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The Effect of Leverage, ProfitabilityaAnd Company Size on Tax Avoidance in Automotive Companies

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ABSTRACT

This study aims to determine the effect of Leverage, Profitability and Company Size on Tax Avoidance in automotive and component companies listed on the Indonesian stock exchange in 2017-2021. This research is a type of associative research. The sampling technique was carried out using a purposive sampling technique. So that the samples obtained were 9 automotive and component companies listed on the Indonesia Stock Exchange in 2017-2021. The data collection technique used is documentation. The data analysis technique used in this study is multiple linear regression analysis with SPSS 24 software tools. The results of this study indicate that leverage has no significant effect on avoidance. Profitability has a significant effect on tax avoidance. Firm size has no effect and is not significant on tax avoidance. Then leverage, profitability and firm size have a significant effect on tax avoidance simultaneously.

Keywords: Leverage, Profitability, Company Size, Tax Avoidance

INTRODUCTION

Tax is a sector that plays an important role in the economy, because taxes are a large source of state revenue compared to other sources of revenue. With the payment of taxes, the government can carry out development that can achieve prosperity and welfare of the people. The company as a taxpayer has an obligation to pay taxes, the amount of which is calculated from the net profit it earns. The greater the taxes paid by the company, the more state revenue. On the other hand, for companies, taxes are a burden that will reduce net income. The government's goal of maximizing revenue from the tax sector is contrary to the goals of companies as taxpayers, where companies try to minimize their tax burden so as to obtain greater profits in order to prosper the owner and continue the survival of the company (Yoehana, 2013).

Tax according to Article 1 of Law no. 28 of 2007 as amended in Law no. 16 of 2009, taxes are mandatory contributions to the state that are owed by individuals or entities that are coercive by law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people. Different from the tax benefits for the company. According to (Prasiwi 2015) Tax is a burden, so that in a company the tax burden must be managed properly so that the company's profits are greater. The company's way of managing the tax burden is by carrying out tax planning, one of which is carrying out tax avoidance.

The Indonesian government gives authority and obligations to taxpayers to calculate, pay and report taxable income through the implemented self-assessment system. The use of a self-assessment system in Indonesia can provide benefits to taxpayers to calculate taxes as minimally as possible so that the tax burden they bear is small (Ardyansah., "and" Zulaikha, 2014). The weakness of this taxation system is that it can lead to tax violations in the form of efforts to avoid or fight taxes (Mulyani, 2014). One of the resistance to taxes is carried out by way of tax avoidance where companies will reduce their tax burden in a legal way and this does not conflict with applicable tax laws. This problem is a complicated and unique problem because in this case, tax avoidance does not violate the law (legal), but on the other hand, tax avoidance is not expected by companies. The opportunity for tax avoidance to occur is also due to the fact that the Indonesian government adheres to a self-assessment system in its tax collection system (Razif, R., & Rasyidah, A. 2020).

The government's inability to realize maximum tax revenue raises the question whether from the taxpayer's point of view there have been several acts of tax evasion, tax evasion, or indeed the collection that has been carried out has not been able to run optimally. Tax revenue must be able to reach the maximum level because the results of tax revenue will later be used to finance state spending (Adisamatha and Noviari, 2015). Tax avoidance (tax avoidance) is one way to legally streamline the tax burden that does not violate the law. This tax avoidance can be said to be a complicated and unique problem because on the one hand it is permissible, but not desirable (Maharani and Suardana, 2014) whereas according to Hanlon and Heitzman (2010) defines tax avoidance as a reduction in the amount of explicit taxes, where tax avoidance is a series of tax planning activities . Utami (in Zain, 2007: 44) defines tax avoidance as a legal manipulation of income that is still in accordance with the provisions of tax laws and regulations to streamline the payment of the amount of tax payable.

