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Factors Affecting Aggressive Tax Actions with Entity Size Moderated

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General Background: Aggressive tax actions are methods used by companies to manage tax liabilities, aiming to reduce tax payments while increasing profits. **Specific Background:** Within the context of Indonesian coal mining companies, these actions have significant implications due to the sector's contribution to state revenues. **Knowledge Gap:** Despite existing studies, the role of entity size as a moderating factor in the relationship between liquidity, profitability, leverage, and tax aggressiveness remains underexplored. **Aims:** This study examines how liquidity, profitability, and leverage influence tax aggressiveness and assesses the moderating role of entity size. **Results:** The findings reveal that liquidity and leverage positively affect aggressive tax actions, while profitability has a negative effect. Entity size significantly moderates the influence of profitability and leverage but not liquidity on tax aggressiveness. **Novelty:** This study introduces entity size as a moderating variable, offering a new perspective on its role in aggressive tax behavior within the coal mining sector. **Implications:** The results highlight the importance of liquidity and leverage management in tax planning, offering insights for policymakers to curb aggressive tax strategies and for companies to align their practices with regulatory frameworks

Keywords: Liquidity, Profitability, Leverage, Tax Aggressiveness, Size Company

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INTRODUCTION

Aggressive tax action is essentially an effort and procedure, as well as policies made by taxpayers to manage tax costs or debt so that tax payments can be minimized. This is done because entities generally aim to maximize profit and try to minimize costs of expenses born by the entity, including tax costs. The large amount of tax costs to be paid motivates taxpayers to make tax management efforts with the aim of reducing these costs, of course keeping in mind and acting within the corridors of applicable regulations. On the one hand, aggressive tax action by entities can be detrimental to state revenues because they can reduce and even eliminate state revenues. On the other hand, tax management procedures and policies in an effort to avoid taxes legally can achieve corporate goals in the form of increasing the profit of the entity concerned. One of the entities that implemented an aggressive tax policy in an effort to minimize tax costs is PT Adaro Energy Tbk, Yuni & Setiawan (2019). PT Adaro takes advantage of transfer pricing by transferring profit to the Singapore branch entity. As a result, in 2019, PT Adaro only paid an income tax of US$ 125 million. This amount is below the average tax payment in previous periods. The company has saved US$ 14 million per year in tax costs.

The emergence of aggressive tax actions can be caused by various things, such as liquidity factors, profitability, debt levels (leverage), and the size of the entity (size firm). Liquidity is related to the ratio of the adequacy of current assets, especially cash, to meet current liabilities that are due. In this regard, aggressive tax actions arise because tax costs are included in short-term liabilities that must be paid. Tax costs that must be paid will reduce liquidity, especially the company's cash. Therefore, the liquidity ratio must be greater than the current liability ratio. The existence of adequate liquidity can guarantee the fulfillment of this obligation. The current assets adequacy ratio shows the large availability of current assets of an entity in covering its maturing obligations Adiputri & Erlinawati (2021). If an entity has maximum liquidity, it can be ensured that the ability to cover short-term obligations will be fulfilled.

Another thing that encourages aggressive tax action is the ability to generate profits. If profits increase, tax costs will also increase. An entity with high profit tends to make conservative accounting policies to avoid large tax burdens. The goal is for the tax burden to be paid to be reduced, likewise with debt loans (leverage). Loans or debts are used to determine the extent to which the acquisition of entity assets is funded from debts or loans. The larger the loan in the form of debt, the greater the cost of debt, and this cost can be used to minimize tax costs. Another thing that can influence tax aggressiveness is the size of the entity. Entity size can be assessed through the assets-owned approach. The amount of assets (total assets) shows the size of the entity as having the strength and ability of the corporate entity Hidayati & Kusbandiyah (2021)

Various studies have been conducted related to aggressive tax actions, but they have yielded different conclusions. Found that liquidity does not affect the tax-aggressive action of entities Kurniawati (2019) but concluded that liquidity positively influences tax-aggressive action Ramadani & Hartiyah (2020). The level of profit has a positive and significant effect on aggressive tax action Herlinda & Rahmawati (2021). On the other hand, Leksono et al., (2019), the level of profit (profitability) has no effect on the entity's aggressive tan actions. Also concluded that entity size has a significant effect on the entity's aggressive tax actions Yanti & Hartono (2019); Yuliana & Wahyudi (2018).

The in consistency of the findings of researchers and previous studies related to tax aggressiveness is the motivation for conducting this research. The aim is to re-prove previous research on whether liquidity, profitability, and leverage can affect tax aggressiveness where the size of the entity is the moderating variable. The addition of entity size as a moderating variable makes this research different from previous research. Researchers have not found research results that use entity size as a moderating variable that strengthens or weakens the relationship between liquidity, profitability, and leverage with aggressive tax actions. The sample in this study is the coal sub-sector mining entities listed on the Indonesia Stock Exchange in 2017-2021. Selecting entities in the coal mining sub-sector because entities in this sector make a high contribution to state revenues (taxes) must be monitored in order to prevent aggressive and illegal tax actions that could harm state revenue.

