



The Influence of Investment Decisions and Corporate Financial Performance on Tax Avoidance: A Cross-country Study

Salsabila Salsabila¹, Yossi Diantimala^{2*}

^{1,2}Department of Accounting, Faculty of Economics and Business, Universitas Syiah Kuala, Indonesia

*Corresponding author: ydiatimala@unsyiah.ac.id

<https://dx.doi.org/10.24815/JDAB.V10I1.30221>

ARTICLE INFO

Article history:

Received date: 11 January 2023

Received in revised form: 16 February 2023

Accepted: 16 February 2023

Available online: 23 February 2023

ABSTRACT

This study investigates the influence of investment decisions and corporate financial performance on tax avoidance. We employed mining companies listed on the Asia Pacific Stock Exchanges from 2017 to 2021. The purposive sampling technique was applied to select 40 out of 97 top Australian, Indian, and Indonesian mining companies (200 firm-year observations). To test the hypotheses, the data was then analyzed comparatively using multiple linear regression analysis. The results show that investment decisions and corporate financial performance simultaneously affect tax avoidance. Partially, investment decisions has a significantly positive effect on tax avoidance, and corporate financial performance also has a significantly positive effect on tax avoidance. The results suggest that investment decisions and firm performance motivate managers to tax avoidance.

Keywords:

Financial performance, investment decisions, mining companies, tax avoidance

Pengaruh Keputusan Investasi dan Kinerja Keuangan Perusahaan Terhadap Penghindaran Pajak: Sebuah Studi Lintas Negara

Citation:

Salsabila, S., Diantimala, Y., (2023), The Influence of Investment Decisions and Corporate Financial Performance on Tax Avoidance: A Cross-country Study. *Jurnal Dinamika Akuntansi dan Bisnis*, 10 (1), 61 – 80

Kata Kunci:

Kinerja keuangan, keputusan investasi, perusahaan pertambangan, penghindaran pajak

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh keputusan investasi dan kinerja keuangan perusahaan terhadap penghindaran pajak. Perusahaan yang menjadi populasi penelitian adalah perusahaan pertambangan yang terdaftar di Bursa Efek Asia Pasifik dari tahun 2017 hingga 2021. Sampel diambil dengan menggunakan teknik purposive yang menghasilkan 40 dari 97 perusahaan pertambangan di Australia, India, dan Indonesia (200 observasi). Untuk menguji hipotesis, data kemudian dianalisis secara komparatif dengan menggunakan analisis regresi linier berganda. Hasil penelitian menunjukkan bahwa keputusan investasi dan kinerja keuangan perusahaan secara simultan berpengaruh terhadap penghindaran pajak. Secara parsial, keputusan investasi berpengaruh positif signifikan terhadap penghindaran pajak, dan kinerja keuangan perusahaan juga berpengaruh positif signifikan terhadap penghindaran pajak. Hasil penelitian ini menggambarkan bahwa keputusan investasi dan kinerja perusahaan dapat memotivasi manajer untuk melakukan penghindaran pajak.

1. Introduction

A recent survey conducted by the Asian Development Bank in 2021 indicates that emerging nations in Asia and the Pacific require \$1.5 trillion annually to address various societal issues (Asian Development Bank, 2018). However, average tax returns in emerging Asian countries remain low and do not represent the region's rapidly growing economy. One of the most severe concerns affecting governments in this field is tax avoidance (Asian

Development Bank, 2021). The other survey held by OECD estimates that several Asia-Pacific countries suffer tax losses reaching \$240 every year due to tax avoidance activities (Asian Development Bank, 2018). Tax avoidance has evolved into a sophisticated and aggressive approach that is difficult to detect and requires much money for a government to expose. Nevertheless, the numerous tax disputes in the Asia Pacific do not exclude mining corporations from partaking. Indonesian

National Anti-Corruption Commission (KPK) considers the mining industry prone to corruption, including tax evasion. The National Anti-Corruption Commission (KPK) has detected an Rp15.9 trillion annual deficit in mining tax payments in forest areas (DDTC News, 2019).

The mining sector, which includes coal mining, receives much attention. The coal mining industry in the Asia Pacific was recently attacked by plenty of unfavorable difficulties in several nations. The documentary *sexy killers* from Indonesia, which reveals various losses from the coal industry, reports on indications of Global Witness' tax avoidance against one of Indonesia's major coal players, support for the repeal of the domestic market obligation regulation, and a variety of other issues (DDTC News, 2019). Moreover, the Indonesian non-tax state revenues arrears in the mining and coal industry reached IDR 25.5 trillion in 2017. This depicts the amount of potential state income that is

lost year after year. Along with its function in the energy sector, coal contributes to national development by providing a source of cash for the state budget (Arinaldo & Adiatama, 2019).

World mining congress conducted in 2018 deduced eight countries as the biggest miners in the world (Statista, 2020). Within Asia Pacific Countries, there are China, Australia, India, and Indonesia, with the number of extractions of mining products 4,084.1 (in a million metric tons), 1,196.4 (in a million metric tons), 1,014.8 (in a million metric tons), and 668 (in a million metric tons). This study selected Australia, Indonesia, and India as the sample countries. China is also one of the biggest miners, but it is not selected due to the lack of language understanding. These phenomena describe that tax avoidance has become a significant issue and has received great attention over the past few years. Tax avoidance cases generated a lot of negative responses from various parties (Dang et al., 2022).

Table 1 Tax revenue comparison (2017-2020)

Year	Australia		Indonesia		India	
	Tax Target (billion Dollars)	Tax Revenue (billion Dollars)	Tax Target (Trillion Rupiahs)	Tax Revenue (Trillion Rupiahs)	Tax Target (10 million Rupees)	Tax Revenue (10 million Rupees)
2017	384.1	396.6	1,450,900	1,343,530	1,227,014	1,242,488
2018	417.7	426.0	1,424,000	1,136,670	1,480,649	1,317,211
2019	438.6	404.7	1,577,600	1,332,060	1,705,046	1,356,903
2020	401.5	451.4	1,198,820	1,069,980	1,635,909	1,426,121

Accessed from: Australian government taxation office, Indonesian Ministry of Finance, Union budget ministry of finance India (2021)

Table 1 indicates that the income generated by the tax sector that the state should receive each year is not equivalent to the payments made by taxpayers. Most of the degree of compliance among those three countries' taxpayers is still below the target, as seen by the disparity between tax collection targets and revenue realization. This demonstrates that various elements impact taxpayers' decisions to avoid paying taxes. Therefore, the company will adopt a strategic stance toward tax planning, putting it in a position to pursue various viable courses of action. The position taken by the firm reflects its awareness of the legitimacy of incorporation and the possibility that

tax authorities would question it later, perhaps resulting in a refund, fine, or court lawsuit. Tax planning refers to a business's capacity to plan and manage its tax affairs in order to lawfully lower taxes (Cooper & Nguyen, 2020). The primary goal of tax planning is to identify numerous loopholes (loopholes) in the tax system so that businesses can pay the least amount of tax possible. Because the tax authorities cannot intervene, a management engages in tax avoidance operations by utilizing loopholes in the legislation. Therefore, based on the tax revenue data, managers can practice tax avoidance by

exploiting loopholes in new tax legislation and tax incentives (Barid & Wulandari, 2021).

