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**Submission date:** 02-Nov-2023 01:04PM (UTC+0700)

**Submission ID:** 2215014495

**File name:** ny\_Value\_With\_Financial\_Performance\_as\_Intervening\_Variables.pdf (911.38K)

**Word count:** 6059

**Character count:** 32041

# The Effect of Tax Planning, Tax Avoidance and Profitability on Company Value With Financial Performance as Intervening Variables

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## Abstract

Tax is a mandatory contribution that is considered a burden by both the community and the company. Companies can minimize the burden that arises from these taxes by means of tax planning. One way of tax planning is to do tax avoidance. This method is expected to minimize the burden and optimize the value of the company. With optimal profit can increase the value of the company accompanied by good financial performance as well. The purpose of this study was to determine the effect of Tax Planning, Tax Avoidance and Profitability on Company Value with Financial Performance as Intervening Variable. This study uses secondary data obtained from the Indonesia Stock Exchange, amounting to 54 companies. The sample in this study were 30 companies in the consumer goods industry sector using purposive sampling method. The data used in this study is secondary data in the form of financial statements listed on the IDX for the 2016 - 2020 period. With panel data regression analysis, F test, t test, and Coefficient of Determination Test processed using Eviews 12.

## Keywords

Tax planning; tax evasion; profitability; the value of the company; financial performance.



## I. Introduction

Tax avoidance has the meaning of efforts made to avoid taxes (tax avoidance). Meanwhile, tax evasion is an effort made to avoid taxes illegally by not reporting income or reporting but not the actual value of income. The difference between tax avoidance and tax evasion basically lies in legality. Avoiding taxes is completely legal, but it's very easy for the former to turn into the latter.

13 Tax avoidance and tax evasion actions have become a problem that is very concerned by tax authorities and taxpayers. Many individuals and businesses are trapped when a legal approach to tax planning is adopted. In conducting an analysis of these measures, one of the starting points is the concepts of "tax avoidance", and "tax minimization". These concepts cover a wide range of actions that impose a tax burden, although the legal consequences of each of these actions are not the same.

Tax Avoidance, and Tax Evasion are terms that are so frequently referred to in today's economic and business relations that they are part of our conversational language and people generally use these terms without even knowing their true meanings and differences. Whereas tax avoidance implies a situation where the taxpayer reduces his tax liability by exploiting loop-holes and ambiguity in legal provisions, in the case of tax avoidance, facts are intentionally misinterpreted and tax liability is minimized.

Although tax evasion is legal and, at times, referred to as 'tax planning', tax evasion is illegal and, therefore, carries the risk of penalties and prosecution under tax laws. Thus,

the black economy consists of the sum total of all the various tax evasion methods but excluding tax evasion.

Therefore, although the consequences of these two phenomena are different for taxpayers, they both reduce the income of the DGT of the Ministry of Finance and therefore need to be examined as much as possible. The area of tax evasion has many alternative labels. This is often referred to as "aggressive tax planning", "non-tax tax avoidance", "abusive tax evasion", "unacceptable tax evasion", or "tax abuse shelter". Whatever term is used, tax avoidance is contrasted with tax minimization which is often referred to as "acceptable tax avoidance", "tax planning" or "tax mitigation".

Increasing the value of the company is an achievement that is in accordance with the wishes of the owner with the wishes of the owners because the increase in the value of the company, the welfare of the owners will also increase. One of the important factors that can affect the value of the company is tax planning. Taxes as a deduction from profits, become a separate problem for companies in their management.

Tax planning has the goal of minimizing taxes, but still follows the applicable rules. Effective tax planning can streamline the company's tax burden so as to increase company profitability. Tax planning can be calculated using the ratio of Tax Planning and Book-tax difference. Book-tax difference (BTD) is measured by subtracting the measurement from other incomes, while Tax Planning is measured by using the ratio of several tax measurements (expenses or paid) to measure income (Hanlon, 2013).

