



The Effect of Leverage, Company Size, and Executive Characteristics on Tax Planning

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Abstract

This study aims to determine the effect of Leverage, Company Size, and Executive Characteristics on Tax Planning with Profitability as a Control Variable in Manufacturing companies listed on the Indonesia Stock Exchange 2014-2018. The sample in this study amounted to 65 manufacturing companies taken through purposive sampling. The data used is secondary data, and the analytical method used is multiple linear regression analysis. The results of this study indicate that 1) Leverage has a significant effect on tax planning. 2) Company size has no significant effect on tax planning. 3) Executive characteristics have no significant effect on tax planning. 4) Leverage, company size, and Executive Characteristics have a significant effect on tax planning together. 5) Leverage has no significant effect on tax planning with profitability as a control variable. 6) Firm size has a significant effect on tax planning with profitability as a control variable. 7) Executive characteristics have no significant effect on tax planning, with profitability as a control variable. 8) Profitability significantly affects tax planning 9) Leverage, company size, executive characteristics, and profitability as control variables significantly affect tax planning simultaneously.

Keywords: Leverage, Firm Size, Executive Characteristics, Profitability, Tax Planning.

1. Introduction

Indonesia is one of the developing countries where the government is working hard to build Indonesia to be more advanced. Infrastructure development is evenly distributed throughout Indonesia, one of which requires large capital. The largest cash receipts in Indonesia are from tax revenues (Amin et al., 2019). The government wants taxes as high as possible in order to finance the administration of government. In contrast, companies want to pay taxes to a minimum, and even tax avoidance is carried out to avoid paying taxes to the state. It causes the tax revenue target to be not in accordance with the realization of tax payments every year.

For the company's management, a high tax burden will reduce the company's financial performance, this will encourage company management to reduce its tax payments through various ways, both legally and illegally.

According to Nengsih, Suryani and Kurnia (2019), tax planning that is carried out legally and does not conflict with tax regulations is called tax avoidance, while tax planning which is carried out illegally and contrary to tax regulations This is called tax evasion.

For a company, one of the things that reduces the company's profit is tax costs, because the higher the tax borne by the company, the smaller the profit that the company will generate. So that the management tends to save on tax payments to reduce and make the tax burden as small as possible. Tax management is one of the means to legally save tax. Tax management can be achieved through tax management functions, one of which is tax planning or commonly called tax planning (Amin et al, 2019).

Tax planning is one of the methods used by management in estimating the amount of tax to be paid and things that can be done to avoid taxes (Syanthi, Sudarma, and Saraswati, 2018).

There are several things that affect tax planning to be studied, namely leverage, company size and executive characteristics. According to Arianandini and Ramantha (2018), the higher the leverage, the higher the dependence of a company in making loans or debts to finance its assets. Debt for the company has a fixed expense in the form of interest expense. Interest expense is included in expenses that can reduce taxable income (deductible expense) so that the use of debt will provide a positive relationship to tax avoidance activities by a company.

According to Oktamawati (2017), the larger the size of the company, the more complex the transactions made by the company will be. So, companies can take advantage of loopholes to avoid tax from every transaction made by the company.

Executive character can be identified by using company risk, according to Okmawati (2017) Corporate risk describes deviant behavior. The type of risk taker manager generally has a desire to be able to bring in large cash flows to meet the company owner's goals in order to get cash flow from company operations. High cash flow will be obtained from tax avoidance activities by increasing tax saving. Therefore, management with a risk taker character will try to increase the company's income.

According to Pohan (2018) tax planning is the process of organizing the business of individual taxpayers or business entities in such a way by utilizing various possible gaps that can be taken by companies within the corridors of the provisions of applicable tax regulations (loopholes) so that companies can pay taxes in a minimum amount.

According to Kasmir (2013) the solvency ratio or leverage ratio is the ratio used to measure the extent to which the company's assets are financed with debt. This means how much debt burden is borne by the company compared to its assets. In a broad sense it is said that the solvency ratio is used to measure the company's ability to pay all its obligations, both short term and long term if the company is dissolved.

According to Suwardika and Mustanda (2017), the higher the size of the company will be closely related to the funding decisions that will be implemented by the company in order to optimize the value of the company.

