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The Effect of Political Connections, Independent Commissioners and Capital Intensity on Tax Aggressiveness with Transfer Pricing as a Moderating Variable (Empirical Study of Mining Companies Listed on the IDX for the 2018-2022 Period)

Wijiatin[1], Grahita Chandrarin[2], Diana Zuhroh[3]

[1,2,3]Univerisity of Merdeka Malang, Indonesia

ABSTRACT: This study aims to examine the effect of political connections, independent commissioners, and capital intensity on tax aggressiveness with transfer pricing as a moderating variable. The population in this study is all mining companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2022 period. The purposive sampling method is a sample selection technique used in this study with various specific criteria. The data analysis technique used is the classical assumption test consisting of the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. Meanwhile, hypothesis testing is carried out using multiple linear regression analysis, f test, coefficient of determination (R2) test and t test. The results of the data analysis show that political connections have a significant effect on tax aggressiveness with a significant value of 0.029 ($p < 0.05$). Likewise, independent commissioners also have a significant effect on tax aggressiveness with a significant value of 0.034 ($p < 0.05$). On the other hand, capital intensity does not have a significant effect on tax aggressiveness with a significant value of 0.333 ($p > 0.05$). Furthermore, political connections have a significant effect on tax aggressiveness with transfer pricing as a moderating variable, with a significant value of 0.027 ($p < 0.05$). Independent commissioners also show a significant effect on tax aggressiveness with transfer pricing as a moderating variable, with a significant value of 0.004 ($p < 0.05$). However, capital intensity does not have a significant impact on tax aggressiveness when moderated by transfer pricing, with a significant value of 0.480 ($p > 0.05$).

KEYWORDS: Tax Aggressiveness, Political Connections, Independent Commissioners, Capital Intensity, Transfer Pricing

I. INTRODUCTION

Based on Law Number 16 of 2009 concerning General Provisions and Tax Procedures (KUP), tax is a legal responsibility that must be complied with by individuals or legal entities. This contribution does not provide direct benefits to the payer, but rather serves to meet the needs of the state and improve the welfare of the community. Tax is the main source of government revenue, and is used to encourage growth and development in order to achieve social welfare.

The 2020-2024 development goals, as outlined in the 2020-2024 JMR, are to build a just, prosperous and independent Indonesian society by promoting the formation of a strong economic structure in various regions, based on competitive advantages, and supported by qualified and competitive human resources. To achieve these Development Goals, the Indonesian government annually sets a national revenue and expenditure budget. In addition to the state expenditure budget to finance national development programs, the APBN includes revenue targets. Target revenues consist of scholarships, non-tax state credits (NPT), and tax revenues.

In Presidential Regulation of the Republic of Indonesia No. 75 of 2023 concerning Amendments to Presidential Regulation No. 130 of 2022 concerning details of the state revenue and purchasing budget for the 2023 fiscal year, it is stated that state revenue from previous taxes was Rp. Data shows that tax revenue is the main source of income. Therefore, the Government of the Republic of Indonesia often pays significant attention to improving the effectiveness and efficiency of the tax system to achieve revenue goals.

In an effort to optimize tax revenue, taxpayer participation is essential. The government's ability to maximize national tax revenue targets depends on taxpayer compliance. The government will be able to achieve its revenue goals as much as possible by ensuring that taxpayers fulfill their obligations in accordance with applicable tax laws and regulations. However, there is a conflict of interest that hinders overall compliance, especially taxes for a company. In this case, a company certainly has the main goal of achieving substantial profits or benefits to ensure the welfare of their shareholders or capital owners. Meanwhile, taxes themselves can reduce the company's profits. Therefore, this can potentially cause the company to not fulfill its tax obligations.

The Company's efforts to reduce tax expenditures ultimately emerge as a result of differences in interests. Tax aggressiveness is one of the efforts. According to Frank et al. (2009), tax aggressiveness is the deliberate manipulation of tax revenues by businesses through tax planning, which can include legally permissible means (tax violations) and unlawful means (tax avoidance). According to Magfira and Murtanto (2021), one approach for the business world to reduce its tax burden is to be tax aggressive. Tax avoidance is a tactic in which taxpayers legally avoid paying taxes without violating tax laws, essentially exploiting weaknesses in these restrictions.

Tax is a contribution required by the state to individuals or legal entities based on applicable laws and regulations. The contribution does not provide a direct answer, but is used to meet the needs of the state and improve the welfare of the community as stated in the General Rules and Procedures and Tax Procedures. Therefore, tax is a requirement for Indonesian citizens, especially those who have been taxed. To achieve the prosperity of the population, tax serves as a source of income for the state, which is applied to the development and growth of the country.