Tax avoidance as an independent variable in this study was measured using the current ETR calculation. Tax avoidance by the company will certainly affect the performance of a company itself. The performance of a company can be measured through profitability. The company's ability to generate profits will also affect the decision of investors to invest shares in a company. Sujoko and Soebiantoro (2007: 46) state that high profitability indicates good company prospects so that investors will respond positively to the signal so that company value increases. Tax planning is quite effective as an effort to reduce the tax burden, besides that tax planning activities are also allowed and do not violate tax laws and regulations in force in Indonesia (Yuono, 2016). Effective tax rate as a measure of the company's success in tax planning. The more effective the tax planning carried out by the company, it will increase the company's profit which in turn will be able to increase the value of the company (Simarmata, 2016)

Measurement of firm value using the PER (Price Earning Ratio) formulation, there are several ways to analyze financial performance in financial statements, one of which is the analysis of financial performance ratios. According to Harmono (2009), the analysis of financial performance describes the company's fundamental performance in terms of the efficiency and effectiveness of the company's operations in obtaining profits and is often used as an indicator of the company's fundamental performance representing management performance. Financial performance in this study is proxied by ROA this ratio sees the extent to which investments that have been invested or placed are able to provide return benefits. On the one hand, companies that carry out tax planning can increase the value of the company. Because by carrying out tax planning, companies can be more effective in paying taxes they owe and look orderly in their tax obligations. Also, there is a traditional theoretical view which says that "tax planning activities are carried out to transfer welfare from the state to shareholders" (Desai and Dharmapala, 2006), so as to reduce costs and increase firm value. Meanwhile, research conducted by Winanto and Widayat (2013) stated that tax planning has a negative effect on firm value. This is due to costs that may arise from this tax planning activity in the form of agency costs. Where agency costs arise as a result of the personal interest of management which can reduce the value of the company.

Based on the description of the background above. The author assumes that research needs to be done to see whether there is an "Effect of Tax Planning, Tax Avoidance and Profitability on Firm Value with Financial Performance as Intervening" in Consumer Goods Industrial Sector Companies Listed on the Indonesia Stock Exchange Period (2016-2020).

## II. Review of Literature

Jensen and Meckling (1976), stated that agency theory explains the agency relationship that occurs between one or more people (principal) and another person (agent) in a contract, where the agent is asked to represent the principal in making decisions (Liviani, Mahadwartha, & Wijaya, 2016). The higher the company's leverage, the company tends to generate less cash, this is likely to affect the occurrence of earning management. Companies with high debt or leverage ratios tend to hold their profits and prioritize the fulfillment of debt obligations first. According to Brigham and Ehrhardt (2013), the greater the leverage of the company, it tends to pay lower dividends in order to reduce dependence on external funding. So that the greater the proportion of debt used for the capital structure of a company, the greater the number of liabilities that are likely to affect shareholder wealth because it affects the size of the dividends to be distributed. (Yanizzar, et al. 2020)

Agency relationship is a contract in the form of delegation of authority in making decisions that have been given by the owner (principal) to the company or organization (agent). In the context of the company, the owner is the party that mandates the agent to act on behalf of the principal, while the management (agent) acts as the party entrusted with the mandate by the principal to run the company (Kholmi, 2010). Agency theory is a theory that describes the relationship between the principal, namely the shareholders and the agent, namely the management in the company so that there is a separation of interests. The purpose of this separation of interests is to achieve effectiveness and efficiency in managing the company by employing the best agents in managing the company.

According to Jensen and Meckling (1976), the existence of agency problems raises agency costs which consist of:

1. The monitoring expenditure by the principle, namely the supervision costs incurred by the principal to monitor the behavior of agents in managing the company.
2. The bounding expenditure by the agent (bounding cost), namely the costs incurred by the agent to ensure that the agent does not act detrimental to the principal.
3. The residual loss, namely the decrease in the utility level of the principal and agent due to an agency relationship (Sartika, 2015).

