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Tax Avoidance Strengthens Customers' Concentration on Tax Aggressiveness Before and After the Tax Amnesty Period

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tax avoidance; customer concentration; tax aggressiveness; tax amnesty; mining industry

Abstract

This study aims to obtain empirical evidence regarding tax avoidance that is able to strengthen the relationship between customer concentration and tax aggressiveness in the period before (2013-2015) and after (2017-2019) tax amnesty. This research uses panel data with SPSS version 21 for mining companies with purposive samples in 2013-2015 and 2017-2019. The test results state that customer concentrations have an effect on tax aggressiveness and tax avoidance with the interest ratio indicator is able to strengthen the relationship of customer consent to tax aggressiveness in the period before and after the tax amnesty.

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ABSTRACT

This study aims to obtain empirical evidence regarding tax avoidance that is able to strengthen the relationship between customer concentration and tax aggressiveness in the period before (2013-2015) and after (2017-2019) tax amnesty. This research uses panel data with SPSS version 21 for mining companies with purposive samples in 2013-2015 and 2017-2019. The test results state that customer concentrations have an effect on tax aggressiveness and tax avoidance with the interest ratio indicator is able to strengthen the relationship of customer consent to tax aggressiveness in the period before and after the tax amnesty.

Keywords: tax avoidance, customer concentration, tax aggressiveness, tax amnesty, mining industry

1. INTRODUCTION

The largest state revenue is obtained from tax revenues. In accordance with [1] concerning the Long-Term Development Plan (RPJP) of 2005-2025, this plan is divided into the National Medium-Term Development Plan (RPJMN) for a five-year period and which is currently entering its third phase. This revenue is used by the government to support infrastructure development such as toll road construction, improvement of education and health social assistance programs, namely BPJS Health and Employment. In addition, state revenues are also allocated for the development of eastern Indonesia.

However, in practice, the realization of tax revenues in the Indonesian State Budget for the last 10 years has not reached the target [2]. The reason is, the Ministry of Finance recorded the realization of tax revenue in 2017 reached Rp 1.147 trillion or 89.4 percent of the government's target. And in 2018 it was 92 percent or IDR 1,315.9 trillion. There was a decrease in the realization of tax revenues in 2018 and 2019 by 7.97% when compared to tax revenues in 2017 and 2018 [3] [4] [5] [6] [7] [8] [9] [10] [11] [12].

The problem of tax revenue is not only faced by the Indonesian government, but also the governments of other countries in the world. Recently, there was also a case of tax aggressiveness that occurred in the Netherlands by Google using the Double Irish method [13]. However, the tax evasion case by Google has ended in 2020 [14]. Meanwhile in Indonesia, a new case of alleged tax aggressiveness was revealed based on the news dated July 5, 2019 conducted by PT Adaro Energy Tbk. This is because coal trade in Singapore is only subject to a 10%

tax, while coal trade in Indonesia will be subject to a 50% tax [15].

The cases above are caused by differences in objectives between the government and companies. For the government, tax revenue must be maximized. For companies on the contrary, because taxes are a burden that will prevent companies from getting maximum profits. Thus, many companies then take various ways to reduce the tax burden that must be paid to the state. There are several forms of tax planning, such as tax avoidance, aggressive tax planning or more commonly referred to as tax aggressiveness and tax avoidance. Tax avoidance uses a method that is not permitted by the applicable laws and regulations so that the act can be subject to legal sanctions. Unlike the case with tax avoidance, where in tax avoidance this tax planning effort takes advantage of the weaknesses and loopholes in tax laws and regulations so that legally it is still not categorized as a violation. However, if tax aggressiveness has been detected, which needs to be examined and proven, then this can be categorized as a rule violation that will result in tax penalties or sanctions [16] [17] [18].

There have been many studies on tax avoidance and tax aggressiveness. However, this research is different from previous research which uses tax avoidance as a mediating variable which will strengthen the influence of the customer concentration variable on tax aggressiveness. Research on the variable concentration of customers previously conducted separately by [19] and [20]. In this study, the tax avoidance variable also uses the Benchmarking Behavioral Model (BBM) indicator as an indicator where previous studies have used the Effective Tax Rate (ETR). This study also compares the momentum

before tax amnesty with after tax amnesty in 2016. In addition, the motivation of this study is to assist the government in determining taxpayer compliance before and after the 2016 tax amnesty so that the government as regulator can take further steps in achieving realization of the state budget in terms of state tax revenues.

2. THEORETICAL REVIEW

Agency theory [21] is a relationship that arises because of a contract between the principal and the agent, where the principal gives work to the agent. Principals are shareholders and agents are management of the company. The company is an organization that is owned by several shareholders where there are owners who control their own company and there are also those who entrust it to a manager. Agency problems occur because shareholders cannot monitor the activities carried out by management in daily activities so that shareholders cannot ensure that managers work in accordance with their interests. Shareholders also do not have sufficient information about management performance, while managers have more information both about their capacity, work environment, and information about the company as a whole. This shows that the information held by shareholders and management is not balanced. This information asymmetry allows management to take advantage of the limited information held by shareholders by acting against the wishes of shareholders, which can be categorized as moral hazard. Moral hazard exploits a type of information asymmetry in which some parties can observe their own actions in business transactions, while others cannot [22]. In accordance with agency theory, there is information asymmetry in the tax system applied in Indonesia. In the self-assessment tax system, taxpayers are given the trust to calculate, deposit, and report their own tax debts. And in a tax withholding system, the government trusts a third party to calculate, collect or withhold taxes, deposit and then report them to the government.

