

Determinant Analysis of Tax Aggressiveness in The Consumer Non-Cyclicals Sector on the Indonesia Stock Exchange

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Abstract

This study aims to provide empirical evidence on the impact of firm size, leverage, profitability, capital intensity, and liquidity on the level of tax aggressiveness. This study uses secondary data derived from financial statements, which are obtained through the official website of the Indonesia Stock Exchange as well as the official website of each company. Tax aggressiveness plays a role as a dependent variable, while independent variables consist of firm size, leverage, profitability, capital intensity, and liquidity. Multiple linear regression analysis is an analysis method used to understand the relationship between dependent variables and independent variables, and this method is performed with the help of SPSS software version 27. The population in this study includes companies engaged in the consumer non-cyclicals sector and listed on the Indonesia Stock Exchange as of 2025. The total sample obtained amounted to 73 observations, with the sampling method used being purposive sampling. This study shows that, partially, profitability has a significant impact on tax aggressiveness. In contrast, the variables of firm size, leverage, capital intensity, and liquidity did not show a significant influence on tax aggressiveness. These findings suggest that profitability is a major factor influencing tax aggressiveness practices, while firm size, leverage, capital intensity, and liquidity do not play a significant role as driving factors in this sample.

Keywords: Tax Aggressiveness, Firm Size, Leverage, Profitability, Capital Intensity, Liquidity.

Introduction

State revenues from the tax sector are used as a fiscal policy tool to fund the provision of public facilities, infrastructure development, and social security programs. However, in its implementation, the collection of funds causes a mismatch of interests between the government as a policymaker and business entities as taxpayers. The country's financial stability is highly dependent on the achievement of tax targets sustainably and optimally. On the other hand, the corporate sector considers tax payments to be a reduction in cash flow that directly reduces the net profit earned and lowers shareholders' expectations of the level of return on investment. This polarization of financial orientation encourages company management to design ways to reduce the tax burden efficiently by using tax planning schemes. The various ways of implementing this strategy include legal actions such as tax evasion to manipulative actions, which are included in the tax aggressiveness practices studied by (Pradhana & Nugrahanto, 2021).

In the international accounting literature, tax aggressiveness is described as the various forms of actions taken by companies to reduce their tax obligations, ranging from tax planning that is still within legal limits to methods that aggressively utilize unclear regulatory space. A review of the literature shows that tax aggressiveness is an important topic in accounting research because it is closely related to the quality of financial statements, corporate governance, and managerial incentives. In this context, Hanlon & Heitzman (2010) and Frank et al. (2009) show that the Effective Tax Rate (ETR) is often used as the main indicator to measure the level of tax aggressiveness, where the lower the ETR value generally reflects the increasingly aggressive rate of tax savings.

Aggressive actions in taxation are influenced by external fiscal pressures as well as the internal characteristics of the company, such as the size of the company, profitability, debt ratio, capital intensity, and liquidity (Gupta & Newberry, 1997; Rego, 2003). Testing in the consumer non-cyclicals sector on the Indonesia Stock Exchange (IDX) is very crucial. The operational characteristics of the primary consumer goods industry have been known to be defensive against macroeconomic turmoil, but remain vulnerable to domestic purchasing power dynamics, supply chain inflationary pressures, and changes in sectoral regulations.

The tight target of achieving the state budget and the weakening of macroeconomic variables put real pressure on the profitability of issuer companies engaged in the provision of necessities. The primary consumer goods industry sector listed on the Indonesia Stock Exchange is the most vulnerable group to these risks. Empirical data shows that in the latter half of the 2025 financial year, business growth in the primary consumer sector is experiencing considerable operational headwinds as domestic consumption levels have

still not recovered, according to the news (Insight.kontan.co.id, 2025). The gradual decline in people's purchasing power has a direct impact on the decline in the financial performance of companies, as shown by the decline in the value of the stock index of the consumer non-cyclicals industry on the stock exchange, according to the news (Investasi.kontan.co.id, 2025).