The theory of planned behavior presented relates to individual behavior that arises as a result of intention and encourages the individual concerned to behave, Ajzen (2005). This urge arises because of the belief that individuals have, both internally and externally, that something is easy to do without significant risk. Through the theory of planned behavior, one can explain the behavior of a person (taxpayer) when carrying out his tax obligations because this theory of planned behavior assumes controlling behavior from within, which is able to motivate interest in behaving Adiputri & Erlinawati (2021). There are three components that shape behavior, namely attitudes, judgments, and individual beliefs Putra & Osman (2019). Attitude is a positive or negative assessment of a particular behavior. This attitude is influenced by one's beliefs about the possible consequences of an action and one's evaluation of each action. Assessment concerns the extent to which individuals are motivated to follow the opinions of others to carry out their behavior. The more individuals who recommend and encourage an action, the more likely the individual will feel social pressure to take that action. Individual belief is a belief that an individual has when he has carried out or has not carried out a certain action. Individuals have the opportunity and time to consider when they to take action, and then individuals can make judgments about their abilities, whether he has them or not, especially when individuals make decisions about the action to be taken.

Tax Aggressiveness

Aggressive tax action is an action to manage the tax burden by engineering company profits through tax management with the aim of minimizing tax payments. Tax aggressive action is an action to reduce the tax borne by the entity, both in a legal way (tax evasion) or in a way that violates applicable regulations (tax evasion) Adiputri & Erlinawati (2021). Aggressive tax action is a legitimate activity to minimize the tax burden,

provided it does not conflict with applicable regulations Santoso & Rahayu (2019). The goals and benefits of tax aggressiveness are in the form of reducing the tax burden so that companies can get the maximum profit. In other words, aggressive tax avoidance is an act of tax avoidance by manipulating profits through tax management, which is permitted by law Kurniasari & Listiawati (2019). And not outside the scope of tax laws and regulations. Aggressive tax actions can be carried out with three strategies, namely self-control, moving locations, and juridical avoidance by fulfilling applicable provisions, Santoso & Rahayu (2019). What is meant by refraining from tax avoidance practices is that the taxpayer avoids or does not carry out taxable transactions. For example, not using a luxury car to avoid the tax on the sale of luxury goods. What is meant by moving location is moving the business location from a place with a high tax rate to a place with a low tax rate.

Liquidity

In essence, liquidity is related to the entity's ability to meet liabilities that are due within the operational cycle. It means that the entity has sufficient current assets to cover its current liabilities. Reveal that an entity's ability to meet its short-term liabilities is called liquidity, Herlinda & Rahmawati (2021). Meanwhile, liquidity means having sufficient funds to cover obligations that are due soon Yuliana & Wahyudi (2018). Liquid entities are entities with cash flows that are guaranteed stability, Purba & Dwi (2020). If the entity has guaranteed liquidity, its short-term obligations can be fulfilled on time. However, for entities with a low level of liquidity, it is certain that the fulfillment of their short-term obligations will experience significant obstacles. The tendency to retain cash is greater than fulfilling obligations as they fall due, including paying and paying off tax debts. If a company has current assets greater than current liabilities, then the entity is in a liquid condition Ramadani & Hartiyah (2020). Current assets include securities, cash, inventories, and receivables Harjito & Martono (2014). Current liabilities include notes payable for the current period, wages payable, wages payable and trade payables and trade payables. In this study, liquidity is proxied as the current ratio, measured by the formula Harjito & Martono (2014)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Profitability

The aim of an entity being established, in general, is to obtain maximum profit and gain, as well as be able to improve the welfare of shareholders. An increase in shareholder welfare can be measured through an increase in the price per share. The increase in profits and profit obtained reflects management's ability to manage the company, including saving all types of costs (Afifah & Hasymi, 2020). The ability to generate profit (profitability) is a form of management expertise in managing entity assets so as to be able to provide maximum profit. The ability to generate profits is how much an entity has the competence to create profits by utilizing its assets, Hery (2017). To measure the ability to create profits, can use the profitability ratio Ayem & Setyadi (2019). The profitability ratio is a ratio that measures an entity's ability to generate profits for a certain period. Explained that the level of profitability of an entity can be determined by calculating asset turnover (return on assets/ROA) Sabaruddin et al. (2022). In this study, return on assets/ROA is a proxy that serves to assess the financial condition of an entity. By using this ratio, the entity's ability to earn profits can be measured. The purpose of profitability ratios is to see a comparison between the profits of the previous period and the following period and to find out the percentage of net profit earned by the company. Explain that if an entity's profit is high, the motivation to take aggressive tax actions is also high, Herlinda & Rahmawati (2021). The goal is none other than to reduce the cost of taxes to be paid. It is logical when an entity experiences an increase in profits, the amount of tax paid will also increase. This condition encourages companies to engineer taxable profits to minimize the payment of tax burden. To calculate the amount of profit earned, the ratio used is asset turnover (return on assets/ROA). Asset turnover can be calculated using the following formula, Hery (2017) :

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Leverage

Sometimes, an entity relies on loans in the form of debt (leverage) as a source of financing with various considerations. Financing with debt requires periodic installments and interest payments that will mature. In addition, financing with debt will save cash owned by the entity so that it can be used for other operational purposes. Financing with own capital (issuing shares) does not require installment and interest payments, but it reduces the entity's ownership rights. By considering the advantages and disadvantages of financing with debt, it is important for management to deal with the need for funds by combining sources of financing between loans and own capital. From the taxation aspect, the amount of debt financing can have an impact on the amount of tax costs that must be paid off (Mu'minah et al., 2023). This is because the cost of debt (principal and interest) can be used as a deduction from gross profit as the basis for calculating taxable profit. The ability to pay debts will be measured in debt ratios (leverage). Explains that this ratio is used to find out how much ownership of entity assets is financed from debt loans Hery (2017). Thus, the leverage ratio is the ratio used to measure how much debt burden is borne by the entity in order to fulfill assets.

