

The Influence of Tax Avoidance, Managerial Ownership and Profitability on Tax Payment Levels

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Abstract

Purpose: This study aims to analyze the effects of tax avoidance, managerial ownership, and profitability on the level of tax payments in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2019–2023.

Methodology/approach: This study uses secondary data from financial reports. A purposive sampling method was applied, resulting in 85 observations. Data were processed using SPSS version 25 and multiple linear regression analysis. The research includes classical assumption tests, t-tests, F-tests, and the coefficient of determination (R^2).

Results/findings: The results show that tax avoidance has a positive and significant effect on tax payments, managerial ownership has no significant effect, and profitability has a positive but insignificant effect. Simultaneously, the three variables significantly influenced tax payments, with results shaped by the COVID-19 pandemic and related tax policies.

Conclusions: This study concludes that tax avoidance is the dominant factor affecting corporate tax payments, whereas managerial ownership and profitability do not have significant effects. However, all three variables jointly affect the tax payment levels.

Limitations: This research is limited to property and real estate companies listed on the IDX during 2019–2023, therefore, the findings may not be generalizable to other sectors or periods.

Contributions: This study contributes to the accounting and taxation literature in Indonesia and provides insights for policymakers, tax authorities, and company management.

Keywords: *Managerial Ownership, Profitability, Property and Real Estate Sector, Tax Avoidance, Tax Payment*

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1. Introduction

Taxes play a crucial role in the life of a nation, particularly in supporting the implementation of national development. As the main source of state revenue, taxes finance the overall burden of the government, including both routine and development expenditures. Without tax revenue, most government activities and development programs would not be able to run optimally. Funds derived from taxes are allocated to various state needs, ranging from civil servant salary payments to financing development projects aimed at improving public welfare. In addition to its revenue function, taxation enables income redistribution among people with different economic capacities; thus, taxpayer compliance is an absolute requirement to achieve such income redistribution (Khoirul, 2024). In Indonesia, tax collection is carried out under a self-assessment system, which requires taxpayers to calculate, pay, and report their tax obligations independently. However, this system will only be effective if the public is aware of and voluntarily complies with tax obligations. An individual's willingness to comply with all tax obligations reflects their maturity level (Alfi & Wijaya, 2024).

Taxes are considered a burden on institutions as they have the potential to reduce net profits, and most business entities do not voluntarily pay taxes because of their compulsory nature ([Rahmawati & Mildawati, 2019](#)). [Hanifah, Ridwansyah, and Damayanti \(2024\)](#) state that companies tend to minimize their tax payments to enhance their economic performance. Tax avoidance is one of the efforts to avoid tax obligations. Tax avoidance is a legal form of tax planning that does not violate regulations [Rais, Yunita, and Yusra \(2023\)](#) and is carried out by minimizing tax burdens through the use of loopholes and existing tax policies ([Puspita & Febrianti, 2017](#)). Although legally permissible, on the other hand, it is less desirable from the government's perspective because it can reduce potential state revenue. Tax avoidance is still common among companies in Indonesia ([Puspita & Febrianti, 2017](#)). The real estate and property sector is one of the sectors with high potential for absorbing labor and generating a multiplier effect, as well as having strong backward economic linkages to other sectors ([Setiawan, Susanti, & Nugraha, 2021](#)). However, this sector also has characteristics that enable tax avoidance practices, such as complex ownership structures, large asset values, and cash flows that are not always stable enough. The COVID-19 pandemic worsened these conditions owing to declining property demand, delayed projects, and weakening purchasing power ([Pradana & Wulandari, 2023](#)). These conditions have encouraged companies to become more aggressive in engaging in tax avoidance to maintain cash flow and business sustainability.

One example of tax avoidance practices occurred at PT Sentul City Tbk, which proposed a Suspension of Debt Payment Obligations in 2021 and carried out financial restructuring. Another case is PT Adaro Energy Tbk, which was allegedly involved in transfer pricing practices through its subsidiary in Singapore ([Wahyuningtias et al., 2025](#)). According to the Tax Justice Network, Indonesia faces potential losses of approximately IDR 67.6 trillion per year due to corporate tax avoidance, placing the country as the fourth highest in Asia. Another factor influencing tax payment levels is managerial ownership. The greater the proportion of shares owned by management, the stronger the incentive to manage taxable income efficiently to increase the company's profitability ([Hendrianto, Suropto, Effriyanti, & Hidayati, 2022](#)). Managerial ownership refers to the shares held by management actively involved in decision-making ([Nanda, Silveri, Wang, & Zhao, 2024](#)). Several studies have indicated that ownership structure affects corporate tax behavior ([Sulistiyanti & Nugraha, 2019](#)). In the context of the COVID-19 pandemic, managers who are also shareholders tend to be more cautious in determining tax strategies to maintain business sustainability ([Pratiwi & Reschiwati, 2022](#)).

