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The Effect of Political Connections, Managerial Ownership and Liquidity on Tax Aggressiveness

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Abstract
This study aims to examine the influence of Political Connections, Managerial Ownership and Liquidity on Tax Aggressiveness in Property and Real Estate Sub-Sector companies Listed on the Indonesia Stock Exchange in 2018-2022. This type of research is quantitative research using secondary data. The sample was determined using the purposive sampling method and obtained data on 150 companies in the Property and Real Estate Sub-Sector listed on the Indonesia Stock Exchange in 2018-2022. The results of this study show that Political Connections have no effect on tax aggressiveness, while Managerial Ownership and Liquidity have a significant negative effect on Tax Aggressiveness.

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1. Introduction

Every country always has an unstable economy. One of them is Indonesia, which is a developing country, has abundant natural resources, but has not been able to finance the country's needs. In this case, the Indonesian government created rules by relying on other revenues to meet the country's needs, one of which is taxes. Taxes are a mandatory contribution that must be paid by the community to the government, both to the central government and local governments. Taxes have a very important role in supporting a country's economy and are the largest contributor to the State Revenue and Expenditure Budget (APBN). The tax policy issued by the government is a very important policy for the development of a country because taxes are a source of revenue for the government to be able to generate resources for the country by funding the supply of productive inputs such as public goods, roads, and education (Levaggi & Menoncin, 2012). Many companies tend to use various ways so that the tax burden paid will be reduced, one way to save on tax payments is by doing tax aggressiveness.

Tax aggressiveness is defined as behavior that encourages taxpayers to make smaller tax payments by regulating their tax debts in such a way through tax planning in *legal form (tax avoidance*) and tax evasion in illegal forms (*tax evasion*). Tax aggressiveness is a tax planning method of a company that aims to reduce income tax (Frank *et al.,* 2009). Cases related to tax aggressiveness that occur in the form of tax avoidance often appear in various sectors of the Indonesian economy, so many companies will carry out tax aggressiveness to minimize their tax burden which can increase revenue.

There are several factors that can influence a company to carry out tax aggressiveness as will be examined in this study. *Political connections* are one of the factors for tax aggressiveness such as research conducted by (Fadillah & Lingga, 2021). *Political connections* are relationships between certain parties and parties who have interests in politics used to achieve certain things that can benefit both parties (Krisnawati *et al*., 2021). Several advantages can be obtained, such as easily passing the detection of the audit so that the risk of detection is low, and this politician also provides protection for companies in carrying out tax aggressiveness. This shows that *Political Connections* has a positive influence on tax aggressiveness as well as research conducted by (Krisnawati *et al*., 2021) and (Fadillah & Lingga, 2021). In contrast to research conducted by (Ardillah & Vanesa, 2022) and (Asmara & Helmy, 2023) shows that *Political Connections* does not have a negative influence on tax aggressiveness.

In addition, there are factors that also influence tax aggressiveness, namely *Managerial Ownership*. In this case, managerial ownership in general will tend to maintain the continuity of the company through profit creation, So that this will have an impact on the company's increasingly high tax burden. Hardinata and Tjaraka (2013) stated that the existence of *Managerial Ownership* will make company managers tend to think about the sustainability of their company by avoiding risks related to tax issues. Thus, managerial stock ownership will encourage managers to avoid aggressive tax actions to maintain the survival of the company. This shows that *Managerial Ownership* has a negative effect on tax aggressiveness as studied by (Sandrina *et al*., 2023) and (Nurwati, 2023). In contrast to research conducted by (Lubis *et al*., 2020) and (M. K. Putri & Lahaya, 2023) shows that *Managerial Ownership* has a positive effect on tax aggressiveness.

On the other hand, *liquidity* also affects tax aggressiveness. *Liquidity* is a short-term indicator of a company's ability to meet its short-term obligations. If the company produces a high liquidity ratio, it can be concluded that the company's ability to meet its short-term debt in a one-year period indicates a healthy financial condition. So that the company will pay all its obligations, including paying taxes in accordance with applicable rules (Sari & Rahayu, 2020). If the company faces difficult financial conditions, it is likely that the company will reduce its obligation to pay taxes. This condition is carried out by the company in order to maintain its cash flow. This shows that *liquidity* has a negative effect on tax aggressiveness as research conducted by (Yuliantoputri & Suhaeli, 2022) and (Putri & Hanif, 2020). In contrast to research conducted by (Allo et al., 2021) and (Permatasari et al., 2022) shows that *liquidity* has a positive effect on tax aggressiveness.

