



Comparison of Tax Avoidance Between Non-Financial Sectors at IDX (Case Study: IDX-IC Classification Period 2018-2022)

Nahlia Hanifah

Politeknik Negeri Lampung, Indonesia

*Email : nahlia.hnfh@gmail.com

Eksa Ridwansyah

Politeknik Negeri Lampung, Indonesia

Email : eksaridwansyah@polinela.ac.id

Damayanti

Politeknik Negeri Lampung, Indonesia

Email : damayanti@polinela.ac.id

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ABSTRACT

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Each sector has different regulations regarding tax calculation and of course there are variations in tax avoidance between these regulations. The aim of this research is to analyze the differences and comparative levels of tax avoidance practices between non-financial sectors on the Indonesian Stock Exchange with the IDX-IC classification measured by *BTD*, *Cash ETR*, *Current ETR*, *GAAP ETR*, *LRC ETR*, and *TAXPLAN*. The method used in this research is quantitative description. The results of the analysis show that there are differences in tax avoidance practices carried out by each sector. The findings of this research also show that, compared to other industries studied using the *BTD* proxy, the property and real estate industry has the lowest tax avoidance, while the research results tested with *Cash ETR*, *Current ETR*, *GAAP ETR*, *LRC ETR*, and *TAXPLAN* showed different results where the Property and Real Estate Sector carried out greater tax avoidance practices in the five year research period.

INTRODUCTION

Reaching the 114% tax revenue target in 2022 requires an unprecedented rise in state income (Ministry of Finance of the Republic of Indonesia, 2022). After failing to meet the target for the previous three years, it was 87% of the tax revenue target in 2019, only 69% of the tax revenue target was realised in 2020, and 93% of the tax revenue target was realised in 2021 (Ministry of Finance of the Republic of Indonesia, 2019; 2020; 2021). The weakening Indonesian economy brought on by the COVID-19 outbreak is unavoidably one of the causes for not meeting the tax income objective.



Figure 1. Tax Revenue Realization Against Tax Revenue Target
Source: Data Processed by the Author from 2018-2022





Regarding the tax ratio (TR), Indonesia still has to make improvements. Indonesia's TR barely increased by 9–12% from its 2022 level of 10,39%. According to Fauzia (2018), a country's TR should ideally be 15%, yet the average TR of industrialised nations is higher than 30%. Tax revenue performance is measured using a statistic known as TR, which is calculated by dividing tax revenue by GDP. Tax leakage can be identified by a tax ratio that remains relatively low (Alkausar et al., 2020).

Tax avoidance is one of the reasons for tax leakage, which may become a major issue and lead the nation to lose money from taxes, endangering the stability of the economy. Tax avoidance is generally regarded as an attempt made by taxpayers to legally and safely avoid taxes, provided that it does not conflict with tax regulations, even though it frequently takes advantage of flaws (grey areas) in the tax regulations themselves to lower the tax obligations owed. Furthermore, the issue of injustice and ethics is brought on by tax avoidance, which is seen as legal or legitimate and does not contravene the law. The agency theory explains one of the variables that contribute to tax avoidance between the corporation (agent) and the government (principal), where the agent is more concerned with profit than paying taxes. Avoiding taxes is regarded as an action that raises a company's worth but has hazards.

Some sectors have their own specific regulations, such as the property and real estate sector which is subject to final tax on construction service income. The health sector is also exempt from VAT based on PP 49/2022. Each sector has its own regulations regarding tax calculations as stated in the tax law so that tax avoidance between each sector can be different. Even too sophisticated that it is difficult to detect by the tax authorities, such as the phenomenon of the PT Indofood Sukses Makmur Tbk case. A tax avoidance case of IDR 1.3 billion where PT Indofood Sukses Makmur Tbk expanded its business by establishing a new company and transferring assets, liabilities and noodle division business (instant noodle and seasoning factory) to PT Indofood CBP Sukses.

Research on tax avoidance in certain sectors in Indonesia, including using samples of the manufacturing industry sector (Daniel et al., 2022); the mining industry sector (Yulianty et al., 2021); and the property and real estate industry sector (Kamila and Nurmatias, 2022). However, there are still few comparisons between sectors, for example Widyasari et al. (2021) conducted a study by comparing tax avoidance between sectors on the Indonesia Stock Exchange based on the Jakarta Stock Industrial Classification.

