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Effect of Tax Planning and Net Profit Margin on Firm Value in Plantation Company**Muhammad Imam Khairi Siregar^{1*}, Isna Ardila¹**¹Universitas Muhammadiyah Sumatera Utara

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***Email:** imamkhairi03@gmail.com**ABSTRACT**

This study aims to determine the effect of tax planning and net profit margin on plantation companies listed on the Indonesia Stock Exchange in 2018 – 2020. This research is an associative type of research. The sampling technique was carried out using a purposive sampling technique. So that the samples obtained were 13 plantation companies listed on the IDX in 2018 - 2020 with a total of 39 observational data for 3 years of observation. The data collection technique used is documentation. The data analysis technique used in this study is multiple linear regression analysis with the SPSS 26 software tool. The results of the tax planning research show that the statistical test value of t count is -1.050 which is smaller than t table which is 2.045 while the sig value of tax planning is 0.303 which is greater than 0.05, this shows that tax planning has no effect on firm value. The net profit margin shows that the statistical test value t count is 3.512 which is greater than the t table which is 2.045 while the sig net profit margin value is 0.002 which is less than 0.050, this shows that the net profit margin has an effect on company value. The results of the research on tax planning and net profit margin together show that the calculated F statistic value is 7.748 greater than the F table value of 3.340 while the sig value of 0.002 is less than 0.05, this shows that there is a significant influence between tax planning and net profit margin. profit margin on company value simultaneously.

Keywords: Profit Margin on Firm Value in Plantation Company

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INTRODUCTION

The value of the company describes how well or badly management manages its wealth. company value can describe the state of the company. With a good company value, the company will be viewed favorably by potential investors, and vice versa shareholder value will increase if the company value increases which is indicated by a high rate of return on investment to shareholders (Hermuningsih, 2012).

One of the goals of companies that go public is how to increase the value of the company which is reflected in its share price. The stock price is used as a proxy for the company's value because the stock price is the price that prospective buyers are willing to pay, if investors want to have proof of ownership of a company. The higher the stock value of a company, the higher the company value (Rialdy, 2018).

In this research, company value is measured using price to book value (PBV), which is the ratio of stock prices to the book value of the company. This ratio is used because with this ratio it can be seen whether the level of the stock price is overvalued or undervalued from the book value, so that it can assess the high or low value of the company which is reflected in the stock price. Performance measurement using price to book value can provide an overview of the extent to which the market evaluates the company from various aspects seen by outsiders, including investors (Ayu & Suarjaya, 2012).

The book value (book value) per share shows the net assets (net assets) owned by shareholders by owning one share. Since net assets are equal to total shareholder equity, the book value per share is total equity divided by the number of outstanding shares. Price to book value (PBV) is the market ratio used to measure the performance of the stock market price against its book value. This ratio shows how far a company is able to create corporate value to the amount of capital invested (Jogiyanto, 2013: 82).

Various ways are used by management so that the company can maximize the value of the company, namely by increasing growth which is marked by an increase in the value of the investment invested in the company. One of the management decisions is to do tax planning. Tax planning is an act of planning to minimize the tax burden without having to violate regulations to avoid paying taxes (Noviani, 2017). Tax planning is an effort to carry out and minimize taxes, which can legally be done through tax management. When a company is able to minimize expenses for tax purposes, it means that the company has less burden. The smaller the burden incurred by the company, the greater the profit earned by the company. Investor interest will be higher in company shares that earn large profits. The higher the investor interest in a stock, the share price will increase because the number of shares circulating in the community is limited.

Another factor that affects the value of the company is the net profit margin. Net profit margin is the company's ability to generate profits by comparing sales. Companies that are able to earn profits will usually get a response and investor interest in investing which will be followed by an increase in share prices and this will have an impact on increasing the value of the company (Ardila, 2017). Net profit margin (NPM) is the ratio used to show a company's ability to generate net profits.

Net profit margin (NPM) is useful for capital market investors to determine a company's ability to generate profits. Net profit margin is a profit measure that compares

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profit after interest and tax compared to sales. This ratio shows the company's net income from sales (Kasmir, 2014: 200).

As preliminary data, the researcher presents the effective tax rate (ETR), net profit margin (NPM) and price to book value (PBV) of several plantation companies listed on the Indonesian stock exchange in 2018 -2020

The problem found in several plantation companies listed on the IDX in 2018-2020 is that some plantation companies show an increase in the net profit margin (NPM) value, but the company value (PBV) has actually decreased. This is not in line with the opinion expressed by Jogiyanto (2013), net profit margin is a comparison of net profit to sales, the greater the ratio, the more productive the company's performance so that investor confidence increases to invest so that it will increase the value of the company. In plantation companies listed on the Indonesia Stock Exchange where the tax planning (ETR) of plantation companies has increased but the company value (PBV) has actually decreased and the net profit margin of plantation companies has decreased but the company value (PBV) has actually increased. In 2018-2020 several plantation companies showed that increased tax planning and net profit margins did not guarantee high corporate value and vice versa.