The methods used to evade taxes vary widely and are generally used to cover up the truth, in order to avoid taxes. According to Suryana (2013) the practice of tax avoidance

(Tax avoidance) can be done in various modes, for example First, the franchisor mode is by making financial reports as if they were a loss. Second, the mode of purchasing raw materials from companies in the same group. Purchases of raw materials are made at high prices from companies within the same group that are established in countries with low tax rates. Third Modus owes or sells bonds to affiliates of the parent company and repays them in very high interest installments. The fourth mode is shifting business costs to countries with high tax rates (cost centers) and transferring profits to countries with low tax rates (profit centers). Thus the company's profits are seen to be small and there is no need to pay corporate taxes. The Fifth Modus attracts greater dividends by disguising royalty fees and management services to avoid corporate taxes. The six last 3 modes are to reduce sales turnover. There are several factors that affect a company in paying its taxes, including leverage, profitability, and company size.

Leverage is a comparison that reflects the amount of debt used for financing by companies in carrying out their operating activities (Praditasari, 2017). It is possible for companies to use debt to meet the company's operational and investment needs. However, debt will cause a fixed rate of return which is called interest. The greater the debt, the smaller the taxable profit because the tax incentive on debt interest is greater. This has the effect of increasing the use of debt by companies. Therefore, when a company has a large debt, the tax that will be paid will be even smaller. This causes companies to carry out tax avoidance (Suyanto & Supramono, 2012). According to (Bastidas 2017) leverage is a ratio that shows the amount of debt a company has to finance its operating activities. (Nursari, Diamonalisa, and Sukarmanto 2016) states that if the company's tax burden becomes smaller, the higher the leverage ratio of a company, the higher the company's business in carrying out tax avoidance.

Profitability is a description of the company's financial performance in obtaining maximum profits. Profitability consists of several ratios, one of which is return on assets (ROA). ROA is related to the company's net profit and the imposition of income tax for the company (Kurniasih and Sari, 2013). According to Surbakti (2012), the profitability of a company with tax avoidance will have a positive relationship and if a company wants to do tax evasion it must be efficient in terms of expenses so it does not need to pay large amounts of tax.

According to Munawaroh & Sari (2019), if the profitability ratio is high, it means that there is efficiency carried out by management. The more the profitability of a company, the opportunity to reduce the amount of the tax burden is higher. In agency theory, stakeholders give authority to management as agents managing profits from the company (Maharani and Merkusiwati 2021). In order to get a large amount of compensation from the principal, the agent tries to increase profits in the company. With high profits, automatically the taxes that must be paid are also high, resulting in management practicing tax avoidance so that profits in the company remain high. If ROA increases, CETR will decrease, where a low CETR will indicate high tax evasion (Putri and Putra 2017). Company profits and taxes are directly proportional, if the company's profitability increases, the company's performance will be better and profits will increase so that the tax burden will also be high.

Company size is a description of the size of a company. The size of the company is stated in the financial statements for the end of the audited period. The size of the company can be seen from the total assets owned by the company or the total assets of the company where the size of the company can be measured based on total sales, total book value of assets, total value of assets and number of employees (Munawir, 2007). Company size directly reflects the high and low operating activities of a company. The bigger a company, the bigger the activity.

Size, namely company size as a scale or value that can classify a company into large or small categories based on total assets, log size, and so on. The greater the total assets, the greater the size of the company (Honor, 2009). The larger the size of the company, the more complex the transactions will be. So this allows companies to take advantage of existing loopholes to take tax avoidance actions from each transaction.

METHOD

This type of research is associative research using a quantitative approach which aims to explain the effect of the independent variables, namely leverage, profitability and firm size on the dependent variable, namely tax avoidance. According to Sugiyono (2016), associative research is research that aims to determine the influence or relationship between two or more variables.

This study uses three independent variables and one dependent variable where the independent variable is Leverage using Debt to Asset Ratio (DAR), Profitability using return on assets (ROA) and Company Size using LN x Assets while the dependent variable is Tax Avoidance.

The data analysis technique used in this study is quantitative data analysis, according to (Juliandi et al., 2015) "quantitative data analysis is data analysis of data that contains certain numbers or numbers".

