



The Influence of Audit Committee, Capital Intensity, and Sales Growth on Tax Avoidance

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ABSTRACT

This study aims to determine the effect of the Audit Committee, Capital Intensity, and Sales Growth on Tax Avoidance. This type of research uses a quantitative approach using a purposive sampling technique, namely a sample collection method based on considerations and criteria that are in accordance with the objectives of the study. The number of samples used was 6 companies listed on the Indonesia Stock Exchange in 2018-2023 as research objects for five years. The data analysis technique used in this study used multiple linear regression using the Eviews 12 test tool. The results of this study indicate that Audit Committee Disclosure has no effect on tax avoidance, while Capital Intensity has an effect on tax avoidance. On the other hand, Sales Growth also shows a positive effect on tax avoidance.

INTRODUCTION

One of the crucial sources of state financial income used to support national development in order to achieve the goal of achieving prosperity and public welfare is tax revenue. Therefore, tax is considered a national asset in Indonesia and revenue from the tax sector has a very high value when compared to other sectors. Tax avoidance or tax avoidance efforts, one of which is through actions to minimize tax payments (Sarasmita & Ratnadi, 2021).

Tax avoidance is a series of legal and legitimate efforts made by companies to reduce their tax obligations by finding loopholes in tax laws. (Wijaya & Rahayu, 2021). Companies believe that tax avoidance can be financially beneficial for the company. Tax avoidance refers to activities carried out by companies to take advantage of the country's tax laws, and is considered legitimate because it does not violate tax regulations.

The first phenomenon regarding tax avoidance cases in 2018, Astra International Tbk (ASII) which has a subsidiary PT Toyota Motor Manufacturing Indonesia (TMMIN) announced the results of exports of finished vehicles (CBU) last year. The number broke the record of more than 118,000 units. This amount is equivalent to 70% of Indonesia's total car exports last year. However, the Tax General of the Ministry of Finance found evidence that Toyota Motor Manufacturing misused transactions between domestic and foreign affiliates to avoid paying corporate taxes.

The process is simple, namely transferring the burden of additional income from one country to another (tax haven) which imposes lower taxes. The transfer of burden occurs through improper price manipulation. It has been revealed that 1,000 cars produced by Toyota Motor Manufacturing Indonesia must first be sold to the Toyota Asia Pacific office in Singapore before being sold to the Philippines and Thailand. This is done to avoid paying high taxes in Indonesia. In other words, Toyota in Indonesia only acts "on behalf of" Toyota Motor Asia Pacific Pte., Ltd - the name of Toyota's business unit based in Singapore (<http://investigasi.tempo.co>).

Many factors can influence tax avoidance, this study shows that several factors influence tax avoidance, including the audit committee, capital intensity, and sales growth. The audit committee is a group of selected people formed by the board of commissioners whose function is to supervise the auditor's performance, assist the auditor in maintaining its independence from management, and be responsible for the truth and reliability of the company's financial statements (Fenadi, 2019).

The audit committee is formed in a company and plays a role in assisting in carrying out audits or investigations in order to carry out the role of the board of directors in managing the company must be carried out professionally and independently. (Pratomo, 2021). According to research by Tiala et al (2019), the audit committee has a significant influence on tax avoidance. With the increasing number of audit committee members, the level of tax avoidance tends to decrease. According to Bapepam LK and BEI regulations, all companies listed on their platforms are required to have an audit committee that includes at least two independent members of the company as members.

Another factor that influences tax avoidance is Capital intensity. According to Diana Yanti (2020), companies that invest in fixed assets can utilize depreciation costs as a tax deduction and ultimately reduce the total tax liability that must be paid by the company. Capital intensity is a significant capital investment in the business or production process. Therefore, to produce goods and services, a higher proportion of fixed assets is required, such as equipment, property, factories, and land. According to Safitri & Irawati (2021), the higher the capital intensity, the greater the tax avoidance. This is because companies can utilize the depreciation expense on fixed assets, thereby reducing the profit that is the basis for calculating corporate tax. Industries or companies that require large amounts of capital investment are called capital-intensive businesses (Diana, 2020).

In addition, sales growth is one of the factors that influence tax avoidance. Sesar & Purwatiningsih (2024) suggest that sales growth can potentially influence tax avoidance in two main ways. First, companies with rapid sales growth may have more opportunities to strategically allocate costs and assets to reduce their tax liabilities. Second, high sales growth often requires large investments, which can create opportunities to take advantage of larger tax incentives or deductions.

The purpose of tax avoidance is to reduce the taxes that must be paid by the company, where companies with high sales growth are more interested in tax evasion than companies with stable or declining sales. This is evidenced by research conducted by Marta & Nofryanti (2023) which states that sales growth affects tax avoidance practices. This means that the more sales, the greater the profit growth, and the greater the tax payments. As a result, the Company seeks to reduce the taxes that must be paid by avoiding taxes.

This study aims to determine the partial effect of the audit committee on tax avoidance, the partial effect of Capital Intensity on tax avoidance, and the partial effect of sales growth on tax avoidance.

