

The effect of tax planning activities and firm characteristic: evidence from Indonesia

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Abstract

This study's purpose of contributing to the literature by empirically examining the effect of tax planning, activities, financial debt, audit quality, and firm investment on the firm value. This study adopts quantitative method research using panel regression with 1,264 data samples for model 1 and 1,291 data samples for model 2 with observation year from 2017-2021. This study shows that audit quality and tax planning have a significant positive impact on firm value. In contrast to firm investment, financial debt has a significant negative effect on firm value, which has insignificant results. This research contribution is that companies should pay attention to the selection of auditors for a financial audit because the auditor's role has a positive impact on the firm value. Also, investors can see the value of companies eligible for investment considering the tax planning activities in advance of the company carried out. The novelty of this research is the use of measurement of tax per share for tax planning, rarely used by the other researcher in conducting a relationship between firm value and tax planning.

Public interest statement

This study is necessary because the auditor's role is critical in minimizing the profit-making practices of managers and ensuring the quality of corporate earnings reporting. Investors can also pay attention to the value of a company worth investing in by paying attention to the tax planning activities undertaken by a company.

Keywords: *Auditing, taxation, public sector accounting, Financial & management accounting.*

Paper type: Research Paper

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INTRODUCTION

The coronavirus outbreak, often called Covid-19, severely affected the economy, health services, transportation, and other fields in various regions and industries. The mobility of the population has fallen sharply due to quarantine policies that have caused purchasing power to weaken and the economy to stagnate. At the macro level, the economy is sluggish because of the Covid-19 pandemic, which caused the worst global recession since 1930. Indonesia's gross domestic product in 2021 decreased by -2.07% compared to 2019 (Badan Pusat Statistik Pekanbaru City, 2021). Based on Badan Pusat Statistik's 2021 exposure to the decline in Indonesia's gross domestic product in the previous discussion on the issue of the Coronavirus outbreak that hit various aspects of life in Indonesia. Covid-19 has triggered food and household consumption. Forcing people to adopt the new normal, and people respond to these conditions. With the new normal, people were entirely surprised by the entry of Covid-19 and flocked to buy the necessities of life. As a result, there is a decrease in the supply of household consumption when demand increases. Indirectly, this shows that the income of companies engaged in related fields will increase, and of course, there is a tax contribution to the profit.

The Covid-19 pandemic can impact the Stock market at the company level (Phan & Narayan, 2020). In this regard, it is mentioned that the rise of the stock market will also increase the value of a company, and the affluence of firm investment will be higher. The low stock market also affects a company's low value, resulting in firm investment assumptions of companies that are not good (Agustina, 2018). This is because the stock market reflects the true value of company assets, which investment opportunities can influence.

Good et al. (2017) explain that companies that carry out tax planning can increase company's value. Because of the implementation of tax planning, the payment of taxes owed by companies can be more effective, and the tax obligations become orderly, which is an essential source of government revenue. However, a tradeoff also exists between corporate income tax and foreign direct investment. This is a significant taxation in managing large and developing companies; therefore, management, in this case, can be done with planning. The explanation above shows that corporate value and tax planning are essential for a company's strategic decision and the government's macroeconomic policy. The essence of the company is to maximize shareholder value. Therefore, this action is directed at reducing the corporate tax burden, which will ultimately increase profits by the goals of the enterprise (Irfani, 2020).

The movement carried out to conduct this study has the purpose of contributing to the literature by empirically examining the activities of tax planning on the firm value on the Indonesia Stock Exchange using two measurements, namely tax per share (TaxPs) and effective tax rate (ETR). Previous studies, such as research by Shafirah and Ridarmelli (2021), only use ETR measurement, and Tambahani et al. (2021) use book-tax difference (BTD). Not only that, recently, there have been crises around the world, including Indonesia, which shows that rare events such as pandemics, natural disasters, or terrorism that afflict individuals and businesses regardless of their financial health or contribution also affect the tax system (De Vito & Gómez, 2020).

