

Factors Influencing Tax Avoidance in Food and Beverage Subsector Companies

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A B S T R A C T

This study aims to examine the extent to which liquidity, leverage, profitability, and sales growth influence tax avoidance practices. The research sample consists of 12 manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period, selected using purposive sampling. Data analysis was conducted through classical assumption tests and multiple linear regression, with the support of SPSS version 25. The results reveal that, partially, liquidity proxied by the Current Ratio (CR), leverage measured by the Debt to Equity Ratio (DER), and profitability proxied by Return on Assets (ROA) each have a positive and significant effect on tax avoidance. Likewise, sales growth is shown to contribute positively and significantly to tax avoidance practices. Furthermore, when tested simultaneously, all four variables—CR, DER, ROA, and sales growth—also exhibit a significant influence on tax avoidance. These findings imply that higher liquidity, debt-based capital structure, profitability, and revenue growth can encourage firms to optimize their tax burden. Therefore, the study highlights the importance for management to design more effective financial strategies and tax policies in order to balance fiscal compliance with corporate performance.

INTRODUCTION

Citizen participation in paying taxes represents a form of national defense by contributing to the improvement of public welfare and national development. In Indonesia, the majority of national development funding comes from state tax revenues. Approximately 82.4 percent of total state revenue is derived from taxes. Taxes are used to finance various development programs, such as education, infrastructure, healthcare, as well as the management and maintenance of other public facilities. However, taxpayer awareness remains a challenge for the government in tax collection. The food and beverage subsector is an important subject of research, one of the reasons being that 20% of the gross domestic product originates from this industry.

The income tax (PPh) sector, derived from individuals or business entities; land and building tax (PBB), based on the value of land and buildings owned by taxpayers or the public; value-added tax and luxury goods tax (PPnBM), collected from the purchase of goods by the public except for food and beverages; duty on the acquisition of land and building rights; excise, which generally relates to products entering a country; and other taxes such as international trade taxes, import duties, and export taxes constitute the eight sectors that generate state tax revenue. The amount of revenue collected from taxes reflects the significant contribution of taxation as the main source of state income. As taxpayers, companies are obligated to fulfill their tax liabilities.

There is an increasing trend in tax avoidance practices during 2001–2017. The literature review emphasizes the crucial role of the government and the need for a tax planning disclosure mechanism as an instrument to strengthen the taxation system (Romadhon, 2020). Descriptive statistical analysis reveals an upward trend in tax avoidance practices between 2001 and 2017, reflecting taxpayer behavior in response to tax policies and the ongoing efforts of firms and individuals to minimize tax burdens. Literature reviews emphasize the government's critical role as a key stakeholder, underscoring the need for transparency through tax planning disclosure mechanisms. Such mechanisms not only provide clearer insights into taxpayers' strategies but also strengthen compliance, enhance accountability, and support the formulation of effective fiscal policies. Consequently, implementing tax planning disclosure is a strategic measure to improve the sustainability and effectiveness of the taxation system.

The tax revenue targets and realizations set by Indonesia from 2019 to 2023 show that the realized tax revenue amounted to IDR 1,332.67 trillion, indicating that the desired target had not yet been achieved. However, for three consecutive years, from 2021 to 2023, tax revenue realization met and even exceeded the targets, with significant growth in 2022 reaching IDR 1,716.77 trillion, and further increasing to IDR 1,869.23 trillion in 2023.

According to (Pohan, 2019:370), tax avoidance is a taxpayer's strategy to minimize the amount payable—in this case, the tax burden—through legal means that do not violate the prevailing tax regulations. This practice typically exploits loopholes or gray areas in Indonesian laws or tax regulations so that the total or accumulated tax liability can be reduced to the minimum possible. According to (Harianto, 2022) tax avoidance is not considered a violation of tax regulations, as it represents taxpayers' efforts to reduce, avoid, and minimize their tax burden within the framework of existing tax rules.

According to (Leksono, Albertus & Vhalery, 2019), tax avoidance can be evaluated using various frameworks; however, this research utilizes the Cash Effective Tax Rate (CETR) metric. CETR is the most frequently applied approach in much of the academic work. A CETR value lower than 0.25 suggests the occurrence of tax avoidance within a firm. The smaller the CETR value, the more intensely the company is perceived to participate in tax avoidance activities. Various methods are applied, such as reducing taxable income or maintaining a certain level of profit, thereby lowering the reported CETR ratio.