Company profitability is also an important factor. Profitability is the ability of an entity to generate profit from its business activities [Ardiansyah and Hartono \(2020\)](#) and serves as the basis for calculating the amount of tax that must be paid. The higher the profit, the greater the tax obligation. However, the COVID-19 pandemic significantly reduced profitability, thereby encouraging companies to engage in tax planning to maintain financial stability ([Pradana & Wulandari, 2023](#)). Company profitability is also an important factor. Profitability is the ability of an entity to generate profit from its business activities [Ardiansyah and Hartono \(2020\)](#), and serves as the basis for calculating the amount of tax that must be paid. The higher the profit, the greater the tax obligation. However, the COVID-19 pandemic significantly reduced profitability, thereby encouraging companies to engage in tax planning to maintain financial stability ([Pradana & Wulandari, 2023](#)).

Although many previous studies have examined tax avoidance, managerial ownership, and profitability separately, the results are inconsistent. Several studies have found that profitability has a significant effect on the level of tax payments, while other studies have shown insignificant results. Similarly, managerial ownership influences tax avoidance practices in some studies, but does not show a meaningful relationship in other contexts. In addition, most previous research tends to focus on the manufacturing and banking sectors; thus, studies that comprehensively examine the influence of these three variables on the level of tax payments in the real estate and property sectors in Indonesia are still very limited. Therefore, this study aims to understand and examine the effect of tax avoidance, managerial ownership, and profitability on the level of tax payments in companies within the real estate and property sector listed on the Indonesia Stock Exchange during 2019–2023.

2. Literature Review and Hypotheses Development

2.1 Theoretical Concept

2.1.1 Agency

Agency theory was introduced by [Jensen and Meckling \(1976\)](#), which explains the contractual relationship between owners (principals) and managers (agents), where managers are responsible for managing the company on behalf of the shareholders. Conflicts of interest arise from differences in objectives and information asymmetry ([Jensen & Meckling, 1976](#)). Agency problems are divided into two types; conflicts between external owners and managers (type-one) [Wahyuni \(2021\)](#) and conflicts between majority and minority shareholders (type-two) ([Faccio & Lang, 2002](#)). Ownership structure is an important factor in agency theory, as it can influence corporate policies, including tax avoidance practices. Control mechanisms, such as financial incentives and external monitoring, can reduce opportunistic managerial behavior ([Putra, Syah, & Sriwedari, 2018](#)).

2.1.2 Profitability

Profitability indicates an entity's capacity to generate profits through its business activities. The higher the profit, the greater the resources available to access more complex tax-planning strategies ([Niko & Simbolon, 2023](#)). The COVID-19 pandemic has significantly altered this dynamic. This crisis led to a significant decline in corporate profitability, particularly in the property and real estate sectors. This decline in profit resulted in a reduction in the amount of taxes paid and encouraged entities to become more aggressive in implementing tax planning and tax avoidance strategies to survive the crisis ([Pradana & Wulandari, 2023](#)).

2.1.3 Tax

Referring to Law No. 28 of 2007 in conjunction with Law No. 7 of 2021 concerning the Harmonization of Tax Regulations, taxes can be understood as financial obligations that must be fulfilled by individuals or legal entities to the state. Tax payments are mandatory and are carried out in accordance with statutory regulations without direct compensation, and are used for public interest to promote overall societal welfare ([Kurnianingsih, 2021](#)). The obligation to pay taxes reflects the participation of citizens in supporting state financing, where each taxpayer contributes individually or collectively to realizing national development ([Syafira & Nasution, 2021](#)). The level of public compliance with applicable regulations reflects taxpayer compliance ([Alfi & Wijaya, 2024](#)). Therefore, companies will attempt to manage their tax obligations in certain ways to increase net profits that can be allocated for investment, dividends, or other purposes ([Amyulianthy, Shalihah, Haryanti, Apriyanto, & Hakim, 2025](#)).

