

THE EFFECT OF TAX AGGRESSIVENESS AND PROFITABILITY ON ACCOUNTING FRAUD (Case Study on Food & Beverage Sector Companies Listed on the Indonesia Stock Exchange 2017-2021)

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ABSTRAK/ABSTRACT

Fraud is a deliberate attempt to use the rights of others for personal gain. Accounting fraud is a misstatement that arises from fraud in financial reporting, namely a misstatement or intentional omission of amounts or disclosures in financial statements to deceive users of financial statements. This research was conducted to determine the effect of Tax Aggressiveness and Profitability on Accounting Fraud.

The research objects used in this study are companies in the manufacturing sector that are listed on the Indonesia Stock Exchange from 2017 to 2021. The number of samples used in this study are 120 firm-years. Tax Aggressiveness Variable is measured using CETR, Profitability is measured using ROA and Accounting Fraud is measured using the Beneish M Score Method. Logistic regression was used to test the hypothesis.

The results of this study indicate that tax aggressiveness has a positive effect on accounting fraud. While profitability has a negative effect on accounting fraud.

INTRODUCTION

The food and beverage sector in Indonesia has experienced significant growth in the last five years, driven by a rising population, increasing middle class, and steady upward trend in expenditure per capita (business-indonesia.org, 2023). Despite the impact of COVID-19, the average monthly expenditure per capita for food and beverages continued to rise, reaching Rp 665,757 by the end of 2022. The Indonesian government has also been driving the implementation of Industry 4.0 concept in the F&B industry, which is expected to contribute to the sector's growth (business-indonesia.org, 2023). The Indonesian government has also been driving the implementation of Industry 4.0 concept in the F&B industry, which is expected to contribute

to the sector's growth (Loya & Rahmawati, 2022)



Picture 1
PDB from Food and Beverage
Industries

Source: Dikutip dari Badan Pusat Statistik (BPS), 2023

The Central Statistics Agency (BPS) noted that the gross domestic

product (GDP) at constant prices of the food and beverage industry amounted to Rp 813.06 trillion in 2022. This value increased by 4.90% compared to the previous year which amounted to IDR 775.10 trillion. The performance growth of the F&B industry has consistently grown since the last decade. During this period, the highest growth occurred in 2012 which reached 10.33%. Meanwhile, the slowest growth of the F&B industry occurred in 2020, which was 1.58%. This is in line with the Covid-19 pandemic in Indonesia.

Financial statements are written records that convey the financial activities of a company. They provide interested parties with a company's overall financial condition and profitability. The required financial statements for for-profit entities include the balance sheet, income statement, statement of cash flow, and statement of changes in equity, while nonprofit entities use a similar but different set of financial statements (Murphy, 2024). Financial statement can help stakeholders, including management, investors, financial analysts, and creditors, to evaluate a company's financial health and earnings potential. In summary, financial statements are a crucial tool for understanding a company's financial health and performance, and they serve as a basis for decision-making and regulatory compliance.

But in practices, management can make bad decisions to manipulate the financial statements for their self-interest. Financial statement fraud or what we commonly known as fraud includes engineering transaction data or engineering financial statements in the presentation of financial statements, this is done to obtain individual or group benefits. Financial statement fraud itself is generally carried out by company executives or company management. This can occur because management is given authority in decision making and must be responsible for this to shareholders.

Here is one company that has a scandal related to accounting fraud. In 2014 PT Coca Cola Indonesia (CCI) stumbled into a criminal case. As much as Rp 492.59 billion of taxable income

reported by PT CCI has been examined by the DGT, after being re-examined by the DGT the total taxable income of PT CCI in that period amounted to Rp 603.48 billion. As a result, PT CCI is indicated to have harmed the country's foreign exchange by IDR 49.24 billion. The results of the research conducted by the DGT found that the decrease in taxable income was due to a very high increase in operating expenses, namely in advertising expenses in the period 2002-2006 with a total of Rp 566.84 billion (money.kompas.com, 2014)

Currently, the level of economic growth is growing rapidly. There is a greater demand for the government to create all the potential owned by the state as a source of income to finance all state expenditures. One of the largest sources of revenue obtained by the government comes from tax revenues (Firdausya & Parasetya, 2020).

