

## The Influence of Company Size, Company Ratio, and Management Compensation on Tax Management (Case Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2021-2023)

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### ABSTRACT

This study examines the impact of company size, profitability, debt level, fixed asset intensity, and management compensation on tax management in manufacturing firms listed on the Indonesia Stock Exchange (IDX) during 2021–2023. Using a comparative causal approach and purposive sampling, 64 companies were selected, producing 192 data points analyzed with IBM SPSS 25. Results show that company size, profitability, and management compensation do not significantly influence tax management, indicating independence from these factors. In contrast, debt level has a positive effect, while fixed asset intensity negatively affects tax management. This suggests that firms utilize debt interest and fixed assets strategically to reduce taxable income, reflecting the complexity of tax management in the manufacturing sector.

## **INTRODUCTION**

Tax according to Law Number 7 of 2021, is a contribution that must be paid to the state based on laws and regulations, without any direct benefit to the taxpayer and is allocated to finance the needs of the state in order to achieve public welfare. Taxes are the main source of income for the state, so as citizens and business people, we have an obligation to pay taxes on time so that government programs and public welfare can be guaranteed by the state.

The phenomenon analyzed in this study, namely PT Hanjaya Mandala Sampoerna Tbk (HMSP). In 2022, it faced a tax dispute with the Directorate General of Taxes (DGT). This dispute arose from a tax correction related to Value Added Tax (VAT) on certain transactions carried out by the company. The DGT assessed that there were discrepancies in the recording and imposition of VAT, resulting in additional tax liabilities for HMSP. The company rejected the correction results because it felt that it had fulfilled its tax obligations in accordance with applicable regulations. As a measure of objection, HMSP filed an appeal to the Tax Court with the aim of reducing the tax burden imposed by the DGT. However, the legal process continued to the case review stage at the Supreme Court, as the company's previous legal efforts had not been entirely successful. Ultimately, the Supreme Court rejected HMSP's case review petition, requiring the company to pay the tax adjustment that had been imposed. This case shows that tax management practices are not only carried out through cost or depreciation arrangements, but also through legal strategies to reduce tax obligations. HMSP sought to exploit loopholes in the interpretation of tax regulations to maintain its position (Putusan MAHKAMAH AGUNG Nomor 1877 B/PK/PJK/2022, n.d.).

Company size according to Ng Levana & Setiawan (2023) is an indicator that reflects the size or size of a company. Large-scale companies tend to have a better ability to plan their tax obligations, because large companies are supported by adequate experts, on the other hand, small-scale companies are generally less able to plan their taxation properly, due to limited experts who are less competent (Erlitasari et al., 2022). Research by Mappadang et al. (2022) shows that company size has a positive effect on tax management. This means that large companies tend to have low effective tax rates, because they are able to carry out tax management practices optimally. Meanwhile, research by Porajow (2022) shows that company size has a negative effect on tax management. This means that large companies generally have higher tax rates, which indicates a less than optimal implementation of tax management. Research by Bela & Kurnia (2023) shows that company size has no impact on tax management, so it cannot be considered as a determining factor in the effectiveness of tax management.

The second variable that affects tax management is profitability, ROA is a measure of the company's capacity to earn net income in relation to total assets, sales and capital. ROA is used as a tool to assess the level of profitability of the company, because it can help investors and management in making more informed decisions regarding investment and management of company operations (Christella & Santo Adella, 2023).

The results of research by Bela & Kurnia (2023) show that profitability has a positive effect on tax management. So, an increase in profit tends to be followed by a decrease in the effective tax rate, so that the company is considered capable of practicing tax management optimally. Meanwhile, research from Mappadang et al. (2022) shows profitability has a negative effect on tax management. This means that an increase in profit tends to be followed by an increase in the effective tax rate, so the company is considered unable to practice tax management optimally. Research by Laurencia & Veny (2022) shows that profitability has no impact on tax management, meaning that profitability cannot be considered as a determining factor in the effectiveness of tax management.

The third variable that affects tax management is the debt level, reflecting the proportion of company asset financing funded through loans. In order to expand their business, companies often require large amounts of funding and generally prefer debt over using their own capital, because debt interest expenses are included in costs that are deductible from taxable income (Djajanti & Andriani, 2023).