Meagering capitalization is one strategy for evading taxes (Lietz, 2014). It refers to using more debt than equity as a source of fundraising (OECD, 2012). The interest expenditure on the loan might lower taxable income and increase the value of a corporation (Modigliani & Miller, 1963). As the result, the taxable profit will decrease because fiscally the taxpayer has incurred a loss. The loan will later be used to increase the investment for a company. The company started investing by acquiring fixed assets. Avram et al. (2009) describe investment as current expenditure for future incomes. A firm may invest in several ways, one of which is through investing in fixed assets. Because it has a valuable life in the future, the structure of fixed assets is a factor that influences crucial finance and investment decisions. Due to long-term utilization, the value of fixed assets declines with age. This phenomenon is known as depreciation. According to the taxes rule, depreciation on expenses for acquiring physical assets and other charges with a useful life of more than one year can be deducted when computing taxable income. Evana (2019) argues that asset investment, which is also a decision made by a company, has an impact on tax avoidance. The asset mix also allows for implementing tax avoidance strategies. Because tax rules evaluate each capital structure strategy and asset mix owned by the firm differently, the existence or lack of tax avoidance can be influenced by the investment decision (Ngelo et al., 2022).

In business, financial performance represents the firm's genuine state of health (Amellya, 2014). Through financial statements, users of financial statements may comprehend a company's financial performance and estimate the company's longevity. In addition, businesses must effectively manage their tax responsibilities so that they do not significantly hinder their operations. For businesses, taxes are a penalty that will limit earnings, whereas information about profits gives viewers of financial statements

with an overview of the corporate financial performance and prospects.

The financial performance demonstrates management capacity to utilize corporate resources to generate the firm value and shareholders well-being. To accomplish these objectives, management must work diligently to follow the owner's expectations. Tan & Wang (2010) and Gaur & Kesavan (2015) define firm financial performance as the productivity, efficiency, and effectiveness of optimal utilization of company resources and earnings by management. Higher performance demonstrated the efficient utilization of firm resources to serve the financial shareholders' interests (Haniffa & Hudaib, 2006). Arinda & Dwimulyani (2019) argue that financial performance positively affects tax avoidance. It is because profitability is another factor that might encourage firms to avoid paying taxes. A firm with a large profit margin also has a high tax burden. Companies try to limit tax payments to the state by planning tax payments through tax evasion. (Subagiastra et al., 2016).

Studies on investment decisions, financial performance, and tax avoidance show mixed results. A study by Silalahi et al. (2020) reveals that in certain industries like property & real estate companies listed on the Indonesia Stock Exchange, the investment decision factor partially does not influence tax avoidance. This industry prioritizes inventory over fixed assets in the normal operations of its companies. This finding is in line with Evana (2019), who find that investment in fixed assets has no impact on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange. However, the findings of Ha & Feng (2020) successfully show that investment decisions have a positive significant effect on tax avoidance. Furthermore, Silalahi et al. (2020) reveal a positive significant effect of financial performance on tax avoidance of property & real estate companies listed on the Indonesia Stock Exchange. This finding is in line with several results, from Arinda & Dwimulyani (2019), Pratiwi (2018), and Maidina & Wati (2020).

However, the research by Kusufiyah & Anggraini (2019) confirms no significant effect between the company's financial performance and tax avoidance. This result is aligned with the findings of several researchers, namely Wiratmoko (2018) and Supriyanto (2021).

Due to the discrepancy of the prior findings, we argue that it is necessary to re-examine the factors that influence tax avoidance activities. Research variables include investment decisions and corporate financial performance. Another rationale for the inclusion of these factors is that they are rarely mentioned in combination with one another when determining tax avoidance. Based on the argument, this study examines whether investment decisions and corporate financial performance simultaneously and partially affect tax avoidance of mining companies listed on the Asia Pacific Stock Exchanges.

This study contributes to enhancing the literature on positive accounting theory regarding the impact of investment decisions and financial performance on tax avoidance. This research may serve as reference material for further research related to the topic. For the researcher, this writing is helpful to add more insight and knowledge regarding tax avoidance practices. The practical use of this research may give scientific data that can help financial statement readers understand the consequences of investment decisions and financial performance on tax avoidance practices. Therefore, it is utilized as an investment consideration in a business. Meanwhile, the contribution of this research practice is intended to give feedback and ideas regarding tax avoidance to businesses and serve as a guideline for business owners, regulators, and investors when making decisions.

2. Literature review and hypothesis development

Agency theory

Ross (1973) introduces the agency theory in terms of the principal's dilemma, explaining that the agency's economic theory is the selection of

compensation schemes that would cause an agent to demonstrate conduct in a contractual agreement between agent and principal under the principal's choice. As a result, Jensen, M. C., & Meckling (1976) develop the concept further. According to Jensen, M. C., & Meckling (1976), the existence of agency relations is caused by shareholders acting as principals and managers acting as agents to run enterprises when the shareholders and managers have the same goal of maximizing their welfare. The hypothesis proposes that if both parties are interested in maximizing their utility, the agent would avoid operating in the principals' best interests. This idea then claim that shareholders and management would have a conflict of interest.

Tax is one of the sources of state revenue. As a source of state revenue, the government stipulates taxes as an obligation for individuals or companies, whether regionally or nationally. In executing tax collection, the government and taxpayers have distinct objectives. The government intends to maintain generating state tax revenues to support government administration; therefore, if taxpayers pay less tax than they ought to, the state tax sector revenue will decline. While in companies perspective, tax is one of the costs that must be incurred like other costs because paying taxes will reduce income or net profit (Dharma & Ardiana, 2016).

The difficulty that occurs in a widely held corporation due to the separation of ownership and control is highlighted by Slemrod (2004). Furthermore, according to Hanlon & Heitzman (2010), the interactions between shareholders, management, and the government might pose agency concerns in tax avoidance. As a result, this study has two opposing opinions among shareholders, tax authorities (the government), and management. To obtain the benefits of pay and bonuses, a manager has an opportunity to tax avoidance. The management is tempted to reduce tax costs and increase income after tax (Armstrong et al., 2015).

Investment decision

The investment decision is one of the decisions that financial management must take to allocate existing cash to generate future profits. According to Silalahi et al. (2020), investment come from inside and outside the organization. Cash, marketable securities, accounts receivable, inventory, and other short-term assets are examples of investments made within the firm. This investment is included in the current assets on the balance sheet. Equipment, land, buildings, machinery, cars, and other long-term assets are examples of investments made outside the firm. On the balance sheet, this investment is listed as fixed assets. The expectations of investors on their wealth, the cost of the asset, the investor capacity to finance the investment, and how to finance it are essential elements for managers to decide whether the companies invest in fixed assets (Harcourt et al., 1967; Virlics, 2013).

According to Ha & Feng (2020), when monitoring systems are poor, managers tend to invest more than is best for the business for personal benefit at shareholders' expense, built upon Jensen's free cash flow theory. Therefore, the company would anticipate cash gained through tax avoidance to be utilized inefficiently without adequate monitoring, which is consistent with the free cash flow concept. That is why Investment decisions are risky. As a result, it is crucial to undertake a feasibility and investment study to reduce the risk of failure and loss while maximizing the return.

One of the various investment options available to the corporation is investing in fixed assets. As it has a useful future life, the structure of a fixed assets impacts crucial finance and investment decisions. According to the tax legislation, the useful life of tangible asset depreciation and other charges is more than one year. Its depreciation can be deducted for determining taxable income (Evana, 2019).

Corporate financial performance

According to Arinda & Dwimulyani (2019), corporate financial performance is measured by profitability which is a measurement of internal

performance used by firms to manage corporate assets and can be determined by the company's profit. The level of profit may be assessed using the company's financial statements.