The company in its development always tries to maintain its business excellence in increasing the value of the company (Sartika, 2015). According to research conducted by Wahab and Holland (2012) found a significant negative relationship between tax planning and firm value. The research conducted by Lestari (2014) and Yuono (2016) found a positive relationship between Tax Planning and Firm Value. However, what was done differently by Desai et.al. (2009) found a but not significant effect of Tax Planning with Firm Value in the context of companies in America as well as Prime research (2014) which found Tax Planning with ETR (Effective Tax Rate) had no effect on firm value because ETR only shows how much companies must be aggressive in dealing with taxes.

Based on this description, the hypotheses proposed in this study are as follows:

**H1: BTD has a significant positive effect on PER.**



Tax Avoidance is an effort made by company management to reduce the company's tax burden. The purpose of tax avoidance is to minimize liability by engineering so that the tax burden (Tax Burden) is as low as possible by utilizing existing regulations and trying to maximize after-tax income (After Tax Return). Previous research related to Tax Avoidance on Company Value has a very varied direction (Negative and Positive). Research that found a positive relationship between Tax Avoidance and firm value, namely, Wang (2010) and Martini et al. (2012). Positive influence was found. Based on this description, the hypotheses proposed in this study are as follows:

**H2: Current ETR has a significant positive effect on PER.**

Profitability which in this study is proxied by Net Profit Margin (NPM) can calculate the extent to which the company's ability to generate net profit at a certain level of sales. A high net profit margin (NPM) indicates the company's ability to generate high profits at a certain level of sales. A low net profit margin (NPM) indicates sales that are too low for a certain level of costs, or costs that are too high for a certain level of sales, or a combination of both.

According to Sartono (2008), Net Profit Margin (NPM) can also be referred to as a measure of profit by comparing profit after interest and taxes compared to sales. This ratio shows the company's net income on sales and can also be interpreted as the company's ability to reduce costs (a measure of efficiency) in the company in a certain period.

Research conducted by Munawaroh and Priyadi (2014) found that profitability has a positive effect on firm value. The greater the profitability of a company, the more productive the company's performance will be, so that it will increase investor confidence to invest in the company. Based on this description, the hypotheses proposed in this study are as follows:

**H3: NPM has a significant positive effect on PER.**

According to Munawir (2000:31) financial statements are a very important tool to obtain information regarding the financial position and the results achieved by the company. Financial Performance Assessment of a company is one that can be done by management in order to fulfill its obligations to its stakeholder's funders and also to achieve the goals set by the company. Based on this description, the hypotheses proposed in this study are as follows:

**H4: BTD on PER has a significant positive effect on ROA.**

Tax avoidance by the company will certainly affect the performance of the company itself. Not all investors respond positively to companies that carry out Tax Avoidance because of the information asymmetry that occurs and the possibility of additional costs arising for tax planning. This information asymmetry will also affect the company's performance in the eyes of investors. Company performance can be measured through profitability. The company is also considered to be able to manage the costs it incurs well because it can generate high profitability (Cheryl Laurel, Iren Meita: 2013). Based on this description, the hypotheses proposed in this study are as follows:

**H5: Current ETR to PER has a significant positive effect on ROA.**

Profitability is a tool used to measure profits or profits obtained by the company from the results of the company's operational activities. Profitability is considered as one of the ratios that is the main focus used to assess the company's financial performance, because the profit earned by the company is a measure of the company's ability to fulfill

obligations to shareholders which is also an element in creating company value that can show hope in the future will come. According to Kasmir (2016), the profitability ratio can provide a measure of the effectiveness of a company's management in obtaining company profits. Companies that have a high level of profitability, it can be said that the profits generated are large which can later provide prosperity for shareholders. So that the higher the level of profitability, the better the company's financial performance. According to Asniwati (2020), Putry and Erawati (2013), and Pranata et al., (2014) say that profitability has a positive effect on the company's financial performance.