The results of research by Bela & Kurnia (2023) show that the level of debt has a positive effect on tax management. Indicating that the higher the proportion of debt owned by the company, the smaller the effective tax rate, so that companies are able to practice tax management optimally. Conversely, research by Salsabila & Afridayani (2024) states that the level of debt has a significant negative effect on tax management. This means that the higher the level of debt, the higher the effective tax rate, thus indicating that the company does not carry out tax management efficiently. Research by Nurfitriani & Hidayat (2021) indicates that the level of debt has no impact on tax management, so it cannot be considered as a determining factor in the effectiveness of tax management.

The fourth variable that affects tax management is fixed asset intensity, describing the company's investment activities in the form of fixed assets. Companies can do tax management by looking at the difference in the difference in the useful life of fixed assets between the company and the regulations of the tax authorities. Companies are also allowed to depreciate their fixed assets which makes the difference in company depreciation below the fiscal depreciation of fixed assets which will enter into negative fiscal correction. The occurrence of negative fiscal correction, then the taxable profit is reduced (Rahmanto, 2022). Ownership of fixed assets allows companies to utilize depreciation expense as a deduction from fiscal profit in carrying out tax management (Sugiharto et al., 2023).

The research results from Satriyo et al. (2024) shows that fixed asset intensity has a positive effect on tax management. The positive relationship between fixed assets and effective tax rates indicates that companies do not optimally utilize fixed assets in tax management strategies. Meanwhile, research by Nurfitriani & Hidayat (2021) shows that fixed asset intensity has a negative effect on tax management, meaning that an increase in fixed assets tends to be followed by a decrease in the effective tax rate. This means that companies practice tax management optimally. Research by Oktaviani & Ajimat (2023)

indicate that fixed asset intensity has no impact on tax management, so it cannot be a determining factor.

The fifth variable that affects tax management is management compensation, which is a form of reward given by the company to management for their contribution to the company. The provision of compensation is carried out with the aim of increasing the motivation of managers in achieving company targets. Forms of management compensation can be provided in various forms such as basic salary, bonuses, and short and long-term incentives (Devi et al., 2024).

Research by Sidabalok et al. (2022) shows that Management Compensation has a positive influence on Tax Management. This means that the greater the compensation given to management, the smaller the effective tax rate. This means that the company performs optimal tax management. Meanwhile, research by Rizky Safitri & Hasanah (2024) also states that management compensation has a negative effect on tax management, meaning that the greater the compensation given, the higher the effective tax rate. This means that the company does not perform optimal tax management. Research by Fransiska et al. (2024) shows that management compensation has no impact on tax management, so it cannot be considered as a determining factor.

Based on the background, phenomenon, and research gap issues, this study aims to examine whether there is an influence of company size, profitability, debt level, fixed asset intensity, and management compensation on tax management in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. The benefit of this study is to provide deeper insight into the relationship between company size, profitability, debt level, fixed asset intensity, and management compensation on tax management, and the researcher also hopes that the results of this study can be a guideline for manufacturing companies in developing good and correct tax management strategies without violating applicable regulations by considering factors such as company size, profitability, debt level, fixed asset intensity, and management compensation.

## LITERATURE REVIEW

### *Agency Theory*

Jensen & Meckling (1976) explain that agency theory is a contract in which one or more people (principal) engage another person (agent) to perform some services on their behalf which involves delegating some decision-making authority to the agent. explains that agency theory describes the difference in interests between the government and companies in tax management practices through agency theory, which describes the potential conflict between tax authorities (principals) and company management (agents). This conflict of interest arises because the government, as the maker of tax policy, wants to maximize tax revenue, while company management seeks to reduce the tax burden in order to increase profits. It is this difference in interests that causes companies to implement tax management strategies (Hana Noviatna *et al.*, 2021).

### ***The Effect of Company Size on Tax Management***

Large companies generally have better capacity in designing tax strategies, because they are supported by competent resources, as well as access to professional services such as tax consultants. With such support, large companies tend to be able to carry out tax management in a more optimized and structured manner. In contrast, small-scale companies often face limitations in terms of resources and expertise in taxation. This limitation can hamper the company in preparing optimal tax planning, so that its tax management tends to be less than optimal (Erlitasari et al., 2022). Research by Mutia Dianti Afifah & Mhd Hasymi (2020); Serli & Suhartono (2021); and Mappadang et al. (2022) shows that company size has a positive effect on Tax Management.

