



## THE IMPACT OF TAX PLANNING, PROFITABILITY, AND LEVERAGE ON THE VALUE OF LISTED LOGISTICS COMPANIES

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### Abstract

The COVID-19 pandemic significantly impacted businesses worldwide including in Indonesia. The COVID-19 pandemic's unprecedented impact on businesses has prompted a surge in research examining its effects on firm value. This study aims to analyse the value of the company after before and after the COVID-19 period and analyse the impact of tax planning, profitability and leverage. The logistics sector has an important role in business activities, including the delivery of health products during the pandemic. There are 36 transport and logistics companies sampled using purposive sampling method in this study with the research years 2018 to 2022. Using multiple linear regression analysis, the results of this study prove the effect of tax planning on firm value, while profitability and leverage cannot be proven. These results offer valuable insights for investors in the transportation and logistics sector. By incorporating tax planning information alongside traditional financial metrics, investors can make more informed investment decisions.

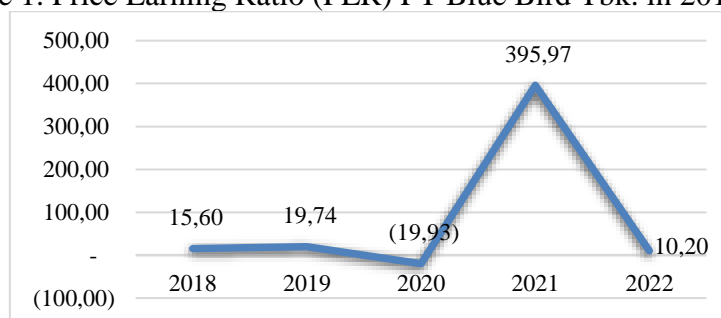
**Keywords:** Firm Value, Leverage, Profitability, Tax Planning

### INTRODUCTION

Indonesia experienced a recession in 2019 due to the Covid-19 pandemic (Utami, 2020) and in 2022 Indonesia experienced high inflation followed by an increase in world oil prices and fuel prices which caused losses for various companies (Kusnandar, 2023). These conditions have led to a contraction in the stock market, which has had an impact on declining stock prices and the value of companies. Company value is one aspect that is used by potential investors as a source of information and material for consideration in decision-making.

Transportation and logistics companies are companies engaged in the distribution of goods. This industry is a priority industry for the government as a driver of the national economy, but the recession in Indonesia has caused companies to suffer losses due to fluctuations in stock prices. The following is a graph of the value of transportation and logistics companies in 2018-2022:

Picture 1. Price Earning Ratio (PER) PT Blue Bird Tbk. in 2018-2022



Sumber: Data Processing Results, 2023

Based on the phenomenon of the decline in the value of transportation and logistics companies from 2018 to 2022, this will give a negative signal (bad news) so that investors view that the company cannot provide the expected level of return on investment (return) on investments made in the company.

Company value is influenced by several factors such as tax planning, profitability, leverage. Companies that are wise in managing tax costs are favored by investors and their stock prices are high because taxes are a cost that can reduce profit and return on investment. (Astuti & Fitria, 2019; Hanifah & Ayem 2022) in their research found a positive influence of



tax planning on company value. In general, companies with high profitability attract profit-oriented investors in their investment policies to buy shares, so that the value of the company becomes high. The high level of profitability of the company also indirectly increases the value of the company, due to the high interest of investors in the company's shares (Astuti & Fitria, 2019; Muslim & Junaidi, 2020). The debt factor also needs to be analyzed for its influence on the value of the company, because the amount of debt and loans is closely related to the company's business activities, so that debt management can be an indicator of management success and this can increase the value of the company. (Hastuti & Tertia, 2023) the influence of leverage or the company's debt level on the company's value. Previous phenomena and research motivate researchers to analyze the value of logistics companies and the impact of tax planning, profitability, and leverage.