Another aim is to make an empirical contribution to the literature and financial debt, firm investment, and audit quality on firm value. As is known, debt is one of the essential tools for a company to fulfill its necessities. Part of the company's funds is financed by borrowed capital. The use of debt capital for companies is sensitive to a company's high or low value (Hertina et al., 2019). The low debt of a company can provide benefits to investment, which are a fundamental source of economic growth and corporate value. A stable environment helps companies to invest,

and in this context, income tax plays a vital role in managers' investment decisions (Assidi et al., 2016) and the audit quality, which can affect the value of the company based on public trust, which depends on the level of transparency in reporting (Yopie & Elivia, 2022). Based on the argument, it can be inferred that several sectors have an essential role in capturing the economic growth phenomenon related to increasing profits by the agency that plans taxes on firm value. Another reason for this research conducted is because this study examines registered companies engaged in various fields during Covid-19 in Indonesia.

LITERATURE REVIEW

Firm value is an asset of an entity that becomes one of the indicators as a benchmark for assessing a company's performance. In addition, a company also defines the company's condition and is essential for an investor (Jecky & Suparman, 2021). Therefore, the optimal maximization of corporate value is the responsibility of managers, who are representatives of business owners with the fundamental goals of each organization. As for investor views on the value of the company and related to the stock price. The higher value of the company, the more trust given by the market for the company's performance and prospects. In this study, the firm's value is a market value; if the company's stock price increases, the market value can give maximum prosperity for shareholders (Itan & Riana, 2021). Investors generally give company value management to managers and commissioners who are trusted as professionals.

According to Khaoula and Moez (2019), the company's value will be high if the stock price also rises. This means that investors' insight into a company's success is the company's value, which is usually connected with stock prices. PBV or the price usually indicates the company's value to book value. The higher the PBV value indicates the better value that the company has and vice versa; the lower the PBV value indicates the company's value is getting worse, so investors' perception of the company is also not good (Sari & Jufrizen, 2019).

The value of a company can be measured from two perspectives: from the angle of profitability accounting measures: return on assets (ROA), return on equity (ROE), Q Tobin, net profit margin; and from a stock market perspective, using stock prices from the Stock Exchange market. The capital structure irrelevance theory proposed by Modigliani and Miller declares that assuming a perfect capital market, the option of stocks and bonds does not affect the company's value. In other words, the capital structure does not impact the company's value (Miller, 1958). A perfect capital market has no transaction costs or corporate tax. If the concern is not an information asymmetry, the ability to create value, whether the capital employed comes from external or internal sources, determines the company's value. The Modigliani and Miller model cannot predict this because it only accounts for the tax-saving effect of indebtedness and overlooks the cost of agency and financial risk as indebtedness increases (Komara et al., 2020).

Effect of tax planning on firm value

Tax planning is part of tax management which is generally the same as the objective of financial management, namely obtaining sufficient profits. Enforcing tax planning's purpose is an effort to minimize tax debt by utilizing regulations that have been issued (Shafirah & Ridarmelli, 2021). An important thing that can be taken as an advantage from carrying out tax planning, namely managing cash flow because, with carefully managed tax planning, companies can prepare cash budgets more accurately and make the latest data to update tax regulations (Yuliem, 2022).

Implementing tax planning can reduce the tax burden that must be paid to increase profit after tax, affecting the company's value (Mulyanto et al., 2021).

The research conducted by Khaoula and Moez (2019) explores the impact of and value of company and tax planning in developed countries. From the research, it is evident that tax planning does not play an essential part in determining the value of a company. Usman et al. (2020) show a significant and positive influence on the relationship between compensation boards, tax planning, and the company's value. It is suggestive of a loophole in tax law that has created an opportunity for tax planners to be used for the company's good. Research conducted by Chukwudi et al. (2020), Vu and Le (2021), and Zahra and Fidiana (2022) states that the effective tax rate (ETR) negatively impacts the company's value, but this impact is statistically significant. More detail, when state ownership is the moderator, the association is not a variable in its direction. In principal conflicts, the government must fix the institutional environment to prevent corporate forms from violating the rules, particularly accounting standards and principles.

H_{1a}: Tax planning with tax per share negatively affects the firm value.

H_{1b}: Tax planning with an effective tax rate negatively affects the firm value.