The realization of tax amnesty or tax exemption amounted to Rp 134.99 T, consisting of Rp 114.23 T in ransom money, Rp 19.02 T in tax deferral, and Rp 1.75 T in initial evidence. The financial composition is as follows: Rs 3,697.94 T in domestic declarations, Rs 1,036.37 T in overseas declarations, and Rs 146.69 T in repatriation. The total number of tax collectors participating in the tax amnesty was 972,530, with 52,757 additional newly registered tax collectors. According to the realization of data from the results of the tax amnesty, the implementation of the tax amnesty was dominated mainly by registered tax holders, with the addition of the number of new tax collectors being insignificant. (Ministry of Finance of the Republic of Indonesia, 2019). Taxpayers in Indonesia have been involved in tax planning and tax avoidance practices, as evidenced by the results of their receipts in the tax reduction program or tax amnesty.

Political connections, independent commissioners, and capital intensity are some of the factors considered to influence corporate tax aggressiveness. Political connections refer to a situation where there is a relationship between a company and a party with certain political interests, which is used to provide benefits to each party. Purwanti & Sugiyarti (2017) explain that a company usually maintains many connections in various disciplines to ensure the sustainability of its business, especially in terms of increasing profits.

Companies with political connections tend to make more efforts to reduce their taxes, because the possibility of being audited is smaller, and they may not face audits by tax officials. (Mulyani et al., 2014). Purwoto (2011) claims that organizations with political connections will try to build relationships with politicians and administrations through certain methods. As a result, political connections will be given special protection and treatment, thus turning them into valuable strategies and resources for the company. The company's interest rate burden may increase because the company's ability to obtain capital loans is easier due to its political connections.

PMK71/PMK.03/2010 defines that entrepreneurs must be low-risk tax collectors whose shares are owned by the central and local governments. This shows how easily companies with political connections can obtain certain tax preferences, such as loose supervision and low probability of being detected in tax audits. As the company's political connections increase, so does tax avoidance. (Asadanie & Venusita, 2020).

In relation to tax aggressiveness, political ties become less important because independent commissioners have greater political connections compared to directors. The Board of Directors is an entity within the company that has full responsibility and authority in managing the company for the benefit of the company, in accordance with the goals and objectives stipulated in Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, Article 1 paragraph (1) (5). Meanwhile, independent commissioners are members of the board of commissioners who are not affiliated with the majority shareholder, management, or other board members, as explained in Article 120 (2). Therefore, the functions and responsibilities between directors and independent commissioners are different. The board of directors has an obligation to ensure that the company achieves its goals efficiently.

The Effect of Political Connections, Independent Commissioners and Capital Intensity on Tax Aggressiveness with Transfer Pricing as a Moderating Variable (Empirical Study of Mining Companies Listed on the IDX for the 2018-2022 Period)

Tax planning is one aspect of organizational administration. According to Kuswiratmo (2018), independent commissioners play a role in balancing the interests of majority and minority shareholders, as well as protecting the interests of various other stakeholders. The presence of independent commissioners is expected to improve supervision, including in tax planning administration. Rohmansyah and Fitriana (2020) state that effective supervision can overcome agency problems, such as opportunistic management behavior related to bonuses, which often encourages management to reduce the tax burden in order to increase their bonuses. When supervision is carried out more strictly, management will be more careful in making decisions and more open in its operations, which can ultimately reduce tax avoidance. The presence of active independent commissioners can motivate management to follow applicable tax regulations.

Capital intensity is the next factor. Capital intensity, according to Sukartha (2017), refers to a company's investment activities related to fixed assets (capital). The company's investment in these fixed assets will result in depreciation costs from the invested assets. These costs can be deducted from the company's tax income according to the asset classification in Indonesian tax regulations. Andhari and Sukartha (2017) conducted a study on capital intensity, which showed that companies will prioritize investment in assets that incur high cost burdens. This burden can reduce the company's profits, which in turn can affect the company's tax obligations.

The company's transfer pricing policy aims to determine the transaction price between divisions within a multinational company. This policy allows companies to adjust internal prices on goods, services, and intangible assets sold or purchased, with the aim of preventing inappropriate pricing, either too low or too high. The role of transfer pricing as a moderating variable in this study proves the important function of the policy. Susi (2020), Transfer pricing is a technique used by multinational companies to monitor and evaluate the performance of their business operations by dividing their business entities into divisions or departments, according to Tiwa. (2017). The mechanism for determining transaction prices for the delivery of products or services by parties with special relationships is transfer pricing. Most global companies implement such mechanisms by raising or lowering their prices.