2.1.4 Tax Avoidance

Tax avoidance refers to the legal practice of reducing tax burdens through careful tax planning ([Putra et al., 2018](#)). During the COVID-19 pandemic, tax avoidance became increasingly relevant as companies faced liquidity pressure and declining profits. To maintain cash flow and business sustainability, many companies have adopted more aggressive tax planning strategies. This was particularly evident in the property and real estate sectors, which were among the most severely affected by declining demand and the delayed development of projects ([Kusbandiyah, Priyanto, Purnadi, & Mudjiyanti, 2021](#)).

2.2 Dependent Variable (Tax Payment Level)

Tax payments can be defined as the percentage or amount of contribution paid by taxpayers. Referring to [Syamsuddin and Suryarini \(2020\)](#), the level of tax payments is measured using the Effective Tax Rate (ETR), which reflects the percentage of taxable income paid as tax. The level of tax payments is influenced by various internal factors, such as earnings management policies, tax avoidance, and a company's ownership structure ([Wardani & Mananda, 2024](#)).

2.3 Independent Variables

2.3.1 Tax Avoidance

Tax avoidance is an effort to reduce tax burdens legally through the utilization of provisions in tax regulations ([Puspita & Febrianti, 2017](#)). According to [Rais et al. \(2023\)](#), tax avoidance significantly affects the level of corporate tax compliance. In contrast, [Nugraha, Utaminingsyas, and Respati \(2023\)](#)

find that profitability is not always related to tax avoidance. A higher CETR value indicates lower tax avoidance activity ([Suwaldiman & Rheina, 2023](#)). Thus, tax avoidance practices have an inconsistent relationship with tax payment levels.

2.3.2 Managerial Ownership

Managerial ownership refers to the condition in which managers own shares in a company. The greater the managerial ownership, the greater the tendency of managers to act in alignment with shareholders' interests ([Zainuddin & Mananohas, 2020](#)). [Syamsuddin and Suryarini \(2020\)](#) show that managerial ownership does not significantly affect the level of tax payments. However, [Wardani and Mananda \(2024\)](#) state that ownership structure simultaneously affects tax avoidance.

2.3.3 Profitability

Profitability reflects an entity's ability to generate profit. Companies with high profits generally have larger tax obligations, but are also more capable of engaging in tax planning ([Ardyansah & Zulaikha, 2014](#)). Profitability is used to estimate how effectively a company utilizes its equity by comparing the profit generated during a period with the company's total assets ([Yanti, Komalasari, & Andi, 2022](#)). Research by [Rahmawati and Mildawati \(2019\)](#) states that profitability has a negative effect on the effective tax rate, while [Subiyanto \(2021\)](#) finds that profitability does not have a significant effect.

2.4 Relationship Between Variables

2.4.1 The Effect of Tax Avoidance on Tax Payment Level

Tax avoidance is a legal method that companies use to reduce their tax obligations by exploiting loopholes in existing tax regulations ([Sahrir, Syamsuddin, & Sultan, 2021](#)). This practice is carried out to reduce tax burdens so that after-tax profits can be higher. However, tax avoidance is often viewed negatively because it has the potential to reduce revenues. Based on research conducted by [Febri and Sulistyani \(2018\)](#), tax avoidance does not significantly affect tax compliance. Meanwhile, [Pradana and Wulandari \(2023\)](#) found that tax avoidance negatively affects tax payments. This implies that the higher the level of tax avoidance practiced by a company, the lower its tax payments. Thus, tax avoidance is expected to negatively affect tax payments.

H₁: Tax avoidance has a negative effect on the level of tax payments in real estate and property sector companies listed on the Indonesia Stock Exchange

2.4.2 The Effect of Managerial Ownership on Tax Payment Level

A company's ownership structure can influence its tax policy management. For example, companies owned by individuals or groups with good tax knowledge tend to be more compliant in paying taxes. In contrast, companies with foreign or multinational ownership may be more likely to utilize tax avoidance strategies. [Syamsuddin and Suryarini \(2020\)](#) show that managerial ownership does not significantly affect ETR, while [Wardani and Mananda \(2024\)](#) find that ownership structure simultaneously affects tax avoidance. These differing results highlight the need for further research to examine the effect of managerial ownership on tax payment levels in companies within the property and real estate sector. Thus, managerial ownership is expected to positively affect tax payments.