In the customer concentration variable, it can be seen that the number of transactions made with the government is presented in the financial statements of a company. The existence of a transaction with the government means the implementation of a tax deduction system in the transaction. Although the tax deduction system is implemented by the government, it does not rule out the possibility of corruption or cooperation between two or more parties to a transaction to reduce the taxes that will be paid to the government. Therefore, with the large value of transactions carried out by companies with the government, it will also lead to a large tendency to take tax avoidance actions. According to research conducted by [19] [20] [25] indeed there is a significant effect between customer concentration on tax avoidance. Thus, the first hypothesis that is built is

H₁: Customer concentrations have an effect on tax aggressiveness

Self-assessment taxation system, weak regulations and weak law enforcement [26], government distrust of established rules [27] and opportunities [26] and time with the change in the moral behavior of taxpayers to become more individualistic which triggers aggressiveness and tax avoidance which is still included in the category of not violating the law. Tax avoidance and aggressiveness is carried out by carrying out taxable income engineering actions (PhKP) without reducing income in financial statements for tax reporting so that tax savings are paid [28] [16] [29] [30] [31]. Therefore, tax evasion is legal as long as no criminal element is found in the examination [32]. However, if there is a taxpayers' behavior that shows hidden resistance caused by feelings of disappointment, not being noticed, being a victim, resulting in hurt. This attitude of resistance cannot be expressed because they do not dare/afraid to express resistance to the tax authorities and the government. This tax avoidance will motivate (strengthen) the desire to save on taxes paid by taxpayers by aggressively resisting passive taxes, even though tax aggressiveness can still be categorized as an act that does not violate the law. So that the act of tax avoidance coupled with an aggressive attitude will lead to tax aggressiveness. Thus, the second hypothesis that is built is

H₂: Tax avoidance has an effect on tax aggressiveness

Customer concentration measures how concentrated the customer base is within a company. A customer base can be created with transactions that account for up to 10% of total sales. In this study, customer concentration can be measured by looking at transactions made with the government. This can be an indicator because if a company makes a transaction to the government, then the transaction is automatically taxed by the government. The company's transactions with the government can be said to be large or major customers if the value of sales to the government reaches 10% of the company's total sales. By using the withholding tax system, the amount of tax owed is determined by the government. This encourages the tendency of companies to take higher tax avoidance actions so that they are more aggressive in paying tax savings. [19] [20] [25] [26] [27] [30]. Thus, the third hypothesis that is built is

H₃: Tax avoidance can strengthen the relationship between customer concentration and tax aggressiveness.

3. METHODOLOGY

The population that will be used in this study are mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2012-2018.

The technique used in this research is purposive sampling, with the criteria that are:

- 1) The company does not conduct IPO, delisting, re-listing, merger, sector change in the period 2013-2019,

- 2) The companies that are not State-Owned Enterprises (BUMN) for the 2013-2019 period, and
- 3) The companies make sales transactions.

The following is a table of operationalization of variables used in this study.

Table 1 Operationalization of Variables

No	Variable	Definition	Indikator	Scale
Independent				
1	Customer Concentration (CC) [19] [24]	A centralized supplier customer base is one of the most important characteristics of a supplier-customer relationship.	a value of 1 = most of the company's transactions are carried out with the government, otherwise it is given a value of 0.	Nominal
Control				
2	Tax Amnesty (dTA Amnesty)	Tax amnesty period.	value 1 = year after tax amnesty value 0 = year before tax amnesty	Nominal
Moderation				
3	Tax avoidance (TAvoid)	Transaction arrangements for profit, or tax deductions that do not violate the law taxation.	Salary expense in year t / Sales in year t Interest expense in year t / Sales in year t Rent expense in year t / Sales in year t	Ratio
Dependent				
4	Tax aggressiveness (TAgg) Modification from [17]	An action taken by a company to reduce taxable income through aggressive tax planning.	$PERMDIFF_{it} = \alpha_0 + \alpha_1 INTANG_{it} + \alpha_2 MI_{it} + \alpha_3 CSTE_{it} + \alpha_4 \Delta NOL_{it} + \varepsilon_{it}$ where: PERMDIFF = permanent different INTANG = intangible assets MI = profit/loss of non-controlling interest CSTE = current tax ΔNOL = fiscal loss compensation ε_{it} = DTAX	Ratio

Source: SPSS 21 Processing Results

The hypothesis testing technique in this study uses moderated regression analysis (MRA) to find out tax avoidance strengthens the relationship between customer concentration and tax aggressiveness. The equation of the MRA test that will be used in this study is as follow:

$$TAgg_{it} = \alpha + \beta_1 CC_{it} + \beta_2 TAVoid_{it} + \beta_3 CC * TAVoid_{it} + \beta_4 dTA_{Amnesty}_{it} + \varepsilon_{it}$$

Whereas:

TAgg = tax aggressiveness
 CC = customer concentration
 TAVoid = tax avoidance
 dTA Amnesty = dummy tax amnesty
 ε = Error

4. RESULTS AND CONCLUSIONS

4.1. Descriptive Statistics Test

In descriptive statistical testing, it can be seen from the minimum value, maximum value, mean value, and standard deviation.

