Research Paper

The Analysis of Political Connections Impact, Profitability, Firm Size, Leverage and Tax Incentives on Tax Aggressiveness Before and After Tax Amnesty Policy in Indonesia
(Study on Real Estate Companies Listed on the Indonesia Stock Exchange 2014-2017)

Fittry Megasari Sijabat[1], Erlina[1], Hasan Basri Tarmizi[1]

[1]Department of Accounting, Faculty of Economics and Business at Universitas Sumatera Utara, Indonesia

Corresponding Author: Fittry Megasari Sijabat

ABSTRACT

This study aims to analyze the variables of political connection, profitability, firm size, leverage, and tax incentives on tax aggressiveness (ETR) after implementing the tax amnesty in Indonesia in 2016. The research used is qualitative.

The population in this study is all Real Estate companies listed on the Indonesia Stock Exchange in 2014-2017. The sampling method used was the purposive sampling method, so that 35 real estate companies were sampled in this study with 4 2014-2017 financial statements so that there was a total of 140 research samples. The data analysis technique used in this study is a multiple linear regression model by testing descriptive statistics and classical assumptions.

The results obtained in this study are that political connections, profitability, firm size, leverage, and tax incentives affect tax aggressiveness. The political connection does not affect tax aggressiveness. Profitability, firm size, and tax incentives positively and significantly affect tax aggressiveness. Leverage has a negative effect on tax aggressiveness.

Keywords: political connection, profitability, firm size, leverage, and tax incentives, tax aggressiveness.

INTRODUCTION

Taxes are the obligation of citizens to contribute directly to the state, either individuals or business entities that are coercive under the law, without getting direct rewards and will use for the needs of the state for the greatest prosperity of the people (Law No. 6 of 1983). Payment of taxes is a manifestation of state obligations and the participation of taxpayers to directly and jointly carry out tax obligations for state financing and national development. Tax revenue is always expected to increase so that the country's development can run smoothly.

Sales and investments made by the company will later generate profits or income. Profit or income is an indicator by shareholders when assessing management performance in a company. However, the effect of management's performance appraisal is that management often makes plans for profit or income to be seen optimally for shareholders. One way to maximize profit or investment is to regulate the tax burden on income tax payments. So often, companies reduce the tax burden by reducing reported net income.
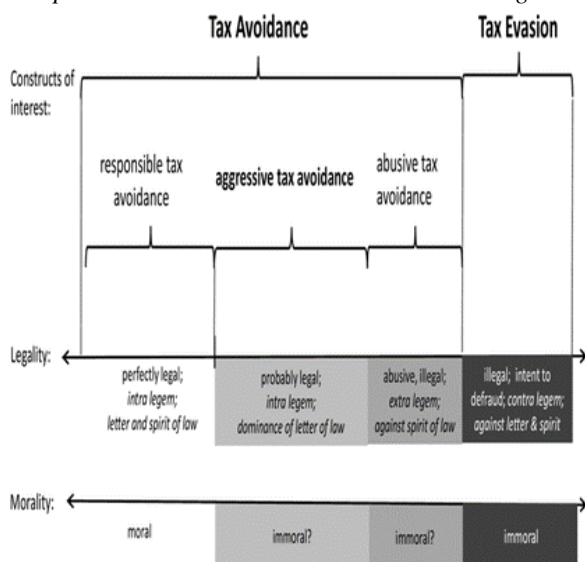
Figure 1. Conceptual framework of Corporate Tax Planning

Aggressive actions related to corporate tax policies are known as tax aggressiveness (Lietz, 2013). According to Lietz (2013), the notion of tax aggressiveness itself is an action that is regulated to reduce taxable income with appropriate tax planning and is classified or not classified as tax evasion. Lietz's research states that companies and owners prefer to take tax aggressive actions with earnings management. Aggressive tax action aims to reduce taxable profit through tax planning, either using methods classified as or not classified as tax evasion (tax evasion). Tax evasion is an attempt to minimize tax payments that violate tax rules. The effective tax rate (ETR) can determine the value of tax planning.

Tax aggressiveness is something that often happens in large companies today. It is not following the rules that have been applied both in society and in government. As a tax recipient, the government will be harmed by this action because it can reduce government revenues for state development. For the community, the impact that will be obtained is that they do not get adequate facilities and support for the development obtained from the government for these actions (Lennox et al., 2013).