But on the other hand, efforts to increase tax revenue are hindered by constraining factors, one example is the Tax Aggressiveness activity factor. The tax ratio is a parameter to see how efficient a country's tax system is in collecting state revenue, where the higher or lower the tax ratio value, the more advanced or lower the tax system in the country (Pohan, 2013).

Tax aggressiveness is the act of engineering taxable income through tax planning activities using either legal (tax avoidance) or illegal (tax evasion) methods. The legal way to engineer taxes is by utilizing the loopholes contained in existing tax regulations to avoid paying taxes or better known as tax avoidance. While the illegal way is by violating the law to reduce or even eliminate the tax burden or better known as tax evasion.

Often, companies as taxpayers take advantage of weaknesses in laws and other tax regulations to carry out tax avoidance (tax evasion). This weakness is also often referred to as a gray area, which is a gap or weakness in existing regulations between acceptable and unacceptable tax planning or calculation methods. A company is said to carry out tax aggressiveness if the company tries to reduce the tax burden aggressively, either

using methods that are classified as legal, namely tax avoidance or illegally such as tax evasion. Although not all tax planning actions are carried out illegally, the more loopholes the company uses to avoid taxes, the more aggressive the company is considered.

Tax aggressiveness occurs due to differences in interests between taxpayers (companies) and the government. The government needs tax funds to finance the implementation of activities carried out by the government. Meanwhile, the company as a taxpayer views taxes as an additional cost that must be borne by the company. By paying taxes, the company will receive less net profit. Therefore, the company owner is more interested in managing the company to take aggressive tax actions.

The following are companies that have been involved in tax aggression scandals for engaging in tax avoidance activities. PT RNI is one of the companies listed on the Indonesia Stock Exchange, which committed tax evasion through its business capital. PT RNI uses affiliated debt as capital. Affiliated debt is obtained from the owner of PT RNI in Singapore, and the affiliated debt is used as business capital. This is a trick done by the company to reduce the amount of tax that must be issued because the operational expenses charged by PT RNI are higher. In its financial statements, such a large loss was recorded. Practically no tax goes to the state. In PT RNI's 2014 financial statements, debt of Rp 20.4 billion was recorded. Meanwhile, the company's turnover was only Rp 2.178 billion. Not to mention there were retained losses in the same year's report worth Rp 26.12 billion. (www.kompas.com, 06 April 2016).

Tax aggressiveness and accounting fraud have been examined in several studies. The relationship between tax aggressiveness and accounting fraud is not consistent across the literature. Some studies have found a positive association between tax aggressiveness and accounting fraud (Ardiyanti et al., 2022; Sukotjo & Soenarno, 2018), while others have found no significant relationship (Burton & Tanyi, 2020). For example, a study on manufacturing

companies listed on the Indonesia Stock Exchange found that tax aggressiveness was not positively related to accounting fraud (Rachmawati et al., 2023). Another study on Malaysian firms found a positive but not significant relationship between accounting irregularities and tax aggressiveness (Hashim et al., 2016).

Based on previous research that has not been conclusive, this study was conducted to re-analyze the relationship between tax aggressiveness and accounting fraud. This study develops the research of Ardiyanti et al., (2022) in terms of (1) in this study adding profitability variables and (2) the sampling period, in this study taking data from 2017-2021, while in previous research (Ardiyanti, et al., 2022) took data from 2013-2017. The object of this research is Manufacturing Companies.

There is a negative association between profitability and accounting fraud. Companies with lower profitability ratios are more likely to commit accounting fraud to artificially inflate earnings and meet analyst expectations (Ozcan, 2016). The profitability ratios, such as return on assets, return on equity, and profit margin, are significant predictors of fraud in previous studies (Ozcan, 2016). Additionally, firms may manipulate inventory and accounts receivable to commit accounting fraud (Ozcan, 2016). However, it is essential to note that this relationship does not establish a causal relationship but rather shows a correlation.