In addition, this study also conducts an expansion test by classifying the analysis data before the covid pandemic and after the covid pandemic, which is the uniqueness of this study. With this uniqueness, researchers can determine the impact of tax planning, profitability, and leverage on company value.

## **LITERATURE REVIEW**

Information is an important component for investors and business actors because information provides information and records or a picture of both past, present, and future conditions. (Chumaidah and Priyadi, 2018) explain that signaling theory is a theory used by companies to provide signals or relevant information to users of financial reports, both positive signals (good news) and negative signals (bad news). Company value is one aspect that is used by potential investors as a source of information and material for consideration in decision-making. High company value is the desire of company owners because the higher the company value, the higher the level of welfare of shareholders (Khairani et al., 2019). Company value can be measured in two ways, namely using the Price Earning Ratio (PER) and Price to Book Value (PBV).

Company value can be influenced by several things such as tax planning, profitability and leverage. Tax planning is the process of an entrepreneur or group of entrepreneurs to minimize their tax burden or obligation, either income or other taxes through loopholes in tax laws (Wahyuni et al., 2022). Research conducted by (Astuti & Fitria, 2019), (Maharani et al., 2020), (Wahyuni et al., 2022), (Astuti & Herawati, 2022), (Kurniawan and Gazali, 2023), and (Hanifah and Ayem, 2022) shows that tax planning has an effect on corporate value.

H1. Tax planning has an effect on corporate value

Profitability is a ratio used to calculate a company's ability to generate profit during a certain period. The higher the profitability value, the better the performance of the company that is owned, so that it can generate maximum profit and is considered to be able to manage finances effectively which will have an impact on increasing stock prices (Luis, 2022). Research conducted by (Astuti and Fitria, 2019), (Muslim & Junaidi, 2020), (Luis, 2022), , Wibowo et al., (2022), (Hastuti and Tertia, 2023), and (Kurniawan and Gazali, 2023) shows that profitability has an effect on corporate value.

H2. Profitability has an effect on corporate value

Leverage is the company's ability to use assets or capital that have fixed costs (liabilities or shares) with the aim of maximizing the company's value (Kurniawan and Gazali, 2023). According to Kasmir (2020), leverage is a ratio used to measure a company's ability to meet all of its obligations. Research conducted by (Lestari et al., 2022), (Hastuti and Tertia, 2023), and (Kurniawan and Gazali, 2023) shows that leverage has an effect on corporate value.

H3. Leverage has an effect on corporate value



**METHODS**

This research is a causal research, where an analysis of company value is carried out from its causes, namely tax planning, profitability, and leverage. Using transportation and logistics companies on the Indonesia Stock Exchange for the period of 2018 to 2022 with purposive sampling.

Adopting previous research, the indicators in this study use a ratio scale. As an independent variable, tax planning is measured using the Effective Tax Rate (ETR), which is tax expense divided by profit before tax (Name, Year), while profitability is measured using Return on Asset (ROA) by dividing profit after tax by total assets, and Leverage is measured using Debt to Asset Ratio (DAR) by dividing the amount of debt by total assets. Meanwhile, company value as the dependent variable is measured using the Price Earning Ratio (PER) by dividing the market price per share by earnings per share. The research model is as follows:

$$\begin{aligned} \text{Model 1.} \quad & FV = \alpha + \beta_1TP + \beta_1PRO + \beta_1LEV + e \\ \text{Model 2.} \quad & FV_{bef} = \alpha + \beta_1TP_{bef} + \beta_1PRO_{bef} + \beta_1LEV_{bef} + e \\ \text{Model 3.} \quad & FV_{aft} = \alpha + \beta_1TP_{aft} + \beta_1PRO_{aft} + \beta_1LEV_{aft} + e \end{aligned}$$

Where FV is company value, TP is tax planning, PRO is profitability, LEV is leverage, bef is data before the covid pandemic, namely from 2018 to 2020, and aft is data after the covid pandemic, from 2020 to 2022.