METHOD

This type of research is associative research using a quantitative approach. This study uses two independent variables and one dependent variable where the independent variable is tax planning using the effective tax rate (ETR) measured by tax burden divided by profit before tax, and profitability using net profit margin which is measured by profit after tax divided by sales, while the dependent variable is the value of the company using price to book value (PBV) measured by the stock price divided by the book value of the stock.

The population used in this study were 19 plantation companies listed on the Indonesia Stock Exchange (IDX). For sampling using purposive sampling technique in order to obtain 11 that meet the criteria to be sampled in this study, data analysis method using multiple linear regression.

Regression analysis is used to determine the effect of the independent variable on the dependent variable. According to , the multiple linear regression formula is as follows:

$$Y = a + b_1X_1 + b_2X_2 + \epsilon$$

description:

Y = Firm Value

a = Constant

b1 and b2 = the magnitude of the regression coefficient of each variable

X1 = Tax Planning

X2 = Profitability

ϵ = error of terms

RESULT AND DISCUSSION

This descriptive statistic aims to provide information about the characteristics of the main research variables and the demographic data of the respondents. The statistical results in this study are as follows :

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Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Tax Planning	39	-2,26	1,86	,1700	,55230
Net Profit Margin	39	-246,63	835,24	1,5297	146,08272
Firm Value	39	,19	3,86	1,2631	,80976
Valid N (listwise)	39				

Based on table 1 above, it can be described as follows that the minimum tax planning value of -2.26 is owned by PT. Salim Ivomas Pratama (SIMP) in 2019 and the maximum value from PT. Salim Ivomas Pratama (SIMP) in 2018 was 1.86. The mean (average) value is 0.1700 and the standard deviation is 0.55230. Net Profit Margin minimum value of -246.63 is owned by PT. Bakrie Sumatera Plantations (UNSP) in 2019 and the maximum value from PT. Joint Investment Provident (PALM) in 2020 amounted to 853.24. The mean (average) value is 1.5297 and the standard deviation is 146.08272. Company Value (PBV) of 0.19 is owned by PT. Bakrie Sumatera Plantations (UNSP) in 2020 and the maximum value from PT. Sawit Sumbermas Sarana (SSMS) in 2018 was 3.86. The mean (average) value is 1.2631 and the standard deviation is 0.80976.

In this study the tool used to carry out the normality test is by using the One Kolmogorov-Smirnov Test table. If the profitability of the Z statistic is less than 0.05, the residual value in a regression is not normally distributed (Ghozali, 2016).

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		31
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,40214744
Most Extreme Differences	Absolute	,103
	Positive	,103
	Negative	-,074
Test Statistic		,103
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on the results of the normality test, the sig value shows a result greater than 0.05, which is equal to 0.010. So it can be said that the regression model in this study is normally distributed.

The multicollinearity test aims to test whether the regression model found a correlation between the independent (independent) variables. To find whether or not there is multicollinearity in the regression model, it can be seen from the Tolerance value and the

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Variance Inflation Factor (VIF) value. A good regression model should not have a correlation between the independent variables (Ghozali, 2016).

Table 3. Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Tax Planning	,547	1,829
	Net Profit Margin	,547	1,829

a. Dependent Variable: Nilai Perusahaan

Tax planning with a Tolerance value of 0.547 and a VIF value of 1.829. Net profit margin Tolerance value is 0.547 and VIF value is 1.829. So it can be concluded that all variables do not have multicollinearity because each variable has a Tolerance value > 0.1 and a VIF value < 10.00 .

To detect autocorrelation, it can be seen through the Durbin-Watson value (Ghozali, 2016). If the DW value is between du and $4-du$, it can be concluded that the regression model in this study is free from autocorrelation. The following are the results of the autocorrelation test in the table below:

Table 4. Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,597 ^a	,356	,310	,41626	2,014

a. Predictors: (Constant), Net Profit Margin, Tax Planning

b. Dependent Variable: Firm Value

Durbin-Watson value = 2.014. This figure will be compared with the table value using a significance value of 5%, the number of samples (n) 31 and the number of independent variables ($k = 2$), the value of $du = 1.570$, the value of $4-du = 2.430$ where $DU < DW < 4-DU = 1.570 < 2.014 < 2.430$, it can be concluded that there is no autocorrelation.