Political Cost Hypothesis and the Relationship between Positive Accounting Theory and Transfer Pricing. Corporate managers seek to reduce accounting costs associated with transfer pricing activities. The corporate scenario is to minimize the higher costs of cross-border transfer pricing activities as a result of strict enforcement of transfer pricing regulations in Indonesia. The costs are the result of potential disputes, sanctions, and documentation if the company does not set prices based on arm's length pricing principles. This also supports the institutional-based government perspective that corporate strategic choices are constrained by government institutional rules, as strict transfer pricing rules change the tax avoidance strategies of multinational corporations. (Susianti & Pramita, 2023).

Previous studies have explored various factors that influence tax aggressiveness, making it a widely studied variable. However, the results of these studies show variations depending on the variables or factors analyzed. Lestari et al. (2019) examined the impact of political connections, capital intensity, and tax aggressiveness on companies listed on the Indonesia Stock Exchange (IDX) during the period 2013 to 2017. Their results revealed that tax aggressiveness was simultaneously influenced by capital intensity and political connections.

Krisnawati et al. (2021) examined the effect of political connections, capital intensity, and corporate social responsibility on tax aggressiveness in manufacturing companies listed on the Indonesia Stock Exchange. The findings of their study indicate that political connections have an impact on tax aggressiveness, with the result that the likelihood of companies engaging in tax avoidance decreases as the strength of political connections increases. The study also indicated that capital intensity affects tax aggressiveness. However, the final results of this study showed that tax aggressiveness was not significantly influenced by corporate social responsibility. Kusumastuti and Sulaiman (2022) conducted a study examining the effect of capital intensity, leverage, and independent commissioners on tax aggressiveness. The results of their study found that tax aggressiveness was simultaneously influenced by these three variables, namely capital intensity, leverage, and independent commissioners.

This study aims to improve the consistency of research findings by integrating the results of previous studies and re-testing the influence of political connections, independent commissioners, and capital intensity on tax aggressiveness. The focus of this study is mining companies listed on the Indonesia Stock Exchange in the period 2018 to 2022. The mining sector was chosen because of its large contribution to state revenue through taxes; in the first semester of 2019, this sector contributed 33.43 trillion rupiah (kompas.com). Although this sector makes a significant contribution, its potential can still increase. However, high tax avoidance in this sector is an obstacle. Considering this, this study focuses on the influence of political connections, independent commissioners, and capital intensity on tax aggressiveness, with transfer pricing acting as a moderating variable.

II. LITERATURE REVIEW

A. Agency Theory

Agency Theory describes the relationship between shareholders (principals) and management (agents). Shareholders are tasked with organizing and managing tasks, while management approved by shareholders must manage the company's resources and report all work to shareholders (Mulyani and Jupenrio, 2019). An agency relationship occurs when a principal employs an individual or individuals known as agents to perform certain services and gives decision-making authority to the agent. The agent will have more information than the manager as a consequence of the delegation of authority. The manager will supervise the agent's actions to prevent the agent from acting exclusively for personal gain. Problems between the principal and the agent can sometimes arise from this conflict of interest.

B. Tax Aggressiveness

According to Frank (2019), corporate tax aggressiveness refers to a strategy to manage taxable income through methods that may be legal (tax avoidance) or illegal (tax evasion). Tax avoidance is a legitimate effort to reduce tax liabilities by exploiting loopholes in tax laws without violating existing regulations. In contrast, tax evasion involves illegal means to avoid tax liabilities, by hiding actual information and violating tax regulations.

C. Political Connections

Political connections are situations where there is a relationship between individuals or organizations with certain political interests, usually with the aim of providing mutual benefits. Purwanti and Sugiyarti (2017) explain that if a company has close ties with the government, this indicates that one of the company's managers or executives has close ties with the government. Political connections refer to the level of closeness between a company and the government. Companies often use their political connections to gain special benefits from the government, including in terms of taxation. They use this closeness to avoid tax audits or obtain tax deductions that should not be received. To avoid tax audits, tax deduction applications, or actions related to tax avoidance, state-owned and privately-owned companies often establish political relations with the government (Wicaksono, 2017).

