

The Effect of Profitability on Tax Planning on Company Manufacture Sub Pharmacy Sector Which Registered on the Stock Exchange Indonesia

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ABSTRACT

Tax planning is an effort to carry out and minimize taxes, which can legally be done through tax management. Meanwhile, for the state, taxes are an important source of revenue which will be used to finance state expenditure, both routine expenditure and development expenditure. Meanwhile, in business practice, entrepreneurs generally identify paying taxes as a burden. So entrepreneurs will try to minimize tax payments, to optimize the size of profits. In this research, tax planning is calculated using the effective tax ratio formula, namely dividing net profit by profit before tax. The author's aim is to determine the effect of profitability on tax planning in pharmaceutical sub-sector manufacturing companies listed on the Indonesian Stock Exchange. The number of samples in this research was 8 companies using a purposive sampling technique. The analysis technique in this research uses regression analysis and t test. The results of this research show that Return On Assets has a significant negative influence on tax planning in pharmaceutical companies listed on the IDX. The greater the value of return on assets produced by the company shows the company's ability to generate profits, with the amount of profit continuing to increase it will certainly influence the company to carry out more effective tax planning.

Keywords: Tax Planning, Profitability, Company Manufacture

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INTRODUCTION

Along with the occurrence of cases of Covid 19 transmission in Indonesia, the Indonesian Government, taking into account the situation in Indonesia, namely the increasing number of confirmed positive cases of COVID-19, has determined a Lockdown or by another name, Large-Scale Social Restrictions (PSBB) (Ihsanudin, 2020). PP Number 21 of 2020 is the legal basis for implementing the PSBB which took effect from 31 March 2020 (Indonesian Financial Audit Agency, 2020). In this Government Regulation, PSBB is a restriction on certain activities for residents in an area infected with COVID-19. Article 3 explains the criteria for implementing the PSBB, namely that the number of cases and deaths due to COVID-19 is increasing and spreading rapidly to several regions.

The implementation of the PSBB includes the closure of schools and workplaces, restrictions on religious activities, and restrictions on activities in public places or facilities. The increasing increase in positive confirmed cases of COVID-19 has caused many losses to the economy in Indonesia, including a decrease in the use of public facilities and services and a decrease in consumption levels which has an impact on the Indonesian economy², (Sihaloho, 2020). One indicator that could worsen the Indonesian economy is the weakening of the Rupiah against the USD and other foreign currencies. Sihaloho explained that as confirmed positive cases of COVID-19 increase, the Rupiah will weaken against the USD and other foreign currencies. Slowing performance of the manufacturing industry and slowing economy.

The COVID-19 pandemic also affected global financial markets in the first quarter of 2020 (Bank Indonesia, 2020). Global financial markets are experiencing sharply increasing uncertainty, as seen in the worsening development of the Economic Policy Uncertainty Index (EPU) and volatility index (VIX). This puts pressure on global financial markets and triggers high demand for safe financial assets. World gold prices have increased again due to large demand. These changes in global investor behavior have resulted in capital outflows in all countries, especially in developing countries which have high risk. This is what causes world currencies to be under pressure, especially the currencies of developing countries. However, in April 2020, global financial market uncertainty began to subside because the policies implemented by various countries received a positive response.

Since March 2020, to curb the decline in the domestic stock market, the IDX has issued various relaxations such as prohibiting short selling transactions, changing auto rejection limits to pre-opening mechanisms, and implementing a temporary trading suspension/freeze policy for 30 minutes or trading halt if the JCI falls 5% in a day.

Meanwhile, stock trading on the Indonesian stock exchange has experienced a temporary trading halt seven times since March 2020. In 2020, the first time the JCI collapsed by more than 5% was on March 9 2020 or a week after announcing the first Covid-19 case in Indonesia. . Just so you know, this temporary suspension of trading was carried out in accordance with the Decree of the Directors of PT Bursa Efek Indonesia Number: Kep-00024/BEI/03-2020 dated March 10 2020 concerning Changes to Guidelines for Handling Continuity of Trading on the Indonesian Stock Exchange in Emergency Conditions.