In other words, profitability is a measurement of management performance in managing the company's resources to maximize shareholders' wealth (Ardi Murdoko Sudarmadji, 2007). This ratio assesses the total efficacy of management, which is demonstrated by the proportion of profit to sales and investment. If the profitability ratio is high, it indicates management's efficient operation. The higher profit led to an improvement in the company's profitability. Return on Assets (ROA) is used as a proxy for profitability in this study. This ratio analysis is already a standard method employed by business executives to evaluate the efficiency of the company's overall operations. Return on Assets (ROA) is a more accurate indicator of a company's profitability since it demonstrates how well management uses its assets to produce profits. The greater a company's Return on Asset (ROA) number, the better its performance. It is considered that companies with solid performance and the ability to make profits do not engage in tax avoidance since they can control their income and tax payments. This is reinforced by stakeholder theory, which states that a firm functions not only to maximize its profit but also to deliver advantages to all stakeholders, which in this case is the government. The management considers this stakeholder group to share information in corporate reports. This theory is consistent with the findings of Wijayani (2016), who discovered that profitability has a negative influence on tax avoidance. A strong profitability influence its tax planning in order to create optimal taxes, hence reducing the likelihood of tax avoidance (Hanum & Zulaikha, 2013).

Tax avoidance

Tax avoidance is a form of tax planning to minimize the income tax burden. Tax avoidance can be carried out responsibly by using legal methods that are permitted by regulations (Inger and

Stekelberg, 2022; Wang et al., 2022). The concept of tax avoidance is the taxpayer's attempt to take benefit of tax law loopholes, but still, the action is classified as a violation of the law's principle. Businesses may have varying choices in their participation in tax avoidance activities. Indeed, they are regarded to be hazardous business moves (Syukur et al., 2022). Tax avoidance practices carried out by companies can be observed using the effective tax rate (ETR). Previous literature shows two ways of ETR to measure tax avoidance, namely with cash ETR and GAAP ETR or Accruals ETR. Cash ETR uses cash tax paid as the numerator and pretax income minus special items as the denominator (Dyrenge et al. 2008; Inger and Stekelberg, 2022; Wang et al., 2022). Meanwhile, GAAP ETR or accruals ETR uses tax burden as the numerator and pretax income as the denominator (Dyrenge et al., 2008; Toumi et al., 2022). According to Donohoe & Knechel (2014), if the CASH ETR was the lowest quintile, it was classified as an aggressive tax avoidance group. According to Armstrong et al. (2012), lower values of the ETR represent higher levels of tax avoidance.

The influence of investment decisions on tax avoidance

Investment in fixed assets by increasing long-term debt encumbers the company to pay higher interest on long-term debt. On the other hand, this activity reduces the income tax that must be paid by the company (Ngelo et al., 2022). Several companies apply thin capitalization systems to evade tax (OECD, 2012). It refers to a company's reliance on debt rather than equity for funding (OECD, 2012). The loan's interest expense might reduce taxable income while enhancing a company's market value (Modigliani & Miller, 1963). Consequently, this tax avoidance is the result of a loophole in the tax code. Normally, interest payments are deductible under tax law. This provision is then abused by lending a sum over what is reasonable to increase the tax burden. As a consequence, the taxpayer's tax profit will drop, and the tax that must be paid will become tiny or the

taxpayer may owe no tax at all, as the taxpayer has sustained a fiscal loss. The money will ultimately be utilized to boost the company's investment. The corporation began investing with the acquisition of fixed assets. These fixed assets include buildings, mining infrastructure such as machinery and heavy equipment, transportation facilities, and supporting infrastructure like access roads and bridges.

Evana (2019) argues that the more investment in fixed assets, the more asset depreciation, so the company investing in fixed assets tends to have a low effective tax rate. If the effective tax ratio decreases (ETR), the possibility of tax avoidance increase. However, the results of Evana (2019) show an investment in corporate fixed assets has no significant contribution to tax avoidance. Another research by Ha & Feng (2020) find that investment decisions positively affect tax avoidance. The financial slack produced by tax savings motivates tax-evading businesses to invest. Nevertheless, someone may claim that the positive relationship between investment decisions and tax avoidance is a symptom of managers' incapacity to allocate resources properly. Therefore, a conflict of interest is deemed to exist. Their findings demonstrate firms that avoid taxes are more likely to invest than firms that do not evade taxes.

H₁: Investment decisions affect tax avoidance of mining companies listed on the asia pacific stock exchanges.

The impact of corporate financial performance on tax avoidance

According to a study by Subagiastra et al. (2016), Arinda & Dwimulyani (2019), a good asset management may be judged by a higher value of return on assets. Their research show that profitability positively affects tax avoidance. When a firm has a big profit, its tax bill is generally high or is directly proportionate. To limit the amount of tax paid to the State treasury, businesses are more likely to engage in tax avoidance. Or in other words, when a business has a large profit margin, it also has a high tax burden. To limit the amount of tax paid to the State treasury, businesses are more inclined to

participate in tax avoidance (Subagiastra et al., 2016).

The financial performance is also determined as one factor influencing tax avoidance. Arinda & Dwimulyani (2019) examine the effect of financial performance on tax avoidance. These results suggest that profitability positively and significantly affects tax avoidance. This finding is related to Pratiwi (2018), Maidina & Wati (2020), and Yesy Ratna Sari (2021). Meanwhile, another research conducted by Kusufiyah & Anggraini (2019) about the role of independent commissioners, company size, financial performance, and leverage on tax avoidance efforts shows that profitability has a negative and significant effect on tax avoidance practices. This finding is in line with Wiratmoko (2018) and Supriyanto (2021), who find that Return on Asset has no significant effect on ETR.

Silalahi et al. (2020) examine the influence of profitability, company size, and investment decisions on tax avoidance of property & real estate companies listed on the Indonesia Stock Exchange for the 2016-2018 period. The results illustrate that profitability has a significant effect on tax avoidance, and investment decisions have no significant impact on tax avoidance. The finding corresponds to the study of Evana (2019) that investment decisions and financial performance affect tax avoidance. However, this finding did not relate to Ha & Feng, 2020). This study found that tax-avoiding firms are more likely to overinvest than non-tax-avoiding firms, and the quality of the information environment moderates the relationship between tax avoidance and overinvestment.

H₂: Corporate financial performance affects tax avoidance of mining companies listed on the Asia Pacific stock exchanges.

3. Research method

Sampling and data collection techniques

The sample for this research involved mining companies that were listed on the Australian Securities Exchange (ASX), Indonesia Stock Exchange (IDX), and National Stock Exchange of India (NSEI) in the years 2017-2021 and meet three criteria. Based on purposive sampling, we determined some criteria to select a sample. First, for the last five years, top mining companies have been listed on the Australian Securities Exchange (ASX), Indonesia Stock Exchange (IDX), and National Stock Exchange of India (NSEI); during the research period, mining companies released financial statements; during the research period, mining companies made a positive pretax profit. World Mining Congress conducted in 2018 deduced eight countries as the biggest miners in the world (Statista, 2020). Within Asia Pacific Countries, there are China, Australia, India, and Indonesia, with the number of extractions of mining products 4,084.1 (in a million metric tons), 1,196.4 (in a million metric tons), 1,014.8 (in a million metric tons), and 668 (in a million metric tons). This study chose Australia, Indonesia, and India as the sample countries. China is also one of the biggest miners, but it is not selected cause of the lack of language understanding. Table 3.1. exhibits the process of sample selection.