THEORETICAL FRAMEWORK

Agency Theory

Agency theory is a theory that states that there is a relationship between the party that gives authority (principal) and the party that receives authority (agent). Agency theory is the theoretical basis that underlies the company's business practices that have been used so far. The main principle of this theory states that there is a working relationship between the party that gives authority, namely the investor, and the party that receives authority (agency), namely the manager.

According to Jensen & Mackling (1976) in (Smulowitz et al., 2019), agency theory originated from the emergence of various problems caused by the lack of company theory at that time. An agency relationship is defined as a contract involving two parties, namely the principal and the company's agent. In accordance with this view, there is a contractual relationship between one or more principals, shareholders, and agents, or management, due to differences in interests between the principal and management. Decision making regarding business operations is in principle delegated to agents or management. Likewise

with tax avoidance practices, management has more information about the company's actual financial condition.

Compliance Theory

Compliance theory is a theory about a person's obedient behavior towards applicable regulations or laws. Compliance theory is closely related to the compliant attitude of a company as a Corporate Taxpayer towards the government and capital owners. A company established in a certain country is expected to comply with applicable laws and regulations. Regulations and legislation are implemented so that the company can comply in carrying out each of its obligations, so as not to violate or deviate.

The government implements regulations and legislation so that the desired goal can be achieved, namely to obtain income from taxes as much as possible. However, often these regulations are misused by exploiting loopholes so that the taxes paid can be minimized, namely by carrying out tax avoidance practices, this is certainly contrary to compliance theory. Capital owners or investors of a company want the company to comply with applicable laws and regulations. This is because investors do not want to be disadvantaged, so they can reduce the risk that occurs on the investment they give to the company.

The Influence of Audit Committee, Capital Intensity, and Sales Growth Simultaneously on Tax Avoidance

Tax avoidance actions can be considered to contribute to obtaining large economic benefits. Decisions in tax avoidance actions can be made by management. This incident is feared to open up opportunities for management to act opportunistically by avoiding taxes without considering the company's long term. Agency theory explains the view that agents strive optimally to maximize profits and manage the company's tax obligations. This effort aims to protect the agent's performance compensation that has the potential to decline, which can have a negative impact on the company's profit due to the tax burden borne. This theory emphasizes the amount of tax burden that must be borne by the company and the differences in interests between shareholders (principals) and management (agents).

According to the results of previous research conducted by (Tiala, et al., 2019) entitled *The Influence of the Audit Committee, Return On Assets (ROA) and Leverage on Tax Avoidance*, it explains that the audit committee has a significant influence on tax avoidance. So it can be concluded that with the increasing number of audit committee members, the level of tax avoidance tends to decrease. According to previous research conducted by (Rahma et al., 2022) entitled *The Influence of Capital Intensity, Company Characteristics, and CSR*.

Disclosure on Tax Avoidance in Manufacturing Companies, regarding capital intensity and tax avoidance, it was found that capital intensity has a significant influence on tax avoidance in a positive direction and shows that companies that invest more of their capital in fixed assets will have a low effective tax rate. If the effective tax rate decreases, the policy for discretionary tax avoidance will increase. This is because the depreciation burden of these assets is greater so that the company's burden will also be greater.

According to the results of previous research conducted by (Honggo & Marlinah, 2019) entitled *The Influence of Company Size, Company Age,*

Independent Board of Commissioners, Audit Committee, Sales Growth and Leverage on Tax Avoidance explains that sales growth affects tax avoidance. Thus, a company's sales growth plays an important role and has a significant influence on tax avoidance. This is due to the fact that in the sales growth process, companies tend to consider cost and tax aspects to maximize profits, so that they can reduce the tax burden that must be borne. With the explanation above, the hypothesis of this study is:

H1: It is suspected that the Audit Committee, Capital Intensity, and Sales Growth simultaneously affect Tax Avoidance.

The Partial Influence of the Audit Committee on Tax Avoidance

The Audit Committee is a person who has a role in making strategic decisions for the company, including tax avoidance decisions. The audit committee is also expected to provide views and suggestions regarding low-risk tax avoidance. The audit committee is formed in a company, one of which is to assist in carrying out audits or research on the implementation of the role of the board of directors in managing the listed company professionally and independently (Pratomo, 2021).

The audit committee has the authority to avoid any deviant attitudes related to financial reporting, and the greater the presence of the audit committee in the company, the less likely it is that tax avoidance activities will occur. Membership and background of audit committee members are expected to have at least 3 independent commissioners, be able to master financial knowledge, at least 1 person who is experienced in the fields of financial management and accounting (Syofyan, 2021: 38–39).

According to the results of previous research conducted by (Tiala, et al., 2019) entitled *The Influence of Audit Committee, Return On Assets (ROA) and Leverage on Tax Avoidance*, it explains that the audit committee has a significant influence on tax avoidance. So it can be concluded that with the increasing number of audit committee members, the level of tax avoidance tends to decrease. With the explanation above, the hypothesis of this study is:

H2: It is suspected that the Audit Committee has a partial effect on Tax Avoidance.

