



ANALYSIS OF FACTORS INFLUENCING TAX AVOIDANCE IN CONSTRUCTION AND REAL ESTATE COMPANIES LISTED ON IDX IN 2019-2023

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ABSTRACT

This study aims to empirically test the influence of Transfer Pricing, Sales Growth, and Leverage on Tax Avoidance in companies. Sector construction and real estate listed on the Indonesia Stock Exchange in 2019-2023. This research is quantitative research. The data sources used in this study are secondary data, namely the company's annual financial report which can be accessed through the Indonesia Stock Exchange website. This study has a population of 92 companies sector construction and real estate listed on the Indonesia Stock Exchange in 2019-2023. The sampling method was carried out using the purposive sampling method. The samples obtained were 7 companies with an observation period of 5 years, so that the total data in this study was 35 data. The data analysis technique used was descriptive statistical analysis. Then the Transfer Pricing, Sales Growth, Leverage and Tax Avoidance variables were tested using multiple regression analysis using SPSS 24 software. The results of this study indicate that the Transfer Pricing variable has a positive effect on Tax Avoidance, while Sales Growth and Leverage have no effect on Tax Avoidance.

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INTRODUCTION

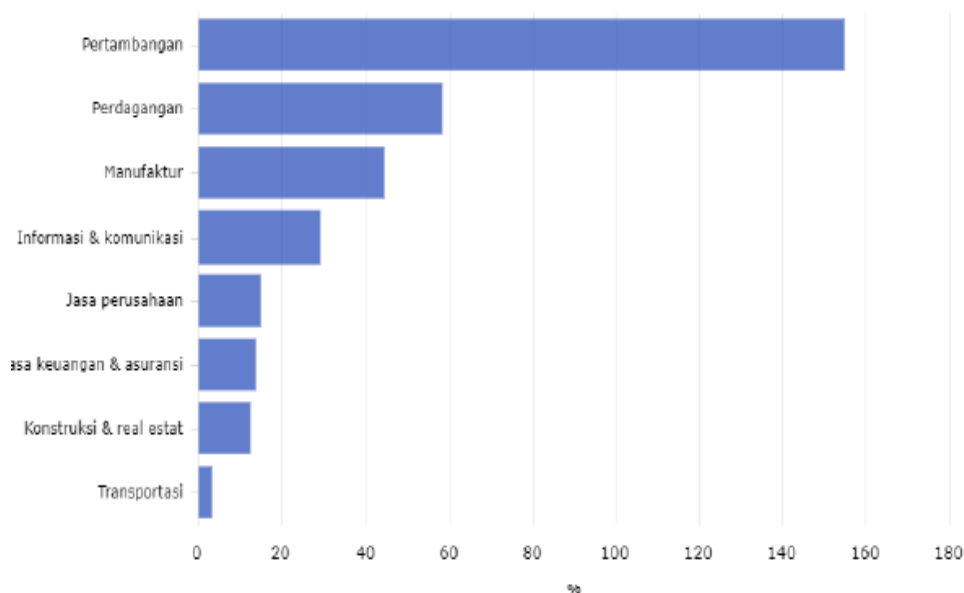
Tax is a very important source of state revenue in supporting the financing of state spending. The amount of tax levy depends on the policies of each country in managing finances and the economy. In Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983, namely General Provisions and Tax Procedures, it is stated that tax is a mandatory contribution to the state owed by Individuals or Entities which is mandatory based on the Law without receiving direct compensation and is used for state needs for the greatest prosperity of the people. The Indonesian government certainly needs a source of funds for operational expenses and state development. Tax is one of its components.

Based on statistical data from the Ministry of Finance as of December 31, 2023, Indonesia's tax revenue in 2023 reached IDR1,869.23 trillion, a significant growth of 8.9 percent compared to the realization in 2022 of IDR1,716.77 trillion. This figure interprets that tax revenue is equivalent to 108.8 percent of the 2023 State Budget (APBN) target or 102.8 percent of the target of Presidential Regulation Number 75 of 2023 concerning Amendments to Presidential Regulation Number 130 of 2022 concerning Details of the State Budget for Fiscal Year 2023. From the information above, it is explained that taxes have an important meaning for the country. so, the Indonesian government always increases the tax revenue target from year to year.

