THE EFFECT OF TAX AVOIDANCE ON COMPANY VALUE WITH TAX SANCTIONS AS A MODERATING VARIABLE

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Abstract
This research is quantitative research with an exploratory approach, namely an approach that uses a number of previous studies, especially the five studies above, as the most basic reference for building the agrumentation construct that the researcher will build. The data that researchers use in this article is secondary data that researchers obtained from the Indonesian Stock Exchange. The data used in this research was analyzed using the smart PLS 4.0 analysis tool. The result int this article show. the two hypotheses that the researcher argued in the research methodology section, namely the Tax Avoidance variable, can have a positive relationship direction and a significant influence on the Company Value variable and the Tax Sanction variable can moderate the influence of the Tax Avoidance variable on Company Value due to value. each P-Values in the two rows of the table above shows the direction of a positive relationship and a significant influence which is smaller than the 0.05 significance level, namely 0.001 on the influence of the Tax Aviodance variable on Company Value and 0.000 in the next row, namely the Tax Sanction variable can moderate the influence of the variable. Tax Aviodance on Company Value. This can be caused because Tax Avoidance can minimize expenses which makes the company's financial condition stable. Apart from that, tax sanctions are not too strict and can make companies bolder in avoiding taxes.. Thus the first and second hypotheses in this research can be accepted.

Keywords: *Tax Avoidance, Company Value, Tax Sanctions.*

1. INTRODUCTION

Tax avoidance is cutting or reducing a company's tax obligations (Dyreng 2008). In order to minimize tax liabilities, this can be done in various ways, either those that still comply with tax regulations (lawful), which is often called tax avoidance, or those that violate tax regulations (unlawful), which is called tax evasion (Nuraeni et al. 2017).

Tax avoidance is explained as a continuum of tax planning strategies, according to (Jensen 1976) reveal several ways companies avoid taxes, including: 1. Showing profits from operational activities as profits from capital so as to reduce net profit and company tax debt 2. Recognizing capital expenditure as operational expenditure and charged to net profit, so that it can reduce tax debt. 3. Charge personal costs as business costs to reduce net profit. 4. Charging excessive depreciation to reduce taxable profit. 5. Record excessive disposal of raw materials in manufacturing industries to reduce taxable profits.

Tax avoidance strategies can provide certain results (e.g., tax-free interest income earned from municipal bonds) or uncertain results (e.g., transfer pricing schemes designed to shift profits from high to low tax rates) and the magnitude of the tax burden can vary. substantially throughout the company to carry out tax avoidance (Alexandri 2014). The most obvious benefit of tax avoidance is the cash savings from tax avoidance. Cash savings cause the company's cash flow to increase which offers opportunities for further investment thereby increasing the value of the company. Shareholder wealth will also increase with high dividends and an increase in share value (Dian 2011). In multinational companies, the usual tax avoidance is transferring part of the profits to subsidiaries operating in countries with lower tax rates or tax heaven countries (Budiasih 2009).Based on the explanation above, there is a number of speculations which show that Tax Avoidance can have a positive relationship and a significant influence on Company Value.

Every company has a long-term goal, namely to optimize company value (Irwanto et al. 2019). This is because increasing the value of a company will indicate the prosperity of the company owner, so that the company owner will try to encourage managers to maximize the value of the company (Lubis and Ovami 2020). Shareholder prosperity will increase if the company's share price also increases, because the company's value is seen from the market price of its shares. so that the higher the share price, the higher the prosperity of shareholders (Maryanti 2018). For companies that have gone public, the company's market value is determined by the demand and supply mechanism on the stock exchange, which is reflected in the listing price (UMNIATI 2020).

Company value is often proxied by price to book value. Price to book value can be interpreted as the result of a comparison between the share price and the book value per share. According to (Haryoko, Albab, and Pratama 2020)simply states that PBV is a market ratio used to measure the performance of stock market prices against their book value. The existence of PBV is very profitable for investors to determine strategies in the capital market because through price to book value, investors can predict which shares will overvalued or undervalued (Hajar 2019). Price to book value describes how much the market appreciates the book value of a company's shares (Rustendi 2008). Companies that are running well generally have a PBV ratio above one, which reflects that the stock market value is greater than the book value (Rustendi 2008). A high price to book value reflects the level of shareholder prosperity, where shareholder prosperity is the company's main goal (Hutami 2022).

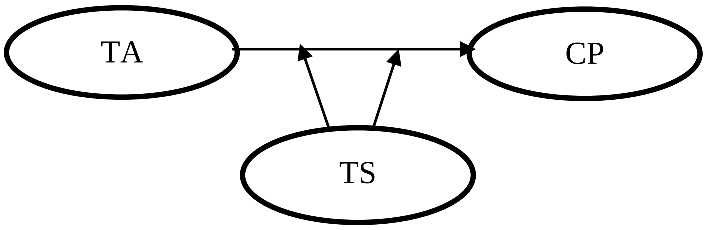
According to (Rustendi 2008) company value can be observed based on share prices on the capital market. A company is said to be successful if its share price tends to continue to rise. (Anggraini 2020)believes that the share price is the par value contained in the capital ownership certificate for a company. (Putra and Gantino 2021)said that the share price is the value of shares which reflects the wealth of the company, fluctuations and changes in share prices are determined by the number of interested parties and offers on the stock market. If many investors are interested in buying shares, the share price will be high, and if many investors flock to sell their shares, the share price will decrease. Fluctuations in share prices every year make it difficult for investors to invest, therefore investors cannot just invest their capital carelessly.