Based on the theoretical study and the description above, the hypotheses in the research are:

**H6: NPM on PER has a significant positive effect on ROA.**

### III. Research Method

In obtaining the necessary data, the authors use secondary data sources, namely annual report resume data obtained from the websites of each company that was sampled in this study during the observation period, namely 2016-2020. While the data collection method used is the documentation technique. Documentation technique is data collection which is done by looking at the data of each company and then quoting or copying the existing data in each company, namely the Consumer Goods Industrial Sector Company which aims to obtain data that can support research by studying and collecting data.

The data used in this research is secondary data. The data sources in this study are the goods and consumption sector which have been listed on the Indonesia Stock Exchange in 2016 – 2020, and are listed on the Indonesia Stock Exchange (IDX).

Methods of data collection in this study using literature study and documentation methods. Literature study is collecting data by reading or writing information obtained from literature books and journals that can support the writing of this research. The documentation method is collecting indirect data in the form of financial statements containing balance sheets, loss/profits and supporting data obtained from the annual financial report documentation available at [www.sahamok.com](http://www.sahamok.com) and the Indonesia Stock Exchange (IDX) via internet access [www.idx.co.id](http://www.idx.co.id).

In this research, the data used is panel data and the analytical method used is quantitative data analysis method, where the sample is taken through the website, annual report and company sustainability report. Panel data is data that has the number of cross sections and the number of time series. Data is collected over a period of time against many individuals. There are two kinds of panel data, namely balance panel data and unbalance panel data. Panel balance data is a situation where the cross-sectional units have the same number of time series observations. While panel data unbalance is a situation where the cross-sectional unit has an unequal number of time series observations, this study uses panel balance data (Basuki and Prawoto, 2017). This study was made using a panel regression model.

#### Hypothesis 1, 2, 3, 4, 5, 6

$$PER = 0 + 1BTD + 2CETR + \beta_3NPM + 4BTD*ROA + 5CETR*ROA + 6PNM*ROA + \epsilon$$

**Description:**

BTD : Tax Planning

C\_ETR: Tax Avoidance

NPM : Profitability

PER : The value of the company

ROA : Financial performance

 $\beta$  : Regression Coefficient $\epsilon$  : Error Term**IV. Result and Discussion**

The sample used in this study came from the annual reports and financial statements of the Consumer Goods Industry Sector companies listed on the Indonesia Stock Exchange in 2019. After selecting the sample, the total research sample was 30 companies and for 5 years (2016 - 2020). The data regarding the research sample are summarized as follows:

**Table 1.** Sampling with purposive sampling technique

| No.                                             | Description                                                                                                        | Amount     |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------|
| 1.                                              | The total number of companies in the Consumer Goods Industry Sector listed on the IDX                              | 54         |
| 2.                                              | Companies that are not consistent have Completeness of Sustainability Report and Annual data Reports for 2016-2020 | 1          |
| 3.                                              | Companies that experience losses during the year 2016-2020 as it relates to ROA                                    | 22         |
| 4.                                              | Number of companies that meet the sample criteria                                                                  | 30         |
| 5.                                              | Number of company data processed (5 x 30)                                                                          | 150        |
| <b>Number of samples studied in 2016 - 2020</b> |                                                                                                                    | <b>150</b> |

Source: Processed Data

**Table 2.** Descriptive statistics

| Variable    | Minimum   | Maximum  | mean     | Std. Dev |
|-------------|-----------|----------|----------|----------|
| ROA         | 0.050013  | 52.85989 | 11.42218 | 9.805536 |
| PER         | 0.010755  | 9345.794 | 357.0882 | 938.6425 |
| BTD         | -0.185365 | 92.83841 | 4.489620 | 8.000536 |
| CURRENT ETR | 2.649726  | 95.93357 | 25.89550 | 9.908147 |
| NPM         | 0.075324  | 45.81064 | 11.25046 | 8.895474 |

Source: Processed Data

Note: ROA : Financial Performance, PER : Firm Value, BTD : Tax Planning, CURRENT ETR : Tax Avoidance, NPM : Profitability

In table 2 above, it shows that there are five research variables consisting of Financial Performance, Firm Value, Tax Planning, Tax Avoidance and Profitability with the number of objects studied in the 2016-2020 period as many as 150 samples with an explanation of the results of descriptive statistical calculations as follows:

