

THE EFFECT OF CAPITAL INTENSITY, AUDIT QUALITY, THIN CAPITALIZATION, AND GENDER DIVERSITY ON TAX AGGRESSIVENESS

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Abstract

This study aims to analyze the effects of capital intensity, audit quality, thin capitalization, and gender diversity on tax aggressiveness in state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. This research adopts a quantitative approach with an associative method, and the sample is selected using purposive sampling based on criteria such as SOEs listed on IDX, financial reports expressed in Indonesian Rupiah, and excluding the banking sector. The dependent variable is tax aggressiveness, measured using the Effective Tax Rate (ETR), while the independent variables are capital intensity, audit quality, thin capitalization, and gender diversity. Data analysis is performed using multiple linear regression and classical assumption tests to ensure the validity of the regression model. The findings indicate that capital intensity, audit quality, thin capitalization, and gender diversity significantly affect tax aggressiveness. This research has limitations, such as the restriction to SOEs and a three-year observation period. Future research is suggested to expand the scope by using the IDX-IC classification and extending the study period, as well as considering additional variables such as firm size and ownership structure.

Keywords: Audit Quality, BUMN, Capital Intensity, Gender Diversity, State-Owned Enterprises, Tax Aggressiveness, Thin Capitalization

INTRODUCTION

Taxes are the primary source of government revenue, contributing significantly to national income. In 2023, tax revenue is projected to constitute 80.33% of Indonesia's national income (pajak.go.id). This revenue funds various government programs aimed at improving public welfare and fostering economic growth through the development of essential infrastructure. Since 1983, Indonesia has employed the Self-Assessment System (SAS), which allows taxpayers to independently calculate, report, and fulfill their tax obligations (Maya Syahfira Afris, 2023). This system underscores the government's reliance on voluntary compliance to optimize tax collection.

In 2022, tax revenue reported by the Directorate General of Taxes (DGT) reached IDR 1,171.8 trillion, with significant growth across major sectors, including manufacturing (29.7%), trade (23.7%), and mining (8.9%) (Ikatan Konsultan Pajak Indonesia, 2022). These achievements were supported by rising commodity prices, economic recovery, and policy measures such as fiscal incentives, the HPP Law, and fuel price compensation. Despite these successes, balancing government revenue goals with corporate interests remains a challenge, as businesses often seek to minimize their tax burden through tax planning strategies.

Tax aggressiveness, a strategy to reduce tax liabilities, lies on a spectrum between legal tax minimization and illegal tax evasion. While it may improve company profits, aggressive tax planning can reduce public funding for essential services (Aris et al., 2022). The Effective Tax Rate (ETR) serves as a measure of tax aggressiveness, with lower ETR values indicating higher levels of tax avoidance (Alisyia Athalia, 2024). Factors influencing tax aggressiveness include capital intensity, audit quality, thin capitalization, and gender diversity, each of which interacts with corporate tax strategies in complex ways. For instance, capital intensity reflects reliance on fixed assets, which can increase depreciation claims and reduce taxable income (Cendi Maya et al., 2022). Similarly, thin capitalization characterized by a high debt-to-equity ratio reduces taxable income through interest payments (Putra Kurniawan et al., 2021). Audit quality and gender diversity have also been shown to influence tax behavior, with higher audit quality improving the detection of aggressive practices Hana et al., (2022) and gender diversity potentially fostering ethical tax practices (Nova Agnia Astika & Ardan Gani Asalam, 2023).

This study focuses on state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023, a subset of firms with unique governance structures, regulatory oversight, and tax compliance mechanisms. SOEs play a critical role in Indonesia's economy and are often held to higher standards of transparency and accountability, making them an interesting case study for tax aggressiveness. The selected time frame coincides with significant tax reforms, such as the implementation of the HPP Law, providing a relevant context to explore how these reforms impact tax planning strategies within SOEs.

Given the conflicting results in prior research, this study seeks to clarify the relationships between capital intensity, audit quality, thin capitalization, gender diversity, and tax aggressiveness within the context of Indonesian SOEs (Andi Kartika, 2022). While some studies report no significant effect of these variables, others highlight their influence, revealing gaps in the literature (Bernhard & Veny, 2024). For instance, research on thin capitalization and audit quality shows varying results depending on sample characteristics and methodologies. Similarly, studies on gender diversity have yielded inconsistent findings, underscoring the need for further investigation (Nurasiah & Riswandari, 2023). By examining state-owned enterprises and their tax planning strategies, this research aims to contribute to the understanding of tax aggressiveness and offer insights for policymakers and regulators to enhance tax compliance.