Debt financing can sometimes have positive and negative impacts on an entity. The main consideration that must be taken into account is, of course, the ability to pay back both the principal and interest charges when they are due. This ability to pay, of course, takes into account the number of assets owned, especially current assets. Creditors will not just disburse loans without adequate collateral. For them, the availability of collateral, especially assets owned by the debtor, is one of the main considerations in disbursing loans.

Entities with a large level of solvency or high levels of loans with large debts can influence the emergence of various financial risks, as well as great opportunities to generate maximum profits. Various financial risks can arise and are likely to arise in operations because entities are burdened with high installment payments and interest, so they tend to take actions and strategies up to tax management. Tax management is an aggressive tax action that is carried out by manipulating taxable profits with the aim of minimizing the tax burden that must be paid Hidayati & Kusbandiyah (2021). Furthermore, Explains that the level of debt of a business entity can be calculated by comparing the amount of debt to the total assets owned (debt to asset ratio). The debt-to-asset ratio is stated in the following formula Hidayati & Kusbandiyah (2021):

$$\text{Debt to Assets Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Entity Size

The size of an entity can be seen from various aspects, such as asset ownership and market share control. Ownership of an entity's assets is one of the benchmarks in determining the size of the entity (firm size). Entity size describes the entity's classification value when compared to other entities. The size of an entity can be measured through asset ownership, stock market prices, and even market control in one regional area, Hery (2017). Ownership of large assets can affect the entity's tax policy. The size of the company will affect tax policy Utomo & Fitria (2021). Company size greatly influences the level of aggressive tax avoidance, Ramadani & Hartiyah (2020). The larger the size of the company, the more aggressive tax avoidance will be. The above description concludes that the size of an entity assessed based on total asset ownership can be assessed as having the ability to pay its obligations, including tax obligations. The benefit of calculating the size of a company is to find out the size of an entity's assets. Entity size is a grouping of entities measured by total assets. Company size is measured by the formula:

$$\text{Ln} = \text{Total Assets}$$

Hypothesis Development

The Impact of Liquidity on Aggressive Tax Actions

The role of liquidity in the entity's operations is, of course, very important. This is related to the ratio of the adequacy of current assets, especially cash, in meeting current liabilities that are due. In this regard, aggressive tax actions arise because tax costs are included in short-term liabilities that must be paid. Therefore, management needs to know the condition of the adequacy of current assets, especially the adequacy of the funds it has in fulfilling and closing maturing obligations, and determine corrective steps so that maturing obligations can be fulfilled. In this study, the adequacy of current assets proxied by the cash ratio (current ratio) aims to determine the financial condition of the entity in fulfilling its liabilities. The availability of sufficient funds reflects adequate liquidity conditions and the ability to pay debts. The current asset adequacy ratio illustrates financial availability, especially cash, in meeting maturing obligations Purba & Dwi (2020). A good current asset adequacy ratio shows an entity in a solvent condition, meaning that the entity is able to meet and pay current liabilities as they mature.

On the other hand, entities experiencing financial difficulties and unfavorable liquidity conditions will tend to take actions that are not profitable for the entity, including aggressive tax actions, because they cannot fulfill their tax obligations. There are two possibilities if the company has different liquidity. The higher the level of liquidity, the more obligations, such as tax debts, can be paid on time. However, when a company is in a low liquidity condition, aggressive tax actions will appear aimed at minimizing tax payments. Entities carry out tax planning in order to minimize the tax burden. This can lead to more aggressive tax avoidance actions. The research confirms that liquidity has a positive effect on aggressive tax actions Adiputri & Erlinawati (2021); Purba & Dwi (2020); Ramadani & Hartiyah (2020); Sari & Rahayu (2020). This shows that the high level of liquidity motivates entities to do tax avoidance, which is manifested in aggressive tax actions. However, research found liquidity has a negative effect on aggressive tax actions Herlinda & Rahmawati (2021); Pasaribu & Mulyani (2019); Raflis & Ananda (2020); Yuliana & Wahyudi (2018). This means that at a low level of liquidity, the ability to meet current obligations will decrease. Based on the description above, the hypothesis in this study is:

H_1: Liquidity has a positive effect on aggressive tax actions.

Profitability Impact on Aggressive Tax Actions

Profitability is the ability of an entity's management to create profits by utilizing its resources. In determining the ability to profit from normal activities, profitability ratios are usually used. The purpose of using profitability ratios is to measure a company's ability to generate profits over a certain period and assess the development of profits from time to time Hery (2017). In this study, the ability to generate profits is proxied by the return on asset turnover (ROA).

