

Corporate Tax Avoidance in Property Companies: The Impact of Profitability, Leverage, Liquidity, and Company Size

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ABSTRACT

Taxes are one of the main sources of state revenue, but companies often engage in tax management to reduce their tax liabilities by exploiting loopholes that are still within the law (tax avoidance). This study aims to examine the effect of internal company characteristics on tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. The study applies a quantitative method using secondary data sourced from annual financial reports. The partial analysis results show that profitability, liquidity, and company size have a significant effect on tax avoidance with a negative coefficient, while leverage does not show a significant effect. Simultaneously, all independent variables were found to have a significant effect on tax avoidance. These findings indicate that financial conditions and company size are related to companies' tendency to implement tax management strategies in the property and real estate sector.

Keywords: Tax Avoidance; Property; Profitability; Leverage

Penghindaran Pajak di Perusahaan Properti : Pengaruh Profitabilitas, Leverage, Likuiditas, dan Ukuran Perusahaan

ABSTRAK

Pajak merupakan salah satu sumber utama pendapatan negara, namun perusahaan sering melakukan manajemen pajak untuk mengurangi kewajiban pajak mereka dengan memanfaatkan celah hukum yang masih diizinkan (penghindaran pajak). Studi ini bertujuan untuk menganalisis pengaruh karakteristik internal perusahaan terhadap penghindaran pajak pada perusahaan properti dan real estate yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2020–2024. Studi ini menggunakan metode kuantitatif dengan data sekunder yang diperoleh dari laporan keuangan tahunan. Hasil analisis parsial menunjukkan bahwa profitabilitas, likuiditas, dan ukuran perusahaan memiliki pengaruh signifikan terhadap penghindaran pajak dengan koefisien negatif, sementara leverage tidak menunjukkan pengaruh yang signifikan. Secara bersamaan, semua variabel independen ditemukan memiliki pengaruh signifikan terhadap penghindaran pajak. Temuan ini menunjukkan bahwa kondisi keuangan dan ukuran perusahaan terkait dengan kecenderungan perusahaan untuk menerapkan strategi manajemen pajak di sektor properti dan real estate.

Kata Kunci: Penghindaran pajak; Properti; Profitabilitas; Leverage

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INTRODUCTION

Taxes play a crucial role in supporting national development because they contribute significantly to the state budget and distribute income to promote equitable welfare (Irene Agustina et al., 2023). However, taxes are often viewed differently by the government and business actors: the government demands revenue optimization, while companies view taxes as a burden that reduces net profits, thus creating a conflict of interest (Ernawati et al., 2019). According to Badan Pusat Statistik, (2024), Macroeconomics, Indonesia's tax revenue in the 2020–2024 period shows an upward trend influenced by the strengthening of the taxation system, increased public awareness, and consistency in taxation policy and service quality. In the property sector, tax revenue weakened in 2020 due to the pandemic, but then recovered and increased in the following years. In this situation, efforts to increase revenue go hand in hand with compliance challenges, as companies have incentives to reduce their tax burden through more aggressive tax planning and strategies such as tax avoidance (Muadzimin & Murdiansyah, 2025). Tax planning refers to structured efforts undertaken by taxpayers to manage their tax obligations with the aim of reducing their tax burden as efficiently as possible while remaining within the bounds of applicable laws and regulations. Through this approach, companies seek to maintain fiscal efficiency in their financial management. One strategy commonly included in tax planning practices is tax avoidance (Sholikah & Adriani, 2022). Tax avoidance is understood as an effort to reduce tax liabilities by exploiting loopholes in regulations without directly violating legal provisions, this is different from tax evasion, but still poses an ethical dilemma because it can reduce potential state revenue (Muhningtiyasari et al., 2024). Some forms of tax avoidance that may potentially shift into tax evasion include transfer pricing between affiliated companies, the use of shell companies in tax havens, profit shifting, and the use of schemes such as thin capitalization and treaty shopping. These practices are essentially still within the bounds of the law, but can become illegal if accompanied by data manipulation, transaction engineering, or the concealment of non-transparent information (Rahayu et al., 2022). An ethical dilemma arises because, although these practices can formally be structured to remain legal, substantively they may conflict with principles of justice and social responsibility. Individual ethical perceptions also influence how tax avoidance is assessed, as this practice tends to have a negative impact on voluntary tax compliance and has the potential to harm the broader public due to reduced government revenue for development (Amna et al., 2024).