Based on the research background previously described, this study aims to determine the effect of tax aggressiveness and profitability on accounting fraud.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Agency theory describes the relationship between principals and agents (Jensen & Meckling, 2019). Agency

relationships are built on the basis of trust from the principal to the agent. However, because there are differences in desires that cause agents and principals to try to maximize their respective interests, so that the wishes of the principal are not always realized by the agent. Agency problems also arise when the principal has difficulty finding out what the agent really wants, this condition is known as information asymmetry. Information asymmetry is used by managers to take an action in order to provide a good picture of their performance assessment, even though it may cause future losses.

Managers acting as agents appointed by the principal to manage the business will take various actions that can increase or decrease company profits. The existence of incentives in the form of bonuses and promotions, as well as the existence of loopholes in regulations, namely differences in tax regulations and Financial Accounting Standards (SAK) can encourage managers to commit accounting fraud.

Accounting Fraud

Accounting fraud refers to intentional fraudulent activities committed by individuals or companies for personal or group benefits, resulting in losses for the affected parties. It involves violating accounting rules and can have negative consequences for investors and stakeholders. Various factors can influence the tendency of accounting fraud, such as the effectiveness of the internal control system, information asymmetry, compensation suitability, religiosity, and adherence to ethical behavior (Satia Pratama & Segarawasesa, 2023; Wahyuni & Samtika Putra, 2022; Yaqoub et al., 2023). Detecting and preventing accounting fraud requires a combination of measures, including checking the strengths and weaknesses of the internal audit system, training auditors, and utilizing modern technology for efficient preventive measures (Sari, 2022). The effectiveness of internal control, compliance with accounting rules, and compensation suitability have been found to have a significant negative effect on the

likelihood of accounting fraud (Ayuni, 2022). Understanding the motivations for fraud, protection procedures, and the impact on firms' performance can contribute to the development of best practices and effective strategies for preventing, detecting, and managing accounting fraud.

This research measure accounting fraud using The Beneish M-Score. The Beneish M-Score method is a statistical model developed by Professor Messod Daniel Beneish to measure accounting fraud. It uses eight financial ratios to calculate a score that indicates the likelihood of a company engaging in manipulative financial reporting (Valaskova & Fedorko, 2021). The eight ratios are:

1. DSRI (Days' Sales in a Receivable Index)
2. GMI (Gross Margin Index)
3. AQI (Asset Quality Index)
4. SGI (Sales Growth Index)
5. DEPI (Depreciation Index)
6. SGAI (Sales and General and Administrative Expenses Index)
7. LVGI (Leverage Index)
8. TATA (Total Accruals to Total Assets)

The Beneish M-Score model is based on the assumption that companies may be more likely to manipulate their profits if they show deteriorating gross margins, operating expenses, and leverage, along with significant sales growth (Valaskova & Fedorko, 2021). The model is calculated using an unweighted probit regression formula:

$$\text{M-Score} = -4.84 + 0.92 \cdot \text{DSR} + 0.528 \cdot \text{GMI} + 0.404 \cdot \text{AQI} + 0.892 \cdot \text{SGI} + 0.115 \cdot \text{DEPI} - 0.172 \cdot \text{SGAI} - 0.372 \cdot \text{LVGI} + 4.679 \cdot \text{TATA}$$

The model is considered a probabilistic model, and the M-Score can be used to identify companies that are more likely to engage in manipulative financial reporting. An M-Score of less than -1.78 suggests that the company will not be a manipulator, while an M-Score of greater than -1.78 signals that the

company is likely to be a manipulator (Valaskova & Fedorko, 2021).

Tax Aggressiveness

Tax aggressiveness refers to the practice of manipulating taxable income through tax planning, both legally (tax avoidance) and illegally (tax evasion). The goal of tax aggressiveness is to minimize the tax burden for companies.