However, the government's efforts to increase and optimize tax revenues are hampered by several things, one of which is tax avoidance, where companies will reduce their tax burden legally and not in conflict with applicable tax regulations. The problem of tax avoidance is a

complicated and unique problem because in this case tax avoidance does not violate the law (legal). However, on the other hand, this tax avoidance action is not expected by the government. The opportunity for tax avoidance is also caused by the Indonesian government adopting a self-assessment system in its tax collection system (Stawati, 2020). Taxpayers are given full freedom to calculate, pay and report their own tax obligations. The implementation of this taxation seems to open up opportunities for taxpayers to take tax avoidance actions by reducing company profits so that the taxes that must be paid are also lower.

There is a tax avoidance phenomenon, namely where the Director General of Taxes of the Ministry of Finance (Kemenkeu) stated the findings of tax avoidance which are estimated to harm the state up to IDR 48.4 trillion per year. The findings were announced by the Tax Justice Network reporting that due to tax avoidance, Indonesia is estimated to lose up to US\$ 3 billion per year, equivalent to IDR 48.4 trillion. In the Tax Justice Network report entitled The State of Tax Justice 2022, it was stated that of this figure, US\$ 3 billion, equivalent to IDR 48.4 trillion, was tax avoidance by multinational corporations in Indonesia. While the remaining US\$ 70 million, around IDR 1.1 trillion, came from individual taxpayers. The Director General of Taxes stated that tax avoidance arises due to transactions that occur between parties who have special relationships both domestically and abroad (taxjustice.net, 2022).



Picture 1
Tax Revenue Growth by Sector Q1 2022

Source: Katadata, 2022.

The growth of tax revenue from the property and real estate sector is the second lowest after the transportation sector, which is only 12.4%. This is one of the supporting data indicating the magnitude of tax avoidance in the property and real estate sector, so the subject of this study was determined in the property and real estate sector. This research was conducted on Property and Real Estate Companies listed on the Indonesia Stock Exchange for the 2017-2020 period. The reason for choosing property and real estate companies is that Awaliah et al. (2022) found that the companies that carried out the most tax avoidance over the past 5 years were the property and real estate sector. Sjahril et al. (2020) stated that the growth of property sector companies increased by around 10% from other sectors, but this growth did not increase state revenue from property and real estate taxes. Kartana & Wulandari (2018) stated that the method often used by property and real estate companies to avoid taxes is for property developers to report property taxes on the basis of NJOP. Developers admit that they have used market prices which are higher in value. Meanwhile, the transaction value includes developer

profits and emotional prices. This emotional price element increases property prices beyond the value of land and buildings.

Another phenomenon of property and real estate companies that are avoiding taxes in Indonesia is the property transaction carried out by the developer of the Bukit Semarang Baru Housing Complex developed by PT Karyadeka Alam Sari, namely the sale of a luxury house for IDR 7.1 billion in Semarang. However, the notary deed only states IDR 940 million. This means that there is a price difference of IDR 6.1 billion. For this transaction, there is a potential for VAT (Value Added Tax) to be paid 10 percent times IDR 6.1 billion or IDR 610 million. Another shortfall is the final PPh (Income Tax) of 5 percent times IDR 6.1 billion or IDR 300 million. The total tax shortfall is IDR 910 million. If this developer sells hundreds of luxury houses, the state loss could reach tens of billions of rupiah from one housing project. Many Indonesian companies are involved, including PT. Ciputra Development, Tbk and PT Lippo Karawaci, Tbk, which are companies in the property and real estate sector (Republika.id, 2016). PT Ciputra Development hid assets of USD 1.6 billion or equivalent to IDR 21.6 trillion with the aim of avoiding taxes in Indonesia (Awaloedin, 2020).

Several factors that influence tax avoidance practices, including Transfer Pricing, Sales growth, and leverage. One of the tax plans widely carried out by multinational companies is by carrying out transfer pricing which is used to shift the company's tax obligations to several global companies with low tax rates, from countries with high tax rates, so that it will generate profits for its subsidiaries. This method is widely used by multinational companies that carry out transactions by setting low transfer prices to related parties which will then be sold at high prices, so that they get large profits, but are taxed at low rates. Companies that have high profits tend to avoid taxes so that the taxes imposed are low. The profit or gain generated by a company is related to the company's profitability. price manipulation activities for tangible and intangible goods and services which are usually carried out by related parties to reduce the level of tax burden that must be paid in order to create a tax advantage for the company. The special relationship owned by the related party is very important in carrying out transfer pricing to calculate the amount of income and costs charged in order to calculate taxable income (Sianturi & Sanulika, 2023). Previous research conducted by Chrisandy and Simbolon (2022), Pratomo dan Triswidyaria (2021), and Nugroho et al., (2024) states that transfer pricing has a positive effect on tax avoidance, this result contradicts the research conducted by Susanto, et al., (2022) and Hasyim, et al., (2022).