H₂: Managerial ownership has a positive effect on the level of tax payments in real estate and property sector companies listed on the Indonesia Stock Exchange

2.4.3 The Effect of Profitability on Tax Payment Level

Company profitability reflects the amount of profit generated by a company within a certain period. Companies that earn high profits have higher tax obligations. However, highly profitable companies often attempt to reduce their tax burdens by utilizing tax avoidance strategies. [Rahmawati and Mildawati \(2019\)](#) shows that profitability negatively affects the Effective Tax Rate (ETR). Meanwhile, [Subiyanto \(2021\)](#) finds that profitability does not significantly affect the Effective Tax Rate (ETR). These differing findings indicate that high profitability may encourage companies to engage in tax planning; therefore, it does not always have a direct relationship with the level of tax payments. Thus, profitability is expected to negatively affect tax payment levels.

H₃: Profitability has a negative effect on the level of tax payments in real estate and property sector companies listed on the Indonesia Stock Exchange

2.4.4 The Simultaneous Effect of Tax Avoidance, Managerial Ownership, and Profitability on Tax Payment Level

These three factors tax avoidance, managerial ownership, and profitability interact and jointly influence tax payment levels. Tax avoidance tends to reduce tax burdens, whereas managerial ownership encourages managers to be more cautious in decision-making because they have a direct interest in the company. Profitability reflects a company's ability to generate profits, which should increase its ability to pay taxes; however, in practice, highly profitable companies often engage in tax avoidance. [Rahmawati and Mildawati \(2019\)](#) and [Syamsuddin and Suryarini \(2020\)](#) show a simultaneous effect of these variables on the ETR. Therefore, this study re-examines the simultaneous effect of tax avoidance, managerial ownership, and profitability on tax payments.

H₄: Tax avoidance, managerial ownership, and profitability simultaneously affect the level of tax payments in real estate and property sector companies listed on the Indonesia Stock Exchange

3. Research Method

This quantitative research with a causal associative approach aimed to examine the effects of tax avoidance, managerial ownership, and profitability on the level of tax payments. The data used are secondary data derived from the annual financial reports of companies in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) during 2019–2023. The population consisted of 94 companies, and through purposive sampling, 24 companies were selected, resulting in 120 observations. The sampling technique was based on the following criteria.

- a. Companies in the property and real estate sector listed on the Indonesia Stock Exchange during 2019–2023.
- b. Companies in the property and real estate sector that published complete annual financial reports during 2019–2023.
- c. Companies that provided the data required for the study during the period 2019–2023.

3.2 Operational of Research Variables

Tabel 1. Research variables

Variables	Measurement	References
Tax Payment Level	ETR: Income Tax Expense/Profit Before Tax	(Rahmawati & Mildawati, 2019)
Tax Avoidance	CETR: Taxes Paid/Profit Before Tax	(Septiawan, Ahmar, & Darminto, 2021)
Managerial Ownership	KM: Management Shares/Outstanding Shares	(Niko & Simbolon, 2023)
Profitability	ROA: Net Income/Total Assets	(Hidayat, 2018)

3.3 Analysis Technique

Data analysis in this study was conducted using a numerical approach to reveal the relationships between variables in a measurable manner. The process begins with a descriptive analysis to describe the data characteristics, such as the mean, extreme values, and deviations. This is followed by classical assumption testing, including the normality of distribution, relationships among independent variables, autocorrelation of residuals, and homogeneity of variance. After these requirements are met, multiple linear regression is employed to assess the effect of tax avoidance, managerial ownership, and profitability on tax payments, both individually and simultaneously. All data processing was carried out using SPSS version 25 software to ensure that the analysis results were more relevant, systematic, and scientifically accountable. This study is based on agency theory [Jensen and Meckling \(1976\)](#), which explains the existence of conflicts of interest between managers as agents and shareholders as principals in decision-making, including tax policy decisions. Agency theory is used as a conceptual foundation to understand how management may act opportunistically in managing corporate taxes, for example, by engaging in tax avoidance, and how managerial ownership mechanisms can moderate such behavior. With this foundation, this study is expected to provide theoretical contributions regarding the role of ownership structure and profitability in influencing the level of corporate tax payments.