Table 2 Process of sample selection

No.	Criteria	Not according to the criteria	Total
1.	Top mining companies listed on the Australian Securities Exchange (ASX), Indonesia Stock Exchange (IDX), and National Stock Exchange of India (NSEI).		97
2.	Top mining companies registered on the Australian Securities Exchange (ASX), Indonesia Stock Exchange (IDX), and National Stock Exchange of India (NSEI) for the last five years.	(10)	87
3.	Mining companies publish financial statements during the years of study.	(0)	87

4. Mining companies that obtained positive pretax profit during the years of study.	(47)	40
The samples number that meets the criteria		40
Year of Study		5 years
The total number of sample observations		200

There are 97 top mining companies listed on the Australian Securities Exchange (ASX), the Indonesia Stock Exchange (IDX), and the National Stock Exchange of India (NSEI). The number of data chosen in Australia, Indonesia, and India publicly listed companies are 15, 12, and 13, sequentially. There are two companies did not register at Indonesia Stock Exchange (IDX) during the study year, eight companies did not register at Australia Stock Exchange (ASX), and 47 companies did not achieve a positive pretax profit. As a result, the total number of sample observations is equal to 40 companies with 200 observations.

The data for this research was collected from relevant publications, books, and published financial statements of mining firms listed on the Australian Securities Exchange (ASX), the Indonesia Stock Exchange (IDX), and the National Stock Exchange of India (NSEI) from 2017 to 2021. Mining firms published financial statements may be downloaded straight from the Australian Securities Exchange (ASX), the Indonesia Stock Exchange (IDX), the National Stock Exchange of India (NSEI) or the website at each company's official website.

Variables operationalization

Dependent variable

The main variable in this research is tax avoidance. Tax avoidance is an explicit kind of tax reduction (Hanlon & Heitzman, 2010). The Effective Tax Rate (ETR) is used to assess tax avoidance (Toumi et al., 2022; Dyreng et al., 2008). It is used as a metric to identify most businesses evading taxes, which is a kind of tax avoidance. Tax costs and pretax income are used to calculate ETR (Toumi et al., 2022; Dyreng et al., 2008). The entire amount of taxes owed to tax authorities by a person, a corporation, or another organization is tax expenses (GAAP ETR or accruals ETR). On the

other hand, pretax income is the cash available after all operational costs have been paid but before income taxes have been deducted (Cash ETR). The ETR is then calculated by dividing its total tax costs by its pretax revenue (Toumi et al., 2022; Dyreng et al., 2008). The Effective Tax Rate (ETR) findings are compared to the Statutory Tax Rate (STR). In a corporation, the lower the ETR, the better. It indicates that if the gap between ETR and STR is more significant, the company will have more tax-saving companies than tax planning.

$$ETR_{it} = \frac{Tax\ Expense_{it}}{Pretax\ Income_{it}}$$

Independent variables

Investment decisions

An investment decision is one of the decisions that financial management makes to allocate existing cash to generate future profits. It is also the decision made by the company to spend its funds in the form of fixed assets in the hope of getting profits in the future. According to Evana (2019), tax avoidance is also affected by fixed asset investment, which is also an investment decision conducted by the company. Therefore, investment decision was measured by Fixed Asset Growth (FAG). As Evana (2019), the process of calculating fixed asset growth in this study used data from 2016 to 2021.

$$FAG_{it} = \frac{\Sigma Fixed\ Asset_n - \Sigma Fixed\ Asset_{n-1}}{\Sigma Fixed\ Asset_{n-1}}$$

Corporate financial performance

A study by Subagiastra et al. (2016) stated that the company's good asset management might be judged by the company's high ROA value. Their research showed that profitability positively affects tax avoidance. When a firm has a big profit, its tax bill is generally high or is directly proportionate (Wang et al., 2022). To limit the amount of tax paid to the State treasury, businesses are more likely to

engage in tax avoidance. As Wang et al., (2022), ROA was determined by comparing a company's net income to the total value of its assets.

$$ROA_{it} = \frac{\text{Net Income}_{it}}{\text{Total Asset}_{it}}$$

Control variables

Leverage

The company has three ways to finance its activities equity financing by obtaining revenue to issue shares, debt financing by obtaining income through loans, and financing a combination of both types of financing (Stamatopoulos et al., 2019). Generally, leverage is measured by the total debt to assets ratio (DAR) (Inger and Stekelberg, 2022; Toumi et al., 2022; Wang et al., 2022)

$$DAR_{it} = \frac{\text{Total Liability}_{it}}{\text{Total Asset}_{it}}$$

Firm size

Firm size is how big or small one can classify a company, both large and small, based on its measurement using total assets. Larger firm sizes are subject to more government regulations, so it is expected that in their behavior the firm can act under

its social environment (Inger and Stekelberg, 2022; Wang et al., 2022; Belz et al., 2019).

SIZE_{it} = natural logarithm of total asset

Firm age

The company's age indicates how much a company can optimize the company's operations and can survive in the business market competition (Wang et al., 2022; Permata et al., 2018).

AGE_{it} = Year of Research – Year of company's IPO

Sales growth

Sales growth, showing the enhancement of sales levels from year to year. Therefore, the development can increase or decrease. Sales growth can be measured by calculating the sales at the end of the period in year i minus the sales at the end of the period in the previous year, divided by the sales at the end of the previous year (Inger and Stekelberg, 2022; Wang et al., 2022). The process of calculating sales growth in this study used data from 2016 to 2021.

$$SG_{it} = \frac{\text{Sales}_n - \text{Sales}_{n-1}}{\text{Sales}_{n-1}}$$

Table 3 Operationalization of variables

Research variables	Operational definitions	Measurement
Dependent variable		
Tax avoidance	Effective Tax Rate (Toumi et al., 2022; Dyrenge et al., 2008; Hanlon and Heitzman, 2010)	$ETR_{it} = \frac{\text{Tax Expense}_{it}}{\text{Pretax Income}_{it}}$
Independent variables		
Investment decisions	Fixed Asset Growth (Evana, 2019)	$FAG_{it} = \frac{\Sigma \text{Fixed Asset}_n - \Sigma \text{Fixed Asset}_{n-1}}{\Sigma \text{Fixed Asset}_{n-1}}$
Financial performance	Return on Asset (Arinda & Dwimulyani, 2019)	$ROA_{it} = \frac{\text{Net Income}_{it}}{\text{Total Asset}_{it}}$
Control variables		
Leverage	DAR (Inger and Stekelberg, 2022; Toumi et al., 2022)	$DAR_{it} = \frac{\text{Total Liability}_{it}}{\text{Total Asset}_{it}}$
Firm size	SIZE (Inger and Stekelberg, 2022;	SIZE _{it} = ln (Total Assets)

Firm age	Toumi et al., 2022; Belz et al., 2019)	AGEit = Year of Research – Year of company's IPO
	AGE (Wang et al., 2022; Permata et al., 2018)	
Sales growth	SALES GROWTH (Inger and Stekelberg, 2022; Wang et al., 2022))	$SGit = \frac{Sales_n - Sales_{n-1}}{Sales_{n-1}}$

Data analysis methods

Descriptive statistics

Descriptive statistics may be generated in several methods, providing a wealth of data. It is beneficial since it provides a rapid overview of variable analysis. The mean, standard deviation, and minimum are examples of descriptive statistics. The information offered in research will be clearer and simpler to grasp if descriptive statistics are used (Ghozali, 2018).

Pre-regression tests

The normality test employed non-parametric Kolmogorov-Smirnov (K-S) analysis. The data distribution will be normal if the K-S significance value is greater than 0.05. Otherwise, the data distribution is abnormal if the K-S significance value is less than 0.05.

