

THE INFLUENCE OF TAX PLANNING AND PROFITABILITY ON COMPANY VALUE IN MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE IN 2020-2023

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Abstract

This research aims to determine the effect of tax planning and profitability on company value in manufacturing companies listed on the Indonesian Stock Exchange by publishing financial reports and annual reports for the 2020-2023 period. The type of research used is quantitative research. The sampling technique is carried out using techniques purposive sampling. So the sample obtained was 60 manufacturing companies listed on the Indonesia Stock Exchange with a total of 60 companies observing data for 4 years of observation, namely 240 companies. This type of data source uses secondary data taken through website official www.idx.co.id. The data analysis technique used in this research is multiple linear regression analysis with tools software SPSS 23. The results of this study indicate that tax planning has no significant effect on company value and profitability has a significant effect on company value and tax planning and profitability together have a significant effect on company value.

1. INTRODUCTION

Background of the Problem

Generally, the purpose of establishing a company is to make a profit. Apart from making profits, the company must be able to provide prosperity and welfare for company owners, including shareholders, and maximize the value of the company. The company provides an overview of information about the prosperity and welfare of shareholders, as seen from the increase or decrease in share prices in a company, because company value is closely related to shareholder value (Nadiyahari & Gantino, 2021).

The business world shows that company value is one of the main indicators that attracts investors' attention when making investment decisions. High company value reflects good performance, promising prospects and market confidence in the company. The value of a company is an entity that has a group of people in it who work together to achieve the desired goals. The main goal of the company is to increase company value in a sustainable manner by considering various aspects, namely economic, social and environmental aspects (Utami, 2020).

One of the strategies that management often uses to influence company value is tax planning. According to (Nashar et al., 2022), tax planning is a company's effort to legally reduce the tax burden by exploiting loopholes in tax regulations. However, this research shows that tax planning can actually have a negative impact on company value if carried out without the right strategy, because it can give rise to negative perceptions from stakeholders, including investors.

Company profitability is also an important factor influence company value. Profitability reflects the company's ability to generate profits in a certain period, which is the basis for investors' assessment (Kusumanegara et al., 2023). Thus increasing manager motivation to optimize company performance.

In this research, it is important to know the condition of the value of manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2020-2023. Table of value of manufacturing companies listed on (BEI) in 2020-2023:

Table 1. Manufacturing Company Value (BEI) 2020 - 2023

No	Issuer	Price to Book Value (PBV)			
		2020	2021	2022	2023
1.	ALDO	1.31	0.53	0.72	0.64
2.	CONCRETE	0.87	0.64	0.77	0.80
3.	CPIN	0.22	0.26	0.28	0.33
4.	DPNS	3.14	2.36	2.49	2.39
5.	EKAD	5.14	5.07	1.14	1.32
6.	HRT	1.21	1.55	1.85	1.23
7.	IMPC	0.23	0.14	0.13	0.12
8.	INTP	0.42	0.46	0.54	0.61
9.	KLBF	0.26	0.28	0.23	0.31
10.	SKMB	1.72	1.60	1.65	1.97

Source: processed data from financial reports taken at www.idx.co.id (2024).

Based on table it can concluded that Issuers that experienced a consistent increase in PBV: CPIN in 2020 with a PBV of 0.22 and in 2023 with a PBV of 0.33 and INTP in 2020 with a PBV of 0.42 and in 2023 with a PBV of 0.61). Issuers experiencing a decreasing trend in PBV: EKAD in 2020 with PBV 5.14 and in 2023 with PBV 1.32 and IMPC in 2020 PBV 0.23 and in 2023 PBV 0.12. Issuers tend to be stable or fluctuating: HRTA increases until 2022, then decreases in 2023, DPNS decreases after 2021, and SKMB fluctuates with an increase in 2023.

Based on the description above, the researcher is interested in further research regarding company value, the results of which are then presented in a research report entitled "The Influence of Tax Planning and Profitability on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange (BEI) in 2020-2023."

Problem Formulation

Based on the background of the problem stated above, the problem formulation in this research is:

1. Does tax planning affect the company value of manufacturing companies listed on the IDX in 2020-2023?
2. Does profitability affect the company value of manufacturing companies listed on the IDX in 2020-2023?