The maximum rate of return or asset turnover is a benchmark for management's success in utilizing its resources to create profit for the entity. Conversely, the less optimal turnover and return on assets in creating profits reflects the low strength in generating profits. Companies with high ROA describe management's success in generating profits. When profits increase, the tax burden also increases. There are two possibilities in different situations, namely, if the entity's profit increases, the entity's ability to pay tax debt will increase, and vice versa; the ability to generate profits decreases, and the entity tends to avoid taxes. Research shows that high profitability has a positive effect on aggressive tax actions Ayem & Setyadi (2019); Herlinda & Rahmawati (2021); Tanjaya & Nazir (2022). The high profit of the company raises an aggressive attitude in tax evasion. Thus, the hypothesis in this study is:

H_2: Profitability has a positive effect on aggressive tax actions.

Impact of Leverage on Aggressive Tax Actions

Debt owned by an entity is sometimes profitable but not infrequently it is also very detrimental. The financial risk that arises from large debts is the emergence of interest and principal installments. The advantage of financing with debt is

the opportunity to obtain large profits and cash savings that the entity has to fund other operations. From a tax perspective, the amount of debt and interest that must be paid can affect the amount of the tax burden that must be paid. This is because debt costs (principal and interest) can be recognized as a deduction from taxable profits (article 6 of Law No. 36/2008) regarding income tax which of course can reduce the amount of tax payable. Because entities are burdened with paying high debt costs, they tend to take earnings management actions, even to a tax management strategy in the form of aggressive tax actions. With reduced tax burden due to high debt burden, encourage entities (management) and intend to fund through debt activities. This will lead to tax evasion because the more a company's debt increases, the tax burden will decrease. The intention to act also comes from trust in other entities who do the same thing. For example, management has confidence in the hope of obtaining large profits. Found that the size of an entity's debt has a positive effect on aggressive tax actions research by Hidayati & Kusbandiyah (2021); Mariani & Suryani (2021); Muda et al., (2020). This means that the higher the cost of debt to finance the acquisition of assets, the more aggressive the tax evasion is. However, show that the cost of debt has no effect on aggressive tax actions Dewi (2022); Rahmawati & Jaeni (2022). Based on this description, the research hypothesis is:

H_3: Leverage has a positive effect on aggressive tax actions.

Moderation of Entity Size in Liquidity on Aggressive Tax Actions

Entities with a good level of liquidity will be able to generate maximum profits and these companies can be classified as large companies, the more maximum profits achieved, the level of entity liquidity will also increase, because if the company is liquid the ability to fulfill its tax obligations will be fulfilled, but the bigger the company , supervision of these companies will be tighter, this allows that the size of the entity can moderate the effect of liquidity on aggressive tax avoidance behavior. This statement is supported by several previous studies which explain that entity size has a negative effect on aggressive tax behavior Avrinia Wulansari et al., (2020); Sari & Rahayu (2020); Tahar & Rachmawati (2020); Utomo & Fitria (2021). Based on this description, the hypothesis proposed is:

H_4: Entity size does not moderate the impact of liquidity on aggressive tax actions.

Moderation of Entity Size in Profitability on Tax Aggressive Actions

Profitability is used to determine an entity's capacity to create profits by maximizing the use of its assets Purba & Dwi (2020). Large-scale entities will utilize their resources to maximize their profits Malau (2021). When profitability increases, the tax burden will also increase, this will give rise to two possibilities, namely increasing aggressive tax actions or even reducing aggressive tax actions. The greater the size of the prudential entity in tax evasion, the more it will be enhanced Yuni & Setiawan (2019). Empirical studies show that entity size does not moderate profitability towards aggressive tax behavior Suyanto (2018); Utomo & Fitria (2021). The same thing was found in the study of that entity size weakens the relationship between profitability and tax evasion Yuni & Setiawan (2019). From the description can be made the following hypothesis.

H_5: Entity size does not moderate the impact of profitability on tax aggressive actions.

Moderation of Entity Size in Leverage on Tax Aggressive Actions

The size of the entity can be related to the company's debt. Large companies that have debt to finance the continuity of their companies will be managed with great care in avoiding taxes so as not to become a concern of the government, the bigger an entity the greater the risks faced, especially in organizing the tax costs that must be faced, of course, must consider the risks that will be happen. If compared to the use of entity resources, large-scale entities use more debt to finance their companies. Research shows that entity size can weaken the relationship between leverage and aggressive tax actions Ramdhania & Kinasih (2021). Meanwhile found that entity size cannot moderate the effect of leverage on aggressive tax actions Madyastuti & Nuryani (2022). However, found that entity size can moderate the relationship between leverage and aggressive tax measures Mariani & Suryani (2021). Thus, the research hypothesis is:

H_6: Entity size does not moderate the impact of leverage on aggressive tax actions.

The Impact of Liquidity, Profitability, Leverage Moderated by Entity Size on Aggressive Tax Actions

Liquidity, profitability, leverage, and entity size are an integral part of the entity. These four things have an influence on the development of an entity, especially in tax evasion. The relationship between liquidity, profitability, leverage and tax aggressiveness is estimated to have a relationship with each other which is moderated by the size of the entity. Previous research has shown the influence of liquidity, profitability and leverage on aggressive tax actions, so the hypothesis in this study is:

H_7: Liquidity, profitability, leverage have an effect on tax aggressiveness which is moderated by entity size.