Effect of financial debt on firm value

Debt is a company's external funding source for its operational activities. The use of debt for companies has a sensitive effect on the high or low value of the company. The company determines a higher proportion of debt at a certain level, and the company's value becomes higher (Dwiastuti & Dillak, 2021). Signaling theory is where the company wants to reduce the asymmetry of information through signals given to shareholders to increase the company's value. An increase in debt can signal that the company wants to give information to firm investment that the company is in good condition and has good prospects to be able to fulfill its obligations (Tambunan et al., 2019). The research conducted by Tunggal and Ngatno (2018) explains that financial debt has a positive effect on firm value. In contrast to the case research by Jadiyahappa et al. (2019) and Ecodomica et al. (2019), Krisnawati and Miftah (2019) state that the relationship between firm value and debt diversification is negative. This shows that a level of debt in a company lower will increase the company's value. The reason is an obligation that the company has to pay to the creditor to decrease, so the benefit that the company gets increases, causing the company's stock price to increase, so the company's value will also increase.

H₂ : Financial debt negatively affects the firm value.

Effect of firm investment on firm value

Investment is the management of resources owned in the long term to generate profits in the future. According to Harjito and Martono, (2005) investment is an investment made by a company into an asset (asset) and hoping to obtain income in the future. The signaling theory proposed by Miller and Modigliani (1961) this theory states that: " "real" consideration determines solely the value, in this point the earning of the company's assets and policy of investment and not by how the fruits of the earning are "packaged" for distribution". Based on this statement, it can be known that firm investment is an important factor to generate company profits so that in the end company's value will increase.

Bahrin et al., (2020) suggest that firm investment is sacrificing the assets held now to acquire assets in the future for a larger amount. In other words, firm investment is one way to prosper shareholders so that companies that can firm investment efficiently will gain the trust of the potential investor. Thus, the higher the profit obtained from the firm investment, the higher value of the company. From the foregoing, it can be resumed that firm investments have a positive influence on the company. In line with previous research by Dewi et al. (2018), Mutmainnah et al. (2019), Oktiwiati and Nurhayati (2020) a high firm investment value indicate that the company's firm investment is good and the company's prospects are good so many investors are interested in making firm investments in a company. The greater investment invested by investors, the level of investor confidence in the company also becomes higher.

H₃: Firm investment has a positive effect on the value of company.

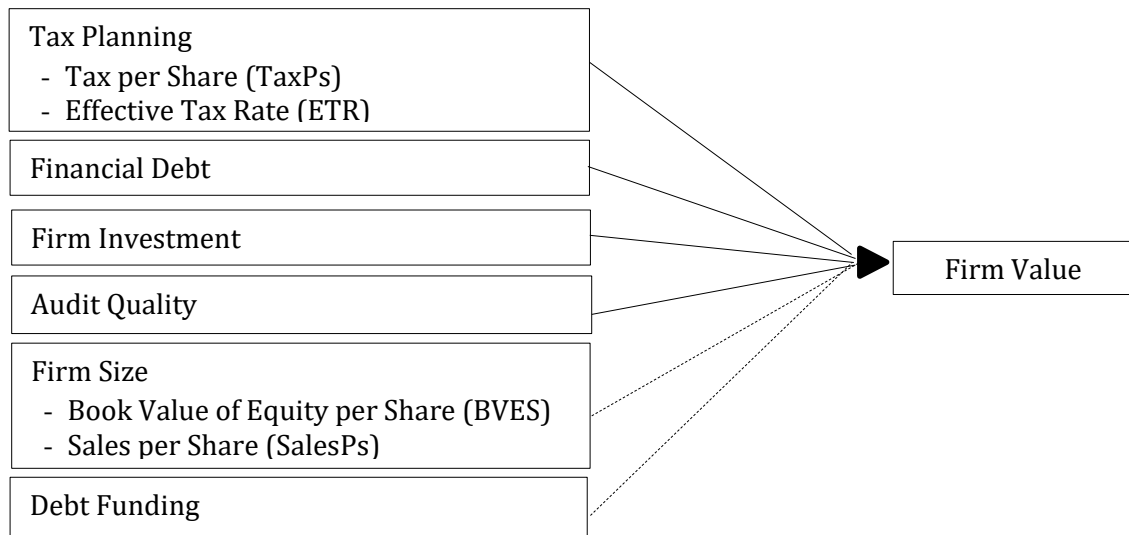


Figure 1.

Research Model

Source: Research Data, 2022.