The issue of tax avoidance is increasingly prominent in the property and real estate sector, which is characterized by asset-intensive, high-value transactions and flexibility in transaction valuation and recording, thus providing relatively open opportunities for aggressive tax planning (Ramadanti & Putra, 2022). Indications of this practice can be seen in the manipulation of transaction values in formal documents and findings that the tax ratio of the construction and real estate sectors is below the national average, which strongly suggests the potential for tax avoidance (Lestari, 2024). According to Muhningtiyasari et al., (2024), in addition to reducing state revenue, tax avoidance also carries reputational risks and a decline in public trust, for example when the issue of

placing wealth in tax haven jurisdictions arises in property companies. From a theoretical perspective, this phenomenon is in line with agency theory, which emphasizes the conflict of interest between management as agents seeking to maximize after-tax profits and the government as the party with an interest in increasing revenue as well as legitimacy theory, which asserts that there is a threat to image when companies are perceived as not fulfilling their fiscal responsibilities (Paridah & Rokhayati, 2023). Previous studies by Kusumaningsih & Mujiyati, (2024), Rahmadani et al., (2020), Pramesthi & Witono, (2025), shows that internal company characteristics profitability, leverage, liquidity, and company size are related to tax avoidance tendencies, although the direction and significance still vary between contexts therefore, the property real estate sector remains relevant as a context for further testing.

Findings by Muadzimin & Murdiansyah, (2025), and Sulistiana et al., (2024), placing similar variables such as profitability, leverage, liquidity, and company size as factors that potentially influence tax avoidance, but the research evidence produced is still varied. In some of their studies, profitability and leverage were reported to increase the tendency for tax avoidance, while other studies found the opposite effect or even no significant effect. This inconsistency in results indicates that the relationship between variables cannot yet be fully explained in a consistent manner, particularly due to differences in sample characteristics and limitations in the observation period used. Another limitation of previous research by Rani et al., (2023) is the dominance of data from before 2023, which is not optimal for capturing the latest post-pandemic dynamics and changes in tax policy that have implications for corporate tax compliance and strategy, including reforms through Tax Regulation Harmonization Law and effective implementation of Family Identification Number-Taxpayer Identification Number integration in 2024. This study employs a dual theoretical framework consisting of Agency Theory and Trade-Off Theory. Agency Theory explains the existence of a conflict of interest between management and the principal, which drives management to minimize the tax burden through tax avoidance practices (Rani et al., 2023). Furthermore, Trade-Off Theory explains that companies consider the balance between the benefits of using debt. this theory provides a comprehensive basis for explaining the factors that influence tax avoidance practices (Santoso, 2023).

The research gap lies in the urgency of updating empirical evidence because the influence of profitability, leverage, liquidity, and company size on tax avoidance still shows inconsistencies, as well as the need to present a more up to date regulatory context and corporate behavior, especially in the period affected by tax reforms and post pandemic adjustments (Rani et al., 2023). The novelty of this study is demonstrated through the use of an observation period up to 2024 so that the resulting data analysis is more relevant and the strengthening of the analytical framework by combining agency theory with trade-off theory for a more comprehensive interpretation of conflicts of interest and the consequences of financing structures (Amyulianthy & Permana, 2025). The purpose of this study is to examine the effect of profitability, leverage, liquidity, and company size on tax avoidance, both partially and simultaneously, in property and real estate companies listed on the IDX during 2020–2024. Considering the inconsistency of

previous findings and the objectives of this study, the following hypotheses were formulated.