In the 2025 financial year, the consumer non-cyclicals sector faces unique market dynamics. Until the end of December 2025, the non-cyclical consumer index only recorded a limited increase of 8.58% year-to-date, significantly lagging behind the Composite Stock Price Index (JCI), which had grown above 20%. Behind this limited movement of the index, there is a sharp market divergence between large-cap issuers and small-cap issuers. Large and medium-sized issuers such as PT Ultra Jaya Milk Industry & Trading Company Tbk (ULTJ), PT Nippon Indosari Corpindo Tbk (ROTI), and PT Sariguna Primatirta Tbk (CLEO) experienced stock price corrections of more than 20% due to high operating expenses and reduced consumer spending efficiency, according to the news (rctiplus.com, 2025). Nevertheless, large retail chain issuers such as PT Sumber Alfaria Trijaya Tbk. (AMRT) still posted cumulative net revenue exceeding IDR 94.47 trillion as of September 2025, as reported by (Liputan6.com, 2025).

On the other hand, small-cap issuers are actually experiencing a spectacular price rally throughout 2025. This phenomenon is driven by corporate actions and government policy stimulus, especially the Free Nutritious Meal Program (MBG) and food security regulations such as (Permentan No. 15/2021, 2021). The need for national supply of dairy, meat, and poultry products is providing a massive boost to the demand for raw materials. The surge in share prices was recorded at PT Wahana Interfood Nusantara Tbk (COCO) by +944.22% YtD, PT Estika Tata Tiara Tbk (BEEF) by +213.04% YtD in line with the expansion into the dairy cattle business, PT Sentra Food Indonesia Tbk (FOOD) by +206.9% YtD, as well as other poultry and culinary issuers such as PT Janu Putra Sejahtera Tbk (AYAM), PT Platinum Wahab Nusantara Tbk (TGUK), and PT Indo Boga Sukses Tbk (IBOS) which jumped to triple digits according to the news (rctiplus.com, 2025).

The divergence of the business ecosystem in 2025 creates a complete managerial dilemma. Large-cap issuers that are pressured by supply chain costs are required to conduct strict efficiency measures to maintain profit margins, while small-cap issuers that experience a surge in sales need cash flow certainty to fund massive expansion. When operational cost savings reach the maximum limit, a shift in focus towards more efficient tax management becomes a rational choice for company managers to maintain liquidity stability.

The aggressive practice of taxation is allegedly influenced simultaneously by several internal factors of the company, such as the size of the company, debt structure, profit level, level of use of fixed assets, and the company's liquidity condition. The scale of a company's operations often depends on the technical capabilities and managerial ability to carry out comprehensive tax planning. Findings by Yulianti & Hidayat (2022) show that there is a significant relationship between the level of tax aggression and the size of the company. These results show that large-scale companies have a greater ability to allocate resources to manage their tax obligations. In previous studies, Purwantoro et al. (2024) found the opposite result, namely that the size of the company had no significant effect on aggressive tax policy-making. The difference in results from previous research shows that periodic empirical evaluation is needed, especially for companies listed in the market, especially in the non-cyclical consumer industry sector, which has different operational characteristics compared to other manufacturing or service industry sectors.

The leverage ratio is used to measure the percentage of funds that come from outside and are related to the company's capital structure. Using large amounts of debt could theoretically be one way to protect your finances from taxes, as the interest cost on the loan can be calculated as a deduction of taxable income. The evidence from the research by Cahyadi et al. (2020) and Lailiyah et al. (2024) shows that there is a strong link between the aggressive nature of tax cuts and the level of corporate debt. This means that companies that have a lot of debt usually use more flexible tax rules in order to reduce their spending of money. However, other research conducted by Wahyuni et al. (2019) and Irmi et al. (2022) shows that the capital structure of third parties does not have a significant impact on the emergence of aggressive taxation behavior. The difference in the results of this study shows that it is necessary to re-check the group of companies that handle basic needs