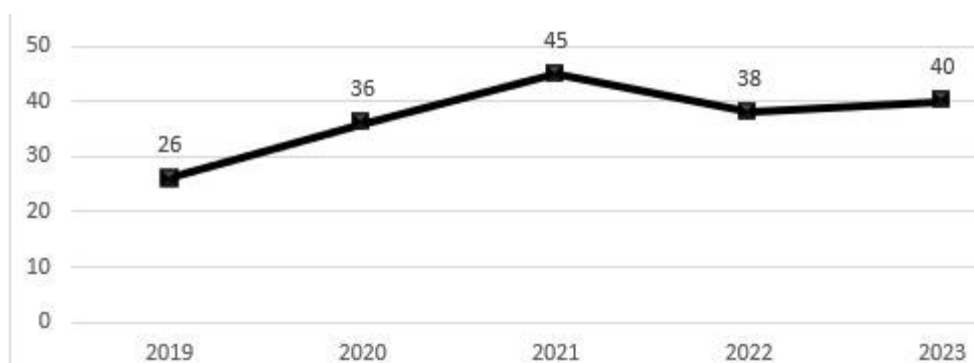


Figure 1. Companies with CETR Value < 0.25

In 2019, there were 26 companies with a CETR value below 0.25. In 2020, the number increased to 36 companies. In 2021, it peaked at 45 companies, indicating that most firms were still in a recovery phase and paid relatively low taxes. In 2022, the number decreased to 38 companies, suggesting the beginning of increased tax payments by some firms. In 2023, the figure slightly rose to 40 companies. From 2019 to 2021, the average CETR declined from 0.23 to 0.15, while the number of companies with CETR < 0.25 increased from 26 to 45. This implies that as more companies tended to pay lower taxes or were indicated to engage in tax avoidance, the average CETR decreased. From 2021 to 2023, the average CETR rose sharply from 0.15 to 0.24, with the number of companies having CETR < 0.25 decreasing from 45 to 40, showing that some firms began paying taxes more effectively, thereby increasing the average CETR, although many companies still reported low CETR values.

The Current Ratio (CR) is a financial metric employed to assess and examine a company's capacity to fulfill its immediate liabilities. Insights from CR might influence corporate earnings, which often decrease as costs rise; a comparable effect is observed with leverage. Conversely, profitability and sales expansion exhibit a favorable relationship, as both play a role in enhancing profits, potentially resulting in greater tax avoidance. The study by (Ramanata, 2022) reveals that the Current Ratio (CR) exerts a negative and meaningful impact on tax avoidance activities conducted by firms. Nevertheless, Ramanata's outcomes contradict the results of (Utami & Alliyah, 2023) which demonstrate that the Current Ratio (CR) has a positive and significant influence.

High leverage encourages tax avoidance practices because managers seek to ease the company's financial burden by minimizing the taxes payable (Wahyu Tri Puspitasari & Sumartono, 2021). A high level of leverage within a company often serves as a driving factor for the emergence of tax avoidance practices. This occurs because firms with substantial debt burdens face significant interest payment obligations, which in turn put pressure on their financial condition. In such circumstances, managers are inclined to adopt strategic measures to alleviate financial stress, one of

which is minimizing tax liabilities. In other words, the greater the proportion of corporate debt, the stronger the incentive for managers to engage in tax avoidance as a mechanism for cost savings and the preservation of the company's cash flow. Furthermore, the study by (Fauziah et al., 2023) reveals that the Debt to Equity Ratio (DER) is positively and significantly related to tax avoidance, whereas the study of (Maulani, Norisanti & Sunarya, 2021) found the opposite result, namely a negative and significant effect. Regarding the Return on Assets (ROA) variable, the study of (Ayunanta et al., 2020) found a positive and significant effect on tax avoidance, while (Fauziah et al., 2024) reported that ROA has a negative and significant effect.