Heteroscedasticity test through the scatterplot graph. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity problem indicated. Following are the results of the heteroscedasticity test in the image below :

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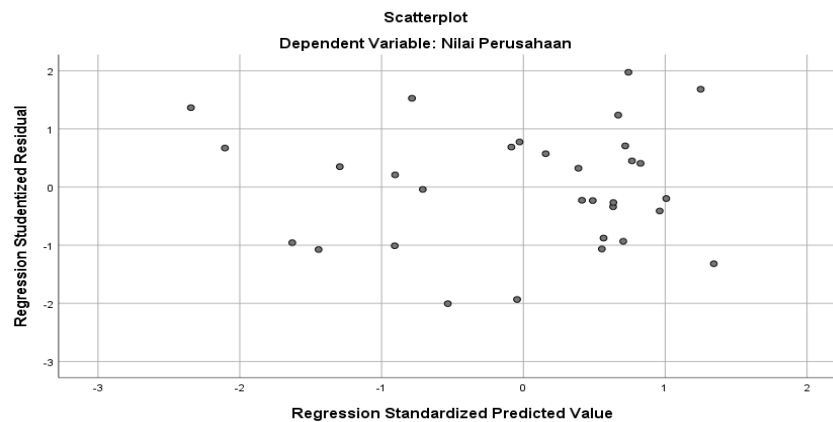


Figure 1 Scatterplot

that there is no particular pattern because the points spread irregularly above and below the 0 axis on the y axis. So it can be concluded that there are no symptoms of heteroscedasticity.

Based on the data that has been processed with SPSS software, a multiple linear regression equation model is obtained as follows:

$$Y = 1,374 - 0,443.X1 + 0,013.X2 + e$$

Table 5. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,374	,130		10,574	,000
	Perencanaan Pajak	-,443	,422	-,215	-1,050	,303
	Net Profit Margin	,013	,004	,720	3,512	,002

a. Dependent Variable: Firm Value

The independent variable net profit margin increases and tax planning does not increase, then the price book value will increase by 0.013 or an increase of 1.3%. Thus the first hypothesis in this study is rejected, namely tax planning has no effect on firm value. Thus the second hypothesis in this study is accepted, namely net profit margin has an effect on firm value.

F test with a significance level of 5% and the number of df (n1) = 2, and df (n1) = 31 (n-k-1) or 31-2-1. In order to obtain an F table of 3.340. From the test results obtained Fcount of 7.748, it means that Ftable < F count and sig value < 0.05. So it can be concluded that tax planning and net profit margin have a simultaneous and significant effect on firm value. the value of the coefficient of determination (Adjusted R2) in this study is 0.310. This means that 31% change in firm value can be explained by changes in tax planning and net profit

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margin while the remaining 79% is explained by other variables not included in this research model.

DISCUSSION**The Influence of Tax Planning on Firm Value**

The results of this study are not in accordance with the first hypothesis, that tax planning has an effect on price book value. Based on the results of the analysis it can be stated that tax planning has no effect on price book value. Tax planning is the first step in tax management where at this stage a collection and research of tax regulations is carried out, with the intention of selecting the types of tax saving measures to be carried out. In general, the emphasis on tax planning is to minimize tax obligations (Januri, 2009). Almost every company carries out tax planning to reduce the amount of tax burden that must be paid. But the smaller the amount of the tax burden paid will not affect the value of the company, where reducing the tax burden will not affect the increase in company value (Sartika, 2015).

In this study tax planning is measured using the Effective tax rate (ETR). Tax planning will not affect the company because almost every company does tax planning to reduce the tax burden that must be paid. But the smaller the amount of the tax burden paid will not affect the value of the company, this is because tax planning can reduce the value of the company and will lead to agency conflicts against managers and shareholders (Pohan, 2013). The greater the tax planning carried out, the greater the company will be in the spotlight of the tax authorities. This will result in decreased company value (Yuliem, 2018). This research in line with the research of (Aji & Atun, 2019) and Noviani (2017) tax planning has no effect on company value.

Effect of Net Profit Margin on Firm Value

The higher the company's profitability, the higher the company's ability to generate company profits. High profits or profits will provide good company prospects so that it will trigger shareholders to further increase demand for shares (Ardila, 2017). An increased company value indicates that the company's stock price has increased where the sales margin generated as profit will make investors interested in investing in the company's shares so that it will have an impact on increasing the company's value. The size of the profitability produced by a company can affect company value, good company prospects show high profitability, companies that have a high level of profitability will be in demand by investors so that investors will respond positively and company value will increase (Indrarini, 2019).

IMPLICATIONS

The implications of this research are seen from the hand theory which states that investors prefer the profit earned by the company to receive dividends, so that profit increases the value of the company. Effective tax rate as a form of tax avoidance to reduce the company's burden which can reduce the company's value.

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CONCLUSION

Tax planning has no effect on company value in plantation companies listed on the Indonesia Stock Exchange in 2018 – 2020. The net profit margin affects the company value of plantation companies listed on the Indonesia Stock Exchange in 2018-2020. Simultaneous test results show that all independent variables, namely tax planning and net profit margin together have a significant influence on firm value.

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