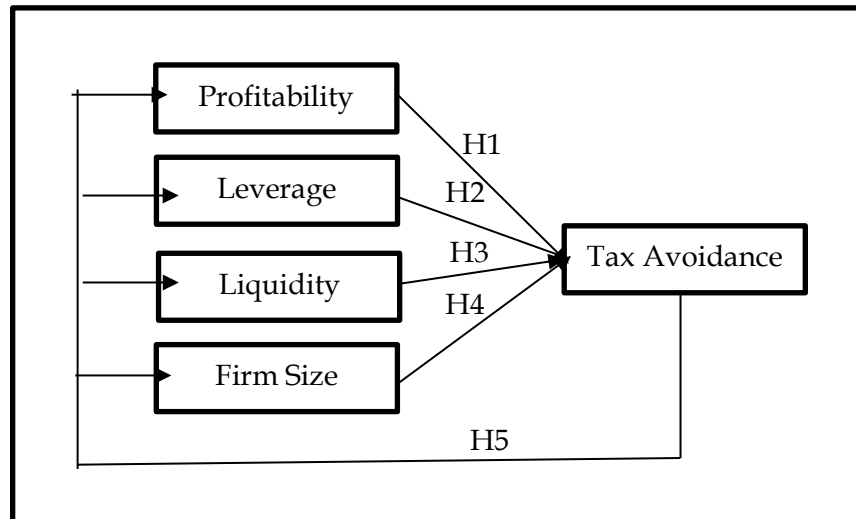


Figure 1. Model Penelitian

Sumber: Data Penelitian, 2026

From the perspective of Agency Theory, first introduced by Jensen & Meckling, (1976), the relationship between the principal and the agent is characterized by conflicting interests and information asymmetry. This theory explains that agents are motivated to maximize their own utility, which may not always align with the principal's objectives, thereby giving rise to agency conflicts and costs. In this context, high profit levels can increase incentives for management to optimize tax burdens so that after tax profits and performance indicators remain attractive to owners and investors, thereby linking profitability to tax avoidance (Ramadanti & Putra, 2022). These incentives arise because taxes are viewed as a cost component that directly reduces net profit, making tax management an integral part of managerial decision-making. On the other hand, high profitability can also increase stakeholder scrutiny, so companies must balance tax efficiency with reputational risk. According to Wahyuni & Wahyudi, (2021), Gultom, (2021), and Muhningtiyasari et al., (2024), profitability is reported to have a negative impact on tax avoidance. Conversely, other findings remain mixed, such as Wahyuningrum, (2023), who found no significant effect. This variation underscores the importance of further empirical testing within specific industrial contexts and observation periods to better elucidate the relationship between profitability and tax avoidance.

H₁: Profitability has negative influence on tax avoidance.

According to trade-off theory, the use of debt can provide tax benefits (tax shield) through interest expenses that reduce taxable income, but at the same time debt increases financial risk and creditor scrutiny, so that its effect on tax avoidance may not always be linear (Myers, 1984). These consequences require companies to consider the balance between tax savings and potential agency costs and bankruptcy costs. In addition, a more aggressive funding structure can

increase a company's exposure to compliance assessments by external parties. In the research by Arif, (2024), Rahayu et al., (2022), Galingging, (2024), leverage in some studies has been shown to affect tax avoidance, but the results are often inconsistent depending on industry characteristics, financing patterns, and the tax avoidance proxies used. This inconsistency indicates that leverage needs to be re-examined in the context of companies with unique asset and financing structures, such as the property and real estate sectors.

H₂: Leverage has a positive influence on tax avoidance.

In agency theory, cash/liquidity conditions influence management preferences and policies, namely cash constraints can encourage tax saving efforts to maintain smooth operations, while strong cash can provide more flexible tax planning space (Rahayu et al., 2022). In practice, tax decisions are often linked to working capital management as companies seek to maintain short-term cash flow stability. Therefore, liquidity levels can affect the intensity of tax management through the company's ability to meet its fiscal obligations in a timely manner. According to research by Hadji, (2025), Prasetyo, (2022), Khasanah & Afiqoh, (2023) varied due to differences in company context and cash management policies. These differing results confirm that liquidity remains relevant to be retested to obtain more contextual evidence according to the sector and observation period.

H₃: Liquidity has a negative influence on tax avoidance.

