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Impact of Financial Distress, Firm Size, Fixed Asset Intensity, and Inventory Intensity on Tax Aggressiveness

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Abstract: This study analyses the impact of financial distress, firm size, fixed asset intensity, and inventory intensity on tax aggressiveness in consumer products companies listed in the Indonesia Stock Exchange (IDX) from 2015-2019. The total population of listed consumer products companies was forty-one. The technique of sampling used is purposive sampling. In total, twenty-seven companies were obtained with 135 data set for five years. This study used quantitative methods, and the data analysis technique in this study was panel data regression analysis. This study indicates that financial distress, firm size, fixed asset intensity, and inventory intensity simultaneously affect tax aggressiveness. Meanwhile, firm size and fixed asset intensity positively impact tax aggressiveness. However, financial distress and inventory intensity have no impact on tax aggressiveness. The government is encouraged to pay more attention to those affecting factors.

Keywords: *Financial Distress, Firm Size, Fixed Asset Intensity, Inventory Intensity, Tax Aggressiveness.*

Introduction

One of many achievements of a country in improving people's welfare is continued and sustained development. National development can run smoothly if the state has sufficient sources of funds. One of the revenue sources of a country is gained from tax revenues. Tax is a mandatory obligation, which must be paid based on the income earned by the taxpayer (Adisamartha & Noviari, 2015). The importance of taxes in national development is greatly beneficial for the welfare of the Indonesian people. However, not many Indonesians are aware of this obligation because the whole Indonesian people cannot directly feel the benefits of paying taxes. In recent years, tax revenues have not succeeded in achieving the targets that have been set by the national budget (APBN).

Table 1. Target and Realization of Tax Revenue on 2015-2019 (In Trillion Rupiah)

Year	Tax Revenue Target	Realization of Tax Revenue	Achievements
2015	1,489.30	1,240.40	83.29%
2016	1,539.20	1,285.00	83.48%
2017	1,472.65	1,339.80	90.98%
2018	1,618.08	1,521.38	94.02%
2019	1,786.40	1,545.33	86.51%

Table 1 showed that the percentage of tax revenues achievement has never reached 100% in the last few years. One of the causes is the conflict of interest between the government and taxpayers. The government will always try to maximize tax revenues to fund state expenditures and build national development (Indradi, 2018). On the other hand, the corporation would see that tax is going to reduce their profit. Whose focus is the profit they make, and they will see the tax would reduce the profit. This makes the corporation

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minimize tax burden by taking tax aggressiveness (Adisamartha & Noviari, 2015).

According to Frank in Suyanto & Supramono (2012), tax aggressiveness is any action in order to reduce the taxable income, which could be done in legal (tax avoidance) and illegal (tax evasion) ways. In carrying out tax aggressiveness actions in a legal way (tax avoidance), the corporation does not violate tax regulations, but the corporation takes advantage of the flaws in the tax regulations. One of the flaws that corporations can exploit in doing tax aggressiveness actions is taking advantage of one of the tax collection systems in force in Indonesia, which is the Self-Assessment System.

The consumer product industry corporations always develop continuously because of their products that are closely related to people's daily needs, such as food and beverages, medicines, cigarettes, and other products. The demand for the products has resulted in the profit increase in this sector from year to year. This increase in profits increases the tax burden. To maximize profits earned, there is a possibility that the corporation will be triggered to take tax aggressive actions.

One of the cases of tax aggressiveness in the consumer products industry corporations in Indonesia is the British American Tobacco (BAT) case. It is believed that they were suspected of avoiding tax in Indonesia through PT. Bentoel International Investama. This allegation arose from a report that was released by the Tax Justice Network Institute, which stated that British American Tobacco (BAT) evaded tax by diverting part of the income earned in Indonesia in two ways. The first one is through intra-corporation loans between 2013 and 2015, and the second one is through payments to the UK for royalties, technical and consulting fees, and IT fees (Kontan.co.id, 2019).

Several factors can affect tax aggressiveness, including financial distress, firm size, fixed asset intensity, and inventory intensity. Financial distress is a condition that usually hints at the beginning of a corporation's bankruptcy which is shown by financial difficulties (Meilia & Adnan, 2017). Research conducted by Swandawi & Noviari (2020) and Sadijarto et al. (2020) shows that financial distress positively impacts tax avoidance. However, different results were found in Nugroho & Firmansyah (2018) studies, which shows financial distress has no impact upon tax aggressiveness. Firm size is a scale used to measure how big a corporation is. Firm size can influence a corporation to take advantage of the flaws in tax avoidance. Another research was done by Dewinta & Setiawan (2016), and Cahyadi Putra & Merkusiwati (2016) shows that firm size has a positive impact on tax avoidance. However, different results were found in Tandean (2016) study, which shows firm size has no impact upon tax avoidance.