The mean of the variable Financial Performance (ROA) is 11.42218 from a range of values from 0.050013 to 52.85989 and a standard deviation of 9.805536. The ROA ratio shows a financial estimate that investment in assets generates a higher return than investment expenditure. This shows that the average research sample produces a Financial Performance value of 11.42218 where the Consumer Goods Industry Sector companies in Indonesia generate higher profits than investment spending. The standard deviation value

which is smaller than the average value indicates that the distribution of data from the financial performance variable does not have a large enough gap from the lowest and highest financial performance ratios or is referred to as homogeneous data.

The mean of the Firm Value (PER) variable as measured by the market price per share divided by earnings per share is 357,0882 from a range of values from 0.010755 to 9345,794 and a standard deviation of 938.6425. The standard deviation value that is greater than the average value indicates a large data distribution, so that the data deviation can be said to be not good. This shows that firm value data can be said to be heterogeneous data.

The average tax planning variable (BTD) is the minimum value that is in the ratio (0.185365) to 92.83841, indicating that the company's profit has decreased due to the covid situation that has hit all countries, still getting profits that are not as planned. However, the standard deviation value which is greater than 8.000536 than the average value of 4.489620 indicates a large data distribution, so that the data deviation can be said to be not good. This shows that the tax planning data can be said to be heterogeneous data.

The average tax avoidance variable (CURRENT ETR) The minimum value which is in the ratio of 2.649726 to 95.93357 shows a decrease in tax payments due to the economic situation due to covid so that purchasing power decreases. The value of the standard deviation is 9.908147 smaller than the average value of 25.89550, this indicates that the data distribution of the tax avoidance variable does not have a large enough gap from the lowest and highest tax avoidance ratio or is referred to as homogeneous data.

Average Profitability Variable (NPM) The minimum value which is in the ratio of 0.075324 to 45.81064 shows a decrease in profit income due to the economic condition due to Covid so that purchasing power and profits decrease. The value of the standard deviation is 8.895474 smaller than the average value of 11.25046, this indicates that the distribution of data from the profitability variable does not have a large enough gap from the lowest and highest profitability ratios or is referred to as homogeneous data.

#### 4.1. Panel Data Model Analysis

This study uses time series and cross-sectional panel data so it is necessary to test the most appropriate panel data model for this study. There are three models to be tested, namely: (Common effect Model, Fixed effect Model and Random effect Model). Three models will be tested with 3 tests, namely: chow test, hausman test and lagrange multiplier test.

**Table 3. Chow Test Results**

| Effect Test              | Statistics | df       | Prob   |
|--------------------------|------------|----------|--------|
| Cross-section F          | 1.962774   | (28,110) | 0.0072 |
| Cross-section Chi-square | 57.539605  | 28       | 0.0008 |

Source: Processed Data

The results of the Chow test in table 3 show the probability of the Chi-square Crosssection is 0.0008 below the value of 0.05, meaning that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. So it can be concluded that based on the results of the Chow test, the most appropriate is the fix effect model.

**Table 4. Hausman Test Results**

| Test Summary  | Chi-Sq. Statistics | Chi-Sq. df | Prob   |
|---------------|--------------------|------------|--------|
| Cross-section | 0.602046           | 3          | 0.8960 |

Source: Processed Data



The results of the Hausman test that have been carried out by Chi-Square > 0.05, then H<sub>0</sub> is accepted and H<sub>1</sub> is rejected so that the right model is the Random effect model. Because the results of the Chow test show that the more appropriate model used in this study is the fixed effect model and no one has produced the right model, so it is necessary to do a Lagrange multiplier test to determine the most appropriate model between the common effect models or the random effect model to determine the model. The most appropriate.

