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Automotive Companies: Analyst Determinants That Affect Company Value

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ABSTRACT
This study aims to determine the effect of tax planning and return on assets on automotive and component companies listed on the Indonesia Stock Exchange in 2015 – 2020. This research is an associative type of research. The sampling technique was carried out using a purposive sampling technique. So that the sample obtained is 7 automotive and component companies listed on the BEI in 2015 - 2020 with a total of 42 observational data for 6 years of observation. The data collection technique used is documentation. The data analysis technique used in this study is multiple linear regression analysis with SPSS 26 software tools. The results of this study indicate that tax planning has no effect on firm value. Return on assets has a positive and significant effect on firm value. Then there is a significant influence between tax planning and return on assets on firm value simultaneously.
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Keywords : Tax Planning, Profitability, Firm Value

INTRODUCTION

Firm value describes how well or poorly management manages its wealth. According to Dahrani & Febriana (2012), firm value is an indicator of market valuation for the company as a whole because a high value indicates high shareholder prosperity. The increasing value of the company can attract investors to invest their capital. Considering how important the value of the company is, the company as much as possible always increases the value of the company, one of the factors that affect the value of the company is tax planning, where with increasing tax planning the company's tax burden can be reduced so that it will have an impact on increasing the value of the company. According to Pohan (2013), According to Faisal (2017, p. 285), "Tax planning is not much different from efforts to reduce spending, such as paying for electricity. Of course, saving electricity can be done through legal means, such as the discipline of turning off unused electrical equipment." Likewise with the tax burden, taxpayers can make savings in a legal way so that waste of tax payments can be avoided. Tax planning is one of the main functions of management in determining the company's goals so as to increase the value of the company. Tax planning in this study is measured by the effective tax rate. According to Anwar (2017, p. 48), "The effective tax rate is the percentage of the tax rate that is applicable or must be applied on the basis of certain taxes". In the case of income tax, the tax base used is usually net income. The effective tax rate is considered to be an indicator of tax planning if it has a nominal value that is close to zero. The lower the value of the effective tax rate owned by the company, the higher the level of tax planning. A low effective tax rate indicates that the income tax burden is less than pre-tax income.

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Another factor that influences firm value is profitability. According to Darmadji & Fakhrudin (2012), the better the growth of the company's profitability means the company's prospects in the future are considered better, meaning that the value of the company will also be assessed as better in the eyes of investors if the company's ability to generate profits increases, the share price will also increase. High profitability reflects the company's ability to generate high profits for shareholders. Profitability in this study was measured using return on assets. Return on assetsis the ratio used to show the company's ability to generate net profits. Return on assets (ROA) is useful for capital market investors to determine the company's ability to generate profits. According to Kasmir (2014: 200), stated that return on assets is a measure of profit that compares profit after interest and taxes compared to assets. This ratio shows the company's net income on sales. There are several phenomena in automotive and component companies listed on the Indonesia Stock Exchange where tax planning as measured by the effective tax rate (ETR) of automotive and component companies has increased, but the company value measured using price to book value (PBV) has actually experienced an increase. The decline and profitability as measured by the return on assets of automotive and component companies experienced an increase but the price to book value (PBV) actually decreased. In 2015-2020 several automotive and component companies showed that tax planning and increased profitability did not guarantee high company value and vice versa

LITERATURE REVIEW

The value of the company

According to Sartono (2010: 487), company value is the selling value of a company as an operating business. The existence of excess selling value over the liquidation value is the value of the management organization that runs the company. Company value is defined as market value because company value can provide maximum shareholder prosperity if the company's share price increases. According to Halim (2018), company value is a certain condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activities for several years, namely since the company was founded until now. Increasing the value of the company is an achievement, which is in accordance with the wishes of the owners, because with the increase in the value of the company, the welfare of the owners will also increase. The value of a publicly traded company, in addition to showing the value of all assets, is also reflected in the market value or share price, so that the higher the stock price reflects the high value of the company.

According to Fahmi (2012: 86), the company's value can basically be divided into two types, namely:

1. Featured company value
   Is the value of the company that is not written down by the owner's name. With ownership of the value of the company on display, an owner is very easy to transfer or transfer to someone else because it is similar to money. The owner of the company value for this performance must be careful to carry and store it, because if the company value is lost, the owner cannot ask for a replacement.
2. Firm Value Growth(Registered Stocks)

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It is a company value that is written clearly who the name of the owner is, where the transfer method must go through certain procedures. Above the company value certificate, the name of the owner is written. The method of transfer is with a transfer document and then the name of the owner is recorded in a company book that specifically contains a list of names of holders of company values. If the value of the company is lost, the owner can ask for a replacement