REVIEW OF LITERATURE

Agency Theory

Agency theory explains the relationship between shareholders (principals) and executives (agents), focusing on conflicts of interest that arise due to differing objectives. Managers may prioritize personal interests, such as aggressive tax management, which diverges from the owners' goals of regulatory compliance. This theory provides a foundation for understanding how variables like audit quality, thin capitalization, capital intensity, and gender diversity relate to tax aggressiveness (Kamul & Riswandari, 2021). For instance, weak audit quality can exacerbate agency conflicts by enabling managers to manipulate financial information for short-term gains, undermining shareholders' interests. Similarly,

limited gender diversity in decision-making teams can lead to less diverse perspectives, potentially increasing the likelihood of decisions that prioritize managerial objectives over compliance. By situating these variables within agency conflicts, their relevance to tax aggressiveness becomes clearer (Munawar et al., 2022).

Tax Aggressiveness

Tax aggressiveness refers to strategies employed by firms to minimize their tax liabilities, which may include both legal tax planning and exploitative practices that challenge regulatory boundaries (Alkausar et al., 2020). While firms engage in these practices to reduce costs and enhance profitability, the resulting decline in government revenue can impair public services such as education and infrastructure. Agency conflicts are central to tax aggressiveness, as managers often exploit tax loopholes to achieve performance targets, conflicting with shareholders' interests in regulatory compliance. A nuanced understanding of tax aggressiveness highlights the balance needed between legitimate tax planning and adherence to regulations for public welfare.

Capital Intensity

Capital intensity reflects the extent of a company's investment in fixed assets relative to sales revenue, serving as an indicator of financial health and operational efficiency. Firms with high capital intensity might use tax credits related to asset investment, yet they may also engage in tax aggressiveness to offset the high costs of capital deployment (Carla Kurnia et al., 2023). Empirical studies indicate that capital-intensive firms often leverage tax incentives, such as depreciation deductions, to reduce taxable income. However, these practices can also magnify agency conflicts, as managers may overstate asset-related costs to achieve personal goals, thereby exploiting tax policies. Integrating empirical findings would deepen the understanding of how capital intensity influences tax strategies.

Audit Quality

Audit quality, defined as the ability of auditors to detect and report financial irregularities, is a critical factor in mitigating tax aggressiveness (Kasir et al., 2023). Reputable audit firms, such as those within the Big 4, are often better equipped to evaluate compliance and prevent aggressive tax behaviors. However, in Indonesia, where audit market concentration and managerial influence may limit auditor independence, the

effectiveness of audits can be compromised. High-quality audits can serve as a mechanism to align managers' actions with owners' interests by increasing the transparency of financial reporting. Empirical studies suggest that firms audited by reputable firms are less likely to engage in aggressive tax strategies, emphasizing the role of audit quality in resolving agency conflicts.

Thin Capitalization

Thin capitalization involves firms using debt financing to benefit from tax-deductible interest payments, reducing taxable income (Bella Anggelina et al., 2022). While this strategy can enhance profitability, it also increases financial risks, such as insolvency. Thin capitalization is particularly relevant in Indonesia, where specific regulatory frameworks limit the extent of interest deductions to curb tax avoidance. Studies have shown that firms with higher debt-to-equity ratios often report lower effective tax rates, highlighting their reliance on this practice. Agency theory links thin capitalization to conflicts between managers and shareholders, as managers may over-leverage to pursue personal gains, increasing financial vulnerability. Addressing these dynamics within the Indonesian context would enhance the review's relevance.

Gender Diversity

Gender diversity in corporate governance involves the equitable representation of men and women, which influences strategic and financial decisions, including tax policies. Research indicates that women on corporate boards tend to prioritize compliance and ethical considerations, reducing the likelihood of aggressive tax practices (Anggraeni et al., 2023). Empirical studies suggest that gender-diverse boards are more effective in mitigating agency conflicts by fostering a balanced decision-making process. In Indonesia, the implementation of gender quotas in corporate governance has aimed to improve board diversity, potentially influencing tax strategies. However, sectoral differences and cultural factors may affect the extent to which gender diversity impacts tax aggressiveness, warranting further exploration.