The second factor that companies avoid taxes is sales growth, a measurement of a company by looking at the sales conditions of the current year compared to the previous year. The purpose of this measurement is to show whether the company is experiencing an increase or decrease in performance. Sales with a high increase indicate that the company has made a profit and has good performance, while if the company's sales decrease, it indicates that the company may not make a profit (loss) and the company's performance is considered not running well (Tanjaya & Nazir, 2021). Fahmi,(2017) stated that sales growth is a ratio that calculates the difference between the current and previous sales periods, then divides it by the previous year's sales period. Positive sales growth is a sign that a business has achieved an increase in product or service sales. It is possible that if sales growth in a company increases every year, it can have an impact on the company's tax obligations, meaning that sales growth will also indicate tax avoidance practices even though the relationship is not direct (Mahdiana & Amin, 2020). Research conducted by Wulandari & Purnomo (2021),Ramadina & Gunawan, (2023), AndWongsosudono et al., (2023)states that sales growth has a positive effect on tax avoidance. Meanwhile, the research results from Mahdiana & Amin (2020) and Sriyono & Andesto,(2022) shows the opposite, that sales growth has no impact on the tax avoidance variable.

The next factor is one of the funding policies is the leverage policy where the level of debt used by the company to finance its operational activities. The addition of the amount of debt will cause the existence of interest expenses that must be paid by the company. The interest expense arising from the debt will be a reduction in the company's net profit which will later

reduce tax payments so that maximum profit is achieved. The taxable profit of companies that use debt as a source of funding tends to be smaller than the source of funding from the issuance of shares, so it can be classified as an act of tax avoidance (Amri, 2015). The higher the level of debt, the higher the company's tax avoidance.

Research related to leverage was conducted by Marfirah and Syam,(2016) who found that leverage has a negative effect on tax avoidance. Other research also shows that leverage has a negative effect on tax avoidance Putri & Putra,(2017), Swingly and Sukartha,(2015), Suciarti et al.,(2020). Meanwhile, other research conducted by Nugroho et al., (2024),Widyastuti et al., (2022)And Mahdiana & Amin, (2020)shows that leverage has a significant positive effect on tax avoidance. Based on the description of the background and phenomena that have been explained above, the author is interested in conducting research with the title "Analysis of the Influence of Transfer Pricing, Sales Growth, and Leverage on Tax Avoidance"

LITERATURE REVIEW

Agency Theory

Agency Theory expresses a company's attitude as seen based on the view of the contract between shareholders, management, creditors, government and other parties who have an interest in the company. Jensen and Meckling (1976) put forward an agency theory that explains the relationship between company management (agent) and shareholders (principal). In an agency relationship there is a contract between one or more people (principals) who order another person (agent) to perform a service on behalf of the principal and authorize the agent to make the best decisions for the principal. Agency theory is closely related to tax avoidance practices, because agency theory explains the relationship between stakeholders and company management, where both parties work together to achieve the company's goals, namely profit. The relationship between agency theory and this research is that tax avoidance practices will occur if not managed properly and will result in a conflict of interest that begins with information asymmetry.

Positive Accounting Theory

According to Watts and Zimmerman (1986) in their journal *Positive Accounting Theory*, *Positive Accounting Theory* is an explanation or reasoning to scientifically show the truth of an accounting event. *Positive accounting theory* also provides a broad set of principles to be able to explain, which means providing answers to applicable accounting practices and can predict phenomena that occur (Hery, 2017:106-1070). *Positive accounting theory* proposes three earnings management hypotheses, namely: (1) Bonus Plan Hypothesis, (2) Debt Covenant Hypothesis, (3) Political Cost Hypothesis.