The results of the study by Widyasari et al. (2021) show that the results of the calculation of the GAAP Effective Tax Rate (GAAP ETR), Cash Effective Tax Rate (Cash ETR), Current Effective Tax Rate (Current ETR), and Book Tax Difference (BTD), there are short-term differences in tax avoidance in Indonesia. It was also found that the Property, Real Estate, and Building Construction Sector which is subject to final income tax avoids paying more taxes than those subject to non-final income tax. However, when examined using the LRC ETR, the results of the study show that there is no disparity in tax avoidance in any sector on the IDX and in the longer term, each sector is involved in relatively the same tax avoidance. The study by Awaliah et al. (2022) revealed different results when comparing tax avoidance between companies subject to final and non-final rates. Specifically, this study focuses on companies that have the minimum Effective Tax Rate (ETR) for a five-year period, namely the Property and Real Estate Sector, meaning that during the five-year research period, the sector that carried out the most tax avoidance was the Property and Real Estate Sector.

This study differs from other research in that it uses the Industry classification (IDX-IC) for sector categorisation, which may group more uniform kinds of listed firms into 12 sectors. the inclusion of TAXPLAN, a tax planning proxy that gauges the degree of tax management. In order to gather more thorough research data and gauge the long-term prevalence of tax avoidance, a five-year study period was also chosen. Government rules that affect financial firms' ETR values are the exception to the rule in the financial sector, which distorts study results (Sartika et al., 2015). Given the above context, the researcher would like to conduct a study that shows the existence of differences in tax avoidance and examines the relative level of tax avoidance among non-financial industries.

LITERATURE RESEARCH

A. Theoretical Review (Calibri, 10, Bold)

Agency theory is of interest to several disciplines, such as economics, law, political science, and psychology. According to Wardani and Nugrahanto's (2022) study, the agency relationship described by Jensen and Meckling (1976) occurs when a contract is made that ties one party as the main (owner) and the other as





the agent (agent), with the agent being required to operate in the owner's best interests. Even though each agent wants to maximise utility, they must behave in the principal's best interests. When agents behave in their own best interests, agency issues occur. By using their mandated power, agents are free to implement business policy.

Through the use of the required power, agents are free to implement business policy. In supervision, agency issues will result in expenses that need to be covered, often known as agency charges. due to the fact that the principle cannot guarantee that the agent will make the greatest choices for him at no cost. The expenses of oversight and responsibilities must be borne by both the principal and the agent. When mistrust develops between the two parties, agency costs ensue. In Wardani and Nugrahanto's (2022) research publication, Jensen and Meckling (1976) state that these expenses fall into three categories:

- a. Monitoring the costs borne by the principal to limit the opportunistic behavior of the agent and the incentive costs (incentive system) incurred by the principal to orient the agent's behavior
- b. Obligations or commitment costs that may be incurred by the agent to win the principal's trust game (motivation costs); and
- c. The third type of cost is the opportunity cost called residual loss which is equated with the loss of utility suffered by the principal due to differences in interests with the agent, such as costs borne by the principal after the principal's management is not in favor of the agent's interests.

Second, the theory of tax avoidance. Any action that specifically reduces the nominal tax from pre-tax income is considered tax avoidance. One of the factors causing the theory of tax avoidance is due to the agency theory that arises from the conflicting perceptions between the government and companies that are subject to tax, where the government continues to strive to increase tax revenues because taxes as a fiscal instrument have an important role in stimulating the economy and covering the inequality or deficit that occurs. At the same time, companies try to pay as little tax as possible so that they can increase the company's economic capacity. Normatively conceptually, tax avoidance does not contain elements of violating regulations. However, in its application it is impossible for a regulation to be clear, complete, and detailed, coupled with the development of the era, business dynamics, and technological advances that affect the transaction scheme in taxation, the boundaries of these differences can become blurred so that the clauses in the laws and regulations lose their context and actualization. In the transition period, the boundary between tax evasion and tax avoidance which was originally regulated in a clause, but due to the loss of its contextualization value, the clause in the tax legislation becomes vague or unclear, narrow and limited or incomplete so that it requires continuous change and improvement for its re-actualization.