The multicollinearity test used the variance inflation factor (VIF). When the VIF value is more than ten and the tolerance value is less than 0.10, the regression model is considered not multicollinear. To have a decent regression model, the independent variables should not have a solid linear connection, and the amount of multicollinearity should be minimal.

Heteroscedasticity test. The Glejser test is used to see whether the regression model has residual variance from one observation to another observation. If the significance value between the independent variables and the absolute residual is

more than 0.05, then heteroscedasticity does not occur. Conversely, there is heteroscedasticity if the significance value is below 0.05.

Autocorrelation test. This study used the run test to find out the autocorrelation in a regression model. The run test is used to determine whether the residual value occurred randomly or not. If the significance value of the run test is less than 0.05, there will be autocorrelation. Meanwhile, if the significance value of the run test is more than 0.05, there will be free of autocorrelation.

Hypothesis testing

To test the hypothesis, we applied a t-test of multiple linear regression models. Effective Tax Rate (ETR) is used to symbolize tax avoidance techniques. Fixed Asset Growth (FAG) is used to represent Investment Decisions, and Return on Assets (ROA) is used to denote financial Performance. To test the hypothesis, we applied a t-test of multiple linear regression models on 4 groups of samples.

Group 1 is companies listed on the stock exchange of 3 sample countries (henceforth, the countries in general). Group 2 is companies listed on the Australian Stock Exchange (henceforward, Australia). Group 3 is companies listed on the Indonesia Stock Exchange (hereafter, Indonesia). Group 4 is companies listed on the India Stock Exchange (after this, India).

$$ETRit = \alpha + \beta_1 FAGit + \beta_2 ROAit + \beta_3 DARit + \beta_4 SIZEit + \beta_5 AGEit + \beta_6 SGit + \varepsilon$$

4. Results and discussion

The analysis is classified into 4 groups of samples. Group 1 is companies listed on the stock exchange of 3 sample countries (henceforth, the countries in general). Group 2 is companies listed on the Australian Stock Exchange (henceforward, Australia). Group 3 is companies listed on the Indonesia Stock Exchange (hereafter, Indonesia).

Group 4 is companies listed on the India Stock Exchange (after this, India).

Descriptive statistics

Table 4.1. exhibits descriptive statistics of the minimum, maximum, mean, and standard deviation of 200 mining companies listed on the Asia Pacific Stock Exchanges from 2017 to 2021.

Table 4 Descriptive statistics of all samples

The countries in general					
	N	Minimum	Maximum	Mean	Std. Deviation
TA (Y)	200	0.003	0.908	0.287	0.127
ID (X1)	200	-0.578	1.516	0.124	0.256
FFP (X2)	200	0.001	0.64	0.106	0.09
LEV (C1)	200	0.088	0.932	0.386	0.185
SIZE (C2)	200	7.32	24.23	13.956	4.488
AGE (C3)	200	2	51	18.8	11.033
SG (C4)	200	-0.399	1.697	0.185	0.304
Australia					
TA (Y)	75	0.025	0.896	0.293	0.111
ID (X1)	75	-0.292	0.981	0.171	0.265
FFP (X2)	75	0.008	0.64	0.12	0.091
LEV (C1)	75	0.11	0.932	0.324	0.136
SIZE (C2)	75	7.95	15.19	12.165	2.245
AGE (C3)	75	11	51	26.6	12.535
SG (C4)	75	-0.289	0.844	0.183	0.228
Indonesia					
TA (Y)	60	0.01	0.908	0.301	0.16
ID (X1)	60	-0.238	1.516	0.126	0.326
FFP (X2)	60	0.001	0.52	0.109	0.113
LEV (C1)	60	0.088	0.761	0.407	0.168
SIZE (C2)	60	13.96	24.23	19.575	3.322
AGE (C3)	60	2	31	14.58	7.335
SG (C4)	60	-0.399	1.697	0.253	0.432
India					
TA (Y)	65	0.003	0.679	0.267	0.108
ID (X1)	65	-0.578	0.413	0.067	0.138
FFP (X2)	65	0.008	0.241	0.087	0.059
LEV (C1)	65	0.089	0.841	0.439	0.227
SIZE (C2)	65	7.32	16.37	10.836	1.84
AGE (C3)	65	6	24	13.69	5.72
SG (C4)	65	-0.263	0.833	0.124	0.215

Notes: ETR is effective tax rate to measure the level of tax avoidance; FAG is fixed asset growth to measure investment decision; ROA is the return on asset to measure financial performance; DAR is debt to asset ratio to measure leverage; SIZE to measure firm size; AGE to measure firm age; SG to measure sales growth.

Pre-regression test results

Table 4.2. presents the summary of classical assumption results. Based on the results, we

conclude that the study is free from classical assumption problems.

Table 5 Pre-regression test results

Variables	Normality test	Multicollinearity test		Heteroscedasticity test	Autocorrelation test
	Kolmogorov- smirnov	VIF	Tolerance	Glejser test	Runs test
The countries in general					
(Constant)				0.000	
ID (X1)		1.037	0.964	0.732	
FFP (X2)		1.126	0.888	0.130	
LEV (C1)	0.004	1.075	0.930	0.091	0.395
SIZE (C2)		1.086	0.921	0.577	
AGE (C3)		1.084	0.922	0.136	
SG (C4)		1.182	0.846	0.483	
Australia					
(Constant)				0.000	
ID (X1)		1.059	0.944	0.838	
FFP (X2)		1.384	0.723	0.826	
LEV (C1)	0.067	1.392	0.718	0.156	0.417
SIZE (C2)		1.488	0.672	0.165	
AGE (C3)		1.283	0.779	0.797	
SG (C4)		1.142	0.875	0.925	
Indonesia					
(Constant)				0.699	
ID (X1)		1.239	0.807	0.815	
FFP (X2)		1.305	0.766	0.666	
LEV (C1)	0.374	1.748	0.572	0.208	0.068
SIZE (C2)		1.593	0.628	0.806	
AGE (C3)		1.337	0.748	0.816	
SG (C4)		1.318	0.759	0.579	
India					
(Constant)				0.000	
ID (X1)		1.064	0.940	0.226	
FFP (X2)		2.022	0.495	0.578	
LEV (C1)	0.533	1.535	0.651	0.856	0.061
SIZE (C2)		1.204	0.830	0.261	
AGE (C3)		1.635	0.612	0.427	
SG (C4)		1.200	0.833	0.223	

Multiple linear regression analysis

Table 4.3. Shows the results of the regression analysis which explains the effect of investment

decisions and financial performance as well as several control variables such as leverage, firm size, firm age, and sales growth on tax avoidance.