Research purposes

Based on the problem formulation above, it can be concluded that the objectives of this research are:

1. To find out how tax planning affects the company value of manufacturing companies listed on the IDX in 2020-2023.
2. To find out how profitability affects company value in manufacturing companies listed on the IDX in 2020-2023.

2. TELAAH PUSTAKA

Agency Theory

Jensen and Mecking (1976) defines agency theory as a contract between the agent and the principal, where the principal provides authority to agents to manage the company in accordance with applicable regulations, and these agents are expected to provide optimal dividends to the principal.

Company Value

According to Brigham & Ehrhardt (2017), company value represents the present value of cash flows that will be received in the future after deducting all operational costs, investment costs and net current assets. The company's ability to pay dividends is an indicator of the value that has been generated (Sudrajat & Setiyawati, 2021). Margono and Gantino (2021) state that company value reflects investors' perceptions of its share price. Investments contribute positively to the company's future growth. An increase in share prices indicates an increase in company value, which ultimately provides profits and prosperity for shareholders. Overall, a company's value reflects the effectiveness of wealth management, as measured through its financial performance. In this research, researchers used *Price Book Value* (PBV).

$$PBV = \frac{\text{Market Price Per share}}{\text{Book Value Per Share}}$$

Tax Planning

According to Darussalam (2010), tax planning is a strategy carried out by taxpayers to reduce the company's tax burden by exploiting loopholes or gray areas in tax regulations. This practice is considered legal because it does not cause disputes between taxpayers and tax authorities. Darussalam (2010) divides tax planning into two types, namely defensive tax planning and aggressive tax planning. Defensive tax planning is a strategy that is still within reasonable limits and controlled in accordance with applicable regulations. Meanwhile, aggressive tax planning is carried out in an aggressive and irresponsible manner, which can lead to the practice of tax avoidance or even tax evasion. Therefore, aggressive tax planning is not allowed because apart from being illegal, it can also damage the company's reputation. In this study, researchers used the Tax Retention Rate as a proxy for measuring tax planning.

$$TRR = \frac{\text{Net Income}}{\text{Pretax Income (EBIT)}}$$

Profitability

Profitability ratios describe a company's ability to generate profits from sales of products or services as well as its efficiency in managing and utilizing the assets it owns. This efficiency includes the results of sales activities, use of assets, and management of available capital (Hery, 2016: 192).

Profitability ratios also function to analyze the main components in the income statement and balance sheet, which can be measured periodically. The main purpose of this ratio is to assess and evaluate the development of company profitability over time. In addition, this ratio helps companies determine more efficient improvement indicators and increase productivity optimally. One comparison method that is commonly used is to compare the company's profitability ratio with predetermined targets or with the industry average (Hery, 2016: 192). In this research, researchers used *Return on Assets* (LONG)

$$LENGTH = \frac{Net\ profit}{Total\ Assets}$$

Research Variables

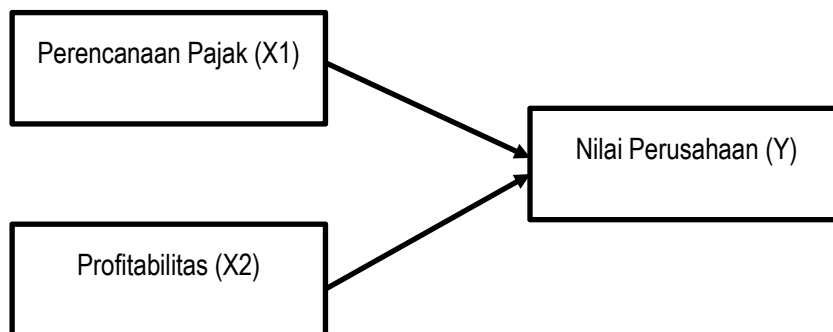
According to Sugiyono (2019), the definition of research variables is characteristics or attributes of individuals or organizations that can be measured or observed which vary between the people and organizations studied. The variables used in this research are independent variables (influencing variables) and dependent variables (influenced). The description in the operational definition is as follows:

1. Independent variable (X), according to Sugiyono (2019), an independent variable (free variable) is a variable that influences, which is the cause of the change or emergence of the dependent (dependent) variable. Tax Planning (X1) and Profitability (X2).
2. Dependent Variable (Y), according to Sugiyono (2019) The dependent variable (dependent variable) is a variable that is influenced or becomes a consequence, because of the existence of the independent variable. Company Value (Y).