RESULT AND DISCUSSION

According to Sugiyono (2016), "Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions. The population used in this study were all automotive and component companies listed on the Indonesia Stock Exchange (IDX).\

Classic assumption test

Normality test

The normality test is carried out to find out whether the variables in a regression model, namely the dependent variable and independent variables are normally distributed or not.

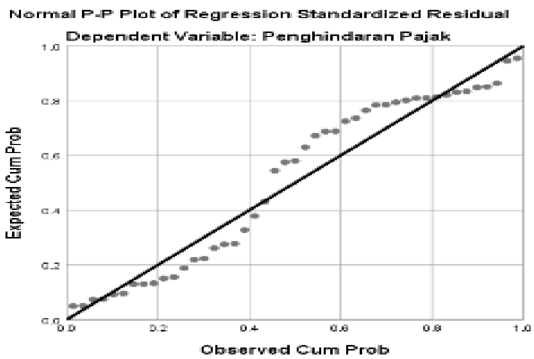


Image 1. Normal Plot Graph
Source: Data processed by SPSS version 24.0

In the normal p-plot graph, it can be seen in the picture above that the normal graph pattern can be seen from the dots that spread around the diagonal line and the distribution follows the direction of the diagonal line, so it can be concluded that the regression model meets the assumption of normality.
One of the statistical tests that can be used to test the normality of the residuals is the Kolmogrov Smirnov (K-S) statistical test. This test is used to determine whether the independent variable and the dependent variable or both are normally or not normally distributed. Kolmogorov Smirnov test namely Excat, Sig. smaller than 0.05 (Asymp, Sig. < 0.05 is not normal).

Table 1. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Predicted Value
N		45
Normal Parameters[a,b]	Mean	.3962222
	Std. Deviation	.12597652
Most Extreme Differences	Absolute	.110
	Positive	.096
	Negative	-.110
Test Statistic		.110
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source : SPSS version 24.00

Based on table 1 above, it can be seen that the K-S values of the variables leverage, profitability, company size, and tax avoidance are normally distributed because each variable has an asymp sig probability of more than 0.05, namely 0.200 > 0.05.

The value of each variable that has met the predetermined standards can be seen in the asymp sig line. (2-tailed) from that line asymp value sig. (2-tailed) of 0.200. This shows the variables are normally distributed.

Multicollearity Test

The multicollinearity test aims to test whether the regression model found a strong correlation between the independent (free) variables. A good regression model should be free of multicollinearity or there is no correlation between the independent variables (free). The multicollinearity test can be seen from the Variance Inflation Factor (VIF) value which does not exceed 0.10 or 5.

following are the results of testing using the Multicollinearity Test on the data that has been processed as follows:

Table 2. Multicollinearity Test Results

Coefficients[a]		
	Collinearity Statistics	
Model	Tolerance	VIF

1	(Constant)		
	DAR	.875	1.143
	ROA	.769	1.300
	Ukuran Perusahaan	.840	1.190
a. Dependent Variable: CETR			