Table 2 Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
2013-2015 years (period before tax amnesty)					
CC	57	0	1	.526	.504
TA _{Av} _Salary	57	.0058	3.369	.339	.499
TA _{Av} _Interest	57	.0001	.134	.006	.018
TA _{Av} _Rent	57	-.0002	.429	.024	.064
TA _g	57	-.2955	.243	-.065	.088
Valid N (listwise)	57				
2017-2019 years (period after tax amnesty)					
CC	57	0	1	.420	.504
TA _{Av} _Salary	57	.0205	32.267	1.525	5.070
TA _{Av} _Interest	57	.0003	.183	.009	.027
TA _{Av} _Rent	57	-.0003	.264	.019	.043
TA _g	57	-.2695	.365	-.060	.102
Valid N (listwise)	57				

Source: SPSS 21 Processing Results

Based on Table 2, there are independent variables of customer concentration (CC). In addition, there is also a moderating variable consisting of tax avoidance with three indicators, namely salary expense, interest expense and rental expense and the dependent variable is tax aggressiveness (TA_g).

In the table 2, column N contained in the table above shows the number of samples used in this study during the period before and after the tax amnesty, as many as 57 companies as samples. The minimum column shows CC independent variable with a minimum nominal scale of 0 which comes from mining companies that do not conduct sales transactions with the government. The maximum value 1 for the variable CC comes from mining companies, most of which have sales transactions with the government. The minimum value of the moderating variable for tax avoidance (TA_{Av}) with the three indicators. The mean column shows the average value calculated from each variable in this study, and the last column is the standard column deviation that shows the spread of values in each variable. The higher the standard deviation of a variable from its average value, the more varied the data in that variable. On the other hand, the lower the standard deviation of a variable from its average value, the data in that variable is less varied or homogeneous. A standard

deviation whose value is greater than the average value indicates a positive standard deviation, while a standard deviation whose value is smaller than the average value indicates a negative standard deviation.

4.2. Classical-Assumption Test

This study used the Kolmogorov-Smirnov test for normality test. The results of the p-value of 0.072 or more than 0.05 so it can be said that the assumptions required for the normal distributed regression test have been met. However, because this study uses panel data, there are several opinions that do not require this normality test as a condition that must be met so that it can be ignored [23].

The multicollinearity test showed that each independent variable used in this study had a Tolerance > 0.10 or VIF < 10. Tolerance values for the variables CC, TA_{Av}_Salary, TA_{Av}_Interest, TA_{Av}_Rent and TA_{Amnesty} were 0.367; 0.915; 0.684; 0.393 and 0.925. While the VIF values for the variables CC, TA_{Av}_Salary, TA_{Av}_Interest, TA_{Av}_Rent and TA_{Amnesty} are 2.721; 1.093; 1.461; 2,547 and 1,081. Thus, it can be concluded that there is no symptom of multicollinearity between independent variables in the regression model.

Heteroscedasticity test in this study used the Glesjer method. Value of Sig. for variables CC, TAv_Salary, TAv_Interest, TAv_Rent and TAmnesty of 0.831; 0.950; 0.135; 0.843 and 0.294. The results of the heteroscedasticity test showed the value of Sig. each independent variable is greater than 0.05 which means there is no heteroscedasticity.

The result of the autocorrelation test with Durbin-Watson is 0.984 where if it is seen from the equation test that $(-2 < DW < +2)$, it can be said that the autocorrelation test has the equation $-2 < 0.984 < 2$ so it can be concluded that this research model is free from autocorrelation.

4.3. Coefficient of Determination Test (R^2)

The value of R square based on the results of the analysis using the MRA test tool was obtained at 0.123 or 12.3%, which means that the influence of the ability of each variable is weak. This figure means that there is an

influence between customer concentration, tax avoidance with 3 indicators (ratio of salary, interest and rent) on tax aggressiveness which is 12.3% while the remaining 87.7% is influenced by other variables outside the variables tested.

4.4. Model Feasibility Test

If seen from the results of the F test the value of Sig. 0.077 is smaller than 0.10, it can be interpreted that the independent variables, namely customer concentration, tax avoidance with 3 indicators (salary, interest and rent ratio) and tax amnesty together have affected tax aggressiveness. Or it can be concluded that the regression model in this study is feasible to use to test the effect of customer concentration, tax avoidance with 3 indicators (ratio of salary, interest and rent) and tax amnesty on tax aggressiveness.