4. Results and Discussions

4.1 Descriptive Statistics

Descriptive analysis was used to describe the data to provide clearer information for readers (Ghozali, 2018). The results of this analysis included the minimum, maximum, mean, and standard deviation. In this study, the independent variables were tax avoidance (X_1), managerial ownership (X_2), and profitability (X_3). The dependent variable used is the level of tax payments (Y).

Table 2. Results of descriptive statistical analysis

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	120	-3.04543288	7.209207565	.1702250276	.8274877512
Managerial Ownership	120	.0000069934	.8489737963	.1857816432	.2926856232
Profitability	120	-.186948331	.2604714788	.0114049063	.0599510879
Tax Payment Level	120	-.379863296	1.162415887	.0709932940	.1845776596
Valid N (listwise)	120				

The results of the descriptive statistical analysis in Table 2 show that the tax avoidance variable, based on 120 samples, has a minimum value of -3.04543288 and a maximum value of 7.209207565, with a standard deviation of 0.8274877512. The managerial ownership variable has a minimum value of 0.0000069934, a maximum value of 0.8489737963, a mean of 0.1857816432, and a standard deviation of 0.2926856232. Likewise, profitability shows a minimum value of -0.186943331 and a maximum value of 0.2604714788, with a mean of 0.0114049063 and a standard deviation of 0.0599510879. Meanwhile, the level of tax payments has a minimum value of -0.379863296 and a maximum value of 1.162415887, with a mean of 0.0709932940 and a standard deviation of 0.1845776596.

4.2 Classical Assumption Test

4.2.1 Normality Test

According to Ghozali (2018), the normality test is used to ensure that the residual variables in the regression model have a distribution pattern that is normal or resembles a normal curve. A model is considered reliable if the data distribution is not skewed in any particular direction.

Table 3. Result of the normality test

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			85
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		.03682804
Most Extreme Differences	Absolute		.117
	Positive		.117
	Negative		-.113
Test Statistic			.117
Asymp. Sig. (2-tailed)			.006 ^c
Monte Carlo Sig. (2-tailed)	Sig.		.181 ^d
	99% Confidence Interval	Lower Bound	.171
		Upper Bound	.191

From Table 3, after performing the outlier test, the data were reduced from 120 to 80 data points, and the Monte Carlo significance value was obtained as 0.181, which is above the 0.05 threshold. This indicates that the data distribution was normal and met the normality test assumption.

4.2.2 Multicollinearity

The purpose of the multicollinearity test is to ensure that there is no high correlation between the independent variables in the regression model. If the tolerance value is > 0.10 and the Variance Inflation

Factor (VIF) is < 10, it can be concluded that the regression model is free from multicollinearity symptoms (Ghozali, 2018).

Table 4. Results of the multicollinearity

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	Tax Avoidance	.838	1.193
	Managerial Ownership	.940	1.064
	Profitability	.806	1.241

Table 4 shows that the tolerance values for all independent variables are above 0.10, and the VIF values are below 10. Therefore, it can be concluded that multicollinearity is not present in the model.

4.2.3 Autocorrelation Test

According to Ghozali (2018), the purpose of the autocorrelation test is to examine whether there is a correlation in the regression model between the disturbance errors at time t and those at time t-1 (previous period).

Table 5. Results of the autocorrelation test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.542 ^a	.293	.267	.0375038358	1.525

According to the results of the Durbin-Watson (DW) test in Table 5, a value of 1.525 was obtained, which means that there is no autocorrelation present.

4.2.4 Heteroscedasticity Test

The purpose of the heteroscedasticity test is to examine whether there is unequal variance in the residuals between one observation and another in the regression model. If the p-value exceeds 0.05, it can be concluded that heteroscedasticity is not present (Ghozali, 2018).

Table 6. Results of the heteroscedasticity test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.877	.028		2.089	.040
	TRANSFORM_X _t	-.974	.918	-.130	-1.175	.243
	Managerial Ownership	.896	.597	.087	.769	.444
	Profitability	.081	.782	.141	1.252	.214

Based on the Glejser test after transformation in Table 6, all independent variables have significance values > 0.05 (tax avoidance: 0.243; managerial ownership: 0.444; profitability: 0.214). This indicates that the regression model is free from heteroscedasticity and meets the classical assumption of the homogeneity of residual variances.