D. Independent Commissioner

Independent commissioners are members of the board of commissioners who are not involved in the Company's operations and do not own shares in it. Independent commissioners have no relationship with the issuer or public company, and are not bound to directors, major shareholders, or corporate entities that have direct or indirect contact with the company, as stipulated in Regulation No. IX.I.5 and Kep-305/BEI/07-2004 of the Directorate of the Jakarta Stock Exchange. This regulation requires that listed companies must have at least 30% independent commissioners on the Board of Commissioners. An adequate number of independent commissioners can have a significant impact on reducing the possibility of inaccurate financial reports or the quality of the financial reports prepared. The existence of independent commissioners is expected to reduce the company's tax aggressiveness. Murtanto and Magfira (2021) found that the increasing number of independent commissioners in a Company will reduce the possibility of tax avoidance.

E. Capital intensity

The investment activity of a company, known as capital intensity, refers to investment in assets and stocks (Ambarukmini & Diana, 2017). Fixed assets are assets that are intended to be used for more than one period of time and are held for production, provision of products or services, transfer to third parties, or administration. The capital intensity ratio can be used to determine how efficiently a company uses its assets to generate revenue. A company's investment in fixed assets, as part of capital intensity, is one way a company generates revenue and profits. Investment in fixed assets results in depreciation charges, which allow a company to reduce annual taxes by absorbing the depreciation costs associated with the asset. The level of depreciation charges on fixed assets depends on the classification of the asset (Sukartha, 2017).

F. Transfer Pricing

The policy implemented by a company to determine the price in transactions involving goods, services, intangible assets, or financial transactions is called transfer pricing. In transfer pricing, there are two main categories: intra-company transfer prices, which are prices charged between divisions in one company, and inter-company transfer prices, which are prices that apply to transactions between two business entities that have a special relationship. These transactions can occur both nationally (domestic) and across countries (international) (Setiawan, 2018).

Companies use transfer pricing rules to determine cross-divisional transaction rates within a global organization. This policy allows businesses to manage internal pricing for traded products, services, and intangible assets, with the aim of preventing prices from being too low or too high (Susi, 2020). Transfer pricing can help multinational companies monitor and evaluate their operational performance by dividing business entities into various divisions or departments (Tiwa, 2017). This policy is designed to regulate the flow of resources between company divisions in response to the international economic environment, and is considered an effective strategy to compete amidst resource constraints (Melmusi, 2017).

G. Hypothesis

The hypothesis in this study is as follows:

H_1 : Political connections influence tax aggressiveness.

H_2 : Independent Commissioners influence tax aggressiveness

H_3 : Capital intensity has an effect on tax aggressiveness

H_4 : Political Connections Influence Tax Aggressiveness with Transfer Pricing as a Moderating Variable

H_5 : Independent Commissioners Influence Tax Aggressiveness with Transfer Pricing as a Moderating Variable

H6 : Capital Intensity Influences Tax Aggressiveness with Transfer Pricing as a Moderating Variable

III. RESEARCH METHODS

A. Research Design

This study aims to assess the influence of political relations, independent commissioners, and capital intensity on tax aggressiveness, considering transfer pricing as a moderating variable, especially in mining companies listed on the Indonesia Stock Exchange during the period 2018 to 2022. This study uses secondary data, such as annual reports and financial statements, to carry out quantitative analysis.

B. Operational Definition of Variables

1) Dependent variable

Tax aggressiveness is a dependent variable that shows the company's efforts to reduce the tax obligations that must be paid. To assess the company's tax aggressiveness, a proxy is used based on research Wicaksono (2017), namely the effective tax rate ratio (ETR). The ETR ratio is calculated using the following formula:

$$ETR_{it} = \frac{\textit{Total Tax Expense}_{it}}{\textit{Pretax Income}_{it}} \quad \text{……….(1)}$$

Information:

ETR_{it} : Average Effective Tax of company i in period t

Total tax $expense_{it}$: Total income tax expense of company I in period t

Pre-tax $income_{it}$: Profit before tax of company I in period t

ETR shows the comparison between the company's total income and the income tax liability that must be paid before tax deductions. The greater the ETR value, the smaller the amount of tax paid by the company (Lestari et al., 2019).

2) Independent variables

a. Political connections

Purwoto (2011) explains that companies with political connections are companies that have special relations with politicians or the government and try to establish closeness with these parties. Krisnawati et al. (2021) suggest that political connections can be measured with a dummy variable, where a company is given a value of 1 if any of its executives serve as government officials, and a value of 0 if not. Gusharita (2020) explains that a company is said to have political connections when a company has political connections if one of its directors or commissioners is or has been a member of the DPR, part of the executive cabinet, an official in a government or military institution, is involved in a political party, or if one of the shareholders who owns more than 10% of its shares has a relationship with a prominent politician or is an official or former official.