Positive accounting theory in this study is used to see the relationship between bonus mechanisms. and company size with transfer pricing. In accordance with the bonus plan hypothesis, managers take action to maximize profits in the current year for their own interests, namely to obtain bonuses. So the practice of transfer pricing is the most effective way for managers to carry out bonus mechanisms. Based on the explanation of the Political Cost Hypothesis, *positive accounting theory* can be used to see the relationship between company size and transfer pricing. The explanation states that the amount of political costs is influenced by the size of the company. If the company is large, then the political costs will be large and vice versa if the company is small, then the political costs are also small. Companies with large sizes are oriented to obtain high profits. One of the political costs on the company is the imposition of tax burdens. The tax burden is based on the company's profits. Therefore, managers can take action to carry out transfer pricing, namely transferring the company's profits to its subsidiaries or companies that have special relationships with lower tax rates to minimize high tax burdens. So that the taxes to be paid will be much lower.

Transfer Pricing

Based on the Regulation of the Director General of Taxes Number: PER-32/PJ/2011, transfer pricing is the determination of prices in transactions between parties that have a special relationship. Transfer pricing is also called intracompany pricing, intercorporate pricing, interdivisional or internal pricing which is a price calculated for the purpose of management control over the transfer of goods and services between members. The Organization for Economic Cooperation and Development (OECD) defines transfer pricing as a price determined in transactions between group members in a multinational company where the determined transfer price can deviate from the fair market price as long as it is suitable for the group. They can deviate from the fair market price because of their position which is in a free state to adopt any principle that is right for their corporation (Panjalusman et al., 2018). According to Datar and Rajan (2018: 882) a decentralized company, most of the decision-making is in the subunit (division). These subunits often supply goods or services to each other. Top management in this case uses transfer pricing to coordinate the actions of the subunits and evaluate the performance of each of their managers. Transfer pricing itself is the price charged by one division in a company for products or services supplied to another subunit of the same company.

According to Nurhayati (2013), transfer pricing is an unfair pricing mechanism for transactions of providing goods and services by parties who have special relationships. This special relationship can be established between branches of companies, sister companies or companies that have other blood relations. This practice can result in the loss of taxes that should be received by the state for the company's operations. This is called a manipulative activity so that it is often associated with state losses. Research that supports this hypothesis is from Nurhayati (2013), which states that transfer pricing has a positive effect on tax avoidance practices. The results of research by Mayangsari (2015), Anggraini (2018) and Lutfia et al. (2018) state that transfer pricing has a positive effect on tax avoidance.

$$\text{Transfer Pricing} = x 100\% \frac{\text{Accounts Receivable to parties with special Relationships}}{\text{Total Receivables}}$$

Law No. 26 of 2008 concerning Income Tax (PPh), which states that "Special relationships as referred to in paragraphs 3 to 3d, Article 9 paragraph 1 letter f, and Article 10 paragraph 1 are deemed to exist if:

- a. Taxpayers have a minimum of 25% direct or indirect equity stake in other taxpayers.
- b. For two or more Taxpayers, the relationship between Taxpayers and capital participation must be at least 25%.
- c. Taxpayers have power over other Taxpayers, both directly and indirectly, subject to the same authority.
- d. Descendants who are straight or sideways up to 1 degree have blood or family ties in them.

In PSAK 7 it is explained: "parties that have special relationships are parties that are considered to have special relationships if one party has the ability to control another party or has significant influence over another party in making financial and operational decisions."

H 1 : Transfer Pricing has a positive effect on Tax Avoidance.

Sales Growth

Company growth is measured by sales growth, which shows the development of sales levels from year to year. Sales growth shows the growth of the company from year to year. As a result, the development can increase or decrease. Business actors can optimize existing resources well by looking at sales from the previous year. Revenue growth plays an important

role in working capital management. This study uses sales growth measures because it can describe the good or bad sales growth of a company. Companies can predict how much profit will be obtained based on sales growth (Dewinta & Setiawan, 2016). Fahmi, (2017) states that sales growth is a ratio that calculates the difference between the current and previous sales periods, then divides it by the previous year's sales period. Positive sales growth is a sign that a business has achieved increased sales of products or services. If sales growth increases, it will indicate that the business entity tends to implement tax avoidance practices because high profits can increase the tax payable that must be paid (Ayu & Kartika, 2019). According to (Darma & Cahyati, 2022) Current year net sales divided by previous year net sales minus 1 to calculate sales growth.

$$SGR = x 100\% \frac{Sales_t}{(Sales_{t-1})-1}$$

Based on research conducted by Yolanda et al., (2016) Sales Growth has a significant positive effect on tax avoidance. Based on this explanation, the hypothesis proposed is as follows:

H 2 : Sales Growth has a positive effect on Tax Avoidance.