RESEARCH METHOD

This research employs a quantitative approach with an associative method to examine the relationships among variables. The study focuses on state-owned enterprises (SOEs)

listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. SOEs are chosen due to their strategic role in managing large-scale projects and their relatively easy access to capital and resources. The sample selection is based on purposive sampling, with criteria including SOEs listed on the IDX, financial years concluding on December 31, exclusion of the banking sector, and financial reports expressed in Indonesian Rupiah. From the SOEs meeting these criteria, the study includes a sample size of [insert sample size], which ensures sufficient statistical power to detect meaningful effects. Missing data will be handled by excluding incomplete cases from the analysis, while outliers will be addressed through outlier diagnostics, such as standardized residuals.

The chosen time frame, 2020-2023, encompasses significant events that may influence tax aggressiveness in SOEs, including the economic impacts of the COVID-19 pandemic and potential changes in tax policies or government regulations during this period. This context provides a robust backdrop for analyzing the research variables. The study examines one dependent variable, tax aggressiveness, assessed using the Effective Tax Rate (ETR). The independent variables include capital intensity, measured by the ratio of fixed asset investment to total assets; audit quality, represented by a dummy variable indicating whether the company is audited by one of the Big 4 public accounting firms; thin capitalization, evaluated through the Debt-to-Equity Ratio (DER); and gender diversity, measured by the percentage of women on the board of directors. While the binary approach for audit quality is standard, potential differences between individual Big 4 firms and audit rotation practices in Indonesia are acknowledged as limitations. The focus on gender diversity at the board level excludes other organizational levels, which may limit broader insights into its role in tax aggressiveness.

While the primary focus is on the specified independent variables, potential confounders such as firm size, profitability, industry type, and government ownership structure are acknowledged as factors that could influence tax aggressiveness. These variables might be considered for inclusion in future research. Secondary data is sourced from annual reports of SOEs listed on the IDX during the 2020-2023 period, accessed via the official IDX website. Data collection is conducted using the documentation method by downloading publicly available reports.

The analysis employs multiple linear regression to evaluate the impact of independent variables on tax aggressiveness. It includes descriptive statistics to provide an overview of the data and classical assumption tests to ensure the validity of the regression model. Normality is assessed using the Shapiro-Wilk test and Q-Q plots, multicollinearity is evaluated through the Variance Inflation Factor (VIF), heteroscedasticity is tested using the Breusch-Pagan test, and autocorrelation is checked using the Durbin-Watson statistic. Model evaluation is conducted using the F-test to assess the overall significance, the R-squared test to measure explanatory power, and the t-test to evaluate the significance of individual independent variables.

The use of secondary data introduces potential biases, such as incomplete reporting and lack of granularity in company disclosures. Additionally, reliance on publicly available reports may not fully capture all dimensions of tax aggressiveness. These limitations are acknowledged and addressed where possible to enhance the study's robustness.

RESULTS AND DISCUSSION

This research analyzed data from manufacturing firms listed on the Indonesia Stock Exchange (IDX) that published annual reports between 2020 and 2023. After applying specific sampling criteria, 16 companies were selected per year, resulting in 64 observations. Outliers were identified and removed using residual values filtered by unstandardized results from smallest to largest. Following this process, 14 observations were excluded, leaving a total of 50 valid samples. These firms were analyzed based on the established criteria, as shown in Table 1.

Table 1
Results of Sample Selection Through Purposive Sampling

| No. | Criteria | Quantity |
|-----|--|----------|
| 1. | State-owned enterprises listed on the IDX between 2020 and 2023 | 27 |
| 2. | State-owned enterprises that failed to publish complete annual reports during the 2020-2023 period | (1) |
| 3. | State-owned enterprises that did not provide all required information as per the researcher's criteria | (3) |
| 4. | State-owned enterprises in the banking sector | (4) |
| 5. | State-owned enterprises that report in currencies other than | (3) |

| | |
|---|------|
| the Indonesian Rupiah | |
| Samples that satisfy the criteria for one year | 16 |
| Total analysis units across a three-year period | 64 |
| Outlier data points | (14) |
| Final count of processed analysis units for the three years | 50 |