According to Krisnawati & Miftah (2019), indicators that affect firm value can be done using:

1. PBV (Price Book Value)

*Price Book Value*is one of the variables that an investor considers in determining which shares to buy. The value of the company can provide maximum shareholder profits if the company's share price increases. The higher the share price, the higher the shareholder wealth.

$$\text{PBV} = \frac{Harga\ Saham}{Nilai\ Buku\ Saham}$$

Tax Planning

According to Ritonga (2017) "Tax planning is a method that can be used by taxpayers in managing their business or income tax, the planning in question is tax planning without violating the constitution or applicable tax laws." above it can be concluded that tax planning is an action taken to minimize the tax burden to be paid by utilizing the exceptions that have been mentioned in the law. Meanwhile, according to Pohan (2013), tax planning is the first step in tax management. At this stage, the collection and research of tax regulations is carried out in order to select the type of austerity measures to be carried out. In general, the emphasis of tax planning is to minimize tax liability. According to Pohan (2013), there are 4 important things that can be taken from the benefits of implementing tax planning, namely: Tax cash out savings are considered as part of the cost-efficient element. Savings in cash for the payment of costs that exist in the company, including tax costs must be considered as a factor that will reduce profits, by paying taxes as efficiently as possible the company can act as an obedient taxpayer while not disturbing the cash flow of the company. Manage cash flow because with carefully managed tax planning, companies can prepare cash budgets more accurately, estimating cash needs for taxes. This will help the company in carrying out the company's operational activities based on the budget that has been prepared in the previous period. Determine the time of payment, so that it is not too early or too late which results in fines or sanctions. Tax obligations can be carried out on time, meaning that the company has made savings on sanctions or fines that occur in the event of delays and or errors in the company's tax obligations. Create the latest data to update tax regulations. This action is useful for responding to tax regulations that change from time to time, so that the company remains aware of the obligations and rights of the company as a taxpayer. In this study, the authors use the measurement of tax planning, which is measured using the ETR (effective tax rate) formula, which analyzes all tax burdens that must be borne by the company including final taxes and debt or deferred tax benefits. The formula is:

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Profitability

According to Kasmir (2013) profitability is a ratio to assess the company's ability to seek profit. Profitability is the company's ability to generate profits in a certain period. Profit is often one of the measures of company performance. Where when the company has a high profit means its performance is good and vice versa. The company's profit is not only an indicator of the company's ability to fulfill obligations to its funders, it is also an element in the creation of company value that shows the company's prospects in the future.

According to Hery (2018), profitability is an indicator to show the company's operational success by getting high profits in the future. The higher the company's profitability, the higher the company's ability to generate company profits. This is due to an increase in net income which will cause share prices which also means an increase in the value of the company.

According to Kasmir (2015), the benefits of using this ratio are both for the company and for parties outside the company, namely:

1) Knowing the level of profit earned by the company in one period
2) Knowing the company's profit position in the previous year with the current year
3) Knowing the profit development from time to time
4) Knowing the amount of net profit after tax with own capital

Knowing the productivity of all company funds used both loan capital and own capital, and other benefits.

ROA measures the company's ability to generate profits from the use of all its resources or assets, ROA is used to assess the quality and performance of the company in generating net income from the utilization of its assets.

$$ROA = \frac{Laba\,Bersih\,Setelah\,Pajak}{Total\,Aktiva}$$

In this study the authors use the measurement of profitability measured by using the ratio of return on assets because return on assets can show the company's ability to generate profits. Because by using profit before tax, it can be seen that operating activities are a reflection of the company's ability to generate profits without being affected by tax and initial decisions.

conceptual framework

According to Dewanta & Achmad (2017), the effective tax rate (ETR) can increase profits so that the value of the company can increase, when the company is able to minimize expenses for tax purposes, it means that the company has less burden to spend so that the profit earned will increase. increase will have an impact on increasing the value of the company.

Based on research conducted by Hetti and Diah (2016) stated that tax planning measured using the effective tax rate (ETR) has a significant effect on firm value. This is because each effective tax rate (ETR) carried out has a direct impact, it can provide an illustration of the extent to which the market values the company from various aspects viewed by outsiders including investors. This positive effect shows that by doing effective tax

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planning it will be able to increase the value of the company. The better the tax planning activities of a company, the more the value of the company will increase.

According to Kasmir (2014: 196), return on assets is a factor that can affect firm value. If the manager is able to manage the company well, the costs to be incurred by the company will be smaller so that the profit generated will be greater. The size of this profit will affect the value of the company. The results of Hawa's research (2015) show that profitability as measured by return on assets has a positive and significant effect where if profitability has increased, the value of the company has also increased.