The act of tax aggressiveness, carried out by minimizing the taxable amount obtained by the company, is something that often occurs in large companies today. This is not in accordance with the rules that have been applied both in society and in government. To find out companies that carry out tax aggressiveness can be done by using the Cash Effective Tax Rate (CETR) proxy. Cash effective tax rate (CETR) is the amount of tax paid in cash compared to profit before tax (Hanlon & Heitzman, 2010). The lower the CETR value owned by the company, the higher the level of tax aggressiveness of the company. The way to measure Tax Aggressiveness is as follows:

$$\text{CETR} = \frac{\text{Tax Payment}}{\text{Earnings before tax}}$$

Profitability

Profitability is a measure in assessing company performance, which can be measured using various financial ratios, one of which is Return on assets (ROA). ROA is used to measure the ability of a company to generate profits on its assets. The greater the ROA, the greater the level of profit that can be achieved by the company and the more effective and efficient the company's performance from managing the company's assets (Olivia & Dwimulyani, 2019). Profitability is one of the indicators used to determine how good the company's ability to earn profits in a certain period of time. The profitability of the company is used for the prosperity of shareholders by providing company profits through dividend distribution (Agusti & Rahman, 2023). When a company has good performance in managing existing assets by taking advantage of depreciation and amortization costs as well as costs

related to research and development that can be a deduction for taxable income (PKP) or get other benefits from tax relief that can trigger the practice of Tax Aggressiveness in the company (Manahara & Sumarta, 2021).

ROA was measured as follows:

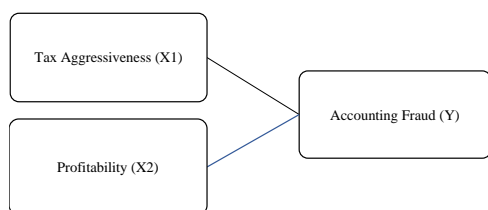
$$\text{ROA} = \frac{\text{Earnings after tax}}{\text{Total Asset}}$$

Research Framework

This study will explain the effect of tax aggressiveness and profitability on accounting fraud. Tax itself contributes greatly to the development of a country because of its enormous role in financing ranging from infrastructure development and other expenses. However, efforts to optimize taxation in order to increase tax revenue by the government also have several obstacles. One of the obstacles to the optimization of tax revenue by the government is the case of tax aggressiveness.

Tax Aggressiveness or everything a company does to minimize corporate tax costs. Companies can deduct interest expense so that taxable income will be smaller. This reduction causes a macro effect in the form of reduced potential state revenue from taxes. Companies utilize debt to be used as a loophole in conducting tax planning, to reduce the company's tax burden, making the recognition of interest costs as fiscal costs. Companies that finance a branch or subsidiary with a loan / debt are done to obtain tax benefits from interest costs. Thus debt is considered as a capital deposit and interest paid by subsidiaries to the parent company cannot be reported as dividends.

This study aims to understand the effect of tax aggressiveness and profitability on accounting fraud. This research includes independent variables and dependent variables. This study uses Tax Aggressiveness as the independent variable and Accounting Fraud as the dependent variable. Based on relevant theories, the following is a framework of the impact of Tax Aggressiveness and Profitability on Accounting Fraud.



Picture 2
Research Framework
Source: Researcer, 2023

Hypothesis Development

The Effect of Tax Aggressiveness on Accounting Fraud

The manager is the party responsible for the management of the company. To maintain a good reputation in the eyes of stakeholders, managers will try to generate high profits so that the company's performance looks good. In achieving high profits, managers have the ability to conduct aggressive financial reporting. Aggressiveness in financial reporting is reflected in the management of earnings achieved. Earnings management is a management action that aims to increase company profits in accordance with accounting principles, but if it conflicts with applicable accounting standards, it is considered a violation or included in accounting fraud.

Accounting fraud is a violation of applicable accounting rules and is committed by someone who has a position or authority in an entity for personal or organizational gain. In the context of taxation, accounting fraud stems from the fact that companies make tax savings by utilizing existing regulatory loopholes, namely differences between tax regulations and Financial Accounting Standards (SAK). The company's action to minimize tax liabilities through tax planning is known as tax aggressiveness. From the government's point of view, high corporate profits can have a positive impact, because corporate taxes are a source of state revenue.

