

Analysis of Determinants Affecting the Effective Tax Rate (ETR)

(Empirical Study of Mining Sector Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2021)

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Abstract: *This study aims to examine the analysis of the determinants that affect the effective tax rate (ETR) of mining companies listed on the Indonesia Stock Exchange in 2018-2021. The independent variables used in this study include inventory intensity, firm size, sales growth, liquidity and solvability. This study uses a quantitative research approach using secondary data obtained from the Indonesia Stock Exchange (IDX) and the company's official website. The sampling technique used purposive sampling method. From this method obtained 113 samples from 35 companies that meet the criteria. The analytical method used is multiple linear regression analysis using SPSS 21 software. Classic assumption tests used in this study include data normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. The results show that inventory intensity, liquidity, and solvability have no effect on the effective tax rate (ETR), while firm size and sales growth have an effect on the effective tax rate (ETR).*

Keywords: Firm Size, Inventory Intensity, Liquidity, Sales Growth, Solvability.

I. INTRODUCTION

Indonesia is a developing country that stretches from Sabang to Merauke which has a very large population and is a potential object of tax. Indonesia has a lot of natural wealth which is very abundant and is located in strategic geographical conditions, so it is not surprising that there are many companies in Indonesia. Therefore, the more companies that establish their businesses in Indonesia, the more profitable it will be for the government in terms of state revenue from the taxation sector. One of the main sources of income for a country is from tax revenues. Taxes are people's contributions to the state treasury based on (enforced) law with no reciprocal services (contra) that can be shown directly and used to pay public expenses (Rochmat, 2011 in Ahmad, 2018). In practice, tax collection by the government is not always well received by companies that are tax subjects. In a state income, the government expects that state revenues from tax revenues will always increase every year so that state revenues increase and can carry out domestic development. While companies try to pay taxes as low as possible, bearing in mind that taxes are a burden (which will reduce the company's net profit), the company will make every effort to find ways to pay as little tax as possible and try to avoid taxes.

The company minimizes the tax burden to be more effective but within limits that do not violate the rules to achieve the expected profit or profit. Reducing the tax rate applied by the government cannot satisfy companies so that there are several companies that continue to take actions to minimize their tax burden by means of tax planning, tax evasion, tax avoidance or carrying out various policies to reduce the high tax charged. The tax planning measurement method uses the effective tax rate, namely knowing how high the percentage of the effective corporate tax rate is (Tobing, 2018). The effective tax rate can give an illustration of the company's high tax burden on commercial profit before tax whether the

actual tax payment is greater or less (Setiawan and Al-ahsan, 2016). Decision makers and interested parties can apply the effective tax rate as a reference in planning and measuring how well tax management is in a company. Therefore, in carrying out tax obligations, good tax planning is needed. It is important for companies to know and consider the analysis of the determinants that affect the effective tax rate. Decision makers and interested parties can apply the effective tax rate as a reference in planning and measuring how well tax management is in a company. Therefore, in carrying out tax obligations, good tax planning is needed. It is important for companies to know and consider the analysis of the determinants that affect the effective tax rate. Decision makers and interested parties can apply the effective tax rate as a reference in planning and measuring how well tax management is in a company. Therefore, in carrying out tax obligations, good tax planning is needed. It is important for companies to know and consider the analysis of the determinants that affect the effective tax rate.

The motivation in this study regarding the topic of effective tax rate (ETR) was chosen because currently many companies are debating or questioning about tax rates and the factors that drive the size of the tax rate to be imposed by these companies, therefore researchers take research that will look at effective tax rate (ETR) as the dependent variable. The use of mining companies in this study is because mining companies are companies that utilize the country's natural resources to carry out their business activities, therefore mining companies must provide a balanced tax contribution to the state for their business activities.

This study aims to examine and analyze the effect of inventory intensity, firm size, sales growth, liquidity and solvency on the effective tax rate (ETR). Based on this background, the researcher is interested in conducting further tests regarding research with the title "ANALYSIS OF DETERMINANTS AFFECTING THE EFFECTIVE TAX RATE (ETR) (Empirical Study of Mining Sector Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2021)".