The practice of tax aggressiveness, which is still in the gray area, makes an attractive strategy choice taken by management. There are various motives in aggressive tax aggressiveness, one of which is to increase profitability by reducing the company's tax burden. However, not all companies dare to take an aggressive tax aggressiveness strategy. Some of the causes are the risk of sanctions or high costs. There is also the image of a company that always conducts business ethically or upholds good corporate governance—those who still think that aggressive tax aggressiveness is the same as tax evasion (tax evision).

Tax aggressiveness is measured using the Effective Tax Rate (ETR) and research by Zimmerman (1983), which states that ETR is one measure of tax aggressiveness. ETR is measured by dividing total tax expense by profit before tax.

This study also uses another measurement, namely Cash ETR. This model is intended to strengthen the model in predicting research findings. This model was also carried out in several studies such as Zimmerman (1983). The purpose of using this model is also different if the ETR aims to see the tax burden paid in the current year while the Cash ETR is to accommodate the amount of cash taxes paid currently by the company. Cash ETR in this study is measured by dividing tax payments by profit before taxes (Hanlon & Heitzman, 2010).

In every company, each party has its interests, so that to prevent conflicts between these parties, it is necessary to have supervision from parties outside the company. The outside party referred to here is institutional ownership which means share ownership owned by the government, insurance companies, foreign investors, or banks, except for individual investors. Institutional owners play an important role in monitoring, disciplining, and influencing managers.

Institutional ownership will ensure that the company's management's decision-making will maximize shareholder welfare. The existence of institutional owners has an important function in improving

supervision. It will be optimal because it is considered capable of effectively monitoring every decision taken by the management. Thus, a high level of institutional ownership can lead to a higher level of management supervision. It can reduce conflicts of interest between management, so that agency problems are reduced and minimize opportunities for tax avoidance.

High institutional ownership increases the tendency of companies to take tax avoidance actions. Companies with high institutional ownership are even more aggressive in minimizing tax reporting, thereby increasing the practice of tax aggressiveness by companies to minimize their tax burden.

Ha et al. (2017) states that based on research on companies in Vietnam, there is a relationship of ownership and the firm size has a positive relationship with the measurement of tax avoidance. Lin et al. (2016) found research results that political connections, in this case, are defined as special relationships within the company which cause the decisions taken to be in line with the interests of the company owners. So that if the government becomes the largest shareholder in the company, the government will optimize profit receipts and report taxable income under applicable regulations to become state revenue and the good name of the state-owned company. Chen et al. (2010) stated that the level of institutional ownership has no significant effect on tax avoidance. It is due to the concentrated ownership structure that has not provided good control over management's actions on attitudes that fulfill their interests.

The political connection does not directly influence the effective tax rate. However, direct family ownership is one of the highest variables in increasing the value of the effective tax rate, which describes the high value of company aggressiveness.

In carrying out earnings management, the principle will use accounting methods to plan corporate taxation (Lennox et al., 2013). In this method of accounting, there are many factors, including profitability, firm size, leverage which are then used to plan earnings management.

Profitability is a comparison that can be used to see the development of financial performance in generating profits (Zhu, 2019). Zhu said that profitability is a performance indicator carried out by management when managing the company's wealth which will be shown in the financial statements through the profits generated. Earnings management is something that management usually does to manage company assets and investments.

Profitability can be calculated using several ratios: a return on assets (ROA) related to company profits and income taxes imposed on companies. The higher the value of a company's profitability indicates that the income earned by the company is also increasing. It means that the company's financial performance is considered good. So the company is assumed not to do tax avoidance because it can regulate its income and tax payments.

It can be interpreted that the higher the profitability value obtained, the higher the value of tax aggressiveness which shows the company's reluctance to avoid tax by the company. Profitability is one of the determining factors for the tax burden because companies with large profits will pay taxes every year. Meanwhile, companies with low-profit levels or even suffer losses will pay less tax or not at all. Therefore, the level of profitability greatly affects the value of tax aggressiveness. In addition, by using loss compensation, the company can reduce the obligation to pay taxes for the previous or next financial year. All of these are tax burden benefits for companies that suffer losses. Based on this concept, the company's ability to generate profits can directly affect the company's effective tax rate.

Lanis & Richardson's (2012) research shows a significant positive effect on tax aggressiveness. Atwood et al. (2012)

state that several variables that increase the company's aggressiveness value include company profitability. It can be seen from a cross-sectional study of companies registered only in Florida. Moreover, it was found that profitability is one of the variables with a positive value with tax aggressiveness. Atwood et al. (2012) stated that several variables that increase the company's aggressiveness value include company profitability. It can be seen from a cross-sectional study of companies registered only in Florida. Moreover, it was found that profitability is one of the variables with a positive value with tax aggressiveness.