Research methods

This type of research is an associative research using a quantitative approach which aims to explain the effect of the independent variables, namely tax planning and profitability on the dependent variable, namely firm value. The population used in this study were all automotive and component companies listed on the Indonesia Stock Exchange (IDX). The number of automotive and component companies listed on the Indonesia Stock Exchange is 13. Meanwhile, 7 samples that meet the criteria for automotive and component companies listed on the Indonesia Stock Exchange (IDX) will be used as samples. The documentation method is by collecting secondary data in the form of financial reports (annual reports) of metal and similar companies listed on the Indonesia Stock Exchange during the 2015-2020 period.www.idx.co.id.

Results and Discussion

Based on the hypothesis testing that has been carried out with the object of research, namely property and real estate companies listed on the Indonesia Stock Exchange in 2012-2016, the following results were obtained:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	,906	,249		3,635	,001		
	Perencanaan Pajak	-,376	,493	-,075	-,763	,450	,942	1,061
	Return On Asset	,145	,018	,780	7,915	,000	,942	1,061

a. Dependent Variable: Nilai Perusahaan

Statistical Test Results t

1. The tax planning variable has a negative sign with tcount of 0.763. While ttable for the 5% significance level is 2.021, the value of tcount < ttable. The significant value of the tax planning variable is 0.450. This means that the significance value is greater than 0.05. Because the value of tcount < ttable and the significance value is greater than 0.05, then tax

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planning has no effect on firm value. The results of tax planning research have no effect on firm value. One of the company's goals is to increase the value of the company each period. To be able to achieve this goal, the company's management will try to get a big profit. Due to good and bad management performance can be measured through the profits generated. However, what happened to the phenomenon of company value in the automotive and component sectors showed a decline in company value from 2015 - 2020, this would have an impact on decreasing investor confidence in investing in the sector, because the value of the company is related to shares in automotive and component companies so that If the value of automotive and component companies decreases, it will have an impact on decreasing investor confidence in investing in the company's shares. According to Lestari (2020), increasing tax planning will not increase company value as measured by price to book value in automotive and component sector companies. This is because several automotive and component companies show differences in tax regulations applied by automotive and component companies, especially the cost and enjoyment as a deduction from taxable income. The company seeks to minimize the tax burden that will be paid by doing tax planning, increasing tax planning will have an impact on decreasing the tax burden but will not have an impact on company value.

2. The return on assets variable has a positive sign with tcount of 7.915. Meanwhile, the ttable for the 5% significance level is 2.021, then the value of tcount > ttable. The significant value of the return on asset variable is 0.000. This means that the significance value is less than 0.05. Because the value of tcount > ttable and the significance value is less than 0.05, the return on assets has an effect on firm value. The results of the research on return on assets have an effect on firm value. According to Halim (2016), the higher the company's profitability, the higher the company's ability to generate company profits. High profits or profits will provide good company prospects so that it will trigger shareholders to further increase the demand for shares. Indicators of measuring the value of the company can be seen by the amount of profit earned by the company within a certain period of time. The size of the company's profit is one of the important things considered by potential investors before investing. Because the profit generated can predict the company's performance has good prospects or not in the future.

F . Statistical Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48,935	2	24,467	35,084	,000[b]
	Residual	27,198	39	,697		
	Total	76,133	41			

a. Dependent Variable: Firm Value

b. Predictors: (Constant), Return On Assets, Tax Planning

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Based on the table above, it can be seen with a significance level of 5% and the number of k = 2, and df (n-1) = 42 (nk-1) or 42-2-1. So that obtained F table of 3.240. From the test results obtained Fcount of 35.084 with a sig value of 0.000, it means that Ftable < F count and sig value <0.05. So it can be concluded that tax planning and return on assets have a simultaneous and significant effect on firm value. The increase in tax planning and return on assets in automotive and component companies proves that the company is good at getting a net profit using assets and in an effort to reduce the tax burden so that it will have an impact on increasing investor interest in investing in the company. The results of this study also show that the value of Adjusted R Square in this regression is 0.624. This means that tax planning and profitability affect the value of the company by 62.4%. While the remaining 37.6% is influenced by other variables that are not used in this study.

Conclusions

Based on the results of research on automotive and component companies listed on the Indonesia Stock Exchange in 2015 – 2020, it can be concluded as follows:

1. Tax planning has no effect on company value in automotive and component companies listed on the Indonesia Stock Exchange in 2015 – 2020.
2. Profitability as measured using return on assets has a positive and significant effect on company value in automotive and component companies listed on the Indonesia Stock Exchange in 2015 – 2020.
3. Simultaneous test results show that all independent variables, namely tax planning and profitability, which are measured using return on assets, together have a significant effect on firm value.

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