II. LITERATURE REVIEW

2.1 Agency Theory

Agency theory is a contractual relationship between principles and agents. Where principles are parties who give assignments to other parties, namely agents who will carry out all activities on behalf of principals in their capacity as decision makers (Jensen and Meckling, 1976 in Tambun, 2018). Job responsibilities from the management (agent) are submitted or reported to the owner of the company (principal). The owner of the company (principal) has an obligation to provide compensation to the management (agent) for the work he does.

2.2 Effective Tax Rate

According to Gatot (2011) the effective tax rate (ETR) is the comparison between tax expense and taxable income. By using the effective tax rate, we can find out how much the actual percentage of the company paying taxes is against the taxable income earned by the company. And from this effective tax rate, companies can see how much real the company pays tax, whether it is greater or less than the rate set based on the company's taxable income.

2.3 Inventory Intensity

The condition of a good company is where inventory ownership and turnover are always in a balanced condition, meaning that if inventory turnover is small then there will be accumulation of goods in large quantities in the warehouse, but if the turnover is too high then the amount of goods stored in the warehouse will be small (Ahmad, 2018). According to Ahmad (2018) a large amount of inventory owned by a company will require greater costs for maintenance and other costs related to inventory. Companies that have a high amount of inventory can cause idle inventory, increase storage costs and there is a risk of damage to the excess inventory.

2.4 Firm Size

According to Ardiansyah (2014) firm size or company size can be interpreted as a scale where the company can be classified according to the size of the company in various ways, one of which is the size of the assets owned. The size of the company can determine the size of the assets owned by the company, the greater

the assets owned, the higher the amount of productivity. This will result in increased profits and affect the level of tax payments. The assets owned by a company are related to the size of the company, large companies tend to have large assets. Assets will experience depreciation every year which can reduce the company's net profit, thereby reducing the tax burden paid.

2.5 Sales Growth

Sales growth is one of the growth ratios that are useful for measuring the company's sales performance. The company's ability to increase sales levels from one period to another can be demonstrated through sales growth. Sales growth can also be used to predict company profits. A positive sales growth value indicates that the company has experienced an increase in sales from the previous period.

2.6 Liquidity

Liquidity is a company's ability to pay its short-term liabilities by considering the company's resources. The importance of liquidity can be seen by how the company fulfills its short-term obligations. Where if a company is unable to pay debts or has a low level of liquidity, it indicates that the company's performance is poor, and vice versa.

2.7 Solvability

Kasmir (2016) in Riza & Suryono, (2022) solvency is the ratio used to measure a company's ability to pay its obligations, both short-term and long-term obligations if the company is liquidated. A company can be said to be solvable if the company has sufficient assets or assets to pay all debts owned by the company, on the other hand it is said to be insolvable if a company has total assets or assets that are smaller than the total debt owned by the company.

2.8 Hypothesis Development

Inventory intensity describes how the company invests its wealth in inventory. The amount of inventory intensity can cause additional costs, including storage costs and costs incurred due to storage costs and costs incurred due to damage to goods (Ahmad, 2018). This hypothesis is also supported by previous research, namely previous research conducted by Batmomolin (2018) which concluded that inventory intensity does not affect the effective tax rate. However, research conducted by Fadjriana (2019) obtained the results of the inventory intensity ratio which had a significant effect on ETR. Based on the explanations and theories from previous studies, in this study the following hypotheses were proposed:

H₁: Inventory Intensity has an effect on the Effective Tax Rate (ETR).

Company size is measured based on the total assets owned by each company and is used as a benchmark for company scale. Companies that are included in the scale of large companies will have abundant resources that can be used for certain purposes. Based on agency theory, the resources owned by the company can be used by managers to maximize manager performance compensation, namely by reducing company tax costs to maximize company performance (Susilawaty, (2020)). This hypothesis is also supported by previous research conducted by Batmomolin (2018) which concluded that firm size has an effect on the effective tax rate. The same thing was shown in research conducted by Panda and Nanda (2020) that company size has a positive effect on the effective tax rate (ETR). Research conducted by Rizal and Sari (2022) also concluded that company size has a significant effect on the effective tax rate. However, another study conducted by Steven, et al (2018) found that the results of this study showed that company size did not affect the effective tax rate. Based on the explanations and theories from previous studies, in this study the following hypotheses were proposed:

H₂ : Firm Size has an effect on the Effective Tax Rate (ETR).