Fixed asset intensity is a ratio that measures how much a corporation invests in fixed assets. The high number of fixed assets owned by a corporation can increase the corporation's intention in doing tax avoidance. Previous research related to the fixed asset intensity conducted by Andhari & Sukartha (2017) and Purwanti & Sugiyarti (2017) states that the fixed asset intensity has a positive impact upon tax aggressiveness. However, different results were found in previous studies conducted by Sonia & Suparmun (2019), which states that the intensity of the fixed asset has no impact upon tax avoidance. Inventory intensity is a ratio that measures how much inventory is invested in a corporation (Fahrani et al., 2017). The high amount of inventory owned by a corporation can also increase the corporation's efforts in tax avoidance. Previous research related to the inventory intensity conducted by Adisamartha & Noviari (2015) states that inventory intensity positively impacts tax aggressiveness. However, different results were found in the study Andhari & Sukartha (2017) states that inventory intensity has no impact upon tax aggressiveness.

The results from the studies above still show inconsistent results. Therefore, this study will examine the impact of financial distress, firm size, fixed asset intensity, and inventory intensity upon tax aggressiveness in consumer product corporations listed in the Indonesia Stock Exchange (IDX) 2015-2019.

Literature Review and Hypothesis Development

Financial Distress and Tax Aggressiveness

Financial distress is a condition that usually hints at the beginning of a corporation's bankruptcy which is shown by financial difficulties (Meilia & Adnan, 2017). According to Haryetti in Meilia & Adnan (2017), the risk

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of bankruptcy can be avoided by knowing if a corporation is experiencing financial distress or not. In addition, the financial distress analysis is also useful for measuring a corporation capability to meet its short-term obligations, including paying taxes. When a corporation is experiencing financial difficulties or financial distress, the corporation will maintain existing cash by minimizing the corporation's cash expenditures to overcome the corporation's financial problems. One way that can be done to minimize the corporation's cash expenses is to reduce the corporation's tax burden by doing tax aggressiveness (tax avoidance) where the corporation can reduce the tax burden without breaking the law. By reducing the tax burden, the corporation has more funds allocated to pay its debts or obligations. Thus, the higher degree of financial distress is, the higher degree of tax aggressiveness becomes. This statement is in line with research done by Swandawi & Noviari (2020) and Sadijarto et al. (2020), which states that financial distress has a positive impact on tax aggressiveness (tax avoidance).

Hypothesis 1: Financial distress has a separate positive impact upon tax aggressiveness.

Firm size and Tax Aggressiveness

Firm size is a scale used in grouping corporations based on size and can be used to depict the activities and income (Nugraha & Meiranto, 2015). Firm size is classified into three categories, large corporations (large firms), medium corporations (medium firms) and small corporations (small firms). According to Machfoedz in Dewinta & Setiawan (2016), firm size can be known from the size of total assets, stock market value, total sales, and the average degree of sales. Firm size in this study is assessed from the size of total assets owned by a corporation. Assets will represent the number of assets used in operational activities. If a corporation owns significant assets, it will be listed in the large corporation category. Large corporations have positive cash flows and tend to have product prospects in the long term. In addition, corporations that are included in this category are considered more capable and more stable in earning profits. Significant profits will certainly impact the amount of tax burden. This can be the reason that corporations will use to do tax aggressiveness. So, the larger size of a corporation is, the greater degree of tax aggressiveness becomes. This statement is in line with research done by Dewinta & Setiawan (2016), and Cahyadi Putra & Merkusiwati (2016) states that firm size has a positive impact on tax aggressiveness (tax avoidance).

Hypothesis 2: Firm size has a separate positive impact upon tax aggressiveness.

Fixed Asset Intensity and Tax Aggressiveness

Fixed assets intensity is the corporation's investment in fixed assets that the corporation uses for operational activities to generate profits (Andhari & Sukartha (2017). The degree of fixed assets intensity can impact upon corporation's tax burden. It is because of the depreciation expense that is related to the fixed assets. The high degree of fixed asset intensity is considered to cause a high depreciation expense, reducing the corporation's profit which will also cause the tax burden to be less. Corporations can take advantage of the depreciation attached to fixed assets to avoid taxes because corporations with large amounts of fixed assets will have less tax burden than corporations with small, fixed assets. Thus, the greater extent of intensity of the fixed assets is the greater extent of tax aggressiveness becomes. This statement is in line with the results of research done by Andhari & Sukartha (2017) and Purwanti & Sugiyarti (2017), which states that the intensity of fixed assets has a positive impact on tax aggressiveness (tax avoidance).