*H<sub>1</sub> : Company Size has a Positive Effect on Tax Management.*

### ***Effect of Profitability on Tax Management***

The company is a tax subject, therefore its income is a tax object. Company profitability has an influence on tax management practices. High profits result in increased corporate tax liabilities. Under these conditions, management tends to have greater motivation to carry out optimal tax planning to reduce the tax burden without violating regulations. Conversely, companies with low profitability tend to have less tax pressure so that management does not have a big motivation to do tax management. Thus, high profitability encourages management to be more active in managing tax obligations as part of efforts to maintain financial efficiency and company performance (Djajanti & Andriani, 2023). Research by Mutia Dianti Afifah & Mhd Hasymi (2020); Sidabalok et al. (2022); and Bela & Kurnia (2023) shows Profitability has a positive effect on Tax Management.

*H<sub>2</sub> : Profitability has a Positive Effect on Tax Management.*

### ***Effect of Debt Level on Tax Management***

The debt ratio reflects the proportion of a company's assets that are financed through liabilities or loans. From an agency theory perspective, the use of debt can be a way for management to legally reduce the company's tax burden, particularly through the recognition of interest expenses as a deduction from taxable income. The higher the level of debt used by a company, the higher the interest expenses that can be deducted, thereby reducing the amount of tax payable. This condition provides an incentive for managers to utilize debt financing strategically, as the resulting tax reduction can increase the company's net profit and reflect the manager's positive performance in the eyes of the principal (Prastyatini, 2023). Research by Bela & Kurnia (2023); Satria & Nathan (2023); and Surya & Christina (2020) shows that the level of debt has a positive effect on tax management.

*H<sub>3</sub> : Debt level has a Positive Effect on Tax Management.*

### ***The Effect of Fixed Asset Intensity on Tax Management***

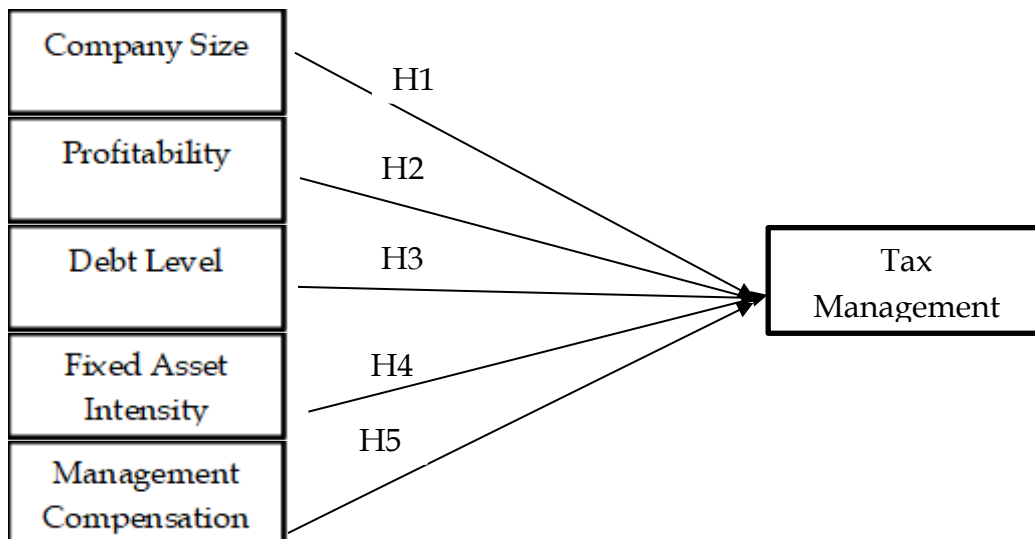
Fixed Asset Intensity reflects the proportion of company funds allocated through investment in tangible assets (Regina, 2024). Based on agency theory, managers can direct unused funds to purchase fixed assets as a form of utilization of company resources. Ownership of fixed assets will generate periodic depreciation expenses, which in taxation can be recognized as a deduction from gross income. This provides benefits in reducing the company's payable tax burden. Investment in fixed assets has the potential to be one of the strategies in legal corporate tax management. thus, the high level of fixed assets encourages management in optimizing tax management practices (Devina & Pradipta, 2021). Research by Satriyo et al. (2024); (Devina & Pradipta, 2021); and (Fadhilah Naufal et al., 2024) shows that fixed asset intensity has a positive effect on tax management.

