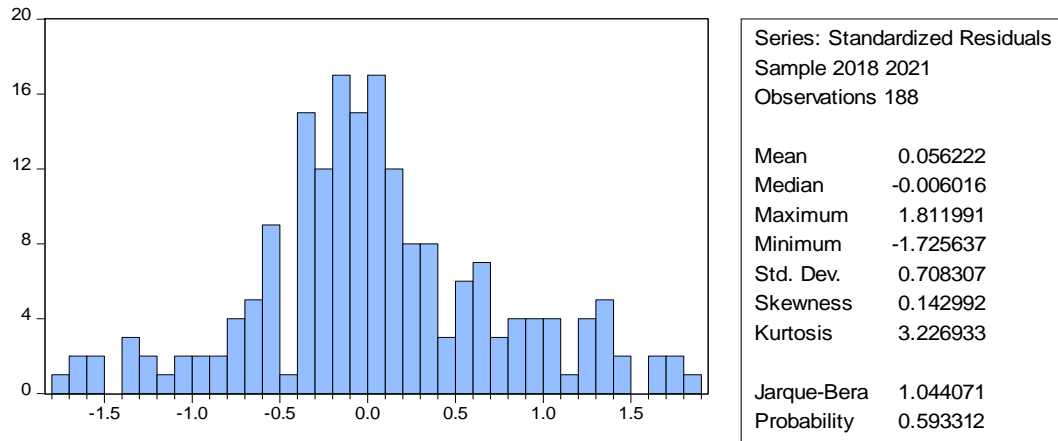


Figure 4. Normality Test Results

Based on the results of the normality test, the probability value of Jarque Bera is 0.593312. The probability value is more than 0.05. Therefore, there is no normality problem in this research model

C. Regression of Selected Panel Data

Based on previous tests, the best model used in this study is the Feasible General Least Square with the estimated coefficient of Cross Section SUR (PCSE). The results of the regression on the model are as follows:

Table 8. Regression of Selected Panel Data

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.010722	0.017496	0.612837	0.5407
X1	-0.063787	0.081851	-0.779307	0.4368
X2	0.039054	0.013323	2.931378	0.0038
X3	-0.000814	0.000453	-1.796729	0.0740
X4	0.989606	0.222084	4.456004	0.0000
Weighted Statistics				
R-squared	0.094172	Mean dependent var	0.149661	
Adjusted R-squared	0.074373	S.D. dependent var	0.734951	
S.E. of regression	0.718270	Sum squared resid	94.41188	
F-statistic	4.756284	Durbin-Watson stat	1.448312	
Prob(F-statistic)	0.001129			

The results of the regression for Tax Avoidance are as follows:

$$TA = 0,010722 - 0,063787 * X1_PROF + 0,039054 * X2_LEV - 0,000814 * X3_FIRM + 0.989606 * X4_RPT + e$$

D. Model Feasibility Test

1. The coefficient of determination

The R-squared value of the selected panel data regression is 0.09417, this value indicating that this model can explain Tax Avoidance of 9.42%. The remaining 90.58% is explained by other factors outside the variables studied.

2. F Test

The Prob(F-statistic) value of the selected panel data regression is 0.001129. So simultaneously the independent variables affect the dependent variable. It can be concluded that the model explains well the effect of Profitability, Leverage, Firm Size, and Related Party Transactions on Tax Avoidance at the 95% confidence level.

E. Hypothesis Testing

1. t Test

a. Effect of Profitability (X1) on Tax Avoidance (Y)

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The probability value of the effect of Profitability on Tax Avoidance is 0.4368 where the value is greater than 0.05 so it can be concluded that Profitability has no effect on Tax Avoidance.

b. Effect of Leverage (X2) on Tax Avoidance (Y)

The probability value of the effect of Leverage on Tax Avoidance is 0.038 where the value is less than 0.05 so it can be concluded that Leverage has a significant effect on Tax Avoidance.

c. Effect of Company Size (X3) on Tax Avoidance (Y)

The probability value of the effect of Firm Size on Tax Avoidance is 0.0740 where the value is more than 0.05. However, at the 10% confidence level, the probability value is below 0.1, so it can be concluded that Firm Size has a significant effect on tax avoidance.

d. Effect of Related Party Transactions (X4) on Tax Avoidance (Y)

The probability value of the effect of Related Party Transactions on Tax Avoidance is 0.000 where the value is less than 0.05 so it can be concluded that Related Party Transactions have an effect on Tax Avoidance.

2. Moderated Regression Analysis

The MRA test aims to determine whether or not there is a moderating effect of Earnings Management on the effect of Profitability, Leverage, Firm Size, and Related Party Transactions on Tax Avoidance. MRA is carried out in two stages, the first stage is to regress the independent variables and moderating variables on the dependent variable with the selected panel data regression model. The second stage is carried out by regressing the independent variables, moderating variables, and interaction variables on the dependent variable with the selected panel data regression model. Concluding whether there is a moderating variable effect is done by comparing the significance value of the moderating variable effect in equation one with the significant value of the effect of the interaction variable in equation two. While the direction of the influence of the moderating variable is done by comparing the Adjusted R-squared equation one and equation two. The results of the MRA test in this study are as follows:

Table 9. Moderated Regression Analysis Results

Ket	MRA	Variabel	Prob	Adj R Squared
Profitability	Stage 1	C	0,0005	0,003286
		X1	0,1462	
		Z	0,2618	
	Stage 2	C	0,1656	0,260225
		X1	0,2809	
		Z	0,0000	
		X1.Z	0,0000	
Leverage	Stage 1	C	0,687	0,017702
		X2	0,0004	
		Z	0,0003	
	Stage 2	C	0,8793	0,004622
		X2	0,0873	
		Z	0,5693	
		X2.Z	0,8166	
Firm Size	Stage 1	C	0,0001	0,004766
		X3	0,0275	
		Z	0,7662	
	Stage 2	C	0,0000	0,216978
		X3	0,0000	
		Z	0,0000	
		X3.Z	0,0000	
Related Party Transaction	Stage 1	C	0,0001	0,143925
		X4	0,0000	
		Z	0,2994	
	Stage 2	C	0,0075	0,167905
		X4	0,0053	
		Z	0,8292	
		X4.Z	0,0169	

It can be concluded:

- Earnings Management can moderate and strengthen the effect of Profitability on Tax Avoidance.
- Earnings Management cannot moderate the effect of Leverage on Tax Avoidance.