Sales growth or sales growth is an increase in total sales over time. Sales growth is a form of successful investment activity in the past period and is a predictor of growth in the coming period, sales growth is an indicator of business competition for every company in an industry (Hidayat, 2018). Based on research that has been conducted by

Sw and Murwaningsari (2022) states that sales growth has a significant effect on the effective tax rate. This is in line with the research of Sarwoasih & Indarto (2018) which states that sales growth has a significant positive effect on the effective tax rate. Research conducted by Rizal and Sari (2022) also concluded that sales growth has a significant effect on the effective tax rate. Based on the explanations and theories from previous studies, in this study the following hypotheses were proposed:

H₃ : Sales Growth has an effect on the Effective Tax Rate (ETR).

Liquidity is a source of funds from a company to complete its short-term needs and responsibilities and measure the level of ability to buy and sell its assets effectively (Ariani and Hasymi, 2018). Companies with a large level of liquidity ratios illustrate the size of the company's ability to settle short-term debt. In a company, liquidity is one that is considered very important for the continuity of the company. This hypothesis is driven by several previous studies, namely research conducted by Putri and Gunawan (2018) which states that liquidity does not have a significant effect on effective tax rates. However, different results were shown by research conducted by Purwanti, et al (2022) which stated that liquidity partially affects the effective tax rate. Based on the explanations and theories from previous studies, in this study the following hypotheses were proposed:

H₄ : Liquidity has an effect on the Effective Tax Rate (ETR).

Solvability describes the relationship between the company's debt to the company's capital or assets. When a company uses debt for funding or company operational costs, there will be an interest expense that must be borne by the company. The more the company's debt, the greater the interest expense and causes a decrease in company profits. (Riza & Suryono, 2022). Based on research conducted by Tambun (2018), it states that solvency affects the effective tax rate through the quality of accounting information. In contrast to the research conducted by Rizal and Sari (2022) concluded that solvency has no significant effect on the effective tax rate. Based on the explanations and theories from previous studies, in this study the following hypotheses were proposed:

H₅ : Solvability has an effect on the Effective Tax Rate (ETR).

III. METHOD

3.1 Population, Sample, and Sampling Method

The type of research used in this research is quantitative research using hypothesis testing. The data used in this study is secondary data, where data is obtained indirectly or through intermediary media. The data source was obtained from the official website of the Indonesia Stock Exchange (IDX) and the company's official website. The population used in this study are all mining companies listed on the Indonesia Stock Exchange in 2018-2021. The sampling technique in this study used a purposive sampling method. The sample used in this study has the following criteria:

1. Mining companies listed on the IDX in 2018-2021.
2. Mining companies that publish financial reports in 2018-2021.
3. Has all the data used to calculate the variables that are the focus of this research, namely: inventory intensity, firm size, sales growth, liquidity, solvency, and effective tax rate (ETR).

Based on data on the Indonesia Stock Exchange, there are 54 mining companies listed on the IDX. However, out of 54 companies, 35 companies met the criteria. The observation period is 4 years. So that in the 4 year observation period there were 140 companies and out of 140 samples there were 27 data outliers, so there were 113 research samples that could be processed.

3.2 Variable Operational Definition and Variable Measurement

Dependent Variable

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In this study, the dependent variable is the effective tax rate (ETR).

$$\text{Effective Tax Rate (ETR)} = \frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

Independent Variable

a) Inventory Intensity

This ratio is calculated using the total inventory owned by the company divided by the company's total assets. Inventory intensity can be formulated as follows:

$$\text{Inventory Intensity} = \frac{\text{Total Inventory}}{\text{Total Assets}} \times 100\%$$

b) Firm Size

The firm size variable is measured from the natural logarithm of total assets. Firm size is proxied by the following formula:

$$\text{Firm Size} = \text{Ln}(\text{Total Assets})$$

c) Sales Growth

Sales growth is measured by calculating the current year's sales minus the previous year's sales divided by the previous year's sales. Sales growth is formulated as follows:

$$\text{Sales Growth} = \frac{\text{Sales}^t - \text{Sales}^{t-1}}{\text{Sales}^{t-1}}$$

d) Liquidity

Liquidity is the ratio used to measure a company's ability to meet short-term financial obligations. One of the tools used to measure the level of company liquidity is the Current Ratio. Current ratio can be calculated by the formula:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$$