This condition makes companies compete to increase their competitiveness so they can survive during this pandemic. For this reason, companies must be able to always improve their company strategy so that they can maintain their existence and become a large and

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strong company. Companies must be able to manage their management to win the competition during the pandemic which is very competitive with many regulations that affect purchasing power so that they can survive to develop and grow in accordance with the company's goals.

The good or bad financial condition of a company can be seen from the company's performance because financial performance reflects management's work performance in a certain period (Christiana, 2019). Financial performance is the result or achievement that has been achieved by company management in running its function is to manage company assets effectively during a certain period (Rudianto, 2012). Financial performance information is very necessary for companies to recognize and evaluate the extent to which the company's level of success is based on the financial activities that have been carried out.

Apart from that, in measuring financial performance, whether the company is healthy or not, the benchmarks are the sales, inventory, assets, debt and capital owned by the company. These five aspects are the most effective assessments for assessing whether the company's activities are good or not, as well as whether or not the company is able to pay its obligations (Gunawan, 2019).

Tax planning is an effort to carry out and minimize taxes, which can legally be done through tax management. Meanwhile, for the state, taxes are an important source of revenue which will be used to finance state expenditure, both routine expenditure and development expenditure. Meanwhile, in business practice, entrepreneurs generally identify paying taxes as a burden. So entrepreneurs will try to minimize tax payments, to optimize the size of profits. In this research, tax planning is calculated using the effective tax ratio formula, namely dividing net profit by profit before tax. Profitability is quite closely related to tax planning, when a company has the ability to generate good profits, it will influence tax planning because when calculating profit planning uses net profit as the dividing variable. (Agusti, 2014)

The following is tax planning data for pharmaceutical companies listed on the Indonesian Stock Exchange for 2018-2021:

Table 1. Tax planning data for pharmaceutical companies listed on the Indonesian Stock Exchange

Company	Year	(A) Profit Before Tax	(B) Profit Clean	(C) Planning Tax (N/A)
DVLA	2018	272,843,904	200,651,968	0.74
	2019	301,250,035	221,783,249	0.74
	2020	214,069,167	162,072,984	0.76
	2021	211,793,627	146,725,628	0.69
KAEF	2018	755,296,047	535,085,323	0.71
	2019	38,315,488	15,890,439	0.41
	2020	20,425,756	20,425,756	1.00
	2021	289,888,789	289,888,789	1.00
KLBF	2018	3,306,399,669,021	2,497,261,964,757	0.76
	2019	3,402,616,824,533	2,537,601,823,645	0.75
	2020	3,627,632,574,744	2,799,622,515,814	0.77
	2021	4,143,264,634,774	3,232,007,683,281	0.78

Source: Financial Data (2022)

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Based on the data above, it can be seen that the effective tax ratio in pharmaceutical companies in several companies has increased from year to year. The increase in tax planning is an indication that companies have not effectively carried out their tax planning in order to increase company profits, which according to Hidayat (2013, p. 11), “More and more

“The lower the effective tax rate (ETR) value, the better the effective tax rate (ETR) value in a company and the better the effective tax rate (ETR) value shows that the company has implemented tax planning well.” This states that the company is not optimal in maximizing existing tax incentives, even though the opportunity to reduce the percentage of tax payments from commercial profits can be taken so that it can increase cash flow from the difference in taxes paid.

Profitability is one of the factors that influences tax planning, profitability in this case is measured using the Return On Assets (ROA) ratio, ROA is a ratio used to show the company's ability to generate net profits from the total assets it owns. ROA is useful for capital market investors to determine the company's ability to generate profits. According to Kasmir (2014: 200), states that return on assets is a measure of profit that compares profit after interest and tax compared to total assets. This ratio shows the company's net income over the total assets it owns. Thus, profitability is considered to be tied to corporate tax planning.

