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THE INFLUENCE OF TAX AVOIDANCE, RETURN ON ASSETS (ROA), CURRENT RATIO (CR), AND DEBT TO EQUITY RATIO (DER) ON COMPANY VALUE DURING THE COVID-19 PANDEMIC

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ABSTRACT **DOI No: 10.36713/epra13843** **Article DOI: https://doi.org/10.36713/epra13843**

This research is a proof-of-concept of important functions and/or characteristics analytically and experimentally. Firm value is very important because high corporate value will be followed by high shareholder prosperity. Initially the company was founded with the aim of maximizing the wealth of company owners or shareholders. The company's value is well reflected by the public in several ways, one of which is the information contained in the financial reports and the public's positive reaction to the information. This study aims to determine the effect of Tax Avoidance Return On Assets (ROA), Current Ratio (CR) and Debt to Equity Ratio (DER) on Company Value during the covid 19 pandemic. This research was conducted on manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the 2020-2021 period. The sample was selected by purposive sampling technique. The data testing method used is linear regression analysis. The results of this study are Return On Assets and Debt to Equity have a significant effect on Firm Value with a positive regression coefficient direction in other words can increase Firm Value. Tax Avoidance and Current Assets have no effect on Firm Value with a negative regression coefficient for tax avoidance and positive for current assets. Thus simultaneously, Return on Assets and Debt to Equity cannot increase Company Value

KEYWORDS: ***Tax Avoidance, ROA, CR,DER, Firm value***

PRELIMINARY

Research Background

Firm value is very important because high corporate value will be followed by high shareholder wealth. Initially the company was founded with the aim of maximizing the wealth of company owners or shareholders. Research on the factors that influence firm value has been carried out a lot. Eddy and Pratama (2014) found that the structure of financial risk and income smoothing affect firm value. The company's value is well reflected by the public in several ways, one of which is the information contained in the financial reports and the public's positive reaction to the information (Tarmidi, 2019).

The definition of tax according to Article 1 of Law no. 28 of 2007 as amended in Law no. 16 of 2009, taxes are mandatory contributions to the state that are owed by individuals or entities that are coercive by law, by not getting compensation directly and used for the needs of the state for the greatest prosperity of the people.

Decision of the Capital Market and Financial Institution Supervisory Agency (Bapepam) No. Kep-431/BL/2012 regarding the submission of annual reports of issuers or public companies that in improving the quality of information disclosure in the company's annual report it is deemed necessary to contain the criteria that have been regulated in Bapepam's circulation No. X.K.6. Information

transparency has an important role to increase the value of the company. Because the transparency of information carried out by companies to the public can minimize the possibility of tax evasion. Because the community can function as a control or supervisor who can oversee company activities from the increasingly transparent information disclosed by the company. Meanwhile, voluntary disclosure is disclosure of information that is carried out voluntarily by companies without being bound by regulations. The company will disclose more than the minimum disclosure requirement if the company wants to compete with competitive information. However, in reality the company will disclose less information about the company's activities. Because they feel that disclosing too much information will reveal the weakness or secrecy of the company to its competitors

Formulation of the problem

Based on the background that has been described, the problem formulations in this study are:

Does Tax Avoidance affect company value during the Covid 19 pandemic?

Does Return on Assets affect company value during the Covid 19 pandemic?

Does the Current Ratio affect company value during the Covid 19 pandemic?

Does the Debt to Equity Ratio affect company value during the Covid 19 pandemic?

Research Purposes

The purpose of this study is to determine whether:

To test empirically that Tax Avoidance has an effect on company value during the Covid 19 pandemic

To test empirically that Return on Assets has an effect on company value during the Covid 19 pandemic

To test empirically the Current Ratio has an effect on company value during the Covid 19 pandemic

To empirically test the Debt to Equity Ratio has an effect on company value during the Covid 19 pandemic

LITERATURE REVIEW, FRAMEWORK AND HYPOTHESIS

Agency Theory, The value of the company, Tax Avoidance, Return on Investment, Current Ratio, Debt to Equity Ratio

Agency Theory

Agency theory (agency theory) discusses the relationship or agency contract that occurs between shareholders (principal) and management (agent). The conflict of interest between the agent and the principal in achieving the desired prosperity is referred to as an agency problem.

An explanation of tax avoidance can be started from the agency theory approach. In the perspective of agency theory, the practice of tax avoidance is influenced by conflicts of interest between agents (management) and principals that arise when each tries to achieve or maintain the desired level of prosperity. Agency theory explains the phenomenon that occurs when superiors delegate authority to subordinates to perform a task or authority to make decisions (Anthony and Govindarajan 1998).

