



## Effect of Hedging, Financial Lease, Sales Growth, and Earning Management on Tax Aggressiveness

Nurwita Mulyaningsih<sup>1</sup>, Ayu Noorida Soerono<sup>2\*</sup>, Mukhtar<sup>3</sup>

<sup>1,2\*,3</sup> Universitas Sultan Ageng Tirtayasa

Corresponding Author : [ayu\\_soerono@untirta.ac.id](mailto:ayu_soerono@untirta.ac.id)<sup>2\*</sup>)

---

**Keyword:** Hedging, Financial lease, Sales growth, Earnings management, Tax aggressiveness

**Abstract :** This study aims to examine the effect of hedging, financial leases, sales growth, and earnings management on tax aggressiveness. The research sample consisted of 37 manufacturing companies listed on the Indonesia Stock Exchange in the 2016-2020 period. The data used in this study is secondary data and the sample selection uses a purposive sampling method. The hypothesis was tested by means of multiple regression analysis which was processed using SPSS version 22. Based on the results of the analysis, it showed that sales growth had a negative effect on tax aggressiveness. Financial lease has positive effect on tax aggressiveness. While hedging and earnings management have not been able to prove the influence of tax aggressiveness.

---

## Introduction

As a taxpayer according to Law No. 16 of 2009, article 1 paragraph 2, companies have an obligation to pay taxes in accordance with tax regulations. However, every profit-oriented company has its interests aimed at maximizing company profits in order to increase company assets, one way is to minimize the tax expense. Meanwhile, the Indonesian state has its own interests, maximizing state revenue from taxes (Cahyani, 2016).

The method used by companies to minimize tax expense is called tax aggressiveness in this discussion. According to Kamila and Martani (2014), companies can manipulate company data or take actions that can reduce the expense caused by taxes. Frank *et al.* (2009) said that tax aggressiveness by companies is an act of managing taxable income through tax planning actions, using either legal (tax avoidance) or illegal (tax evasion) methods. Actions of tax aggressiveness increase with the many loopholes in taxation, both legal and illegal (Suyanto, and Supramono, 2012).

Tax aggressiveness through tax avoidance that occurs in Indonesia can be found in the case of a manufacturing company, namely PT Toyota Motor Manufacturing Indonesia. In 2014, PT Toyota Motor Manufacturing Indonesia carried out tax evasion through the implementation of transfer pricing (Kompasiana, 2017). PT. Adaro Energy Tbk has made efforts to reduce taxes by carrying out transfer pricing through its subsidiary in Singapore, Coaltrade Services International which was carried out from 2009 to 2017 (Sugianto, 2019). The tobacco company owned by British American Tobacco on May 8 2019 has committed tax evasion in Indonesia through PT Bentoel Internasional Investama. As a result, Indonesia suffered a loss of US\$ 14 million per year. The mode used was between 2013 and 2015 through intercompany loans and through reimbursement of royalties, fees, and services to the UK (Prima & Dewi, 2019).

Stiglitz (1986) in Nurhandono & Firmansyah (2017) says that tax aggressiveness is possible because taxpayers could delay payments, there are differences in income tax rates with special transactions and differences in tax treatment due to different transaction characteristics. Therefore, the characteristics of different financial instruments and different tax treatments will result in different tax treatments, the OECD (2013) describes this situation as a disparate tax treatment. Disparate tax treatment is the Company's motive for carrying out tax aggressiveness.

This study discusses several variables that influence aggressiveness, including through hedging transactions. Hedging is a contract designed to protect risks against exchange rates. In general, hedging is a risk management measure carried out by investors or shareholders to minimize or avoid possible losses due to exchange rates, interest rates, stock prices or commodities (Utami *et al.*, 2018; OECD, 2013; Nurhandono & Firmansyah, 2017; Lee, 2017)

Tax aggressiveness can be affected by financial leases. Setiani (2016) argues that a financial lease is a type of leasing activity where the lessee (customer) has the right to purchase the leased item. Compared to cash purchases, leasing saves more money in terms of capital expenditures, and reduces the taxable income generated by calculating rental expenses for the company. According to research by Ramadhani *et al.* (2020) and Setiani

(2016) financial leases have a positive effect on tax aggressiveness. Meanwhile, Sundari and Nofryanti (2019) revealed that financial leases have a negative effect on tax aggressiveness.

Sales growth can affect corporate tax aggressiveness. Increased sales growth will result in companies earning high profits so companies will tend to practice tax aggressiveness (Dewinta & Setiawan, 2016). The desire to maximize profits will tend to increase with increasing profits from sales growth, the existence of a disparate tax treatment tempts managers to maximize profits by taking advantage of this gap. This is supported by the research of Dewinta & Setiawan (2016). Ramadhani *et al.* (2020) research contradicts the previous one which stated that sales growth has a negative effect on tax aggressiveness.

Another factor that is predicted to influence tax aggressiveness is earnings management, earnings management is a method of presenting earnings information to the public that has been adjusted to management's interests (Arief *et al.*, 2016). Profit management encourages a company to perform decreasing income to minimize taxable income. Earnings management influences tax aggressiveness (Nurhandono & Firmansyah, 2017; Novitasari *et al.*, 2017; Tiaras & Wijaya, 2015; Fitri & Mulyaningtyas, 2018). The results of research by Amril *et al.* (2015) found that earnings management has no effect on tax aggressiveness.