4.3 Data Analysis Test

4.3.1 Multiple Linear Regression Analysis

This study uses multiple regression analysis to test the hypotheses, with the following regression model:

$$ETR = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \quad (1)$$

Table 7. Results of the multiple linear regression analysis

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.009	.006		1.597	.114
	TRANSFORM_X ₁	.313	.085	.375	3.689	.000
	Managerial Ownership	-.011	.021	-.053	-.506	.614
	Profitability	.131	.075	.182	1.748	.084

Based on the results of the multiple linear regression analysis in Table 7 above, the following regression equation was obtained:

$$ETR = 0,009 + 0,313 X_1 - 0,011 X_2 + 0,131 X_3 + \epsilon \quad (2)$$

From this equation, tax avoidance has a significant positive effect on the level of tax payments, with a coefficient of 0.313 and a significance of 0.000 (<0.05). In contrast, managerial ownership and profitability have less of an impact, with coefficients of -0.011 (sig. 0.614) and 0.131 (sig. 0.084), respectively.

4.3.2 Partial Test (t)

The purpose of the partial t-test is to observe the effect of one independent variable on the dependent variable while holding other independent variables constant. A t-significance value below 0.05 indicates a significant partial effect (Ghozali, 2018). The results of the T-Test shown in Table 8 below.

Table 8. Results of the T-Test

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.009	.006		1.597	.114
	TRANSFORM_X ₁	.313	.085	.375	3.689	.000
	Managerial Ownership	-.011	.021	-.053	-.506	.614
	Profitability	.131	.075	.182	1.748	.084

4.3.3 Simultaneous Test (f)

A simultaneous test (F-test) can be conducted to examine the significance values in the regression output with a significance level of 0.05. If the F-significance value is < 0.05, it indicates that all independent variables have a significant simultaneous effect on the dependent variable (Ghozali, 2018). Results of the F-Test shown in Table 9 below.

Table 9. Results of the F-Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.029	3	.010	5.960	.001 ^b
	Residual	.132	81	.002		
	Total	.161	84			

4.3.4 Coefficient of Determination (R^2)

The coefficient of determination test was used to measure how well the model explained the variation in the dependent variable. The value of R^2 ranges from zero to one ([Ghozali, 2018](#)).

Table 10. Results of the R^2 Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 ^a	.181	.150	.0403778934

Based on the results in Table 10, the adjusted R-squared value is 0.150 or 15.0%. This value indicates that the independent variables can explain approximately 15.0% of the variance in the dependent variable.

4.4 Discussion of Research Results

4.4.1 The Effect of Tax Avoidance on Tax Payment Level

The regression test results show that the tax avoidance variable ($\text{Transform } X_1$) has a positive and significant relationship with the level of tax payments, with a regression coefficient of 0.313, a t-value of 3.669 (which exceeds the t-table value of 1.990), and a significance of 0.000 (which is smaller than 0.05). This finding contradicts the research by [Febri and Sulistyani \(2018\)](#), who suggested that tax avoidance should reduce tax payments. This condition can be explained by the limitations of tax avoidance strategies through regulations, tax reforms, fiscal corrections, and the characteristics of the property industry, which cause taxable income fluctuations. From the perspective of agency theory [Jensen and Meckling \(1976\)](#), managers might engage in tax avoidance for short-term interests, such as increasing bonuses, but this strategy increases the tax burden. During the COVID-19 pandemic, this finding is even more relevant due to tax incentives and relaxations from the government, while tax avoidance efforts face tighter scrutiny and corrections ([Wahyuningtias et al., 2025](#)). This finding indicates that tax avoidance is not always effective and may contradict the interests of principals and national policies.

4.4.2 The Effect of Managerial Ownership on Tax Payment Level

The multiple linear regression test results show that the managerial ownership variable has a regression coefficient of -0.011 with a t-value of -0.506 (< t-table value of 1.990) and a significance value of 0.614 (> 0.05), indicating that managerial ownership has a minimal effect on the level of tax payments in companies in the property and real estate sector listed on the Indonesia Stock Exchange. This finding aligns with the research by [Syamsuddin and Suryarini \(2020\)](#), who suggested that managerial ownership has a minimal significant effect on the Effective Tax Rate (ETR). From the perspective of agency theory, the level of managerial ownership in property sector companies is still relatively low [Lillah and Yuyetta \(2023\)](#), and such a small portion is insufficient to be an effective mechanism for aligning interests, which could create agency conflicts. During the COVID-19 pandemic, managers' primary focus shifted towards maintaining liquidity and continuity of company operations [Lowardi and Abdi \(2021\)](#), limiting their incentives to engage in aggressive tax planning or influence corporate tax policies ([Nugraheni & Murtin, 2019](#)).