The Partial Influence of Capital Intensity on Tax Avoidance

Capital intensity is a company's activity related to investment in the form of fixed assets. Fixed assets owned by the company can be used to reduce tax payments, which are reviewed from the depreciation of fixed assets. Capital intensity is used by companies as a form of financial policy implemented by company management to support the company in increasing company profits. Depreciation is the cost of depreciation of fixed assets that can be recognized as a reduction in profit in income recognition. Capital Intensity ratio or capital intensity is how much capital a company needs to generate income. Capital intensity is defined as the ratio between fixed assets such as equipment, machinery, and various properties to total assets. According to Komara et al., (2022), capital intensity refers to the company's investment policy in fixed assets.

According to Safitri & Irawati (2021), the higher the capital intensity, the greater the tax avoidance. This is because the company can utilize the depreciation expense on fixed assets, thereby reducing the profit which is the basis for calculating corporate tax. This is in line with research conducted by (Cahyo & Napisah, 2023) which states that agency theory places more emphasis on the amount of corporate tax burden, and the existence of differences in interests between shareholders (principals) and management (agents), where managers invest idle funds in the form of fixed assets with the aim of expecting to generate profit in the form of depreciation expenses that can be used as a tax deduction so that taxable profit is low. With the explanation above, the hypothesis of this study is:

H3: It is suspected that capital intensity has a partial effect on tax avoidance.

Partial Influence of Sales Growth on Tax Avoidance

Sales growth is an increase in sales over a certain period of time, which has previously been determined by the company. The measurement is by comparing the current sales level with the previous sales level. Sales growth plays an important role in the company because the company is able to estimate the amount of profit that will be obtained and know how much sales growth the company gets from year to year. If a company's sales increase is stable, it can allow the company's operations to run well and potentially get more loans. However, on the other hand, if there is unstable sales growth or a continuous decline, the company has the potential to encounter obstacles in increasing the company's operations. (Agustina & Arief, 2024)

In agency theory, namely the relationship between agents or management and principals or investors, management wants to maintain good relationships with investors. Sales growth will increase the company's efforts to carry out maximum cost efficiency so that sales growth generates high profits (Ningsih & Noviyari, 2022). According to previous research conducted by (Desviya & Nofryanti, 2023) entitled *The Effect of Capital Intensity, Sales Growth and Company Size on Tax Avoidance*, it explains that sales growth has an effect on tax avoidance practices. This means that the more sales, the greater the profit growth, and the greater the tax payments. As a result, companies try to reduce their tax burden by engaging in tax avoidance. With the explanation above, the hypothesis of this study is:

H4: It is suspected that sales growth has a partial effect on tax avoidance.

According to Sugiyono (2019:95), "is a conceptual model of how theory relates to various factors that have been identified as important problems". The conceptual framework as a conceptual model of theory relates to factors identified as important problems. Based on the theoretical description and results of previous studies with the dependent variable being Tax Avoidance while the independent

variables are the Audit Committee, Capital Intensity, and Sales Growth. So this research model is as follows:

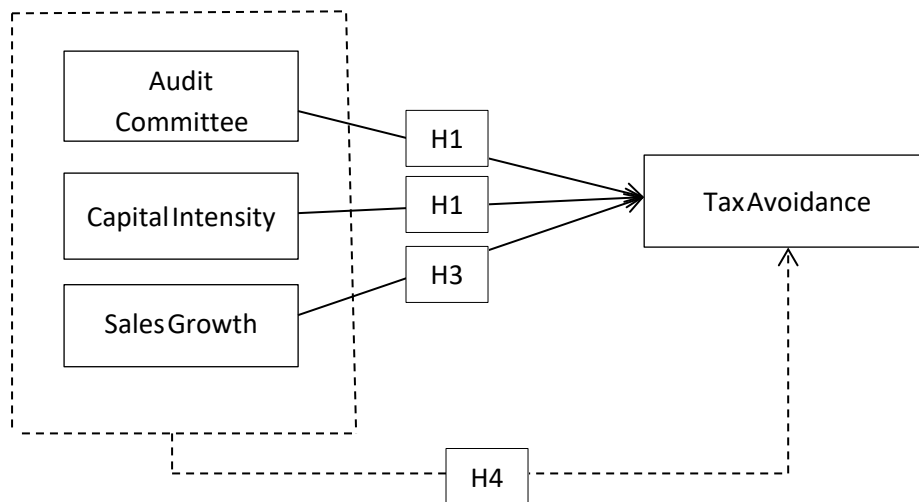


Figure 1. Conceptual Framework

METHODS

The type of research used is associative quantitative research, namely research that is of a nature that asks about the relationship between two or more variables, about the data collected and expressed in the form of numbers. According to Sugiyono (2019) quantitative research refers to a research method based on the philosophy of positivism, used to research a particular population or sample, collect data through research instruments, quantitative/statistical data analysis that aims to test existing hypotheses.

According to Sugiyono (2019:65) "associative research is a formulation of a research problem that is of a nature that asks about the relationship between two or more variables". In this study, the associative research strategy is used to identify the extent of the influence of the independent variables consisting of the audit committee (X1), capital intensity (X2), sales growth (X3) on the dependent variable, namely tax avoidance (Y), both partially and simultaneously.