According to Okmawati (2017) Company risk describes deviant behavior. The type of risk taker manager generally has the desire to be able to bring in large cash flows to meet the company owner's goals in order to get cash flow from company operations. High cash flow will be obtained from tax avoidance activities by increasing tax saving. Therefore, management with a risk taker character will try to increase the company's income.

Kasmir (2013) profitability ratio is a ratio to assess the company's ability to seek profit. This ratio

also provides a measure of the level of management effectiveness of a company. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company.

Based on theory and previous studies, the hypotheses in this study are as follows:

- H₁: Leverage is suspected to have a significant effect on tax planning
- H₂: Firm size is suspected to have a significant effect on tax planning
- H₃: Executive characteristics are suspected to have significant effect on Tax planning
- H₄: Leverage, Company Size and Executive Characteristics are suspected to have a significant effect on Tax planning
- H₅: Leverage with profitability as a control variable is suspected to have a significant effect on tax planning
- H₆: Firm size with profitability as a control variable is suspected to have a significant effect on tax planning
- H₇: Executive characteristics with profitability as a control variable are suspected to have a significant effect on Tax planning
- H₈: Profitability is suspected to have an effect on Tax Planning
- H₉: Leverage, Firm Size and Executive Characteristics with profitability as a control variable is suspected to have a significant effect on tax planning

2. Method

This research was conducted using secondary data, data on manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2014-2018. The data includes Tax Planning, Leverage, Company Size, Executive Characteristics and Profitability.

Research design provides procedures for obtaining the information needed to measure or solve research problems. Research design is the basis for conducting research. The type of research used is casual research that aims to analyze the relationship between one variable and another or how one variable affects other variables. The research design uses secondary data and is a statistical study because it involves many companies.

In a previous study conducted by Wardani and Santi (2018), tax planning (tax planning) was measured by the tax retention rate with the formula:

$$TRR = \frac{Net\ Income_{it}}{Pretax\ Income\ (EBIT)_{it}}$$

The leverage ratio is a measure of how much the company's assets are financed by debt or how

much the company's debt affects the management of its assets. The formula that can be used in calculating Leverage (DER) is as follows:

$$\text{Leverage} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

Company size is a scale that can be classified as large or small in various ways, including total assets, log size, sales and stock market value (Nurminda, Isyнуawardhana and Nurbaiti, 2017). Company size can be calculated using the following formula:

$$\text{Size} = \log(\text{total assets})$$

The executive is an important position occupied by individuals in the leadership system in a company or an organization. The purpose of executives in a company is to achieve company goals by influencing the organization they lead so that they have a considerable influence on the company and influence in risky decision making (Nengsih, Suryani and Kurnia, 2019). The formula that can be used in calculating executive characteristics is as follows:

$$\text{Risk} = \frac{\text{EBITDA}}{\text{Total Asset}}$$

Profitability is one of the measurements for company performance that can describe the ability of a company to generate profits during a certain period at a certain level of sales, assets and share capital (Maharani and Suardana, 2014). Profitability can be calculated using the following formula:

$$\text{ROA} = \frac{\text{Earning before tax}}{\text{Total Assets}}$$

Population can be defined as a collection of data that identifies a phenomenon (Santoso, 2016). The population used in this study were 167 manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2018 period. A sample can be defined as a collection of data taken or selected from a population (Santoso, 2016). The sampling technique in this research is purposive sampling. Purposive sampling is a type of non-random sample selection whose information is obtained using certain considerations (generally adapted to the purpose or research problem).

The data collection technique in this research is literature study. Literature Study is an activity of studying, exploring, and quoting theories or concepts from a number of literatures, both books, journals, magazines, newspapers or other written works that are relevant to the topic, focus or research variable.

The data collection technique in this research is literature study. Literature Study is an activity of studying, exploring, and quoting theories or concepts from a number of literatures, both books, journals, magazines, newspapers or other written works that are relevant to the topic, focus or research variable. data analysis using panel data regression.