1.1. The Effect of Political Conection on Tax Aggressiveness

According to agency theory, there is often an information asymmetry between *the principal* (company) and *the agent (manager),* because *agents* obtain more information about the company's operations compared to *the principal* so that they will tend to behave opportunistically to carry out company activities in accordance with the company's wishes and interests, one of which is by carrying out tax aggressiveness. *Political connections* have a close relationship between companies and the government, as seen in many politicians who also hold positions in companies. This connection is a link for companies to carry out aggressive tax evasion. So that the company receives special or special treatment as well as relaxation from the government which can make it easier for a company to obtain capital loans and lower tax audit risks (Fadillah & Lingga, 2021). The more companies that have a relationship with the government, the greater the desire of companies to carry out tax aggressiveness.

Companies that have *political connections* tend to undertake aggressive tax planning due to the lack of capital market pressures that increase transparency (Kim & Zhang, 2016). *Political connections* are also used by companies to accommodate various corporate interests, including interests related to corporate taxation. Companies with *political connections* are able to carry out *more aggressive tax planning* because of the protection from the government which has an impact on decreasing transparency of financial statements. This causes companies with *political connections* to be more courageous in making efforts to minimize their taxes because the risk of being audited will be lower and will not even be audited by the tax audit agency (Ayu *et al.*, 2017).

In this case, with *political connections*, the company will continue to make efforts to increase tax aggressiveness. The political connections that the company has will be the motivation to do this. This is in line with research conducted by (Fadillah & Lingga, 2021) and (Krisnawati *et al.*, 2021) which also shows that *political connections* have a significant positive effect on tax aggressiveness.

H1: *Political Connection* has a Significant Positive influence on tax aggressiveness.

1.2. The Effect *of Managerial Ownership* on Tax Aggressiveness

Agency theory explains that the manager (*agent)* in a company has a great responsibility to the owner of the company (*principle*) so that management is required to optimize the company's profits which will later be reported in the company's financial statements. This of course the ownership of shares in the management in the company will decrease to carry out tax aggressive actions, because the ownership of shares in the managerial in the company will tend to make managers to consider the survival of the company more.

One of them is through the creation of corporate profits which will also have an impact on its tax obligations (Wijaya & Saebani 2019). The existence of *Managerial Ownersip* will certainly give managers the same interests with shareholders so that it will encourage managers to act in doing things that are in line with the wishes of shareholders that can improve performance and responsibility in achieving shareholder prosperity. This is because managers who own shares in the company are more likely to consider the survival of the company, such as in generating profits that have an impact on the company's tax liability. With this, management will be more careful when making decisions, because managers will benefit directly or indirectly from the decisions that have been made. So it is hoped that it can reduce aggressive tax actions against companies.

Hardinata and Tjaraka (2013) said that the higher the *Managerial Ownersip* ratio in a feeding company, the lower the level of tax aggressiveness shown by the company. Therefore, it is hoped that an increase in the *Managerial Ownersip* ratio can reduce the level of tax aggressiveness carried out by companies. Increasing *Managerial Ownership*'s stake in a company's shares can align the difference in interests between management and other shareholders so that problems between agents and principals will disappear. Research conducted by (Sandrina *et al.*, 2023) and (Nurwati, 2023) states that *Managerial Ownershipip* has a significant negative effect on tax aggressiveness. Based on this explanation, the following hypothesis can be formulated:

H2: *Managerial Ownersip* has a Significant Negative Influence on Tax Aggressiveness

1.3. The Effect *of* Liquidity on Tax Aggressiveness

In a company, the manager acts as an agent of the shareholders who act as the principal. The agency theory explains that when a company's liquidity is high, management will face lower scrutiny from shareholders. This can reduce the pressure to maximize efficiency, including in terms of tax policy. Managers are more likely to avoid tax aggressiveness because managers have less incentive to take on major risks related to tax management, especially if the cash reserves they manage are sufficient to support the company's operations. They prefer to maintain stability and security and avoid tax strategies that are too aggressive so that they risk attracting the attention of tax authorities (Kariimah & Septiowati, 2019).