METHODS

[Figure 1 about here]

This quantitative research looks for relationships between variables using descriptive statistics. The sample and research population are coal mining sub-sector entities listed on the Indonesia Stock Exchange for the 2017-2021 period. The sample criteria are entities that do not experience losses and report financial reports successively during the period under study.

[Table 1 about here]

Based on the criteria in table 1 above, 11 companies were obtained as samples which were selected using purposive sampling. The number of sample data with observation for 5 years is 55 entities. Data processing techniques are assisted by statistical software E-views version 10. Data processing was

carried out by testing data normality, data dimension test. To determine the estimation model for panel data regression, the Chow test (f statistic test), Hausman test and Lagrange multiplier test were used to determine the estimation model for panel data regression. Hypothesis testing is done by simultaneous test (f), t test and determination test (R square).

[Table 2 about here]

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

From the three stages of testing the model structure with the statistical tool E-Views version 10, the decision on the model structure of the three stages is shown in the following table:

[Table 3 about here]

Thus, the best model structure decision and which can be used in this study is to use the common effects model (CEM).

Hypothesis testing

In an effort to test the hypothesis whether in can be proven or not, it can be done by looking at the direction of the significance of the regression coefficient by looking at the result of the t-count and p-value. The variable relationship is stated to have an effect if the probability value is less than 0,05 and vice versa is stated to have no effect if the probability value is greater than 0,05.

[Table 4 about here]

Based on the common effect test the regression equation formed is:

ETR = 0.204027 + 0.010072 CR - 0.112847 ROA + 0.157393 + Ɛ

The Impact of Liquidity on Aggressive Tax Actions

According to the hypothesis proposal, namely testing the impact of liquidity on aggressive tax action, the test results are shown in table 4 above. From table 4 above the current ratio (CR) obtained a regression coefficient of 0,010072 with a positive beta direction. This explains that high liquidity will encourage entities to take aggressive tax actions. Then the t-count value obtained a positive value of 2,728555, with a probability of 0,0087. The calculated t value is greater than t table (2,72855 > 1,67469) where the probability of 0,0087 is smaller than 0,05. The results of this test mean that liquidity has a positive and significant impact on tax aggressiveness and behavior. Thus, the first hypothesis can be proven.

Profitability Impact on Aggressive Tax Actions

The hypothesis put forward in this study is that profitability has an impact on tax aggressiveness. The result of the hypothesis test as shown in table 4 above, show the value of probability (ROA) with a regression coefficient of -0,112847 with a negative beta direction. This finding explains that the higher the profitability of an entity, the lower the aggressive tax behavior and actions. Obtaining high profits will not motivate entities to take tax evasion actions. Then the t-count value is -7,725060 with a probability of 0,0000. If the calculated t value is greater than t table (-7,725060 > 1,67469) with a significance less than 0,05 (0,000 < 0,05) then it is certain that it has no effect. In this test, profitability has a negative and significant effect on tax aggressiveness. The result of this test proves the second hypothesis can be proven.

Impact of Leverage on Aggressive Tax Actions

In this study the hypothesis proposed is the level of debt (leverage) has an impact on tax aggressiveness. The result of testing the hypothesis as show in table 4 show that the level of debt (DAR) with a regression coefficient of 0,157393 in a positive direction. This show that higher the financing using debt, the higher the tax evasion. The t-count value of 5,588576 is greater than the t table of 1,67469 with a probability of 0,000. If the calculated t value is greater than the t table value with a probability value of less than 0,05, it is certain that there is a relationship between variables. The result of this test imply that leverage has a positive ang significant impact on tax aggressive actions from entities. In this study the hypothesis proposed that the level of debt has an impact or influence on aggressive tax actions can be proven.

Moderated Test Regression Analysis (MRA)

To test the moderating role of tax aggressiveness whether it strengthens or weakens the relationship between variables, a moderated regression analysis (MRA) test was carried out. The test results shown in the following table:

[Table 5 about here]

Testing the moderated regression analysis (MRA) found the regression equation with moderation is as follows.

ETR = 0.142184 + 0.958639 CR - 6.065935 ROA - 2.287490 DAR - 0.032935 lNXCR + 0.208896 LNXROA + 0.089487 LNXDAR + Ɛ

Liquidity Impact on Aggressive Tax Actions Moderated by Entity Size

Table 5 shows that the probability value of the entity size variable as a moderating variable in the relationship of the influence of liquidity on aggressive tax actions with a probability of 0,0001. This value is below the significant value of 0,05 but the coefficient shows a value of -0,032935. Because the probability value is lower than the significance of 0,05, it can be ascertained that the size of the entity cannot significantly moderate the impact of liquidity on aggressive tax action. Thus, the fourth hypothesis which states the entity size can moderate the effect of liquidity on aggressive tax actions cannot be proven.

Profitability Impact on Aggressive Tax Actions Moderated by Entity Size

The result of the moderated regression analysis found that the probability of entity size on ROA was 0,0000. This value is below the significance value of 0,05 with a coefficient of 0,208896. The probability value is smaller than the significance value, so it can be ascertained that the size of the entity can moderate the effect of profitability on aggressive tax actions. So, it can be concluded that the size of the entity can

significantly moderate the effect of profitability on aggressive tax actions, so that the fifth hypothesis can be accepted.