Table 3 MRA Model Results

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	-.058	.016	-3.546	.001
CC	-.081	.028	-2.839	.005
TxA_V_Salary	.004	.002	1.559	.122
TxA_V_Interest	-.079	.455	.175	.862
1 TxA_V_Rent	.081	.255	.318	.751
CC_TAvSalary	.065	.041	1.609	.111
CC_TAvInterest	14.462	6.835	2.116	.037
CC_TAvRent	.352	.352	1.000	.319
TAmnesty	-.008	.018	-.420	.675

Source: SPSS 21 Processing Results

Based on the results of hypothesis testing that have been presented in Table 3 and Figure 1, it was found that tax avoidance with the salary ratio indicator was able to strengthen the relationship between customer concentration and tax aggressiveness.

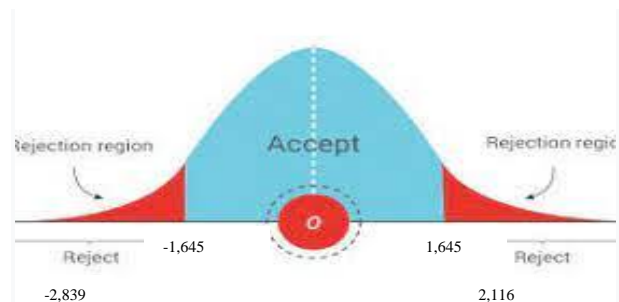


Figure 1. Hypothesis Result

Hypothesis testing in this study is using two-tailed hypothesis testing so that the T-table value for two-way

hypothesis testing with 90 percent confidence level and 10 percent alpha is 1.645. The H_0 area cannot be rejected or H_a is rejected is the T-statistics value in the $-1.645 < T\text{-statistics} < 1.645$ area or the Sig value. greater than 0.10. Meanwhile, if the value of Sig. shows a value less than 0.10 or a T-statistic value less than -1.645 and a T-statistic value greater than 1.645 then H_0 is rejected or H_a cannot be rejected.

Based on Table 3, it can be seen that the customer concentration variable has T-statistics value of -2.839 and Sig. value of 0.005. The value of the results of this study shows a value of $-2.839 < 1.645$ and a value of $0.005 < 0.10$ then H_0 is rejected and H_{a1} cannot be rejected. This means that customer concentration has an effect on tax aggressiveness.

Tax avoidance is tested as an independent variable in table 3, the tax avoidance variable with three indicators, namely the ratio of salary, interest and rent, each has a T-statistics value of 1.559; 0.175 and 0.318 as well as the value of Sig. of 0.122; 0.862; 0.751. The value of this research shows a value of T-statistics < 1.645 and a value of Sig. > 0.10 then H_0 is do not rejected and H_{a2} can be rejected. This means that the tax avoidance variable using three indicators of the ratio of salary, interest and rent has no effect on tax aggressiveness.

However, based on table 3, it can be seen that the tax avoidance variable as the moderating variable has a T-statistics value of 2.116 and a Sig value. of 0.037. The value of the results of the study shows the value of T-statistics outside the -1.645 area $< T\text{-statistics} < 1.645$ (2.116) or 0.037 less than 0.10 then H_0 is rejected and H_{a3} cannot be rejected. This means that tax avoidance with the interest ratio indicator is able to strengthen the relationship between customer concentration and tax aggressiveness.

The dTAmnesty variable has a T-statistics value of -0.420 and a Sig value. of 0.675. This value shows a value of $-1.645 > -0.420$ and a value of $0.675 > 0.10$, which means that there is no difference between the period before and after the tax amnesty on tax aggressiveness.

4.5. Discussion

The discussion in this study is about the effect of customer concentration on tax aggressiveness with tax avoidance as a moderating variable. This research was conducted on mining companies listed on the Indonesia Stock Exchange in the period before and after the tax amnesty.

Based on the results of hypothesis testing which have been presented in table 3 and figure 1, it was found that customer concentration has an effect on tax aggressiveness. The results of testing the hypothesis are in accordance with research conducted by [19] [20] [25]. And tax avoidance with the interest ratio indicator was able to strengthen the relationship of customer concentration to tax aggressiveness. The results of testing the hypothesis are consistent with the research conducted by [19] [20] [24] [25] [26] [27] [30]. However, although tax avoidance is able to strengthen the influence of customer concentration on tax aggressiveness, there is no difference

between the period before and after the tax amnesty. The tax amnesty carried out by the government is still less successful in changing taxpayers to further improve tax compliance by not doing tax aggressiveness. This can be caused because taxpayers still feel less confident with the government in managing tax revenues.

4.6. Conclusions

This study aims to obtain empirical evidence that tax avoidance is able to strengthen the relationship between customer concentration and tax aggressiveness. Tax avoidance uses three ratio indicators, namely the salary ratio, the interest ratio and the rent ratio. Tax aggressiveness in this study uses a proxy of discretionary permanent difference. This research was conducted on 19 mining companies listed on the Indonesia Stock Exchange (IDX) during the period before (2013-2015 and after the tax amnesty (years 2017-2019). Data processing in this study was using the SPSS version 21 program to conduct testing descriptive statistics, classical assumptions, MRA and hypotheses.

The results of this study indicate that customer concentration has an effect on tax aggressiveness only by 8.1%. And tax avoidance with an interest ratio indicator that is able to strengthen the relationship of customer concentration to tax aggressiveness in the period before and after the tax amnesty. However, tax avoidance has not been able to give effect to tax aggressiveness.