This research uses manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020. Based on the background and statements from several previous studies, research provides evidence support for the government regarding what variables are likely to become tax avoidance loopholes. There are still inconsistent research findings that make researchers interested in further researching and exploring "**Effects of Hedging, Financial Lease, Sales Growth, and Profit Management on Tax Aggressiveness**".

### *Previous Research*

The results of Ramadhani *et al.* (2020) show that hedging has no effect on tax aggressiveness. While the Financial Lease has a positive influence on tax aggressiveness. The test results prove that sales growth has a negative effect on tax aggressiveness. Research by Nurhandono & Firmansyah (2017), shows that hedging has no effect on tax aggressiveness. Financial Leverage affects tax aggressiveness. Profit Management has a positive effect on tax aggressiveness.

Research by Dewinta & Setiawan (2016) states that company size, company age, and profitability positively affect tax avoidance. Meanwhile, leverage has no effect on tax avoidance. Sales growth has a positive effect on tax avoidance, meaning that the higher the sales growth, the higher the company's tax avoidance activity (more aggressive) because companies with relatively large levels of sales will provide opportunities to obtain opportunities to earn large profits as well.

Research conducted by Novitasari *et al.* (2017) shows that Profit Management is proven to affect Corporate Tax Aggressiveness. Managerial Ownership does not affect the Company's Tax Aggressiveness. Institutional Ownership Affects Corporate Tax Aggressiveness. Independent Commissioners influence the Company's Tax Aggressiveness.

The Frequency of Audit Committee Meetings does not affect the Company's Tax Aggressiveness. Capital Intensity does not affect the Company's Tax Aggressiveness.

Fitri & Mulyaningtyas (2018) found the CSR variable had no effect on the ETR variable (tax aggressiveness). There is an influence between NDA (earnings management) on ETR (tax aggressiveness). Research conducted by Lee (2017) shows results that hedging influences tax avoidance.

### *Hypothesis Development*

#### *Effect of Hedging on Tax Aggressiveness*

According to Subramanyam & Wild in Ramadhani *et al.* (2020), Hedging is a strategy to protect the value of company assets from losses due to existing risks, especially fluctuations in foreign currency exchange rates. By hedging, companies can protect against uncertainty about increased payments due to changes in exchange rates in the future. (Ramadhani *et al.*, 2020).

Research conducted by Lee (2016) tested the use of hedging derivatives to reduce taxes for tax purposes, the recognition of gains and losses on derivatives is postponed until the related underlying transaction occurs. In contrast, accounting rules require companies to adjust derivatives and underlying hedged items to fair values on the balance sheet and to make the adjustment to net income or other accumulated comprehensive income. These different recognition rules give rise to a temporary tax deferral. Thus, companies can legally avoid taxes by not paying taxes on unrealized gains from hedging derivatives. In other words, increased use of derivatives can lead to increased tax avoiding.

The Organization for Economic Co-operation and Development (OECD) in Devi and Efendi (2018) states that tax aggressiveness is carried out with hedging schemes because aspects of annual financial reports and tax regulations are treated asymmetrically. In the financial statements, risks arising from hedging instrument gains/losses can be recognized as unrealized gains/losses, while these risks are not deductible items in the taxation aspect. Companies use hedging to carry out tax planning by delaying the realization of profits or accelerating the realization of hedging losses to reduce the tax expense (Devi and Efendi, 2018).

The results of research conducted by Lee (2016) found a positive effect between hedging and tax aggressiveness. In Indonesia, Oktavia & Martani (2013) stated that derivative users (without distinguishing between hedging and speculative purposes) tax aggressiveness appears in non-derivative users. In addition, Devi & Efendi (2018) also stated that hedging has a significant impact on tax aggressiveness, while in the research of Nurhandono & Firmansyah (2017) and Ramadhani *et al.* (2020) obtained the results that there is no relationship between hedging and tax aggressiveness. Based on the description above, the hypothesis in this study can be formulated as follows: H1: Hedging has a positive effect on tax aggressiveness

### *Effect of Financial Lease on Tax Aggressiveness*

One of the possibilities in carrying out tax planning is using the method of procuring fixed assets, the leasing method and crediting fixed assets through a leasing bank (Setiani, 2016). Based on PSAK No. 73 of 2020 concerning Leases, a Financial Lease is a lease that basically transfers all the risks and rewards associated with ownership of the underlying asset. One of the advantages of a company that carries out a finance lease is that at the end of the lease term, the company can purchase the asset in return for paying the residual value of the asset (Ramadhani *et al.*, 2020).

According to Sari (2019) The advantage when viewed from the fiscal financial statements is that capital lease transactions are calculated as operational leases and lease payments are considered as expenses that can reduce taxable income. Financial lease transactions generate rental expenses for the company. calculated as a cost that can be used as a deduction from taxable income so that the tax expense on the insured is reduced. Therefore, if the financial lease carried out by the company is higher, the tax aggressiveness of the company will also be higher.

Research conducted by Setiani (2016) Ramadhani *et al.* (2020) shows that financial leases have a positive effect on tax avoidance. From some of the empirical evidence stated above, the research hypothesis can be formulated as follows: H2: Financial Lease has a positive effect on Tax Aggressiveness

### *Effect of Sales Growth on Tax Aggressiveness*

Perdana (2013) in Dewinta and Setiawan (2016) states that when sales growth increases and companies have large profits, companies will do various things so that the tax expense incurred is small. This can happen because large profits make the tax expense high. Several previous studies have further discussed the relationship between sales growth and tax aggressiveness practices.