Large companies face higher levels of public and regulatory scrutiny due to their visibility, which encourages them to be more cautious in managing taxes in order to maintain their reputation. However, these firms also possess greater resources and capabilities to engage in more complex tax planning, so the direction of the relationship between firm size and tax avoidance still needs to be empirically tested. (Paridah & Rokhayati, 2023). This condition indicates a trade-off between the technical ability to conduct tax planning and the need to maintain an image of compliance in the eyes of stakeholders. In addition, large-scale businesses are generally accompanied by complex transactions and organizational structures that can expand alternative tax management strategies. According to Novita & Titisari, (2017), Tanjaya & Nazir, (2021), Arif, (2024) company size is often reported to be related to tax avoidance, but the magnitude of the influence and the direction of the relationship differ between studies and between sectors. These variations in findings indicate the need for retesting in order to obtain more stable conclusions in specific sectors and periods.

H₄: Company size has a negative influence on tax avoidance.

Tax planning decisions are generally the result of interactions between profit performance, funding structure, cash management, and the scale of company operations, so simultaneous testing is needed to capture the collective influence of internal variables on tax avoidance (Rahmadani et al., 2020). This interaction can create certain conditions where the influence of each variable becomes stronger or weaker due to mutual influence in managerial decisions. Thus, joint testing provides a more complete picture than partial testing alone, especially in the context of multidimensional tax decisions. In addition, the simultaneous approach helps assess whether the combination of corporate financial characteristics forms a consistent pattern of tax avoidance behavior.

Therefore, the research model needs to assess the influence of the four variables collectively to ensure a more comprehensive explanatory contribution.

H₅: Profitability, leverage, liquidity, and company size collectively have a positive influence on tax avoidance.

RESEARCH METHODS

This study uses secondary data obtained through the documentation of annual financial reports of companies in the property and real estate sector published on the official website of the Indonesia Stock Exchange (IDX) for the period 2020–2024. Each document was then reviewed to ensure the completeness and suitability of the data for the analysis. The population included all property and real estate companies listed on the IDX during the observation period, while the sample selection was carried out using purposive sampling based on criteria such as the availability of complete financial reports, consistency of reporting periods, and the suitability of company characteristics with the research design, so that the selected analysis units represented the population in accordance with the study objectives (Sugiyono, 2019). Based on the application of these criteria, the sample used consisted of 21 companies over a period of five years, resulting in a total of 105 company data observations per year.

Profitability is defined as a company's ability to generate profits from its managed assets, thereby illustrating the efficiency of its performance and its capacity to generate profits. The profitability formula used is Return on Assets (ROA) because ROA assesses net profit relative to total assets and is relevant to the asset-intensive property sector, making performance comparability between companies more proportional (Muhningtiyasari et al., 2024).

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \dots\dots\dots (1)$$

Leverage describes the extent to which a company finances its assets using debt rather than its own capital, and reflects financial risk and opportunities to utilize tax benefits from interest on loans. Leverage is approximated by the Debt to Equity Ratio (DER) because this ratio compares total liabilities to equity, thereby indicating the intensity of debt use in the capital structure (Muhningtiyasari et al., 2024)

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} \dots\dots\dots (2)$$

Liquidity is a company's ability to meet its short-term obligations with available current assets, usually measured by the Current Ratio (CR). Liquidity is measured using the Current Ratio (CR) because this indicator compares current assets to current liabilities and is commonly used to assess the ability to meet immediate obligations (Rahayu et al., 2022)

$$CR = \frac{\text{Current Assets}}{\text{Current Liability}} \dots\dots\dots (3)$$

Company size describes the size of a company, which is usually proxied by total assets, sales, or market capitalization, and is often measured by the natural logarithm of total assets. Company size is proxied by the natural logarithm of total assets (Ln Total Assets) because logarithmic transformation helps stabilize data distribution, reduces scale differences between companies,

and is more suitable for regression estimation on data with a wide range of assets (Rahayu et al., 2022).