**RESULTS AND DISCUSSION**

A total of 85 data were analyzed, which were the result of purposive sampling from 36 transportation and logistics companies on the Indonesia Stock Exchange. The standard deviation value of Tax Planning is 0.209594, which is higher than the average (mean) value of 0.63. This indicates that the data is heterogeneous or that the tax planning data in this study tends to vary. The standard deviation of profitability is 0.331859, which is higher than the average (mean) value of -0.03167. This indicates that the data is heterogeneous or that the profitability data in this study tends to vary. The standard deviation of leverage is 0.514488, which is lower than the average (mean) value of 0.60212. This indicates that the data is homogeneous or that the leverage data in this study tends not to vary. The standard deviation of company value is 23.750360, which is higher than the average (mean) value of 11.03844. This indicates that the data is heterogeneous or that the company value data in this study tends to vary.

On average, the ETR value of the 85 research data is 0.10189, which explains that the average analysis unit carries out tax planning optimally because the ETR value is lower than the applicable income tax rates of 28% and 25%. On the other hand, on average, the analysis unit has a profitability value of -0.03167, which explains that transportation and logistics companies were in a loss position in 2018-2020. As for leverage, on average, the analysis unit has assets from debt of 60.21%.

Next, using SPSS, classical assumption tests were conducted. The significance value (Asymp. Sig.) of 0.75 was obtained in the normality test, which means that the analysis data is normal. Meanwhile, in the multicollinearity test, it was found that all VIF values did not exceed the value of 10, so they passed. In the autocorrelation test and heteroscedasticity test, the data was also declared to have passed because the Durbin Watson value was within the specified range, and the Sig value exceeded 0.05. After the data was declared good, the F test, r-square, and t-test were carried out.

**Table 1. Result 1 Model Test**

$FV = \alpha + \beta_1TP + \beta_1PRO + \beta_1LEV + e$			
	Unst. Coeff.	t	Sig.
(Constant)	3.103	0.889	0.377



TP (X1)	72.876	7.197	0.000	***
PRO (X2)	-0.905	-0.133	0.895	
LEV (X3)	0.800	0.185	0.854	
N	85			
R-Square	40.6%			
Prob F	0.0000	***		
Desc.: * Sig. 10%, ** Sig. 5%, *** Sig. 1%				

Based on Table 1, the results of hypothesis testing are as follows :

- **Hypothesis 1:** Tax planning has a significant positive effect on company value. Therefore, Hypothesis 1 is accepted.
- **Hypothesis 2:** Profitability does not have a significant effect on company value. Therefore, Hypothesis 2 is rejected.
- **Hypothesis 3:** Leverage does not have a significant effect on company value. Therefore, Hypothesis 3 is rejected.

**Table 2. Result Model 2 Test**

$FV_{bef} = \alpha + \beta_1 TP_{bef} + \beta_1 PRO_{bef} + \beta_1 LEV_{bef} + e$				
	Unst. Coeff.	t	Sig.	
(Constant)	2,503	0,760	0.377	
TP <sub>bef</sub> (X1)	44,235	4,580	0.000	***
PRO <sub>bef</sub> (X2)	4,395	0,726	0.474	
LEV <sub>bef</sub> (X3)	2,349	0,542	0.592	
N	34			
Desc.: * Sig. 10%, ** Sig. 5%, *** Sig. 1%				

Table 2 presents the results of the regression test on pre-pandemic data, namely research data from 2018 to 2019. The results are consistent with the combined data: tax planning has a positive effect on company value, but profitability and leverage do not have a significant effect on company value.

Table 3 presents the results of the regression test on post-pandemic data, namely research data from 2020 to 2022. The results are also consistent with the combined data: tax planning has a positive effect on company value, but profitability and leverage do not have a significant effect on company value.

However, examining the coefficient values reveals that there is a direction of influence of both profitability and leverage on company value. Before the pandemic, profitability and leverage had a positive effect on company value, but afterward, they had a negative effect.