Taxpayers who carry out transactions that are not taxable (non-taxable objects) because they do not meet the tabestand elements in taxation, are actions that can be justified, therefore there is absolutely no violation of the law. On the contrary, savings are obtained (tax saving) by arranging these transactions and controlling the facts in such a way as to avoid greater taxation or are not taxed at all. Although literally-formally no law is violated, the tax avoidance model can be an unlawful tax avoidance practice if it can be proven substantively (substance overform) which directly impacts the erosion of the tax base which causes the tax revenue needed by the state to decrease. Tax avoidance is usually carried out through a complicated and methodically planned transaction scheme that is only possible by large corporations because of the strength of their human resources. It seems that large companies pay less tax than small and medium-sized companies, this creates a stigma and a sense of injustice. Basically, this can cause other taxpayers to be reluctant to pay, thus causing the tax system to become ineffective. According to Bosco and Mittone (1997) in the research of Nurfianti et al. (2021), tax avoidance is seen from the perspective of ethical theory, namely:

- a. Egoism Theory
Humans only think about themselves (Self Interest). When viewed from the theory of egoism, tax avoidance actions carried out by companies are categorized as selfish actions.
- b. Theory of Ethical Obligations (Deontology Theory).
It is right that this tax avoidance problem is linked to the theory of obligations. Paying taxes is a company's obligation to the state. Tax avoidance means that the company does not carry out its obligations properly, because the amount paid is smaller than it should be.





- c. Altruistic Ethics Theory
Companies pay taxes so that they can be used to improve the welfare of their people by the state. The interests of the company with the interests of the state in general are broader than the interests of the state, more people use the funds than if they remained in the company.
- d. Utilitarianism Theory
The government has the right to pressure companies to pay taxes, because the funds collected are used for the welfare of more people. If associated with tax avoidance, then the tax funds that should be received by the state and used as much as possible for the prosperity of the people cannot be realized.
- e. Main Action Theory
Tax avoidance is an act that is dishonest, violates trust, and is not a reasonable act, either by taxpayers or tax officials. So this inconsistency can be categorized as a violation of ethics.
- f. Eonom Ethics Theory
Tax avoidance is an act that violates religion, because religion is recommended to be honest in business activities.

B. Hypothesis

Differences in Tax Avoidance Practices Between Non-Financial Sectors Tested with BTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN

Shareholders want management to organize profitable financial reports by reducing tax payments by minimizing profit before tax. In controlling this, based on tax laws and regulations, there are temporary undeductible costs, namely costs that are not charged as a reduction in fiscal profit. However, the reference for determining accounting profit is PSAK/IFRS. Differences arising from the use of different accounting standards result in temporary differences and permanent differences (Septianingrum et al., 2022). So that the use of the Book Tax Difference (BTD) proxy can reflect the amount of tax avoidance by looking at the difference between accounting profit (pretax income) and fiscal profit (taxable income) divided by total assets (total assets).

According to Dyreng et al (2008) in Ritonga's research (2019), Cash ETR is good for describing tax avoidance activities by companies because Cash ETR is not affected by changes in estimates such as valuation allowances or tax protection. The amount of tax paid in cash or tax payments (cash taxes paid) which can be seen in the cash flow statement divided by profit before tax (total pretax accounting income) will produce a Cash ETR value that can represent the level of tax avoidance, because the cash paid by the company for taxes is a tax expense that has been realized. Oktamawati's (2019) research shows that data from 540 companies listed on the IDX in 2010-2014 have varying data when measured using Cash ETR. Current ETR allows for the measurement of tax deferral strategies because the use of current tax expenses will not be compensated by an increase in deferred tax expenses (Gebhart, 2017). The Current ETR proxy calculates current tax expenses divided by profit before tax (total pretax accounting income) which can better reflect tax avoidance compared to the Cash ETR proxy. Rusydi (2014) in his research showed that data from companies listed on the IDX in 2010-2012 had varying data when measured using Current ETR.