Impact of Leverage on Aggressive Tax Actions Moderated by Entity Size

Table 5 also simultaneously shows that the size of the entity can moderate the effect of leverage on aggressive tax actions. This can be seen where the DAR coefficient is 0,089487 with a probability of 0,0006. This result is lower and smaller than the significance value of 0,05. So that the hypothesis in the study could not be proven and was rejected.

Simultaneous Test

Testing together (f test) is shown in table 6 below. The test result show that the probability value of the f-statistic is 0,0000 which is smaller than the significance value of 0,05. This shows that the independent variables together can affect the dependent variable, so that the seventh hypothesis is accepted, namely liquidity, profitability, leverage have an effect on tax aggressiveness which is moderated by the size of the entity.

[Table 6 about here]

Determination Coefficient Test

The determinant coefficient (R-squared) aims to determine how much the independent variable contributes to dependent variable in the study. The result of the coefficient of determination test are presented in the table below:

[Table 7 about here]

In this study the contribution of the independent variables (R-squared) is 0,663711. This value indicates that the contribution of the CR, ROA, DAR and Ln variables in tax aggressive actions is only 66,37%. While 33,63% is still influenced by other factors outside the variables studied.

The Impact of Liquidity on Aggressive Tax Actions

Based on research findings related to the effect of liquidity on aggressive tax measures as shown in table 4 above, the coefficient is obtained with a magnitude of 0,010072 with a t count of 2.728555 where the probability is 0,0087. Findings with a probability of 0.0087 are below the significance tolerance of 0.05 and the t count is positive. This means that the effect of liquidity on aggressive tax measures is positive and significant. In this study, liquidity equated as a current asset (CR) indicates that an increase or decrease in liquidity will affect the activity of aggressive tax actions in the form of tax evasion by entities. An entity that is in a condition of sufficient liquidity or has adequate cash flow in operations tends to take aggressive tax actions in an effort to avoid paying taxes. Conversely, if an entity has poor liquidity, there is a high probability of taking aggressive tax action. The tendency for aggressive tax action arises because taxes are seen as a burden incurred by entities and reduce corporate profits. As a result of taxes as a reduction in profits and ultimately reducing the welfare of shareholders, entities will avoid paying high taxes because companies will be more concerned with maintaining their assets than paying taxes. The results of this study reconfirm and strengthen Adiputri & Erlinawati (2021); Purba & Dwi (2020); Ramadani & Hartiyah (2020); Sari & Rahayu (2020) who concluded that liquidity has a positive effect on aggressive tax actions. When associated with the theory of planned behavior, the findings in this study prove that the behavior of entities in carrying out aggressive tax actions in order to reduce the tax burden to be paid further strengthens the theory. Which the behavior that arises from taxpayers is mainly motivated by internal factors of the entity, namely the intention to avoid taxes due to factors and liquidity conditions owned by the entity. Liquidity conditions, both in good and bad conditions, will encourage intentions and behavior to act to regulate the amount of the tax burden to be paid. The higher the level of liquidity of an entity, the management tends to behave to avoid taxes, and vice versa in conditions of decreased liquidity, aggressive tax efforts are also getting bigger. This behavior is inseparable from the notion that paying taxes will reduce the entity's liquidity and profits.

Profitability Impact on Aggressive Tax Actions

The findings in this study show that profitability has a positive and significant impact on aggressive tax actions by entities. This is proven through a hypothesis test conducted, where profitability in this study is proxied as the rate of return on assets showing a t-value of -7.725060 with a probability of 0.0000. and a coefficient value of -0112847. The calculated t value and probability which is lower than 0.05 shows a negative significance. This result also explains that profitability has no significant effect on aggressive tax actions. This finding proves that the higher the entity's ability to generate profits (profitability), the lower the tax evasion actions taken. The negative relationship occurs because entities that have high profits tend to comply with their obligations in paying taxes. Earning high profits and the availability of sufficient funds so that the company has no difficulty in paying taxes. The findings of this study confirm previous research by Adiputri & Erlinawati (2021); Dwiyanti & Jati (2019) that profitability has a negative effect on aggressive tax measures. When associated with the theory of planned behavior, when taxpayers have positive characteristics, taxpayers will comply with their obligations and tend to comply with applicable rules. When an entity is managed by individuals who have good intentions and behavior, then the application to the company will be good. The results of this study show that profitability has a negative impact on aggressive tax actions, which means that the higher the level of profit earned by an entity, the lower the level of tax evasion that is carried out or the entity is not active in carrying out tax evasion efforts.

Impact of Leverage Against Aggressive Tax Actions

In this study it was found that leverage has a positive and significant effect on aggressive tax actions. table 4 above shows that leverage is proxied as the ratio of assets to debt (debt to asset ratio/DAR), where the t statistic is 5.588576 with a probability value of 0.0000. These results prove that the level of debt (leverage) has a positive and significant effect on aggressive tax actions. This finding also indicates that the higher the ratio or level of debt ownership of an entity, the more aggressive tax management actions will be taken to avoid

taxes. Tax management actions in order to avoid a large tax burden, of course, are carried out based on applicable provisions that do not violate tax laws. A large debt ratio indicates that the acquisition of assets owned and used to earn profits is mostly obtained through debt financing. Financing with debt will, of course, have consequences and an obligation to pay off debts on time. High leverage can also reduce profits. So to increase profits, there are efforts made by entities to save money, including saving on taxes that must be paid. The results of this study are in line with several previous studies by Hidayati & Kusbandiyah (2021); Mariani & Suryani (2021) found that leverage has a positive effect on aggressive tax actions.