Leverage

Debt as a form of obligation owned by the company, in IAI debt is defined as the company's current obligation to transfer economic resources as a result of transactions or events that occurred in the past. Debt owned by the company results in interest expenses that will reduce the taxes borne by the company. Leverage is a measure of how much of the company's assets are financed by debt. According to Putri et al., (2021) states that, the result of a company having a high level of debt is that there is an interest expense which reduces the company's tax burden. This is supported by agency theory, where the theory states that companies with a debt ratio have a high level of tax avoidance. Because the company's debt increases the interest burden, it can reduce the company's profits. With decreasing company profits, the company's taxes that must be paid to the state treasury will also decrease. Conversely, companies with low levels of debt will also have a low level of tax avoidance. DAR is used because it can measure how much of the company's assets are financed with total debt. Research related to leverage conducted by (Noor, 2010) which explains that companies with more debt have a good effective tax rate, this means that with a large amount of debt, companies will tend to be less likely to carry out tax avoidance.

$$Debt\ To\ Asset\ Ratio = x 100\% \frac{Total\ Liabilities}{Total\ Assets}$$

Where Total debt is all company debts, including current liabilities and long-term liabilities. The research conducted Oktaviani et al., (2021), Putri et al., (2021), And Sari et al., (2023) states that Leverage has a significant negative effect on tax avoidance. states that the higher the company's debt, the higher the company's tax which results in tax avoidance becoming more aggressive. Based on this explanation, the hypothesis proposed is as follows:

H 3 : Leverage has a positive effect on Tax Avoidance.

Tax Avoidance

Minimizing tax obligations can be done in various ways, both those that still meet tax provisions (tax avoidance) and those that violate tax regulations (tax evasion). Tax avoidance or tax avoidance is an effort to make the tax burden more efficient by avoiding tax imposition by directing it to transactions that are not taxable objects (Chairil, 2016). According to Suandy, (2008) Minimizing tax burden can be done in various ways, starting from those that are still within the framework of tax regulations to those that violate tax regulations. Efforts to minimize are often referred to as tax planning. Generally, tax planning refers to the process of engineering the taxpayer's (WP) business and transactions so that tax debts are in a minimal amount but still

within the framework of tax regulations. Efforts made by taxpayers to minimize their tax burden are carried out without violating tax laws. According to Merks (2007), these methods are:

1. Moving tax subjects and/or tax objects to countries that provide special tax treatment or tax relief (tax haven countries) for a type of income (substantive tax planning).
2. Tax avoidance efforts by maintaining the economic substance of transactions through formal selection that provides the lowest tax burden (formal tax planning).
3. Anti-avoidance provisions on transfer pricing transactions, thin capitalization, treaty shopping, and controlled foreign corporations (specific anti-avoidance rule); and transactions that do not have business substance (general anti-avoidance rule).

Previous research that used CETR projections includes: (Satria & Lunardi, 2023). According to Handayani (2015), the tax avoidance variable is calculated through the company's CETR (Cash Effective Tax Rate), namely cash spent on tax costs divided by profit before tax. The formula for calculating CETR according to D Rinaldi (2015) is as follows:

$$\text{CETR} = \times 100 \% \frac{\text{Income Tax Payment}}{\text{Net Profit Before Tax}}$$

According to (Dyren et al., 2011) CETR Describes tax avoidance activities by companies because Cash ETR is not affected by changes in estimates such as valuation allowances or tax protection. In addition, measurement using Cash ETR can answer the problems and limitations of tax avoidance measurements based on the GAAP ETR model. The smaller the Cash ETR value, the greater the tax avoidance, and vice versa.

The reason this study uses the CETR formula to describe corporate tax avoidance is because the greater the Cash ETR indicates the lower the level of corporate tax avoidance. In addition, CETR also describes all tax avoidance activities that reduce tax payments to the tax authorities. Tax payments (Cash tax paid) are the amount of cash taxes paid by the company based on the company's cash flow financial report. The greater the CETR indicates the lower the level of corporate tax avoidance Budiman and Setiyono (2012).