The firm size can influence how the company fulfills its tax obligations. Besides that, it is also a factor that causes tax evasion. Watson (2015) states that firm size is a scale that can group companies into large and small companies. Companies grouped in large sizes are considered more capable or stable in generating profits than small companies. If the firm size becomes large, the more stable the company can generate profits. The emergence of high profits will be accompanied by a higher tax burden obtained by the company. Therefore, to avoid large expenses due to a high tax burden, large companies will have a high tendency to take tax avoidance actions.

Holland Kevin (1998) researched the value of firm size and the value of tax aggressiveness in mining companies in the UK. It was found that since 1963, the firm size variable has become a variable that greatly influences tax aggressiveness. The greater the number of assets of the company, the value of tax aggressiveness will be higher. Herron & Nahata (2020) stated that large companies in America tend to follow the shareholders' wishes and carry out CSR to achieve shareholder satisfaction and increase the value of tax aggressiveness. Zhu et al. (2019) found that firm size had a positive and significant effect. Small companies cannot manage their tax burden optimally due to the lack of expertise in this field. In contrast, large companies have

records and books that make financial reports more transparent and not covered.

Leverage is a comparison that reflects the size of the company's debt to finance its operating activities. The increase in the amount of debt will cause an increase in the interest expense that the company must pay. The interest expense component can reduce pre-tax profit, so it can be interpreted that a high-interest expense indicates a lower profit. Companies with low profits are less likely to take tax avoidance actions if this happens.

This study calculates leverage using the debt to asset ratio (DAR) indicator. DAR to find out the number of company assets financed by debt. According to Watson (2015), leverage has a negative effect on the value of tax aggressiveness. It was found that many companies in America deliberately incur additional long-term debt in order to avoid taxes by increasing the amount of interest charged on long-term loans.

Tax incentives are facilities provided by the government, in this case, the Ministry of Finance, especially the Directorate General of Taxes, to assist the community in reducing the company's tax burden to encourage these companies to invest in certain projects or sectors or due to certain problems that require assistance from the government.

In this case, Tax Amnesty (2016), Tax incentives are one of the government's solutions to improve the Indonesian tax system. Tax amnesty in Indonesia has been implemented three times, namely 1964, 1998, sunset policy 2008, and Tax Amnesty 2016. With the tax amnesty, it is hoped that taxpayers, both individuals and business entities, will report their assets voluntarily and have their tax sanctions or fines abolished. It certainly has its pros and cons. The pros are for the government that wants to improve its taxation data, but the cons are for taxpayers who were already obedient. Instead, they will be demotivated and avoid tax until the tax amnesty is held. The 2016-2017 tax amnesty is held in 3 (three) stages,

namely July - September 2016, October - December 2016, and January - March 2017. The regulations governing the 2016 tax amnesty procedures and procedures are contained in the Tax Amnesty Law No. 11 the Year 2016.

Tax amnesty is one method that governments often use in countries that feel they still have poor tax ratios and tax management (rules and implementation) to restore the confidence of taxpayers in a country. For example, the United States has carried out more than 18 tax amnesties in 41 states in a period of <30 years. From 1951-2016, India has also carried out 16 tax amnesty programs.

There are many pros and cons to the implementation of the tax amnesty. On the one hand, the tax amnesty can be beneficial for a country that requires large funds in infrastructure development which would be very beneficial for the economy, for example, in Indonesia. However, on the other hand, there will be a gap against tax evaders whose tax sanctions will immediately be abolished as long as they have participated in the tax amnesty.

Sholihah (2016) examined the implementation of the tax amnesty in Indonesia and found many disappointments between companies and individuals who have reported tax obediently because there is a new legal umbrella for tax evaders. Moreover, the tax amnesty is very helpful for corruptors in money laundering transactions. It is different from the initial goal of the Finance's Ministry of the Republic Indonesia, which initiated tax amnesty as momentum in improving the tax system terms of tax compliance and also in terms of administration and recording in the tax system. It is hoped that the tax amnesty will increase the value of the tax ratio of the Republic of Indonesia.

Due to the government's policy towards tax incentives, the Indonesian Institute of Accountants supports the government program, in this case, the tax amnesty. It is supported by launching a Statement of Financial Accounting Standards Number 70, which provides guidelines for entities in preparing financial statements after following the tax amnesty law (Tax amnesty).