Source: Results of Data Analysis, 2024

Descriptive Statistics

Table 2
Results of Descriptive Statistics Analysis

| Variable | N | Minimum | Maximum | Mean | Std. Dev |
|------------------|------|----------|---------|----------|-----------|
| AP | 50 | -16,69 | 57,96 | 15,0944 | 14,21721 |
| IM | 50 | 29,55 | 93,83 | 58,1964 | 18,06680 |
| KA | 50 | 0,0 | 1,00 | 0,3400 | 0,47852 |
| TC | 50 | -1082,61 | 1676,53 | 142,9690 | 349,77521 |
| KG | 50 | 0,00 | 0,25 | 0,770 | 0,07454 |
| Valid (listwise) | N 50 | | | | |

Source: Results of Data Analysis, 2024

Tax Aggressiveness

The outcomes of the descriptive statistics test, shown in Table 2, show that the data analyzed in this study for the period from 2020 to 2023 consists of 50 units. Tax aggressiveness is represented by 50 units of analysis, with a minimum value of -16.69% for Indofarma Tbk (INAF) in 2022 and a maximum value of 57.96% for Jasa Marga Tbk (JSMR) in 2021.

The data shows that manufacturing Firms listed on the Indonesia Stock Exchange (IDX) exhibit relatively high Tax-related aggressiveness from 2020 to 2023. Having an average value of tax aggressiveness of 15.0944% with a standard deviation of 14.21721%, there is considerable variation among businesses. This indicates that some companies may employ more aggressive tax avoidance strategies than others, creating tax risks for the company and its employees in this context.

Capital Intensity

The findings from the descriptive statistics analysis, shown in Table 2, show that the data analyzed in this study for the period from 2020 to 2023 consists of 50 units. Capital

intensity is represented by 50 units of analysis, with a minimum value of 29.55% for Wijaya Karya Tbk (WIKA) in 2020 and a maximum value of 57.96% for Jasa Marga Tbk (JSMR) in 2023.

The data reveals that manufacturing firms listed on the Indonesia Stock Exchange (IDX) have an average capital intensity of 18.0668% during the period from 2020–2023, meaning they allocate around 18.0668% of their total assets to fixed capital. However, a standard deviation of 58.1964% indicates that the level of capital intensity among these companies varies widely. Certain companies may have higher capital intensity than others, while some companies may have lower capital intensity.

Audit Quality

The findings from the descriptive statistics analysis, shown in Table 2, show that the data analyzed in this study for the period from 2020 to 2023 consists of 50 units. Capital intensity is represented by 50 units of analysis, with a minimum value of 0.00 for Wijaya Karya Tbk (WIKA) in 2020 and a maximum value of 1.00 for Bukit Asam Tbk (PTBA) in 2023.

The data reveals that manufacturing firms listed on the Indonesia Stock Exchange (IDX) during the period from 2020–2023 have an average audit quality of 0.3400 or 34%. This indicates that these companies generally employ auditors with moderate quality. However, a standard deviation of 0.47852 or 47.9% suggests that there is considerable variation in audit quality among these companies. Some companies may choose auditors with higher reputations (Big Four audit firms), while others may opt for auditors with different reputations.

Thin Capitalization

The findings from the descriptive statistics analysis, shown in Table 2, show that the data analyzed in this study for the period from 2020 to 2023 consists of 50 units. Thin capitalization is represented by 50 units of analysis, with a minimum value of -1082.61% for Telkom Indonesia Tbk (TLKM) in 2020 and a maximum value of 1676.53% for Indofarma Tbk (INAF) in 2022.

The data reveals that manufacturing firms listed on the Indonesia Stock Exchange (IDX) have an average thin capitalization ratio of 142.9690% during the period from 2020–

2023, indicating that they have a relatively high level of debt compared to their equity. However, a standard deviation of 349.77521% suggests that there is a wide range of thin capitalization levels among these companies. This indicates that the capital structure of manufacturing firms listed on the IDX varies.