*H<sub>4</sub> : Fixed Asset Intensity has a Positive Effect on Tax Management.*

### ***The Effect of Management Compensation on Tax Management***

The compensation received by management is an incentive for their performance in managing the company (Devi et al., 2024). This compensation scheme encourages management to more actively seek legitimate strategies to reduce the tax burden, so that profits can be increased. In the context of agency theory, information differences between management (agent) and company owners (principal) allow conflicts of interest to occur. To minimize the conflict, compensation is expected to align the interests of both parties. Adequate compensation encourages managers to make strategic decisions to improve tax management practices (Sidabalok et al., 2022). Research by Sidabalok et al. (2022); Octavianingsih (2024); and Setianingsih et al. (2025) shows Management Compensation has a positive effect on Tax Management.

*H<sub>5</sub> : Management Compensation has a Positive Effect on Tax Management.*



**Figure 1. Hypothesis Framework**

## METHODOLOGY

The subject of this research is the annual report of manufacturing companies. The data is obtained from the official IDX website [www.idx.co.id](http://www.idx.co.id). Researchers chose manufacturing companies because they have more complex activities compared to other sectors so that they can reflect overall tax management. The object of this research is the annual report of manufacturing companies. Financial reports are the object of research because the existing variables require data from the annual reports of manufacturing companies. The population of this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023, totaling 209 companies. Based on purposive sampling only 64 companies met the research criteria. This study uses comparative causal which is a type of relationship that shows the influence of cause and effect. Comparative causality is used to measure the level of influence of the independent variable on the dependent variable (Sugiyono, 2024).

In the study conducted, there were considerations in the selection of samples: (1) Manufacturing companies listed on the IDX during 2021 to 2023, (2) Manufacturing companies that publish annual reports from 2021 to 2023, (3) Manufacturing companies that publish annual reports using foreign currencies, (4) Manufacturing companies that did not experience losses during 2021 to 2023, and (5) Manufacturing companies that present complete financial data according to the variable needs in the study during 2021 to 2023.

**Table 1. Variable Measurement**

Variable	Measurement
Y = Tax Management	$ETR = \frac{Current\ Tax\ Expense}{Profit\ Before\ Tax}$
X1 = Company Size	$Size = Ln (Total\ Assets)$
X2 = Profitability	$ROA = \frac{Net\ Income}{Total\ Assets}$
X3 = Debt Level	$DAR = \frac{Total\ Debt}{Total\ Assets}$
X4 = Fixed Asset Intensity	$IAT = \frac{Total\ Fixed\ Assets}{Total\ Assets}$
X5 = Management Compensation	$KM = Ln (Management\ Compensation\ Level)$

## RESEARCH RESULT

The population of this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023, totaling 209 companies. From the predetermined criteria, there were 32 companies that disclosed annual reports using dollars, then 79 companies experienced losses for three consecutive years, and 34 companies did not provide the data needed for the measurement of research variables. After filtering, 64 companies were obtained that met the criteria. Given that the observation period lasts for three years, the total observational data that can be analyzed is 192. Of this amount, 20 data were identified as outliers, so the final amount of data that is suitable for use is 172 data.

**Descriptive Statistics****Table 2. Descriptive Statistic**

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	172	0.00001	0.35307	0.1521556	0.08464967
Size	172	25.31330	33.53723	28.6122873	1.33047137
ROA	172	0.00627	0.30988	0.0892430	0.06006970
DAR	172	0.03266	0.74204	0.3223318	0.15496570
IAT	172	0.00872	0.80366	0.3414367	0.19003350
KM	172	20.14555	27.72451	23.8051484	1.24651036
Valid N (listwise)	172				

*Source: Processed Data IBM SPSS 25, 2025*

Based on the results in table 2 of the descriptive statistic, the mean value for tax management (Y) has 0.1521556, this value reflects that, in general, companies in the sample are able to manage their taxes optimally. Min value for tax management has 0.00001, this mean that tax management activities are very low, which may reflect limitations in implementing tax planning strategies, resulting in companies focusing more on formal compliance. Max value for tax management has 0.35307, meaning active and significant tax management, where companies can utilize various strategies to minimize their tax burden.