b. Independent Commissioner

According to Law Number 40 of 2007 concerning Limited Liability Companies, an independent commissioner is a board member who has no relationship with other board members, directors, or majority shareholders. To calculate the percentage of independent commissioners, compare the total number of board members with the fraction of independent commissioners in the company (Astuti, 2020). This evaluation uses the following indicators:

$$\text{Independent commissioner} = \frac{\Sigma\ \textit{Independent Board of Commissioners}}{\Sigma\ \textit{Member of the Board of Commissioners}} \quad \text{....(2)}$$

c. Capital intensity

The capital intensity ratio in this study is used to measure the comparison between fixed assets and sales, will be applied to assess capital intensity. This ratio reflects how much capital the company invests in fixed assets such as manufacturing facilities, machine tools, and other fixed assets. This ratio is calculated using the formula below:

$$\text{CI} = \frac{\text{Total Fixed Assets}}{\text{Total Asset}} \quad \text{…………(3)}$$

3) Moderation Variables

a. Transfer Pricing (Z)

Transfer pricing method applied by companies to set prices for transactions between divisions in multinational companies. This method allows companies to adjust internal prices for products, services, and intangible assets, so that the prices are not too low or too high (Susi, 2020). In this study, transfer pricing was assessed using a dummy variable; companies involved in sales transactions with foreign entities were given a value of 1, while companies that did not carry out such transactions were given a value of 0.

C. Population and Sample

This study covers all companies listed on the Indonesia Stock Exchange (IDX) in the mining sector for the period 2018 to 2022 as research objects. The purposive sampling technique was applied, which is a method of selecting subjects based on their ability to provide relevant information and meet certain criteria (Chandrarin, 2017). The following are the criteria for selecting samples for this study:

1) Mining sector companies listed on the Indonesia Stock Exchange continuously from 2018 to 2022.
2) Companies that publish comprehensive annual reports for the years 2018 to 2022.
3) Companies that did not record losses during the observation period from 2018 to 2022.
4) Companies that publish their financial reports in dollars.

Based on these criteria, the research sample includes 31 mining sector companies listed on the Indonesia Stock Exchange for the period 2018-2022.

D. Data Analysis Techniques

The data analysis technique used in this study is a quantitative approach. Quantitative methods involve numerical analysis of problems, where research data is processed to produce the necessary information. The analytical tools applied include descriptive and inferential statistical analysis, with the use of multiple linear regression models through SPSS Version 24.

IV. RESULTS AND DISCUSSION

A. Descriptive Test

Descriptive statistics present data by determining the standard deviation, average, maximum value and minimum value.

Table 1. Descriptive Test

Descriptive Statistics					
Variables	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Political Connections	155	.00	1.00	.56	.49
Independent Commissioner	155	.00	1.00	.10	.07
Capital Intensity	155	.26	.33	.28	.01
Tax aggressiveness	155	.05	.86	.25	.09
Transfer Pricing	155	.00	1.00	.53	.50
Valid N (listwise)	155				

Based on the test results, the minimum value of the political connection variable is 0 and the maximum value is 1. The standard deviation of the Political Connection variable is 0.49. The Independent Commissioner variable displays the minimum and maximum values of 0 and 1 respectively. Meanwhile, its standard deviation is 0.07. The capital intensity variable displays the minimum and maximum values of 0.26 and 0.33 respectively. The standard deviation of the Capital Intensity variable is 0.1. The Tax Aggressiveness variable has the minimum and maximum values of 0.05 and 0.86 respectively. The standard deviation of the Tax Aggressiveness variable is 0.09. Meanwhile, the Transfer Price variable shows the minimum and maximum values of 0 and 1 respectively. The standard deviation of the Transfer Price variable is 0.50.

B. Hypothesis Testing

Multiple linear regression analysis is a test used to test the hypothesis in this study. This method generally involves the use of several independent variables. This study will apply the analysis of the adjusted determination coefficient (R^2) and the partial significance test (t-test) to analyze linear regression. In addition, Moderate Regression Analysis (MRA) will be used to evaluate the effect of moderating variables in Transfer Pricing.

1) Coefficient of Determination Test

The adjusted coefficient of determination (Adjusted R^2) assesses how much the independent variable can explain the fluctuation of the dependent variable in this study. The Adjusted R^2 value shows how much the independent variable contributes to explaining the dependent variable.

Table 2. Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.250[a]	.063	.318	97.917

a. Predictors: (Constant), Koneksi Politik, Komisaris Independen, Capital Intensity
b. Dependent Variable: Agresivitas Pajak

In table 2, the Adjusted R Square value is 0.318, which indicates that the dependent variable can be explained by as much as 31.8% of the independent variables. In summary, Political Connections, Independent Commissioners, and Capital Intensity affect 31.8% of tax aggressiveness, the remaining 68.2% is influenced by other variables that are not considered or explained in this study.