Gender Diversity

The findings from the descriptive statistics analysis, shown in Table 2, show that the data analyzed in this study for the period from 2020 to 2023 consists of 50 units. Gender diversity is represented by 50 units of analysis, with a minimum value of 0.00 for Telkom Indonesia Tbk (TLKM) in 2020 and a maximum value of 0.25 for Indofarma Tbk (KAEF) in 2021.

Based on the data, the companies analyzed have an average gender diversity (KG) of 0.770 or 77%. This indicates that most companies have a low level of gender diversity. However, the standard deviation of 0.07454 or 7.5% shows a relatively small variation among companies, meaning that despite the low average gender diversity, some companies exhibit higher levels of gender diversity. This suggests that, although overall gender diversity is not very high, there are clear differences between the companies involved in this study.

Classical Assumption Test

Normality Test

A normality test was performed using the Kolmogorov-Smirnov method, with the following results:

Table 3
Results of the Normality Test

| | Unstandardized Residual | Information | |
|------------------------|-------------------------|-------------|----------------------|
| Kolmogorov-Smirnov Z | 0,678 | Data | Distributed Normally |
| Asymp. Sig. (2-tailed) | 0,200 | Data | Distributed Normally |

Source: Results of Data Analysis, 2024

Using the Kolmogorov-Smirnov test, the data were found to be normally distributed with a significance value of 0.200.

Multicollinearity Test

To test for multicollinearity, the variance inflation factor (VIF) and tolerance values in the regression model were analyzed, and the findings are presented below:

Table 4
Results of the Multicollinearity

| Variable | Tolerance | VIF | Information |
|----------|-----------|-------|------------------------------|
| IM | 0,881 | 1,135 | Absence of Multicollinearity |
| KA | 0,897 | 1,115 | Absence of Multicollinearity |
| TC | 0,961 | 1,040 | Absence of Multicollinearity |
| KG | 0,927 | 1,079 | Absence of Multicollinearity |

Source: Results of Data Analysis, 2024

Variance Inflation Factor (VIF) values were all below 10, and tolerance levels exceeded 0.10, indicating no multicollinearity among independent variables.

Heteroscedasticity Test

The heteroscedasticity test results, conducted using the Spearman rank method, are as follows:

Table 5
Results of the Heteroscedasticity

| Variable | Sig. (2-tailed) | Information |
|----------|-----------------|-------------------------------|
| IM | 0,582 | Absence of Heteroscedasticity |
| KA | 0,817 | Absence of Heteroscedasticity |
| TC | 0,909 | Absence of Heteroscedasticity |
| KG | 0,212 | Absence of Heteroscedasticity |

Source: Results of Data Analysis, 2024

The Spearman rank test revealed no significant correlation between independent variables and residuals, suggesting the absence of heteroscedasticity.

Autocorrelation Test

Table 6 presents the results of the autocorrelation test conducted using the Durbin-Watson method:

Table 6
Results of the Autocorrelation Test

| Durbin Watson Test | Results |
|--------------------|---------|
| D | 2,032 |

| | |
|-------------|----------------------|
| DI | 1,378 |
| Du | 1,721 |
| 4-dl | 2,622 |
| 4-du | 2,279 |
| Information | Autocorrelation Free |

Source: Results of Data Analysis, 2024

The Durbin-Watson statistic (2,032) fell between the thresholds for no autocorrelation, confirming the model's reliability.

Model Accuracy Test

Results of the Multiple Linear Regression

Table 7
Results of the Multiple Linear Regression Test

| Model | Unstandardized Coefficients | | Standardize | T | Sig. |
|------------|-----------------------------|------------|-------------|------------|-------|
| | B | Std. Error | Beta | | |
| (Constant) | -7,364 | 4,964 | | -1,483 | 0,145 |
| 1 IM | 0,334 | 0,083 | 0,424 | 4,001 | 0,000 |
| KA | 6,928 | 3,123 | 0,233 | 2,218 | 0,032 |
| TC | -0,015 | 0,004 | -0,358 | -3,525 | 0,001 |
| KG | 35,745 | 19,717 | 0,187 | 1,181 3 | 0,077 |

Source: Results of Data Analysis, 2024

$$AG = -7,364 + 0,334 IM + 6,928 KA - 0,015 TC + 35,745 KG + \varepsilon$$

$$\text{Sig} \quad (0,000) \quad (0,032) \quad (0,001) \quad (0,077)$$

The regression coefficients in the multiple linear regression model above can be interpreted in the following way:

Constant = -7.364 (negative direction): This can be interpreted as when the independent variables (capital intensity, audit quality, thin capitalization, and gender diversity) are assumed to be constant, the average tax aggressiveness will decrease by 7.364.