The type of data used is secondary data from the Financial Report of Consumer Non-Cyclical Companies that have been published by the Indonesia Stock Exchange in 2018-2023 sourced from the website www.idx.go.id. According to Sugiyono (2019) secondary data is a collection of information that already exists and does not directly provide information on research conducted and is usually obtained through other people or documents and other files published by third parties with the aim of developing and completing research data needs.

Sample is part of the population that has the quantity and characteristics of the population. The technique used for sampling is the purposive sampling technique. Purposive sampling, which is a sampling technique based on certain factors that are in accordance with the specified standards so that the number of samples to be

studied can be determined, is used to determine the sample in this study (Sugiyono, 2019).

Operational Research Variables

Dependent Variable (Y)

According to Sugiyono (2019:69) "dependent variables are often referred to as bound variables, bound variables are variables that are influenced by the presence of independent variables" Tax avoidance is an effort made by companies to minimize their tax burden. Tax avoidance actions are carried out by looking for loopholes in laws and regulations. Tax avoidance that is carried out can increase or decrease the value of the company.

Tax avoidance is not favored by the government because it has a direct impact on reducing the tax burden, so this will result in reduced state revenue (Setiawan, 2019). Tax avoidance is a reduction in tax expenditures arising from tax provisions as a result of legitimate actions that can minimize, reduce, or exempt companies from tax obligations (Afrianti et al., 2022).

Based on the explanation that has been described above, the author can conclude that tax avoidance is an action taken by Taxpayers to minimize or reduce the amount of tax owed or seek profit. Tax Avoidance can be measured using the tax avoidance calculation formula, namely by using the Effective Tax Rate (ETR) based on research (January & Suardikha, 2019).

$$\text{ETR} = (\text{Tax Burden}) / (\text{Profit Before Tax})$$

Independent Variable (X)

According to Sugiyono (2019:69) "independent variables are often referred to as free variables, independent variables are variables that influence or cause changes or the emergence of dependent variables (bound)". In this study, the independent variables are the Audit Committee, Capital Intensity, and Sales Growth.

1. Audit Committee (X1)

The Audit Committee is a Committee formed by and responsible to the Board of Commissioners in order to assist in carrying out the duties and functions of the Board of Commissioners. especially in supervising the company's internal control. In a study conducted by Hakim & Sagiyanti (2018), it was stated that the performance of the audit committee will increase along with the number of audit committee members so that it can improve the supervisory function within the company and reduce the possibility of profit manipulation in the company's financial reporting.

In a study by Rosiana & Mahardhika (2020), Membership and background of audit committee members are expected to have at least 3 independent commissioners, be able to master financial science, at least 1 person who is experienced in financial management and accounting (Syofyan, 2021: 38-39). It can be concluded that the Audit Committee is a committee formed by the Board of Commissioners whose task is to help oversee the financial reporting process, internal

control, and internal audit. The Audit Committee is measured by the number of Audit Committees in a company each year with the following formula:

$$AC = \sum \text{audit committee members}$$

2. Capital Intensity (X2)

Capital Intensity is how much a company invests its assets in the form of fixed assets and inventory (Sugiarto, 2019). Capital intensity can also be determined by how a company sacrifices its money to be spent on operating activities and financing assets in order to make a profit. Capital intensity in fixed assets has an impact on the amount of tax that must be paid. Fixed asset intensity shows how much investment in the form of fixed assets can provide a reduction in profit from depreciation expenses.

According to research conducted by Diana Yanti (2020), an industry or company that requires large amounts of capital investment is called a capital-intensive business. From the explanation above, the author can conclude that Capital intensity is an activity of a company that can determine how much to invest in fixed assets. The fixed asset intensity ratio is used to measure the comparison of fixed assets to the total assets of a company, where this ratio describes the proportion or how much fixed assets the company owns from its total assets. According to research conducted by (Pratama & Larasati, 2021) states that to measure capital intensity using the following formula.

$$\text{Capital Intensity} = (\text{Total Net Assets}) / (\text{Total Fixed Assets})$$

3. Sales Growth (X3)

Sales growth is a change in sales in annual financial statements that can reflect the company's prospects and profitability in the future. If the company's profitability increases, sales growth will also increase and the company's performance will improve, because with increasing company profitability, the profit of a sale will also increase which can drive increased sales growth from year to year. Company growth will be measured using the sales growth ratio. Future sales growth shows the extent to which earnings per share can be increased by using debt (Wulandari & Pratiwi, 2023).

Sales growth aims to determine the amount of increase or decrease in sales that occurred this year by comparing it to the previous year, if sales growth continues to grow steadily, it can provide a positive signal for consumer customers and investors regarding the quality of the products sold and about how management views the company's prospects (Septrina et al., 2023). From the explanation above, the author can conclude that Sales Growth is an activity of increasing the number of sales from year to year that has been set in a company. Here is the sales growth ratio formula:

$$\text{Growth Ratio} = (\text{Net sales in year } t - \text{Net sales in year } t - 1) / (\text{Net sales } t - 1)$$

RESULTS

In this study, secondary data from the Financial Reports of Consumer Non-Cyclical Companies that have been published by the Indonesia Stock Exchange in 2018 - 2023 are sourced from the website www.idx.go.id. Other data are Annual Reports sourced from the websites of companies included in the list of Consumer Non-Cyclical Companies on the Indonesia Stock Exchange in 2018 - 2023. The method used to obtain the desired data is through indirect observation, especially by collecting secondary data from official sources. In determining the sample in this study, the purposive sampling method was used using the criteria that have been set in the previous chapter. Based on the sample selection criteria, the number of samples obtained was 6 companies, resulting in a total of 36 samples of data during the 6-year research period.