2) F Test

Simultaneous or F test, as defined by Ghozali (2018), is a statistical test conducted to evaluate the feasibility of a model. The effect on the dependent variable is indicated when a significant value is generated with a value below sig 0.05. The results of the significance test will be presented in the following section.

Table 3. Model Significance Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	93966.570	7	13423.796	1.400	.009[b]
	Residual	1409392.372	147	9587.703		
	Total	1503358.942	154			

a. Dependent Variable: Agresivitas Pajak
b. Predictors: (Constant), Koneksi Politik, Komisaris Independen, Capital Intensity

A value <0.05 is indicated by a significant value of 0.009 in the F test, as shown in Table 3. A simultaneous or concurrent significant effect on tax aggressiveness is observed when the significant value is less than 0.05.

3) t-test

The t-test attempts to determine the effect of the independent or individual variable on the dependent variable. H0 is rejected if the significance value is less than 0.05, this indicates that the dependent variable is influenced by the person. Likewise, when the t value exceeds the t table, the t value calculates that the dependent variable has a partial impact on the dependent variable. Likewise, when the t number is smaller than the t table, then it is possible to interpret that there is no individual influence between the independent and dependent variables. The following are the results of the t test for the existing research sample.

Table 4. t-test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	591,134	319,546		1,850	.066
	Political Connections	26,364	23,748	.133	1.110	.029
	Independent Commissioner	-.391	.182	-.283	-2.144	.034
	Capital Intensity	-.011	.011	-.168	-.971	.333
	Political Connections*Transfer Pricing	-21.019	33.122	-.097	-.635	.027
	Independent Commissioner*Transfer Pricing	.156	.232	.122	.670	.004
	Capital Intensity*Transfer Pricing	.009	.013	1,342	.709	.480
a. Dependent Variable: Tax Aggressiveness						

Based on the results of the T test in table 4, it can be interpreted as follows:

a. Political Connections
According to the t-test result, the sig value for Political Connection is 0.029, with t-count of 1.110. This implies that tax aggressiveness is partially influenced by political connection, since the value is significant 0.029 < 0.05.

b. Independent Commissioner
The sig value of Independent Commissioner is 0.034, with a t value of -2.144, as determined by the t test. This implies that Independent Commissioner has a partial impact on tax aggressiveness, since the significant value is 0.034, which is less than the threshold of 0.05.

c. Capital Intensity
The sig value of Capital Intensity is 0.333, with a t value of -0.097, as determined by the t test. This means that tax aggressiveness is not greatly influenced by capital intensity, since the significant value is 0.333, which is greater than the significance level of 0.05.

d. Political Connections*Transfer Pricing
The t-test has revealed that the sig value of Political Connection with Transfer Pricing as a moderating variable is 0.027, with a t-value of -0.635. This shows that tax aggressiveness is partly influenced by political connections, with Transfer Pricing serving as a moderating variable. This is supported by the fact that the value of 0.027 is less than 0.05.

e. Independent Commissioner*Transfer Pricing
The sig value of Independent Commissioner with Transfer Pricing as a moderating variable is 0.004, as determined by the t-test, with a t-value of 0.670. This shows that Independent Commissioner has a partial impact on tax aggressiveness, with Transfer Pricing serving as a moderating variable, since the significant value is 0.001 <0.05.

f. Capital Intensity*Transfer Pricing
The t-test has determined that the sig value for Capital Intensity with Transfer Pricing as a moderating variable is 0.480, with a t-value of 0.709. This means that tax aggressiveness is not partially affected by capital intensity when transfer pricing is used as a moderating variable, because the value of 0.480 is statistically significant and greater than 0.05.

C. Discussion of Research Results

1) The Influence of Political Connections on Tax Aggressiveness

The sig value of Political Connection is 0.029, with the t value of 1.110. This information comes from the results of the t test. This implies that tax aggressiveness is partly influenced by political connections, because the value is significantly 0.029 < 0.05.

According to Anggraeni (2018), the political relationship that has been established by the company results in special treatment, including ease of obtaining capital loans and reducing the risk of tax audits. This encourages companies to be more aggressive in implementing tax planning, which in turn reduces the transparency of easy financial reporting. Conflict arises when agents do not comply with instructions from the owner for their own benefit. Company management sometimes uses tax aggressiveness to prioritize personal interests in order to achieve the desired performance compensation through political connections, even though this may conflict with the main objective of reducing the tax burden that must be paid.