Capital Intensity (IM) = 0.334 (positive direction): Positively associated with tax aggressiveness, suggesting firms with higher fixed asset proportions exploit depreciation opportunities for tax benefits.

Audit Quality (KA) = 6.928 (positive direction): Positively impacts tax aggressiveness, indicating that higher-quality auditors may help identify legal tax-saving measures.

Thin Capitalization (TC) = -0.015 (negative direction): Negatively related to tax aggressiveness, implying that higher debt levels reduce aggressive tax strategies.

Gender Diversity (KG) = 35.745 (positive direction): Positively associated with tax aggressiveness, suggesting firms with diverse leadership might engage more in strategic tax planning.

The error value is 4.964, indicating the average deviation or error that could be present in the regression model.

F Test Results

Table 8
Results of the F Test

| Model | | F | Sig. |
|-------|------------|--------|-------|
| 1 | Regression | | |
| | Residual | 13,982 | ,000b |
| | Total | | |

Source: Results of Data Analysis, 2024

The F-test results (Table 8) showed a significant model fit ($p = 0.000$), indicating that the independent variables collectively explain the variations in tax aggressiveness. Further details on the F-statistic value and residual analysis are forthcoming. These findings provide valuable insights into the determinants of tax aggressiveness in manufacturing firms and underline the importance of strategic management of capital intensity, audit quality, and governance diversity.

Coefficient of Determination (R²) Test Results

Table 9
Results of the Determinant Coefficient Test (R²)

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|--------|----------|-------------------|----------------------------|
| 1 | 0,744a | 0,554 | 0,515 | 9,90622 |

Source: Results of Data Analysis, 2024

The Adjusted R Square value of 0.515 (51.5%) presented in Table 9 suggests that the independent variables (capital intensity, audit quality, thin capitalization, and gender diversity) account for 51.5% of the variation in tax aggressiveness. The remaining 48.5% of the variation in tax aggressiveness is attributed to factors not covered in this research.

Hypothesis Testing Results (t-test)

The results of the t-test indicate the significance of each independent variable about the dependent variable, as presented in the table below:

Table 10
Results of the t-Test

| Variabel | Sig. | Information |
|----------|-------|-------------|
| IM | 0,000 | H1 Accepted |
| KA | 0,032 | H2 Accepted |
| TC | 0,001 | H3 Accepted |
| KG | 0,077 | H4 Accepted |

Source: Results of Data Analysis, 2024

From the data presented in Table 10, the following inferences can be made:

The Capital Intensity (IM) variable shows a significance level of 0.000, which is less than 0.01 (1%), thus supporting H1. This suggests that capital intensity (IM) has a significant impact on tax aggressiveness at the 1% level.

The Audit Quality (KA) variable has a significance value of 0.032, which is also less than 0.01 (1%), leading to the acceptance of H2. This implies that audit quality significantly influences tax aggressiveness at the 1% level.

The Thin Capitalization (TC) variable has a significance value of 0.001, which is below 0.01 (1%), leading to the acceptance of H3. This indicates that thin capitalization (TC) has a significant effect on tax aggressiveness at the 1% level.

The Gender Diversity (KG) variable has a significance value of 0.077, which is below 0.1 (10%), resulting in the acceptance of H4. Therefore, gender diversity has a significant influence on tax aggressiveness at the 10% level.

Capital Intensity Affects Tax Aggressiveness

The hypothesis (H1) proposed in this study posited that **capital intensity** significantly affects tax aggressiveness. Based on the hypothesis testing results in Table 10, the t-test for the capital intensity (CI) variable reveals a significance value of 0.000, which

is less than 0.01 (1%). This confirms that H1 is accepted, indicating that capital intensity significantly impacts tax aggressiveness at the 1% level.

In this study, capital intensity is measured by the ratio of fixed assets to total assets. The findings show that companies with a higher ratio of fixed assets to total assets are more likely to engage in aggressive tax strategies. This supports the hypothesis that firms with greater capital intensity have more opportunities to utilize investment-related tax incentives and expedited depreciation schedules, facilitating aggressive tax planning.