The orientation of a company's tax policy is closely related to the level of profit recorded by the business. According to the regulations, companies that make large profits must pay higher taxes to the authorities. Through research conducted by Lailiyah et al. (2024) and Purwantoro et al. (2024), it is proven that companies that have large profits usually apply more advanced tax planning strategies so that the net profit

obtained after tax deductions can be higher. This high increase in profits also encourages companies to be more cautious in implementing their tax management policies, as mentioned in the research (Ihsan et al., 2023; Leonardo et al., 2023). However, research by Octavia & Sari (2022) and Mulya Kusuma & Lukman (2023), on the other hand, shows that there is no significant relationship between the level of profit and the level of tax aggressiveness. These differences in results suggest that the effect of profits can vary depending on the situation, so trials should be conducted in the primary consumer sector because their businesses are usually more stable.

The capital intensity variable describes the extent to which a company allocates its capital investment into fixed assets, which directly gives management the opportunity to utilize depreciation costs as a deduction in the basis of the company's tax calculations. The effect of fixed asset ownership levels on efforts to reduce tax liability is supported by empirical evidence in research by Cahyadi et al. (2020) confirming the relationship between capital intensity and aggressive tax action. Based on these findings, it is proposed that the opportunity for managers to take advantage of depreciation facilities in order to reduce the tax burden will be even greater, due to the increasing share of fixed asset ownership owned by companies. However, Wahyuni et al. (2019) recorded test results with a different conclusion, namely that no significant impact of capital intensity allocation on the level of corporate tax aggressiveness was found. The results that are not the same each time show that the impact of asset levels can still vary depending on the type of particular industry sector observed.

Liquidity conditions affect the way companies make decisions when it comes to taxes, due to the ability of entities to meet short-term financial obligations promptly. The availability of cash that can be disbursed gives greater flexibility for management in managing funds, so companies tend to be more active in designing a corporate tax payment system. Clear evidence of the significant influence between liquidity ratios and the level of tax aggressiveness has been proven through the results of research conducted by (Cahyadi et al., 2020). However, Wahyuni et al. (2019) it shows a discrepancy in their research results, as the company's liquidity position does not have a significant effect on the regression model they use. The difference in the results of the quantitative findings shows that the liquidity variable still requires further and in-depth empirical testing, especially in the context of the operational context of issuers in the consumer non-cyclical sector.

This research makes specific theoretical and practical contributions, going beyond mere object replication or renewal of years of observation from previous studies (Ihsan et al., 2023). Theoretically, this study enriches the tax accounting literature by examining the limits of the applicability of Political Cost Theory and Agency Theory in extreme ecosystem dichotomy conditions, namely when large-scale issuers experience margin efficiency due to cost inflation, while small-scale issuers obtain overflow demand from government social programs. In practical terms, these empirical findings provide an overview for tax authorities in mapping the risk profile and corporate tax compliance in a fragmented manner based on business scale and response to government policies. Based on this background, this study aims to empirically examine the influence of company size, leverage, profitability, capital intensity, and liquidity on tax aggressiveness in non-cyclical consumer sector companies listed on the IDX for the 2025 financial year.

Literature Review

Agency Theory

Agency theory describes the contractual relationship between the principal and the management (agent) according to (Jensen & Meckling, 1976). The existence of information asymmetry triggers a potential conflict of interest, where managers have more complete internal information than capital owners. In the context of taxation, managers are encouraged to take advantage of regulatory loopholes (gray areas) to minimize tax burdens and optimize net profit after tax according to (Dyrenge et al., 2008; Hanlon & Heitzman, 2010). The achievement of high after-tax profits is often used as the basis for executive performance appraisals, bonus determinations, and managerial incentives according to (Frank et al., 2009). Therefore, agency theory is used in this study to explain how internal financial factors such as profitability, leverage, and liquidity motivate agents to take actions of tax aggressiveness.