Tjondro (2017) argues that companies with political connections will be given government protection, have easy access to capital loans, and face minimal tax inspection risks. This will encourage companies to be more aggressive in their tax planning, resulting in a lack of financial transparency. Despite the financial crisis, companies with political connections can obtain various privileges. (bailout).

Companies with political connections qualify for reduced taxes. In simpler terms, companies with political connections can promote through legislative access, which facilitates the commission of tax aggressiveness. Gusharita (2020) found that tax aggressiveness is significantly influenced by political connections in his study.

2) The Influence of Independent Commissioners on Tax Aggressiveness

The sig value of Independent Commissioner is 0.034, with a t value of -2.144, as determined by the t-test result. This implies that independent commissioners have a partial impact on tax aggressiveness, since the significant value of 0.034 is less than 0.05.

Agency theory suggests that corporate financing decisions can serve as an indicator of tax aggressiveness. Conflict between owners and agents will occur when the company does not have sufficient funds. (Agent). Independent commissioners have the responsibility to ensure efficient supervision and guide the company in accordance with applicable regulations. The presence of an independent commissioner, tighter management supervision, and the presence of more independent commissioners also prevent management from acting fraudulently in reporting its tax burden. It is estimated that corporate tax aggressiveness will be affected by the presence of independent commissioners. Managers engage in tax aggressiveness to increase corporate profitability by minimizing corporate burdens, including tax burdens. Aderia (2019) has concluded that independent commissioners have a substantial impact on tax aggressiveness, as evidenced by their research.

3) The Effect of Capital Intensity on Tax Aggressiveness

The sig value for Capital Intensity is 0.333, with a t value of -0.097, as indicated by the t-test result. This means that tax aggressiveness is not greatly influenced by capital intensity, since the significant value is 0.333, which is greater than the significance level of 0.05.

Capital intensity (Capital Intensity Ratio) is a significant proportion of a company's capital used to acquire fixed assets. The company's sales are divided by the amount of fixed assets to calculate this ratio. Fixed assets can be used as an indicator of tax aggressive behavior by companies that have a large number of them. Companies can use fixed assets as a tax aggressive method by reducing the fixed assets owned each year. This reduction can be used to reduce the company's profits and serves as a basis for calculating the amount of tax incurred (Nugraha & Adi, 2017). Investors consider the capital intensity ratio in their investment decisions and assessments because this ratio illustrates how well a company manages its invested capital to generate profits. Therefore, there is a risk that a company's policy of engaging in tax aggressive practices with fixed assets will be perceived as a decline in the company's performance, which in turn affects investor confidence. This is because companies that invest their assets in large amounts but generate insignificant profits will be perceived as such.

Aderia's research (2019) shows that tax aggressiveness is not affected by the capital intensity ratio. This means that the greater the company's capital intensity, the greater the company's tax avoidance, because the burden of asset depression can still be used to reduce the tax burden.

4) The Effect of Political Connections on Tax Aggressiveness with Transfer Pricing as a Moderating Variable

The sig value of Political Connection with Transfer Pricing as a moderating variable is 0.027, with a t value of -0.635, as shown by the t-test result. This indicates that political connection partially affects tax aggressiveness with transfer pricing as a moderating variable, as the value is significant at 0.027 < 0.05.

In the context of political costs, the relationship between politics, economics, and companies becomes very significant in the framework of positive accounting theory. This is clear in the reality of Indonesia, where many politicians hold important positions in various companies. This type of political relationship can be used by businesses to protect themselves from the threat of tax aggressiveness, thereby strengthening the influence of tax aggressiveness. Matangkin (2018) emphasized that political connections can have a beneficial effect on an entity's financial statements.

Companies may receive certain protections and incentives to legally reduce their tax burden through their association with governments and legislators who have the authority to set tax regulations. This has the potential to build a favorable impression in the organization's financial statements. In contrast, Nurrahmi and Rahayu (2020) present an alternative perspective. These findings suggest that the influence of political connections on tax aggressiveness is a diverse phenomenon.

Transfer pricing is a pejorative term that refers to the transfer of tax revenues between multinational companies that are in the same shadow but each company is located in different parts of the country, with one of the companies being in a country with a reduced tax rate. (Suntari and Mulyani, 2020). Suntari and Mulyani (2020) revealed that transfer pricing is applied between companies that have affiliates with the aim of structurally lowering the value of products to reduce reported profits abroad, resulting in company losses. In other words, this method is deliberately used to allow companies to avoid taxes in certain countries in a more aggressive manner.