Firm size is not directly relevant to tax avoidance due to the stronger influence of public legitimacy factors (Sinambela & Nuraini, 2022; Sudarman, 2023). In essence, firm size does not have a direct relationship with tax avoidance practices. This is because large-scale companies tend to be under greater public scrutiny and face more intense oversight from stakeholders, including regulators, shareholders, and the wider community. Such public legitimacy pressure compels large firms to act more cautiously in decision-making, particularly regarding tax strategies. Due to the need to maintain reputation and public trust, large companies often refrain from engaging in overly aggressive tax avoidance practices, as the potential risks to their image and business sustainability may outweigh the benefits of tax savings. Thus, although firm size may theoretically influence a company's capacity to engage in tax management, the presence of public legitimacy factors inherent in large firms renders this relationship not always directly relevant.

Companies with rapid sales growth generally strive to maintain a positive image and avoid potential legal or reputational risks that may arise from involvement in aggressive tax avoidance practices (Guntara & Sari, 2025). Companies experiencing significant sales growth usually place considerable emphasis on ensuring the long-term sustainability of their business. In many cases, rising sales are accompanied by higher expectations from stakeholders such as investors, creditors, regulators, and the broader community. Under these circumstances, maintaining a positive image and reputation becomes highly important, as a strong reputation can enhance market trust and attract wider support. However, aggressive tax avoidance practices pose serious risks, both in terms of potential legal sanctions and declining public trust. Firms with strong sales performance generally avoid jeopardizing the strategic position they have established through such risky practices. Consequently, companies with high sales growth tend to be more cautious in managing their tax obligations. They are more inclined to adopt compliance-oriented or reasonable tax planning strategies rather than engage in aggressive actions that could undermine legitimacy and business continuity.

Therefore, substantial sales growth implies a stronger need for companies to safeguard public legitimacy, reduce reputational risks, and avoid potential legal consequences associated with unethical tax avoidance. This suggests that the sales growth variable tends to have a negative relationship with tax avoidance, as companies prioritize long-term sustainability and stability over short-term benefits from tax savings. Moreover, the research by (Fauziah et al., 2023) concluded that sales growth has a positive and significant effect on tax avoidance, whereas (Sinambela & Nuraini, 2022) argued that sales growth lacks a significant effect. The differences in these results indicate the existence of inconsistencies or relatively varied results across studies. Therefore, this study aims to strengthen the empirical support regarding the variables under investigation.

METHOD

According to (Suartini et al., 2024:174), the dependent variable, often also referred to as the problem variable, is a variable that is highly dependent on other variables and therefore cannot stand alone. In this scientific work, it is denoted as Y (tax avoidance). On the other hand, there are so-called influencing or independent variables. In this scientific work, the ones used are the Current Ratio, which involves the value of debts with a maturity of less than one year; the Debt to Equity Ratio, which contains the total debt value of an entity; Return on Assets, whose value is obtained by incorporating the profit earned by the company; and finally, Sales Growth.

This study utilizes a population encompassing all firms in the food and drink subsector traded on the Indonesia Stock Exchange (IDX) during a five-year timeframe, spanning 2019 to 2023, which

totals 100 companies. By applying the purposive sampling technique, 12 entities that fulfilled the chosen requirements were acquired and finally utilized as the sample in this investigation. As noted by (Sugiyono, 2020:133), *purposive sampling* is a technique of sample selection based on specific criteria or considerations deemed pertinent to the study's goals. The use of this sampling approach ensures that the data obtained are closely aligned with the variables under investigation. The data category used in this study is numerical data, displayed as numerical values found in the firms' financial reports, which are aligned with the variables examined. These data are classified as secondary data, since the information was not directly obtained from the companies themselves but rather from official publications available on corporate websites or other publicly accessible sources.

The data analysis process was conducted through several stages. First, a test for normal distribution was performed in order to confirm if distribution of the data met the requirements for statistical testing. Next, reliability testing and assumption tests were executed to confirm the consistency and validity of the dataset. Subsequently, hypothesis testing was undertaken to evaluate the degree of influence the predictor variables. This analysis employed multiple linear regression, a method that allows researchers to examine the relationships between several independent variables and the dependent variable both simultaneously and individually. With this systematic research design, the analysis aims to offer a thorough insight into the contribution of factors such as liquidity, leverage, profitability, and sales growth to tax avoidance practices among food and beverage subsector companies under study. In other words, this method not only evaluates the impact of each variable separately but also highlights the interactions and relative roles of each factor in shaping corporate tax avoidance behavior.