The Value of the Company

According to Keown (2004), firm value is the market value of outstanding securities and company equity. In other words, the value of the company is the price investors are willing to pay if the company is sold. The value of the company can be reflected through the stock price, for companies that issue shares in the capital market. The higher the stock price means the higher the rate of return to investors and that means the higher the value of the company related to the goal of the company itself, namely maximizing shareholder wealth. Factors that can affect company value include company growth, financial performance, debt policy, dividend policy, and company size. Some of these factors have a relationship and influence on inconsistent company value. The value of the company depends not only on the ability to generate cash flow, but also depends on the operational and financial characteristics of the company.

Tax Avoidance

Tax avoidance is defined as a way of reducing taxes that are still within the limits of the provisions of tax laws and regulations and can be justified, especially through tax planning. Tax avoidance is an effort to avoid taxes that are carried out legally and safely for taxpayers because they do not conflict with tax provisions, where the methods and techniques used tend to take advantage of the weaknesses (gray areas) contained in tax laws and regulations. itself, to minimize the amount of tax owed (Pohan, 2017:23).

Tax avoidance is a way of resisting taxes, where tax resistance is the obstacles that exist or occur in efforts to collect taxes (Okrayanti et al. 2017). Tax evasion does not violate the law at all and you can even get tax savings by taking advantage of leniency in the rules governing taxes, so that companies can save on tax expenses. Companies must also be able to take advantage of the loopholes in tax regulations, this action is often called aggressive action in taxation (Furi et al. 2018).

Return on Investment

The profitability ratio is the ratio to assess the company's ability to make a profit. This ratio also provides a measure of the effectiveness of a company's management (Kasmir, 2018: 196). Return on total assets is a ratio that shows.

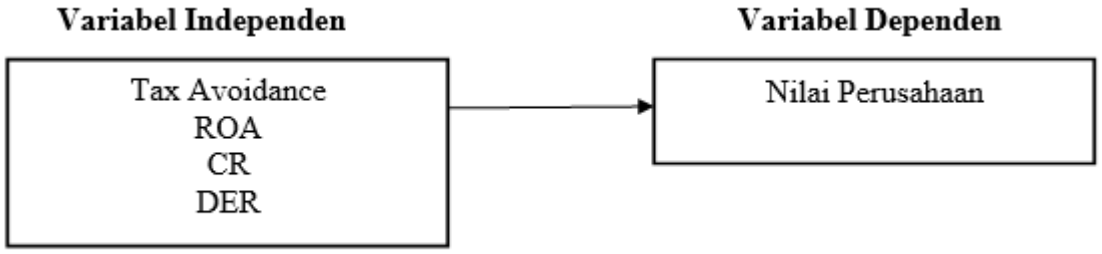
Current Ratio

The current ratio or current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon when billed as a whole. The calculation of the current ratio is done by comparing total current assets with total current debt (Kasmir, 2018: 134)

Debt to Equity Ratio

Debt to equity ratio is the ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt with all equity (Kasmir, 2018: 157).

Thought Framework



RESEARCH METHODS

Types of research

This study uses a causal research method that aims to examine the influence of the behavior of the Fintech use system on online-based payment users. This research requires hypothesis testing with statistical tests.

Population and Research Sample

No.	Kriteria
1.	Manufacturing companies listed on the IDX in 2020-2021
2.	Manufacturing companies that publish consistent and complete financial reports for the 2020-2021 period
3.	Manufacturing companies that present financial reports in rupiah for the 2020-2021 period
4.	Manufacturing companies that did not experience a loss during the 2020-2021 period
5.	Manufacturing companies that do not have complete data regarding the variables to be studied during the 2020-2021 period

Method of Analysis

Descriptive statistical data

Descriptive statistics are used to describe the variables in this study. The analytical tool used is the average (mean), maximum and minimum (Ghozali, 2013). This analysis tool is used to describe the variables of managerial ownership, institutional ownership, and liquidity.

Classic assumption test

Normality test

The normality test aims to test whether in the regression model confounding or residual variables have a normal distribution. As it is known that the t and F tests assume that the residual value follows a normal distribution, if this assumption is violated then the statistical test will be invalid for a small sample size (Ghozali: 2013). In this study, the statistical test used to test the residual normality was the Kolmogorov-Smirnov non-parametric statistical test. K-S test is done by making a hypothesis

H0 : residual data are normally distributed

Ha : residual data are not normally distributed

Multicollinearity Test

Multicollinearity test aims to determine whether the regression model found a correlation between independent variables (independent). A good regression model should not have a correlation between independent variables (Ghozali: 2013).