Kasmir (2016: 107) explains that sales growth shows how far a company can increase its sales compared to total sales. Sales growth plays an important role in managing a company's working capital. Companies can predict the amount of profit that will be generated from sales growth. If sales growth increases, it can be concluded that the company is growing for the better and the company's profits will result in greater taxable income (PKP) owned by the company (Trisianto and Oktaviani, 2016).

Therefore, the high profit achieved by the company causes a high tax expense on the company, which encourages tax aggressiveness from company owners, thus sales growth has a positive effect on tax aggressiveness. This is evidenced by research conducted by Dewinta and Setiawan (2016) and Purwanti and Sugiyarti (2017) who also stated that sales growth has a positive effect on tax avoidance. Based on the explanation above, the research hypothesis can be formulated as follows: H3: Sales Growth has a positive effect on Tax Aggressiveness

*Effect of Earning Management on Tax Aggressiveness*

Some of the reasons management implements earnings management are to increase shareholder confidence, improve creditor relations, encourage investors to invest, and reduce the tax expense (Handayani *et al.*, 2018). Earnings management is a method of presenting earnings information to the public that has been adjusted to the interests of the director himself to help companies increase or decrease company profits (Arief *et al.*, 2016).

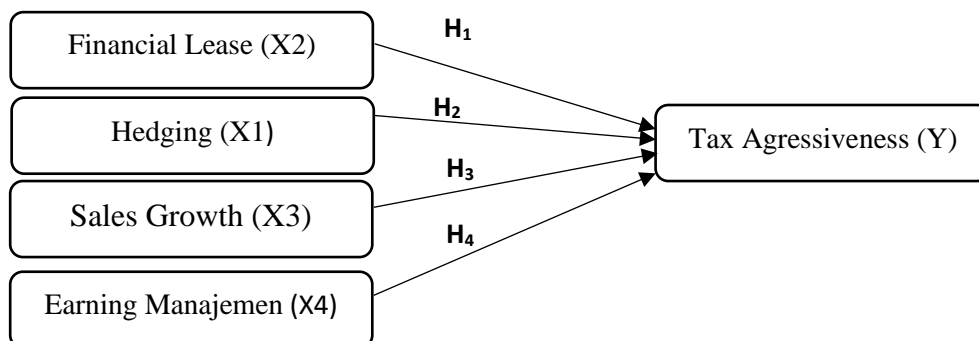
Sulistyanto (2014: 6) in Kariimah and Septiowati (2019) states that Management has the authority to determine the options and rules that apply to accounting. This agreement provides an opportunity for the management to manage the company's profits as shown in the annual financial reports according to their profits, namely to obtain incentives from performance results as measured by the number of profits achieved.

When managers present high profits, the tax obligations paid are also high. Efforts to minimize taxable income are carried out by management with the aim of minimizing the tax expense on companies, enabling companies to indirectly engage in tax aggressive practices (Handayani *et al.*, 2018). According to Jones in Cahya & Firmansyah (2018), one form of earnings management is discretionary accruals by controlling accrual transactions so that company profits change but do not affect cash flow.

The more aggressive the company performs earnings management, it can be said that the aggressiveness of the company also increases because the tax burden is reduced (Suyanto and Suparmono, 2012; Nurhandono & Firmansyah, 2017; Novitasari *et al.*, 2017; Tiaras & Wijaya, 2015; Fitri & Mulyaningtyas, 2018) Based on the explanation above, the research hypothesis can be formulated as follows: H4: Profit Management has a positive effect on Tax Aggressiveness.

*Research Model*

Based on the development of the hypothesis above, the model in this study is as follows:



Source: Ramadhani et a.l (2020) and Nurhandono & Firmansyah (2017).

## Research methods

### *Sampel*

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 – 2020. The total population is 180 manufacturing companies. The data source used in this study is secondary data obtained from the Indonesian Stock Exchange website via the website [www.idx.co.id](http://www.idx.co.id) and [www.sahamok.com](http://www.sahamok.com). The data referred to include statements of financial position, income statements, cash flow statements, and notes to financial statements. The purposive sampling method was used with the criteria set for this study as follows:

- 1) Manufacturing companies listed on the IDX from 2016 – 2020.
- 2) Manufacturing companies listed on the IDX that publish consecutive financial reports for the 2016-2020 period.
- 3) Companies that present financial reports in rupiah as the functional currency. The reason presented in rupiah currency so that the measurement of each observation is the same because foreign currencies change over time.
- 4) Companies that have no loss before tax.
- 5) Companies that present reports of monetary assets and liabilities in foreign currencies that have been converted into rupiah. Used to calculate indicators in determining hedging, namely foreign exchange liquidity.

### *Measurement*

#### *Independent Variable (Independent Variable)*

In this study, there are 4 (four) independent variables studied, namely Hedging, Financial Leases, Sales Growth, and Profit Management. The four independent variables are discussed as follows:

#### *Hedging ( $X_1$ )*

Hedging in this study is measured by a foreign exchange liquidity proxy which is also used in research conduct by Situmeang and Wiagustini (2018) Referring to Bank Indonesia Regulation (PBI) No. 16/21/PBI/2014 contained in Bank Indonesia Circular Letter No. 16/24/DKEM concerning Applications of Regulatory Principles in Managing Foreign Debt of Non-Bank Corporations, namely the ratio of total foreign currency assets to foreign currency liabilities. According to article 4 paragraph (2) GDP No. 16/21/PBI/2014, companies must have a stock exchange liquidity index of at least 70% as a hedge measure.