RESULTS & DISCUSSION

Tax avoidance is a strategic step taken by taxpayers to reduce their tax burden through legal means. More specifically, tax avoidance can be understood as an effort to utilize and maximize loopholes or provisions within tax regulations that provide opportunities to reduce tax obligations. In this study, the level of tax avoidance is measured using the Cash Effective Tax Rate (CETR) indicator or method.

Table 1. Tax Avoidance

Table 1. Tax Avoidance						
Years	Tax Avoidance (CETR)				CETR (Y)	Mean
	Tax Payment		Income Before Tax			
	Cash Flow		Income Statement			
2020	Rp	101.949.304.470	Rp	625.284.763.496	0,16	
2021	Rp	145.318.279.633	Rp	608.171.241.151	0,24	
2022	Rp	127.788.000.000	Rp	604.907.000.000	0,21	
2023	Rp	128.698.000.000	Rp	587.515.000.000	0,22	
Minimum					0,07	0,15
Maximum					0,24	0,23

Source: Processed, 2025

Table 1 above shows that PT Budi Starch and Sweetener Tbk had the lowest CETR value in 2020, amounting to 0.07. Meanwhile, the highest value of 0.24 was recorded by several companies, including PT Goodfood Putra Putri Jaya Tbk in 2020 and 2021, PT PP London Sumatra Indonesia Tbk in 2021, PT Mayora Indah Tbk in 2021, and PT Tigaraksa Satria Tbk in 2021. According to the data presented, it is apparent that CETR values fluctuated during the five-year observation period due to inconsistencies in both increases and decreases.

Descriptive statistics serve as an initial analytical method commonly employed before hypothesis testing. The purpose of this evaluation is to supply a comprehensive summary of the research data by utilizing descriptive numerical metrics, including the minimum, maximum, mean, and standard deviation values. This approach not only summarizes the numerical data but also helps in identifying key patterns and characteristics of the dependent variable, namely tax avoidance, as well as the independent variables that are expected to influence it. The independent variables examined in this research comprise the Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and Sales Growth. Therefore, the descriptive analysis serves as an essential preliminary step for

understanding the data distribution, variations, and trends, while also offering important context that informs subsequent analyses of relationships or causal effects among the variables under investigation..

Table 2. Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	40	0,07	0,24	0,1795	0,04782
Current Ratio	40	1,01	9,53	2,8882	1,93193
Debt to Equity Ratio	40	0,1	1,33	0,661	0,40886
Return On Asset	40	0,02	0,22	0,1045	0,05291
Sales Growth	40	-0,19	0,52	0,0942	0,15113
Valid N (listwise)	40				

Source: Processed, 2025

Tax avoidance (the dependent variable), proxied through CETR, recorded the lowest figure of 0.07 at PT Budi Starch & Sweetener Tbk in 2020. This indicates that the company paid corporate income tax (PPh Badan) of only 7% of its profit before tax during that year. The standard deviation of CETR is 0.04782 with an average of 0.1795, where the average exceeds the standard deviation, suggesting that the data used in this study are homogeneous and representative of the overall sample.

As stated by (Kasmir, 2019) and (Sutrisno, 2017) the current ratio is a measure employed to assess employed to evaluate a company's ability to fulfill its immediate financial liabilities or repay debts that are coming due. In this research, the outcome variable of tax avoidance is quantified using the Cash Effective Tax Rate (CETR) indicator. This indicator reflects the proportion of business income tax actually remitted by the firm relative to its pre-tax income. A smaller CETR figure signifies a greater tendency toward tax avoidance, as the tax burden borne is not proportional to the company's earning capacity.