Effect of audit quality on firm value

DeAngelo (1981) defines audit quality as the profitability in which a report and audit find a violation in the client's accounting system. The role of the auditor is a consideration minimizing the profit practices that have been implemented by the manager and can be used to ensure the quality of the profit reporting in the audited company (Tanujaya & Vernet, 2020). To give investors more confidence in their capital in a company, quality audit services are used, namely using auditors from the public accountant firm Big Four.

Audit quality plays a very important part in determining the transparency level of a financial report (Yopie & Elivia, 2022). The quality of audit services according to Christiawan (2002) is determined by two things, namely competence and independence. An ethic that must have by auditors who are required to be objective and honest in audits is the definition of independence. If the auditor has a relationship with the client such as family, the independence will be lost. (Nasser et al., 2006) The independence of auditors is shown through audit opinions

which are one of the sources of useful information in funding decisions and investing (Gómez-Guillamón, 2003).

The competence of the auditor can be indicated by the size of the public accountant firm. Based on signaling theory, companies will be motivated to provide information related to the success or failure of the company. The quality of the audit can be information that gives both positive and negative signals. (Agasha & Monametsi, 2020) researched in this regard and the results are contradictory. Audit quality is not a significant financial predictor and thus ineffective as a governance mechanism of an enterprise. However, based on the explanation, this is in line with research by Dewi and Husain (2020), Buttang (2020), Omer et al. (2020) which states that there is a positive relationship related to audit quality and firm value.

H₄ : Audit quality positively affects the company's value.

RESEARCH METHODOLOGY

The research in this study adopts quantitative method research designed to participate in hypothesis measurement, fact formation and proving relationships between variables, continuing descriptive statistics, and approximate results (Rukajat, 2018). In this study, all company that listed on the Indonesia Stock Exchange (IDX) were firm investmentolved as observational data with a type of time series collection with a period of 5 years, namely 2017 to 2021. Some of the criteria on which the sample selection is based include the following: (1) all companies listed on the IDX. However, certain companies are excluded from the sample, in particular: companies listed on the IDX from 2018 to 2021 and the company is categorized as a bank & other financial institution. (2) the Company has issued financial statements during the period 2017 to 2021 which have been audited by independent auditors. (3) In the report, there is data needed to calculate the research variables.

Tax planning with two measurements is the independent variable in this study. Namely tax per share (TaxPs) and effective tax rate (ETR), financial debt, firm investment, and audit quality. The dependent variable is company value and for the control variable, there is firm size with two measurements as well, namely BVES or book value of equity per share and sales per share (SalesPs) and debt funding.

In this study, the main regression equations are as follows:

$$\text{Model 1} = \beta_0 + \beta_1 \text{TaxPs}_{it} + \beta_2 \text{Debt}_{it} + \beta_3 \text{Inv}_{it} + \beta_4 \text{Audit}_{it} + \beta_5 \text{BVES}_{it} + \beta_6 \text{SalesPs}_{it} + \beta_7 \text{LTDPS}_{it} + \varepsilon_i$$

$$\text{Model 2} = \beta_0 + \beta_1 \text{ETR}_{it} + \beta_2 \text{Debt}_{it} + \beta_3 \text{Inv}_{it} + \beta_4 \text{Audit}_{it} + \beta_5 \text{BVES}_{it} + \beta_6 \text{SalesPs}_{it} + \beta_7 \text{LTDPS}_{it} + \varepsilon_i$$

Definition:

β = Constant

MVES_{it} = Market Value of Equity per Share of the company i in year t

TaxPs_{it} = Tax per Share of the company i in year t

ETR_{it} = Effective per Share of the company i in year t

Debt_{it} = Debt of the company i in year t

Inv_{it} = Firm Investment of the company i in year t

Audit_{it} = Quality Audit of the company i in year t

BVES_{it} = Book Value of Equity per Share of the company i in year t

SalesPs_{it} = Sales per Share of the company i in year t

$LTDP_{S_{it}}$ = Long Term Debt per Share of the company i in year t

ε = error

Table 1.