The justification used by managers in influencing financial statements is often done by using estimates of deferred tax burdens regarding future economic policies, the logic is to regulate the amount of tax burden in a certain period according to management policy, this will create an incentive for management to carry out tax avoidance practices by postponing tax burdens (deferred tax burdens). Based on PSAK No. 46, deferred tax is the amount of income tax for future periods as a result of deductible temporary differences and remaining loss compensation. In financial statements, tax burden is the sum of current tax burden and deferred tax burden. Thus, GAAP ETR can comprehensively describe the management of tax burden because it includes the amount of current tax and deferred tax in total tax burden (total income tax expense) divided by profit before tax (total pretax accounting income). According to Aronmwan and Okafo (2019), the challenges to tax positions and future tax payments required, the company provides a tax contingency reserve (also called a tax cushion, unrecognized tax benefit). This reserve is considered a proxy for tax avoidance in the extreme right group (Hanlon and Heitzmen, 2010, Lisowsky et al, 2013). Dyreng et al (2008) in Ritonga's (2019) research developed a measurement of tax avoidance using the LRC ETR measure. Soepriyanto (2018) in his research showed that data from companies listed on the IDX in 2006-2015 had varying data when measured using the





LRC ETR. This measurement was carried out over a longer period of time. Long-term calculations are expected to be able to eliminate permanent differences so that they truly reflect tax avoidance behavior. The method used is to add up the total tax payments (total cash taxes paid) in a period of time divided by the total profit before tax (pretax accounting income) in the same period, thus this condition can describe the ETR condition which is closer to the company's tax costs in the long term, for example five years.

TAXPLAN (Tax Planning) is considered to be able to describe the level of tax subsidy used in the company. The use of the TAX PLAN proxy is measured by using the average tax retention rate formula, namely current year profit (net income) divided by profit before tax (pretax accounting income) can reflect the amount of tax avoidance carried out by a company. Based on this description, the hypothesis proposed by the researcher to prove this research is:

H1: There is a Significant Difference in Tax Avoidance Practices Between Non-Financial Sectors on the Indonesia Stock Exchange IDX-IC Classification Tested with LTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN

Comparison of Tax Avoidance Levels Between Non-Financial Sectors Tested with LTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN

Tax avoidance research does not include the financial industry, construction industry, property and mining industry on the grounds that these industries are subject to final tax (Amri, 2017). This may be an indication that companies subject to final tax have different tax avoidance characteristics. Unlike companies subject to non-final income tax, this type of company is able to avoid tax by increasing costs, thereby lowering profit before tax. This is because its income is not subject to final income tax and taxes that have been deducted such as income tax article 22 and income tax article 23 can be credited as taxes paid in advance. Research conducted by Sartika et al. (2015) and Widyasari et al. (2022) showed the results of a comparison of tax avoidance that companies subject to final tax avoid less than companies subject to non-final tax.

Given the wide variation in tax avoidance between companies, the ability to shift rents is an important counterforce to unhindered involvement in tax avoidance activities in tax planning (Jacob et al, 2016). Although the property sector is subject to final tax that cannot be credited, the sector subject to final tax can still avoid taxes by looking at loopholes or loopholes in tax regulations (Sartika et al., 2015). Research by Awaliah et al. (2022) shows that the companies that carried out the most tax avoidance during the five-year study period were companies in the Property and Real Estate Sector. Based on this description, the hypothesis proposed by the researcher to prove this research is:

H2: There is a significant difference in the level of comparison of tax avoidance practices between non-financial sectors on the Indonesia Stock Exchange IDX-IC Classification Tested with LTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN

METHOD

The population in this study is the non-financial sector on the Indonesia Stock Exchange based on the IDX-IC classification for the 2018-2022 period with a total population of 492. The question of the number of populations in a study depends on the criteria of the research subjects.

Table 1. Sample Criteria

No	Description	Total
1	Non-financial sector companies listed on the Indonesia Stock Exchange (IDX) in the period 2018-2022.	492
2	Non-financial sector companies on the Indonesia Stock Exchange (IDX) that did not publish Financial Reports or unaudited Annual Reports in 2018-2022 incompletely, did not end on December 31, and did not use the rupiah currency.	(94)
3	Non-financial sector companies on the Indonesia Stock Exchange (IDX) that experienced negative profits (losses) during the study period.	(248)
4	There is missing information or data regarding the variables to be studied and the value of CETR > 1	(54)
Total Research Sample		96
Total Sample for the research period 2018-2022 (96x5)		480





Variables provide a more accurate picture of the construction of a general phenomenon in which different values can be assessed. There are two types of variables used in this study, namely dependent variables and independent variables.