The calculation results show that the lowest CETR value was recorded by PT Budi Starch & Sweetener Tbk in 2020, amounting to 0.07. This means that the company only paid corporate income tax equivalent to 7% of its pre-tax profit, which is far below the statutory tax rate applicable at that time. Such a condition suggests the presence of aggressive tax efficiency strategies, either through the utilization of tax incentives or tax avoidance practices. From a descriptive statistical perspective, the mean CETR is 0.1795, while the standard deviation is 0.04782. The fact that the mean exceeds the standard deviation indicates relatively small variability in the data, implying that the distribution of the sample can be considered homogeneous and representative. In other words, the results are not influenced by extreme differences among companies but rather reflect the general tendency of the observed sample.

Furthermore, these findings provide several implications. First, for the government, a low CETR serves as an indication of potential tax revenue loss, thereby necessitating stricter oversight of corporate tax planning mechanisms. Second, for shareholders and investors, tax avoidance practices may temporarily increase net income, yet they also pose reputational risks and uncertainty if the company is perceived as non-compliant. Thus, CETR analysis is not only relevant in the context of fiscal compliance but also significant in assessing the standard of corporate management and the transparency of financial disclosure.

Leverage, according to (Gurnita et al., 2021), refers to a firm's capacity to utilize resources or funding sources that carry fixed obligations in order to enhance the company's value and performance. In other words, leverage serves as a measure of how effectively a company uses fixed-cost assets or funds to increase income or profits for its owners. This concept is important because, through leverage, a company can boost returns for its shareholders without having to increase its own capital, although high leverage also entails greater financial risk.

Debt to Equity Ratio (DER) reflects the degree to which a firm funds its activities via borrowed capital compared to its own equity. The descriptive statistics show that the DER of the sampled companies ranges from 0.10 to 1.33, with an average of 0.6610. This indicates that, on average, the companies' financing structure is relatively balanced, although there is considerable variation across firms. A high DER suggests heavy reliance on debt, which may increase financial risk, while a low DER may indicate limited use of leverage to support business expansion.

Meanwhile, Return on Assets (ROA) is used to measure how effectively a company's assets generate profit. In this study, ROA values range from 0.02 to 0.22, with an average of 0.1045. This means that, on average, companies are able to generate around 10% profit from their total assets. Firms with higher ROA are considered more efficient in utilizing their assets to produce earnings, whereas those with lower ROA show limitations in maximizing asset potential. The relatively wide range of ROA values also indicates significant differences in profitability performance among the companies.

According to (Payamta, 2023), the sales growth ratio is a measure that indicates the percentage growth in revenue from the previous year to the current year. This ratio is typically calculated based on the annual percentage change in sales and serves as a gauge to assess a company's success in boosting sales as well as the overall health and development of the business. As for sales growth, it reflects a firm's capacity to increase its revenue compared to the previous period. The analysis reveals that the lowest sales growth is -0.19, indicating a 19% decline in revenue, while the highest is 0.52, equivalent to a 52% increase. The average sales growth of 0.0942 suggests that, overall, companies experience annual revenue growth of around 9%. However, the relatively high standard deviation indicates considerable variation among companies, which may be influenced by market conditions, competitiveness, or the business strategies implemented by each firm.

The multivariable linear regression model employed in this investigation has met all the requirements of classical assumption tests, namely that the data are normally distributed, free from multicollinearity, no heteroscedasticity was detected, and no autocorrelation was present. These results ensure that the regression analysis in this research may be considered valid and appropriate for use.

Table 3. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0,032	0,044		0,735	0,467
Current Ratio	0,013	0,005	0,516	2,325	0,026
Debt to Equity Ratio	0,097	0,028	0,833	3,44	0,002
Return On Asset	0,345	0,159	0,381	2,167	0,037
Sales Growth	0,107	0,052	0,339	2,066	0,046

Source: Processed, 2025

Outcomes from the t-test show that the Current Ratio (CR) variable yields a t-statistic of 2.325. To determine the critical value, the *t-table* was calculated using the degrees of freedom (df) formula: $df = N - K - 1 = 40 - 4 - 1 = 35$. Based on the *t* distribution at a 5% significance level with 35 df, the critical value from the *t-table* is 1.68957. Given that the computed t-statistic (2.325) is greater than the *t-table* value (1.68957), and the regression coefficient is positive at 0.013, it can be inferred that CR exerts a positive influence on tax avoidance. This finding is further supported by the significance value of 0.026, which is less than 0.05, indicating statistical significance. Thus, partially, a company's liquidity as measured by CR is proven to encourage tax avoidance practices.