Variable Measurement

No	Variable	Measurement	Source
1	Firm Value	MVES (Total equity minus capital stock plus (stock price divided by total of shares outstanding)) divided by the total of shares outstanding	(Kirkpatrick & Radicic, 2020)
2	Tax Planning	TaxPs Tax expenses divided by the total of shares outstanding	(Kirkpatrick & Radicic, 2020)
		ETR Tax expenses divided by profit before income tax	(Kirkpatrick & Radicic, 2020)
3	Financial Debt	Debt Financial debt divided by total equity	(Assidi et al., 2016)
4	Firm Investment	Firm Investment Tangible assets _t minus tangible assets _{t-1} then the result is divided by tangible assets _{t-1}	(Assidi et al., 2016)
5	Audit Quality	Audit 1 if the firm is audited by a Big Four Public Accountant Firm and 0 otherwise	(Assidi et al., 2016)
6	Firm Size	BVES The total of equity distributed divided by the total of shares outstanding	(Kirkpatrick & Radicic, 2020)
		SalesPs Revenue _t divided by the total of shares outstanding	(Kirkpatrick & Radicic, 2020)
7	Debt Funding	LTDPs Long term liability divided by the total of shares outstanding	(Assidi et al., 2016)

Source: Research Data, 2022.

Based on the results of the elimination, this research involves a purposive sampling method with 780 companies listed in the IDX. As many as 468 companies cover the criteria and the number of samples is 1,264 sample data for model 1 and 1,291 sample data for model 2. The following is a list of company selections that are included in the criteria and can be used as a sample:

Table 2.

Number of Sample Model 1 & 2

Information	Total Sample Model 1	Total Sample Model 2
The company was listed on the IDX during the period 2017-2021	780 Companies	780 Companies
The company does not meet the criteria	382 Companies	382 Companies
Total companies that meet the criteria	398 Companies	398 Companies

Period	5 Years	5 Years
Data studied	1,990 Sample data	1,990 Sample data
Data Outlier	726 Sample data	699 Sample data
Total data of the company under study	1,264 Sample data	1,291 Sample data

Source: Research Data, 2022.

Data processing in this study used Eviews. The goal is to test whether there is a significant impact of independent variables on the dependent variable. In this study, the data analysis method is panel regression analysis. The first step is to choose the best model between chow tests or Hausman tests and followed by F tests, t-tests, and coefficient determination tests.

RESULTS AND DISCUSSIONS

Descriptive statistical analysis

Tax planning, financial debt, corporate firm investment as well as audit quality are independent variables that scale ratios in this observational data. The results of descriptive statistical testing can make it easier for researchers to understand and easily interpret the results. The following are descriptive statistical test results presented in the following table. Based on the data in the table above, the maximum firm value in model 1 is 25,425.19 and in model 2 is 43,757.99. Whereas the minimum value in model 1 is -2,671.33 and in model 2 is -9,046.55. This states that the higher the MVES value, the better the firm value of a company and also shows that profits investment in assets provides higher value than investment spending. New investment spending will encourage because of this. The mean value in model 1 is 932.30 and 859.63 in model 2.

In the tax planning of tax per share (TaxPs), the maximum value is 807,06 and the minimum is -102,86 which means that the lower the TaxPs value, the if this value is high, it can be concluded that there are companies who made the payment of returns based on the liabilities of the previous year and as a consequence, the linkage to the current period became weak considering also that companies to maximize tax planning flexibility do often minimize current year tax losses. (Kirkpatrick & Radicic, 2020). The mean value of the result is 14,01. In the tax planning of the effective tax rate (ETR) the minimum value is -160,46 while the maximum value is 103,92, With this, it can be concluded that the lower the ETR value, the more effective the tax planning of a company and if the effective tax rate is lower than the statutory rate or statutory tax rate of 25%, the company is considered more aggressive in its tax planning activities with the intention that the company is able to utilize its resources to efficiently pay corporate taxes (Novianti et al., 2019), and the mean value of the result is 0,16. This explains that 16% of companies on the Indonesia Stock Exchange tend to do tax aggressive action.

Table 3.