Descriptive Statistical Analysis

Table 1 Descriptive Statistics Test Results

	X1	X2	X3	Y
Mean	3.027778	0.266472	0.093056	0.238917
Median	3.000000	0.258000	0.090000	0.238500
Maximum	4.000000	0.448000	0.218000	0.334000
Minimum	3.000000	0.120000	0.006000	0.174000
Std. Dev.	0.166667	0.099562	0.054191	0.042050
Skewness	5.747049	0.113452	0.617854	0.367324
Kurtosis	34.02857	1.993746	3.196648	2.456291
Jarque-Bera	1642.330	1.596048	2.348470	1.252992
Probability	0.000000	0.450218	0.309055	0.534461
Sum	109.0000	9.593000	3.350000	8.601000
Sum Sq. Dev.	0.972222	0.346941	0.102784	0.061887
Observations	36	36	36	36

Data source processed 2024 (Eviews 12)

From the calculation results in table 1 above, the following results are obtained:

1. Based on Table 1 above, it can be concluded that from 36 observations, the Tax Avoidance variable (Y) shows a minimum value of 0.174000, and a maximum value of 0.334000, while the average value (mean) of this variable is 0.238917, with a middle

value (median) of 0.238500, and a standard deviation value of 0.042050.

2. Based on Table 1 above, it can be concluded that 36 observations, the Audit Committee variable (X1) shows a minimum value of 3,000,000, and a maximum value of 4,000,000, while the average value (mean) of this variable is 3.027778, with a middle value (median) of 3,000,000, and a standard deviation value of 0.166667.
3. Based on Table 1 above, it can be concluded that 36 observations, the Capital Intensity variable (X2) shows a minimum value of 0.120,000, and a maximum value of 0.448,000, while the average value (mean) of this variable is 0.266,472 with a middle value (median) of 0.258,000 and a standard deviation value of 0.099,562.
4. Based on Table 1 above, it can be concluded that 36 observations, the Sales Growth variable (X3) shows a minimum value of 0.006000, and a maximum value of 0.218000, while the average value (mean) of this variable is 0.093056, with a middle value (median) of 0.090000, and a standard deviation value of 0.054191.

Results of Panel Data Regression Model Selection

Based on the results of the Model Testing above, the following results were obtained:

Table 2 Model Testing Results

Test Name	Test Formulation	Model Results
<i>Uji Chow</i>	Prob. 0,0000 < 0,05	<i>Fixed Effect Model</i>
<i>Uji Hausman</i>	Prob. 0.0000 < 0,05	<i>Fixed Effect Model</i>

Source: Data processing results, 2024

So it can be concluded according to the results of the model testing in table 2 that the panel data used in this study uses the Fixed Effect Model.

Table 3 Fixed Effect Model (FEM) Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.136500	0.082089	1.662829	0.1079
X1	0.017079	0.024271	0.703700	0.4876
X2	0.259764	0.076411	3.399583	0.0021
X3	-0.198970	0.074278	-2.678730	0.0124

Effects Specification

Cross-section fixed (dummy variables)

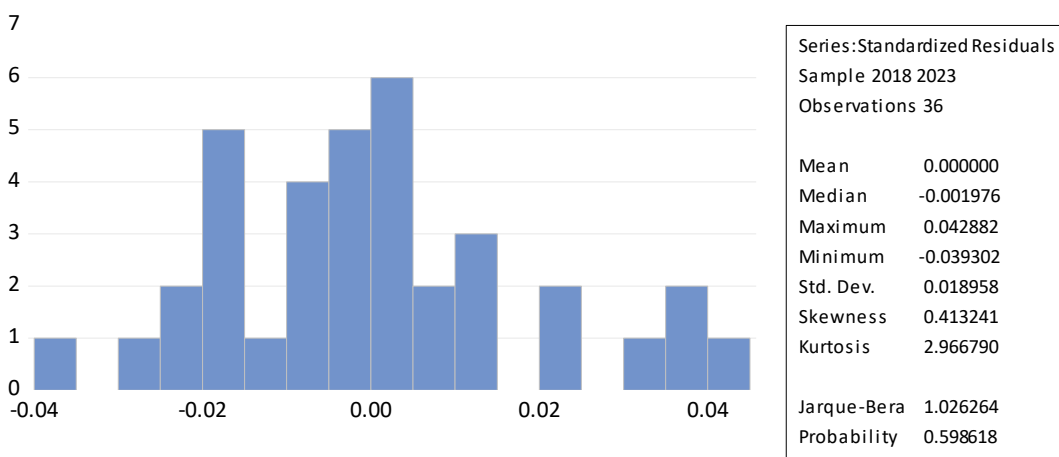
Root MSE 0.018693 R-squared 0.796731

Mean dependent var	0.238917	Adjusted R-squared	0.736503
S.D. dependent var	0.042050	S.E. of regression	0.021585
Akaike info criterion	-4.621316	Sum squared resid	0.012580
Schwarz criterion	-4.225436	Log likelihood	92.18369
Hannan-Quinn criter.	-4.483143	F-statistic	13.22861
Durbin-Watson stat	2.124145	Prob(F-statistic)	0.000000