The mean value for company size (X1) has 28.6122873, this value reflects that most companies are large-scale companies, because a high asset value reflects the size of the assets owned by the company. Min value for company size has 25.31330, meaning very low tax management activity, reflecting limited resources. Max value for company size has 33.53723, meaning active and significant efforts to minimize the tax burden, supported by more adequate resources.

The mean value for profitability (X2) has 0.0892430, This means that the company's profitability level is relatively low, indicating that the company's efficiency in utilizing assets to generate profits is not yet optimal. Min value for profitability has 0.00627, indicates that the company has the lowest ability to generate profits, which may be due to high operating expenses and low efficiency in asset utilization. Max value for profitability has 0.30988, This means that the company is able to manage its resources efficiently, thereby generating optimal profits from its operational activities.

The mean value for debt level (X3) has 0.3223318, These results reflect that most companies have a fairly healthy capital structure, as they rely more on equity than debt financing. Min value for debt level has 0.03266, This means that the company has a capital structure that relies very little on debt financing, so that its operational activities are supported more by equity. This can reduce financial risk because the interest burden is relatively small. Max value for debt level has 0.74204, indicates a high dependence on debt-based financing, which on the one hand can increase profit potential through the use of debt, but on the other hand also poses greater financial risks if the company is unable to meet its interest and principal obligations.

The mean value for fixed asset intensity (X4) has 0.3414367, this reflects that companies generally have a significant amount of fixed asset investments, but these do not dominate the overall asset structure. Min value for fixed asset intensity has 0.00872, this means that the company has a very small proportion of fixed assets compared to its total assets. This condition indicates that the company's business activities rely more on current assets, so that dependence on fixed assets to support operations is relatively low. Max value for fixed asset intensity has 0.80366, reflects that most of the company's total assets are fixed assets, indicating a high dependence on fixed assets to support operational activities.

The mean value for management compensation (X5) has 23.8051484, this reflects the company's strategy in rewarding management's contribution to the company's performance. Min value for management compensation has 20.14555, reflecting the company's limited financial capacity, so that the compensation provided is more limited. Max value for management compensation has 27.7245, this means that high compensation may reflect the large scale of the business, operational complexity, and the company's strategy of providing adequate incentives to encourage management to achieve optimal performance.

### *Classical Assumption Testing*

**Table 3. Result Classical Assumption Testing**

<b>Test</b>	<b>Indicator</b>	<b>Criteria</b>	<b>Result</b>	<b>Conclusion</b>
<b>Normality</b>	Monte Carlo Sig. (2-tailed) = 0.152	> 0.05	0.152	Normal distribution
<b>Multicollinearity</b>	Tolerance > 0.10, VIF < 10	No multicollinearity	Tol: 0.367, 0.921, 0.873, 0.958, 0.368 VIF: 2,722, 1.085, 1.146, 1.044, 2.718	No multicollinearity
<b>Heteroscedasticity</b>	Sig. > 0.05	No heteroscedasticity	Sig:0.747, 0.642, 0.330, 0.085, 0.507	No heteroscedasticity
<b>Autocorrelation</b>	Value is in the range of 2 to +2	No autocorrelation	0.992	No autocorrelation

*Source: Processed Data IBM SPSS 25, 2025*

The results of the classical assumption test indicate that the research data meets all the requirements of the regression model. The normality test yielded a significance value  $> 0.05$ , indicating a normally distributed data. The multicollinearity test showed a tolerance value  $> 0.10$  and a VIF  $< 10$ , indicating no multicollinearity. The heteroscedasticity test showed a significance value of all variables  $> 0.05$ , indicating no heteroscedasticity. The autocorrelation test also showed value is in the range of 2 to +2 which is  $-2 < 0.992 < +2$ , so there is no autocorrelation.