Ln (*Total Assets*)(4)

Tax avoidance is an effort by companies to legally reduce their tax burden through tax planning strategies that exploit loopholes in regulations, as measured by the cash effective tax rate (CETR). The cash effective tax rate (CETR) reflects the tax actually paid in cash and is considered more representative of tax payment behavior than accrual based measures (Muhningtiyasari et al., 2024).

$$CETR = \frac{\text{Tax Payment}}{\text{Profit Before Tax}} \dots\dots\dots(5)$$

Data analysis in this study was performed using descriptive statistics, model determination, classical assumption testing, and hypothesis testing. The entire analysis process was performed with the aid of a computer

using e view 13 software. The formula used to test the effect of independent variables on dependent variables is:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \epsilon \dots\dots\dots(6)$$

Information :

- Y = tax Avoidance
- α = Constanta
- β_1 - β_5 = Regression coefficient
- X_1 = Profitability
- X_2 = Leverage
- X_3 = Liquidity
- X_4 = Company size
- e = Error
- t = Time
- i = Company

RESULTS AND DISCUSSION

The sample determination in this study used a purposive sampling method. The sample selection method was based on the following established criteria:

Table 1. Sample Selection Criteria

No.	Criteria	Amount
1.	Property and real estate sub-sector companies listed on the Indonesia Stock Exchange from 2020 to 2024.	70
2.	Property and real estate sub-sector companies listed on the Indonesia Stock Exchange but do not have complete and consecutive financial reports from 2020 to 2024.	(49)
3.	Property and real estate sub-sector companies that suffered losses in 2020-2024.	(45)
4.	Property and real estate sub-sector companies that use foreign currencies	(47)
5.	Research Sample	21
6.	Year Range	5
7.	Amount of financial statement samples	105

Source: Research Data, 2026

The descriptive statistics results of the variables of profitability, leverage, liquidity, and company size on tax avoidance are as follows:

Table 2. Descriptive Statistical Analysis

Variables	Sample	Mean	Std. Dev	Min	Max
Tax Avoidance	105	0.265	0.431	0.000	1.800
Profitability	105	0.106	0.135	0.000	0.421
Leverage	105	0.788	0.485	0.002	1.743
Liquidity	105	2.905	1.742	0.411	6.965
Firm Size	105	28.257	3.310	16.346	31.962

Source: Research Data, 2026

Based on descriptive statistics, the research data shows diversity in all variables used, namely tax avoidance, profitability, leverage, liquidity, and company size. The tax avoidance variable has an average value of 0.265 with a standard deviation of 0.431, indicating that the level of cash tax payments between companies in the sample varies considerably. The profitability variable has an average of 0.106, which shows that the sample companies are generally able to make a profit, although there are differences in profit levels between companies. The leverage variable has an average of 0.788, reflecting that the use of debt as a source of funding is quite common in property and real estate companies, while the liquidity variable has an average of 2.905, indicating that the majority of companies have a fairly good ability to meet their short-term obligations. Meanwhile, the company size variable has an average of 28.257, which indicates that the companies in the sample tend to be relatively large in scale. Overall, the descriptive statistics show that the research data has an adequate level of variation for further analysis.

Table 3. Model Estimation-Chow Test Result

Effect Test	Statistic	Probability
Cross-section F	3.014	0.000

Source: Research Data, 2026

The results of the Chow test show that the Cross Section F probability value is less than 0.05 with a probability value of $0.000 < 0.05$, so the FEM model is selected.

Table 4. Model Estimation-Hausman Test Result

Test Summary	Chi-sq. Statistik	Probability
Cross-section random	4.909	0.297

Source: Research Data, 2026

The Hausman test results show that the probability value of $0.297 > 0.05$. Therefore, based on the Hausman test, the best model to use is the REM model.

Table 5. Model Estimation-Langrange Multiplier Result

Test	Cross-section	Probability
Breusch-Pagan	0.000	0.000

Source: Research Data, 2026

The Langrange test result is the final test in determining the model estimate. This test shows that the Breusch-Pagan cross-section probability value is 0.000, which is smaller than 0.05, indicating that the Random Effect model is suitable for use in this model.