Political Cost Theory

Political cost theory states that large-sized companies with high public visibility tend to receive more scrutiny and regulatory scrutiny from government authorities as well as the public, according to (January, 2004). To avoid rising political costs—such as potential tax investigations, compliance audits, fines, or reputational damage—large companies tend to opt for more conservative and compliant financial and tax reporting policies

(Lanis & Richardson, 2012). In this study, political cost theory is used as a basis for analysis to evaluate the influence of company size and capital intensity variables on corporate tax policy choices.

The Effect of Firm Size on Tax Aggressiveness

Based on political cost theory, large companies tend to avoid overly aggressive tax planning practices to minimize the risk of political scrutiny and maintain public reputation, according to research (Lanis & Richardson, 2012). Although large companies have superior resources and technical capacity to design complex tax planning according to Rego (2003), the strict regulatory oversight in Indonesia encourages them to act more cautiously. Empirical evidence from Yulianti & Hidayat (2022) found a significant influence of firm size on tax aggressiveness. Referring to the framework of political cost theory, the hypothesis is proposed:

H1: The size of the company affects the aggressiveness of taxes.

The Effect of Leverage on Tax Aggressiveness

Leverage reflects the proportion of the company's funding derived from third-party debt. In the perspective of Agency Theory, the interest cost of the loan can be recognized as a deduction of taxable income (Tax Shield), which is legally valid according to research (Jensen & Meckling, 1976). Richardson et al. (2014) and Cahyadi et al. (2020) confirmed that the use of high debt is positively encouraging more aggressive tax austerity measures. Based on this theoretical relationship, the hypothesis is proposed:

H2: Leverage affects tax aggressiveness.

The Effect of Profitability on Tax Aggressiveness

Profitability measures the operational efficiency of management in generating net profit. When a company records a high profit, the income tax burden, whose liabilities are absolute, also increases significantly. Agency Theory explains that this condition creates an incentive for agents to optimize tax savings in order to maintain net profit margins after tax, according to research (Dyrenge et al., 2008). Research by Ihsan et al. (2023) and Lailiyah et al. (2024) proves that the level of profitability has a significant effect on increasing tax aggressiveness. Based on this, a hypothesis is proposed:

H3: Profitability affects tax aggressiveness.

The Effect of Capital Intensity on Tax Aggressiveness

Capital intensity reflects the large portion of the company's capital investment allocation in fixed assets. According to Agency Theory, fixed asset ownership provides an opportunity for managers to use depreciation costs (Depreciation Expense) as a component of the reduction of taxable income legally, according to research (Gupta & Newberry, 1997). The positive influence of capital intensity on tax saving actions is empirically proven in the study (Cahyadi et al., 2020). Based on this argument, a hypothesis is proposed:

H4: Capital intensity affects tax aggressiveness.

The Effect of Liquidity on Tax Aggressiveness

Liquidity reflects an entity's ability to meet short-term obligations on time. In the framework of Agency Theory, the availability of adequate cash or current assets provides managerial flexibility in designing and executing tax strategies without disrupting daily operational stability. Cahyadi et al. (2020) show that the level of liquidity has a significant effect on corporate tax policies. Thus, a hypothesis is proposed:

H5: Liquidity affects tax aggressiveness.

Method

The population in this study is the entire consumer non-cyclical sector that is actively listed on the Indonesia Stock Exchange (IDX) in 2025, which is as many as 132 companies. Sampling was carried out using purposive sampling techniques based on specific criteria presented in Table 1. To guarantee methodological transparency and reliability of the regression model, outlier testing was performed using the |Z-Score|. Observations with values |Z-Score| > 2.5 in one of the variables were categorized as extreme outliers and were excluded from the sample. This procedure eliminated 21 observations, resulting in a final sample of 73 companies.