**Table 5.** Lagrange multiplier test results

|               | Hypothesis Test      |                      |                      |
|---------------|----------------------|----------------------|----------------------|
|               | Cross-section        | time                 | Both                 |
| Breusch-Pagan | 7.320637<br>(0.0068) | 1.771280<br>(0.1832) | 9.091917<br>(0.0026) |

Source: Processed Data

Lagrange multiplier test results the output results above show the Breush-Pagan (BP) probability value of 0.0068. The hypothesis is that if the Breush-Pagan (BP) probability is less than alpha (0.0000 < 0.05), then H<sub>0</sub> is rejected and H<sub>1</sub> is accepted, so the correct model in the above results is the random effects model.

**Table 6.** Statistical Test Results t

| Variable           | Coefficient | Std. Error | t-Statistics | Prob    |
|--------------------|-------------|------------|--------------|---------|
| <b>Independent</b> |             |            |              |         |
| BTD                | 6.853194    | 22.22588   | 0.308343     | 0.7583  |
| CURRENT ETR        | 34.85171    | 8.897790   | 3.916896     | 0.0001* |
| NPM                | -65.03633   | 26.61826   | -2.443298    | 0.0158* |
| <b>Intervening</b> |             |            |              |         |
| BTD*ROA            | -1.115108   | 2.605431   | -0.427994    | 0.6693  |
| CURRENT ETR*ROA    | -1.959977   | 0.915013   | -2.142020    | 0.0339* |
| NPM*ROA            | 2.320651    | 1.104480   | 2.101125     | 0.0374* |
| Constant           | 197.2201    | 302.5119   | 0.651942     | 0.5155  |

Source: Processed Data

Note: PER: Company Value, ROA: Financial Performance, BTD: Tax Planning, CURRENT ETR: Tax Avoidance, NPM: Profitability.

$$\text{PER} = 197.2201 + 6.853194\text{BTD} + 34.85171\text{CURRENT ETR} - 65.03633\text{NPM} - 1.115108\text{BTD} * \text{ROA} - 1.959977\text{CURRENT ETR} * \text{ROA} + 2.320651\text{NPM} * \text{ROA} + \epsilon$$

From the equation above, it can be explained that the constant of 197.2201 states that if the independent variable of Tax Avoidance and Profitability of the role of Financial Performance as an intervening is zero, the dependent variable, namely the value of the company, will increase by 197.2201.

**Table 7. Hypothesis Test Results**

| Variable                 | Direction | t-Statistics | Coefficient | Sig              | Conclusion                     |
|--------------------------|-----------|--------------|-------------|------------------|--------------------------------|
| <b>Independent</b>       |           |              |             |                  |                                |
| BTD                      | —         | 0.308343     | 6.853194    | 0.7583           | <b>H<sub>1</sub> Rejected</b>  |
| CURRENT ETR              | + □       | 3.916896     | 34.85171    | 0.0001*          | <b>H<sub>1</sub> Accepted*</b> |
| NPM                      | + □       | -2.443298    | -65.03633   | 0.0158*          | <b>H<sub>1</sub> Accepted*</b> |
| <b>Intervening</b>       |           |              |             |                  |                                |
| BTD*ROA                  | —         | -0.427994    | -1.115108   | 0.6693           | <b>H<sub>1</sub> Rejected</b>  |
| CURRENT ETR*ROA          | + □       | -2.142020    | -1.959977   | 0.0339*          | <b>H<sub>1</sub> Accepted*</b> |
| NPM*ROA                  | + □       | 2.101125     | 2.320651    | 0.0374*          | <b>H<sub>1</sub> Accepted*</b> |
| <b>Adjusted R Square</b> |           |              |             | <b>0.211082</b>  |                                |
| <b>F Uji test</b>        |           |              |             | <b>0.000001*</b> |                                |

Source: Processed Data

Note: PER: Company Value, ROA: Financial Performance, BTD: Tax Planning, CURRENT ETR: Tax Avoidance, NPM: Profitability.