The formula used is as follows:

$$\text{Forex Liquidity}_{it} = (\text{Forex Assets}_{it}) / (\text{Forex Liabilities}_{it})$$

Where,

Forex Liquidity<sub>it</sub> = Forex Liquidity of company i in year t

Forex Assets<sub>it</sub> = Foreign Currency Assets of the company i year t

Forex Liabilities<sub>it</sub> = Foreign Currency Liabilities of company i in year t



To find out the assessment of the hedging variable, it can be seen through the distribution table as below with the following steps:

1. Identify the value of foreign currency assets in the notes to the financial statements during the observation period.
2. Identify the value of foreign currency asset liabilities in the notes to the financial statements during the observation period.
3. Perform foreign currency liquidity calculations by dividing the value of foreign currency assets and foreign currency liabilities.
4. Determining companies that carry out hedging, based on PBI No.16/21/PBI/2014 a company is considered to have hedged if its foreign currency liquidity ratio is at least 70%.

Table 1. Criteria for evaluating hedging activities

Foreign currency liquidity	Criteria
Foreign Exchange Liquidity $\geq$ 70 %	Hedging
Foreign Currency Liquidity $<$ 70 %	No Hedging

Source: PBI No.16/21/PBI/2014

5. Determine the criteria for the number of companies that carry out hedging as follows:

Table 2. Criteria for Hedging Conditions

Number of Companies	Criteria
37	All of them do hedging
25 to 36	Most of them do hedging
13 to 24	Some do hedging
1 to 12	A small proportion do hedging
0	No one is hedging

6. Draw conclusions based on predetermined criteria

### Financial Lease ( $X_2$ )

The Financial Lease variable is measured using a dummy variable, namely where the number 1 is given if some of the assets owned by the company were obtained through a financial lease, and given several 0 if the company did not use a Financial Lease to acquire fixed assets (Setiani, 2016).

### Sales Growth ( $X_3$ )

This study uses the same calculation as Home and Wachowicz in Satriana (2017:12), namely the formula:

$$\text{Sales Growth} = \frac{\text{Sales } t - \text{Sales } t-1}{\text{sales } t-1} \times 100\%$$

Where,

Salest = Sales this year

Salest-1 = Last year's sales



## Earning Management (X4)

In this study, earnings management is proxied using The modified Jones model by means of the following calculations:

1. Calculating Total Accrual (TAC), namely net profit in year t minus operating cash flow in year t.

$$TAC = NI_{it} - CFO_{it}$$

2. Furthermore, total accruals are estimated using Ordinary Least Square with the following formula:

$$\frac{TA_{it}}{A_{it-1}} = \beta_1 \left( \frac{1}{A_{it-1}} \right) + \beta_2 \left( \frac{\Delta REV_{it}}{A_{it-1}} \right) + \beta_3 \left( \frac{PPE_{it}}{A_{it-1}} \right)$$

3. With the regression coefficient as above, the Non-Discretionary Accrual is determined as follows:

$$NDA_{it} = \beta_1 \left( \frac{1}{A_{it-1}} \right) + \beta_2 \left( \frac{\Delta REV_{it}}{A_{it-1}} - \frac{\Delta REC_{it}}{A_{it-1}} \right) + \beta_3 \left( \frac{PPE_{it}}{A_{it-1}} \right)$$

4. Finally, to determine the value of Discretionary Accrual as a measure of earnings management is determined as follows:

$$DA_{it} = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$$

Where,

$DA_{it}$  = Discretionary Accruals of company I in the year period t

$NDA_{it}$  = Nondiscretionary Accruals company I in the year period t

$TA_{it}$  = Total Accrual company I in the year period t

$NI_{it}$  = net profit of company I in the year period t

$CFO_{it}$  = Cash flow from operating activities of company i in the year period t

$A_{t-1}$  = Total assets of company i in the year period t

$\Delta REV_{it}$  = Revenue of company I in year t minus company I revenue in year t-1

$\Delta REC_{it}$  = Trade receivables of company I in year t minus trade receivables of company I in year t-1

$PPE_{it}$  = Total tangible fixed assets of company I in the year period t

$\epsilon$  = Error

If the DA value is positive then the company is doing earnings management whereas if  $DA \leq 0$  then it is not doing earnings management.

*Dependent Variable (Dependent Variable)*

The dependent variable in this study is tax aggressiveness (Y). Frank *et al.* (2009) defines tax aggressiveness as an action that has the objective of minimizing a company's taxable profit through tax planning, either by means of tax avoidance (legal) or tax evasion (illegal).

In this study, tax aggressiveness is measured using the GAAP ETR proxy which aims to identify the level of tax aggressiveness in companies. The formula for calculating GAAP ETR is:

$$GAAP\ ETR = \frac{\text{Tax Expense}}{\text{Profit Before Tax}}$$

A high percentage of GAAP ETR, which is  $\geq 25\%$ , indicates that the company is not indicated to be tax aggressive, conversely, if the percentage of GAAP ETR is  $< 25\%$ , it indicates that the company is carrying out tax aggressiveness (Lanis and Richardson in Handayani, *et al.*, 2018).