RESEARCH METHODS

This section contains the research design, research goals, and targets. If the research is quantitative, it contains the population and sample, data collection techniques, operational definitions and measurement of variables (if any), and analysis techniques. For Qualitative Research, the research method is adjusted. This study uses a quantitative research method. The population used in this study were all construction and real estate sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period, total 92 companies with a sample of 7 companies. The sample selection used purposive sampling. The criteria in this study include: (1) Construction and real estate sector companies listed consecutively during the 2019-2023 period; (2) Construction and real estate sector companies that reported complete annual reports consecutively in the 2019-2023 period; (3) Construction and real estate sector companies that experienced profits consecutively in the 2019-2023 period; and (4) Construction and real estate sector companies that had receivables with related parties in the 2019-2023 period. The data sources used in this study are secondary data in the form of company financial reports taken from the Indonesia Stock Exchange website. The data analysis used by the author in this study is a descriptive analysis method, which is an analysis that describes how to determine the influence of Transfer pricing, Sales growth and Leverage on Tax Avoidance. This study uses multiple linear regression analysis methods with the help of the IBM Statistical Package for Social Sciences (SPSS) version 24.

$$Y = a + b1.TP + b2.SGR + b3.DAR + e$$

RESEARCH RESULTS AND DISCUSSION

Descriptive statistics

Descriptive statistics and results of panel data linear regression testing and robustness tests from this study are discussed in the results and discussion section. Descriptive statistics from this study are presented in table 1 below.:

Table 1

Statistics Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	35	-,07	1,79	,3789	,40420
Transfer Pricing	35	,00	8,87	,9414	2,37936
Sales Growth	35	,01	134,41	5,5151	23,14532
Leverage	35	,00	39,03	11,7816	14,12746
Valid (listwise)	35				

Source : Outputs SPSS 24

CETR value as a proxy for tax avoidance in the research object varies greatly with a minimum CETR value of -0.07 in Bumi Citra Permai Tbk in 2020, while the maximum value is 1.79 percent in Urban Jakarta Propertindo Tbk in 2022. The average (mean) in the tax avoidance variable shows a figure of 0.3789 which means that the average value of tax avoidance in the companies used as samples is only 37.89 percent, while the standard deviation value is 0.40420 which shows that the difference in the variable value that occurs in tax avoidance in the study against its average value is 40.42 percent.

Transfer pricing value shows a minimum value of 0.00 or 0 percent at Metropolitan Kentjana Tbk in 2022. The maximum value of 8.87 or 8.87 percent is at Perdana Gapuraprima Tbk in 2022. The average in this sample test is at 0.9414, which illustrates that the mean Transfer pricing value in the companies used as samples is 94.14 percent. The standard deviation value is 2.37936, this reflects that there is a difference in value variable *Transfer pricing* in research on an average of 237.936 percent.

Sales Growth in this test, it shows a minimum value of 0.01 percent which is located at Bumi Citra Permai Tbk in 2021. The maximum value shown at 137.41 percent which is located at Bumi Citra Permai Tbk in 2022. The average value produced in this study is 5.5151. The standard deviation value is 23.14532

Leverage in this test, it shows a minimum value of 0.00 percent which is located at Jaya Real Property Tbk in 2023. The maximum value shown at 39.03 percent which is located at Perdana Gapuraprima Tbk in 2020. The average value produced in this study is 11.7816. The standard deviation value is 14.12746.

Classical Assumption Testing

Residual Normality Test Results

The test was conducted using a one sample Kolmogorov-Smirnov test. Based on the results of the normality test, the Monte Carlo Sig. (2-tailed) value of 0.124 is greater than alpha ($\alpha = 0.05$), so it can be concluded that the variable data is normally distributed.

Table 2
One-Sample Kolmogorov-Smirnov Test

Variables	Unstandardized Residual
<i>Asymp. Sig. (2-tailed)</i>	0.002c
<i>Monte Carlo Sig. (2-tailed)</i>	0.124d

Source : Outputs SPSS 24

Multicollinearity Test Results

The results of the multicollinearity test are shown in the following table:

Table 3
Multicollinearity Test Results

Variables	Tolerance	VIF	Conclusion
<i>Transfer Pricing</i>	0.716	1,397	There is no multicollinearity
<i>Sales Growth</i>	0.985	1,015	There is no multicollinearity
<i>Leverage</i>	0.707	1,414	There is no multicollinearity

Source : Outputs SPSS 24

It can be seen that the tolerance value for the variable *Transfer Pricing*(X1), *Sales Growth*(X2) , and *Leverage*(X3) is greater than 0.10 and the VIF value of each variable is less than 10, it can be concluded that there is no multicollinearity between the independent variables.