Data source processed 2024 (Eviews 12)

Classical Assumption Test

Normality Test



Data source processed 2024 (Eviews 12)

Figure 1. Normality Test Results

In Figure 4.10, it can be seen that the Jarque-Bera value is 1.026264 while the Chi-square table value by looking at 2 (two) independent variables and the significant value used is 0.05. The Probability Value obtained is 0.598618. This figure shows that the probability is greater than 0.05, which indicates that the data is normally distributed. Therefore, the assumption of normality can be considered fulfilled.

Multicollinearity Test Results

Table 4 Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	-0.236703	0.031458
X2	-0.236703	1.000000	-0.093995
X3	0.031458	-0.093995	1.000000

Data source processed 2024 (Eviews 12)

From table 4 it can be seen that the correlation coefficient value between the Audit Committee (X1) and Capital Intensity (X2) is $-0.236703 < 0.8$, Audit (X1) and Sales Growth (X3) is $0.031458 < 0.8$, Capital Intensity (X2) and Sales Growth (X3) is $-0.093995 < 0.8$. This means that it can be concluded that the data does not have a multicollinearity problem.

Autocorrelation Test Results

Table 5 Autocorrelation Test Results

Root MSE	0.018693	R-squared	0.796731
Mean dependent var	0.238917	Adjusted R-squared	0.736503
S.D. dependent var	0.042050	S.E. of regression	0.021585
Akaike info criterion	-4.621316	Sum squared resid	0.012580
Schwarz criterion	-4.225436	Log likelihood	92.18369
Hannan-Quinn criter.	-4.483143	F-statistic	13.22861
Durbin-Watson stat	2.124145	Prob(F-statistic)	0.000000

Data source processed 2024 (Eviews 12)

Table 5 shows the DW value shows the number 2.124145 with the number $k = 3$, $n = 36$. Based on the DW table, the significance level is 0.05 so that it can be determined in the Durbin-Watson table that the DL value is 1.2953 and the DU value is 1.6539. based on the Durbin-Watson value, it is obtained $DU < DW < (4-DU) = 1.6539 < 2.124145 < 2.3461$. So it can be concluded that there is no autocorrelation in the regression model.

Heteroscedasticity Test Results

Table 6 Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser

Null hypothesis: Homoskedasticity

F-statistic	1.067704	Prob. F(3,32)	0.3765
Obs*R-squared	3.275621	Prob. Chi-Square(3)	0.3511
Scaled explained SS	2.092653	Prob. Chi-Square(3)	0.5534

Data source processed 2024 (Eviews 12)

From the data in Table 6, a probability of 0.3511 is found, which is higher than the significance value (alpha) of 0.05. Therefore, it can be concluded that the analyzed data does not experience heteroscedasticity.

Panel Data Analysis Model**Table 7 Panel data regression analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob. > t
C	0.136500	0.082089	1.662829	0.1079
X1	0.017079	0.024271	0.703700	0.4876
X2	0.259764	0.076411	3.399583	0.0021
X3	-0.198970	0.074278	-2.678730	0.0124

Data source processed 2024 (Eviews 12)

$$Y = 0.136500 + 0.017079 X_1 + 0.259764 X_2 - 0.198970 X_3 + e$$

Based on table 7 above, the regression equation model of the selected fixed effect model can be used to explain the following results:

1. Based on the regression equation above, the constant value of 0.136500 indicates that if the independent variables of the audit committee (X1), capital intensity (X2) and sales growth (X3) are assumed constant, then the value of 0.136500 is the predicted value of tax avoidance.
2. The regression coefficient for the audit committee symbolized by X1 is 0.017079. The meaning of the value of 0.017079 is that a one-unit increase in the audit committee (X1) will increase tax avoidance by 0.02%, assuming that other independent variables in the model are considered constant.
3. The regression coefficient for capital intensity denoted by X2 is 0.259764. The meaning of the value 0.259764 is that a one-unit increase in X2 will increase tax avoidance by 0.26%, assuming that other independent variables in the model are held constant.
4. The regression coefficient for sales growth denoted by X3 is -0.198970. The meaning of the value -0.198970 is that a one-unit increase in X3 will decrease tax avoidance by 0.20%, assuming that other independent variables in the model are held constant.
5. Epsilon (error-term) or 'e' indicates that factors or variables other than the audit committee (X1), capital intensity (X2) and sales growth (X3) affect tax avoidance.