When associated with behavioral theory, the results of this study can motivate taxpayers to avoid tax behavior through aggressive tax actions for the purpose of minimizing the payment of the tax burden. The high burden of debt and interest that must be paid by entities, encourages management to act aggressively in avoiding taxes. In the theory of planned behavior, it is explained that, when managers are sure of their actions and do not cause major financial consequences for the entity, then the tendency of tax avoidance behavior will be carried out. This behavior can also be more prominent when knowing that other entities are also doing the same thing in avoiding the tax burden that must be paid.

Impact of Liquidity on Aggressive Tax Action Moderated by Entity Size

Based on the MRA test conducted in Table 5 above, the liquidity variable on tax aggressiveness shows a coefficient value of -0.032935 with a significance of 0.0001. This result shows a significant negative direction because the probability value is less than 0.05. This shows that the size of the entity used as a moderating variable cannot moderate or strengthen the effect of liquidity on aggressive tax actions. The size of the entity cannot affect aggressive tax actions. Large entities with high liquidity and entities with low liquidity both have the same opportunity to practice tax avoidance. Thus, it cannot be ascertained that large entities with high liquidity will be more passive in carrying out aggressive tax actions or tax evasion or conversely small entities with low liquidity tend to be active in carrying out tax evasion.

Several previous researchers also proved this finding. Avrinia Wulansari et al., (2020) who examined companies in the consumer goods industry sector, Sari & Rahayu (2020) concluded that entity size cannot justify allegations of aggressive tax actions by large companies alone, because both are highly dependent on the behavior of the management of the two entities. When it is associated with the theory of planned behavior, aggressive tax actions do not necessarily arise from the size of the entity. However, it is more dominated by the emergence of both positive and negative intentions to avoid the tax burden.

Impact of Profitability on Aggressive Tax Action Moderated by Entity Size

As with testing the moderating effect of entity size on liquidity on aggressive tax actions, the effect of profitability on aggressive tax actions moderated by entity size cannot strengthen this effect. This is proven through the results of the MRA test as shown in Table 5, where the variable profitability on tax aggressiveness shows a coefficient of 0.208896 and a probability of 0.0000. These results reflect the strength of the moderating position on the influence of the two variables. This means that the moderating variable strengthens the effect of liquidity on aggressive tax actions. The findings of this study are in line with Amiah (2022) which concluded that company size can significantly moderate the relationship between profitability and aggressive tax measures. The greater the liquidity owned, the more aggressive the entity's tax avoidance actions.

Impact of Leverage on Aggressive Tax Action Moderated by Entity Size

Based on the MRA test conducted in Table 5, the debt level variable (leverage) for aggressive tax measures has a positive coefficient of 0.089487 and a probability of 0.0006. This means that company size can significantly moderate the effect of leverage on aggressive tax actions. Thus, the hypothesis that company size cannot moderate the effect of leverage on aggressive tax actions cannot be proven or rejected. This condition indicates that if companies that are large- or small-scale use debt to fund their companies, it will affect tax evasion, this is because the use of debt will have an impact on decreasing profits caused by interest expenses, therefore the tax burden will be lower. The results of this study confirm the previous research by Mariani & Suryani (2021) which examined trade sector entities, which stated that entity size can moderate the effect of leverage on aggressive tax actions.

The Impact of Liquidity, Profitability, Leverage on Aggressive Tax Action Moderated by Entity Size

Based on the variable simultaneity test in table 6, it can be seen that the f-statistic probability value of 0.0000 is lower than the significance value (p-value) of 0.05 with an R-squared of 0.663711. This shows that if tested together, the variables liquidity, profitability and leverage have an influence on aggressive tax actions. This means that the independent variable can simultaneously influence the dependent variable. With increasing liquidity, profitability and debt levels, there is a tendency for entities to take aggressive tax actions to avoid taxes.

Thus, the seventh hypothesis is accepted, namely liquidity, profitability, leverage, influence aggressive tax action which is moderated by company size. This finding is in line with the results of previous research, Adiputri & Erlinawati (2021); Purba & Dwi (2020); Ramadani & Hartiyah (2020); Sari & Rahayu (2020) concluded that liquidity has a positive effect on aggressive tax actions. Likewise with Hidayati & Kusbandiyah (2021); Mariani & Suryani (2021) state that leverage has a positive effect on aggressive tax actions.

Therefore, the liquidity conditions, profitability and leverage of an entity must be a serious concern. The practical implication of the results of this research is the emergence of encouragement on the part of management to take aggressive tax action to avoid taxes. Difficulties in liquidity will trigger

tax avoidance efforts. Likewise, high leverage with the obligation to pay loan interest is also a consideration in aggressive tax avoidance. Apart from liquidity, the leverage factor also needs to be considered because the greater the leverage, management's attention will focus on debt settlement obligations and taking tax avoidance measures. Apart from practical implications, the results of this research also raise theoretical implications where the results of this research provide valuable input for tax authorities in monitoring entity tax activities.