It can be seen in Table 7 If the value = 0.05 or if the significance value is less than or equal to the value 0.05 then  $H_a$  is acceptable and it can be concluded that the independent variable individually affects the dependent variable but if the value is > 0.05 or if the significance value > 0.05 then  $H_a$  is not acceptable and it can be concluded that the independent variable individually has no effect on the dependent variable. Based on the results of the t test in table 4.5 it can be concluded that:

The results of the study obtained that the tax planning variable is 0.7583 which is above the value of = 0.05 with a t-statistic value of 0.308343 and a coefficient of 6.853194, it can be concluded that the tax planning variable has no effect on firm value, which means rejecting the hypothesis.

The results of the study obtained that the tax avoidance variable was 0.0001 which was below the value of = 0.05 with a t-statistic value of 3.916896 and a coefficient of 34.85171, it can be concluded that the tax avoidance variable has a positive effect on firm value, which means it is proven to accept the hypothesis.

The results of the study obtained a profitability variable of 0.0158 which is below the value of = 0.05 with a t-statistic value of -2.443298 and a coefficient of -65.03633, it can be concluded that the tax avoidance variable has a positive effect on firm value, which means it is proven to accept the hypothesis.

The results of the research for the intervening variable, financial performance has a significant value below the value of = 0.05 in intervening tax planning to the firm value of 0.6693 with a coefficient value of -1.115108 and t-statistic -0.427994. Financial performance has a significant value above the value of = 0.05 in intervening tax planning on the firm value of 0.6693. It cannot intervene in tax planning on firm value, which means rejecting the hypothesis.

The results of the research for the intervening variable, financial performance has a significant value below the value of = 0.05 in intervening tax avoidance to the firm value of 0.0339 with a coefficient value of -1.959977 and t-statistic -2.142020. Financial performance has a significant value below the value of = 0.05 in intervening tax avoidance on firm value of 0.0339 so that it can intervene tax avoidance on firm value, which means accepting the hypothesis.

The results of the research for the intervening variable, financial performance has a significant value below the value of  $\alpha = 0.05$  in intervening profitability to firm value of 0.0374 with a coefficient value of 2.320651 and a t-statistic of 2.101125. Financial performance has a significant value below the value of  $\alpha = 0.05$  in intervening profitability on firm value of 0.0374 so that it can intervene profitability on firm value, which means accepting the hypothesis.

It can be seen that the adjusted R square value is 0.211082, then the independent variables (tax avoidance and profitability) affect the dependent variable, so that there is an influence between the independent variables in the form of: firm value, financial performance as an intervening variable.

Tax avoidance and profitability affect firm value, affecting firm value by 21.10% while the remaining 3.88% ( $100\% - 21.10\% = 78.90\%$ ) is explained by other variables outside the variables studied.

The results of the simultaneous significance test show the profitability value of the F Statistic of 0.000001. The significance level is equal to 0.000 so it can be concluded that all independent variables jointly affect the dependent variable, so that the influence between the independent variables in the form of: tax planning, tax avoidance and profitability, as intervening has an effect on firm value.

## V. Conclusion

Based on the results of research that has been carried out to determine the effect of Tax Planning, Tax Avoidance and Profitability on Company Value with Financial Performance as an Intervening Variable in companies listed on the Indonesia Stock Exchange (IDX) for 5 years of observation, from 2016 to 2020, then the following conclusions are obtained:

- Tax Planning has no effect on Company Value. This can be seen by looking at the significance value of the t test, which is 0.7583.
- Tax Avoidance has a significant positive effect on firm value. This can be seen by looking at the significance value of the t test, which is 0.0001.
- Profitability has a significant positive effect on firm value. This can be seen by looking at the significance value of the t test, which is 0.0158.
- Financial Performance as an intervening variable results cannot strengthen the effect of Tax Planning on Firm Value. This can be seen by looking at the significance value of the t test, which is 0.6693.
- Financial Performance as an intervening variable can strengthen the positive effect of Tax Avoidance on Firm Value. This can be seen by looking at the significance value of the t test, which is 0.0339.
- Financial Performance as an intervening variable results can strengthen the positive effect of Profitability on Firm Value. This can be seen by looking at the significance value of the t test, which is 0.0374.

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