Dependent Variables

The dependent variable is a variable whose value is explained or influenced by the independent variable. The dependent variables used in this study are 6 proxies for calculating tax avoidance, namely Book Tax Difference (BTD), Cash Effective Tax Rate (Cash ETR), Current Effective Tax Rate (Current ETR), GAAP Effective Tax Rate (GAAP ETR), Long-run Cash Effective Tax Rate (LRC ETR), and tax planning (TAXPLAN). The selection of 5 proxies (BTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR) from 12 proxies in measuring tax avoidance actions according to Hanlon (2010) in Aronmwan's research (2019), considers differences in tax regulations and the availability of data in the company's Financial Reports and Annual Reports, while 1 proxy, namely tax planning (TAXPLAN) according to Wild (2004) in Gayatri's research (2021), is calculated using the Tax Retention Rate (TRR). The following are 6 proxies for calculating tax avoidance as dependent variables, including:

Table 2. Dependent Variables

No	Variabel	Indikator
1	BTD	$BTD = \frac{Pretax\ Income - Taxable\ Income}{Total\ Asset}$ $Taxable\ Income = \frac{Current\ Tax\ Expense}{Tax\ Rate}$
2	Cash ETR	$Cash\ ETR = \frac{Cash\ Tax\ Paid}{Total\ Pretax\ Accounting\ Income}$
3	Current ETR	$Current\ ETR = \frac{Current\ Tax\ Paid}{Total\ Pretax\ Accounting\ Income}$
4	GAAP ETR	$GAAP\ ETR = \frac{Total\ Income\ Tax\ Expense}{Total\ Pretax\ Accounting\ Income}$
5	LRC ETR	$LRC\ ETR = \frac{\sum Total\ Cash\ Tax\ Paid}{\sum Total\ Pretax\ Accounting\ Income}$
6	TAX PLAN	$TRR = \frac{Net\ Income}{Pretax\ Income\ (EBIT)}$

Source : Hanlon (2010) dan Wild (2004)

Independent Variables

Independent variables are variables whose values affect dependent variables and are also called presumed cause variables. Categorical independent variables are non-financial sectors on the Indonesia Stock Exchange based on the IDX-IC classification.

Table 3. Independent Variables

Sector	Category
Energi Sector	1
Raw Goods Sector	2
Industrial Sector	3
Primary Consumer Goods Sector	4
Non-Primary Consumer Goods Sector	5
Health Sector	6
Property and Real Estate Sector	7
Infrastructure Sector	8





Analysis Design

Descriptive Statistical Analysis

Descriptive analysis is an analysis by describing a variable individually without connecting other variables (Mulyani, 2021). Descriptive statistical tests are carried out to obtain an overview of the variables that will be used in this study. Measures of data distribution include variance, standard deviation, range (maximum value-minimum value).

Hypothesis Testing

Hypothesis testing aims to determine whether the theoretical answers contained in the hypothesis statement are supported by the facts that have been collected and analyzed in the data testing process. The research hypothesis was tested using the Kruskal-Wallis Test, using the assistance of the Statistical Product and Services Solution (SPSS) version 25 program. Testing hypotheses:

Ho : There is no difference in tax avoidance practices between non-financial sectors

H1 : There is a difference in tax avoidance practices between non-financial sectors

Kruskal Wallis Test is a non-parametric test based on values to determine whether there is a statistically significant difference between two or more groups of independent variables in numerical data (interval/ratio) and ordinal scale in dependent variables with the following criteria:

1. If the sig value > 0.05, then Ho is accepted.
2. If the sig value < 0.05, then Ho is not accepted.

RESULTS AND DISCUSSION

Result

Descriptive statistical analysis in this study aims to determine the minimum, maximum, mean, and standard deviation values of BTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN. The following are the results of descriptive statistical testing:

Table 4. Result Descriptive Statistical Analysis

PROKSI	N	MEAN	STD. DEVIATION	MIN	MAX
BTD	480	0,007 5	0,04325	-0,48	0,24
CASH ETR	480	0,269 3	0,15368	0,00	0,94
CURREN T ETR	480	0,209 5	0,10678	0,00	0,91
GAAP ETR	480	0,216 2	0,09981	0,00	0,92
LRC ETR	480	0,254 2	0,09761	0,06	0,61
TAX PLAN	480	0,783 6	0,09991	0,08	1,00