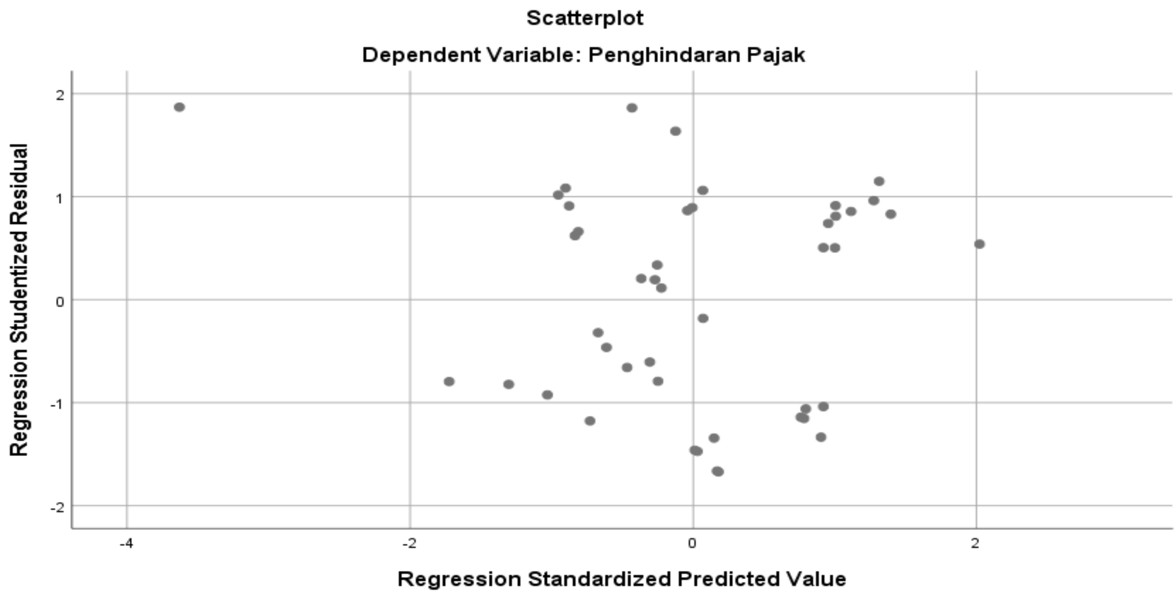
Source: Data processed by SPSS version 24.0

From table 2 it can be seen that the leverage variable has a tolerance value of 0.875> 0.10 and a VIF value of 1.143 <10. The profitability variable has a tolerance value of 0.769 > 0.10 and a VIF value of 1.300 < 10. The company size variable has a tolerance value of 0.840 > 0.10 and a VIF value of 1.190 < 10. Each variable has a tolerance value > 0.1 and a VIF value < 10 , thus it can be concluded that there were no symptoms of multicollinearity in this study.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model, there is an inequality of variance from the residuals of one observation to another. If the variance from one observation residual to another observation remains, then it is called homoscedasticity and if it is different it is called heteroscedasticity. There are several ways to test whether there is a heteroscedasticity situation in the variant error terms for the regression model. In this study the chart method (Diagram Scatterplot) will be used.

Figure 2. Regression Standardized Predicated Value



Source: Data processed by SPSS version 24.0

Based on Figure 2 above, it can be seen that the data (dots) are spread evenly above and below the zero line, do not gather in one place, and do not form a particular pattern so that it can be concluded that in this regression test there is no heteroscedasticity.

Multiple Linear Regression

Data analysis in this study used multiple linear regression analysis. This study aimed to see the effect of the relationship between the independent variables on the dependent variable using multiple linear regression analysis. This study has three independent variables and one dependent variable.

Table 3. Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-.327	.318		-1.029	.310
	DAR	-.478	.278	-.240	-1.718	.093
	ROA	.117	.047	.368	2.472	.018
	Ukuran Perusahaan	-.007	.011	-.095	-.666	.509
a. Dependent Variable: CETR						

Source: Data processed by SPSS version 24.0

From table 3 above it is known the following values:
1. Constant = -0.327
2. leverage = -0.478
3. Profitability = 0.117
4. Company Size = -0.007

These results are entered into the multiple linear regression equation so that the following equation is known:

$$Y = \mathbf{-0.327 - 0.478_1 + 0.117_2 - 0.007_3}$$

So the above equation means if:
1. The multiple regression equation above, is known to have a constant of -0.327 with a negative sign indicating that if the independents namely leverage (X1), profitability (X2) and firm size (X3) are constant or do not change (equal to zero), then tax avoidance (Y) is 0.327
2. Leverage has a regression coefficient of -0.478 stating that if leverage is increased (assuming that the coefficient values of other variables remain the same or do not change), then the value of tax avoidance will decrease by 0.478
3. Profitability has a regression coefficient of 0.117 which states that if profitability is increased (assuming that the coefficient values of other variables remain the same or do not change), then the value of tax avoidance will increase by 0.117.