Descriptive Statistical Test Results of Ratio Scale Variables Model 1 & 2

Variable	N ₁ /N ₂	Minimum	Maximum	Mean	Std. Dev.
Model 1					
Firm Value	1,264	-2,671.33	25,425.19	932.30	1,731.45
Tax Planning – Tax per Share	1,264	-102.86	807.06	14.01	47.04
Financial Debt	1,264	-80.33	135.13	0.72	5.46

Firm Investment	1,264	-953.65	265.36	-0.97	30.92
Firm Size – BVES	1,264	-1,789.56	15,997.50	499.03	1,035.35
Firm Size – Sales per Share	1,264	0.00	27,731.19	843.04	1,749.51
Debt Funding	1,264	0.00	6,329.53	257.34	523.05
Model 2					
Firm Value	1,291	-9,046.55	43,757.99	859.63	1,966.27
Tax Planning - ETR	1,291	-160.46	103.92	0.16	5.97
Financial Debt	1,291	-80.33	135.13	0.74	5.54
Firm Investment	1,291	-953.65	265.36	-1.02	30.48
FirmSize - BVES	1,291	-5,494.00	24,876.00	447.32	1,125.29
FirmSize - SalesPs	1,291	0.00	27,592.00	819.94	1,718.15
Debt Funding	1,291	0.00	10,742.00	253.18	605.05

Source: Research Data, 2022.

In the financial debt variable, the maximum value is 135,13 and the minimum is -80,33 which means that the higher the number, it is assumed that the company has a higher risk to liquidity his company, The level of debt owned by the company and the ability of the company to repay debts are getting higher and higher (Indahningrum & Ratih, 2009). If a company uses debt continuously, the greater the risk borne by the company, high risk tends to lower stock prices but increases the expected rate of return (Nasution, 2020). In the firm investment variable, the minimum value is -953,65 while the maximum value is 265,36. With this, it can be concluded that the increasing firm investment, the company's value will increase also because the higher the opportunity the company has to make firm investments and is expected to get higher returns (Sudiani & Darmayanti, 2016). The firm investment shows the company's growth potential, so it becomes a firm investment attraction because it will benefit firm investment in the future.

In the firm size variable, the minimum and maximum book value of equity per share (BVES) are 15,997.50 and -5,494.00 as well as 27,731.19 and 0,00 for maximum minimum sales per share (SalesPs) in the TaxPs. The results differ on the maximum ETR of the BVES variable is 24,876.00 and 27,592.00 for SalesPs. With it can be interpreted that the higher the firm size in a company has the ability to hoard greater cash than small companies, but the tradeoff theory believes that by maintaining an optimal cash holding level, the company can maximize firm value. This is because when the cash holding exceeds its optimal level, it will cause a decrease in firm value, so the larger the firm size, the more careful the company is in determining the optimal cash holding level. This causes the company to try to keep the amount of its cash holding optimal (Liestyasih & Wiagustini, 2017). Furthermore, the investment interest of investor can be affected from firm size.. The larger the firm size, the more interested investor should invest. Company with large size tend to have external information or information in a large market (Mardianto and Juniyanti, 2020).

In the debt funding variable, the minimum is 0,00 while the maximum is 6,329.53 on model 1 and 10,742.00 on model 2. It can be concluded that the higher the debt, the greater the loan capital used to finance the company's assets. Debt also shows the level of debt of the company, a company with large debt has a large debt cost as well, This is a burden for companies that can reduce the level of investor confidence (Chasanah, 2019).

Table 4.*Descriptive Statistical Test Results of Nominal Scale Variables Model 1 & 2*

Variable	Groups	Frequency	Percent
Audit Quality Model 1	0 = Not audited Big Four public accountant firm	975	77,1%
	1 = Audited Big Four public accountant firm	289	22,9%
Audit Quality Model 2	0 = Not audited Big Four public accountant firm	970	75,1%
	1 = Audited Big Four public accountant firm	321	24,9%

Source: Research Data, 2022.

The results presented in Tables 4 show that 22,9% and 24,9% of companies get audit services from the big four, while the remaining 77,1% and 75,1% interpret that the company is not audited by the big four. Therefore, the conclusion that can be obtained is that public companies listed on the IDX are predominantly audited by non-big four public accountants.

Chow test, hausman test & f test

The chow test determines the selection of a suitable model against the interpretation of the analysis results, the model in question includes PLS and FEM, Based on the probability figures from the model 1 and 2 in the table above, the Chow test < from 0,05 (0,0000) so the Fixed Effect Model is the model used and then required to perform the Hausman test.

Testing the Hausman test is the next stage to establish a suitable research model between FEM and REM. Based on this study's results, the corresponding model is FEM. This is because the test results of the Hausman in the table show the probability of data processing results < from 0,05, which is 0,0000 for models 1 and 2.