Martani & Maharani (2020) researched companies that had already carried out a tax amnesty regarding the suitability of the application of PSAK 70 in the implementation of corporate financial reporting during the 2016-2020 period. In their research, Martani & Maharani (2020) found that PSAK 70 has not been maximally implemented and is still being applied in various ways by companies listed on the Indonesia Stock Exchange.

Indonesia adheres to a self-assessment system in the tax collection system. Taxpayers are given full trust in calculating, paying, and self-reporting their tax obligations. The self-assessment system is regulated in Article 12 of the Law on General Provisions of Taxation. The application of this tax law seems to provide an opportunity for taxpayers, in this case, companies, to reduce the amount of tax that must be paid by reducing company costs, including expenses tax. Companies can do two ways to reduce the tax paid: reducing the value of taxes by following the applicable tax regulations (Tax Avoidance) or reducing the value of taxes by taking actions that do not follow tax laws (Tax Evansion).

According to Zimmerman (1983), tax for companies is a burden that will reduce net income so that companies always want to pay taxes to a minimum. A tax burden burdens the company and its owners, so there are efforts to avoid tax. Companies take advantage of unclear regulations in tax avoidance to obtain favorable tax outcomes (Wang, 2015).

Hanlon & Heitzman (2010) research found that tax avoidance is an explicit tax rate reduction represented in a series of tax planning strategies, including tax management, tax aggressiveness, tax evasion, and tax shelters.

According to Wang (2015), tax avoidance can cause a conflict of interest

between management and creditors because of information asymmetry and moral hazard problems. Tax avoidance can also give a positive or negative reaction to the market. When there is an increase in the company's expenses, there will be a negative reaction to the value of profits to decline the market. Moreover, vice versa, when the company's expenses decrease, there will be a positive reaction to the profit value so that the market increases.

In the 2018 state budget posture, state revenue is projected to reach Rp. 1,894.7 trillion. This amount comes from tax revenues of IDR 1,618.1 trillion, Non-Tax State Revenues of IDR 275.4 trillion, and grants of IDR 1.2 trillion. If we consider State Taxes the largest percentage of Indonesian state revenues, which is 86.2% compared to other revenues, namely Non-Tax State Revenue (PNBP) with a percentage of 15.8% and grants with a percentage of 1% in 2018 (www.kemenkeu.go.id). It cannot be separated from the government's role, which always strives to maximize tax revenue as much as possible, such as by implementing various tax policies.

One of the efforts made by the government in 2016 to increase tax revenue was the implementation of a tax amnesty policy. The tax amnesty policy was marked by the enactment of Law of the Republic of Indonesia Number 11 of 2016 concerning Tax Amnesty on July 1, 2016, by the president of the Republic of Indonesia, Mr. Ir. Joko Widodo. Law of the Republic of Indonesia Number 11 of 2016 explains that Tax Amnesty has one of the purposes of tax amnesty or tax amnesty is to increase tax revenues which will later be used for development financing. With the enactment of this law, the government hopes that taxpayers or companies will be more obedient in paying taxes.

Based on the Tax Amnesty phenomenon above, the purpose of this study is to determine the effect of political connections, profitability, firm size, and company average on tax aggressiveness in

real estate sector companies before and after the tax amnesty is enforced.

By knowing the trend of tax aggressiveness (ETR), it is expected to show a tendency to increase or decrease the tax aggressiveness of real estate companies as a whole with the period used as a measure of 2 years before the tax amnesty and two years during and after the tax amnesty.

Framework

Following the description of the background of the problem, literature review, and previous research, a conceptual research framework is prepared as follows:
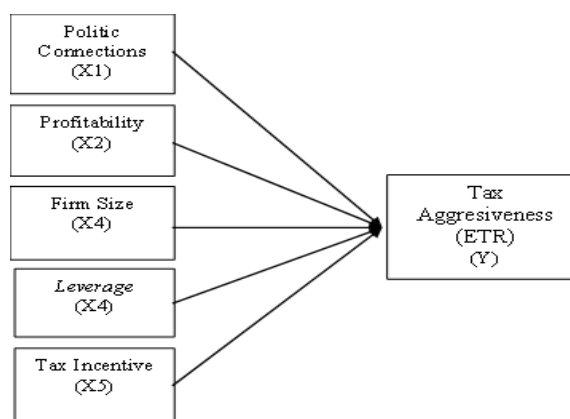

Figure 2. Conceptual Framework

H1: Political connection positively affect tax aggressiveness.
H2: Profitability positively affect tax aggressiveness.
H3: Firm size positively affect tax aggressiveness.
H4: Leverage negatively affect tax aggressiveness.
H5: Tax incentives (Tax Amnesty) positively affect tax aggressiveness.