Table 6. Multicollinearity Test Results

Variable	Coefficient Variance	Centered VIF
Profitability	0.022	1.107
Leverage	0.001	1.112
Liquidity	0.000	1.052
Firm Size	3.44	1.019

Source: Research Data, 2026

The multicollinearity test shows a Centered VIF value for the Profitability variable of 1.107, Leverage 1.112, Liquidity 1.052, and Company Size 1.019. All results are below 10, so this model passes the multicollinearity test.

Table 7. Multicollinearity Test Results

Variable	Standar Error	Probability
Profitability	0.089	0.189
Leverage	0.024	0.241
Liquidity	0.006	0.613
Firm Size	0.003	0.790

Source: Research Data, 2026

The results of the heteroscedasticity test show that the probability of profitability variables is 0.189, leverage is 0.242, liquidity is 0.614, and company size is 0.791. The results of all variables show a variable probability value > 0.05, meaning that the variables are free from heteroscedasticity.

Table 8. Panel Data Regression Analysis

Variable	Coefficient	Probability	Information
Tax Avoidance	3.496	0.000	Accepted
Profitability	-0.688	0.000	Accepted
Leverage	-0.031	0.451	Rejected
Liquidity	-0.031	0.02	Accepted
Firm Size	-0.107	0.00	Accepted
R-Squared	0.793		
Adjust R-squared	0.784		
F-Statistic	95.893		
Probability (f-statistic)	0.000		

Source: Research Data, 2026

The multiple linear regression equation is as follows:

$$(Y) = 3.496299 - 0.688199 (X_1) - 0.031047 (X_2) - 0.031041 (X_3) - 0.107709 (X_4)$$

$$NP = 1.148 - 0.098 TP + 0.930 CA + 1.992 RB - 0.064 SIZE - 0.097 DER + 0.054$$

Based on the results of the regression analysis, the F-statistic value obtained was 95.894 with a Prob(F-statistic) of 0.000, which is less than the significance level of 0.05, with a coefficient of 3.496. These results indicate that the variables of profitability, leverage, liquidity, and firm size collectively have a significant positive influence on the dependent variable. This is in line with the fifth hypothesis, namely that the variables of profitability, leverage, liquidity, and company size collectively tax avoidance. The R-squared value of 0.793 indicates that approximately 79.32% of the variation in the dependent variable can be explained by profitability, leverage, liquidity, and company size, while the remaining 20.68% is explained by other factors. The adjusted R-squared value of

0.785 also shows that after adjusting for the number of variables in the model, the ability of the independent variables to explain the variation in the dependent variable is still relatively strong.

The dependent variable in this study is Tax Avoidance, which is proxied using the Cash Effective Tax Rate (CETR). Based on the results of data processing in the regression estimation table, the Mean dependent var value is 0.155 with a standard deviation of 0.359. This average value indicates that, in general, the property and real estate companies in the research sample pay cash taxes of around 15.49% of their pre-tax profits. This relatively low CETR value indicates that the companies in the research sample tend to manage their taxes so that their cash tax burden is smaller than their pre-tax profits. The standard deviation, which is greater than the average value, indicates that there is considerable variation in the level of cash tax payments between companies during the research period. This variation indicates that each company has different tax policies and strategies in managing its tax obligations.

The first hypothesis is that profitability has a negative effect on tax avoidance. The profitability variable shows a negative coefficient of -0.688 with a significance level of 0.000 , which is less than 0.05 . This indicates that an increase in a company's profitability is followed by a downward trend in tax avoidance, as the relationship is negative. This condition illustrates that companies with the ability to generate higher profits tend to manage their taxes in order to reduce the amount of cash tax they have to pay. From the perspective of Agency Theory, this phenomenon can be explained because management, as agents, have an interest in maintaining after-tax profit performance, which is often used as the basis for performance evaluation and compensation determination. Therefore, management may be encouraged to implement tax planning strategies to maintain optimal net profits. The results of this study are in line with the findings of Gultom, (2021), Harahap et al., (2024), and Muhningtiyasari et al., (2024), which show that profitability has a negative effect on tax avoidance.