The following is Return On Asset data for pharmaceutical companies listed on the Indonesia Stock Exchange for 2018-2021:

Table 2. Return On Asset data for pharmaceutical companies listed on the Indonesia Stock Exchange

Company	Year	(A) Total Assets	(B) Profit Clean	(C) ROA (N/A)
DVLA	2018	1,682,821,739	200,651,968	11.92%
	2019	1,829,960,714	221,783,249	12.12%
	2020	1,986,711,872	162,072,984	8.16%
	2021	2,085,904,980	146,725,628	7.03%
KAEF	2018	11,329,090,864	535,085,323	4.72%
	2019	18,352,877,132	15,890,439	0.09%
	2020	17,562,816,674	20,425,756	0.12%
	2021	17,760,195,040	289,888,789	1.63%
KLBF	2018	18,146,206,145,369	2,497,261,964,757	13.76%
	2019	20,264,726,862,584	2,537,601,823,645	12.52%
	2020	22,564,300,317,374	2,799,622,515,814	12.41%
	2021	25,666,635,156,271	3,232,007,683,281	12.59%

Source: Financial Data (2022)

Based on the data above, it can be seen that the return on assets in several companies has decreased from year to year, which means there is a decline in performance in generating company profits, according to (Harahap, 2014). The profitability ratio is a ratio that describes the company's ability to earn profits through all its capabilities and existing sources such as sales activities, cash, capital, number of employees, number of branches and so on, the greater the return on assets, the better the company's ability to generate profits.

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Profitability is quite closely related to tax planning, when a company has the ability to generate good profits, it will influence tax planning because when calculating profit planning uses net profit as the dividing variable. (Agusti, 2014). To see the relationship between variables, you can see the table below:

Table 3. Relationship data between variables

Company	Year	Planning Tax	Profitability
SIDO	2018	0.76	19.89%
	2019	0.75	22.84%
	2020	0.78	24.26%
	2021	0.78	30.99%
SKLT	2018	1.00	4.28%
	2019	1.00	5.68%
	2020	0.76	5.49%
	2021	0.83	9.51%
TSPC	2018	0.74	6.87%
	2019	0.75	7.11%
	2020	0.78	9.16%
	2021	0.80	9.10%

Source: Financial Data (2022)

Based on the table above, it can be seen that in several companies that do not have problems in profitability and tax planning, that when profitability increases, tax planning will improve, because by taking advantage of opportunities to minimize company tax payments through items that can avoid payments. taxes, for example, by spreading income and spreading expenses to account items in the financial statements, thus the net profit in the financial statements will be smaller, thereby reducing the tax burden, but in reality the net profit increases due to smaller tax payments. If profitability continues to decline, it means that the company is unable to utilize the total assets it owns to generate profits, so it is feared that the level of competition between similar companies will be difficult to win, then if tax planning continues to increase, it will show that the company is unable to take advantage of tax reduction opportunities. Paid which should be able to increase the company's cash or assets.

Based on the description above, it is important to look at the profitability ratios that are most important for maintaining the company's survival, so the author intends to conduct research with the title: "The Influence of Profitability on Tax Planning in Pharmaceutical Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange 2017-2021".

LITERATURE REVIEW

Tax Planning

Efforts to legally save taxes can be done through tax management. However, you need to remember that the legality of tax management depends on the instrument used. Legality can only be known for certain after a court decision.

According to (Horne & Wachowicz, 2011) tax planning is a structuring action related to potential tax consequences, which emphasizes controlling every transaction that has tax consequences. The aim is how this control can streamline the amount of tax

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will be transferred to the government, through what is called tax avoidance (Sanjaya & Safitri, 2021).