Instead, the company sees tax as a transfer of wealth, so the company wants low taxes. Therefore, the act of tax

aggressiveness is aimed at saving tax liabilities so that the tax that will be imposed on the company is low. The more aggressively a company reports taxes, it is considered to have engaged in accounting fraud. Some studies have found a positive association between tax aggressiveness and accounting fraud (Ardiryanti et al., 2022; Sukotjo & Soenarno, 2018), while others have found no significant relationship (Burton & Tanyi, 2020). For example, a study on manufacturing companies listed on the Indonesia Stock Exchange found that tax aggressiveness was not positively related to accounting fraud (Rachmawati et al., 2023). Another study on Malaysian firms found a positive but not significant relationship between accounting irregularities and tax aggressiveness (Hashim et al., 2016).

H₁: Tax Aggressiveness has a positive effect on Accounting Fraud

Effect of Profitability (ROA) on Accounting Fraud

Profitability is the ratio of net final results related to all policies and decisions in the company, where this ratio is used as a tool to measure the company's ability to profit from its business (sales). Profitability is defined as the level of success or failure of the company shown in a predetermined period of time.

In this study, return on assets (ROA) is used as a measure of profitability. ROA is a ratio to measure the company's ability to generate profits calculated using the total assets (wealth) owned by the company after deducting the costs of financing existing assets (Hanafi & Halim, 2005). Companies that have low profitability will find it easier to commit financial statement fraud than companies that have high profitability (Fimanaya & Syafruddin, 2014). This is because the company wants to look good in the eyes of investors and has good prospects in the future. Agency Theory will spur agents to increase company profits so that the amount of income tax will increase in accordance with the increase in company profits.

Company profits as measured by the profitability ratio show the performance of management. This can occur because of the differences in interests between management and users of financial statements, causing information asymmetry regarding company operations. The profitability ratio can see the ability of the company managed by management to provide financial benefits to the company's investors correctly.

There is a negative association between profitability and accounting fraud. Companies with lower profitability ratios are more likely to commit accounting fraud to artificially inflate earnings and meet analyst expectations (Ozcan, 2016). The profitability ratios, such as return on assets, return on equity, and profit margin, are significant predictors of fraud in previous studies (Ozcan, 2016). Additionally, firms may manipulate inventory and accounts receivable to commit accounting fraud (Ozcan, 2016). However, it is essential to note that this relationship does not establish a causal relationship but rather shows a correlation. This hypothesis is supported by research previously conducted by Zaki & Islahuddin (2017) which states that low company performance does not affect the occurrence of fraudulent financial reporting.

H₂: Profitability Negatively Affects Accounting Fraud

RESEARCH METHODS

The population in this study were all manufacturing companies that have been audited and listed on the Indonesia Stock Exchange for the period 2017-2021. Population of manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2021. The sample in this study is manufacturing companies that have been audited and listed on the Indonesia Stock Exchange for the period 2017-2021. The sampling technique used is purposive sampling method, namely selection based on characteristics with sample selection on the basis of a match with a predetermined sample selection.

The sample criteria in this study are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange for the period 2019-2021,
2. Manufacturing companies that publish financial reports for the 2019-2021 period in a row,
3. Has a profit in the financial statements for the period 2017-2021, and
4. Have complete data related to the variables carried out by researchers during the 2017-2021 research period.

The data used in this study were obtained from the financial reports of manufacturing companies in the Food and Beverage sector listed on the Indonesia Stock Exchange for the period 2017-2021 which can be seen from the official website, namely (www.idx.co.id) and the official websites of related companies. The analytical tool used in this research is logistic regression analysis with the help of SPSS. The reason for using the logistic regression model analysis tool is because the dependent variable is dummy {doing fraud and not doing fraud (non fraud)}. The normal distribution assumption cannot be met because the independent variable is a mixture of continuous (metric) and categorical (non-metric) variables. In this case, it can be analyzed with logistic regression because there is no need for data normality assumptions on the independent variable.