Hypothesis 3: Intensity of fixed assets has a separate positive impact upon tax aggressiveness.

Inventory Asset Intensity and Tax Aggressiveness

Inventory intensity is a ratio that depicts how much the corporation invests in inventory. Corporations that invest in inventory in the warehouse will result in the costs of maintaining and storing inventory. A high degree of inventory intensity will increase the corporation's burden. Thus, it will reduce the corporation's profit which will also cause the tax burden to be less. Corporations that tend to do tax avoidance are those with a high degree of inventory intensity. So, if the corporation's

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inventory intensity is high, it will result in a higher degree of tax aggressiveness. This is in line with research done by Adisamartha & Noviari (2015) and Dharma & Noviari (2017), which states that inventory intensity has a positive impact on tax aggressiveness (tax avoidance).

Hypothesis 4: Inventory intensity has a separate positive impact upon tax aggressiveness.

Methods

Sampling

Population in this study is the industries of consumer product corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 with forty-one corporations in total. The sampling technique used is the purposive sampling technique, which is the technique to determine the sample using certain considerations, Sujarweni (2015:155). The criteria for the corporations that will be sampled are (1) consumer product corporations listed in the Indonesia Stock Exchange (IDX) 2015-2019; (2) consumer product corporations that consistently publishes financial reports on the Indonesia Stock Exchange (IDX) and corporation websites in 2015-2019; (3) consumer product corporations that did not suffer losses in 2015-2019.

Data Collection

The research method used is quantitative. The unit of analysis used is at the group degree of corporations in the consumer products industry listed in Indonesia Stock Exchange (IDX) 2015-2019. This study uses panel data that is a time-series data combination and cross-section data. The data collection technique used to collect research data is literature study such as through scientific books, writings, scientific essays, or articles related to research and documentation by using secondary data from financial statements of every consumer products industry corporation listed in Indonesia Stock Exchange (IDX) 2015-2019 that is got from www.IDX.co.id and the official websites of the corporations.

Measure

Tax aggressiveness was assessed by using Cash Impactive Tax Rate (CETR). Cash Impactive Tax Rate (CETR) compares the cash tax paid with the pretax income. If the percentage degree of Cash Impactive Tax Rate (CETR) of a corporation is high, close to the corporate income tax rate of 25%, it demonstrates the degree of corporation's tax aggressiveness is low. In contrast, if the Cash Impactive Tax Rate (CETR) percentage of a corporation is low, it will indicate that the corporation has a high degree of tax aggressiveness (Dewinta & Setiawan, 2016). The formula of Cash Impactive Tax Rate (CETR) used by Cita & Supadmi (2019) is as follows :

$$\text{Cash Impactive Tax Rate (CETR)} = \frac{\text{Cash Tax Paid}}{\text{Pretax Income}}$$

Financial distress in this study is measured by using the Modified Altman model, which is used by Widiyawati et al. (2015) as follows:

$$\text{Z-Score} = 6.56X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$$

Description:
X_1= working capital / total asset
X_2= retained earnings / total asset
X_3= earnings before interest and taxes / total asset
X_4= market value of equity/book value of debt

Criteria that are used to forecast the corporation's financial difficulties using the Altman Modification model:

Z > 2.60 = healthy corporation
2.60 < Z < 1.10 = grey area corporation
Z < 1.10 = potency towards bankruptcy corporation

In this study, firm size is assessed using the natural logarithm (Ln) of total assets. The formula used by Tiaras & Wijaya (2017) is as follows: Firm size = Ln (Total Assets). The fixed asset intensity is assessed by comparing total fixed assets with total assets. Fixed asset intensity can be assessed by the formula used by Adisamartha & Noviari (2015) as follows :

$$\text{Fixed Asset Intensity} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

In this study, inventory intensity is assessed by comparing the total inventory with total assets. Inventory intensity can be measured by the formula used by Andhari & Sukartha (2017) as follows :

$$\text{Inventory Intensity} = \frac{\text{Total Inventory}}{\text{Total Assets}}$$