3. Result and Discussion

Result

After all data and information have been collected, the data processing stage can be carried out immediately. The data processing process that has been carried out is obtained by a descriptive statistical summary of each research variable used as shown in Table 1 below:

Table 1. Descriptive Statistical Test Results

	TRR	LEV	SIZE	EXC	ROA
Mean	0.749155	0.413184	23.55634	44849.17	0.090839
Median	0.685779	0.374086	26.58090	0.319593	0.064094
Maximum	24.68384	6.781202	30.52948	1152624.	0.920997
Minimum	0.007462	0.007072	12.37171	0.023454	0.000282
Std. Dev.	1.439762	0.422414	5.336979	180360.7	0.102437
Skewness	14.63696	11.19171	-0.562718	4.411584	3.490809
Kurtosis	238.3818	163.6390	1.776732	22.24769	21.63690
Jarque-Bera	761874.9	356225.7	37.41549	6071.026	5363.542
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	243.4753	134.2849	7655.809	14575980	29.52283
Sum Sq. Dev.	671.6241	57.81239	9228.605	1.05E+13	3.399852
Observations	325	325	325	325	325

Data processed by authors

Based on table 1 above, it can be seen that several descriptive measures of each research variable are as follows:

1. Tax Planning (TRR), there are 325 observations made on this variable where the smallest (minimum) value is 0.007462, the largest (maximum) value is 24.68384 with the median (median) 0.685779 and the average (mean) 0.749155 with a standard deviation of 1.439762.
2. Leverage (LEV), there are 325 observations made on this variable where the smallest (minimum) value is 0.007072, the largest (maximum) value is 6.781202 with a mean (median) 0.374086 and an average (mean) 0.413184 with a standard deviation of 0.422414.
3. Firm Size (SIZE), there are 325 observations made on this variable where the smallest (minimum) value is 12.37171, the largest (maximum) value is 30.52948 with the median

- (median) 26.58090 and the average (mean) 23.55634 with a standard deviation of 5.336979.
- Executive Characteristics (EXC), there are 325 observations made on this variable where the smallest (minimum) value is 0.186300, the largest (maximum) value is 14.56200 with the median (median) 1.026500 and the average (mean) 1.142911 with a standard deviation of 0.947316.
 - Profitability (ROA), there are 325 observations made on this variable where the smallest value (minimum) is 0.000757, the largest value (maximum) is 0.967558 with a median value (median) of 0.065788 and an average (mean) 0.099416 with a standard deviation of 0.120617.

Before making the equations from panel data regression testing, the classical assumption is first tested so that a regression estimation is valid and reliable and also to find out whether the data that has been used has met the needs in the regression model of the selected model estimate. This test includes normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, estimation model determination and panel data regression.

The normality test aims to determine whether the residual model has a normal distribution or not. Normality test can be done by Jarque-Berra Test (JB test). The residual is said to be normally distributed if it has a probability above or equal to 0.05. The results of the normality test can be shown in Figure 1 below:

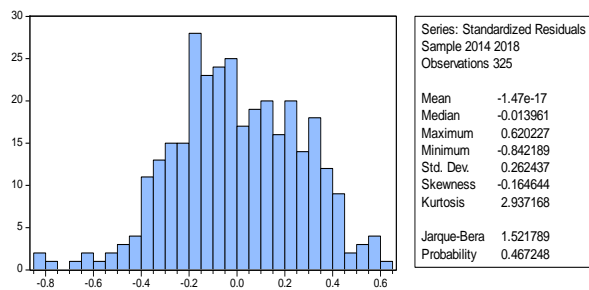


Figure 1. Normality Test Result

Based on the Jarque-Berra test in Figure 1, it can be seen that the Jarque-Berra value is 1.521789 with a probability of 0.467248. Because the probability value is $0.467248 > 0.05$, it can be said that the residuals in this research method are normally distributed.

Multicollinearity testing was conducted to determine the relationship between independent variables. Multicollinearity testing was carried out using a correlation matrix. The existence of multicollinearity symptoms can be seen from the tolerance value or the Variance Inflation Factor (VIF) value. The tolerance value limit is 0.1 and the VIF limit is 10. If the tolerance value is < 0.1 or $VIF > 10$, multicollinearity occurs. On the other hand, if the

tolerance value is > 0.1 or $VIF < 10$, there is no multicollinearity. Based on the results of the multicollinearity testing that has been carried out, a summary of the results is shown below:

Table 2. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.127628	195.3008	NA
LOGLEV	0.001646	4.023107	1.051758
LOGSIZE	0.012367	186.5975	1.188227
EXC	2.66E-14	1.400181	1.318407
LOGROA	0.000491	7.726720	1.185758

Data processed by authors

In table 2 it can be seen that each independent variable and control variable used has a Centered VIF < 10 so it can be concluded that each independent variable and control variable used is free from multicollinearity symptoms.