When viewed from the Beta coefficient, the most dominant factor driving companies to engage in tax avoidance is the Debt to Equity Ratio (DER). This suggests that the higher the proportion of debt relative to equity, the greater the tendency of companies to adopt tax avoidance strategies. Liquidity (CR) and profitability (ROA) also contribute to tax avoidance, but their influence is not as strong as that of DER. Meanwhile, sales growth is found to have a positive relationship with tax avoidance, although its contribution is relatively smaller compared to the other variables.

Overall, these findings emphasize that a company's financing structure, particularly the level of leverage, is the primary determinant influencing tax avoidance behavior. Liquidity, profitability, and sales growth remain relevant, but they play more complementary roles in explaining variations in tax avoidance among the sampled companies. This has significant consequences for regulatory authorities, which need to strengthen oversight of highly leveraged companies, as well as for investors, who should consider both financing strategies and financial performance when assessing fiscal compliance risks.

The sampled companies in this study tend to hold large amounts of cash in banks and allocate it into short-term investment instruments such as bonds and deposits. This strategy increases financial income, such as interest income or returns on investments. Most of the cash is generated from

operating activities rather than bank loans that would create interest expenses. This is evidenced by interest income being greater than interest expenses. Thus, storing cash in productive forms enhances revenue and increases company profits. Similarly, an increase in accounts receivable that is not accompanied by higher bad debt expenses reflects efficiency in receivables management, which also contributes to profit growth. The same applies to inventory; although the amount of inventory increased, storage and obsolescence costs remained stable. This indicates that companies manage their inventories effectively, with minimal damage or obsolescence. As profits rise, firms are more likely to engage in tax avoidance. This suggests that a higher Current Ratio (CR) increases the likelihood of tax avoidance.

The statistical test results indicate that the Debt to Equity Ratio (DER), used as the independent variable in this study, has a t-value of 3.440. To interpret this value, the t-table value is first determined by calculating the degrees of freedom (df) using the formula $df = N - K - 1$. In this study, N is 40 and K is 4, resulting in $df = 40 - 4 - 1 = 35$. Based on the t-distribution at a 2.5% (0.025) significance level and 35 degrees of freedom, the t-table value obtained is 2.03011. The t-calculated value being greater than the t-table value ($3.440 > 2.03011$), along with a positive regression coefficient of 0.097, indicates a positive relationship between DER and tax avoidance practices. Moreover, the significance value of 0.002, which is lower than 0.025, reinforces this finding. Therefore, it can be concluded that the null hypothesis (H_0), which states that DER has no effect on tax avoidance, is rejected, and the alternative hypothesis (H_a), which states that DER has a positive effect on tax avoidance, is accepted. This confirms that an increase in DER in a company tends to be associated with an increase in tax avoidance practices measured through CETR.

This finding indicates that the higher the proportion of debt relative to equity, the greater the company's tendency to engage in tax avoidance strategies. This is consistent with the notion that interest expenses on debt can be used as a deductible item in calculating taxable income, thereby reducing the company's tax burden. Consequently, firms with higher leverage ratios are more likely to minimize their tax payments, making DER one of the key drivers of tax avoidance behavior. Business expansion funded by debt has the potential to increase a company's revenue and profits. Higher profits also increase the tax burden to be paid. This drives companies to attempt tax avoidance. Debt-financed expansion is commonly undertaken to increase production capacity, expand distribution networks, or acquire other productive assets. The results of such expansion generate increased cash inflows, whether from higher sales or operating activities. If the increase in revenue exceeds the rise in costs, including interest on debt, the company's profit grows. As profits rise, tax obligations also increase, which may encourage companies to engage in tax avoidance.