**Table 3. Result Model 3 Test**

$FV_{aft} = \alpha + \beta_1 TP_{aft} + \beta_1 PRO_{aft} + \beta_1 LEV_{aft} + e$				
	Unst. Coeff.	t	Sig.	
(Constant)	6,259	1,352	0.183	
TP <sub>aft</sub> (X1)	83,168	5,697	0.000	***
PRO <sub>aft</sub> (X2)	-2,793	-0,281	0.780	
LEV <sub>aft</sub> (X3)	-0,392	-0.069	0.946	
N	51			
Desc.: * Sig. 10%, ** Sig. 5%, *** Sig. 1%				

## Discussion

The regression results consistently reveal a positive influence of tax planning on company value, both before, during, and after the pandemic. This finding suggests that investors and the public are drawn to companies that engage in effective tax planning practices.



Optimizing tax burdens is perceived favorably as it directly impacts a company's profitability and return on equity, which are key investment considerations. Companies engage in tax planning to ensure that their tax affairs are managed efficiently, effectively, and economically, maximizing their contribution to business continuity. This creates a positive signal (good news) for investors, encouraging them to invest in the company. Investors perceive that companies with effective tax planning can manage their tax obligations efficiently, leading to cost savings through reduced tax expenses, which ultimately affect the company's net income. One way to achieve this is by utilizing tax incentives or other tax benefits offered by the government, especially during the COVID-19 pandemic. The higher the level of tax planning undertaken by a company, the higher its company value.

These findings align with previous research by Astuti & Fitria (2019), Maharani et al. (2020), Wahyuni et al. (2022), (2022), Astuti & Herawati (2022), Hanifah et al. (2022), Kurniawan and Gazali (2023), and Hanifah and Ayem (2022), who also found a positive relationship between tax planning and company value.

In contrast, the regression results do not find a significant effect of profitability on company value in this study. This could be attributed to the tendency of investors to focus on long-term investments, where current year profit information may not always be a determining factor for stock purchases in that particular year. This finding is consistent with research by Bagaskara et al. (2021), who also did not find a significant effect of profitability on company value.

The use of high levels of debt as a source of financing can negatively impact company value. This is because companies that rely heavily on debt may face increased risks, such as financial distress and potential bankruptcy. Investors perceive this as a negative signal (bad news) as they view the company's management as unable to utilize available funds effectively, potentially leading to an inability to meet financial obligations or a state of illiquidity. This finding aligns with research by Putri & Sunarto (2022), who also found a negative effect of leverage on company value.

## **CONCLUSION**

This study provides empirical evidence that the tax planning variable significantly influences company value. One potential explanation is that companies were able to effectively utilize tax benefits offered by the government during the COVID-19 pandemic, which positively impacted their financial performance and attractiveness to investors.

The study's findings do not establish a significant relationship between the profitability variable and company value. This could be attributed to the fact that the transportation and logistics sector may not have generated sufficiently strong positive signals for investors to impact company value.

Similarly, the study does not find a significant effect of the leverage variable on company value. A possible explanation lies in the increased risks associated with high levels of debt utilization. Companies that rely heavily on debt may face financial distress or even bankruptcy, which could deter investors from investing in the company.

## **Suggestion**

Future research could consider adding or replacing independent variables to enhance the novelty and informativeness of the findings. This could involve exploring factors beyond tax planning, profitability, and leverage that may influence company value in the transportation and logistics industry or in other sectors.

Expanding the research scope to include companies from industries other than transportation and logistics could provide broader insights and generalizability. This would



allow for a more comprehensive assessment of the relationships between the variables of interest and company value across different industry contexts.

Utilizing a longer observation period could lead to more comprehensive and robust findings. A longer timeframe would allow for a more accurate assessment of the long-term effects of tax planning, profitability, and leverage on company value, potentially revealing patterns or trends that may not be apparent in a shorter timeframe.

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