Heteroscedasticity Test

The Heteroscedasticity test was performed using the Glejser test. Using the Glejser test, the absolute value of the residuals was regressed on each independent variable. Heteroscedasticity problems occur if there are variables that are statistically significant. The hypothesis for testing is as follows:

H0 : there is no heteroscedasticity

H1 : there is heteroscedasticity Decision:

If significant <0.05, then H0 is rejected (there is heteroscedasticity)

If significant> 0.05, then H0 fails to be rejected (no heteroscedasticity)

Autocorrelation Test

The results of data processing are often biased or inefficient due to misleading between adjacent data due to the influence of the data itself or what is called autocorrelation. This will cause the error in the previous period to affect the current error so that the error terms will be lower, resulting in higher R2 and Adjusted R2. The autocorrelation test can be done by calculating the Durbin-Watson d statistic, serial correlation in the residuals does not occur if the d value is between the du and 4-du boundary values. The hypothesis used is as follows:

H0: There is no autocorrelation

H1: There is autocorrelation

Hypothesis testing

Multiple linear regression analysis is used to determine the effect of two or more independent variables with one dependent variable, whether each independent variable is positively or negatively related to the dependent variable.

RESEARCH RESULTS AND DISCUSSION

Results of Data Analysis

Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TAX AVOIDANCE	76	.056884	4.739231	.36706082	.682046537
RETURN ON ASSETS	76	.001163	1.061020	.09594634	.148120731
CURRENT RATIO	76	.002164	13.605765	2.63272003	2.091732627
DEBT TO EQUITY RATIO	76	.000985	1589.467271	22.89224158	182.468867227
NILAI PERUSAHAAN	76	.000630	9042.519600	1118.37094711	1919.325202241
Valid N (listwise)	76				

The SPSS output results above show descriptive statistics of Profitability, Firm Size, Liquidity and Tax Aggressiveness:

a. The number of samples (N) is 76.

b. The smallest value (minimum) for Tax Avoidance (0.056884), Return on Assets (0.001163), Current Ratio (0.002164), Debt to Equity Ratio (0.000985) and Firm Value (0.000630).

c. The highest value (maximum) is for Tax Avoidance (4.739231), Return on Assets (1.061020), Current Ratio (13.605765), Debt to Equity Ratio (1.589.467271) and Firm Value (9.042.5196).

d. The mean value for Tax Avoidance (0.36706082), Return on Assets (0.09594634), Current Ratio (2.63272003), Debt to Equity Ratio (22.89224158) and Firm Value (1.118.37094711).

e. Standard Deviation for Tax Avoidance (0.6820465), Return on Assets (0.1481207), Current Ratio (2.091732), Debt to Equity Ratio (182.46886) and Firm Value (1.919.32520).

Multiple Regression Classical Assumptions Test

Data Normality Test

		Unstandardized Residual
N		76
Normal Parameters[a,b]	Mean	-1.3683239
	Std. Deviation	.80461534
Most Extreme Differences	Absolute	.143
	Positive	.143
	Negative	-.082
Test Statistic		.143
Asymp. Sig. (2-tailed)		.001[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

From the results above, we can see in Asymp. Sig. (2-tailed) and it can be seen that the residual unstandardized value is 0.001. Because this value is less than 5% or 0.05, it can be concluded that the data is not normally distributed, so all variables are logged and the following results are obtained:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		76
Normal Parameters[a,b]	Mean	-1.4314407
	Std. Deviation	.70146781
Most Extreme Differences	Absolute	.101
	Positive	.101
	Negative	-.078
Test Statistic		.101
Asymp. Sig. (2-tailed)		.051[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

From the results above, we can see in Asymp. Sig. (2-tailed) and it can be seen that the residual unstandardized value is 0.051. Because this value is greater than 5% or 0.05, it can be concluded that the data is normally distributed

Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Ln_Tax Avoidance	.820	**1.220**
	Ln_Return On Asset	.877	**1.141**
	Ln_ Current Ratio	.997	**1.003**
	Ln_Debt To Equity	.879	**1.138**

a. Dependent Variable: Ln_Nilai Perusahaan

From the above results it can be seen that the value of the variance inflation factor (VIF) of the three variables namely Profitability, Company Size, and Liquidity is less than 5, so it can be assumed that between the independent variables there is no multicollinearity problem

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.470[a]	.221	.177	3.63478	2.124

a. Predictors: (Constant), Ln_Debt To Equity, Ln_ Current Ratio, Ln_Return On Asset, Ln_Tax Avoidance
b. Dependent Variable: Ln_Nilai Perusahaan

From the output above, it is obtained that the DW value resulting from the regression model is 2.124. Meanwhile, from the DW table with a significance of 0.05 and the amount of data (n) = 76, and k = 4, the dL value is 1.5190 and the dU is 1.7399. Because the value of d is greater than dL, it means that there is no positive autocorrelation in the data.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1878.615	614.177		3.059	.003
	Ln_Tax Avoidance	138.980	236.640	.077	.587	.559
	Ln_Return On Asset	104.599	136.219	.097	.768	.445
	Ln_ Current Ratio	-9.069	108.318	-.010	-.084	.934
	Ln_Debt To Equity	-36.079	99.643	-.046	-.362	.718

a. Dependent Variable: Abs_Res

From the output results above, all variables have a significant value greater than 0.05, so it can be concluded that there is no heteroscedasticity problem in the data because all variables have a value greater than 0.05