Heteroscedasticity testing was conducted to determine the pattern of data distribution that supports each research variable. Heteroscedasticity testing was carried out using the white model. In this model, the symptom of heteroscedasticity will not occur if the probability value generated in the test is above 0.05. Based on the results of heteroscedasticity testing, a summary of the results is shown in Table 3 below:

Table 3. Heteroscedasticity Test Results

F-statistic	0.551495	Prob. F(4,320)	0.6981
Obs*R-squared	2.225109	Prob. Chi-Square(4)	0.6944
Scaled explained SS	252.4421	Prob. Chi-Square(4)	0.0000

Data processed by authors

In table 3 it can be seen that the probability value of the R-squared observation produced is 0.6944. The results obtained indicate that the resulting probability value is $0.6944 > 0.05$ so it can be concluded that all research variables that will be formed into the regression model are free from heteroscedasticity symptoms.

One measure in determining whether there is an autocorrelation problem is the Durbin-Watson (DW) test with the following conditions:

- There is a positive autocorrelation, if the DW value is below -2 ($DW < -2$).
- There is no autocorrelation, if the DW value is between -2 and +2 or $-2 < DW < +2$.
- Negative autocorrelation occurs if DW is above +2 or $DW > +2$

Based on the test, the DW value is obtained as follows:

Table 4. Autocorrelation Test Results

Durbin-Watson stat	1.999793
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Data processed by authors

The DW value after testing is 1.999793 which is between -2 and +2 so it can be said that the variables formed in the regression model are free from autocorrelation symptoms.

The first step for selecting the estimation model is the Chow test, the test results are shown in table 5 below:

Table 5. Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	6.788159	(64,256)	0.0000
Cross-section Chi-square	322.450316	64	0.0000

Data processed by authors

Based on table 5 above, it can be seen that the probability value of the Chi-square cross-section is $0.0000 < 0.05$ so it can be concluded that the Fixed Effect is more appropriate than the Common Effect. The Hausman test was conducted to determine whether the Fixed Effect model or the Random Effect model would be used in this study. The test result are shown in table 5 below:

Table 5. Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	34.648818	4	0.000

Data processed by authors

Based on the test results in table 5, it can be seen that the probability of a random cross-section is $0.0000 < 0.05$, so it can be concluded that the Fixed Effect model is more appropriate than the Random Effect model.

Based on the tests carried out, the estimation results of the panel data regression model without control variables are as follows:

Table 6. Random Effect Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.278579	8.043961	0.531899	0.5953
LOGLEV	-0.147537	0.070311	-2.098337	0.0369
LOGSIZE	-1.621263	2.579101	-0.628616	0.5302
EXC	6.97E-07	1.05E-06	0.662426	0.5083

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.785524	Mean dependent var	-0.604623
Adjusted R-	0.729610	S.D. dependent var	0.862747

S.E. of regression	0.448620	Akaike info criterion	1.418433
Sum squared resid	51.72389	Schwarz criterion	2.210126
Log likelihood	-162.4954	Hannan-Quinn criter.	1.734399
F-statistic	14.04877	Durbin-Watson stat	2.028875

Prob (F-statistic) 0.000000

Data processed by authors

Based on the selected estimation model, the panel data regression model equation is obtained as follows:

$$TP_{it} = 4,278579 - 0,147537LV_{it} - 1,621263UP_{it} + 6,97E-07KE_{it} + e$$

1. The constant value of -30,44732 means that if the Leverage (LEV), Company Size (SIZE), Executive Characteristics (EXC) and Profitability (ROA) are fixed, the Tax Planning (TRR) is -30,44732.
2. The value of coefficient 1 is negative at -0.015103, meaning that if the Leverage (LV) variable increases by one unit, then Tax Planning (TRR) will decrease by 0.015103 assuming other independent variables are ignored or are 0.
3. The value of coefficient 2 is 10,06143, meaning that if the variable Company Size (SIZE) increases by one unit, then Tax Planning (EXC) will increase by 10.06143 assuming other independent variables are ignored or worth 0.
4. The value of coefficient 3 is -6.47E-07, meaning that if the Executive Characteristics (EXC) variable increases by one unit, then Tax Planning (TRR) will decrease by 6.47E-07 assuming other independent variables are ignored or have a value of 0.
5. The value of coefficient 4 is 0.555132, meaning that if the Profitability (ROA) variable increases by one unit, then Tax Planning (TRR) will increase by 0.555132 assuming other independent variables are ignored or worth 0.