The leverage variable has a negative coefficient of -0.031 with a probability value of 0.452 , which is greater than 0.05 . Thus, the second hypothesis is rejected, as leverage does not have a positive effect. This indicates that changes in the debt level of companies in the research sample have not shown a strong relationship with variations in tax avoidance. Theoretically, Trade-Off Theory explains that the use of debt can provide benefits in the form of a tax shield because loan interest can reduce taxable income. However, companies must also consider the financial risks that arise when debt levels are too high, such as an increased risk of default and pressure from creditors. Therefore, companies generally try to balance the tax savings benefits of using debt with the potential financial risks that may arise. Thus, the second hypothesis, leverage on tax avoidance, is rejected. The results of this study are in line with research conducted by Gultom, (2021), Galingging, (2024), and Pramesthi & Witono, (2025), which states that leverage does not have a significant effect on tax avoidance.

Liquidity shows a negative coefficient of -0.031 with a probability value of 0.021 , which is less than 0.05 . This result indicates that an increase in a company's liquidity level is followed by a downward trend in Tax Avoidance, thereby increasing the intensity of the company's tax management. The third hypothesis

regarding the negative relationship between liquidity and tax avoidance is accepted. This finding also shows that companies that are better able to meet their short-term obligations also have greater flexibility in managing the company's cash flow, including in arranging tax payments. From an Agency Theory perspective, good liquidity conditions provide room for management to determine financial policies that can maintain the company's cash stability while maintaining after-tax profits. The findings of this study are in line with the studies by Hadji, (2025) and Gultom, (2021), which state that liquidity affects tax avoidance because companies with more stable cash conditions have greater flexibility in arranging cash tax payments.

The fourth hypothesis that firm size has a negative effect on tax avoidance is supported, as the firm size variable has a negative coefficient of -0.108 with a p-value of 0.000 , which is less than 0.05 , which is less than 0.05 . These results indicate that the larger the company size, the lower the value of tax avoidance tends to be, so that larger companies have a higher tendency to engage in tax management. This condition can be explained through Agency Theory and Legitimacy Theory. From an agency perspective, large companies have more adequate resources, such as tax experts, tax consultant support, and more complex accounting systems, enabling them to implement tax planning strategies in a more structured manner. Meanwhile, from a legitimacy perspective, large companies are subject to greater public and regulatory scrutiny, requiring them to maintain their reputation and image in the eyes of the public. The findings of this study are in line with the research by Novita & Titisari, (2017), Tanjung & Nazir, (2021), and Muadzimin & Murdiansyah, (2025), which show that company size affects tax avoidance because large companies have greater resource capacity and managerial capabilities in managing taxes.

CONCLUSION

Internal characteristics of companies play a role in explaining the tendency of tax avoidance practices in property and real estate companies listed on the Indonesia Stock Exchange for the period 2020–2024. Profitability, liquidity, and company size show a correlation with companies' tendencies to manage their tax obligations, indicating that financial performance, a company's ability to meet short-term obligations, and the scale of a company's operations are related to managerial policies in regulating legal taxation strategies. Conversely, leverage does not show a relationship with tax avoidance tendencies, so the level of a company's debt usage cannot directly explain the variations in tax management policies applied by companies. Simultaneously, profitability, leverage, liquidity, and company size collectively contribute to explaining companies' tax avoidance practices. Thus, companies' decisions in managing tax obligations are the result of the interaction of various financial characteristics and internal conditions, so that analysis of tax avoidance behavior needs to be understood in depth and continuously.

This study still has several limitations, including the fact that it only focuses on property and real estate companies listed on the Indonesia Stock Exchange, so the results may not necessarily represent conditions in other industrial sectors. Furthermore, the sample size and research period used are still limited, so the data variation analyzed does not fully describe tax avoidance practices in general.

Furthermore, this study only uses several internal company variables, so there is still the possibility that other factors also influence tax avoidance practices but have not been analyzed. Based on these limitations, further research is recommended to expand the research object by adding other sectors or conducting comparisons between sectors, extending the observation period so that the data is more representative, and adding other variables such as corporate governance mechanisms, audit quality, capital intensity, or sales growth in order to provide a more comprehensive picture of the factors that influence tax avoidance practices.

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