The suggestions for further researchers are adding independent variables in the study or adding control variables that considered to have an influence on tax aggressiveness which has not been tested in this study so that it can increase the value of R-Square.

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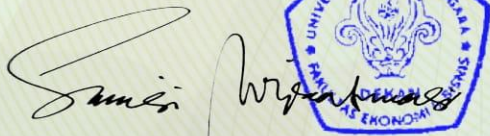
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Tax Avoidance Strengthens Customers' Concentration on Tax Aggressiveness Before and After the Tax Amnesty Period

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ABSTRACT

This study aims to obtain empirical evidence regarding tax avoidance that is able to strengthen the relationship between customer concentration and tax aggressiveness in the period before (2013-2015) and after (2017-2019) tax amnesty. This research uses panel data with SPSS version 21 for mining companies with purposive samples in 2013-2015 and 2017-2019. The test results state that customer concentrations have an effect on tax aggressiveness and tax avoidance with the interest ratio indicator is able to strengthen the relationship of customer consent to tax aggressiveness in the period before and after the tax amnesty.

Keywords: tax avoidance, customer concentration, tax aggressiveness, tax amnesty, mining industry

1. INTRODUCTION

The largest state revenue is obtained from tax revenues. In accordance with [1] concerning the Long-Term Development Plan (RPJP) of 2005-2025, this plan is divided into the National Medium-Term Development Plan (RPJMN) for a five-year period and which is currently entering its third phase. This revenue is used by the government to support infrastructure development such as toll road construction, improvement of education and health social assistance programs, namely BPJS Health and Employment. In addition, state revenues are also allocated for the development of eastern Indonesia.

However, in practice, the realization of tax revenues in the Indonesian State Budget for the last 10 years has not reached the target [2]. The reason is, the Ministry of Finance recorded the realization of tax revenue in 2017 reached Rp 1.147 trillion or 89.4 percent of the government's target. And in 2018 it was 92 percent or IDR 1,315.9 trillion. There was a decrease in the realization of tax revenues in 2018 and 2019 by 7.97% when compared to tax revenues in 2017 and 2018 [3] [4] [5] [6] [7] [8] [9] [10] [11] [12].

The problem of tax revenue is not only faced by the Indonesian government, but also the governments of other countries in the world. Recently, there was also a case of tax aggressiveness that occurred in the Netherlands by Google using the Double Irish method [13]. However, the tax evasion case by Google has ended in 2020 [14]. Meanwhile in Indonesia, a new case of alleged tax aggressiveness was revealed based on the news dated July 5, 2019 conducted by PT Adaro Energy Tbk. This is because coal trade in Singapore is only subject to a 10%

tax, while coal trade in Indonesia will be subject to a 50% tax [15].

The cases above are caused by differences in objectives between the government and companies. For the government, tax revenue must be maximized. For companies on the contrary, because taxes are a burden that will prevent companies from getting maximum profits. Thus, many companies then take various ways to reduce the tax burden that must be paid to the state. There are several forms of tax planning, such as tax avoidance, aggressive tax planning or more commonly referred to as tax aggressiveness and tax avoidance. Tax avoidance uses a method that is not permitted by the applicable laws and regulations so that the act can be subject to legal sanctions. Unlike the case with tax avoidance, where in tax avoidance this tax planning effort takes advantage of the weaknesses and loopholes in tax laws and regulations so that legally it is still not categorized as a violation. However, if tax aggressiveness has been detected, which needs to be examined and proven, then this can be categorized as a rule violation that will result in tax penalties or sanctions [16] [17] [18].

There have been many studies on tax avoidance and tax aggressiveness. However, this research is different from previous research which uses tax avoidance as a mediating variable which will strengthen the influence of the customer concentration variable on tax aggressiveness. Research on the variable concentration of customers previously conducted separately by [19] and [20]. In this study, the tax avoidance variable also uses the Benchmarking Behavioral Model (BBM) indicator as an indicator where previous studies have used the Effective Tax Rate (ETR). This study also compares the momentum

before tax amnesty with after tax amnesty in 2016. In addition, the motivation of this study is to assist the government in determining taxpayer compliance before and after the 2016 tax amnesty so that the government as regulator can take further steps in achieving realization of the state budget in terms of state tax revenues.

2. THEORETICAL REVIEW

Agency theory [21] is a relationship that arises because of a contract between the principal and the agent, where the principal gives work to the agent. Principals are shareholders and agents are management of the company. The company is an organization that is owned by several shareholders where there are owners who control their own company and there are also those who entrust it to a manager. Agency problems occur because shareholders cannot monitor the activities carried out by management in daily activities so that shareholders cannot ensure that managers work in accordance with their interests. Shareholders also do not have sufficient information about management performance, while managers have more information both about their capacity, work environment, and information about the company as a whole. This shows that the information held by shareholders and management is not balanced. This information asymmetry allows management to take advantage of the limited information held by shareholders by acting against the wishes of shareholders, which can be categorized as moral hazard. Moral hazard exploits a type of information asymmetry in which some parties can observe their own actions in business transactions, while others cannot [22]. In accordance with agency theory, there is information asymmetry in the tax system applied in Indonesia. In the self-assessment tax system, taxpayers are given the trust to calculate, deposit, and report their own tax debts. And in a tax withholding system, the government trusts a third party to calculate, collect or withhold taxes, deposit and then report them to the government.