Tables 5 show an output of 0,000 which is a probability value (prob F-statistics), so it can be concluded that the firm value variable as a dependent is influenced simultaneously by independent variables, namely tax planning, financial debt, firm investment, and audit quality.

Table 5.*Chow Test & Hausman Test Results Model 1 & 2*

Effects Chow Test	Prob Model 1	Prob Model 2
Cross-section Chi-square	0,0000	0,0000
Hausman Test Summary	Prob Model 1	Prob Model 2
Cross-section Random	0,0000	0,0000
F Test Summary	Prob Model 1	Prob Model 2
Prob (F-statistics)	0,0000	0,0000

Source: Research Data, 2022.

The table 6 shows that the R Square value adjusted to the model 1 measure is 0.990374, meaning that the dependent variable can be explained from the independent variable by 99,03%, while other variables that are not in the model are explained the 0,97%. The value is almost the same as the adjusted R Square value on the ETR measure of 0.993138, which means that an independent variable can explain 99,31% of the dependent variable, while 0,69% is explained by another variable that is not in the model such as investing cash flow ratio, managers' holding ratio according to research by Itan and Riana (2021) then research on good corporate governance variable from Feviana and Supatmi (2021) also earning management variable that was researched by Abbas (2018).

Table 6.*Results of t Test Model 1 & 2*

Variable	Coefficient	Prob	Conclusion	Iypothesis
Model 1 Adj R square 0.990374				
C	177.99	0.00		
Tax Planning – Tax per Share	0.86	0.01	Significant +	H _{1a} not proved
Financial Debt	-2.75	0.01	Significant -	H ₂ proved
Firm Investment	0.06	0.71	Insignificant	H ₃ not proved
Audit Quality	158.90	0.00	Significant +	H ₄ proved
FirmSize – BVES	1.49	0.00		
FirmSize – Sales per Share	-0.01	0.64		
Debt Funding	-0.10	0.00		
Model 2 adj R square 0.993138				
C	150.27	0.00		
Tax Planning – ETR	0.18	0.84	Insignificant	H _{1a} not proved
Financial Debt	-2.73	0.01	Significant -	H ₂ proved
Firm Investment	0.06	0.72	Insignificant	H ₃ not proved
Audit Quality	100.73	0.03	Significant +	H ₄ proved
FirmSize – BVES	1.43	0.00		
FirmSize – Sales per Share	0.04	0.00		
Debt Funding	0.04	0.32		

Source: Research Data, 2022.

The results in table 6 show that three independent variables, namely tax planning with tax per share as a measurement variable, financial debt, and audit quality have a significant impact on company value. Unlike the results with firm investment which is stated to be insignificant, it means the variable does not have any impact on the dependent variable. In table 6, the result is not much different between model 1 and model 2, the difference lies in the tax planning ETR variable which is stated to be insignificant to the company's value.

Tax planning and firm value

Table shows the probability value of TaxPs Model 1 < from 0,05 with a value of 0,01, meaning that H_{1a} is rejected because the results of the study prove that tax planning positively affects the firm value of companies in Indonesia. This is in line with research by Razali et al. (2018) which states

that there is a positive relation between firm value and tax planning. The two variables have a positive relationship because the amount of cash paid by the company to pay its tax obligations is lower than the applicable corporate income tax so the profit after tax obtained by the company will be high and have an effect on increasing the value of the company (Hidayat & Pesudo, 2019).

The company that engages in these activities fairly routinely signals to investors that companies are far more transparent about their financial information. This is why investors are interested to invest in the company. Therefore, the tax planning carried out by the management is intended to improve the prosperity of shareholders, because the value of the company will increase if the company pays attention to the satisfaction and prosperity of shareholders. However, different from the research by Kartini and Apriwenni (2017), Ayem and Tia (2019), Tumanggor (2022) states that tax planning has no impact on the value of the company on model 2 with a value of 0,84 or > of 0,05 which means that H1b is accepted. This is because if the ETR is higher it will be associated with lower agency fees as well as tunneling as well as fewer related parties to transactions among majority shareholders, so they believe that tax enforcement can serve as an external mechanism of governance of the company.