Source: Data processed by the Author with the help of SPSS version 25

Descriptive statistical testing in this study produced some information, namely the average BTD proxy is 0.0075 with a standard deviation of 0.4325, the average Cash ETR proxy is 0.2693 with a standard deviation of 0.15368, the average Current ETR proxy is 0.2095 with a standard deviation of 0.10678, the average GAAP ETR proxy is 0.2162 with a standard deviation of 0.09981, the average LRC ETR proxy is 0.2542 with a standard deviation of 0.09761, and the average TAXPLAN proxy is 0.7836 with a standard deviation of 0.09991. The standard deviation value of the BTD proxy is greater than its average value, indicating that the data is heterogeneous because the data distribution varies.





Meanwhile, in the Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN proxies, the standard deviation values are smaller than their respective average values, indicating that the data is homogeneous. Furthermore, this study conducted a hypothesis test to test whether there are differences in tax avoidance practices between sectors. The hypothesis test in this study was conducted using a difference test using non-parametric statistics, namely the Kruskal Wallis Test. The Kruskal Wallis method is used for the same purpose as ANOVA, namely to test whether or not there is a difference of more than two averages (μ) or medians (η) of the population. The difference is that ANOVA assumes a normal population distribution, while the Kruskal Wallis test does not require this assumption.

The basis for making a decision to accept or reject H_0 in this test is if the significant number (Sig) > 0.05, then H_0 is accepted (there is no significant difference in tax avoidance practices between sectors) and vice versa. The following are the results of the Kruskal Wallis Test:

Table 6. Statistics^{a,b} Kruskal Wallis Test

	<i>BTD</i>	<i>Cash ETR</i>	<i>Current ETR</i>	<i>GAAP ETR</i>	<i>LRC ETR</i>	<i>TAX PLAN</i>
<i>Kruskal-Wallis H</i>	95.001	57.834	116.370	105.580	117.598	105.655
<i>Df</i>	7	7	7	7	7	7
<i>Asymp. Sig.</i>	.000	.000	.000	.000	.000	.000

a. Kruskal Wallis Test
b. Grouping Variable: Sektor

Source: Data processed by the Author with the help of SPSS version 25

Table 6. Statistics^{a,b} Kruskal Wallis Test explains the results of the Kruskal Wallis Test, the proxy value of tax avoidance between sectors shows the results of Asymp. Sig. of 0.000 is smaller than 0.05, so the H_0 hypothesis is rejected and the alternative hypothesis is accepted, namely that there are differences in tax avoidance practices between sectors. To find out the level of comparison of tax avoidance practices between non-financial sectors, see Appendix 1 and the level of comparison in Appendix 2.

Discussion

Based on the results of statistical tests conducted in this study, it shows whether or not there are differences and the influence of independent variables in the form of non-financial sectors on tax avoidance proxies.

Significant Differences in Tax Avoidance Levels Between Non-Financial Sectors on the Indonesia Stock Exchange IDX-IC Classification Tested with *BTD*, *Cash ETR*, *Current ETR*, *GAAP ETR*, *LRC ETR*, and *TAXPLAN*

The results of this research analysis show that between non-financial sectors on the IDX based on the IDX-IC classification, there are differences in tax avoidance practices tested using *BTD*, *Cash ETR*, *Current ETR*, *GAAP ETR*, *LRC ETR*, and *TAXPLAN*. This is in line with the research of Widyasari et al. (2021) which shows that in the short term there are differences in tax avoidance in each sector on the IDX when measured using the GAAP Effective Tax Rate (GAAP ETR), Cash Effective Tax Rate (Cash ETR), Current Effective Tax Rate (Current ETR), and Book Tax Difference (*BTD*) proxies. Each sector has its own tax regulations according to the type of business activity. One of the tax avoidance modes used is fiscal loss compensation. The results of research conducted by Daniel et al. (2022), revealed that fiscal loss compensation has an effect on tax avoidance. Fiscal loss compensation can be utilized by management in carrying out tax avoidance actions. This is also in line with agency theory, where tax avoidance behavior is one of the consequences of agency problems due to differences in interests between the two parties (Masri and Martani, 2014). Where stakeholders want management to organize profitable financial reports by reducing tax payments by minimizing profit before tax. Companies that have fiscal losses will avoid tax burdens, so it can be said that fiscal losses can be used by management to carry out tax avoidance practices. Based on Law Number 36 of 2008 on Income Tax Article 6 paragraph 2, companies that make losses will not be taxed, even the losses can be compensated starting from the next tax year up to 5 consecutive years. However, for the property and real estate sector which is subject to final tax on its income, fiscal loss compensation cannot be used. The property and real estate sector, even