Table 1. Sampling Criteria

Remarks	Quantity
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Population: Non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2025	132
Sampling based on criteria (purposive sampling)	
The company experienced delisting/suspense during the observation period	(5)
The company recorded a loss during the observation period	(33)
Data affected by outliers	(21)
Samples that meet the criteria	73

Source: Processed Data (2026)

The dependent variable in this study is tax aggressiveness, which is proxied using the effective tax rate (ETR). Independent variables are made up of the size of the firm (Size), Leverage (DAR), profitability (ROA), Capital Intensity, and liquidity (CR). Measurement details are presented in Table 2.

Table 2. Operational Research Variables

Variable	Measurement Basis	Formula
Tax Aggressiveness (Y)	ETR	$\frac{\text{Income Tax Expense}}{\text{Pre-Tax Profit}}$ (Ihsan et al., 2023)
Firm Size (X ₁)	SIZE	$\ln = (\text{Total Assets})$ (Ihsan et al., 2023)
Leverage (X ₂)	DAR	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$ (Ihsan et al., 2023)
Profitability (X ₃)	ROA	$\frac{\text{Net Income After Tax}}{\text{Total Assets}}$ (Ihsan et al., 2023)
Capital Intensity (X ₄)	Capital Intensity	$\frac{\text{Total Fixed Assets}}{\text{Total Assets}}$ (Ihsan et al., 2023)
Liquidity (X ₅)	Current Ratio (CR)	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$ (Ihsan et al., 2023)

Source: Processed Data (2026)

A quantitative approach combined with statistical analysis techniques was used to process the data in this study. The structural test begins with the presentation of descriptive statistics, then continues with several classic assumption tests such as normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests so that the model used is feasible to perform estimates. Furthermore, multiple linear regression analysis is used as the primary way to check whether the empirical model is significant and worthy of thorough use. The hypothesis tested was carried out by testing simultaneously (F test) and testing one by one (t test). In a descriptive statistical procedure, the average, smallest value, and largest value for each observed variable are calculated, so as to provide an overview of how the data are distributed. Meanwhile, the direction and degree of influence of independent variables on dependent variables were measured mathematically using multiple linear regression formulas. The specification of the regression model used in this study is detailed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Description:

- Y = Tax Aggressiveness
X₁ = Firm Size
X₂ = Leverage
X₃ = Profitability
X₄ = Capital Intensity
X₅ = Liquidity

α = Constant β_1 - β_5 = Regression Coefficient ϵ = Error Term

Results and Discussion

The results of the descriptive statistical test showed 73 observational data points presented in Table 3.

Table 3. Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Red	Std. Deviation
Ukuran_Perusahaan_X1	73	14.552617684 520932	37.439092788 557990	23.306739741 274704	5.7979497614 77338
Leverage_X2	73	0.1012603920 47524	0.8900518210 33316	0.4317267687 36992	0.1855101591 46066
Profitabilitas_X3	73	0.0034427246 95053	0.2116651369 54391	0.0748345989 24626	0.0515054715 01541
Capital_Intensity_X4	73	0.0556350536 56092	0.6727103251 35603	0.3122078308 29958	0.1341759302 40435
Likuiditas_X5	73	0.5741726134 00432	7.3424793762 61270	2.2627217878 87319	1.4381012572 87334
Agresivitas_Pajak_Y	73	0.1001035856 57371	0.5805356614 20489	0.2435819364 89869	0.0777741823 26208
Valid N (listwise)	73				

Source: SPSS Processing Results 27, 2026

Table 3 shows that all variables, namely firm size, leverage, profitability, capital intensity, and liquidity, have an average value greater than their standard deviation, indicating that the data is distributed stably without excessive dispersion.

A summary of the classic assumption test is shown in Table 4.