Table 6 Multiple linear regression analysis

Dependent Variable: Effective Tax Rate (ETR)			
Variable	Coef	t	Sig.
The countries in general			
(Constant)	0.312	7.244	0.000
ID	-0.103	-2.943	0.004
FFP	-0.237	-2.285	0.023
LEV	0.020	0.405	0.686
SIZE	0.000	-0.001	0.999
AGE	0.000	-0.113	0.910
SG	0.036	1.147	0.253
F-Test	2.498		0.024a
R Square	0.072		
Adjusted R Square	0.043		
Australia			
(Constant)	0.665	5.529	0.000
ID	-0.155	-2.571	0.013
FFP	-0.652	-3.645	0.001
LEV	0.255	1.843	0.071
SIZE	-0.018	-2.645	0.011
AGE	-0.004	-1.430	0.159
SG	0.105	2.253	0.028
Indonesia			
(Constant)	0.286	2.528	0.014
ID	-0.153	-3.194	0.002
FFP	-0.126	-0.790	0.432
LEV	0.121	1.124	0.265
SIZE	0.001	0.154	0.878
AGE	0.000	-0.200	0.842
SG	0.011	0.192	0.848
India			
(Constant)	0.328	2.974	0.004
ID	0.115	1.120	0.267
FFP	-0.168	-0.507	0.614
LEV	-0.040	-0.539	0.592
SIZE	-0.001	-0.156	0.876
AGE	-0.001	-0.366	0.716
SG	-0.066	-0.940	0.351

Dependent Variable: ETR

Notes: ETR is effective tax rate to measure the level of tax avoidance; FAG is fixed asset growth to measure investment decision; ROA is return on asset to measure financial performance; DAR is debt to asset ratio to measure leverage; SIZE to measure firm size; AGE to measure firm age; SG to measure sales growth.

Table 6 presents the results of Multiple Linear Regression Analysis. It illustrates that investment decision has a significant effect on tax avoidance for all groups (the countries in general, Australia, Indonesia, and India (Coeff. ID=-0.103, -0.153, -

0.155, and 0.115, with a significance value of 0.004, 0.002, 0.013, and 0.267 respectively). The significance value of investment decision was less than 0.05 for the countries in general (group 1), Australia (group 2), and Indonesia (group 3). Since

ETR represents tax avoidance in this study, tax avoidance is positive when ETR has a negative value. Then, the negative value of the investment decisions (ID) indicates that the company is engaged in tax avoidance practice. Therefore, it implies that investment decision has significantly positive effects on tax avoidance. Thus, H1 is accepted for the sample group of the countries in general, Australia, and Indonesia.

The coefficient regression of financial performance is -0.237, -0.126, -0.652, and -0.168 for the sample group of the countries in general, Australia, Indonesia, and India, with a significance value of 0.023, 0.432, 0.001, and 0.614 respectively. The significance value of financial performance is less than 0.05 for the sample groups of the countries in general and Indonesia. It means that financial performance has a significant effect on tax avoidance.

Since tax avoidance in this study is represented by ETR, tax avoidance is positive when ETR has a negative value. Then, the negative value of corporate financial performance indicates that the company is engaged in tax avoidance practices. Therefore, it implies that financial performance has significantly positive effects on tax avoidance. Thus, H2 is supported for the groups of the countries in general and Indonesia.

Leverage (LEV) as the control variable, the general coefficient regression is 0.020, 0.121, 0.233, and -0.040 for sample groups of the countries in general, Australia, Indonesia, and India, with a significance value of 0.686, 0.265, 0.071, and 0.592, respectively. The significance value of leverage is more than 0.05 for all the countries. It means that leverage does not affect tax avoidance. Another variable, firm size (SIZE), as the control variable, the coefficient regression is 0.000, 0.001, -0.018, and -0.001 for sample groups of the countries in general, Australia, Indonesia, and India, with a significance value of 0.999, 0.878, 0.011, and 0.876 respectively. The significance value of firm size is less than 0.05 only for Indonesia. It means that firm size has a significant effect on tax avoidance for sample group

of Indonesia. The larger the size of the company, means that the company has substantial available resources that can be used for the benefit of the company. In agency theory, substantial resources owned by large companies are likely to be large-scale supplies as well. Then the agent will maximize corporate performance by emphasizing corporate tax burden. In this case, the company has a high level of aggressiveness to take tax avoidance actions. In line with research conducted by Irianto et al. (2017), this study confirms the significant effect of company size on tax avoidance.

On the variable firm age (AGE), also as the control variable, the coefficient regression is 0.000, 0.000, -0.004, and -0.001 for all sample groups (the countries in general, Australia, Indonesia, and India), with a significance value of 0.910, 0.842, 0.159, and 0.716 respectively. The significance value of firm age is more than 0.05 for all the countries. It means that firm age does not have any effect on the tax avoidance. In other words, the age of the company has no significant effect on the management of the firm concerning tax burden that must be paid, as companies with earlier IPOs have more experience generating profits without engaging in tax fraud to reduce the corporate tax burden.

The last control variable is sales growth (SG), the coefficient regression is 0.036, 0.011, 0.105, and -0.066 for all sample groups (the countries in general, Australia, Indonesia, and India), with a significance value of 0.253, 0.848, 0.028, and 0.351 respectively. The significance value of sales growth is less than 0.05 only in Indonesia. It means that sales growth has a significant effect on the tax avoidance. Since tax avoidance in this study is represented by ETR, tax avoidance is positive when ETR is a negative value.

However, the result of this study shows a positive value of sales growth in Indonesia, that is 0.105 shown in Table 4.3. It indicates that the company is less engaged in tax avoidance practices. Therefore, it implies that sales growth does not affect tax avoidance. This demonstrates that great sales

growth does not inevitably lead to huge profits, hence it has little impact on tax avoidance. This research is consistent with Primasari's (2019)

findings that sales growth does not affect tax avoidance.

Table 7 Summary of hypotheses results

Items	Hypotheses	Result			
		Countries in General	Australia	Indonesia	India
H1	Investment decisions affect tax avoidance	+ accepted	+ accepted	+ accepted	R
H2	Corporate financial performance affects tax avoidance	+ accepted	R	+ accepted	R

Notes: (+) is a positive significant effect; (-) is a negative significant effect; ® is Rejected.

Discussion

The effect of investment decision on tax avoidance

Based on the test results, we find that the effect of investment decisions on tax avoidance is significantly positive. A negative sign between investment decisions and ETR indicates that the companies are engaged in tax avoidance. The higher the value of the investment decisions, the higher the level of tax avoidance, so investment decisions has a significantly positive effect on tax avoidance. The previous study conducted by Ha & Feng (2020) has similar results, they find that investment decisions affect tax avoidance and an increase in the value of investment decisions shows a decrease in the level of the effective tax rate, then it shows there is tax avoidance. Taxpayers might attempt to evade taxation by using tax rule loopholes, one of which is the rule addressing interest charges. Tax laws dictate that interest payments are deductible expenses. This clause is then exploited by offering loans over what is appropriate; the goal is to raise the fiscal burden; hence, the tax revenue will fall, and the amount of tax that must be paid will be little.

The investment decisions, in this case, are the decisions of mining companies listed on the Asia Pacific stock exchange. Investing in fixed assets is expected to provide economic benefits for the company in the future. Fixed assets are used to support the corporate operations. Fixed assets are assets that will be used continuously. Fixed assets

have an important role in expediting the operation of the company. Companies with high investment decision values tend to avoid tax. The self-assessment policy allows the taxpayer, in terms of the company, to determine their tax obligation. Because depreciation is a tax deduction, companies try to increase the value of their fixed assets so that depreciation increases and the tax liabilities decline. If the effective tax rate decreases (ETR), the possibility of tax avoidance will increase. However, the result does not support Silalahi et al. (2020); and Evana (2019). They find that there is no effect between investment decisions and tax avoidance.

The effect of corporate financial performance on tax avoidance

The variable of corporate financial performance does affect tax avoidance in Indonesia and the countries in general. However, it has no significant effect in Australia and India. Therefore, only Indonesia and the countries in general, support the second hypothesis (H2) that financial performance does affect the tax avoidance. The results of research on the effect of financial performance on tax avoidance still produce various findings. Previous studies conducted by Arinda & Dwimulyani (2019); Pratiwi (2018); Maidina & Wati (2020); Marsahala et al. (2020); Safiinatunnajah & Setiyawati (2022); Widyastuti et al. (2022), found a significant positive effect between financial performance and tax avoidance.