### *Hypothesis testing*

#### *Multiple Linear Regression Analysis*

The dependent variable used in this study is tax aggressiveness. As for the independent variables used in this study, namely hedging, financial leases, sales growth, and earnings management. The multiple linear regression model in this study uses the SPSS program with the following formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where,

Y = Tax Aggressiveness

a = Constant

b = Regression Coefficient

X1 = Hedging

X2 = Financial Leases

X3 = Sales Growth

X4 = Earnings Management

e = Errors

## **Results and Discussion**

### *Results*

The classical assumption test which consists of a normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test has been carried out so that the data used for regression analysis has fulfilled the classic assumption test. By fulfilling the classical assumptions, the results of the regression test will avoid bias due to the non-fulfillment of these classical assumptions.

### *Descriptive statistics*

Table 3. Descriptive Statistical Test Results

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	
Hedging (X1)	127	,020	5,210	1,61394	1,416151	
Financial Lease (X2)	127	,000	1,000	,75591	,431250	
Sales Growth (X3)	127	-,150	,340	,08189	,101040	
Earnings Management (X4)	127	-,670	2,830	,20236	,441242	
Tax Aggressiveness (Y)	127	,150	,340	,24890	,037081	
Valid N (listwise)	127					

Source: Secondary data processed in 2022

Based on the table 3 of descriptive statistics results obtained as many as 127 data. The hedging variable has a minimum value of 0.020 owned by Jembo Cable Company Tbk in 2019. The maximum value of 5.210 is owned by Wilmar Chaya Indonesia Tbk in 2019. The average value is 1.61394 or 161.394%. This means that the average company that has a hedging value based on the ratio is in the lowest value range.

The financial lease variable shows a minimum value of 0. This happens because there are companies that do not carry out finance leases. While the maximum value is 1. The average financial lease is 0.75591 with a standard deviation value of 0.431250, the use of financial leases is in the maximum range.

The sales growth variable shows a minimum value of -0.150 owned by Wilmar Chaya Indonesia Tbk in 2018. The maximum value of 0.340 is owned by Mulia Bintang Indonesia Tbk in 2020. The average value is 0.08189 or 8.189%. The minus value shows that several companies are experiencing losses, and most are experiencing growth in the low value range.

The earnings management variable shows a minimum value of -0.670 owned by Akasha Wira International Tbk in 2017. which indicates no earnings management activity The maximum value of 2.830 is owned by Sekar Laut Tbk in 2017. The average value of 0.20236 is less than the maximum value thus indicating that the average profit management carried out by the company has a low value which indicates that most companies do not do a lot of income smoothing.

The tax aggressiveness variable shows a minimum value of 0.150 owned by Astra International Tbk in 2020. The maximum value of 0.340 is owned by Indofood Sukses Makmur Tbk in 2016. The average value and maximum value show significant tax aggressiveness activity.

*Hypothesis testing*

Determination Coefficient Test (R<sup>2</sup> Test)

The results of the test for the coefficient of determination can be seen in table 4 below:

Table 4. Test Results for the Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,322 <sup>a</sup>	,104	,074	,036

a. Predictors: (Constant), Earnings Management (X4), Financial Lease (X2), Sales Growth (X3), Hedging (X1)

Source: processed secondary data, 2022.

Based on the table 4, the Adjusted R Square value is 0.074. This shows that the hedging, financial lease, sales growth, and earnings management variables explain tax aggressiveness by 7.4%, while the remaining 92.6% (100% - 7.4%) is explained by other factors not examined in this study.

*Model Significance Test (F Statistical Test)*

The results of the F test can be seen in table 5:

Table 5. Statistical Test Results F

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,018	4	,004	3,533	,009 <sup>b</sup>
	Residual	,155	122	,001		
	Total	,173	126			

a. Dependent Variable: Tax Aggressiveness (Y)

b. Predictors: (Constant), Earnings Management (X4), Financial Lease (X2), Sales Growth (X3), Hedging (X1)

Source: Processed Secondary Data, 2022.

Based on table 5 the F test can be seen that the  $F_{count}$  value is 3.533 while the  $F_{table}$  is obtained through table F (k; n-k) so that it is 4;  $127-4 = (4, 123)$  then an  $F_{table}$  value of 2.45 means that  $F_{count} > F_{table}$  ( $3.533 > 2.45$ ) and a significant level of  $0.009 < 0.05$ , thus  $H_0$  is rejected and  $H_a$  is accepted. So, it can be concluded that Hedging, Financial Lease, Sales Growth, and Profit Management is an adequate model.

*Individual Parameter Significance Test (Statistical Test t)*

the results of the regression test (t test) can be seen in table 6 below:

Table 6. Statistical Test Results t

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	,266	,008		32,953	,000
	Hedging (X1)	-,002	,002	-,092	-1,057	,293
	Financial Lease (X2)	-,023	,007	-,262	-3,041	,003
	Sales Growth (X3)	,066	,032	,179	2,059	,042
	Manajemen Laba (X4)	-,008	,007	-,097	-1,112	,268

a. Dependent Variable: Agresivitas Pajak (Y)

Source: Processed Secondary Data, 2022.