Even though these two methods sound like they have the same connotation as criminal acts, one thing that is clearly different here is that tax evasion is a legal act that is within the scope of taxation and does not violate the provisions of tax laws and regulations. Meanwhile, tax smuggling is clearly an illegal act that violates the provisions of tax laws and regulations. (Hani & Siahaan, 2021)

(Robert, 2014) tax planning is the initial stage in tax savings. Tax savings strategies are prepared during planning, tax planning is a legal effort that can be carried out by taxpayers. This action is legal because tax savings are only made by utilizing things that are not regulated (loopholes).

Profitability

In company management it is known as profitability. Profitability itself has many benefits in calculating a company's performance, starting from knowing the amount of profit a business entity can generate to being used as a benchmark in assessing whether the company's shares are worth buying or not.

In general, profitability can be interpreted as a ratio used to compare a company's ability to set aside profits from revenue. This single type of ratio is used to measure the ability to generate all profits from production activities carried out. (Hanafi & Halim, 2014)

Profitability is a ratio used to assess a company's profits in knowing a profit. This ratio provides a measure of the level of effectiveness of a company's management as indicated by the profits generated from sales and revenue (Kasmir, 2013)

Financial policies and operational provisions are reflected by profitability. Investors want a relatively high return on the capital they have invested. Good financial performance will provide high returns for investors. Shareholders want to get a return phase or a high return on the capital they invest. Profitability has a positive impact on company stock returns. If the higher the company's profitability phase, the higher the company's share return. (Hery, 2015).

One of the factors that influences tax planning is profitability. Profitability is a financial ratio used to measure a company's ability to generate profits. Companies that have a high level of profitability will be subject to a high tax burden. Income received by the company will be subject to income tax so that the greater the income received by the company, the greater the income tax imposed on the company (Hanum, 2018). Therefore, the company is suspected of reducing the tax burden it will pay by carrying out tax planning.

Results of research conducted by (Zenitha, 2020); (Budianti & Curry, 2018) and (Agusti, 2014) state that profitability has an influence on tax planning.

METHOD

Types of research

This type of research is quantitative, namely a method of measuring quantitative data and objective statistics through scientific calculations derived from samples. And the approach used is an associative approach, namely research that connects two or more variables. This research has the highest level compared to descriptive and comparative

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because through this research a theory can be formed to explain, predict and control symptoms. (Juliandi, Irfan, & Manurung, 2015)

Population and Sample

The population of this research is Pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The population used in this research is all pharmaceutical companies registered on the IDX.

Table 4. The population of pharmaceutical companies is 12 companies

No.	Code	Company
1	DVLA	Darya-Varia Laboratoria Tbk
2	INAF	Indofarma (Persero) Tbk
3	KAEF	Chemistry Pharma (Persero) Tbk
4	KLBF	Kalbe Pharma Tbk
5	BRAND	Merck Tbk
6	PEHA	Phapros Tbk
7	PYFA	Pyridam Tbk
8	SCPI	Merck Sharp Dohme Pharma Tbk
9	SIDO	Industry Herbal Medicine and Pharmacy Sido Appears Tbk
10	SOHO	Soho Global Hralth Tbk
11	TSPC	Tempo Scan Pacific Tbk
12	SDPC	Millennium Pharmacon International Tbk

The sample is part of the population that the researcher wants to study. The sample is part of the quantity and characteristics possessed by the population. So the sample is an existing population, so the method must be used for sampling based on existing considerations (Sugiyono 2011, p. 81). In the sampling technique the author uses a purposive sampling technique. Purposive sampling is a sampling technique using certain methods or considerations (Ghozali, 2013)

The criteria for determining the sample in this research are:

1. Pharmaceutical companies that have been listed on the Indonesian Stock Exchange from 2018 to 2021.
2. Pharmaceutical companies have their financial reports published in full for 4 consecutive years.
3. Pharmaceutical companies whose financial reports have appropriate data that will be examined.