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Data Analysis Technique

The data analysis technique used is a quantitative analysis using descriptive statistical analysis techniques. The analytical method used by the author is the panel data regression analysis. In analyzing data, the author uses the help of EViews 11 software. In the panel data regression, the classic assumption test required is the multicollinearity test and heteroscedasticity test. The equation of panel data is as follows:

$$Y = \alpha + \beta_1 FD + \beta_2 LNASET + \beta_3 INASET + \beta_4 INVNT + e$$

Description:

Y	: Tax Aggressiveness
α	: Constant or Intercept
$\beta_1,\beta_2,\beta_3,\beta_4$	: Regression coefficient
FD	: Financial Distress
LNASET	: Firm Size
INASET	: Fixed Asset Intensity
INVNT	: Inventory Intensity
e	: Error

Results

Descriptive Statistical Analysis

Variable data was analyzed using the average value (mean), maximum, minimum, and standard deviation values. The results of descriptive statistical analysis are as follows:

Table 2. Results of Descriptive Statistical Analysis

Value	Tax Aggressiveness	Financial Distress	Firm size	Fixed Asset Intensity	Inventory Intensity
Average value	0.3702	6.8684	29,1117	0.3556	0.1955
Maximum	5,7257	19.0718	32,2010	0.6730	0.5964
Minimum	0.0713	0.8760	26.6558	0.0592	0.0110
Standard Deviation	0.5756	3.9591	1.4585	0.1413	0.1286
Observation	135	135	135	135	135

From the table of descriptive statistical analysis results, the average value of tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 0.3702, which is smaller than the standard deviation of 0.5756. This shows that tax aggressiveness data in this study varies. This means that some consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 have not done tax aggressiveness. The average value of financial distress in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 6.8684, higher than the standard deviation of 3.9591. This shows that financial distress data does not vary or is grouped. The average value of firm size in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 29.1117, higher than the standard deviation of 1.4585. This indicates that the firm size data in this study does not vary or is grouped. The average value of the fixed asset intensity in consumer products industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 0.1955, higher than the standard deviation value of 0.1413. This demonstrates that the data on the fixed asset intensity in this study do not vary or grouped. The average value of the inventory intensity degree in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 0.3556, which is higher than the standard deviation value of 0.1286. This indicates that the data on the inventory intensity in this study do not vary or is grouped.

Multicollinearity Test

Multicollinearity test is used to examine if there is a correlation between independent variables in the regression model. Regression analysis showed no correlation between independent variables (Ghozali, 2018:107). If the correlation coefficient between the independent variables is below 0.90, there is no multicollinearity. The results of multicollinearity are as follows:

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Table 3. Multicollinearity Test Results

	FD	LNASET	INSET	INVNT
FD	1.0000000	-0.059887	-0.577914	0.209462
LNASET	-0.059887	1.0000000	-0.074114	0.104721
INSET	-0.577914	-0.074114	1.0000000	-0.410567
INVNT	0.209462	0.104721	-0.410567	1.0000000

From the table of multicollinearity test results, it is known that the independent variables, which are financial distress (FD), firm size (LNASET), fixed asset intensity (INASET), and inventory intensity (INVNT), are less than 0.90. It means there is no correlation between independent variables or no multicollinearity between the independent variables in this study.

Heteroscedasticity Test

A heteroscedasticity test is used to detect differences of variance from one observation residual to another observation in the regression model. The good regression model is a regression model that does not occur heteroscedasticity (Ghozali, 2018:137). There is no heteroscedasticity if the probability value is above 0.05. Several ways can be done to check the presence or absence of heteroscedasticity symptoms. In this research, the method of detecting heteroscedasticity is done through the white test. The results of the heteroscedasticity test conducted through the white test are as follows:

Table 4. Heteroscedasticity Test Results

F-statistics	0.982372	Prob. F (14,120)	0.4754
Obs*R-squared	13.88141	Prob. Chi-Square (14)	0.4586
Scaled explained SS	385.2327	Prob. Chi-Square (14)	0.0000

Based on the table of heteroscedasticity test results, it is known R-squared observation value is 13.88141 with Prob. Chi-Square is 0.4586, where the value of Prob. Chi-Square above 0.05 (α= 5%). It means there is no heteroscedasticity.

Panel Data Regression Model Selection

According to Basuki & Prawoto (2016:277), three tests can be used to ascertain which regression model should be chosen. They are the chow test, Hausman test, and the Lagrange multiplier test.