**Coefficient of Determination ( $R^2$ )**

**Table 4. Coefficient of Determination**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.261 <sup>a</sup>	0.068	0.040	0.08293499

Source: Processed Data IBM SPSS 25, 2025

The value ( $R^2$ ) is 0.040 or 4%. This means that the independent variable affects Tax Management by 4%. Meanwhile, the remaining 96% is caused by other factors outside the research variables.

**F-Test**

**Table 5. F - Test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.084	5	0.017	2.429	.037 <sup>b</sup>
	Residual	1.142	166	0.007		
	Total	1.225	171			

Source: Processed Data IBM SPSS 25, 2025

The test results show a significance value of  $0.37 < 0.05$ , so the regression model meets the eligibility criteria.

**t-Test**

**Table 6. t-Test**

Coefficients <sup>a</sup>							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Desc
		B	Std. Error	Beta			
1	(Constant)	0.244	0.141		1.726	0.086	
	Size	-0.009	0.008	-0.144	-1.161	0.247	H1 rejected

ROA	0.081	0.11	0.058	0.739	0.461	H2 rejected
DAR	-0.09	0.044	-0.164	- 2.046	0.042	H3 accepted
IAT	0.082	0.034	0.184	2.408	0.017	H4 rejected
KM	0.007	0.008	0.101	0.817	0.415	H5 rejected

Source: Processed Data IBM SPSS 25, 2025

## DISCUSSION

### *Company Size has a positive effect on Tax Management*

In table 6, the significance value of 0.247 is higher than 0.05, therefore company size has no effect on tax management, so H1 is rejected. This means that resources are not the only factor that encourages managers to carry out tax management. In practice, both large and small companies have an interest in managing their tax burden to optimize financial performance. Small companies may have a greater incentive to reduce the tax burden due to limited capital. Conversely, large companies, despite having adequate resources, are still encouraged to carry out tax management. Thus, management practices are not only carried out by large companies, but also by small companies. The results of this study are in line with Suparmin, Satiman (2022); Amanda Dyvia et al. (2024); and Erickson et al. (2024) which shows that Company Size has no impact on Tax Management. Tax obligations apply to both large and small companies, so that supervision and inspection by the tax authorities are carried out regardless of business scale (Suparmin, Satiman, 2022). This research contradicts Mappadang et al. (2022) which shows that company size has a positive effect on tax management.

### *Profitability has a Positive Effect on Tax Management*

In table 6, the significance value of 0.461 which exceeds the limit of 0.05 indicates that profitability has no impact on tax management, so H2 is rejected. This means that the high and low profit earned by the company is not the main factor in practicing tax management. Companies with high profitability are generally in a stable and healthy financial condition characterized by the availability of adequate cash flow. In this situation, companies feel no need to carry out tax management strategies. Companies that are in good financial condition tend to maintain compliance with tax regulations to avoid potential sanctions or audits from the tax authorities. Meanwhile, companies with low profitability are also not necessarily encouraged to carry out tax management due to limitations in fiscal flexibility. This research is in line with Laurencia & Veny (2022); Regina (2024); and Prastyatini & Efriyendi (2024) which show that profitability has no effect on tax management. Companies that have high profitability have the potential to minimize tax expenses to maintain greater after-tax profits. However, not all companies are motivated to carry out tax management despite obtaining large profits, due to compliance with tax

regulations (Laurencia & Veny, 2022). This finding is not in line with Sidabalok et al. (2022) which states that profitability has a positive effect on tax management.

***Debt level has a positive effect on Tax Management***

In table 6, regression coefficient value of  $-0.090$ , this variable has a negative effect with a significance of  $0.042$  lower than  $0.05$ , then the level of debt has a significant positive effect on tax management, then H3 is accepted. This means that the higher the level of debt a company has, the greater the tax management efforts in managing taxes. This is in line with agency theory, where interest expenses from debt can be used as a deduction from taxable income, thereby encouraging managers to use debt financing strategies to reduce tax liabilities. Thus, companies with a higher proportion of debt tend to be more active in tax management in order to improve their tax efficiency. This result is consistent with Bela & Kurnia (2023); Satria & Nathan (2023); and Felicia et al. (2024) which states that the level of debt has a positive effect on tax management. High debt levels can have a positive effect on tax management because interest expenses on loans can be used as a deduction from taxable income. This means that companies with higher debt levels have the opportunity to reduce their tax burden by utilizing interest expenses. Thus, debt is not only a source of funding, but also a legitimate tax management strategy. Therefore, the higher a company's debt ratio, the greater the potential tax savings that can be achieved. This finding is not in accordance with Nurfitriani & Hidayat (2021) who state that the level of debt has no effect on tax management.