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- c. Earnings Management can moderate and strengthen the effect of Firm Size on Tax Avoidance.
- d. Earnings Management can moderate and strengthen the effect of Related Party Transactions on Tax Avoidance.

V. DISCUSSION

1. The Effect of Profitability on Tax Avoidance

Profitability is a ratio that describes a company's ability to generate net income from a certain level of sales, assets and share capital. The results of the study show that Profitability has no effect on Tax Avoidance. So it can be concluded that whatever the level of company net income does not affect tax avoidance. This is in line with research conducted by Fitri and Munandar (2017) and research conducted by Dianawati and Agustina (2020).

2. The Effect of Leverage on Tax Avoidance

Leverage is a ratio that describes the total debt to the company's total assets. When a company finances with debt, the company must pay a certain amount of interest to the lender. The greater the debt owned by the company, the greater the interest that must be paid. Interest expense is a deductible expense that can reduce the amount of fiscal net income which is a corporate tax object so that it can reduce the amount of corporate tax paid. Therefore, the greater the leverage of the company, the higher the level of tax avoidance that the company does. This is in line with research conducted by Lubis, et al (2018), Nurhandono and Firmansyah (2017), Oktaviyani and Munandar (2017), Fauzan, et al (2019), Turyatini (2017), Sumartono and Puspitasari (2021), Pamungkas and Fachrurizie (2021), as well as research conducted by Rani, et al (2018).

3. The Effect of Firm Size on Tax Avoidance

The larger the size of a company, the tighter the company's internal control level and the better the company's good corporate governance mechanism so as to prevent management from carrying out practices that could pose a risk to the company. Therefore, the larger the size of the company, the lower the level of tax avoidance. This is in line with research conducted by Rani (2017), Wiratmoko (2018), Prakoso and Hudiwinarsih (2018), Fauzan, et al (2019).

4. The Effect of Related Party Transactions on Tax Avoidance

Related Party Transactions are transactions carried out by a company with related parties. Companies that conduct transactions with related parties tend to do tax avoidance by not applying the arm's length principle so that net income can be reduced. As net income decreases, the corporate tax paid by the company decreases. This is in line with research conducted by Azizah and Kusmuriyanto (2016).

5. The Effect of Earnings Management in Moderating the Effect of Profitability on Tax Avoidance

Earnings Management acts as a pure moderator and plays a role in strengthening the influence of Profitability on Tax Avoidance. This means that the pattern of Earnings Management in the form of income minimization can strengthen the influence of Profitability on Tax Avoidance. Therefore, the initial hypothesis that Earnings Management is able to moderate the effect of Profitability on Tax Avoidance is accepted. This is in line with research conducted by Nindita and Agus (2021) and research conducted by Rani, et al (2018).

6. The Effect of Earnings Management in Moderating the Effect of Leverage on Tax Avoidance

Earnings Management cannot moderate the influence of Leverage on Tax Avoidance. Therefore, the initial hypothesis that Earnings Management is able to moderate the effect of Leverage on Tax Avoidance is rejected. This is in line with research conducted by Jati and Murwaningsari (2020).

7. The Effect of Earnings Management in Moderating the Effect of Firm Size on Tax Avoidance

Earnings Management acts as a pure moderator and plays a role in strengthening the influence of Company Size on Tax Avoidance. This means that the pattern of Earnings Management in the form of income minimization can strengthen the effect of Firm Size on Tax Avoidance. Therefore, the initial hypothesis that Earnings Management is able to moderate the effect of Firm Size on Tax Avoidance is accepted. This is in line with research conducted by Nindita and Agus (2021) and research conducted by Rani, et al (2018).

8. The Effect of Earnings Management in Moderating the Effect of Related Party Transactions on Tax Avoidance

Earnings Management acts as a pure moderator and plays a role in strengthening the effect of Related Party Transactions on Tax Avoidance. This means that the pattern of Earnings Management in the form of income minimization can strengthen the effect of Related Party Transactions on Tax Avoidance. Therefore, the initial hypothesis that Earnings Management is able to moderate

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the effect of Related Party Transaction on Tax Avoidance is accepted. This is in line with research conducted by Nindita and Agus (2021) and research conducted by Rani, et al (2018).

VI. CONCLUSION

The results of this study prove that:

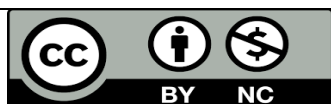
1. Profitability has no effect on Tax Avoidance.
2. Leverage has a significant positive effect on Tax Avoidance.
3. Firm size has a significant negative effect on tax avoidance.
4. Related Party Transactions have a significant positive effect on Tax Avoidance.
5. Earnings Management can moderate and strengthen the effect of Profitability on Tax Avoidance.
6. Earnings Management cannot moderate the effect of Leverage on Tax Avoidance.
7. Earnings Management can moderate and strengthen the effect of Company Size on Tax Avoidance.
8. Earnings Management can moderate and strengthen the effect of Company Size on Tax Avoidance.

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