Thinking Framework

The thinking framework scheme is arranged as in figure 1 below:

Picture 1: Thinking Framework



Hypothesis

- H1 : Tax planning has a positive effect on company value.
 H2 : Profitability has a positive effect on company value.
 H3 : Tax Planning and Profitability have a positive effect on company value.

3. METODE PENELITIAN

Place and Time of Research

This research was conducted on the Indonesian Stock Exchange (BEI) for manufacturing companies listed on the IDX in 2020-2023. This research begins in August–November 2024.

Data Types and Sources

Journal homepage: <http://ingreat.id>

Data Type

According to Sugiyono (2019), there are two types of data, namely, qualitative and quantitative:

- a. Qualitative data is data in the form of words, sentences or images. Research conducted by researchers at manufacturing companies uses qualitative data, namely literature studies and documentation related to the company's history.
- b. Quantitative data is data in the form of numbers. Research conducted by researchers at manufacturing companies uses quantitative data, namely those related to financial reports.

Data source

According to Sujarweni (2018) the data source is the subject from which the data source was obtained. Then, the data source in this research uses secondary data, namely a source and physically proven data that has been published and is registered on the Indonesian Stock Exchange. www.idx.co.id.

Population and Sample

Population

According to Handayani (2020) population is the totality of each element to be studied which has the same characteristics, which can be individuals to be studied. The population in this study are manufacturing companies listed on the IDX in 2020-2023. The population in this study was 218 companies

Sample

According to Handayani (2018) sampling technique or what is usually called sampling is the process of selecting a number of elements from the population being studied to be used as samples. The sampling technique in this research uses purposive sampling. Purposive sampling is a method of determining a sample by considering certain criteria for the object with the aim of obtaining a sample that meets expectations. In this study, researchers took samples, namely the financial reports of manufacturing companies listed on the IDX in 2020-2023 with amount sample of 240 companies, namely 60 companies multiplied by 4 years.

Data Collection Techniques

Data collection techniques are a method used to obtain data as a form of research reference so that when writing scientific papers the writing and data collection techniques are precise and correct. In research analysis of reports on manufacturing companies listed on the IDX for 2020-2023, the techniques used for data collection were obtained by:

- a. Literature Study (*Library Research*)

Data collection through research carried out in libraries by searching for literature or materials related to research.

- b. Online Data Search (*Internet Searching*)

Data collection techniques through technological assistance in the form of tools/search engines on the internet where all information from various eras is available. *Internet searching* makes it very easy to help researchers find files/data where speed, completeness and availability of data from various years are available. Searching for data on the internet can be done by: *searching, browsing, surfing or downloading*.

- c. Documentation

According to Sugiyono (2019), documentation is a method used to obtain data and information in the form of books, archives, documents, written numbers and images in the form of reports and information that can support research. Documentation is used to collect data and then process it. Documentation in this research is through physical data that has been published on Google, namely on the Indonesian Stock Exchange www.idx.co.id

Data Analysis Methods

The data analysis method used in this research uses multiple linear regression analysis, which is the data approach used, and measures the effect of two or more independent variables on one dependent variable. However, to confirm the validity and suitability of the model used in data analysis, a classical assumption test was first carried out. And the tool used in this research uses SPSS software (*Statistic Product & Service Solution*).