Firm size has a regression coefficient of -0.007 which states that if firm size is increased (assuming that the coefficient values of other variables are constant or unchanged), then the value of tax avoidance will decrease by 0.007.

Hypothesis testing

Partial Test (t)

The t test used in this study is used to determine the ability of each independent variable. Another reason for the t test is to test whether the independent variable (X) partially or individually has a significant relationship or not to the dependent variable (Y).

Table 4. Partial Test Results (t)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.327	.318		-1.029	.310
	DAR	-.478	.278	-.240	-1.718	.093
	ROA	.117	.047	.368	2.472	.018
	Ukuran Perusahaan	-.007	.011	-.095	-.666	.509
a. Dependent Variable: CETR						

Source: Data processed by SPSS version 24.0

The results of the t statistical test in the table above can be explained as follows:

1. Effect of Leverage on Tax Avoidance

The t test is used to determine whether leverage has an individual (partial) significant relationship or not with tax evasion. The criteria for the t test were carried out at the level α = 0.05 with the t value for n = 45 – 3 = 42 being 2,011 t_count=-1,718 and t_table= 2,011.

H_0 is accepted if :-2.011≤t_count≤ 2.011 at α = 5%
H_0 is rejected if :t_count> 2.011, or -t_(count)< -2.011

The t_count value for the leverage variable is -1.718 and the t_table with α = 5% is known to be 2.011 thus t_count is smaller than t_table and the significant value of profitability is 0.093> 0.05 meaning that from these results it can be concluded that H0 is accepted (Ha is rejected) indicating that leverage is not influential and not significant to tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange
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2. Effect of Profitability on Tax Avoidance

The t test is used to determine whether profitability has an individual (partial) significant relationship or not with tax evasion. The criteria for the t test are carried out at the level α = 0.05 with the t value for n = 45 – 3 = 42 is 2,011 t_count=-1,718 and t_table= 2,472.

H_0 is accepted if :-2.011≤t_count≤ 2.011 at α = 5%
H_0 is rejected if :t_count> 2.011, or -t_(count)< -2.011

The t_count value for the profitability variable is 2.472 and the t_table with α = 5% is known to be 2.011 thus t_count is greater than t_table and the profitability significant value is 0.018 <0.05 meaning that from these results it can be concluded that H0 is rejected (Ha is accepted) indicating that profitability has an effect and significant impact on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange

3. Effect of Company Size on Tax Avoidance

The t test is used to determine whether firm size has an individual (partial) significant relationship or not to tax evasion. The criteria for the t test were carried out at the level α = 0.05 with the t value for n = 45 – 3 = 42 being 2,011 t_count=-0,666 and t_table= 2,472.

H_0 is accepted if :-2.011≤t_count≤ 2.011 at α = 5%
H_0 is rejected if :t_count> 2.011, or -t_(count)< -2.011

The t_count value for the company size variable is -0.666 and t_table with α = 5% is known to be 2.011, thus t_count is smaller than t_table and the significant value of company size is 0.509 > 0.05 meaning that from these results it can be concluded that H0 is accepted (Ha is rejected) indicates that Company size has no effect and is not significant on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange.

Simultaneous Test (f)

The F statistical test was carried out to test whether the independent variable (X) simultaneously has a significant relationship or not with the dependent variable (Y).
Based on the results of data processing with the SPSS version 24.00 program, the following results are obtained:

Table 5. Simultaneous Test Results (f)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.698	3	.233	5.861	.002[b]
	Residual	1.628	41	.040		
	Total	2.326	44			
a. Dependent Variable: CETR						
b. Predictors: (Constant), Ukuran Perusahaan, DAR, ROA						

Source : SPSS version 24.00

f_table=45 – 3 – 1 = 41
f_count=5.861 and f_table=2.83

Decision making criteria:
H_0 is accepted if: -2.83 ≤f_count≤2.83, for α = 5%
H_0 is rejected if :f_count>2.83or-f_(count)< -2.83 for α = 5%

From the results above it can be seen that the f_count value is 5,861 with a significant level of 0,002. While the value of f_table is known to be 2.83. based on these results it can be seen that f_count>f_table (5.861>2.83) means that H_0 is rejected. So it can be concluded that the variables leverage, profitability, and company size have a significant and significant effect on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange.