though it has been subject to final tax on its income, still avoids tax in one way, namely by covering the increasing project escalation costs (Sartika et al., 2015). The government responds to tax avoidance practices by continuing to strengthen regulations such as issuing new clauses that regulate the collection, payment and reporting of taxes that have or have not been regulated previously, such as in the PPh law in kind/enjoyment is not an object of income tax and cannot be expensed. Through the HPP Law, there is an adjustment that in kind and/or enjoyment is an object of PPh (taxable) for recipients/employees. In the PPh Law, there is no article that regulates the treatment of PPh on income in the form of interest or discounts on short-term securities traded on the money market explicitly. Therefore, there is an addition of the object of Final PPh Article 4 paragraph (2) which regulates the treatment of PPh on income in the form of interest or discounts on short-term securities traded on the money market. In the HPP Law, there is an adjustment to the provisions on depreciation and amortization, namely regulating the provision of options for taxpayers to be able to charge depreciation costs for permanent buildings and amortization of intangible assets that have a useful life of more than 20 years in accordance with the actual useful life based on the taxpayer's bookkeeping.

The results of this study are not in line with the results of the study by Widiasari et al. (2021) which showed that there was no difference in tax avoidance in each sector on the IDX when measured using the Long-run Cash Effective Tax Rate (LRC ETR) and showed that each sector carried out relatively the same tax avoidance in a longer period of time. This is because in the research period there was a Covid-19 pandemic phenomenon which caused a significant decline in income. Where in 2019-2020 many companies reported negative profits in their annual financial reports and in 2021-2022 was the year of Indonesia's economic recovery. Companies that experience losses cannot avoid tax. According to research by Simanjuntak and Eddy (2024), tax avoidance cannot be carried out by companies that experience financial distress or losses during the Covid-19 pandemic.

The recovery of the Indonesian economy is supported by a dynamic tax policy in the form of incentives identified as including deferral of tax payments, deferral of tax reporting, accelerating tax returns, more flexible tax debt payment relief, and increasing provisions for loss compensation. However, companies try to maintain positive financial performance by utilizing tax incentives. Azzahro and Sartika's (2023) research shows that there was an increase in tax avoidance practices during the Covid-19 pandemic.

Comparison Level of Significant Tax Avoidance Practices Between Non-Financial Sectors on the Indonesia Stock Exchange IDX-IC Classification Tested BT, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN

The comparative level of tax avoidance in the Kruskal-Wallis Test results states that the Property and Real Estate sector has the largest mean rank tested with BT and TAXPLAN. Meanwhile, the Cash ETR, Current ETR, GAAP ETR, and LRC ETR tests show the opposite results. According to Dewinta and Setiawan et al. (2016) that the ETR with a high percentage approaching the corporate income tax rate, the lower the level of tax avoidance practices, conversely, the lower the percentage level of ETR, the higher the level of tax avoidance. Meanwhile, in the TAXPLAN proxy, the greater the TAXPLAN value, the greater the tax avoidance practices carried out (Gayatri and Wirasedana, 2021). This means that the comparative level of tax avoidance practices tested with BT shows that the Property and Real Estate Sector carries out the smallest tax avoidance practices compared to other sectors. This study is in line with the research of Sartika et al. (2015) and Widiasari et al. (2022) which shows the results of differences in tax avoidance practices between sectors where companies subject to non-final tax carry out greater tax avoidance than companies subject to final tax (Property and Real Estate Sector). The company sector subject to final tax has no choice but to follow and comply with the applicable rules, the imposition of a final rate for the property and real estate sector, namely income subject to final income tax has been deemed complete when the income tax is deducted or paid by the company itself. Therefore, income subject to final income tax does not allow for tax avoidance. Tax avoidance is often carried out by utilizing tax credits (advance taxes) as a reduction in the company's tax burden which can be done in sectors subject to non-final income tax.