In the customer concentration variable, it can be seen that the number of transactions made with the government is presented in the financial statements of a company. The existence of a transaction with the government means the implementation of a tax deduction system in the transaction. Although the tax deduction system is implemented by the government, it does not rule out the possibility of corruption or cooperation between two or more parties to a transaction to reduce the taxes that will be paid to the government. Therefore, with the large value of transactions carried out by companies with the government, it will also lead to a large tendency to take tax avoidance actions. According to research conducted by [19] [20] [25] indeed there is a significant effect between customer concentration on tax avoidance. Thus, the first hypothesis that is built is

H₁: Customer concentrations have an effect on tax aggressiveness

Self-assessment taxation system, weak regulations and weak law enforcement [26], government distrust of established rules [27] and opportunities [26] and time with the change in the moral behavior of taxpayers to become more individualistic which triggers aggressiveness and tax avoidance which is still included in the category of not violating the law. Tax avoidance and aggressiveness is carried out by carrying out taxable income engineering actions (PhKP) without reducing income in financial statements for tax reporting so that tax savings are paid [28] [16] [29] [30] [31]. Therefore, tax evasion is legal as long as no criminal element is found in the examination [32]. However, if there is a taxpayers' behavior that shows hidden resistance caused by feelings of disappointment, not being noticed, being a victim, resulting in hurt. This attitude of resistance cannot be expressed because they do not dare/afraid to express resistance to the tax authorities and the government. This tax avoidance will motivate (strengthen) the desire to save on taxes paid by taxpayers by aggressively resisting passive taxes, even though tax aggressiveness can still be categorized as an act that does not violate the law. So that the act of tax avoidance coupled with an aggressive attitude will lead to tax aggressiveness. Thus, the second hypothesis that is built is

H₂: Tax avoidance has an effect on tax aggressiveness

Customer concentration measures how concentrated the customer base is within a company. A customer base can be created with transactions that account for up to 10% of total sales. In this study, customer concentration can be measured by looking at transactions made with the government. This can be an indicator because if a company makes a transaction to the government, then the transaction is automatically taxed by the government. The company's transactions with the government can be said to be large or major customers if the value of sales to the government reaches 10% of the company's total sales. By using the withholding tax system, the amount of tax owed is determined by the government. This encourages the tendency of companies to take higher tax avoidance actions so that they are more aggressive in paying tax savings. [19] [20] [25] [26] [27] [30]. Thus, the third hypothesis that is built is

H₃: Tax avoidance can strengthen the relationship between customer concentration and tax aggressiveness.

3. METHODOLOGY

The population that will be used in this study are mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2012-2018.

The technique used in this research is purposive sampling, with the criteria that are:

- 1) The company does not conduct IPO, delisting, re-listing, merger, sector change in the period 2013-2019,

- 2) The companies that are not State-Owned Enterprises (BUMN) for the 2013-2019 period, and
- 3) The companies make sales transactions.

The following is a table of operationalization of variables used in this study.

Table 1 Operationalization of Variables

No	Variable	Definition	Indikator	Scale
Independent				
1	Customer Concentration (CC) [19] [24]	A centralized supplier customer base is one of the most important characteristics of a supplier-customer relationship.	a value of 1 = most of the company's transactions are carried out with the government, otherwise it is given a value of 0.	Nominal
Control				
2	Tax Amnesty (dTAmnesty)	Tax amnesty period.	value 1 = year after tax amnesty value 0 = year before tax amnesty	Nominal
Moderation				
3	Tax avoidance (TAvoid)	Transaction arrangements for profit, or tax deductions that do not violate the law taxation.	Salary expense in year t / Sales in year t Interest expense in year t / Sales in year t Rent expense in year t / Sales in year t	Ratio
Dependent				
4	Tax aggressiveness (TAgg) Modification from [17]	An action taken by a company to reduce taxable income through aggressive tax planning.	$PERMDIFF_{it} = \alpha_0 + \alpha_1 INTANG_{it} + \alpha_2 MI_{it} + \alpha_3 CSTE_{it} + \alpha_4 \Delta NOL_{it} + \varepsilon_{it}$ where: PERMDIFF = permanent different INTANG = intangible assets MI = profit/loss of non-controlling interest CSTE = current tax ΔNOL = fiscal loss compensation $\varepsilon_{it} = DTAX$	Ratio

Source: SPSS 21 Processing Results

The hypothesis testing technique in this study uses moderated regression analysis (MRA) to find out tax avoidance strengthens the relationship between customer concentration and tax aggressiveness. The equation of the MRA test that will be used in this study is as follow:

$$TAgg_{it} = \alpha + \beta_1 CC_{it} + \beta_2 TAvoid_{it} + \beta_3 CC * TAvoid_{it} + \beta_4 dTAmnesty_{it} + \varepsilon_{it}$$

Whereas:

TAgg = tax aggressiveness
 CC = customer concentration
 TAvoid = tax avoidance
 dTAmnesty = dummy tax amnesty
 ε = Error

4. RESULTS AND CONCLUSIONS

4.1. Descriptive Statistics Test

In descriptive statistical testing, it can be seen from the minimum value, maximum value, mean value, and standard deviation.