Financial debt and firm value

Based on the study's results in table 6, it shows a probability value of < from 0,05, namely 0,01, meaning that H2 is accepted because the study's results prove that financial debt negatively affects the firm value of companies in Indonesia. These results show that an increase in bank debt, which is reflected in an increase in the ratio of debt with higher capital, will tend to be negatively responded to by investors, bank debt tends to be used to finance long-term investments (fixed assets), investors are likely to respond to banks with growing debt, demonstrating the bank's ability to finance limited long-term investment. So the investor will tend to respond negatively, with an increase in bank debt (Haryanto et al., 2018).

The higher the bank debt, the greater the impact on the risks banks face. With more indebted companies, the risks, and burdens that the company bears become even greater. The company bears high installment and interest expenses as debt mounts even though the company is incurring losses. While increasing debt reduces taxes, it tends to increase the company's cost of paying interest, thereby reducing the company's net income. This is to the results of research conducted by Haryanto et al. (2018) where the increase in debt negatively affects the (Jadiyappa et al., 2019) company's value. However, this research is not in line with the findings of research conducted by Sulistiono (2016) shows that the results have no significant effect on firm value.

Firm Investment and Firm Value

The results attached to table 6 shows the probability value of firm investment > from 0.05 with values of 0.71 and 0.72, meaning that H₃ is rejected, because the results of the study prove that firm investment has no impact on the firm value of companies in Indonesia. This is because this variable has calculated the stock price where the stock price has also been reflected in the company's value. So this is not part of the considerations of investors when investing their capital, investors are reluctant to do a double assessment of the stock market price so that this is no longer considered by investors. This is in line with research by Bahrun and Tifah (2020), Natasha (2021),

Ariyanti and Novitasari (2022). However, it is not in line with the research conducted by Dewi et al. (2018) which shows a positive result between firm value and firm investment.

Audit Quality and Firm Value

Based on the research's results exposed in table 6, it shows that the value of audit quality is at < from 0.05, namely 0.00 and 0.03, meaning that H4 is accepted because the study's results prove that audit quality affects firm value. Based on research by Dewi and Husain (2020) explained that auditors with the Big Four classification are considered to have a better quality of audit services compared to public accounting firms with classifications other than the Big Four, one of which can be seen from the quality of human resources in the recruitment process. The financial information of companies with the appointment of a Big Four auditor's office will tend to be of higher quality compared to auditor offices other than the Big Four. This can be believed to provide more independent attestation and audit services in disclosing creative accounting practices implemented by companies with specific objectives, as well as to increase dividend payments and firm value. This result along too Buttang (2020), Omer et al. (2020) but is not in line with the research by Kurniawati (2016) which states that audit quality does not affect firm value.

CONCLUSION

This research was conducted to test the impact of tax planning, financial debt, firm investment, and quality audit on firm value. The relationship between corporate value and tax planning is essential to a company's strategic decision and the government's macroeconomic policy. This study aims to contribute to the literature by empirically examining tax planning activities, financial debt, firm investment, and audit quality on the firm value on the Indonesia Stock Exchange using two measurements, namely tax per share (TaxPs) and effective tax rate (ETR). The results obtained from the test are the occurrence of a positive relationship between tax planning TaxPs and quality audits of firm value than the financial debt, which negatively affects firm value. In the tax planning variable, ETR and firm investment have results that do not affect firm value. In this case, companies can pay attention to the selection of auditors when auditing the financial statement that the company has since the role of the auditor is significant in minimizing the profit practices employed by managers and ensuring the quality of corporate earnings reporting. Not only that, but investors can also pay attention to the value of companies that are eligible for investment by paying attention to the tax planning activities undertaken by a company. If tax evasion by a company is very intense, the future risk to the company's value is very harmful.

This study has several limitations that may pave the way for further research. First, the research focuses more on companies listed on the Indonesian Stock Exchange (IDX) with data for the last five years from which this research was conducted, namely 2017-2022. Second, it is limited to the number of data samples that are free from sample exemptions, such as not making the financial sector part of the research because of differences in the preparation of reports in these sectors that are not supportive of being used as part of this study. Third, other value relevance studies share with this study in the literature limitation that it is very difficult and impossible to capture the behavior of other users, and investors also rate their impact on firm value. For this research, the first recommendation from researchers is to expand the sample of data that contributed to the study and conduct research focused on the financial sector.

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