Table 4. Summary of Classical Assumption Test Results

Yes	Assumption	Criteria	Results	Information
1	Normality	One-Sample Kolmogorov-Smirnov	Unstandardized Residual Sig 0.200	QUALIFIED
2	Autocorrelation	1.7371 < DW < 2.2629	1.7371 < 2.037 < 2.2629	QUALIFIED
3	Multicollinearity	Tolerance > 0.10; VIF < 10	X1: Tolerance 0.970; LIFE 1,031 X2: Tolerance 0.380; VIF 2,632 LN_X3: Tolerance 0.923; LIVELY 1,083 X4: Tolerance 0.771; LIVELY 1,297 SQRT_X5: Tolerance 0.381; LIVELY 2,627	QUALIFIED
4	Heteroskedasticity	Robust Standard Errors (HC3) > 0.05	X1 Sig 0.268 X2 Sig 0.683 LN_X3 Sig 0.058 X4 Sig 0.852 SQRT_X5 Sig 0.714	QUALIFIED

Source: SPSS Processing Results 27, 2026

The results of the test in Table 4 show that the normality test uses the One-Sample Kolmogorov-Smirnov, the autocorrelation test uses the Durbin-Watson, a multicollinearity test using the value criteria Tolerance > 0.10

and $VIF < 10$, as well as a heteroscedasticity test using the Robust Standard Errors (HC3). Confirming that the data meet all the requirements of classical assumptions, so that the regression model is free from bias problems and is feasible to proceed to hypothesis testing.

The results of multiple linear regression analysis and hypothesis testing are summarized in Table 5 and Table 6.

Table 5. Results of Multiple Linear Regression Analysis

		Coefficient		Standardized Coefficients Beta
Models		Unstandardized Coefficients B	Std. Error	
1	(Constant)	0.411	0.090	
	Ukuran_Perusahaan_X1	-0.002	0.001	-0.143
	Leverage_X2	0.034	0.072	0.086
	LN_Profitabilitas_X3	-0.030	0.009	-0.374
	Capital Intensity_X4	0.012	0.070	0.022
	SQRT Likuiditas_X5	0.010	0.031	0.059

a. Dependent Variable: SQRT_Agresivitas_Pajak_Y

$$SQRT_Y = \alpha + \beta_1 Ukuran_Perusahaan_X1 + \beta_2 Leverage_X2 + \beta_3 LN_Profitabilitas_X3 + \beta_4 Capital_Intensity_X4 + \beta_5 SQRT_Likuiditas_X5$$

$$SQRT_Y = 0,411 - 0,002 Ukuran_Perusahaan_X1 + 0,034 Leverage_X2 - 0,030 LN_Profitabilitas_X3 + 0,012 Capital_Intensity_X4 + 0,010 SQRT_Likuiditas_X5$$

Source: SPSS Processing Results 27, 2026

The results of the multiple linear regression test in Table 5 show that the value of the constant obtained is 0.411. A regression coefficient with a positive sign was found in the variables leverage (0.034), capital intensity (0.012), and liquidity (0.010), which shows that the three variables have a direct relationship with tax aggressiveness. On the other hand, a negative regression coefficient was found in the variables of firm size (-0.002) and profitability (-0.030), which showed an inverse relationship with tax aggressiveness.

The results of the analysis of the model and hypothesis on the data:

Table 6. Model and Test Hypothesis

Model Test	Results	Conclusion
Anova	Sig. 0.035	The Sig. value < 0.05 , so the regression model is declared fit and testing can be continued.
Adjusted R. Square	0.098	As much as 9.8% of the variation in tax aggressiveness can be explained by firm size, leverage, profitability, capital intensity, and liquidity, while the remaining 90.2% is explained by factors other than the model.
Hypothesis Test	Sig	Conclusion
Firm Size – Tax Aggressiveness	0.211	H1: Rejected (has no significant influence)
Leverage – Tax Aggressiveness	0.637	H2: Rejected (has no significant influence)
Profitability – Tax Aggressiveness	0.002	H3: Accepted (has a significant influence)

Capital Intensity – Tax Aggressiveness	0.863	H4: Rejected (has no significant effect)
Liquidity – Tax Aggressiveness	0.746	H5: Rejected (has no significant effect)

Source: SPSS Processing Results 27, 2026

The results of data processing in the Model and Hypothesis Test tables show that the model test on ANOVA obtained a Sig. value of 0.035 (< 0.05), so that the regression model is feasible to use. The Adjusted R-Square value of 0.098 indicates that 9.8% of the variation in tax aggressiveness can be explained by firm size, leverage, profitability, capital intensity, and liquidity, while the remaining 90.2% is influenced by other factors. The results of the hypothesis test showed that there was an effect of profitability on tax aggressiveness, while firm size, leverage, capital intensity, and liquidity had no effect on tax aggressiveness.