RESEARCH METHODS

This type of research is causal associative research to determine the effect of political connection, profitability, firm size, leverage, and tax incentives as independent variables on tax aggressiveness as dependent variables. The causal associative study analyzes the relationship between one variable to determine how one

affects other variables (Erlina, 2015). The data analysis method used in this study is a statistical analysis method using SPSS software. Data analysis performs by testing standard assumptions and testing hypotheses.

The population used in this study was 79 Real Estate companies listed on the IDX in 2014-2017. This research uses the purposive sampling technique. A sample of 35 companies was multiplied by four years of research to obtain 140 observations.

RESULT AND DISCUSSION
Statistical analysis

Table 1. Descriptive statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Politic Connection (X1)	140	.0000	.6500	.018571	.1086779
Profitability (X2)	140	-.1763	85.5514	.685309	7.2251336
Firm Size (X3)	140	21.5300	37.2500	29.004929	2.0595451
Leverage (X4)	140	.0003	3.4130	.500485	.3930295
Tax Incentive (X5)	140	.0000	1.0000	.450000	.4992801

Source: SPSS Software Results, 2021

Based on the table above, the results of descriptive statistics for the independent and dependent variables are:
1. Political Connections (X1) has an average ownership value of 10% with a lower limit of 0% with an upper limit of 65%, which are state-owned companies.
2. ROA (X2) has an average value of 0.69 times where the lower limit of ROA is owned by the Rimo International Lestari company with a ROA of 0.17, and the upper limit of the Total Bangun Persada company has a ROA of 85 times.
3. Firm size (X3) has an average asset value of Rp. 275.631,309,785,714. The minimum value is owned by the Total Bangun Persada company with an asset value of Rp. 2,236,000,000, and the maximum value is owned by the Sentul City company with assets of Rp. 14,977,000,000,000,000.
4. Debt to asset ratio (DAR) has an average value of 0.50. The minimum value owned by the Kota Satu Properti company is 0.0009, and the maximum value is owned by the Rimo

International Lestari company, which is 3.41.
5. Tax incentives or Tax Amnesty where the average value for this variable is 0.45 wherein 2016 Tax Amnesty was only held with 25 companies as taxpayers participating. In the Tax Amnesty in 2016 and 2017, 35 real estate companies participated in the program tax amnesty.

Classic Assumption Test Results
Normality test

The normality test is used to test whether the regression model, residual or confounding variable has a normal distribution. Data that has a normal distribution or is close to normal is the best data for research. The method used is the Kolmogorov Smirnov method. The test uses the One-Sample Kolmogorov-Smirnov Test with attention to a significance level of 5%. Decision-making on the normality test is carried out by looking at the asymp.sig (2-tailed) probability. The value must be greater than 0.05 to obtain data with a normal distribution (Santoso, 2018).

Table 2. Normality Test Results

Number of Samples	Kolmogorov – Smirnov	Asymp. sig (2-tailed)
140	0,272	0,341

Source: SPSS Software Results, 2021

Based on table 2 above, it can be seen that Kolmogorov-Smirnov is 0.272 with a significant value in asymmp.sig (2-tailed) is 0.341 > 0.05. So it can be concluded that the data in this study are normally distributed.

Normality of the data is also done by observing the curve image and distribution graph. The regression model is normally distributed if the plotting data (dots) that describe the actual data follow a diagonal line.

Based on Figure 3, it can be concluded that the regression model is normally distributed.
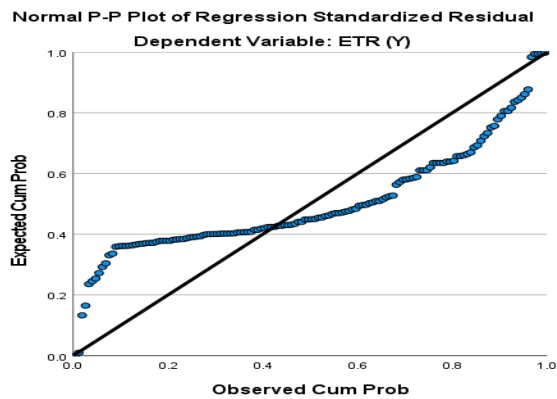
Figure 3.PP Plot Normality Test Results