Hypothesis Test Results

Table 8 Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.136500	0.082089	1.662829	0.1079
X1	0.017079	0.024271	0.703700	0.4876
X2	0.259764	0.076411	3.399583	0.0021
X3	-0.198970	0.074278	-2.678730	0.0124

Effects Specification			
Cross-section fixed (dummy variables)			
Root MSE	0.018693	R-squared	0.796731
Mean dependent var	0.238917	Adjusted R-squared	0.736503
S.D. dependent var	0.042050	S.E. of regression	0.021585
Akaike info criterion	-4.621316	Sum squared resid	0.012580
Schwarz criterion	-4.225436	Log likelihood	92.18369
Hannan-Quinn criter.	-4.483143	F-statistic	13.22861
Durbin-Watson stat	2.124145	Prob(F-statistic)	0.000000

Data source processed 2024 (Eviews 12)

Results of the Determination Coefficient Test (Adjusted R2)

In table 8 the value of the multiple determination coefficient in eviews 12 is the same as in other applications, namely labeled Adjusted R square. From the table, it can be concluded that the Adjusted R square reaches 0.736503, indicating that 73.65% of the variation in the dependent variable can be explained by the independent variables in the model, while the rest is in other variables not included in the study.

Partial Significance Test Results (t-Statistic Test)

Based on the results of the t-test, the decision making is as follows:

1. Testing the Audit Committee variable (X1)

The first hypothesis states that the Audit Committee variable (X1) does not have a significant effect on the Tax Avoidance variable (Y). Based on the results of data calculations using the Eview 12 program, the results obtained show that the significance probability

value is 0.4876. This means that the decision to accept H1 and reject H0, meaning that the Audit Committee does not have a significant effect on Tax Avoidance, because the significance probability value is greater than 0.05 with a positive relationship direction.

2. Testing the Capital Intensity variable (X2)

The second hypothesis states that the Capital Intensity variable (X2) has a significant effect on the Tax Avoidance variable (Y). Based on the results of data calculations using the Eview 12 program, the results obtained show that the significance probability value is 0.0021. This means that the decision to accept H1 and reject H0, meaning that Capital Intensity has a significant effect on Tax Avoidance, because the significance probability value is less than 0.05 with a positive relationship direction.

3. Testing of Sales Growth variable (X3)

The third hypothesis states that Sales Growth variable (X3) has a significant effect on Tax Avoidance variable (Y). Based on the results of data calculation using Eview 12 program, the result is that the significance probability value is 0.0124. This means that the decision to accept H1 and reject H0, meaning that Sales Growth has a significant effect on Tax Avoidance, because the significance probability value is less than 0.05 with a negative relationship direction.

F-Test Results (Simultaneous)

The F test is used to see whether the independent variables have a significant influence on the dependent variable as a whole. The results of data processing show that the independent variables of the audit committee variable (X1), capital intensity variable (X2), sales growth variable (X3) have a significance F count of 13.22861 with a probability level of significance smaller than 0.05 with a value of 0.000000. Thus, the results of the analysis in this study indicate that together the independent variables: audit committee variable (X1), capital intensity (X2), sales growth (X3) have a significant effect on tax avoidance (Y).

DISCUSSION

The Influence of the Audit Committee on Tax Avoidance

In the first test using the panel data regression method, the audit committee variable has a coefficient of 0.017079 with a significance level of 0.4876. Because the significance value exceeds 0.05, the second hypothesis states that the audit committee has no significant effect on tax avoidance. This finding is in line with previous research (Pratomo & Rana 2021) which states that the audit committee has no effect on tax avoidance. The more audit committees in a company, the less likely managers are to engage in tax avoidance. This is because the audit committee becomes stricter and more assertive in carrying out its duties (Marwan et al., 2022).

This study is strengthened by the findings of research conducted by (Honggo & Marlinah, 2019) stating that the performance of the audit committee is not optimal, so it does not contribute to tax decision making in companies that indicate a lack of effort to avoid taxes. Supported by agency theory with going concern audit opinion has a relationship, namely where the agent carries out his duties to manage the company and produces financial reports that are the result of the manager's accountability (Katrian & Nurbaiti, 2021). The role of the audit committee is formed to assist the board of commissioners in providing perspectives on financial policies, accounting, and other aspects. However, the final decision remains the responsibility of management, including in terms of decision making related to taxation, which does not affect tax avoidance actions taken by the company (Yopie, 2022). This shows that companies that have an audit committee will be more responsible and transparent in presenting financial reports because the audit committee will monitor all company operations. (Dewi & Jati, 2014).

The Influence of Capital Intensity on Tax Avoidance

In the second test using the panel data regression method, the capital intensity variable has a coefficient of 0.259764 with a significance level of 0.0021. Because the significance value is below 0.05, the third hypothesis states that capital intensity has a significant effect on tax avoidance. This finding is in line with previous research by (Cahyo & Napisah, 2023) which states that capital intensity has a positive effect on tax avoidance.

This study is reinforced by the results of previous research conducted by (Rahma et al., 2022) which states that capital intensity has a significant effect on tax avoidance in a positive direction and proves that companies that allocate more of their capital to fixed assets will have a low effective tax rate. If the effective tax rate decreases, the policy to carry out discretionary tax avoidance will increase. This is because the depreciation burden of these assets is greater so that the company's burden will also be greater.

Linking this to agency theory emphasizes the magnitude of the tax burden that must be borne by the company and the differences in interests between shareholders (principals) and management (agents). In this situation, managers usually allocate unused funds to investments in fixed assets to generate depreciation. This depreciation helps reduce the taxes to be paid by reducing taxable profits (Cahyo & Nabesar, 2023).