The regression model based on the tabel 6 results of the analysis above is:

$$GAAP\ ETR_{it} = \alpha_0 + \beta_1 HED_{it} + \beta_2 FL_{it} + \beta_3 SG_{it} + \beta_4 DA_{it} + e$$

$$GAAP\ ETR_{it} = 0,266 - 0,002HED_{it} - 0,023FL_{it} + 0,066SG_{it} - 0,008DA_{it} + e$$

Table 6 shows the magnitude of  $t_{count}$  for the Financial Lease variable of -3.041 which is smaller than  $t_{table}$  1.97960 ( $-3.041 < 1.97960$ ), significantly indicating less than 0.05 ( $0.003 < 0.05$ ) so it can be concluded that financially Lease has a negative effect on ETR.  $t_{count}$  for the Sales Growth variable of 2.059 is greater than  $t_{table}$  1.97960 ( $2.059 > 1.97960$ ), with a significant value less than 0.05 ( $0.042 < 0.05$ ) so it can be concluded that Sales Growth has a positive effect on ETR. Hedging and earnings management variables have no effect on ETR because they have a lower  $t_{count}$  value than  $t_{table}$  and both have a significant value above 0.05.

## Discussion

### *Effect of Hedging Against Tax Aggressiveness*

Statistical *t*-test results show that hedging has not been able to prove that there is an effect on tax aggressiveness. So, the research hypothesis which states that hedging has a positive effect on tax aggressiveness, is rejected.

The results of this study are different from the research of Lee (2016) which states that hedging influences tax aggressiveness. The difference in the results of this study can occur because the research sample used in this study is smaller than previous studies. Lee (2016) used 291 companies and 1,815 observations. This difference in the number of samples may occur because previous research was conducted in the United States and the lack of disclosure regarding hedging transactions, especially regarding the effectiveness of hedging

Research conducted by Devi & Efendi (2018) also states that hedging has an impact on tax aggressiveness. PSAK 55 (Revised 2015) requires high effectiveness for a transaction to be recognized as hedging. However, because it is principal based, there is no limit to the effectiveness of hedging in the notes to the financial statements. The results of this study are consistent with research which found that hedging has no effect on tax aggressiveness (Ramadhani *et al.*, 2020; Nurhandono 2017; Nurzaman 2020).

### *Effect of Financial Lease on Tax Aggressiveness*

The results of the *t*-test analysis show that the financial lease variable has a negative effect on ETR, this means that the higher the financial lease will reduce the ETR, it can be interpreted that there is an increase in tax aggressiveness, so that the financial lease hypothesis has a positive effect on tax aggressiveness accepted.

The results of this study are in line with research conducted by Ramadhani *et al.* (2020) which states that financial leases have a positive effect on tax aggressiveness. Ramadhani *et al.* (2020) said that the higher the company carries out a financial lease, the higher the level of tax aggressiveness carried out by the company, because the fees paid in connection with the acquisition of fixed assets during the lease period can be used as deduction of gross income. Contrary to the results of this study conducted by Sundari & Nofriyanti (2019) which stated that financial leases have a negative effect on tax aggressiveness.

### *Effect of Sales Growth on Tax Aggressiveness*

The results of the *t*-test regression analysis show that the variable a sales growth has a positive effect on ETR, so that higher sales growth will increase ETR, which means there is a decrease in tax aggressiveness. Thus, the higher the sales growth, the lower the tax aggressiveness, so the positive sales growth hypothesis is rejected.

Sales growth describes an increase from one period to the next. Companies that have sales that tend to increase will get increased profits which is also not proven in this test, this shows that sales growth has an influence on the occurrence of mechanical tax aggressiveness. The results of this study are not in line with research conducted by Dewinta & Setiawan

(2016), Budiman & Miharjo (2012), and Purwanti & Sugiyarti (2017) which show that sales growth has a positive effect on tax aggressiveness.

#### *The Effect of Profit Management on Tax Aggressiveness*

The results of the t-test analysis show that the earnings management variable has no effect on tax aggressiveness. So that H4 in this study which states that earnings management has a positive effect on tax aggressiveness, is rejected.

The results in this study indicate that in fact companies carry out earnings management activities not solely to carry out tax aggressiveness but there are several factors, one of which is for the benefit of interested people within the organization which has been described in agency theory. Second, earnings management practices are carried out by a company as a tool to avoid government regulations (political cost hypothesis) (Henny, 2019).

The results of this study are not in line with research conducted by Nurhandono & Firmansyah (2017) which shows that earnings management has a positive effect on tax aggressiveness. Nurhandono & Firmansyah (2017) said that if discretionary accruals increase, the aggressiveness of the company also increases. This condition reflects that the company can still take tax aggressiveness when managing earnings by increasing profits. Earnings management has no effect on tax aggressiveness (Amril *et al.*, 2015; Henny, 2019; Alfarizi *et al.*, 2021; Rahmadani *et al.*, 2020).

#### **Conclusion**

Based on data analysis and discussion in this study, it can be concluded that the results of the regression test prove statistically that hedging has no effect on tax aggressiveness, financial lease has a positive effect on tax aggressiveness, sales growth has a negative effect on tax aggressiveness, earnings management has no effect on tax aggressiveness.