From the above criteria, we obtained a research sample of 8 (eight) companies listed on the Indonesian Stock Exchange by taking financial data for 4 (four) years,

Table 5. Resulting of 32 data.

Code	Company name
DVLA	Darya-Varia Laboratory Tbk
KAEF	Chemistry Pharma (Persero) Tbk
KLBF	Kalbe Farma Tbk
BRAND	Merck Tbk

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PYFA	Pyridam Tbk
SIDO	Industry Herbal Medicine and Pharmacy Sido Appears Tbk
TSPC	Tempo Scans Pacific Tbk
SDPC	Millennium Pharmacon International Tbk

Source: www.idx.co.id

Operational Definition of Variables and Measurement

Operational Definition of Variables is an effort made to detect variables related to research problems and to facilitate understanding in research. The operational definitions of the variables used in this research are as follows:

Table 6. Operational Definition of Variables and Measurement.

Variable	Definition	Indicator	Scale
Return On Asset (X1)	the basis of a company's ability to generate profits with all the assets owned by a company	$ROA = \frac{\text{Net income}}{\text{Total Asset}}$	Ratio
Planning Tax (Y)	the process of organizing a taxpayer's business or a group of taxpayers in such a way that their tax liabilities, both income tax and other taxes, are minimal, as long as this is permitted by the provisions of the applicable laws and regulations.	$ETR = \frac{\text{Net Income}}{\text{Pretax Income}}$	Ratio

Research Model

Data analysis in this research uses multiple regression analysis. In this research there are 2 (two) independent variables, namely. The formula for multiple linear regression is as follows: $Y = a + b_1x_1 + e$

Table 7. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,746	,027		28,057	,000
1					
Return On Assets	-.472	.124	-.570	-3,796	,001

Source: Data processed SPSS 2022

Based on the calculations carried out above, the following multiple regression equation will be obtained: $Y = 0.746 - 0.472X + e$

Regression analysis is carried out to see the direction of the relationship between the independent variables and the dependent variable, whether the relationship is positive or

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negative, when the value is negative it means the direction of the relationship is in the opposite direction and if the value is positive then the direction of the relationship is in the same direction. Based on the regression equation, the influence of profitability on tax planning is analyzed, namely:

1. Tax planning has a constant value of 0.746, meaning that if profitability is considered zero then tax planning has a value of 0.746.

Profitability has a negative regression value of -0.472, which means that the direction of the relationship between profitability and tax planning is negative or opposite. So when the profitability value increases, tax planning will decrease.

Classic assumption test

In this research, researchers have carried out classical assumption tests consisting of Normality Test, Multicollinearity Test, Heteroscedasticity Test and Autocorrelation Test.

Normality test

The purpose of carrying out a normality test is of course to find out whether a variable is normal or not. Normal here means having a normal data distribution. Whether the data is normal or not is based on the normal distribution of data with the same mean and standard deviation. So the normality test basically makes a comparison between the data we have with a normal distribution which has the same mean and standard deviation as the data.

To find out whether this research data is normal or not, you can see from the Kolmogorov Smirnov test via SPSS whether the data is normal or not.

Table 8. One-Sample Kolmogorov-Smirnov Test

		Return On Assets	Planning Tax
N		32	32
Normal Parameters ^{a, b}	Mean	.143491	.678159
	Std. Deviation	.1611171	.1334696
Most Extreme Differences	Absolute	.295	.228
	Positive	.295	.183
	Negative	-.198	-.228
Kolmogorov-Smirnov Z		1,669	1,293
Asymp. Sig. (2-tailed)		.088	.071

Source: Data processed SPSS 202 The normality test in this research was carried out using the Kolmogorov-Smirnov table, where if the Asym.Sig in the table is greater than 0.05 then the data is declared to be normally distributed. From the data above, you can see the asymp value. Sig of all variables is > 0.05, this indicates that all variables are normally distributed.