Based on the result of the t-Statistical test shown in table 4.6, it shows that there is an association between financial performance and tax avoidance since the significance of financial performance is under 0.05. This implies that financial performance measured by ROA has a significantly positive effect on tax avoidance. A negative sign between financial performance and ETR indicates that the companies are engaged in tax avoidance since the tax expenses paid by the company are high. The importance of the negative relationship between financial performance and ETR is that the higher the value of financial performance, the lower the value of ETR. A high financial performance value assumes that the company has a high level of return on assets, while a low ETR value indicates a high level of tax avoidance. The higher the value of financial performance, the higher the level of tax avoidance, so financial performance has a significantly positive effect on tax avoidance.

This study demonstrates that profitability positively influences tax avoidance. The bigger the financial performance, the better the profitability. The larger the company with high profits, the higher the level of tax burden to be paid. The notion of the agency will motivate agents to improve business profitability. Agents will try to optimize their performance by managing the tax burden so as not to reduce the agent's performance compensation as a reduction in company profits. In addition, agents strive to carry out tax planning with vigilance in determining decisions in tax matters. When the profits rise, the amount of income tax will increase proportionally. Hence it is likely that the corporation would engage in tax avoidance to prevent an increase in the tax burden.

According to Table 4.3, the F-statistical test was conducted in this research to examine whether investment decisions and financial performance simultaneously affect tax avoidance. The result of the F-statistical test shows that the value of the F-count is 2.498 significant at level 5%. The table shows that the coefficient regression of Investment Decision (ID) is -0.103, -0.153, -0.155, and 0.115 in

the countries in general, Australia, Indonesia, and India, with a significance value of 0.004, 0.002, 0.013, and 0.267 respectively. The significance value of investment decision was less than 0.05 for the countries in general, Australia and Indonesia. It means that investment decision affect tax avoidance. Since ETR represents tax avoidance in this study, tax avoidance is positive when ETR has a negative value. Then, the negative value of investment decision (ID) indicates that the company is engaged in tax avoidance practices. Therefore, it implies that investment decision has significantly positive effects on tax avoidance. Thus, H1 is accepted for the sample groups of countries in general, Australia, and Indonesia.

The coefficient regression of Financial Performance is -0.237, -0.126, -0.652, and -0.168 in the countries in general, Australia, Indonesia, and India, with a significance value of 0.023, 0.432, 0.001, and 0.614 respectively. The significance value of financial performance is less than 0.05 for the countries in general and Indonesia. It means that financial performance has a significant effect on the tax avoidance. Since tax avoidance in this study is represented by ETR, tax avoidance is positive when ETR has a negative value. Then, the negative value of financial performance indicates that the company is engaged in tax avoidance practice. Therefore, it implies that financial performance has significantly positive effects on tax avoidance. Thus, H2 is accepted in the countries in general and Indonesia.

5. Conclusions

This study aims to examine the effect of investment decisions and corporate financial performance on tax avoidance. The results show that Investment decisions and financial performance simultaneously affect tax avoidance. The measurement of investment decisions has significantly positive effect on tax avoidance for sample groups the countries in general, Australia, and Indonesia. While the measurement of financial performance has a positive and significant effect on tax avoidance for groups the countries in general and

Indonesia. This research used leverage, firm size, firm age and sales growth as control variables. Firm size has a significantly positive effect on tax avoidance for sample group of Indonesia. While leverage, firm age, and sales growth do not affect tax avoidance. The limitations of this study is the lack of data due to the small number of mining companies. Besides, in 2020 2021, all countries in the world were hit by a global health crisis, the Covid 19 pandemic. This pandemic affected all aspects of people's lives, businesses and economies of countries around the world. This research does not consider this issue in data, analysis, and discussions. For further research, it is expected to broaden the research subject to get more representative data from the population and the findings can be generalized to all sectors of companies.

References

- Amanta, H. P., Wahyuni, R. N., & Firmansyah, A. (2022). Peran Kebijakan Utang Dalam Respon Investor Atas Aset Pertambangan, Aset Tetap Dan Ukuran Perusahaan. *Jurnal Pajak dan Keuangan Negara (PKN)*, 4(1), 112-121.
- Arinaldo, D., & Adiatama, J. C. (2019). Dinamika batu bara Indonesia: Menuju transisi energi yang adil. *Institute for Essential Services Reform (IESR)*. <http://iesr.or.id/wp-content/uploads/2019/04/SPM-bahasa-lowres.pdf>
- Arinda, H., & Dwimulyani, S. (2019). Analisis pengaruh kinerja keuangan dan kualitas audit terhadap tax avoidance dengan good corporate governance sebagai variabel moderasi. *Jurnal Akuntansi Trisakti*, 5(1), 123–140. <https://doi.org/10.25105/jat.v5i1.5246>
- Armstrong, C.S., Blouin, J.L., Jagolinzer, A.D. and Larcker, D.F. (2015), "Corporate governance, incentives and tax avoidance". *Journal of Accounting and Economics*, Vol. 60 No. 2, pp. 1-17.
- Asian Development Bank. (2021). What is the asia pacific tax hub?. <https://www.adb.org/news/videos/what-asia-pacific-tax-hub>. Retrieved September 1, 2021.
- Australian Government Taxation Office. (2021). *Budget Review Index*. https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp.
- Belz, T., von Hagen, D., & Steffens, C. (2019). Taxes and firm size: Political cost or political power?. *Journal of Accounting Literature*, 42, 1–28. <https://doi.org/10.1016/j.acclit.2018.12.001>
- Brigham, F. Eugene dan Joel F. Houston. (2013). *Dasar-dasar Manajemen Keuangan*. Jakarta: Salemba Empat.
- Dang, V. C., & Tran, X. H. (2021). The impact of financial distress on tax avoidance: An empirical analysis of the Vietnamese listed companies. *Cogent Business & Management*, 8(1), 1953678.
- DDTC News. (2019). Sektor pertambangan rawan manipulasi transfer pricing?. <https://news.ddtc.co.id/sektor-pertambangan-rawan-manipulasi-transfer-pricing-17422>. Retrieved September 20, 2021.
- Dharma, I. M. S., & Ardiana, P. A. (2016). Pengaruh leverage, intensitas aset tetap, ukuran perusahaan, dan koneksi politik terhadap tax avoidance. *E-Jurnal Akuntansi Universitas Udayana*, 15, 584–613. <https://ojs.unud.ac.id/index.php/Akuntansi/article/view/17463>.
- Donohoe, M. P., & Robert Knechel, W. (2014). Does corporate tax aggressiveness influence audit pricing?. *Contemporary Accounting Research*, 31(1), 284–308. <https://doi.org/10.1111/1911-3846.12027>.
- Dyrenge, S. D., Hanlon, M., & Maydew, E. L. (2008). Long-run corporate tax avoidance. *American Accounting Association*, 83(1), 61–82. <https://www.jstor.org/stable/30243511>
- Evana, E. (2019). The effect of state ownership structure, investment decision, and fiscal tax loss compensation toward tax avoidance on manufacturing companies listed on IDX in