4. RESULTS AND DISCUSSION

Research result

The results of the financial report analysis research show that the condition of the financial reports contained in PT. Bukit Asam Tbk for the 2018-2022 period seen from the profit and loss side, namely net income, cost of revenue, gross profit and operating profit in the table below as follows:

Table 1: Descriptive Statistical Test Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	240	.45	.96	.7719	.05728
X2	240	-.14	.38	.0868	.08374
AND	240	.17	128.40	3.6538	10.62348
Valid N (listwise)	240				

Source: Spss Processed Data Version 23

Based on table 1, it shows that from 240 observations the research data can be explained as follows:

1. On variable X1 with amount sample 240 has value the lowest of 0.45, the highest lowest value was 0.96, with a mean of 0.7719 and a standard deviation amounting to 0.057228.
2. On variable X2 with amount sample 240 has value the lowest of -0.14, the highest lowest value was 0.38, with a mean of 0.0868 and a standard deviation of 0.08374.
3. On variable Y with amount sample 240 has value the lowest of 0.17, the highest lowest value was 128.40, with a mean of 3.6538 and a standard deviation amounting to 10.62348.

Table 2: Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		240
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	10.25611367
Most Extreme Differences	Absolute	.345
	Positive	.345
	Negative	-.278
Test Statistic		.345
Asymp. Sig. (2-tailed)		.200 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Spss Processed Data Version 23

Based on the normality test using the One-Sample test Kolmogorov-Smirnov, it can be seen that the significant value is 0.200 above 0.05. This indicates that the research data is residual distribute normal.

Table 3: Test Results Multicollinearity
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF

1	(Constant)	-13.020	9.935		-1.311	.191		
	X1	17.614	12.465	.095	1.413	.159	.871	1.149
	X2	35.438	8.526	.279	4.156	.000	.871	1.149

a. Dependent Variable: Y

Source: Spss Processed Data Version 23

Variable X1 has a tolerance value of $0.871 > 0.1$ and a VIF value of $1.149 < 10$ and Variable All independent variables have a VIF value of less than 10 and a tolerance value of more than 0.10. This indicates that this model is free from problems multicollinearity.

Table 4: Test Results Linear Double Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-13.020	9.935		-1.311	.191		
X1	17.614	12.465	.095	1.413	.159	.871	1.149
X2	35.438	8.526	.279	4.156	.000	.871	1.149

a. Dependent Variable: Y

Source: Spss Processed Data Version 23

Variable X1 has a tolerance value of $0.871 > 0.1$ and a VIF value of $1.149 < 10$ and Variable All independent variables have a VIF value of less than 10 and a tolerance value of more than 0.10. This indicates that this model is free from problems multicollinearity.

Based on the table above, you can see the regression equation, namely:

$$PBV = -13.020 + 17.614X1 + 35.438X2$$

From the multiple regression equation above it can be concluded that:

1. The constant value is -13,020, meaning that if X1 and X2 are constant (fixed), then the value of the PBV variable is -13,020.
2. Regression coefficient variable X1 is 17,614, if variable
3. Regression coefficient variable X2 is 35,438, if the variable X2 increases by one (1) unit assuming that the variable

Table 5: Significance Test Results (t Test) Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.
	B	Std. Error	Beta		
1 (Constant)	-13.020	9.935		-1.311	.191
X1	17.614	12.465	.095	1.413	.159
X2	35.438	8.526	.279	4.156	.000

a. Dependent Variable: Y

Source: Spss Processed Data Version 23

It can be seen that based on the results in table 5 it can be obtained as follows:

1. Influence of X1 on Y

Based on the results of testing the independent variables X1 against Y value obtained t_{count} amounting to 1,413 $> t_{\text{table}}$ 2.64 and a significance value of $0.159 > 0.05$. So it shows that variable X1 has no significant effect on tax avoidance. Therefore, it can be concluded that H1 is rejected.

2. Influence of X2 on Y.

Based on the results of testing the independent variable X2 against Y value obtained t_{count} amounting to 4,156 $> t_{\text{table}}$ 2.64 and a significance value of $0.000 < 0.05$. So it shows that the variable X2 has a

significant effect on Y. Thus, it can be said that H2 is accepted.

Table 6: Significance Test Results (F Test)
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1833.227	2	916.613	8.641	.000 ^b
	Residual	25139.900	237	106.076		
	Total	26973.127	239			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: Spss Processed Data Version 23

Based on the table above, the Fung value is 8.641 significance namely $0.000 < 0.05$, so the author concludes that the influence of X1 and X1 has a significant influence on Y in manufacturing companies listed on the Indonesia Stock Exchange 2020-2023.