Multicollinearity Test

Multicollinearity test has the aim of testing the correlation between the independent variables. If there is a correlation, it is called the symptom of multicollinearity, but a good regression model should not correlate with the independent variables. The test criteria are;

1. There is no multicollinearity if the Tolerance value > 0 or the VIF value < 10

2. Multicollinearity occurs if the Tolerance value < 0 or the VIF value > 10

Table 3. Multicollinearity Test Results

Variables	Tolerance	VIF
Political Connection (X1)	0,986	1.014
Profitability (X2)	0,902	1.109
Firm Size (X3)	0.860	1.162
Leverage (X4)	0.929	1.077
Tax Amnesty	0.967	1.034

Source: SPSS Software Results, 2021

From the table above, it can be seen that the Tolerance value > 0 and the VIF value is < 10. It can be concluded that there is no multicollinearity.

Multiple Linear Regression Analysis

Multiple regression analysis is intended to estimate how the condition of the dependent variable when it is associated with the independent variables. The analytical method used in this research is multiple linear regression analysis, where each variable is available. The results of data processing in SPSS are as follows:

Table 4. Results of Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.219	.020		9.435	.000		
	Politic Connection (X1)	.177	.001	.038	.707	.481	.986	1.014
	Profitability (X2)	.002	.001	.039	3.846	.000	.902	1.109
	Firm Size (X3)	.005	.006	.024	2.740	.010	.860	1.162
	Leverage (X4)	-.081	.045	-.283	-2.132	.001	.929	1.077
	Tax Incentive (X5)	.025	.006	.483	3.458	.002	.967	1.034

a. Dependent Variable: ETR (Y)

Source: SPSS Software Results, 2021

The table above shows that the regression equation is:

Y = 0,219 + 0,0177 X1 + 0,002 X2 + 0,005 X3 - 0,081 X4 + 0,25 X5

From the above equation can be explained, among others:

1. The constant value of 0.219 indicates that the Political Connection (X1), Profitability (X2), Firm size (X3), Leverage (X4), and Tax Incentives (X5) variables have a value of 0, so ETR or tax aggressiveness has a value of 0.219.

2. The coefficient value on political connections or government ownership is 0.0177, which means a positive value. If there is an increase in political connections worth 1, there will be an increase in tax aggressiveness worth 0.0177, assuming the other variables have constant values.

3. The coefficient value on profitability is 0.002, which means a positive value. If

there is an increase in company profitability worth 1, there will be an increase in tax aggressiveness worth 0.002, assuming that the other variables have a constant value.

4. The value of the coefficient on the size of the company, which is indicated by the asset value, is 0.005, which means a positive value so that if there is an increase in the size of the company worth 1, there will be an increase in tax aggressiveness worth 0.005 assuming the other variables have a constant value.

5. The value of the coefficient on leverage is -0.081 with a negative value, so if there is an increase in the company's leverage of 1, there will be a decrease in tax aggressiveness of 0.081 with the assumption that the other variables have constant values.

6. The coefficient value on the Tax Incentive or Tax Amnesty is 0.025, which means a positive value so that if a company follows the Tax Incentive or Tax amnesty given a value of 1, there will be an increase in tax aggressiveness worth 0.025 assuming the other variables have a constant value.

Hypothesis test
Partial Test (t-Test)

Hypothesis testing is a test to determine whether or not each model's effect on the dependent variable with a significance level of 5%. Testing can be done with the following criteria;

a) If the value of tcount > ttable, Ho is rejected and Ha is accepted, at = 5% or significant level <0.05.

b) If the value of tcount < ttable, then Ho is accepted and Ha is rejected, at = 5% or significant level > 0.05.

Table 5. Partial Test Results

Variables	t-count	t-table	Significance	Conclusion
Political Connection (X1)	0.707	1.97783	0.481	Rejected
Profitability (X2)	3.846	1.97783	0.000	Accepted
Firm Size (X3)	2.740	1.97783	0.010	Accepted
Leverage (X4)	-2.132	1.97783	0.001	Accepted
Tax Amnesty	3.458	1.97783	0.002	Accepted

Source: SPSS Software Results, 2021

Based on the results of the t-test in the table above, the influence of each variable is obtained, including;

1. Based on the results of the t-test, it was found that partially political connection (X1) does not affect tax aggressiveness. Obtained tcount (0.707) < ttable (1.977) with a significant level of 0.481 > 0.05. So Ho is accepted, and Ha is rejected.