Autocorrelation Test Results

The results of the autocorrelation test in this test are as follows:

Table 4
Autocorrelation Test Results

Durbin-Watson	Conclusion
2,163	No autocorrelation occurs

Source : Outputs SPSS 24

It can be seen that the DW value is 2.163, the DU and DL values can be obtained from the Durbin Watson statistical table, with n = 35 and K = 3 the DL value is 1.283 and the DU is 1.6528. from the output above that the DW value of 2.163 is greater than the DU limit of 1.6528 and less than (4-DU) which is (4-1.6528) of 2.3472 then as the decision making in the Durbin Watson test it can be concluded that H0 is accepted meaning there is no autocorrelation.

Heteroscedasticity Test

The results of the heteroscedasticity test in this test are as follows:

Table 5
Heteroscedasticity Test Results

Variables	Tolerance	Conclusion
<i>Transfer Pricing</i>	0.056	did not occur heteroscedasticity
<i>Sales Growth</i>	0.233	did not occur heteroscedasticity
<i>Leverage</i>	0.074	did not occur heteroscedasticity

Source : Outputs SPSS 24

From the SPSS output results above, it can be seen that the significance value of the t-test for the variables *Transfer Pricing*(X1), *Sales Growth*(X2), and *Leverage*(X3) with Absolute residual has a significance value of more than 0.05. Because the significance value is greater

than 0.05, it can be concluded that there is no heteroscedasticity problem in the regression model.

Hypothesis Test

The results of the regression analysis in this study found that Transfer Pricing has an effect on Tax Avoidance. Meanwhile, Sales Growth and Leverage have no effect on Tax Avoidance. The regression equation used is as follows:

Table 6

Results of Multiple Linear Regression Analysis

Variables	R Square	B Value	T statistic	Significance Value	Signification Standard	Decision
<i>Transfer Pricing</i>	0.135	0.073	2,166	0.038	0.05	Influential
<i>Sales Growth</i>		0,000	-0.157	0.876	0.05	No effect
<i>Leverage</i>		-0.005	-0.854	0.400	0.05	No effect

Source : Outputs SPSS 24

$$Y = 0.370 + 0.073TP + 0.000SG - (0.005DAR) + e$$

The results of the T-test on the Transfer Pricing variable show a significant value of 0.038, which means *Transfer Pricing* has a positive effect on Tax Avoidance. This is because the significance value is $0.038 < 0.05$. So the first hypothesis (H1) in this study is accepted. The interpretation of the regression equation can be seen that the coefficient value *Transfer Pricing* worth 0.073, which shows that each variable *Transfer Pricing* (X1) increases by one unit, then tax avoidance (Y) increases by 0.073.

T-test results on variable *sales growth* its significant value is 0.876, which means that sales growth has no effect on tax avoidance. This is because the significance value $0.876 > 0.05$. So the second hypothesis (H2) in this study is rejected. The interpretation of the regression equation shows that the sales growth coefficient value is 0,000, which shows that for every sales growth variable (X2) that increases by one unit, tax avoidance (Y) increases by 0,000.

T-test results on the Leverage variable its significant value is 0.400, which means that Leverage has an effect on tax avoidance. This is because the significance value $0.400 > 0.05$. So the second hypothesis (H3) in this study is rejected. The interpretation of the regression equation shows that the Leverage coefficient value is -0.005, which shows that for every company size variable (X3) that increases by one unit, tax avoidance (Y) increases by -0.005.

The Effect of Transfer Pricing on Tax Avoidance

The results of the first hypothesis test in this study show the significance value of Transfer Pricing of $0.038 < 0.05$, the calculated t of 2.166 is greater than the t table of 2.039, which means *Transfer Pricing* has a partial positive effect on tax avoidance in companies construction and real estate sector listed on the IDX. So the first hypothesis is accepted. This result shows that an increase in Transfer Pricing will cause a significant increase in Tax Avoidance. This finding is in line with previous research conducted by Chrisandy and Simbolon (2022), Pratomo and Triswidyaria (2021), and Nugroho et al., (2024) states that transfer pricing has a positive effect on tax avoidance.