To align with their business strategy, many companies choose to set transfer prices based on internal policies rather than following the "arm's length" principle. This approach often results in lower transfer prices between related parties, which can result in reduced income taxes or encourage aggressive behavior in tax avoidance (Fenny & Budiono, 2019).

5) The Influence of Independent Commissioners on Tax Aggressiveness with Transfer Pricing as a Moderating Variable

The sig value of Independent Commissioner with Transfer Pricing as a moderating variable is 0.004, as shown by the T-test result, with a t-value of 0.670. This indicates that independent commissioners have a partial impact on tax aggressiveness with Transfer Pricing as a moderating variable, because the significant value is 0.004 <0.05.

According to Effendi (2018), commissioners who are not involved in management, do not own majority shares, and do not have direct or indirect relationships with the company's main stakeholders are tasked with overseeing management. Independent Commissioners serve as representatives of independent shareholders (minorities), as well as representing other interests, such as investors.

Transfer pricing is the systematic pricing of products, services, or technologies between companies that have an affiliated relationship. The purpose of transfer pricing is to reduce profits by imitating the company's actual losses to avoid taxes in a particular country. (Suntari & Mulyani, 2020). Transactions between multinationals in Indonesia are not exempt from transfer pricing techniques, especially by tax collectors from Foreign Capital Investment and foreign company units in Indonesia that enter the Form of Permanent Enterprise. (BUT). (Putri & Mulyani, 2020).

The lack of influence of the Independent Board of Commissioners on tax aggressiveness means that corporate compliance with tax regulations is not guaranteed regardless of the number of independent Board of Commissioners. The results of this study are in line with the findings of Sunarsih & Handayani (2018), which show that the Independent Board of Commissioners affects tax aggressiveness, with transfer pricing acting as a moderating variable.

6) The Effect of Capital Intensity on Tax Aggressiveness with Transfer Pricing as a Moderating Variable

The sig value for Capital Intensity with Transfer Pricing as a moderating variable is 0.480, with a t value of 0.709, as indicated by the T-test result. This implies that capital intensity does not have a partial effect on tax aggressiveness when transfer pricing is used as a moderating variable, as the value of 0.480 is statistically significant and greater than 0.05.

Capital intensity can also be defined as the degree to which a company allocates funds for operational activities and asset financing to generate corporate profits, according to Gemilang (2017). This analysis continues to use the asset intensity ratio as a proxy variable for capital intensity, because corporate profits are used as a premise to determine the amount of tax to be paid. This is due to the potential direct impact of cost reductions on corporate profits. The potential loss of tax revenue and effective tax rates is higher for companies with larger fixed assets, because reduction costs can be deducted for tax purposes.

The level of tax aggressiveness can be influenced by capital intensity, which is the extent to which a company's operations are driven by investment in fixed assets. As a result, the cost of reduction will increase over time, potentially contributing to a decline in the company's profits and increasing the company's overall expenses (Andhari & Sukartha, 2017). The research findings of Adiputri & Erlinawati (2021) show that Capital Intensity has no impact on Tax Aggression, with transfer prices serving as a mitigating variable.

V. CONCLUSION AND LIMITATIONS

A. Conclusion

Based on the research results above, the conclusions in this study are as follows:

1. Political connections have an influence on tax aggressiveness, with a significant value of 0.029 < 0.05.
2. Independent Commissioners have an influence on tax aggressiveness, with a significant value of 0.034 < 0.05.
3. Capital Intensity has no influence on tax aggressiveness, with a significant value of 0.333 > 0.05.
4. Political connections have an influence on tax aggressiveness with Transfer Pricing as a moderating variable, with a significant value of 0.027 < 0.05.
5. Independent Commissioners have an influence on tax aggressiveness with Transfer Pricing as a moderating variable, with a significant value of 0.004 < 0.05.
6. Capital Intensity has no influence on tax aggressiveness with Transfer Pricing as a moderating variable, with a significant value of 0.480 > 0.05.

B. Limitations

Based on the researcher’s direct findings in this study, there are limitations and certain factors that should be considered by future researchers to improve the research conducted. It is important to acknowledge that this study may have its own shortcomings that need to be addressed in future research efforts. Some of the limitations in the study are:

1. The research variables are limited to political connections, independent commissioners, capital intensity. Further researchers are advised to change or add independent variables that can be factors in influencing tax aggressiveness. Likewise, by considering the use of other moderating variables.
2. The research object is limited to mining companies listed on the Indonesia Stock Exchange. Further researchers are advised to expand the research object or use other sector research objects to test the research gap.

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