#### **References**

- Alfarizi, R. I., Sari, R. H. D. P., & Ajengtiyas, A. (2021). Pengaruh Profitabilitas, Transfer Pricing, Dan Manajemen Laba Terhadap Tax Avoidance. *Konferensi Riset Nasional Ekonomi, Manajemen, dan Akuntansi*,2(1). <https://conference.upnvj.ac.id/index.php/korelasi/article/view/1185>
- Amril, A., Puspa, D. F., & Fauziati, P. (2015). Pengaruh Manajemen Laba dan Corporate Governance Terhadap Agresivitas Perusahaan Manufaktur yang Listing di Bursa Efek Indonesia. *Abstract of Undergraduate Research, Faculty of Economics, Bung Hatta University*,7(1). <https://ejurnal.bunghatta.ac.id/index.php/JFEK/article/view/5586>
- Arief, R. A., Pratomo, D., & Dillak, V. J. (2015). PPengaruh Manajemen Laba Terhadap Agresivitas Pajak (studi Pada Perusahaan Batubara Yang Terdaftar Di Bursa Efek Indonesia (bei) Periode 2011 - 2014). *EProceedings of Management*, 3 (3). <https://openlibrarypublications.telkomuniversity.ac.id/index.php/management/article/view/3619>

- Budiman, J., & Miharjo, S. (2012) *Pengaruh Karakteristik Eksekutif Terhadap Penghindaran Pajak (Tax Avoidance)* [Master's Thesis, Universitas GajahMada]. <http://etd.repository.u gm.ac.id/penelitian/detail/54398#filepdf>
- Cahyani, R. (2016). *Pengaruh Manajemen Laba Dan Corporate Social Responsibility Terhadap Agresivitas Pajak*. [Undergraduate' Thesis, UIN Syarif Hidayatullah]. Institutional Repository UIN Syarif Hidayatullah. <https://repository.uinjkt.ac.id/dspace/bitstream/123456789/35672/1/RISMA%20CAHYANI-FEB.pdf>
- Devi, B., & Efendi, S. (2018). Financial Derivatives in Corporate Tax Aggressiveness. *The Indonesian Journal of Accounting Research*, 21 (2), 251 - 268. <https://doi.org/10.33312/ijar.360>
- Dewinta, I. A. R. & Setiawan, P. E. (2016). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Leverage, dan Pertumbuhan Penjualan Terhadap Tax Avoidance. *EJurnal Akuntansi Universitas Udayana*. 14 (3), 1584-1613. <https://ojs.unud.ac.id/index.php/Akuntansi/article/view/16009>
- Fitri, R., & Mulyaningtyas (2018). Corporate Social Responsibility dan Manajemen Laba Relevansinya atas Agresivitas Pajak (Studi pada Perusahaan Sektor Pertambangan yang terdaftar di BEI). *Jurnal Penelitian Manajemen Terapan*, 3 (2), 108120. <https://journal.stiek en.ac.id/index.php/penataran/article/view/365>
- Frank, Mary Margaret & L.J. (2009). Tax Reporting Aggressiveness and Its Relation to Aggressive Financial Reporting. *The Accounting Review*, 467496. <https://doi.org/10.2308/accr-2009.84.2.467>
- Handayani, H., Soerono, A. N., & Ramdhani, D. (2018). Corporate Social Responsibility dan Manajemen Laba (Studi Pertambangan yang terdaftar di BEI). *Jurna IPenelitian Manajemen Terapan*, 13(1). <https://doi.org/10.35448/jte.v13i1.4236>
- Henny, H. (2019). Pengaruh Manajemen Laba Dan Karakteristik Perusahaan Terhadap Tax Avoidance. *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 3 (1), <https://doi.org/10.24912/jmieb.v3i1.4021>
- Kamila, P.A. dan Martani D. (2014) Analisis Hubungan Agresivitas Pelaporan Keuangan dan Agresivitas Pajak. *Simposium Nasional Akuntansi VII*, September 2014, pp. 1- 25. <https://journal.perbanas.id/index.php/jkp/article/view/197>
- Kariimah, M., & Septiowati, R. (2019). Pengaruh Manajemen Laba Dan Rasio Likuiditas Terhadap Agresivitas Pajak. *Jurnal Akuntansi Berkelanjutan Indonesia*, 2(1), 017. <https://doi.org/10.32493/jabi.v2i1.y2019.p017-038>
- Kasmir. 2016. Analisis Laporan Keuangan. Jakarta: Raja Grafindo Persada.
- Kompasiana (2017, March 3). Dugaan Transfer Pricing Toyota. *Kompasiana*. <https://www.kompasiana.com/kompaskampus/58b8c532b69373f804571eda/dugaan-transfer-pricing-toyota>.
- Lee, Y. (2017). The impact of hedging and non-hedging derivatives on tax avoidance. University of California Ph. D, 1–66. <https://escholarship.org/uc/item/7zd4k7bq>
- Novitasari, S., Ratnawati, V., & Silfi, A. (2017). Pengaruh Manajemen Laba, Corporate Governance dan Intensitas Modal terhadap Agresivitas Pajak Perusahaan. *Jurnal Online Mahasiswa Fakultas Ekonomi Universitas Riau*, 4 (1), 19011914. <https://jom.unri.ac.id/index.php/JOMFEKON/article/view/13314>
- Nurhandono, F., & Firmansyah, A. (2017). Pengaruh Lindung Nilai, Financial Leverage, Dan Manajemen Laba Terhadap Agresivitas Pajak. *Media Riset Akuntansi, Auditing & Informasi*, 17(1), 31. <https://doi.org/10.25105/mraai.v17i1.2039>