e) Solvability

Debt to Asset Ratio (DAR) is a measurement of the solvency or leverage ratio to assess debt with assets used in this study. Debt to Asset Ratio (DAR) is formulated as follows:

$$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

IV. FIGURES AND TABLES

4.1 Research and Result and Discussion

4.1.1 Descriptive Statistical Analysis

Table 4.1. 1 Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	std. Deviation
ETR	113	-,34305	,96501	,2856435	,24214008
INVEN	113	,00000	,18160	,0529696	,04335853
SIZE	113	26,92631	32,31554	29,6555474	1,36477101
SG	113	-,74732	1,88225	,2383358	,46984986
LIKU	113	,00154	4,96691	1,6562212	1,06484221
SOLVA	113	,10283	,97147	,5066312	,21958156
Valid N (listwise)	113				

Source: Processed Data, 2023

Following are the results of the interpretation of descriptive statistics for each variable:

The Effective Tax Rate (ETR) variable has a total sample (N) of 113, a minimum value of -0.34305 and a maximum of 0.96501 with an average of 0.2856435 and a standard deviation of 0.24214008. The Inventory Intensity (INVEN) variable has a total sample (N) of 113, a minimum value of 0.00000 and a maximum of 0.18160 with an average of 0.0529696 and a standard deviation of 0.04335853. The Firm Size (SIZE) variable has a total sample (N) of 113, a minimum value of 26.92631 and a maximum of 32.31554 with an average of 29.6555474 and a standard deviation of 1.36477101. The Sales Growth (SG) variable has a total sample (N) of 113, a minimum value of -0.74732 and a maximum of 1.88225 with an average of 0.2383358 and a standard deviation of 0.46984986. The Liquidity (LIKU) variable has a total sample (N) of 113, a minimum value of 0.00154 and a maximum of 4.96691 with an average of 1.6562212 and a standard deviation of 1.06484221. The Solvability (SOLVA) variable has a total sample (N) of 113, a minimum value of 0.10283 and a maximum of 0.97147 with an average of 0.5066312 and a standard deviation of 0.21958156.

4.1.2 Data Normality Test

Table 4.1. 2 Data Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		113
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,22801635
	Absolute	,098
Most Extreme Differences	Positive	,098
	Negative	-,053
Kolmogorov-Smirnov Z		1,038
Asymp. Sig. (2-tailed)		,232

Source: Processed Data, 2023

Based on the table above, it shows that the p-value is 0.232, so it can be interpreted that the p-value is $0.232 > 0.05$. This shows that the data is normally distributed.

4.1.3 Multicollinearity Test

Table 4.1. 3 Multicollinearity Test

Model	Collinearity Statistics		Information
	Tolerance	VIF	
(Constant)			
INVEN	0,861	1,161	There is no multicollinearity
SIZE	0,906	1,104	There is no multicollinearity
SG	0,970	1,031	There is no multicollinearity
LIKU	0,615	1,625	There is no multicollinearity
SOLVA	0,596	1,677	There is no multicollinearity

Source: Processed Data, 2023

Based on the table above, the calculation results show that the Tolerance value for each variable is greater than 0.1 and the VIF value is less than 10. From the calculation of the Tolerance and VIF values it can be concluded that all variables in this regression model have no multicollinearity.

4.1.4 Heteroscedasticity Test

Table 4.1. 4 Heteroscedasticity Test

Variable	Sig.	Information
INVEN	0,395	There is no heteroscedasticity
SIZE	0,626	There is no heteroscedasticity
SG	0,945	There is no heteroscedasticity
TURN	0,461	There is no heteroscedasticity
SOLVA	0,951	There is no heteroscedasticity

Source: Processed Data, 2023

Based on the table above, it is known that the independent variables INVEN, SIZE, SG, LIKU, and SOLVA have a sig value greater than 0.05 so that these variables are free from heteroscedasticity problems.

4.1.5 Autocorrelation Test

Table 4.1. 5 Autocorrelation Test

$dU < d < 4-dU$	Information
$1,7864 < 2,212 < 2,2136$	There is no autocorrelation

Source: Processed Data, 2023

Based on the table above shows that the value of $dU < d < 4-dU$, so it can be concluded that the regression model used does not occur autocorrelation.