The Influence of Sales Growth on Tax Avoidance

In the third test using the panel data regression method, the sales growth variable has a coefficient of -0.185579 with a significance level of 0.0124. Because the significance value is below 0.05, the fourth hypothesis states that sales growth has a significant effect on tax avoidance. This finding is in line with previous research by (Honggo & Marlinah, 2019) which states that sales growth has an effect on tax

avoidance. Thus, a company's sales growth plays an important role and has a significant effect on tax avoidance. This is due to the fact that in the sales growth process, companies tend to consider cost and tax aspects to maximize profits, so that they can reduce the burden of tax liabilities that must be borne.

This study is strengthened by the findings of research conducted by (Marta & Nofryanti, 2023) stating that sales growth has an effect on tax avoidance practices. This means that the more sales, the greater the profit growth, and the greater the tax payments. As a result, the Company seeks to reduce the taxes that must be paid by avoiding taxes.

Connecting this with agency theory shows the relationship between agents and management with principals or investors, encouraging management to maintain positive relationships with investors. Increased sales will encourage companies to further optimize cost savings in order to obtain high profits from sales growth (Ningsih & Noviari, 2022).

The Influence of Audit Committee, Capital Intensity and Sales Growth on Tax Avoidance

In testing using the F Test method, the results of data processing show that the independent variables of the audit committee variable (X1), capital intensity variable (X2), sales growth variable (X3) have a significance F count of 13.22861 with a probability level of significance smaller than 0.05 with a value of 0.000000. Thus, the results of the analysis in this study indicate that together the independent variables: audit committee variable (X1), capital intensity (X2), sales growth (X3) have a significant effect on tax avoidance (Y).

This study is strengthened by the findings of the results conducted by (Tiala et al., 2019) stating that the audit committee has a significant influence on the tax avoidance variable. The higher the number of audit committees, the lower the level of tax avoidance. From the results of previous research conducted by (Rahma et al., 2022) it was stated that capital intensity has a significant influence on tax avoidance in a positive direction and proves that companies that allocate more of their capital to fixed assets will have a low effective tax rate. If the effective tax rate decreases, the policy for discretionary tax avoidance will increase. This is because the depreciation burden of these assets is greater so that the company's burden will also be greater.

Supported by previous research conducted by (Marta & Nofryanti, 2023) states that sales growth has an effect on tax avoidance practices. This means that the more sales, the greater the profit growth, and the greater the tax payments. As a result, the Company seeks to reduce the taxes that must be paid by avoiding taxes. Supported by agency theory with the view that agents make optimal efforts to maximize profits and manage the company's tax obligations. This effort aims to protect the agent's performance compensation from

potentially declining, which can have a negative impact on the company's profits due to the tax burden borne.

This theory emphasizes the magnitude of the tax burden that must be borne by the company and the differences in interests between shareholders (principals) and management (agents). In this context, managers tend to allocate unused funds into fixed assets in the hope of creating depreciation expenses. This depreciation expense functions as a tax deduction that can reduce taxable profits (Cahyo & Napisah, 2023). Company management in the context of tax avoidance is a crucial aspect to enable companies to manipulate the profits obtained. Thus, the tax obligations that must be met by the company can be minimized. However, this action has the potential to influence investor perceptions in assessing company performance.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results that the researcher discussed regarding "THE EFFECT OF AUDIT COMMITTEE, CAPITAL INTENSITY, AND SALES GROWTH ON TAX AVOIDANCE" in Non-Cyclical Consumer Companies Listed on the IDX in 2018 - 2023 with a research sample of 6 companies. The method used in this study is secondary data with purposive sampling as a sampling technique. The analysis tool used in this study is EvIEWS 12, the researcher can draw the following conclusions:

1. Based on the data collected and the results of the hypothesis testing conducted in the previous chapter, it can be concluded that the Audit Committee does not have a significant effect on Tax Avoidance.
2. Based on the data collected and the results of the hypothesis testing conducted in the previous chapter, it can be concluded that Capital Intensity has a significant effect on Tax Avoidance.
3. Based on the data collected and the results of the hypothesis testing conducted in the previous chapter, it can be concluded that Sales Growth has a significant effect on Tax Avoidance.
4. Based on the data collected and the results of the hypothesis testing conducted in the previous chapter, it can be concluded that the audit committee (X1), capital intensity (X2), sales growth (X3) have a significant effect on tax avoidance (Y).

FURTHER STUDY

There are limitations in this study. The following are the details of these limitations:

1. This study only uses three independent variables, namely the audit committee, capital intensity, and sales growth. While there are still many other factors that may affect tax avoidance that are not included in the study.
2. The observation period in this study is limited to only 6 years in Consumer Non-Cyclical Companies Listed on the IDX in 2018 - 2023.

- While there are still many companies in other sectors that may affect tax avoidance that are not included in the study.
3. Many companies experienced losses and experienced a decline in sales during this study period, so this does not match the sample criteria which results in a reduction in the sample.
 4. This study uses secondary data so that the data obtained has not been clearly confirmed whether the company is taking tax avoidance actions or not.

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