Multiple Regression Analysis
Determination Coefficient Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470[a]	.221	.177	3.63478

a. Predictors: (Constant), Ln_Debt To Equity, Ln_ Current Ratio, Ln_Return On Asset, Ln_Tax Avoidance

Based on the table above, the R2 (R Square) number is 0.221 or (22.1%). This shows that the percentage of the influence of the independent variables (Tax Avoidance, Return on Assets, Current Ratio, and Debt to Equity) on the dependent variable (Company Value) is 22.1%. Or the variation of the independent variables used in the model (Tax Avoidance, Return on Assets, Current Ratio, and Debt to Equity) is able to explain 22.1% of the variation in the dependent variable (Company Value). While the remaining 77.9% is influenced or explained by other variables not included in this research model.

Hypothesis testing

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.305	1.674		3.765	.000
	Ln_Tax Avoidance	-.059	.645	-.011	-.091	.928
	Ln_Return On Asset	.880	.371	.265	2.371	.020
	Ln_ Current Ratio	.328	.295	.116	1.109	.271
	Ln_Debt To Equity	1.042	.272	.429	3.834	.000

a. Dependent Variable: Ln_Nilai Perusahaan
b.

From the table above it can be seen that the tax avoidance variable has a significant value of 0.928, which means it is greater than 0.05, then H0 is rejected and Ha is accepted. The variable return on assets has a significant value of 0.020, which means it is less than 0.05, so it can be concluded that H0 is accepted and Ha is rejected. The current ratio variable has a significant value of 0.271 which means it is greater than 0.05, so it can be concluded that H0 is rejected and Ha is accepted. In the last variable, debt to equity has a significant value of 0.000, which means that the value is less than 0.05, so it can be concluded that H0 is accepted and Ha is rejected. This model is used to examine the effect of Tax Avoidance, Return On Assets, Current Ratio, and Debt to Equity on Firm Value. Systematically this regression model is formulated as follows:

$$Y = 6.305 - 0{,}059\, x_1 + 0{,}880\, x_2 + 0{,}328\, x_3 + 1.042\, x_4 + e$$

Where :

a. $\beta 0 = 6.305$; meaning that if Tax Avoidance, Return On Assets, Current Ratio, and Debt to

Equity are 0, then the Company's Value is 6,305.
b. β1 = -0.059; meaning that if Tax Avoidance increases by 1, the Company Value will decrease by 0.059.
c. β2 = 0.880; meaning that if the Return On Assets increases by 1, the Company Value will increase by 0.880.
d. β3 = 0.328; meaning that if the Current Ratio increases by 1, the Company Value will increase by 0.328.
e. B4 = 1.042; meaning that if the Debt to Equity increases by 1, the Company Value will increase by 1,042

DISCUSSION

Effect of Tax Avoidance on Firm Value

From the above analysis it can be concluded that Sig > 0.05, which means there is no effect between Tax Avoidance and Firm Value. During the pandemic, the average company suffered losses, so tax avoidance could not be used as a factor in company value.

Effect of Return on Assets on Firm Value

From the above analysis it can be concluded that Sig <0.05 seen which means there is a significant influence between Return on Assets and Tax Aggressiveness. In this study it can be concluded that the Return on Assets is one of the factors that can increase the value of the Company.

Effect of Current Ratio on Firm Value

From the above analysis it can be concluded that Sig > 0.05 seen which means the influence is not significant between the Current Ratio on Firm Value. In this study it can be concluded that the current ratio is not a factor that can increase firm value

Effect of Debt to Equity on Company Value

From the above analysis it can be concluded that Sig <0.05 seen which means there is a significant influence between debt to equity on firm value. In this study it can be concluded that debt to equity is one of the factors that can increase firm value

CONCLUSION

From the results of this study, the following conclusions can be drawn:

1. Return On Assets and Debt to Equity have a significant effect on Firm Value with a positive regression coefficient direction in other words can increase Firm Value. Thus simultaneously, Return on Assets and Debt to Equity can increase Company Value.
2. Tax Avoidance and Current Assets have no effect on Firm Value with a negative regression coefficient for tax avoidance and positive for current assets. Thus simultaneously, Return on Assets and Debt to Equity cannot increase Company Value

Suggestion

Some suggestions that can be put forward in the results of this study are due to imperfect research conducted by the author, so the authors provide suggestions that are expected to increase knowledge from this research, namely as follows:

1. Further research is needed to be able to find out more things to influence Company Value besides Tax avoidance, Return On Assets, Current Assets and Debt to Equity.
2. The research time should be made long, in order to provide a better picture. Because the results are likely to be different when using different periods.

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