The Effect of Firm Size on Tax Aggressiveness

Table 6 shows that the firm size variable (X_1) did not show a significant influence on tax aggressiveness (Sig. = 0.211) with a negative regression coefficient ($B = -0.002$), so H_1 was rejected. These results prove that changes or increases in the scale of the company's operational assets are not consistently followed by changes in corporate tax strategies. The results of this test confirm the validity of the political cost theory developed by (Lanis & Richardson, 2012). Large-scale consumer non-cyclical issuer companies on the IDX do not take advantage of the advantages of their economic capacity and organizational complexity Rego (2003) to carry out aggressive tax planning. As an entity that provides necessities of the community with high public visibility, large companies face very strict regulatory scrutiny and public scrutiny. In the 2025 economic landscape, where large-cap issuers such as UL TJ, ROTI, and CLEO face high operational cost pressures (rctiplus.com, 2025), management is deliberately opting for more conservative and regulatory-compliance tax policies. This defensive step was taken to avoid political sanctions, in-depth tax audits from fiscal authorities, and the risk of reputational damage that could disrupt business continuity. These findings are empirically consistent with the results of the study (Purwantoro et al., 2024).

The Effect of Leverage on Tax Aggressiveness

Table 6 shows that the leverage variable (X_2) had no significant effect on tax aggressiveness (Sig. = 0.637) with a regression coefficient marked positive ($B = 0.034$), so that H_2 was rejected. This means that the large proportion of funding sourced from third-party debt does not automatically trigger more aggressive tax-saving behavior. Viewed from the perspective of agency theory, according to Jensen & Meckling (1976), the contractual relationship between management, capital owners, and external creditors creates a binding supervisory mechanism. These findings indicate that the use of debt funding by issuers in the necessities sector in 2025 is purely allocated to fund urgent operational needs, maintain the availability of working capital, and ensure the smooth distribution of logistics supply chains amid inflationary pressures, rather than being used deliberately to pursue tax protection benefits (tax shield)) through the imposition of loan interest (Richardson et al., 2014). In addition, the existence of strict supervision and covenant restrictions from external creditor institutions effectively limits managers' discretion in making speculative or high-risk fiscal decisions that may interfere with the company's solvency. The results of this study support previous empirical studies from (Wahyuni et al., 2019) as well as (Irmi et al., 2022).

The Effect of Profitability on Tax Aggressiveness

Table 6 shows that the profitability variable (LN_X_3) has a significant and negative effect on ETR ($B = -0.030$; Sig. = 0.002). Since ETR is an inverse proxy of tax aggressiveness where a lower ETR value indicates a higher rate of tax savings, this negative coefficient proves that increased profitability consistently increases corporate tax aggressiveness actions. The results of this test support H_3 . These findings enrich our understanding of agency theory (Agency Theory). In conditions of high profitability, the absolute tax liability burden that must be paid into the state treasury increases significantly. This situation creates an incentive for agents (management) to design structural tax savings to hold net cash flow after taxes (After-tax cash flow). Maintaining a net profit margin is crucial for managers to secure executive performance appraisals as well as incentive bonuses (Dyrenge et al., 2008; Frank et al., 2008). In the context of the market in 2025, when domestic consumption levels have not fully recovered and operating costs have increased Insight.kontan.co.id

(2025), the efficiency of the tax burden through aggressive strategies has become a mechanism of internal cash defense that managers rely heavily on. These findings are consistently in line with the results of previous studies conducted by (Ihsan et al., 2023; Lailiyah et al., 2024; Leonardo et al., 2023; Purwantoro et al., 2024).