The logistic regression model used in this study is:

$$FSF = \alpha_0 + \beta_1 CETR + \beta_2 ROA + \epsilon$$

With:

FSF : Financial Statement Fraud, 1: Companies that indicate fraud;
0: Companies that do not indicate fraud

α_0 : Constan

β_1 - β_2 : Independent variable coefficient

CETR : cash effective tax rate

ROA : return on total asset

RESULT AND DISCUSSIONS

Result

This research was conducted at Food and Beverage sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The data used in this study were sourced from annual reports using a sampling technique, namely purposive sampling technique. The following are the sampling criteria in the study:

Table 1
Sample

No	Sample Criteria	Amount
1	Number of <i>Food and Beverage</i> sector companies listed on the Indonesia Stock Exchange	72
2	Company data in the <i>Food and Beverage</i> sector that did not publish annual reports consecutively in the 2017-2021 period.	(34)
3	Data on companies in the <i>Food and Beverage</i> sector that experienced losses in the period 2017-2021	(14)
4	Company data in the <i>Food and Beverage</i> sector that meets the criteria for the period 2017-2021	24
Number of data that meet the criteria (24 Companies x 5 Years)		120

Souce: research data, 2023

The population data of the Food and Beverage sector companies listed on the Indonesia Stock Exchange during the 2017-2021 period is 72 companies. Of the many late samples mentioned, which are included in the sampling criteria with purposive sampling technique, there are 120 samples.

Descriptive statistics will show a description of the data which will be interpreted through the maximum and minimum values, average, and standard deviation. In this study, the number of manufacturing companies in the food and beverage sector in 2017-2021 was 120.

Table 2
Accounting Fraud Frequencies

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Tidak Melakukan Kecurangan Akuntansi	83	69,2	69,2	69,2
Melakukan Kecurangan Akuntansi	37	30,8	30,8	100,0
Total	120	100,0	100,0	

Based on the results of the frequency statistical test above, it can be seen that 83 companies or 69.2% are indicated not to commit accounting fraud. As many as 37 companies or 30.8% are indicated to commit accounting fraud.

Based on the grouping in the table above, the following are descriptive statistics from this study:

Tabel 3
Decscriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Agresivitas Pajak	120	6,96	85,36	27,0697	13,23655
Profitabilitas	120	,05	41,75	8,5967	7,15272
Kecurangan Akuntansi	120	0	1	,31	,464
Valid N (listwise)	120				

Based on the table above using 120 samples, it can be seen that the accounting fraud variable shows a minimum value of 0, a maximum value of 1, a mean of 0.31, and a standard deviation of 0.464. The tax aggressiveness variable shows a minimum value of 6.96, a maximum value of 85.36, a mean of 27.0697, and a standard deviation of 13.23655. The profitability variable shows a minimum value of 0.05, a maximum value of 41.75, a mean of 8.5967, and a standard deviation of 7.15272.

This study examines the effect of tax aggressiveness and profitability on accounting fraud using a test tool in the form of logistic regression. The use of logistic regression as a test tool is due to the dependent variable in the form of category-type data.

The dependent variable in this study is divided into two categories, namely companies that are indicated to commit fraud and are not indicated to commit fraud. Companies that indicate fraud will be given code 1. However, before conducting hypothesis testing, researchers will test the logistic regression model that has been designed previously. The following is the output of the logistic regression model feasibility test using the omnibus test.

Tabel 4
Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	4,468	2	,107
	Block	4,468	2	,107
	Model	4,468	2	,107

The omnibus test is one of the test tools used to test the feasibility of the logistic regression model used. In the omnibus test output above, it can be seen that the significance result of the chi-square

goodness of fit test has a value of 0.107 or more than 0.05. The next process is to assess the coefficient indicating that the logistic regression model created is correct and can be used for the next process. After the model is decided to be worthy of determination in the study. To assess the coefficient of determination, the output on the summary model will be used. The following is the output of the coefficient of determination:

Tabel 5
Determination Coefficient

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	143,794 ^a	,037	,052

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than ,001.