Coefficient of Determination

The R-square value of the coefficient of determination is used to see how the variation in the value of the dependent variable is affected by the value of the independent variable. The coefficient of determination is between 0 and 1. The closer the R-square value is to one, the greater the influence of the independent variables on the dependent variable. Following are the results of the statistical test:

Table 6. Determination Coefficient Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.548[a]	.300	.249	.19928	.632
a. Predictors: (Constant), Ukuran Perusahaan, DAR, ROA					
b. Dependent Variable: CETR					

Source: SPSS version 24.00

D = R2 X 100%
D = 0.548 X 100%
= 54.8 %

Based on the table above, it can be seen that the value of R square is 0.548 which means 54.8% and this states that the variable leverage, profitability, and company size is 54.8% to influence the tax avoidance variable. Then the difference is 100% - 54.8% = 45.2%. this shows that 54.2% is another variable that does not contribute to tax avoidance research

DISCUSSION

The findings in this study are regarding the findings of this study regarding the suitability of theories, opinions and previous research that have been put forward by the results of previous studies and the behavior patterns that must be carried out to overcome these things. In the following there are three main sections that will be discussed in the analysis of the findings of this study, namely as follows:

1. Effect of Debt to Asset Ratio on Tax Avoidance

The results of the hypothesis test obtained that the t_count value for the leverage variable is -1.718 and t_table with α = 5% is known to be 2.011, thus t_count is smaller than t_table and the significant value of profitability is 0.093> 0.05 meaning that from these results it can be concluded that H0 is accepted (Ha is rejected) shows that leverage has no effect and is not significant on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange

Leverage can be a company parameter in knowing how the company's ability to use debt in managing business activities to generate the maximum possible profit so that the company is able to pay all short-term debt and long-term debt. Sources of funding can be obtained from internal funding or external funding. If the source of funding that comes from its own capital is still experiencing a deficit, it is because the company needs to consider funding from external parties, namely debt (Lestari & Nuzula, 2017). External funding sources, namely debt, can cause interest expenses to arise which can reduce the company's taxable profit.

This research is not in line with research conducted by Selviani, Supriyanto, & Fadillah (2019) showing that leverage has an effect on tax avoidance, this shows that the use of debt is used to increase profits resulting in interest expense so as to reduce the tax burden. This statement is also supported by research by Wahyuni et.al (2017) explaining that the higher the amount of debt funds used by 42 companies, the higher the interest costs arising from debt. Higher interest costs will have an impact on reducing the tax burden.

2. The Effect of Return On Assets on Tax Avoidance

The results of the hypothesis test obtained the t_count value for the profitability variable was 2.472 and t_table with α = 5% was known to be 2.011, thus t_count was greater than t_table and the significant value of profitability was 0.018 <0.05 meaning that from these results it was concluded that H0 was rejected (Ha received) indicating that profitability has a significant effect on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange

Profitability is an indicator of management performance in managing company assets aimed at the profits generated, Sudarmadji and Sularto (2007). Profitability in net form is allocated for the welfare of shareholders in the form of paying dividends and retained earnings, Nuringsih (2010). If the profitability ratio is high, it means that there is efficiency carried out by management. Increased profits result in increased company profitability.

The research by Amelia (2015) and Kurniasih and Sari (2013) shows that profitability has a negative effect on tax evasion, the size of a company's profitability can reduce the company's tax burden because companies with a high level of efficiency and those with high income tend to face a low tax burden. The low corporate tax burden is due to companies with high incomes successfully taking advantage of tax incentives and other tax deductions which can cause the company's cash effective tax rate to be lower than it should be.

Meanwhile, the research by Siregar (2016) and Fikriyah (2011) shows that profitability does not have a negative effect on tax evasion, profitability is a company's ability to generate profits or the value of the final result of company operations during a certain period. And it can be seen that companies that have high profitability will pay their tax burden rather than having to take tax avoidance measures. Meanwhile, companies with low profitability make it possible to avoid taxes in order to maintain their assets rather than having to pay corporate taxes.