***Fixed Asset Intensity has a negative effect on Tax Management***

In table 6, regression coefficient value of  $.082$ , this variable has a positive effect with a significance of  $0.017$  lower than  $0.05$ . Then the intensity of fixed assets has a negative effect on tax management, so H4 is rejected. This shows that companies with large fixed asset holdings tend to have high depreciation expenses, thereby reducing their tax liabilities. With tax savings from depreciation, companies no longer need to engage in tax management. The higher the intensity of fixed assets, the lower the incentive for management to engage in tax management. This is in line with agency theory, whereby company funds are allocated to fixed assets. Although fixed assets can be used as a deduction from taxable income, a high proportion of fixed assets actually reduces management's incentive to pursue tax management strategies, thereby limiting the potential for tax savings through tax management. This research is in accordance with Nurfitriani & Hidayat (2021); Erlitasari et al. (2022); and Prastyatini & Efriyendi (2024) which states that the intensity of fixed assets has a negative effect on tax management. Large fixed asset ownership results in high depreciation, so that the utilization of fixed asset depreciation can provide opportunities to reduce the amount of tax payable. This strategy reflects a form of legal tax management, where companies utilize tax provisions related to depreciation to reduce their tax burden and increase financial efficiency. (Nurfitriani & Hidayat, 2021). This result is not in line with Oktaviani & Ajimat (2023) which shows that fixed asset intensity has no effect on tax management.

***Management Compensation has a positive effect on Tax Management***

In table 6, the significance value of 0.415 is higher than 0.05, so management compensation has no effect on tax management, so H5 is rejected. The size of the compensation given to management does not make management practice tax management. This finding is in accordance with Suparmin, Satiman (2022); Lucyane & Handayani (2024); and Salsabila & Afridayani (2024) which state that management compensation has no effect on tax management. Tax management is often limited by strict tax regulations, which limit management's room for maneuver in decision making. So that the large compensation provided by the company to management does not make management practice tax management (Lucyane & Handayani, 2024). This finding is not in accordance with Sidabalok et al. (2022) which reveals that management compensation has a positive effect on tax management.

**ONCLUSIONS AND RECOMMENDATIONS**

Based on the test results and the discussion presented previously, it can be concluded that company size, profitability, and management compensation do not have a significant effect on tax management. In contrast, the level of debt is found to have a positive effect on tax management, indicating that companies with higher debt levels tend to engage more in tax management practices. Meanwhile, fixed asset intensity has a negative effect on tax management, suggesting that companies with higher proportions of fixed assets are less likely to engage in aggressive tax management strategies.

Based on the findings of this study, the researcher provides several suggestions that may serve as considerations and references for improvement in future studies. For companies, the results indicate that fixed asset intensity has a negative effect on tax management, suggesting that firms have utilized depreciation as a means to reduce their tax obligations. Therefore, it is recommended that companies continue to manage their asset structures strategically in order to optimize tax efficiency while remaining in compliance with prevailing tax regulations. For the government, the findings suggest that fixed asset intensity may reduce the effective tax rate, highlighting potential loopholes that can be exploited in tax planning. As such, it is important for the government to review and possibly revise tax policies related to depreciation to ensure that tax management practices stay within acceptable boundaries and do not encourage tax avoidance. For future researchers, it is advisable to explore different proxies for tax management, expand the scope of research to other industry sectors, or extend the observation period to produce broader and more generalizable findings. Lastly, for academics and students, this study is expected to contribute to a deeper understanding of taxation and corporate governance, thereby enriching the body of knowledge in this field.

## ADVANCED RESEARCH

The limitation of this research is the sample. Of the 209 manufacturing companies, only 64 companies can be sampled. This is due to the criteria previously explained. Thus, this study cannot affect the scope of the research results so that the findings obtained do not fully represent manufacturing companies.

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