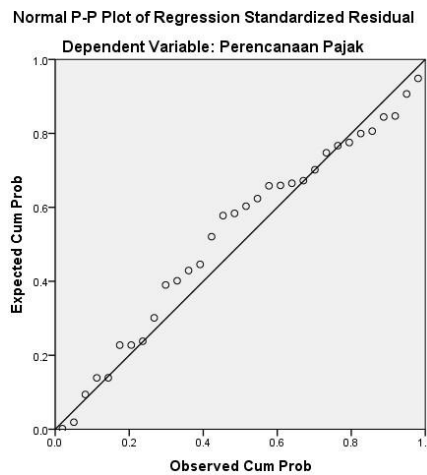


Figure 1. Regression Standardized Residual Dependent Variable

If the data spreads far from the diagonal line and/or does not follow the direction of the diagonal line or the histogram graph does not show a normal distribution pattern, then the regression model does not meet the normality assumption.

From the results of data processing, it can be obtained that the data in the research is normally distributed. Data is said to be normally distributed if the points follow the diagonal line on the P-Plot graph.

Multicollinearity Test

According to Imam Ghozali (2008: 91), "the multicollinearity test aims to test whether the regression model finds a correlation between the independent variables." In a good regression model there should be no correlation between independent variables, because of the high correlation between independent variables in a multiple linear regression model. If there is a high correlation between the independent variables, then the relationship between the independent variable and the dependent variable will be disturbed. Multicollinearity testing is carried out by looking at the VIF between the independent variables. If the VIF shows a number smaller than 10, it indicates that there are no symptoms of multicollinearity. Besides that, a model is said to have symptoms of multicollinearity if the VIF value between the independent variables is greater than 10.

Table 9. Coefficients ^a

Model	Correlations			Collinearity Statistics	
	Zero-order	Partials	Part	Tolerance	VIF
1					
(Constant)					
Return On Assets	-.570	-.570	-.570	1,000	1,000

Source: Data processed SPSS 2022

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From the data above, after being processed using SPSS, it can be seen that the VIF value is <10, this proves that the VIF value for each variable is free from symptoms of multicollinearity.

Heteroscedasticity Test

According to Imam Ghozali (2008: 105) "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 observation, because it is to see whether there is an inequality of variance from the residuals of one observation to another observation. A regression model that meets the requirements is one in which the residual variance from one observation to another is constant or is called homoscedasticity. A good regression model is one where heteroscedasticity does not occur. There are several ways to test whether there is a heteroscedasticity situation in the variance error terms for the regression model. In this research, the chart method (Scatterplot Diagram) will be used, with the basic premise that:

If there is a certain pattern, such as dots, which form a certain regular pattern (wavy, widening, then narrowing), then heteroscedasticity occurs.

If there is a clear pattern, and the points spread above and below 0 on the Y axis, then heteroscedasticity does not occur.

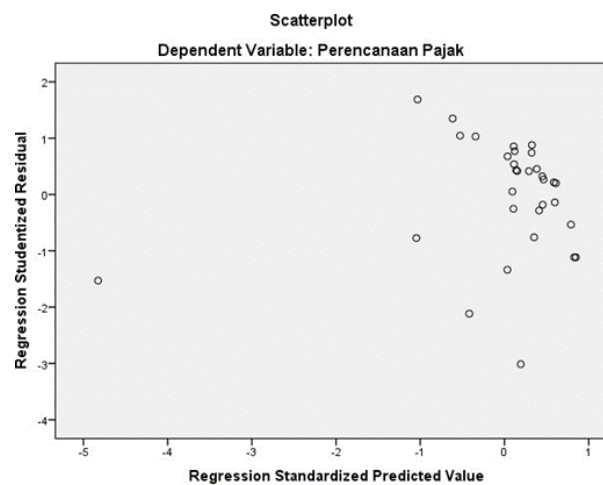


Figure 2. Scatterplot

From the scatter plot image above, it can be seen that the points spread above and below the 0 axis on the Y axis and this shows that in this research data there are no symptoms of heteroscedasticity.