4.1.6 Multiple Linear Regression Analysis

Table 4.1. 6 Multiple Linear Regression Analysis

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Beta		
1 (Constant)	-1,025	,516		-1,985	,050
INVEN	-,092	,548	-,016	-,168	,867
SIZE	,045	,017	,251	2,628	,010
SG	,101	,048	,195	2,110	,037
LIKU	-,004	,026	-,018	-,157	,876
SOLVA	-,049	,130	-,044	-,377	,707

Source: Processed Data, 2023

Based on the table above, the following equation can be arranged:

$$ETR = -1,025 - 0,092 \text{ INVEN} + 0,045 \text{ SIZE} + 0,101 \text{ SG} - 0,004 \text{ LIKU} - 0,049 \text{ SOLVA} + \epsilon$$

Based on the multiple linear regression equation, it can be interpreted as follows:

The constant value in the equation is -1,025 indicating that if the independent variable is equal to 0 or constant, then there is a decrease in the ETR of 1,025.

The regression coefficient of the INVEN variable in this equation is -0,092 indicating that for every 1% increase in inventory intensity, it will result in a decrease in ETR of 0,092.

The regression coefficient of the SIZE variable in this equation is 0,045 indicating that every 1% increase in firm size will result in an increase in ETR of 0,045.

The regression coefficient of the SG variable in this equation is 0,101 indicating that for every 1% increase in sales growth, it will result in an increase in ETR of 0,101.

The LIKU variable regression coefficient in this equation is -0,004 indicating that for every 1% increase in liquidity, it will result in a decrease in ETR of 0,004.

The regression coefficient of the SOLVA variable in this equation is -0,049 indicating that for every 1% increase in sales solvency, it will result in a decrease in ETR of 0,049.

4.1.7 Coefficient of Determination

Table 4.1. 7 Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	,337 ^a	,113	,072	,23328301

Source: Processed Data, 2023

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Based on the table above, the Adjusted R Square value is 0,072 or 7.2%. This means that the variable inventory intensity, firm size, sales growth, liquidity and solvency contributed to the ETR of 7.2% while the remaining 92.8% was influenced by other factors or those not examined.

4.1.8 Simultaneous Significance Test (F-Test)

Table 4.1. 8 F-Test

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,744	5	,149	2,733	,023 ^b
Residual	5,823	107	,054		
Total	6,567	112			

Source: Processed Data, 2023

Based on the table above, it shows that the significance value is 0.023 which means less than 0.05 so it can be concluded that all independent variables simultaneously influence ETR.

4.1.9 t-Test

Table 4.1. 9 t-Test

Variable	t	Sig.	Information
INVEN	-0,168	0,867	Not significant
SIZE	2,628	0,010	Significant
SG	2,110	0,037	Significant
LIKU	-0,157	0,876	Not significant
SOLVA	-0,377	0,707	Not significant

Source: Processed Data, 2023

Based on the table above it can be explained as follows:

It is known that the INVEN variable has a significance value of 0.867 greater than 0.05 so it can be concluded that inventory intensity has no significant effect on ETR.

It is known that the SIZE variable has a significance value of 0.010 which is less than 0.05 so it can be concluded that firm size has a significant effect on ETR.

It is known that the SG variable has a significance value of 0.037 which is less than 0.05 so it can be concluded that sales growth has a significant effect on ETR.

It is known that the LIKU variable has a significance value of 0.876 greater than 0.05 so it can be concluded that liquidity has no significant effect on ETR.

It is known that the SOLVA variable has a significance value of 0.707 greater than 0.05 so it can be concluded that solvency has no significant effect on ETR.

4.2 Discussion of Analysis Result

The Effect of Inventory Intensity on Effective Tax Rate (ETR)

The results showed that inventory intensity had no significant effect on the effective tax rate (ETR). The inventory intensity variable has a significance value of 0.867 which is stated above 0.05. Thus it means that the first hypothesis (H₁) is rejected. The results of this study are in line with those conducted by Batmomolin (2018) which states that inventory intensity has no effect on the effective tax rate (ETR). The inventory intensity variable does not affect the effective tax rate where the amount of inventory owned by a company is not a factor in determining the size of the amount of tax paid by the company. A manager in carrying out tax planning must know that there are no tax incentives that come from costs for companies that have a large amount of trade inventory.