- Nurzaman, M. A., & Soekardan, D. (2021). *Pengaruh Lindung Nilai, Leverage, Dan Manajemen Laba Terhadap Agresivitas Pajak (Studi pada Perusahaan Manufaktur Sektor Aneka Industri yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2018)*. [Under graduate's Thesis, University of Pasundan]. Repository. Unpas.ac.id. <https://repository.unpas.ac.id/51754/>
- OECD (2013, April 29). *Aggressive Tax Planning based on After-Tax Hedging*. OECD.org. Retrieved January 20, 2022, from <https://www.oecd.org/ctp/aggressive/after-tax-hedging.htm>
- Oktavia, O., & Martani, D. (2013). Tingkat Pengungkapan Dan Penggunaan Derivatif Keuangan Dalam Aktivitas Penghindaran Pajak. *Jurnal Akuntansi Dan Keuangan Indonesia*, 10(2), 129–146. <https://doi.org/10.21002/jaki.2013.07>
- Prima, B., & Dewi, H. K. (2019, March 8). Tax Justice laporkan Bentoel lakukan penghindaran pajak, Indonesia rugi US\$14 juta. Nasional.Kontan.co.id. <https://nasional.kontan.co.id/news/tax-justice-laporkan-bentoel-lakukan-penghindaran-pajak-indonesia-rugi-rp-14-juta>
- Purwanti, H. M., & Sugiyarti, L. (2018). Pengaruh Intensitas Aset Tetap, Pertumbuhan Penjualan dan Koneksi Politik Terhadap Tax Avoidance. *Jurnal Riset Akuntansi dan Keuangan*, 5 (3). <https://ejournal.upi.edu/index.php/JRAK/article/view/9225>
- Ramadhani, W. S., Triyanto, D. N., & Kurnia, K. (2020). Pengaruh Hedging, Financial Lease dan Sales Growth terhadap Agresivitas Pajak. *Journal of Applied Accounting and Taxation*, 5(1), 107–116. <https://doi.org/10.30871/jaat.v5i1.1890>
- Sari, L. I. (2019). Analisis Pengaruh Return On Assets, Debt To Equity Ratio, Debt To Assets Ratio, Current Ratio dan Financial Lease Terhadap Tax Avoidance Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2012-2017. *Jurnal Sains, Akuntansi dan Manajemen 1 (1)*. <https://doi.org/10.1234/jasm.v1i1.30>
- Satriana, G. C. (2017). *Pengaruh Likuiditas, Petumbuhan Penjualan, Efisiensi Modal Kerja, Dan Leverage Terhadap Profitabilitas (Studi Kasus Pada PT. Kereta Api Indonesia (Persero) Tahun 2008- 2014)* [Under graduate'Thesis, University of Mercu Buana Yogyakarta]. Repository UMBY. <http://eprints.mercubuana-yogya.ac.id/id/eprint/150>
- Setiani, C. J. (2016). *Analisis Faktor-Faktor Yang Mempengaruhi Tax Avoidance*. Skripsi. Universitas Lampung Bandar Lampung [Under graduate'Thesis, University of Lampung]. Repository Unila. <http://digilib.unila.ac.id/23240/3/SKRIPSI%20TANPA%20BAB%20PEMBAHASAN.pdf>
- Situmeang, Y. M. L., & Wiagustini, N. L. P. (2018). Pengaruh struktur modal terhadap nilai perusahaan dengan kebijakan herging sebagai mediasi pada perusahaan BUMN Go-Public. *E Jurnal Manajemen Unud*, 7(30). <https://doi.org/10.24843/EJMUNUD.2018.v7.i03.p09>
- Sugianto, D. (2019, July 6). DJP Dalami Laporan Dugaan Penggelapan Pajak Adaro. *Detik Finance*. <https://finance.detik.com/berita-ekonomi-bisnis/d-4613497/djp-dalami-laporan-dugaan-penggelapan-pajak-adaro>
- Sundari, E., & Nofryanti, N. (2019). Pengaruh Derivatif Keuangan dan Financial Lease Terhadap Tax Avoidance. *Equilibrium*, 1 6(2), 142150. <https://doi.org/10.25134/equi.v16i02.2179>
- Suyanto, K. D., & Supramono, S. (2012). Likuiditas, Leverage, Komisariss Independen, Dan Manajemen Laba Terhadap Agresivitas Pajak Perusahaan. *JKP*, 1 6(2). <https://www.jurnal.unmer.ac.id/index.php/jkdp/article/view/1057>

- Tiaras, I., & Wijaya, H. (2017). Pengaruh Likuiditas, Leverage, Manajemen Laba, Komisaris Independen Dan Ukuran Perusahaan Terhadap Agresivitas Pajak. *Jurnal Akuntansi*, 19(3), 380. <https://doi.org/10.24912/ja.v19i3.87>
- Trisianto, D & Oktaviani, R. M. 2016. Faktor-faktor yang Mempengaruhi Tax Avoidance dengan Leverage sebagai variabel Mediasi. *Dinamika Akuntansi, Keuangan dan Perbankan*. 5,(1), 65 - 81 <https://www.unisbank.ac.id/ojs/index.php/fe9/article/view/5572>
- Utami, H., Sriyanto, S., & Purbasari, I. (2018). Determinasi Kepuasan Hedging Dengan Instrumen Derivatif Keuangan. *Tirtayasa Ekonomika*, 13 (1), 27. <https://doi.org/10.35448/jte.v13i1.4182>.