Based on the tests carried out, the estimation results of the panel data regression model with control variables are as follows:

Table 7. Random Effect Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-30.44732	6.010162	-5.065974	0.0000
LOGLEV	-0.015103	0.049830	-0.303099	0.7621
LOGSIZE	10.06143	1.939030	5.188901	0.0000
EXC	-6.47E-07	7.40E-07	-0.873716	0.3831
LOGROA	0.555132	0.033818	16.41532	0.0000

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.895509	Mean dependent var	-0.604623
Adjusted R-squared	0.867754	S.D. dependent var	0.862747
S.E. of regression	0.313743	Akaike info criterion	0.705485
Sum squared resid	25.19934	Schwarz criterion	1.508820
Log likelihood	-45.64131	Hannan-Quinn criter.	1.026097
F-statistic	32.26442	Durbin-Watson stat	1.978896
Prob (F-statistic)		0.000000	

Data processed by authors

Based on the selected estimation model, the panel data regression model problems are obtained as follows:

1. The constant value of -30,44732 means that if the Leverage (LEV), Company Size (SIZE), Executive Characteristics (EXC) and Profitability (ROA) are fixed, the Tax Planning (TP) is -30,44732.
2. The value of coefficient 1 is negative at -0.015103, meaning that if the Leverage (LEV) variable increases by one unit, then Tax Planning (TRR) will decrease by 0.015103 assuming other independent variables are ignored or are 0.
3. The value of coefficient 2 is 10,06143, meaning that if the variable Company Size (SIZE) increases by one unit, then Tax Planning (TRR) will increase by 10.06143 assuming other independent variables are ignored or worth 0.
4. The value of coefficient 3 is -6.47E-07, meaning that if the Executive Characteristics (EXC) variable increases by one unit, then Tax Planning (TRR) will decrease by 6.47E-07 assuming other independent variables are ignored or have a value of 0.
5. The value of coefficient 4 is 0.555132, meaning that if the Profitability (ROA) variable increases by one unit, then Tax Planning (TRR) will increase by 0.555132 assuming other independent variables are ignored or worth 0.

Based on table 6, the influence of Leverage (LEV), Company Size (SIZE), and Executive Characteristics (EXC) can be known through the following tests:

The results of the analysis show that Leverage has a regression coefficient value of -0.147537 and a tstatistic of -2.098337 with a probability value of 0.0369 greater than 0.05 or (0.0369 < 0.05). It can be concluded that the leverage variable partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is

rejected and Ha is accepted. Thus, the hypothesis is accepted.

The results of the analysis show that the size of the company has a regression coefficient value of -1.621263 and tstatistics of -0.628616 with a probability value of 0.5302 greater than 0.05 or (0.5302 > 0.05). It can be concluded that the company size variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is accepted and Ha is rejected. Thus, the hypothesis is rejected.

The results of the analysis show that executive characteristics have a regression coefficient value of 6.97E-07 and tstatistics of 0.662426 with a probability value of 0.5083 greater than 0.05 or (0.5083 > 0.05). It can be concluded that the executive characteristic variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is accepted and Ha is rejected. Thus, the hypothesis is rejected.

Based on table 7, the influence of Leverage (LEV), Company Size (SIZE), Executive Characteristics (EXC) and Profitability (ROA) can be known through the following tests:

The results of the analysis show that Leverage has a regression coefficient value of -0.015103 and a tstatistic of -0.303099 with a probability value of 0.7621 greater than 0.05 or (0.7621 > 0.05). It can be concluded that the leverage variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is accepted and Ha is rejected. Thus, the hypothesis is rejected.

The results of the analysis show that the size of the company has a regression coefficient value of 10.06143 and tstatistics of 5.188901 with a probability value of 0.0000 less than 0.05 or (0.0000 < 0.05). So it can be concluded that the variable company size partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is rejected and Ha is accepted. Thus, the hypothesis is accepted.

The results of the analysis show that executive characteristics have a regression coefficient value of -6.47E-07 and tstatistics of -0.873716 with a probability value of 0.3831 less than 0.05 or (0.3831 < 0.05). It can be concluded that the executive characteristic variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H0 is accepted and Ha is rejected. Thus, the hypothesis is rejected.