2. Profitability (X2) partially affects tax aggressiveness. Obtained tcount (3.846) > ttable (1.977), with a significant level of 0.000 <0.05. Then Ha is accepted (Ho is rejected).

3. Firm size (X3) partially affects tax aggressiveness. Obtained tcount (2.740) > ttable (1.977), with a significant level of 0.010 <0.05. Then Ha is accepted (Ho is rejected).

4. Leverage (X4) partially affects tax aggressiveness. Obtained tcount (-2.132) > ttable (1.977), with a significant level of 0.001 <0.05. Then Ha is accepted (Ho is rejected).

5. Tax Incentive or Tax Amnesty (X5) partially affects tax aggressiveness. Obtained tcount (3.458) > ttable (1.977), with a significant level of 0.002 <0.05. Then Ha is accepted (Ho is rejected).

Simultaneous Test (F Test)

The F statistical test is used to test the feasibility of the model and shows whether all the independent variables used are feasible or not. In other words, the F test can show the effect of the independent variables simultaneously or simultaneously on the dependent variable.

Table 6. Simultaneous Test Results

Model	F Value	Sig
Regression	107,538	0,000ᵃ

Source: SPSS Software Results, 2021

Based on the table above, it can be seen that the Fcount value is 107,538 with a significant level of 0.000, while Ftable is 2.28 with a significant level of 0.05. Thus, Fcount Ftable, 107.538 2.28, shows Fcoun is greater than Ftable, meaning Ho is rejected. So it can be concluded that the independent variables have a common effect on the dependent variable. It means that the variables of Political Connection (X1), Profitability (X2), Firm size (X3), Leverage (X4), and Tax Incentives or Tax Amnesty (X5) simultaneously have the effect of ETR or tax aggressiveness and are suitable for use in this study.

Coefficient of Determination Test (R2)

The coefficient of determination aims to measure how far the ability of the regression model to explain the dependent variable is. In other words, the coefficient of determination is used to measure how far the independent variables explain the dependent variable. The value coefficient of determination is determined by the value of R square, as can be seen in the following table:

Table 7. Coefficient of Determination Test Results

Model	R	R Square	Adj.R^2
1	.963^a	.927	.918

Source: SPSS Software Results, 2021

The Adjusted R Square results are 0.918 (91.8%) from the above table. It means that variations influence 91.8% tax aggressiveness in the variables of Political Connection (X1), Profitability (X2), Firm size (X3), Leverage (X4), and Tax Incentives or Tax Amnesty (X5). At the same time, the remaining 8.2% is explained by other variables not included in this research model.

CONCLUSION

Based on the results of data analysis and research discussion, the following conclusions can be drawn:
1. Political connection (X1) does not affect tax aggressiveness. It can be concluded that the above results did not follow the hypothesis made in this study.

2. Profitability (X2) has a positive and significant effect on tax aggressiveness. It can be concluded that the above results follow the hypothesis made in this study.
3. Firm size (X3) positively and significantly affects tax aggressiveness. It can be concluded that the above results follow the hypothesis made in this study.
4. Leverage (X4) negatively and significantly affects tax aggressiveness. It can be concluded that the above results follow the hypothesis made in this study.
5. Tax incentives or Tax Amnesty (X5) positively and significantly affect tax aggressiveness. It can be concluded that the above results follow the hypothesis made in this study.

LIMITATIONS OF THE RESEARCH
1. This study only examines companies with real estate business processes, while those participating in the tax amnesty are all types of companies in Indonesia.
2. This study uses secondary data obtained from the stock exchange due to the secret nature of the tax amnesty.
3. The Taxation Law has been legalized, and there is already information on Tax amnesty volume 2, which can be an additional sample for future research.

SUGGESTION

Based on the conclusions of the research, the suggestions given are as follows:
1. Adding samples after the Tax amnesty volume 2 is carried out and increasing the period for the financial statements to be examined.
2. Use primary data by conducting interviews with taxpayers and tax officials to obtain other information apart from financial statements (with permission from the parties concerned).
3. Using samples from other types of companies.