To assess the coefficient of determination in this study, the results of the Cox & Snell R Square test and the Nagelkerke R Square test will be used. From the output display above, it can be seen that the research coefficient of determination is 0.052 or 5.2%. This indicates that the ability of the independent variables to explain variations in accounting fraud is 5.2%. While the remaining 94.8% is explained by other factors outside the study.

After knowing the coefficient of research determination, the next step is to test the overall feasibility of the logistic regression model using the Hosmer and Lemeshow Test. This test aims to test whether the regression model created is sufficiently able to explain the data or not. The following is the test output:

Tabel 6
Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	11,905	8	,155

From the test output above, it can be seen that the significance value of the Hosmer and Lemeshow Test is 0.115 or above 0.05.

These results indicate that the model created has been able to explain the research data so that it can be used for

further analysis. The next test is testing the ability of the regression model to classify research data. The following is the test output:

Tabel 7
Classification Table

	Observed	Predicted		Percentage Correct
		Tidak Melakukan Kecurangan Akuntansi	Melakukan Kecurangan Akuntansi	
Step 1	Kecurangan Akuntansi	82	1	98,8
	Tidak Melakukan Kecurangan Akuntansi	35	2	5,4
Overall Percentage				70,0

a. The cut value is ,500

The table above shows the predictive power of the regression model to predict the possible prediction level of the model is 70.0%, of which 98.8% of companies that are not indicated to commit accounting fraud and 5.4% of companies that are indicated to commit accounting fraud.

With these results it can be decided that the regression model created is good enough to classify the data so that it can be used for testing.

After the logistic regression model test has been carried out, the next step is to test the hypothesis. Hypothesis testing in this study uses the Wald statistic. The following are the results of hypothesis testing:

Tabel 8
Hypothesis Testing

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a Agresivitas Pajak	,032	,016	3,941	1	,047	1,033
Profitabilitas	,035	,029	1,529	1	,216	1,036
Constant	-2,013	,636	10,018	1	,002	,134

a. Variable(s) entered on step 1: Agresivitas Pajak, Profitabilitas.

From the hypothesis testing output above, the logistic regression model formed is:

$$Y = -2,013 + 0,032 \text{ CETR} + 0,035 \text{ ROA}$$

Based on the results of the hypothesis testing above, an independent variable can be said to be able to be a determining

factor in the occurrence of accounting fraud when it has a significant value of less than 0.05.

Based on the table above, the significant value for the tax aggressiveness variable is 0.047, which means less than 0.05. This shows that the tax aggressiveness variable is included in one of the factors in the occurrence of accounting fraud.

As for the profitability variable, it shows a significant value of 0.216, which means above 0.05. This shows that profitability has no effect on accounting fraud.

Discussion

The Effect of Tax Aggressiveness on Accounting Fraud

The results of hypothesis testing in the table above show that the significance value of the tax aggressiveness variable as measured by the cash effective tax rate (ROA) is 0.047 or below alpha, namely 0.05. This indicates that the tax aggressiveness variable has an influence on accounting fraud. The coefficient value for the tax aggressiveness variable is 0.032. This value means that tax aggressiveness has a positive effect on accounting fraud. This means that H1 which reads tax aggressiveness has a positive and significant effect on accounting fraud. The resulting correlation is in line with the proposed hypothesis. Based on this, it can be concluded that the higher the act of tax aggressiveness carried out by the company, the higher the accounting fraud committed by the company concerned.

Aggressive actions in the financial statements are reflected in the earnings management carried out. Earnings management is a management action that aims to increase company profits in accordance with accounting principles, but if it conflicts with applicable accounting standards, it is considered a violation or included in accounting fraud. This indicates that tax management actions are usually also accompanied by earnings management actions so that the company's financial position looks good. From here it can be seen that there is a

high level of discretion for the company to manage the profit or tax it pays.

Aggressiveness aims to save tax liabilities so that the tax that will be charged to the company is low. The more aggressively a company reports taxes, the more it is considered to have engaged in accounting fraud. This is supported by previous studies conducted by Kamila and Martani (2014) which suggest that aggressive financial reporting can involve efforts to manipulate reported taxable income. According to research conducted by (Frank et al., 2009) found results showing that tax aggressiveness has a positive relationship with financial reporting aggressiveness, in this case accounting fraud.