The Effect of Profitability on Tax Planning

The results of the analysis show that profitability has a regression coefficient value of 0.555132 and tstatistics of 16.41532 with a probability value of 0.0000 less than 0.05 or ($0.0000 < 0.05$). It can be concluded that the profitability variable partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. So H_0 is rejected and H_a is accepted. Thus, the hypothesis is accepted. The F test aims to determine whether the independent variables jointly affect the dependent variable and also to determine the accuracy of the selection of variables to be formed into a regression model, then the F-Statistic test is carried out.

Based on table 6 shows the F-Statistic value of 14.04877 and the probability of 0.000000 with an error rate of 0.05. The results obtained indicate that the probability value generated is $0.000000 < 0.05$, the decision is that Leverage (LEV), Firm Size (SIZE), and Executive Characteristics (EXC) have a significant effect on tax planning (TRR) in companies manufacturers listed on the Indonesia Stock Exchange in 2014-2018.

Based on table 7 shows the F-Statistic value of 32.26442 and the probability of 0.000000 with an error rate of 0.05. The results obtained indicate that the probability value generated is $0.000000 < 0.05$, the decision is that Leverage (LEV), Firm Size (SIZE), Executive Characteristics (EXC) and Profitability (ROA) as control variables have a significant effect together. The same applies to tax planning (TRR) for manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

The coefficient of determination (R^2) shows the proportion applied by the independent variable in the model to the dependent variable and control variable, the rest is explained by other variables not included in the model, incorrect model formulation and experimental error. Based on table 6 above, it shows the value of the coefficient of determination of Adjusted R-squared using Cross Section Common Effect and Fixed Period. The coefficient of determination generated in the Adjusted R-squared test is 0.729610. It can be concluded that the results obtained indicate that the variables Leverage (LV), Company Size (UP) and Executive Characteristics (KE) are able to contribute in influencing the value of tax planning by 73% while the remaining 27% are influenced by other variables not included in the study.

Based on table 7 above, it shows the coefficient of determination of Adjusted R-squared using Cross Section Common Effect and Fixed Period. The coefficient of determination generated in the Adjusted R-squared test is 0.867754. It can be concluded that the results obtained indicate that the variables Leverage (LV), Company Size (UP),

Executive Characteristics (KE) and Profitability (ROA) are able to contribute in influencing the value of tax planning by 87% while the remaining 13% is influenced by other variables. which were not included in this study.

Based on the results of the analysis without using control variables, it shows that leverage has a regression coefficient value of -0.147537 and tstatistics of -2.098337 with a probability value of 0.0369 greater than 0.05 or ($0.0369 < 0.05$). It can be concluded that the leverage variable partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Based on the results of the analysis without using control variables, it shows that the size of the company has a regression coefficient value of -1.621263 and tstatistics of -0.628616 with a probability value of 0.5302 greater than 0.05 or ($0.5302 > 0.05$). It can be concluded that the company size variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Based on the results of the analysis without using control variables, executive characteristics have a regression coefficient value of 6.97E-07 and a statistic of 0.662426 with a probability value of 0.5083 greater than 0.05 or ($0.5083 > 0.05$). It can be concluded that the executive characteristic variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Based on the test results indicate that the probability value generated is $0.000000 < 0.05$, the decision is that Leverage (LV), Company Size (UP), and Executive Characteristics (KE) have a significant effect on tax planning (TP) in companies manufacturers listed on the Indonesia Stock Exchange in 2014-2018.

Based on the results of the analysis using control variables, it shows that leverage has a regression coefficient value of -0.015103 and tstatistics of -0.303099 with a probability value of 0.7621 greater than 0.05 or ($0.7621 > 0.05$). It can be concluded that the leverage variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Based on the results of testing using control variables, it shows that the size of the company has a regression coefficient value of 10.06143 and a statistic of 5.188901 with a probability value of 0.0000 less than 0.05 or ($0.0000 < 0.05$). So it can be concluded that the variable company size partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

This study is in line with research conducted by Muttaqin, Dewi and Naffi (2019) which concluded that firm size had no significant effect on tax avoidance.