4.4.3 The Effect of Profitability on Tax Payment Level

The results of the multiple linear regression test show that the profitability variable has a positive regression coefficient of 0.131, with a t-value of 1.748 (< t-table value of 1.990) and a significance value of 0.084 (> 0.05), indicating that the effect is not statistically significant. The study concludes that profitability has a minimal significant effect on the level of tax payments in companies in the property and real estate sector listed on the Indonesia Stock Exchange. This finding aligns with [Subiyanto \(2021\)](#), who stated that profitability does not affect the Effective Tax Rate (ETR), but contrasts with the research by [Rahmawati and Mildawati \(2019\)](#), which found a negative effect on ETR. From the perspective of agency theory, high profitability may lead to conflicts of interest between the principals and agents. The decline in demand and sales in the property sector during the COVID-19

pandemic made many companies' profitability unstable [Alanta et al. \(2025\)](#), causing managers to focus more on maintaining cash flow and business continuity than on utilizing profitability for tax strategy.

4.4.4 The Simultaneous Effect of Tax Avoidance, Managerial Ownership, and Profitability on Tax Payment Level

The results of the multiple linear regression test show that the F-statistic is 5.960, with a significance of 0.001, indicating that the regression model is significant. This means that tax avoidance, managerial ownership, and profitability affect the level of tax payments in companies in the property and real estate sector listed on the Indonesia Stock Exchange. This finding aligns with the research by [Rahmawati and Mildawati \(2019\)](#) and [Syamsuddin and Suryarini \(2020\)](#), which demonstrated that both financial and structural factors simultaneously affect the Effective Tax Rate (ETR), thus, hypothesis 4 (H_4) is accepted. From the perspective of agency theory, this finding shows a complex interaction between the agent and principal ([Jensen & Meckling, 1976](#)), where tax avoidance reflects the manager's efforts to reduce tax obligations, managerial ownership serves as a mechanism to reduce agency conflict, and profitability triggers conflicts between profit distribution and tax interest. All financial and structural factors of the company during the COVID-19 period became increasingly important in tax decision-making because agents faced liquidity pressures, regulatory changes, and demands from principals to maintain value ([Maulidiah & Rachman, 2024](#)).

5. Conclusions

5.1 Conclusion

This study proves that tax avoidance has a positive effect on the level of tax payments in property and real estate sector companies listed on the Indonesia Stock Exchange, indicating that tax avoidance practices are followed by increased compliance. Managerial ownership has no significant effect on tax payment levels, suggesting that the proportion of shares owned by management is insufficient to influence corporate tax policies. Profitability is positively related but not significant to tax payments, indicating that the size of profits does not always correlate with the amount paid in taxes. Simultaneously, these three variables affect the level of tax payments, suggesting a relationship between financial factors and corporate governance in determining tax compliance. The implications of this study emphasize the importance of fiscal supervision, transparency, and effective governance in optimizing corporate tax compliance. Future research should add other variables and expand the observation period to obtain more comprehensive results.

5.2 Research Limitations

Future research is recommended to incorporate additional relevant variables that may influence the research outcomes, such as organizational commitment, job satisfaction, motivation, leadership style, work environment, or employee engagement, in order to provide a broader and more comprehensive understanding of the factors affecting the phenomenon under study. In addition, future studies should extend the observation period to capture changes and trends over time more accurately, allowing researchers to evaluate long-term effects and relationships among variables. By expanding both the research variables and the observation timeframe, future research is expected to generate more robust, reliable, and comprehensive findings.

5.3 Suggestions for Future Research

Future researchers are advised to expand the variables, such as company size, leverage, and ownership characteristics, to provide a more comprehensive analysis of the factors influencing tax payments. Additionally, using other measures, such as Return on Equity (ROE) or Book-Tax Differences (BTD), could enrich future research findings.

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Author Contributions

DPS contributed to the conceptualization of the study, research design, data collection, data analysis, and manuscript drafting. AKD contributed to the research supervision, methodology refinement, validation of analysis, and critical revision of the manuscript. DD contributed to data interpretation, literature review enhancement, and final manuscript editing. All authors have read and approved the final version of the manuscript and agree to be accountable for all aspects of the work.

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