The statistical analysis results indicate that the Return on Assets (ROA) variable has a t-value of 2.167. To determine the critical threshold, the degree of freedom (df) is calculated using the formula $df = N - K - 1$, resulting in $df = 40 - 4 - 1 = 35$. Based on the t-distribution at a 5% significance level (0.05) with 35 degrees of freedom, the corresponding t-table value is 1.68957. Since the calculated t-value (2.167) exceeds the critical t-table value (1.68957) and the regression coefficient is positive at 0.345, it can be concluded that ROA has a positive impact on tax avoidance, as measured by the Current Effective Tax Rate (CETR). This conclusion is further reinforced by the significance value of 0.037, which is below the 0.05 threshold, leading to the rejection of the null hypothesis (H_0) and the acceptance of the alternative hypothesis (H_a). Therefore, partially, ROA is demonstrated to have a significant and positive effect on corporate tax avoidance. In other words, higher profitability, reflected through ROA, is associated with a greater tendency for companies to manage their tax obligations in a way that reduces the effective tax burden. This analysis underscores the critical role of financial performance as a factor influencing corporate tax behavior and provides empirical evidence supporting the relationship between profitability and tax avoidance practices.

This result carries important implications. A higher ROA indicates that a company is able to generate greater profits from its total assets. The higher the profitability, the stronger the incentive for the company to minimize its tax burden in order to maintain optimal reported net income. In other words, more profitable firms tend to have greater motivation to adopt tax avoidance strategies to sustain shareholder returns. Therefore, profitability as reflected by ROA not only represents operational performance but also closely relates to corporate fiscal behavior. Tax authorities should be aware that highly profitable firms may be more aggressive in managing their tax obligations, while for investors, this information serves as an indicator to assess both the risk of tax compliance and the effectiveness of management in optimizing post-tax earnings.

The size of a company's profit is reflected in its return on assets ratio. The profit earned is subject to taxation. When Return on Assets (ROA) is high, profits are also high, which results in higher taxes payable. This creates a greater incentive for companies to engage in tax avoidance. A high ROA indicates higher profits, which increases the tax burden. Consequently, companies are more likely to seek loopholes for tax avoidance.

The t-value for the sales growth variable is 2.066. Using $df = (N - K - 1) = (40 - 4 - 1) = 35$, the t-table value at a 0.05 significance level is 1.68957. Since the t-value $2.066 > t\text{-table } 1.68957$ and the regression coefficient is positive at 0.107, and the significance value for sales growth is 0.046 (< 0.05), H_0 is rejected and H_a is accepted. Therefore, it can be concluded that the sales growth variable has a positive and significant partial effect on tax avoidance (CETR).

Sales growth has a significant positive effect on tax avoidance, as indicated by the regression coefficient value of 0.107. This means that for every 1 (unit) increase in sales growth, the CETR value will increase by 0.107, assuming other independent variables remain constant. According to (Yeni, Hady & Elfiswandi, 2024:48) sales growth is a quantitative increase in a company's sales volume over a specific period of time. The positive relationship between sales growth and tax avoidance indicates that companies with high sales growth will generate higher profits, which can be a factor driving the company to engage in tax avoidance practices.

CONCLUSION

The findings of this research demonstrate that the Current Ratio (CR) exerts a partial and positive influence on tax avoidance among food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. In other words, firms with higher liquidity, as reflected by a greater CR, tend to show stronger tendencies to reduce their tax burden. Likewise, the Debt to Equity Ratio (DER) is also found to have a partial positive relationship with tax avoidance, suggesting that companies with greater reliance on debt financing are more inclined to implement tax-saving strategies. These results strengthen the theoretical perspective that liquidity provides management with the flexibility to engage in tax avoidance, while leverage (DER) can encourage such practices by enabling profit expansion through increased business activities.

In addition, the analysis indicates that Return on Assets (ROA) positively affects tax avoidance. This shows that the more effectively companies utilize their assets to generate profits, the greater their likelihood of undertaking tax avoidance measures. Similarly, sales growth is observed to have a positive association with tax avoidance, implying that an increase in revenue growth often coincides with higher efforts to minimize tax obligations. When considered together, CR, DER, ROA, and sales growth significantly and simultaneously influence tax avoidance practices within the food and beverage subsector during the studied period.

This study, however, is limited to the food and beverage subsector within manufacturing firms. Therefore, future studies are encouraged to broaden the scope by including other industries or conducting cross-country analyses. Such extensions would provide a more comprehensive understanding of how these financial indicators impact tax avoidance practices across different business environments and regulatory settings.

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