Transfer pricing is a company policy in determining transfer prices for transactions of goods, services, intangible assets and financial transactions within a company. (Krisdianto et al., 2019). This can be defined as the sum of the prices charged by each business unit to the multi-business unit corporation for transactions between them. According to political cost theory, governments require companies to pay taxes according to their income, thereby creating pressure on companies to consistently pay taxes to the state, potentially reducing corporate profits. The conflicting interests of governments, which want substantial and sustainable tax revenues, and companies, which seek to minimize tax payments, result in companies shifting their tax liabilities to entities in countries with lower tax rates through methods such as reducing selling prices, known as transfer pricing. (Korol et al., 2022). Asongu et al., (2019) supports this perspective, stating that the goal of multinational companies involved in transfer pricing is to minimize their global tax liabilities. As the likelihood of transfer pricing increases, so does the tendency to engage in tax avoidance because higher tax rates lead to increased tax burdens. Management utilizes the transfer pricing method to reduce tax avoidance practices. Companies utilize the transfer pricing method by transferring the profits they earn to subsidiaries in other countries with lower tax rates, so companies can minimize corporate tax payments so that tax avoidance practices can decrease.

The Influence of Sales Growth on Tax Avoidance

The results of testing the second hypothesis in this study show a significant sales growth value of $0.876 > 0.05$ and count as -0.157 smaller than the t -table 2.039 which means *sales growth* has no effect on tax avoidance in companies construction and real estate listed on the IDX. So the second hypothesis (H2) in this study is rejected. This shows that companies with high sales growth do not necessarily generate high profits because high sales growth followed by high operating costs will result in low profits. So high or low sales growth does not affect tax avoidance. English: (2017) states that there is no correlation between sales growth and tax avoidance, this is because companies that have high sales growth are assumed not to make tax avoidance efforts. The higher the sales growth, the company is able to pay its taxes and avoid tax avoidance. The results of this study are in line with the results of research from Mahdiana & Amin (2020) and Sriyono & Andesto, (2022) shows the opposite, that sales growth has no impact on the tax avoidance variable.

The Effect of Leverage on Tax Avoidance

The results of testing the third hypothesis in this study show a significance value of Leverage of $0.400 > 0.05$ and count as -0.854 smaller than the t -table 2.039 which means Leverage does not affect tax avoidance in construction and real estate companies listed on the IDX. The higher or lower the debt level will not affect the tax avoidance actions taken by the company. The higher the company's debt level, the management will tend to be careful and will not take risks that can endanger the company with tax avoidance actions (Arianandini & Ramantha, 2018). *Leverage is the level of debt used by the company to finance its operations. The use of debt will incur interest expenses that will reduce the tax burden to be paid by the company. When associated with agency theory, companies use debt ratios in order to benefit from high profits in accordance with the interests of the principal without any intention to avoid taxes. The interest expense that arises will not always be a reduction in profit before tax. This can reduce the conflict of agency theory. Companies in the construction and real estate sectors, both companies with high and low leverage values, are more likely to not practice tax avoidance, because funding through debt is chosen purely to seek profit or support company operations, not to avoid taxes. Thus, it can be concluded that the leverage ratio does not affect tax avoidance actions. The higher the leverage ratio value, the greater the amount of debt funding followed by a high interest rate. This interest will reduce the tax owed by the company (Retta et al., 2021). The results of this study are in line with research Lukito & Oktaviani, (2022) Anindyka et al., (2018), Dewi & Oktaviani, (2021), shows that leverage does not have a significant effect on tax avoidance.*

CONCLUSION

This study was conducted to test whether Transfer Pricing, Sales Growth, and Leverage have a positive effect on Tax Avoidance on construction and real estate companies listed on the Indonesia Stock Exchange in 2019-2023. The results of this study indicate that Transfer pricing has a positive effect on Tax Avoidance on construction and real estate companies listed on the Indonesia Stock Exchange. This means that the company is still using Tax Avoidance to reduce the tax burden so that the company's profits remain large. Furthermore, the results of the study showed that sales growth had no effect on Tax Avoidance on construction and real estate companies listed on the Indonesia Stock Exchange. This shows that companies with sales growth high does not necessarily result in high profits because sales growth high followed by high operational costs will result in low profits. The Leverage variable also shows that it has no effect on Tax Avoidance on construction and real estate companies listed on the Indonesia Stock Exchange. This is because the company does not use debt to reduce the tax burden but actually to finance the company's operations. Basically, companies that have high debt can be used to reduce taxable income. This is because companies that have debt will get a discount in the form of interest in accordance with the provisions of the Republic of Indonesia Law number 36 of 2008 on Income Tax.

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