Table 2 Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
2013-2015 years (period before tax amnesty)					
CC	57	0	1	.526	.504
TA _{Av} _Salary	57	.0058	3.369	.339	.499
TA _{Av} _Interest	57	.0001	.134	.006	.018
TA _{Av} _Rent	57	-.0002	.429	.024	.064
TA _{Ag}	57	-.2955	.243	-.065	.088
Valid N (listwise)	57				
2017-2019 years (period after tax amnesty)					
CC	57	0	1	.420	.504
TA _{Av} _Salary	57	.0205	32.267	1.525	5.070
TA _{Av} _Interest	57	.0003	.183	.009	.027
TA _{Av} _Rent	57	-.0003	.264	.019	.043
TA _{Ag}	57	-.2695	.365	-.060	.102
Valid N (listwise)	57				

Source: SPSS 21 Processing Results

Based on Table 2, there are independent variables of customer concentration (CC). In addition, there is also a moderating variable consisting of tax avoidance with three indicators, namely salary expense, interest expense and rental expense and the dependent variable is tax aggressiveness (TA_{Ag}).

In the table 2, column N contained in the table above shows the number of samples used in this study during the period before and after the tax amnesty, as many as 57 companies as samples. The minimum column shows CC independent variable with a minimum nominal scale of 0 which comes from mining companies that do not conduct sales transactions with the government. The maximum value 1 for the variable CC comes from mining companies, most of which have sales transactions with the government. The minimum value of the moderating variable for tax avoidance (TA_{Av}) with the three indicators. The mean column shows the average value calculated from each variable in this study, and the last column is the standard column deviation that shows the spread of values in each variable. The higher the standard deviation of a variable from its average value, the more varied the data in that variable. On the other hand, the lower the standard deviation of a variable from its average value, the data in that variable is less varied or homogeneous. A standard

deviation whose value is greater than the average value indicates a positive standard deviation, while a standard deviation whose value is smaller than the average value indicates a negative standard deviation.

4.2. Classical-Assumption Test

This study used the Kolmogorov-Smirnov test for normality test. The results of the p-value of 0.072 or more than 0.05 so it can be said that the assumptions required for the normal distributed regression test have been met. However, because this study uses panel data, there are several opinions that do not require this normality test as a condition that must be met so that it can be ignored [23].

The multicollinearity test showed that each independent variable used in this study had a Tolerance > 0.10 or VIF < 10. Tolerance values for the variables CC, TA_{Av}_Salary, TA_{Av}_Interest, TA_{Av}_Rent and TA_{Amnesty} were 0.367; 0.915; 0.684; 0.393 and 0.925. While the VIF values for the variables CC, TA_{Av}_Salary, TA_{Av}_Interest, TA_{Av}_Rent and TA_{Amnesty} are 2.721; 1.093; 1.461; 2.547 and 1.081. Thus, it can be concluded that there is no symptom of multicollinearity between independent variables in the regression model.

Heteroscedasticity test in this study used the Glesjer method. Value of Sig. for variables CC, TAv_Salary, TAv_Interest, TAv_Rent and TAmnesty of 0.831; 0.950; 0.135; 0.843 and 0.294. The results of the heteroscedasticity test showed the value of Sig. each independent variable is greater than 0.05 which means there is no heteroscedasticity.

The result of the autocorrelation test with Durbin-Watson is 0.984 where if it is seen from the equation test that $(-2 < DW < +2)$, it can be said that the autocorrelation test has the equation $-2 < 0.984 < 2$ so it can be concluded that this research model is free from autocorrelation.

4.3. Coefficient of Determination Test (R^2)

The value of R square based on the results of the analysis using the MRA test tool was obtained at 0.123 or 12.3%, which means that the influence of the ability of each variable is weak. This figure means that there is an

influence between customer concentration, tax avoidance with 3 indicators (ratio of salary, interest and rent) on tax aggressiveness which is 12.3% while the remaining 87.7% is influenced by other variables outside the variables tested.

4.4. Model Feasibility Test

If seen from the results of the F test the value of Sig. 0.077 is smaller than 0.10, it can be interpreted that the independent variables, namely customer concentration, tax avoidance with 3 indicators (salary, interest and rent ratio) and tax amnesty together have affected tax aggressiveness. Or it can be concluded that the regression model in this study is feasible to use to test the effect of customer concentration, tax avoidance with 3 indicators (ratio of salary, interest and rent) and tax amnesty on tax aggressiveness.