Chow test

The chow test is used to determine the common effect or fixed-effect model that is most suitable for this study. In the chow test, if the probability value of the chi-square cross-section < α = 0.05, then H_0 is rejected. It means that the panel data regression model used is the fixed effect model. Moreover, if the chi-square cross-section probability is > α = 0.05, then H_0 is accepted, meaning that the panel data regression model used is the common effect model. The results of the chow test are as follows:

Table 5. Chow Test Results

Impacts Test	Statistics	df	Prob.
Cross-section F	4.201739	(26,104)	0.0000
Cross-section Chi-square	96.937005	26	0.0000

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From the chow test result, the probability value of the chi-square cross-section is 0.0000 < 0.05 (α= 5%). This means the fixed effect model is more appropriate to be used than the common effect model. Thus, the panel data regression model used is the fixed effect model. Then the next step is to do the Hausman test.

Hausman test

The Hausman test is used to ascertain between the fixed impact or random effect model that is most appropriate to be used in this study. In the Hausman test, if the probability value of a random cross-section < α = 0.05, then H_0 is rejected, meaning that the panel data regression model used is the fixed effect model. Moreover, if the random cross-section probability value is > α = 0.05, then H_0 is accepted, meaning that the panel data regression model used is the random effect model. The results of the Hausman test in this study are as follows:

Table 6. Hausman Uji Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	60.777771	4	0.0000

The Hausman test results show that the probability value of a random cross-section is 0.0000 < 0.05 (α= 5%). This means the fixed effect model is more appropriate to use than the random effect model. Thus, the panel data regression model used is the fixed effect model. Also, the chow test and Hausman test results show that the most appropriate panel data regression model used is the fixed effect model. Hence the fixed effect model is used.

The formula of Panel Data Regression

The results of the fixed effect model are as follows:

Table 7. Fixed Effect Model Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-35,78235	6.110585	-5.855798	0.0000
FD	-0.013597	0.034092	-0.398833	0.6908
LNASET	1.196977	0.205471	5.825539	0.0000
INSET	3.730045	0.926995	4.023802	0.0001
INVNT	0.376168	1.324714	0.283962	0.7770

Cross-section fixed (dummy variables)

MSE root	0.392174	R-squared	0.532356
Mean dependent var	0.370296	Adjusted R-squared	0.397458
SD dependent var	0.575620	SE of regression	0.446816
Akaike info criterion	1.425037	Sum squared resid	20.76306
Schwarz criterion	2.092174	Likelihood logs	-65.19001
Hannan Quinn Criter.	1.696143	F-statistics	3.946376
Durbin-Watson stat	1.777075	Prob(F-statistic)	0.000000

Based on the table of fixed effect model results, the panel data regression equation was formulated as follows:

Y = -35,78235 - 0.013597 FD + 1.196977 LNASET + 3.730045 INASET + 0.376168 INVNT + e

Description:

Y	: Tax Aggressiveness
FD	: Financial Distress
LNASET	: Firm Size
INSET	: Fixed Asset Intensity
INVNT	: Inventory Intensity
e	: Error

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Coefficient of Determination Test (R2)

The results showed that the coefficient of the determination test (R2) is 0.397458. It means the capability of independent variables, which are financial distress, firm size, fixed asset intensity, and inventory intensity in affecting the dependent variable, which is tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019 is 39.74%, while the remaining 60.26% is affected by other variables that are not observed.

Simultaneous Significance Test (F Statistics Test)

A simultaneous significance test (F statistic test) was conducted to determine if all independent variables simultaneously affect the dependent variable (dependent). (Ghozali, 2018:98). Based on the table of the fixed-effect model test result, it is known that the probability value (F-statistic) is 0.0000, which is smaller than the 0.05 significance degree (α = 5%). This result shows that the financial distress, firm size, fixed asset intensity, and inventory intensity have a simultaneous impact upon tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019.

Partial Hypothesis Testing (t-test)

Partial hypothesis testing (t-test) was done to ascertain the impact of the independent variable individually on the dependent variable (Ghozali, 2018:98). The probability value of financial distress is 0.6908 > 0.05 (α= 5%) with a negative coefficient of -0.013597. This means financial distress has no separate impact upon tax aggressiveness. The probability value of firm size is 0.0000 < 0.05 (α = 5%) with a positive coefficient of 1.196977. It means the corporation's size has a significant separate impact on a positive direction on tax aggressiveness. The probability value of fixed asset intensity is 0.0001 < 0.05 (α = 5%) with a positive coefficient value of 3.730045. This means fixed asset intensity separately has a significant positive impact upon tax aggressiveness. The probability value of inventory intensity is 0.7770 > 0.05 (α = 5%) with a positive coefficient value of 0.376168. This means inventory intensity separately has no impact upon tax aggressiveness.