The Effect of Firm Size on Effective Tax Rate (ETR)

The results of the study show that firm size has a significant effect on the effective tax rate (ETR). The firm size variable has a significance value of 0.010 which is stated below 0.05. Thus it means that the second hypothesis (H₂) is accepted. The results of this study are in line with previous studies conducted by Batmomolin (2018), Panda and Nanda (2020), and Rizal and Sari (2022) which concluded that firm size has an effect on the effective tax rate. Based on the results of the research conducted, it shows that firm size has a significant influence on the effective tax rate. Which means that the larger the company, the greater the assets owned, the company's ability to generate profits also increases. If the profit earned by the company increases, it will affect tax payments. If the tax paid is high, the company tends to carry out tax planning so that the tax paid can be lower.

The Effect of Sales Growth on Effective Tax Rate (ETR)

The results of the study show that sales growth has a significant effect on the effective tax rate (ETR). The sales growth variable has a significance value of 0.037 which is stated below 0.05. Thus means the third hypothesis (H₃) is accepted. The results of this study are in line with research conducted by Sw and Murwaningsari (2022) which states that sales growth has a significant effect on the effective tax rate. This study shows that sales growth has a significant effect on the effective tax rate. This is because companies with high sales growth will certainly generate high profits as well. So it can be concluded that sales growth has a significant influence on the effective tax rate.

The Effect of Liquidity on the Effective Tax Rate (ETR)

The results of the study show that liquidity has no significant effect on the effective tax rate (ETR). The liquidity variable has a significance value of 0.876 stated above 0.05. Thus it means the fourth hypothesis (H₄) is rejected. The results of this study are in line with those conducted by Putri and Gunawan (2018) which state that liquidity has no significant effect on effective tax rates. This is because companies tend to maintain liquidity levels to maintain the stability of the company's cash flow, so that there is no influence of liquidity on the effective tax rate.

The Effect of Solvency on the Effective Tax Rate (ETR)

The results of the study show that solvency has no significant effect on the effective tax rate (ETR). The solvency variable has a significance value of 0.707 which is stated above 0.05. Thus it means that the fifth hypothesis (H₅) is rejected. The results of this study are in line with those conducted by Rizal and Sari (2022) who concluded that solvency has no significant effect on the effective tax rate. Based on the results of this study indicate that there is no significant effect between solvency on the effective tax rate. Basically, companies do not use debt to reduce their tax burden, but companies that have large debt values use this debt to fund or operate a company.

V. CONCLUSION

Based on the analysis that has been done, it's concluded that inventory intensity has no significant effect on the effective tax rate (ETR), so H₁ is rejected. These result indicate that inventory intensity has not been able to influence the size of the company's effective tax rate. Firm size has a significant effect on the effective tax rate (ETR), so that H₂ is accepted. These result indicate that firm size can affect the size of the company's effective tax rate. Sales growth has a significant effect on the effective tax rate (ETR), so that H₃ is accepted. These result indicate that sales growth can affect

the size of the company's effective tax rate. Liquidity has no significant effect on the effective tax rate (ETR), so H₄ is rejected. These result indicate that liquidity has not been able to influence the size of the company's effective tax rate. Solvability has no significant effect on the effective tax rate (ETR), so H₅ is rejected. These result indicate that solvability has not been able to influence the size of the company's effective tax rate.

Research Limitations

In this study there are still limitations that can hinder the course of research, including:

1. The sample studied was limited to the mining sector listed on the Indonesia Stock Exchange (IDX).
2. This research has limitations in the observation time, which is only four years.
3. This study is limited to the independent variables used. This study includes only five of the factors that influence the effective tax rate, namely inventory intensity, firm size, sales growth, liquidity, and solvency.

Suggestion

Based on the conclusions and limitations contained in this study, suggestions that can be taken into consideration by further researchers/research, namely:

1. For future researchers, it is hoped that they can expand the scope of research not only using a sample of mining sector companies but using a sample of manufacturing companies.
2. For future researchers, it is hoped that it will add a longer time span so that the distribution of the data obtained can be better.
3. For further research by adding other variables that can affect the effective tax rate (ETR) in addition to inventory intensity, firm size, sales growth, liquidity and solvency. Further research can add other variables such as profitability, independent commissioners, capital intensity, CSR or other variables.

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