3. Effect of Company Size on Tax Avoidance

The results of the hypothesis test obtained the t_count value for the company size variable is -0.666 and t_table with α = 5% is known to be 2.011, thus t_count is smaller than t_table and the significant value of company size is 0.509 > 0.05, meaning that from these results it can be concluded that H0 is accepted (Ha rejected) indicates that company size has no effect and is not significant on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange

According to (Traxler & Huemer, 2007) suggested company size is the most frequently used criterion for demarcating domain membership, something that underlines the relevance of this criterion as a difference in business interests. Meanwhile, according to (Sartono, 2010), large companies that are well established will find it easier to obtain capital in the capital market compared to small companies. Because then that access means larger companies have greater flexibility. The larger the size of the company, the more complex the transactions will be. In addition, the size of companies with relatively large total assets tends to be more stable and more capable of generating profits. Because large profits will certainly increase the amount of tax burden that must be paid by the company.

(Nurfadilah et al 2016) This can provide opportunities for companies to take advantage of existing tax loopholes and encourage management to take tax avoidance actions from each of their complex transactions. Tommy's research in (Nengsih et al, 2019) also defines that company size shows the stability and ability of a company to carry out its economic activities. The larger the size of a company, the more it will become the center of attention from the government and will lead to a tendency for company managers to apply compliance or aggressiveness (tax avoidance) in taxation.

4. Effect of Leverage, Profitabitlias and Company Size on Tax Avoidance

The results of the hypothesis test obtained an f_count value of 5,861 with a significant level of 0,002. While the value of f_table is known to be 2.83. based on these results it can be seen that f_count>f_table (5.861>2.83) means that H_0 is rejected. So it can be concluded that the variables leverage, profitability, and company size have a significant and significant effect on tax avoidance in automotive and component companies listed on the Indonesia Stock Exchange.

Tax avoidance (tax avoidance) is one way to legally streamline the tax burden that does not violate the law. This tax avoidance can be said to be a complicated and unique problem because on the one hand it is permissible, but not desirable (Maharani and Suardana, 2014) whereas according to Hanlon and Heitzman (2010) defines tax avoidance as a reduction in the amount of explicit taxes, where tax avoidance is a series of tax planning activities .

Leverage can be a company parameter in knowing how the company's ability to use debt in managing business activities to generate the maximum possible profit so that the company is able to pay all short-term debt and long-term debt. Sources of funding can be obtained from internal funding or external funding. If the source of funding that comes from its own capital is still experiencing a deficit, it is because the company needs to consider funding from external parties, namely debt (Lestari & Nuzula, 2017). External funding sources, namely debt, can cause interest expenses to arise which can reduce the company's taxable profit.

Profitability is an indicator of management performance in managing company assets aimed at the profits generated, Sudarmadji and Sularto (2007). Profitability in net form is allocated for the welfare of shareholders in the form of paying dividends and retained earnings, Nuringsih (2010). If the profitability ratio is high, it means that there is efficiency carried out by management. Increased profits result in increased company profitability.

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IMPLICATIONS

From research that was examined that leverage has no effect on tax avoidance in automotive and component companies, profitability has an effect on tax avoidance in automotive and component companies, company size has no effect on tax avoidance in automotive and component companies. leverage, profitability, and company size affect tax avoidance in automotive and component companies

CONCLUSION

The data obtained as well as the data analysis that has been carried out as well as the discussion that has been carried out in the previous chapter, it can be concluded regarding the influence of leverage, profitability, and company size on tax avoidance in automotive companies and components listed on the Indonesia Stock Exchange. Leverage has no effect on tax avoidance in automotive and component companies. Profitability affects tax avoidance in automotive and component companies. Firm size has no effect on tax avoidance in automotive and component companies. Leverage, profitability and company size affect tax avoidance in automotive and component companies

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