Autocorrelation Test

According to Imam Ghozali (2008: 95) "The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and errors in period t-1 (previously). Autocorrelation arises because consecutive observations throughout the year are related to each other. This is often found in time series. There are various ways to test for autocorrelation, such as the graphic method, LM test, Runs

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Test, BG Test (Breusch Godfrey), and DW (Durbin Watson). In this research, the autocorrelation test was carried out using the Run test. If the value of Asymp. Sig. (2-tailed) > 0.05 , then no symptoms of autocorrelation are found, if the value of Asymp. Sig. (2-tailed) < 0.05 , then autocorrelation symptoms are found.

Table 10. Model Summary ^b

Model	Change Statistics		Durbin-Watson
	df2	Sig. F Change	
1	30 ^a	,001	1,079

Source: Data processed SPSS 2022

The table above shows that the D-W statistical value of this figure is located between the criteria proposed by (Ghozali, 2012)

1. $1.65 < DW < 2.35$ then there is no autocorrelation.
2. $1.21 < DW < 1.65$ or $2.35 < DW < 2.79$ then it cannot be concluded.
3. $DW < 1.21$ or $DW > 2.79$ then auto correlation occurs.

Thus it can be concluded that the results above show that the Durbin Watson value is in category a, namely there is no autocorrelation because the value is $1.65 < 1.79 < 2.35$.

Hypothesis testing

The hypothesis testing used in the research was tested using simple regression analysis, analyzed using a linear regression model to see the effect of profitability variables on tax planning using the t-test. The t-test is used to show how much influence an independent variable has on the dependent variable.

To test whether dividends and EPS have a significant effect on share prices, the hypothesis is:

H0: $\beta_1 = 0$ (no effect of dividends and EPS on share prices)

H1: $\beta_1 \neq 0$ (there is a significant influence of dividends and EPS on stock prices)

Accept H1 if the probability value $t_{count} \leq t_{table}$, and the Sig value > 0.05

Accept H0 if the probability value $t_{count} < t_{table}$, and the Sig value < 0.05

Table 11. Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	,746	,027		28,057	,000
	Return On Assets	-.472	.124	-.570	-3,796	,001

Source: Data processed SPSS 2020

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From the results of this research, the ROA significance value based on the tsig test was obtained at 0.000 ($\text{Sig } 0.000 < \alpha 0.05$) and $-t\text{count} > -t\text{table} (-3.796 > -1.67)$, thus H_0 was accepted and H_a was rejected. The conclusion: there is a negative and significant influence of profitability on tax planning.

RESULT AND DISCUSSION

The Influence of Profitability on Tax Planning

Tax planning is one way of reducing the tax burden that can be carried out by companies. Companies want high income but still pay a small tax burden so that taxes cannot reduce their wealth level significantly (Pramudya, 2016). In reality, if the company's income is high, the tax burden paid will be high. This fact gives rise to an idea and company efforts to reduce the tax burden owed, this effort can be done through tax planning. Tax planning is a means for companies to comply with tax policies but the amount of tax burden paid can be minimized so that the wealth obtained by the company does not decrease significantly (Ritonga & Ridho Rizky, 2021).

One of the factors that influences tax planning is profitability. Profitability is a financial ratio used to measure a company's ability to generate profits. Companies that have a high level of profitability will be subject to a high tax burden. In this research, profitability is measured through Return on assets (ROA), which is one of the profitability ratios used to measure the level of a company's ability to obtain profits from all the assets owned by the company (Kasmir, 2013). Income received by the company will be subject to income tax so that the greater the income received by the company, the greater the income tax imposed on the company. Therefore, the company is suspected of reducing the tax burden it will pay by carrying out tax planning.