2015. *Review of Integrative Business and Economics Research*, 8(1), 202. <http://buscompress.com/journal-home.html>
- Gaur, V., & Kesavan, S. (2015). The effects of firm size and sales growth rate on inventory turnover performance in the U.S. retail sector. *International Series in Operations Research and Management Science*, 223, 25–52. https://doi.org/10.1007/978-1-4899-7562-1_3
- Ghozali, I. (2018). Aplikasi analisis multivariate dengan program SPSS. Semarang: Badan Penerbit Universitas Diponegoro.
- Ha, J., & Feng, M. (2020). Tax avoidance and over-investment: The role of the information environment. *Journal of Corporate Accounting & Finance*. <https://doi.org/10.1002/jcaf.22477>
- Haniffa, R., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance and Accounting*, 33(7–8), 1034–1062. <https://doi.org/10.1111/j.1468-5957.2006.00594.x>
- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2–3), 127–178. <https://doi.org/10.1016/j.jacceco.2010.09.002>
- Inger, K., Stekelberg, J. (2022). Valuation implications of socially responsible tax avoidance: Evidence from the electricity industry. *Journal of Accounting and Public Policy* 41(4). 106959, <https://doi.org/10.1016/j.jaccpubpol.2022.106959>
- Irianto, B. S., Sudibyo, Y. A., & Ak, A. W. S. (2017). The influence of profitability, leverage, firm size and capital intensity towards tax avoidance. *International Journal of Accounting and Taxation*, 5(2), 33–41. <https://doi.org/10.15640/ijat.v5n2a3>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs, and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Kemenkeu Indonesia. (2021). *State Budget*. <https://www.kemenkeu.go.id/>
- Lietz, Gerrit M. (2014). Determinants and Consequences of Corporate Tax Avoidance. *University of Munster: Institute of Accounting and Taxation*.
- Maidina, L. P., & Wati, L. N. (2020). Pengaruh koneksi politik, good corporate governance dan kinerja keuangan terhadap tax avoidance. *Jurnal Akuntansi*, 9(2), 118–131. <https://doi.org/10.37932/ja.v9i2.95>
- Marsahala, Y. T., Ariefiara, D., & Lastiningsih, N. (2020). Profitability, capital intensity and tax avoidance in Indonesia: The effect board of commissioners' competencies. *Journal of Contemporary Accounting*, 129–140.
- Modigliani, F., dan Miller, M, 1963, Corporate Income Taxes and the Cost of Capital: A Correction, *American Economic Review*, 53, 443–443
- Newberry, S. G. & K. (1997). Determinants of the variability of corporate effective tax rates: Evidence from romanian listed companies. *Journal of Accounting and Public Policy*, 5016, 1–34. <https://doi.org/10.2753/REE1540-496X5004S4007>
- Ngelo, A. A., Permatasari, Y., Harymawan, I., Anridho, N., & Kamarudin, K. A. (2022). Corporate Tax Avoidance and Investment Efficiency: Evidence from the Enforcement of Tax Amnesty in Indonesia. *Economies*, 10(10), 251.
- OECD. (2012). *Thin Capitalisation Legislation: A Background Paper of Country Tax Administrations*. OECD Publishing, 3–8.
- Permata, A. D., Nurlaela, S., & Wahyuningsih, E. M. (2018). Pengaruh size, age, profitability, leverage dan sales growth terhadap tax avoidance. *Jurnal Akuntansi dan Pajak*, 19(1), 10. <https://doi.org/10.29040/jap.v19i1.171>
- Pratiwi, A. P. (2018). Pengaruh kepemilikan institusional dan kinerja keuangan terhadap penghindaran pajak dengan corporate sosial responsibility sebagai pemediasi. *Jurnal Ilmu Manajemen & Bisnis*, 9(2), 58–66.

- Primasari, N. H. (2019). Leverage, Ukuran Perusahaan, Profitabilitas, Pertumbuhan Penjualan, Proporsi Komisaris Independen Dan Kualitas Audit Terhadap Tax Avoidance (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia Periode 2014-2016). *Jurnal Akuntansi dan Keuangan*, 8(1), 21-40.
- Razali, M. W. M., Yi, P. X., Brahmana, R. K., & Tak, A. H. (2019). Malaysian listed firm's tax avoidance: another earnings management strategy?. *International Journal of Academic Research in Business and Social Sciences*, 9(2), 643–655. <https://doi.org/10.6007/ijarbss/v9-i2/5597>
- Ross, S. A. (1973). The economic the theory of agency. *The American Economic Review*, 63(2), 134–139. <http://www.jstor.org/stable/1817064>
- Rustiarini, N. W., & Sudiartana, I. M. (2021). Board political connection and tax avoidance: Ownership structure as a moderating variable. *Jurnal Dinamika Akuntansi Dan Bisnis*, 8(2), 128-148.
- Safiinatunnajah, N. A., & Setiyawati, H. (2022). The Effect of Leverage and Profitability on Tax Avoidance with Company Transparency as a Moderating Variable. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, 5(3).
- Silalahi, G. J., Siahaan, S. B., Nainggolan, A., Ekonomi, F., & Methodist, U. (2020). Analisis pengaruh profitabilitas, ukuran perusahaan, dan keputusan investasi terhadap tax avoidance pada perusahaan property & real estate yang terdaftar di bursa efek indonesia periode 2016-2018. *Jurnal Manajemen*, 6(2).
- Slemrod, J. (2004). The economics of corporate tax selfishness. *National Tax Journal*, 57(4), 877–899. <https://doi.org/10.17310/ntj.2004.4.06>
- Statista. (2020). Chart: The Countries That Are the Biggest Miners in the World. <https://www.statista.com/chart/19839/biggest-miners-among-countries/>. Retrieved December 12, 2022.
- Subagiastra, K., Arizona, I. P. E., & Mahaputra, I. N. K. A. (2016). Pengaruh profitabilitas, kepemilikan keluarga, dan good corporate governance terhadap penghindaran pajak (studi pada perusahaan manufaktur di bursa efek indonesia). *Jurnal Ilmiah Akuntansi*, 1(2), 167–193. <https://doi.org/10.23887/jia.v1i2.9994>
- Syukur M., Madah Marzuki M., Zakaria M. (2022). Ownership structure and tax avoidance in Asia: A systematic literature review and a research agenda. *Journal of Tax Reform*. 2022;8(2):170–185. doi.org/10.15826/jtr.2022.8.2.115
- Tan, J., & Wang, L. (2010). Flexibility-efficiency tradeoff and performance implications among Chinese SOEs. *Journal of Business Research*, 63(4), 356–362. <https://doi.org/10.1016/j.jbusres.2009.04.016>
- Toumi, F., Bouraoui, M.A. and Khelif, H. (2022), National culture and tax avoidance: a quantile regression analysis, *Arab Gulf Journal of Scientific Research*, Vol. 40 No. 2, pp. 196-211. <https://doi.org/10.1108/AGJSR-05-2022-0047>
- Umar, M. P., Paramita, R. W. D., & Taufiq, M. (2021). The effect of leverage, sales growth and profitability on tax avoidance. *Assets: Jurnal Ilmiah Ilmu Akuntansi, Keuangan dan Pajak*, 5(1), 24-29.
- Union Budget Ministry of Finance India. (2021). *Budget Documents*. https://www.indiabudget.gov.in/previous_union_budget.php.
- Wang, C., Wilson, J. R., Zhang, S., & Zou, H. (2022) Political costs and corporate tax avoidance: Evidence from sin firms. *Journal of Accounting and Public Policy* 41(1), 106861, <https://doi.org/10.1016/j.jaccpubpol.2021.106861>.
- Widyastuti, S. M., Meutia, I., & Candrakanta, A. B. (2022). The Effect of Leverage, Profitability, Capital Intensity and Corporate Governance on Tax Avoidance. *Integrated Journal of Business and Economics*, 6(1), 13-27.