The Effect of Capital Intensity on Tax Aggressiveness

Table 6 shows that Capital Intensity (X_4) had no significant effect on tax aggressiveness (Sig. = 0.863) with a positive regression coefficient ($B = 0.012$), so H_4 is rejected. These results indicate that variations in the allocation of capital investment in fixed asset ownership do not trigger aggressive tax saving actions in this study sample. Within the framework of political cost theory, companies with a dominant proportion of fixed assets attract higher regulatory attention and scrutiny from regulatory institutions. Fixed asset ownership, such as portions of logistics warehouses, processing plants, and daily distribution fleets at primary consumer goods issuers, is managed functionally to support the operational efficiency of retail and goods distribution. In the midst of uncertainty in macroeconomic conditions and a decline in people's purchasing power in 2025 *Investasi.kontan.co.id* (2025), management does not optimize the flexibility of depreciation expenses as an engineering instrument to reduce the taxable income base. Depreciation charges are reasonably recognized based on real use of assets, not designed as a tax avoidance scheme. These findings reinforce the idea of Gupta & Newberry (1997) that the impact of capital intensity is highly dependent on industry-specific characteristics, as well as being consistent with the results of empirical studies (Wahyuni et al., 2019).

The Effect of Liquidity on Tax Aggressiveness

Table 6 shows that the liquidity variable ($SQRT_X_5$) had no significant effect on tax aggressiveness (Sig. = 0.746) with a regression coefficient marked positive ($B = 0.010$), so H_5 is rejected. This implies that the company's cash availability position and short-term financial readiness do not affect the direction of corporate tax policy. Based on the perspective of agency theory, managers manage current asset reserves proxied through the current ratio prudently and carefully. In the 2025 financial year, the availability of liquid cash and current instruments is fully prioritized to maintain the turnover of daily goods inventories, mitigate supply chain disruptions, and meet short-term financial obligations that are due on time. Management realizes that using cash flexibility to speculate or plan taxes in the gray area has the potential to trigger material fines from fiscal authorities that can drain operational liquidity suddenly. Therefore, liquidity positions are managed within ordinary compliance boundaries without encouraging increased tax aggressiveness. These findings support the results of empirical research published by (Wahyuni et al., 2019).

Conclusion

Based on an empirical analysis of sector issuers' consumer non-cyclicals listed on the Indonesia Stock Exchange (IDX) in 2025, it is concluded that profitability is the only internal financial determinant that has a significant and negative impact on ETR (Effective Tax Rate), which means that the higher the company's profit capacity, the higher the level of tax aggressiveness. In contrast, firm size, leverage, capital intensity, and liquidity have not been shown to have a significant effect. These findings theoretically strengthen the power of Agency Theory in explaining the agent's motivation in securing internal cash flow when profits are high, as well as confirming Political cost theory, where the visibility of large companies in the necessities sector limits aggressive tax maneuvers to avoid reputational risks.

Practically, the results of this study provide important implications for tax authorities to prioritize compliance supervision on issuers with high profit margins (High-Margin Firms). For management and audit committees, strengthening internal governance is very necessary so that the tax efficiency strategy remains within the limits of applicable regulations. Meanwhile, for investors, the assessment of the financial performance of sector issuers consumer non-cyclicals It is necessary to pay close attention to the profitability ratio that coexists with the risk of tax compliance.

This study acknowledges the limitations of the Adjusted R Square by 0.098 (9.8%), indicating that 90.2% of tax aggressiveness variability is influenced by non-financial factors outside the model, such as structural Good Corporate Governance (GCG), the reputation of external auditors, sectoral regulations, and the use of ETR's single proxy, which is limited to measuring the accounting tax burden. Therefore, further research is recommended to develop alternative proxies such as Cash Effective Tax Rate (CETR) or Book-Tax Differences (BTD), as well as integrating non-financial governance variables to improve predictability and model completeness.

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