Discussion

Based on the analysis conducted in this study, several key findings were obtained regarding the effect of tax planning and profitability on the value of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023.

1. The Effect of Tax Planning on Firm Value

The regression test results show that tax planning (X1) does not have a significant effect on firm value (Y). This is indicated by the t-value of 1.413, which is smaller than the t-table value of 2.64, and a significance value of 0.159, which is greater than 0.05. Therefore, the first hypothesis (H1), which states that tax planning has a positive effect on firm value, is rejected. This finding is in line with the study by Nashar et al. (2022), which states that although tax planning aims to legally reduce corporate tax burdens, if not managed properly, it can create negative perceptions among investors and other stakeholders. This may be due to concerns about potential tax audits or instability in corporate tax policies. Therefore, while tax planning can enhance financial efficiency, its impact on firm value is not necessarily positive.

2. The Effect of Profitability on Firm Value

The profitability variable (X2) has a significant effect on firm value (Y), as indicated by the t-value of 4.156, which is greater than the t-table value of 2.64, and a significance value of 0.000, which is less than 0.05. Thus, the second hypothesis (H2), which states that profitability has a positive effect on firm value, is accepted. Profitability reflects a company's financial performance and ability to generate profits, which is a key factor in investment decisions. Highly profitable companies tend to be more attractive to investors because they have better growth prospects and lower risks. This finding supports the study by Kusumanegara et al. (2023), which states that high profitability increases market confidence and contributes to higher stock prices and firm value.

3. The Effect of Tax Planning and Profitability Simultaneously on Firm Value

The F-test results show that tax planning and profitability simultaneously have a significant effect on firm value, with an F-value of 8.641 and a significance value of 0.000 (less than 0.05). Thus, the third hypothesis (H3), which states that tax planning and profitability simultaneously affect firm value, is accepted. These results indicate that although tax planning individually does not have a significant effect, in combination with profitability, it can influence firm value. This suggests that companies with high profitability can still attract investors even if their tax planning strategy is not overly aggressive.

Furthermore, this study reinforces the view that corporate financial policies should be balanced, considering prudent tax strategies while also striving to increase profitability to enhance firm value sustainably.

Managerial Implications

Based on the study's findings, several managerial implications can be applied by manufacturing companies in Indonesia:

1. Effective Tax Planning Strategies: Although tax planning does not have a significant individual impact on firm value, a tax strategy should not only focus on tax efficiency but also consider its impact on corporate image and investor perception.
2. Enhancing Profitability: Company management should focus more on increasing profitability through operational efficiency, product innovation, and market expansion to improve corporate attractiveness to investors.
3. Holistic Approach to Financial Management: A combination of prudent tax planning and profitability enhancement can serve as an effective strategy to sustainably increase firm value.

6. CONCLUSION

After conducting research on 240 manufacturing companies listed on the Indonesia Stock Exchange 2020-2023, the results of the description of the analysis of the influence of tax planning (X1) and profitability (X2) on company value (Y) were concluded as follows:

1. The Tax Planning variable (X1) has an insignificant effect on Company Value (Y) in manufacturing companies listed on the Indonesia Stock Exchange 2020-2023.
2. The Profitability variable (X2) has a significant effect on Company Value (Y) in manufacturing companies listed on the Indonesia Stock Exchange 2020-2023.
3. The variables Tax Planning (X1) and Profitability (X2) together have a significant effect on Company Value (Y) in manufacturing companies listed on the Indonesia Stock Exchange 2020-2023.

7. SUGGESTION

Based on the above conclusions, there are suggestions for subsequent researchers as follows:

1. For future researchers, it is hoped that they can add other independent variables such as variables transfer pricing, sales growth, leverage, and business strategy.
2. Further research can use company sectors other than the food and beverage sub-sector, such as the basic industrial and chemical sectors, various industrial sectors, property sectors, real estate etc.
3. Future research can add more research years to use a longer period in order to describe conditions more accurately and thus get better results.

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