The rise and fall in company value, as seen from the share price of each company, can be influenced by certain factors, namely ownership structure (Putra and Gantino 2021). Ownership structure is a variety of patterns and forms of ownership of a company or the percentage of share ownership owned by internal shareholders and external shareholders (Abdul Malik Syadri 2010). The company ownership structure arises due to the comparison of the number of share owners in the company. A company can be owned by an individual, the wider community, the government, foreign parties, or people within the company (Bintara 2018).

A number of previous studies (Kurniawan and Syafruddin 2017); (Miranda Agustin Wulandari 2022); (Risna and Haryono 2023) & (HARYANTO 2018) show a positive relationship and significant influence on Company Value. Different from the four studies above, this article adds the Tax Sanctions variable as a moderating variable.

2. RESEARCH METHODS

Figure 1
Model



Noted:
TA : Tax Avoidance
CP: Company Value
TS: Tax Sanction

The first image of the research model above shows that Tax Avoidance affects Company Value. This is in line with a number of previous studies (Kurniawan and Syafruddin 2017); (Miranda Agustin Wulandari 2022); (Risna and Haryono 2023) & (HARYANTO 2018). What is different from the five studies above, in this article the researcher added the Tax Sanction variable as a moderating variable which is believed to strengthen the influence of the Tax Avoidance variable on Tax Sanction (Sugiyono 2019). This research is quantitative research with an exploratory approach, namely an approach that uses a number of previous studies, especially the five studies above, as the most basic reference for building the agrumentation construct that the researcher will build (Jonathan Sarwono 2016). The data that researchers use in this article is secondary data that researchers obtained from the Indonesian Stock Exchange (Anggelina 2022). The data used in this research was analyzed using the smart PLS 4.0 analysis tool with the hypothesis below (Berliana and Hesti 2021).

Hypothesis:
H1: The Influence of Tax Avoidance on Company Value
H2: Tax Sanction Can Moderates The Influence of Tax Avoidance on Company Value

3. RESULT AND DISCUSSION

Validity Test

Tax avoidance is believed to increase company value because tax avoidance can reduce company expenses so that financial stability will be better. However, this argument must be proven through the smart PLS 4.0 analysis tool with the initial stages of validity testing. The following are the results of the validity test in this article (Hair 2010):

Tabel 1
Validity Test

Variable	Loading Factor	Noted
Tax Avoidance	0.842	Valid
Company Value	0.889	Valid
Tax Sanction	0.934	Valid

Valid > 0.70

Reliability Test

Setelah memlalui tahapan uji validitas dan mengetahui tiap-tiap data yang digunakan dalam artikel ini valid dengan indikasi nilai loading factor berada di atas 0.70. Maka tahapan berikutnya yang harus dilakukan ialah tahapan menguji tiap-tiap variabel yang digunakan dalam artikel ini yakni variabel Penghindaran Pajak, variabel Sanksi Pajak, dan variabel Nilai Perusahan. Berikut hasil uji reliabilitas dalam artikel ini (Ghozali 2016):

Table 2
Reliability Test

Variable	Composite Reliability	Cronbach Alfa
Tax Avoidance	0.896	0.855
Company Value	0.952	0.910
Tax Sanction	0.993	0.954

Reliable > 0.70

Path Coefisien

The perfect secondary data obtained by researchers from the Central Agency for Statistics for 10 years, namely from 2013-2023, has passed the validity and reliability testing stages and the results are satisfactory. To complete this perfection, good Path Coefficient test results must also be followed. Following are the results of the Path Coefficient test in this article (Sarstedt et al. 2014):

Table 3
Path Coeifisien

	Variable	P-Values	Noted
Direct Influence	TA->CA	0.001	Accepted
Indirect Influence	TS* TA->CA	0.000	Accepted

Significant Level < 0.05

The results of the third table above show and indicate that the two hypotheses that the researcher argued in the research methodology section, namely the Tax Avoidance variable, can have a positive relationship direction and a significant influence on the Company Value variable and the Tax Sanction variable can moderate the influence of the Tax Avoidance variable on Company Value due to value. each P-Values in the two rows of the table above shows the direction of a positive relationship and a significant influence which is smaller than the 0.05 significance level, namely 0.001 on the influence of the Tax Aviodance variable on Company Value and 0.000 in the next row, namely the Tax Sanction variable can moderate the influence of the variable. Tax Aviodance on Company Value. This can be caused because Tax Avoidance can minimize expenses which makes the company's financial condition stable. Apart from that, tax sanctions are not too strict and can make companies bolder in avoiding taxes. The results of this research are in line with research (Kurniawan and Syafruddin 2017); (Miranda Agustin Wulandari 2022); (Risna and Haryono 2023) & (HARYANTO 2018). Thus the first and second hypotheses in this research can be accepted.

4. CONCLUSION

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(Miranda Agustin Wulandari 2022); (Risna and Haryono 2023) & (HARYANTO 2018). Thus the first and second hypotheses in this research can be accepted.

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