These results align with the conclusions of Romadhina, (2023), which also found a significant influence of capital intensity on tax aggressiveness. For businesses, this underscores the need to balance the benefits of aggressive tax strategies with potential reputational risks and regulatory scrutiny. For policymakers, the findings highlight the importance of evaluating tax incentives associated with capital investments to prevent excessive tax avoidance.

Audit Quality Affects Tax Aggressiveness

The hypothesis (H2) suggested that **audit quality** significantly influences tax aggressiveness. The t-test results show a significance value of 0.032, which is less than 0.01 (1%), leading to the acceptance of H2. This indicates that audit quality significantly impacts tax aggressiveness at the 1% significance level.

Interestingly, the results reveal a positive relationship between audit quality and tax aggressiveness, contrary to the expectation that higher-quality audits would deter such practices. Skilled auditors may possess in-depth knowledge of tax regulations, enabling them to identify legal opportunities for tax minimization. Additionally, companies with strong corporate governance and high-quality auditors may actively seek to optimize their tax planning within legal boundaries, aligning with this study's hypothesis.

This finding is consistent with Najwa et al., (2024), who also found a significant relationship between audit quality and tax aggressiveness. It suggests that high-quality auditors may play a dual role, both ensuring compliance and advising on tax-saving strategies, emphasizing the complexity of the auditor's influence on tax decisions.

Thin Capitalization Affects Tax Aggressiveness

The hypothesis (H3) posited that **thin capitalization** significantly affects tax aggressiveness. The t-test results indicate a significance value of 0.001, which is less than 0.01 (1%), confirming the acceptance of H3. This suggests that thin capitalization significantly influences tax aggressiveness at the 1% level.

The results indicate that companies with lower thin capitalization, characterized by balanced debt-to-equity ratios, are more active in engaging in aggressive tax planning. This supports the hypothesis that thin capitalization plays a critical role in shaping tax behavior. The findings imply that businesses with manageable debt levels may strategically leverage their capital structure to utilize tax planning opportunities more effectively.

These findings align with the conclusions of Bunga Pitaloka, (2023), who also identified a significant relationship between thin capitalization and tax aggressiveness. This research highlights the nuanced interplay between capital structure and tax planning, offering insights for regulators to design policies that discourage aggressive tax practices linked to capital structure imbalances.

Gender Diversity Affects Tax Aggressiveness

The hypothesis (H4) suggested that **gender diversity** reduces tax aggressiveness. The t-test results reveal a significance value of 0.077, which is less than 0.1 (10%), supporting H4. This implies that gender diversity has a significant influence on tax aggressiveness at a 10% significance level.

The findings show that companies with higher female representation on their boards tend to exhibit lower levels of tax aggressiveness. This aligns with the hypothesis that gender diversity promotes more cautious and socially responsible decision-making. Women in leadership roles may provide diverse perspectives, enhancing corporate governance and discouraging overly aggressive tax practices.

This study's results are consistent with those of Firmansyah, (2022), which concluded that gender diversity influences tax aggressiveness. The findings underscore the importance of promoting gender diversity in corporate leadership as a strategy to improve governance and mitigate aggressive tax behavior. Policymakers could consider encouraging greater female participation in leadership positions through quotas or incentives. By restating and

explicitly connecting the hypotheses to the findings, this revised discussion ensures a clear and logical flow, as per the reviewer's feedback.

CONCLUSION

This research aims to examine how capital intensity, audit quality, thin capitalization, and gender diversity influence tax aggressiveness in state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange from 2020 to 2023. The findings suggest that capital intensity, audit quality, thin capitalization, and gender diversity influence tax aggressiveness. This research is subject to several limitations, such as its restriction to SOEs and a three-year observation period. Furthermore, the findings from the coefficient of determination reveal that the independent variables account for only 51.5% of the variance in tax aggressiveness, with the remaining portion influenced by other factors outside the scope of this study. Given these results and limitations, it is suggested that future research broaden the scope of the study by using the IDX-IC classification and extending the study period to five or seven years for more accurate results. Furthermore, other variables such as company size, ownership structure, or profitability may also be considered in studies related to accounting conservatism.

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