CONCLUSION

The purpose of this study was to examine and analyze the factors that influence tax aggressiveness with entity size as a moderating variable. The results of the hypothesis testing performed show that liquidity and leverage have a positive and significant effect on aggressive tax actions, while profitability has a negative and significant effect on aggressive tax actions. Using entity size as a moderating variable indicates that entity size does not moderate the effect of liquidity on aggressive tax actions. However, entity size can moderate the effect of profitability and leverage on aggressive tax actions. Testing simultaneously (simultaneous) shows that the size of the entity can moderate the effect of liquidity, profitability, and leverage on tax-aggressive action.

The tendency of taxpayers to avoid taxes is indeed interesting in understanding the motivation behind aggressive tax actions. In practice, the results of this study become one of the reference sources for minimizing the tendency of aggressive tax actions by entities and creating honest tax practices by prioritizing the interests of the state as a tax collector. The results of the determination test show that the variables of liquidity, profitability, and leverage in this study contribute only 66.37% to aggressive tax measures. Meanwhile, 33.63% has not been revealed in research. This is an opportunity for future research to explore further the aggressive tax actions by entities by adding variables such as accounting policies or entity earnings management.

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List of Table

TABLE 1 | Sample Criteria

No	Criteria	Total
1	A coal subsector mining company listed on the Indonesia Stock Exchange in 2017-2021	24
2	Companies that experience losses	(10)
3	Does not report financial reports regularly for 2017-2021	(3)
	Total sample	11
	Total observation	55

Source : Data Process

TABLE 2 | Operational Variable and Measurement

Variable	Definition	Indicator	Measurement
Tax Aggressiveness	Actions to reduce the tax burden borne by companies both legally and illegally (Adiputri & Eriawanati)	$\text{ETR} = \frac{\text{Tax Cost}}{\text{EBIT}}$	Ratio
Liquidity	Ownership of funds to meet obligations that are due soon (Yuliana & Wahyudi, 2018)	$\text{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Ratio
Profitability	Forms of management to expertise to manage company assets, so as to generate maximum profits (Yuliana & Wahyudi, 2018)	$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$	Ratio
Leverage	Ratio to see how far assets fund is from debt and the company's ability to pay debts (Rahmawati & Jeani, 2022)	$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio
Size Entity	The criteria used to classify the size of a company (Untoro & Fitrija, 2021)	Ln = Total Assets	Ratio

Source : Data Process

TABLE 3 | Structure Model Decision

Test Model	V-Value Statistic	Conclusion
Chow Test	0,0687	CEM
Hausman Test	0,6098	REM
Lagrange Multiplier Test	0,4862	CEM

Source : Data Process

TABLE 4 | Partial Test Model Common Effect

Variale	Coefficient	Std. Error	t-Statistic	Prob.
C	0.204027	0.014422	14.14691	0,0000
CR	0.010072	0.003691	2.728555	0,0087
ROA	-0.112847	0.014608	-7.72506	0,0000
DAR	0.157393	0.028163	5.588576	0,0000

Source : Data Process

TABLE 5 | Test MRA Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.142184	0.024134	5.891463	0,0000
CR	0.958639	0.217015	4.417378	0,0001
ROA	-6,065,935	1.232861	-4.920208	0,0000
DAR	-2,287,490	0.693244	-3.29969	0,0018
LN_X_CR	-0.032935	0.007424	-4.436119	0,0001
LN_X_ROA	0.208896	0.043579	4.793486	0,0000
LN_X_DAR	0.089487	0.024298	3.682967	0,0006

Source : Data Process

TABLE 6 | Test f Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.142184	0.024134	5.891463	0,0000
CR	0.958639	0.217015	4.417378	0,0001
ROA	-6.065935	1.232861	-4.920208	0,0000
DAR	-2.28749	0.693244	-3.29969	0,0018
LN_X_CR	-0.032935	0.007424	-4.436119	0,0001
LN_X_ROA	0.208896	0.043579	4.793486	0,0000
LN_X_DAR	0.089487	0.024298	3.682967	0,0006
Weighted Statistics				
R-Squared	0,663711	Mean dependent var		1.099933
Adjusted R-Squaref	0,621675	S.D. dependent var		1.413741
S.E. of regression	0,148018	Sum squared resid		1.051651
F-statistic	15.78909	Durbin-Watson stat		1.674757
Prob(F-Statistic)	0,000000			

Source : Data Process

TABLE 7 | Determination (R^2) Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.142184	0.024134	5.891463	0,0000
CR	0.958639	0.217015	4.417378	0,0001
ROA	-6.065935	1.232861	-4.920208	0,0000
DAR	-2.28749	0.693244	-3.29969	0,0018
LN_X_CR	-0.032935	0.007424	-4.436119	0,0001
LN_X_ROA	0.208896	0.043579	4.793486	0,0000
LN_X_DAR	0.089487	0.024298	3.682967	0,0006
Weighted Statistics				
R-Squared	0,663711	Mean dependent var		1.099933
Adjusted R-Squaref	0,621675	S.D. dependent var		1.413741
S.E. of regression	0,148018	Sum squared resid		1.051651
F-statistic	15.78909	Durbin-Watson stat		1.674757
Prob(F-Statistic)	0,000000			

Source : Data Process

List of Figure

Figure 1 | Research Model