Furthermore, the results of the study show that the comparative level of tax avoidance tested with Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN shows the opposite result, namely that the Property and Real Estate Sector carries out the greatest tax avoidance compared to other sectors. The results of this study are in line with the research of Awaliah et al. (2022), namely that the companies that carried out the greatest tax avoidance during the five-year study period were companies in the Property and Real Estate





Sector, companies in this sector tend to carry out tax avoidance due to Profitability, Institutional Ownership, and the Proportion of Independent Board of Commissioners.

BTD seems to be an inappropriate measure to measure tax avoidance based on the confounding effects of earnings management and tax avoidance strategies due to the confidential nature of tax reporting, so using the statutory tax rate (Lee et al, 2015). Therefore, taxable income is an estimate of real income. BTD may result from tax credits (allowed for tax purposes and not a tax avoidance issue); bond interest (causes permanent differences and is allowed for tax purposes); valuation allowances, depreciation rates, warranty costs (causes temporary differences that may/may not be allowed for tax purposes depending on the uncertainty of income tax).

In Indonesia, the Property and Real Estate sector is one of the sectors that is able to absorb a large number of workers and has a chain effect (multiplier effects) and a fairly large backward linkage to other economic sectors (Setiawan, et al., 2021). This development will attract investors to invest in companies so that it can generate good economic growth and increase income for a country, especially through the Property and Real Estate sector in tax revenue for the country. The imposition of final rates for the Property and Real Estate sector affects the amount of income tax payable to be significantly greater than the sector subject to non-final income tax (Sartiika, 2015). Companies that earn high incomes, the taxes paid are also higher, creating loopholes for tax avoidance. This is in line with the theory of tax avoidance where tax avoidance is generally carried out through complex transaction schemes by large corporations. Where the implications of tax avoidance are not only limited to state tax revenues, but can also affect the fairness of the tax system. Large companies that have the resources to engage in tax avoidance practices can often pay a lower proportion of taxes compared to small or local companies. This can lead to tax inequality where the tax burden falls disproportionately on less well-off entities. In addition, tax avoidance practices can also reduce public trust in the integrity of the tax system and government. When the public sees that large companies can easily avoid their tax obligations, this can create a perception that the tax system is unfair and unequal. In the long run, this can threaten a country's fiscal stability and reduce public support for tax policies.

CONCLUSION

This study aims to prove the existence of differences in tax avoidance practices and analyze the comparative level of tax avoidance practices between non-financial sectors on the Indonesia Stock Exchange based on the IDX-IC classification. Based on the results of calculations and discussions that have been described through descriptive statistical analysis and hypothesis testing, it can be concluded that there are differences in tax avoidance practices between non-financial sectors on the Indonesia Stock Exchange with the IDX-IC classification measured by BTD, Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN. The findings of this study also show that, compared to other industries studied using the BTD proxy, the property and real estate industry carries out the lowest tax avoidance, while the results of the study tested with Cash ETR, Current ETR, GAAP ETR, LRC ETR, and TAXPLAN show different results where the Property and Real Estate Sector carries out greater tax avoidance practices in the five-year study period.

IMPLICATIONS AND LIMITATIONS

For the Directorate General of Taxes (DJP), this study is expected to provide contributions and input for the DGT in controlling taxpayer non-compliance by creating and implementing policies to achieve realization so that state tax revenues increase and provide empirical evidence regarding differences in tax avoidance practices in the non-financial sector. For Investors, investors mark companies that carry out tax avoidance that are very risky in returning funds, namely by considering various aspects in investing. Based on the research that has been done, there are several limitations, namely that further research can further analyze the validity of the inference proxy for tax avoidance using a sample of companies that have the same tax regulations, further research can test whether there are differences in company motivation in the form of tax incentives and non-tax incentives in the form of profitability, leverage, compensation, profit management, so that differences in motivation can be known, and further research can use other inferential analysis, because the Kruskal-Wallis Test is an omnibus test, namely a test that can only determine whether there is a statistically significant difference without being able to determine which treatments are different.



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