The Effect of Profitability on Accounting Fraud

According to the results of hypothesis testing, the Return On Assets (ROA) variable which is the second hypothesis H2 in this study is used to determine the results of the evaluation of the accounting fraud variable, after testing the results obtained are the positive regression coefficient value of 0.035 and the profitability variable has no significant effect on financial statement fraud as indicated by the sig.t level of 0.216 or the value is above alpha 0.05, so the second hypothesis H2 is accepted.

From the description above, it can be concluded that the profitability variable has no effect on accounting fraud. The higher the ROA value of the company, the less likely the company is to commit fraudulent financial statements, this is in line with the company's ability to generate profits from its assets, this potential is also an attraction for investors to invest their funds for the company because with a high ROA, the share price also rises. This means that the high or low profitability of a company has no effect on the possibility of management committing financial statement fraud.

ROA is a ratio to measure the company's ability to generate profits calculated using the total assets (wealth) owned by the company after deducting the costs of financing existing assets (Hanafi &

Halim, 2005). A high ROA indicates the level of efficiency and effectiveness of asset management, which means that the company is able to use its assets to generate profits from sales and investments made by the company (Widarjo & Setiawan, 2009).

The company's profit as measured by the profitability ratio shows the performance of management, if the profitability ratio is high, it means that it shows the efficiency carried out by management and this efficiency action reduces the effective tax rate. This hypothesis is supported by research previously conducted by (Amara et al., 2013) which states that low company performance does not affect the occurrence of fraudulent financial reporting. Companies with low levels of profitability also provide encouragement for management to disclose overstatement of revenue or understatement of expenses.

This is in line with research conducted by (Milasari & Ratmono, 2019) which states that companies experiencing problems with their profitability do not always commit financial reporting fraud.

CONCLUSIONS

Based on the overall results and discussion presented in the previous chapter, the following conclusions can be drawn:

1. Tax aggressiveness has a positive and significant effect on tax avoidance. Aggressiveness in financial statements is reflected in the earnings management carried out. Earnings management is a management action that aims to increase company profits in accordance with accounting principles, but if it conflicts with applicable accounting standards, the action is considered violating or included in accounting fraud. The more aggressive a company declares tax reporting, it will be considered to have engaged in accounting fraud. This is supported by agency theory, namely the existence of bonuses, promotions, and many other incentives, by utilizing loopholes in

existing regulations, namely differences between tax regulations and Financial Accounting Standards (SAK) can encourage managers to commit fraudulent acts.

2. Profitability has no influence on accounting fraud. Agency theory reveals that agents will be encouraged to increase company profits so that the amount of income tax will increase in accordance with the increase in company profits. Company profits as measured by the profitability ratio show the performance of management, meaning that the high or low profitability of a company has no effect on the possibility of management committing financial statement fraud.

RESEARCH LIMITATIONS AND SUGGESTIONS

This study has several limitations that can be taken into consideration by other researchers as follows:

1. This study only uses two independent variables, namely tax aggressiveness and profitability, where there are many other independent variables that can explain their effect on accounting fraud.
2. This study only covers one sector, namely the food and beverage sector listed on the Indonesia Stock Exchange and many of the listed companies do not publish the required data, namely complete annual reports.

With the results and conclusions obtained as well as some limitations in the study, there are the following suggestions:

1. For companies, it is expected to be more careful in making decisions related to tax management and carry out tax obligations in accordance with established regulations in order to avoid tax administration sanctions.
2. For the government, it is hoped that it can review tax regulations to reduce loopholes for taxpayers who attempt to carry out financial statement fraud schemes (accounting fraud).

3. For future researchers, it is hoped that in the future there will be other similar studies to refine the limitations of the study by adding other variables such as audit committee, audit opinion or materiality value and increasing the research period which is expected that the longer the period studied will be the more accurate the research conducted.

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