Discussion

Financial distress separately has no impact upon tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019. The results of this study do not meet with the hypothesis states financial distress has a positive impact upon tax aggressiveness. Thus, hypothesis 1 is rejected. The results do not affect financial distress on tax aggressiveness due to the possibility that the corporation does not try to minimize the corporation's cash expenditures by reducing the corporation's tax burden, which is by doing tax aggressiveness (tax avoidance). However, the corporation can minimize the corporation's cash disbursements in other ways by making efficiencies such as saving raw materials, reducing employees, optimizing machines or buildings, and others. This study is in line with Nugroho & Firmansyah (2018) and Rani (2017) prior research, which shows financial distress has no significant impact upon tax aggressiveness.

Firm size separately has a positive impact upon tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019. The results of this study are in line with the hypothesis that firm size has a positive impact upon tax aggressiveness, where the larger size of a corporation is, the higher the tax aggressiveness degree becomes. Corporations that are included in the category of large corporations show that these corporations have positive cash flows and tend to have product prospects in the long term. In addition, corporations included in the large corporation's category are more capable and more stable in earning profits than small corporations. Significant profits will certainly affect the amount of tax burden. The more profit earned by a corporation is, the more tax burden carried by the corporation becomes. This will trigger the corporation to do tax aggressiveness (tax avoidance) to minimize the tax burden. These results align with research conducted by Dewinta & Setiawan (2016) and Cahyadi Putra & Merkusiwati (2016), which shows that firm size positively impacts tax aggressiveness.

The fixed asset intensity separately has a positive impact upon tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019. The results of this study are in line with the hypothesis states fixed asset intensity has a positive impact upon tax aggressiveness, where the higher the fixed asset intensity degree of a corporation is, it will result on the higher degree of tax aggressiveness of the corporation. Corporations with a high degree of fixed asset intensity tend to be more aggressive towards their tax obligations. Corporations choose to invest in fixed assets because fixed assets have a useful life of more than one year to experience depreciation every year. This can make the corporation intentionally take advantage of the depreciation expense attached to fixed assets. A high degree of fixed asset intensity will cause a high depreciation expense. High depreciation expense will reduce the corporation's profit. The reduced profit of the corporation certainly makes the tax burden to be paid less. The results of this study are in line with research done by Andhari & Sukartha (2017) and Purwanti & Sugiyarti (2017), which shows that the fixed asset intensity has a positive impact on tax aggressiveness.

Inventory intensity has no separate impact upon tax aggressiveness in consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019. The results of this study are not in line with the hypothesis that states inventory intensity has a positive impact upon tax aggressiveness. Thus, hypothesis 4 is rejected. The results have no impact upon inventory intensity on tax aggressiveness related to the corporation that is the object of this study. The corporations that become the object of this research are the consumer product industry corporations listed in Indonesia Stock Exchange (IDX) 2015-2019. The consumer products industry produces related products to people's daily needs, such as food and beverages, medicines, cigarettes, and other consumer products. Therefore, it is very reasonable not to choose to invest in inventory. This is because inventory has a limited time in its storage period, so it cannot last for a long time. Therefore, the degree of inventory intensity of a corporation will not affect the degree of tax aggressiveness. The results of this study are in line with the research done by Indriyanti & Setiawan (2019), and Andhari & Sukartha (2017) shows inventory intensity has no significant impact upon tax aggressiveness.

Conclusion

The analysis and discussion results show that financial distress, firm size, fixed asset intensity, and inventory intensity simultaneously affect tax aggressiveness in consumer product industry corporations in Indonesia Stock Exchange (IDX) 2015-2019. Separately, firm size and fixed asset intensity positively impact tax aggressiveness, while financial distress and inventory intensity have no separate impact upon tax aggressiveness.

For further research, it is recommended to use the independent variables, the ratio of measuring tax aggressiveness, and other research objects and add the latest research period. The government is suggested to pay attention to the factors that are proven to impact tax aggressiveness, which is the size of the corporation and the intensity of fixed assets. The government also should pay more attention to tax aggressiveness practices in corporations that are large and have a high degree of fixed asset intensity to minimize tax avoidance practices by corporations. The Director-General of Taxes must also add and re-evaluate tax-related regulations in Indonesia. Therefore, the corporations are no longer able to take advantage of the system's flaws to narrow the opportunity for corporations with a large size and have a high degree of fixed asset intensity to take tax aggressiveness actions to tax revenue in Indonesia maximized.

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