In this research, profitability is measured using return on assets, where this ratio is a ratio used to measure a company's ability to generate profits through the total assets it owns. The greater the return on assets value indicates the company's good ability to generate profits, in pharmaceutical companies the value return on assets is low and fluctuates from year to year, while the highest return on assets value is at the SIDO company, where in 2018 it was 0.19, which means that every 1 rupiah of total assets will be able to produce 0.19 rupiah of profit, then in 2019 it was 0.22, which means that every 1 rupiah of total assets will be able to produce 0.22 rupiah of profit, in 2020 it will be 0.24, which means that every 1 rupiah of total assets will be able to produce 0.24 rupiah of profit and in 2021 it will be 0.30, which means that every 1 rupiah of total assets will be able to produce 0.30 rupiah of profit, this shows that for every 1 rupiah of assets owned by the company, it will produce 0.30 rupiah of profit. Then the lowest return on assets was at the SDPC company, where in 2018 it was 0.01, which means that every 1 rupiah of total assets will be able to produce 0.01 rupiah of profit, then in 2019 it was 0.006, which means that every 1 rupiah of total assets will be able to produce 0.006 rupiah profit, in 2020 it is 0.002, which means that every 1 rupiah of total assets will be able to produce 0.002 rupiah of profit and in 2021 it will be 0.007, which means that every 1 rupiah of total assets will be able to produce 0.007 rupiah of profit.

Tax planning is a structuring action related to potential tax consequences, which emphasizes controlling every transaction that has tax consequences (Ritonga & Ridho Rizky, 2021). The aim is how this control can streamline the amount of tax that will be transferred

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to the government, through what is called tax avoidance. In pharmaceutical companies, it can be explained that tax planning in pharmaceutical companies in several companies has increased from year to year. The increase in tax planning is an indication that companies have not effectively carried out their tax planning in order to increase company profits. Good tax planning is when the tax planning value is not below 0.50, which means the net profit is 50% of the tax paid (Agusti, 2014).

From the results of this research, the ROA significance value based on the tsig test was obtained at 0.000 (Sig 0.000 < α 0.05) and -tcount > -ttable (-3.796 > -1.67), thus Ho was accepted and Ha was rejected. The conclusion: there is a negative and significant influence of profitability on tax planning. This means that the higher the profitability generated by the company, the greater the possibility of the company carrying out tax planning, so that from the profits generated the company should be able to carry out its tax planning more effectively in order to get greater profits after deducting income tax.

The results of this research are in line with research conducted by (Zenitha, 2020); (Budianti & Curry, 2018) and (Agusti, 2014) state that profitability has an influence on tax planning

The research results are seen from statistical tests using regression tests, hypothesis tests and determination tests which have been described in the previous chapter, so the following conclusions can be drawn as Return On Assets has a significant negative influence on tax planning in pharmaceutical companies listed on the IDX. The greater the value of return on assets produced by the company shows the company's ability to generate profits, with the amount of profits continuing to increase, this will of course influence the company to carry out more effective tax planning.

CONCLUSION

The research results are seen from statistical tests using regression tests, hypothesis tests and determination tests which have been described in the previous chapter, so the following conclusions can be drawn as Return On Assets has a significant negative influence on tax planning in pharmaceutical companies listed on the IDX. The greater the value of return on assets produced by the company shows the company's ability to generate profits, with the amount of profits continuing to increase, this will of course influence the company to carry out more effective tax planning.

SUGGESTION

Based on the conclusions above, suggestions that can be given for further research include:

1. Companies should carry out more effective tax planning by utilizing profits generated for operational and social activities.
2. Future research is expected to use a longer research period so that it is hoped that it can obtain more accurate and generalizable results
3. It is hoped that further research can add independent variables that influence tax planning
4. Future research is expected to use a larger sample with more diverse characteristics from various sectors so that the results will be even better.

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RESEARCH LIMITATIONS

The problem limitation in this research is limiting the profitability ratio by only using return on assets and tax planning variables using the effective tax ratio.

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