REFERENCES

1. Chen, Shuping., Chen, Xia., Cheng, Qiang., Shevlin, Terry. 'Are Family Firms More Tax Aggressive than Non-Family Firms?', *Journal of Financial Economics*, 95.1 (2010), 41–61 https://doi.org/10.1016/j.jfineco.2009.02.003

2. Hanlon, Michelle., Heitzman, Shane, 'Hanlon Heitzman 2010 JAE.Pdf', *Journal of Accounting and Economics*, 2010

3. Herron, Richard., Nahata, Rajarishi, 'Corporate Tax Avoidance and Firm Value Discount,' *Quarterly Journal of Finance*, 10.2 (2020), 537–46 https://doi.org/10.1142/S2010139220500081

4. Holland, Kevin, 'Accounting Policy Choice: The Relationship between Corporate Tax Burdens and Firm size,' *Journal of Business Finance and Accounting*, 25.3–4 (1998), 265–88 https://doi.org/10.1111/1468-5957.00187

5. Ha, Thai., Tran, Nguyen., Quyen, Phan Gia. 'The Relationship between State Ownership and Tax Avoidance Level: Empirical Evidence from Vietnamese Firms', *Journal of Asian Business Strategy*, 7.1 (2017), 1–12 https://doi.org/10.18488/journal.1006/2017.7.1/1006.1.1.12

6. Kementrian Keuangan Republik Indonesia, 'Amnesti Pajak', 입법학연구, 제13집 1호.May (2016), 2 https://www.kemenkeu.go.id/single-page/amnesti-pajak/

7. Lanis, Roman., Richardson, Grant. 'Corporate Social Responsibility and Tax Aggressiveness: An Empirical Analysis, *Journal of Accounting and Public Policy*, 31.1 (2012), 86–108 https://doi.org/10.1016/j.jaccpubpol.2011.10.006

8. Lennox, Clive., Lisowsky, Petro., Pittman, Jeffrey. 'Tax Aggressiveness and Accounting Fraud,' *Journal of Accounting Research*, 51.4 (2013), 739–78 https://doi.org/10.1111/joar.12002

9. Lietz, Gerrit M, 'Tax Avoidance vs. Tax Aggressiveness: A Unifying Conceptual Framework,' *SSRN Electronic Journal*, 2013 https://doi.org/10.2139/ssrn.2363828

10. Lin, Kenny Z., Cheng, Suwina., Zhang, Fang. 'Corporate Social Responsibility, Institutional Environments, and Tax Avoidance: Evidence from a Subnational Comparison in China,' *International Journal of Accounting*, 2017 https://doi.org/10.1016/j.intacc.2017.11.002

11. Martani, Dwi., Maharani, Ayu., 'Analysis of Presentation and Disclosure of Tax Amnesty Assets and Liability in the Financial Statements of Listed Public Company in Indonesia', *KnE Social Sciences*, 2020 https://doi.org/10.18502/kss.v4i7.6852

12. Atwood, T. J., Drake, Michael S., Myers, James N., and Myers, Linda A., 'Home Country Tax System Characteristics and Corporate Tax Avoidance: International Evidence,' *Accounting Review*, 87.6 (2012), 1831–60 https://doi.org/10.2308/accr-50222

13. Santoso, Singgih, *Menguasai SPSS Versi 25*, *PT Elex Media Komputindo*, 2018 <https://www.google.co.id/books/edition/Menguasai_SPSS_Versi_25/ABGhDwAAQBAJ?hl=id&gbpv=0> [accessed 10 December 2021]

14. Sholihah, Imas, 'The Importance of Tax Amnesty Policy in Order to Overcome,' *Jurnal Dinamika Hukum*, 16.3 (2016), 273–79

15. Wang, Liangliang, 'Tax Enforcement, Corporate Tax Aggressiveness, and Cash Holdings,' *China Finance Review International*, 2015 https://doi.org/10.1108/CFRI-12-2014-0099

16. Watson, Luke, 'Corporate Social Responsibility, Tax Avoidance, and Earnings Performance,' *Journal of the American Taxation Association*, 37.2 (2015), 1–21 https://doi.org/10.2308/atax-51022

17. Zhu, Naiping., Mbroh, Nancy., Monney, Augustine., and Bonsu, Mandella Osei-Assibey. 'Corporate Tax Avoidance and Firm Profitability,' *European Scientific Journal ESJ*, 15.7 (2019), 61–70 https://doi.org/10.19044/esj.2019.v15n7p61

18. Zimmerman, Jerold L, 'TAXES AND FIRM SIZE * Previous Accounting Studies Hypothesized That Large Firms Are Subjected to Greater Government Scrutiny and Wealth Transfers than Smaller Firms and Therefore to Reduce These Political Costs, Large Firms Choose Income Reducing Account,' *Journal of Accounting and Economics*, 5. June (1983), 119–49

******