Based on the results of testing using control variables, it shows that executive characteristics have a regression coefficient value of $-6.47E-07$ and *t*-statistics of -0.873716 with a probability value of 0.3831 smaller than 0.05 or ($0.3831 < 0.05$). It can be concluded that the executive characteristic variable partially has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

This research is in line with the research conducted by Nurjanah, Susyanti and Salim (2019) which concluded that the characteristics of company executives do not have a significant effect on Tax Planning.

Based on the test results show that profitability has a regression coefficient value of 0.555132 and *t*-statistics of 16.41532 with a probability value of 0.0000 less than 0.05 or ($0.0000 < 0.05$). It can be concluded that the profitability variable partially has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Based on the test results, the *F*-Statistic value is 32.26442 and the probability is 0.000000 with an error rate of 0.05 . The results obtained indicate that the probability value generated is $0.000000 < 0.05$.

4. Conclusion

Based on the results of the analysis and discussion regarding the effect of Leverage, Company Size and Executive Character on Tax Planning with Profitability as a control variable, the following conclusions can be drawn:

Leverage has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Company size has no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Executive characteristics have no significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Leverage, Company Size, and Executive Characteristics have a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Leverage has no significant effect on tax planning with profitability as a control variable in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Company size has a significant effect on tax planning with profitability as a control variable in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

Executive characteristics have no significant effect on tax planning with profitability as a control variable in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Profitability has a significant effect on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. Leverage, Company Size, Executive Characteristics and Profitability as control variables have a significant effect together on tax planning in manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018.

For companies, in implementing tax planning, they should not take advantage of company debt to reduce profits which will automatically reduce the amount of tax payments, because the higher the level of debt and the lower the profit will be considered not good. Companies should choose executives who pay more attention to all aspects that will be the key to making the right decisions to carry out company activities, both in tax planning and other decisions.

Company executives are advised to control the stakeholders in the decision-making process. So that it can produce the best decisions for the survival of the company and increase the profits earned. Because in the hands of the executive all decisions and the level of success of a company. Future researchers should add other variables that can also affect tax planning so that future researchers can find out what factors affect tax planning such as sales growth, corporate governance, ROE and others. When conducting research with a title that is close to the title appointed, it is better to examine other company sectors such as banking companies, services and others. After conducting a simple study of 38 manufacturing companies listed on the Indonesian Stock Exchange in 2014-2018, the results of the description of the influence of board diversity on company performance with company size as a control variable, can be concluded as follows:

The gender variable has no positive and significant effect on company performance with company size as a control variable in manufacturing companies listed on the Indonesian Stock Exchange in 2014-2018, where it can be seen that the significant value is $0.6772 < 0.05$.

The experience variable has a partial negative and significant effect on company performance with company size as a control variable in manufacturing companies listed on the Indonesian Stock Exchange in 2014-2018, where it can be seen that the significant value is $0.0002 < 0.05$. The educational background variable has a negative and significant effect on the performance of companies with company size as a control variable in manufacturing companies listed on the Indonesian Stock Exchange in 2014-2018, where it can be seen that the significant value is $0.0105 < 0.05$.

The company size variable partially has a positive and significant effect on the company's performance in manufacturing companies listed on the Indonesian Stock Exchange in 2014-2016, where it can be seen that the significant value is $0.0000 < 0.05$.

Based on the results of research that has been done, there are some suggestions that can be considered by several parties: In order before investing, investors should pay attention to the experience and educational background of the board of directors owned by the company, it is proven that the experience and educational background of the board of directors positive impact on the company's performance, so that companies with experience and educational background of the board of directors. well, also has a high performance company, and the company deserves to be used as a place to invest.

Especially for company management, the results of this research are expected to be considered in managing capital and profits, in order to increase profits, minimize risk and improve the ability to repay debts. To increase shareholders' trust in the company, the company must be able to show good company performance and deliver relevant and reliable information to investors about the company's development.

For further research to conduct research, it is advisable to take a sample from all public companies in Indonesia, increase the period of research time and change the proxy used in order to obtain better results. As well as further research should be able to develop this research by adding other variables such as corporate governance, financial performance, asset growth and other variables that may affect corporate performance.

Using a sample of companies that are not only in the manufacturing sector, but can be developed by using samples from other groups of companies listed on the Indonesian Stock Exchange. Further research is expected to extend the period of observation years with different periods or time ranges and use more companies, so that the research results will be much more presentative.

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