Table 3 MRA Model Results

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	-.058	.016	-3.546	.001
CC	-.081	.028	-2.839	.005
TxAv_Salary	.004	.002	1.559	.122
TxAv_Interest	-.079	.455	.175	.862
TxAv_Rent	.081	.255	.318	.751
CC_TAvSalary	.065	.041	1.609	.111
CC_TAvInterest	14.462	6.835	2.116	.037
CC_TAvRent	.352	.352	1.000	.319
TAmnesty	-.008	.018	-.420	.675

Source: SPSS 21 Processing Results

Based on the results of hypothesis testing that have been presented in Table 3 and Figure 1, it was found that tax avoidance with the salary ratio indicator was able to strengthen the relationship between customer concentration and tax aggressiveness.

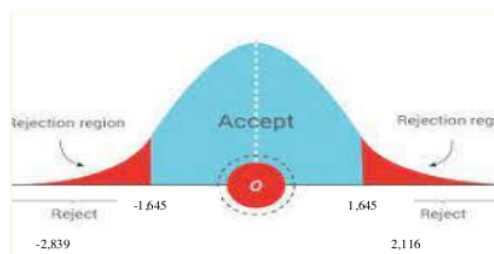


Figure 1. Hypothesis Result

Hypothesis testing in this study is using two-tailed hypothesis testing so that the T-table value for two-way

hypothesis testing with 90 percent confidence level and 10 percent alpha is 1.645. The H_0 area cannot be rejected or H_a is rejected is the T-statistics value in the $-1.645 < T\text{-statistics} < 1.645$ area or the Sig value. greater than 0.10. Meanwhile, if the value of Sig. shows a value less than 0.10 or a T-statistic value less than -1.645 and a T-statistic value greater than 1.645 then H_0 is rejected or H_a cannot be rejected.

Based on Table 3, it can be seen that the customer concentration variable has T-statistics value of -2.839 and Sig. value of 0.005. The value of the results of this study shows a value of $-2.839 < 1.645$ and a value of $0.005 < 0.10$ then H_0 is rejected and H_{a1} cannot be rejected. This means that customer concentration has an effect on tax aggressiveness.

Tax avoidance is tested as an independent variable in table 3, the tax avoidance variable with three indicators, namely the ratio of salary, interest and rent, each has a T-statistics value of 1.559; 0.175 and 0.318 as well as the value of Sig. of 0.122; 0.862; 0.751. The value of this research shows a value of T-statistics < 1.645 and a value of Sig. > 0.10 then H_0 is do not rejected and H_{a2} can be rejected. This means that the tax avoidance variable using three indicators of the ratio of salary, interest and rent has no effect on tax aggressiveness.

However, based on table 3, it can be seen that the tax avoidance variable as the moderating variable has a T-statistics value of 2.116 and a Sig value. of 0.037. The value of the results of the study shows the value of T-statistics outside the -1.645 area $< T\text{-statistics} < 1.645$ (2.116) or 0.037 less than 0.10 then H_0 is rejected and H_{a3} cannot be rejected. This means that tax avoidance with the interest ratio indicator is able to strengthen the relationship between customer concentration and tax aggressiveness.

The dTAmnesty variable has a T-statistics value of -0.420 and a Sig value. of 0.675. This value shows a value of $-1.645 > -0.420$ and a value of $0.675 > 0.10$, which means that there is no difference between the period before and after the tax amnesty on tax aggressiveness.

4.5. Discussion

The discussion in this study is about the effect of customer concentration on tax aggressiveness with tax avoidance as a moderating variable. This research was conducted on mining companies listed on the Indonesia Stock Exchange in the period before and after the tax amnesty.

Based on the results of hypothesis testing which have been presented in table 3 and figure 1, it was found that customer concentration has an effect on tax aggressiveness. The results of testing the hypothesis are in accordance with research conducted by [19] [20] [21]. And tax avoidance with the interest ratio indicator was able to strengthen the relationship of customer concentration to tax aggressiveness. The results of testing the hypothesis are consistent with the research conducted by [19] [20] [24] [25] [26] [27] [30]. However, although tax avoidance is able to strengthen the influence of customer concentration on tax aggressiveness, there is no difference

between the period before and after the tax amnesty. The tax amnesty carried out by the government is still less successful in changing taxpayers to further improve tax compliance by not doing tax aggressiveness. This can be caused because taxpayers still feel less confident with the government in managing tax revenues.

4.6. Conclusions

This study aims to obtain empirical evidence that tax avoidance is able to strengthen the relationship between customer concentration and tax aggressiveness. Tax avoidance uses three ratio indicators, namely the salary ratio, the interest ratio and the rent ratio. Tax aggressiveness in this study uses a proxy of discretionary permanent difference. This research was conducted on 19 mining companies listed on the Indonesia Stock Exchange (IDX) during the period before (2013-2015 and after the tax amnesty (years 2017-2019). Data processing in this study was using the SPSS version 21 program to conduct testing descriptive statistics, classical assumptions, MRA and hypotheses.

The results of this study indicate that customer concentration has an effect on tax aggressiveness only by 8.1%. And tax avoidance with an interest ratio indicator that is able to strengthen the relationship of customer concentration to tax aggressiveness in the period before and after the tax amnesty. However, tax avoidance has not been able to give effect to tax aggressiveness.

The suggestions for further researchers are adding independent variables in the study or adding control variables that considered to have an influence on tax aggressiveness which has not been tested in this study so that it can increase the value of R-Square.

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