Companies that have a high level of liquidity show that the company does not have difficulties in fulfilling its short-term obligations, this is because the company's financial condition is healthy and its cash flow turnover is smooth so that the company is able to meet all its short-term obligations. When a company has high liquidity, it means that the company has a lot of cash or liquid assets. The manager will not Make tax savings because the availability of sufficient cash makes managers feel safe. High liquidity provides greater room for management to meet tax obligations according to the rules without the need to optimize tax savings to the extreme. Good liquidity makes the company have adequate cash reserves, so the pressure to minimize taxes is reduced.

Companies tend to be more cautious in taking aggressive actions that could trigger tax audits or other legal risks, as the company's reputation and managerial position could be threatened. So that the higher the liquidity ratio in a feeding company, the lower the level of tax aggressiveness shown by the company. This is in line with research conducted by (Yuliantoputri & Suhaeli, 2022) and (Putri & Hanif, 2020) which also shows that *liquidity* has a significant negative effect on tax aggressiveness. Based on this explanation, the following hypothesis can be formulated:
H3: *Liquidity* has a Significant Negative Influence on Aggressiveness Tax

2. Method

In this study, there are 4 variables needed to support the hypothesis that has been proposed, namely 3 independent variables and 1 bound variable. *Political Connections* (X1), *Managerial Ownership* (X2) and *Liquidity* (X3) as independent variables and Tax Aggressiveness (Y) as bound variables. The population used in this study is all companies in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. Sample selection is carried out using *the Purposive Sampling* method, which means using samples based on certain criteria.

The type of data used in this study is quantitative data which is a type of data that can be measured by numbers or numbers. Meanwhile, the data source used in this study is in the form of secondary data obtained indirectly but comes from the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id the2018-2022 period which has been analyzed. Data collection is carried out by the documentation method obtained by collecting information in the form of data such as financial statements, books and other documents that support the research. In this study, the focus of the collection lies in the financial statements of property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period and other websites related to this study.

2.1. Tax Aggressiveness

Tax aggressiveness is a tax planning strategy used by companies to reduce the tax burden paid over a period of time resulting in a lower effective tax rate. According to Sari and Martani (2010) Tax aggressiveness can be measured using *the effective tax rate* (ETR). ETR is a proxy that is often used in research related to tax aggressiveness and is also used to assess the existence of tax aggressiveness practices in a company which can be seen from the low ETR value. A low ETR value means that the tax burden is lower than income before tax, so it is considered that the company is known to be tax aggressive. On the other hand, if the greater the ETR value produced, the less the company will carry out tax aggressiveness. In this study, the tax burden is the entire tax burden that must be paid by the company in a period. While profit before tax, which is the profit earned by the company before deducting the income tax burden, the data can be taken in the Income Statement.

2.2. Political Connections

Political Connections is an activity in which a relationship is established between certain parties and parties who have interests in politics that are used to achieve a certain thing that can benefit both parties. The more *Political Connections* used by a company, the greater the opportunity to engage in tax aggressiveness, which can help the company survive the business competition and influence its strategic decisions.

Political Connections in companies can be measured by analyzing major shareholders, company leaders, and board of commissioners who have a history of involvement either as members of parliament, ministers, government officials including military officers, former members of parliament or government officials including military officers, or have relationships with politicians and political parties (Faccio, 2007). Data is obtained from annual reports on property and real estate sector companies listed on the Indonesia Stock Exchange.

The measurement *of Political Connections* uses a dummy *variable*, which is coded 1 (one) if the company has political connection criteria and 0 (zero) if it is the other way around. The criteria used in the measurement *of Political Connections* owned by the board of commissioners are as follows:

1) The Board of Commissioners holds dual positions as politicians involved with political parties.
2) The Board of Commissioners concurrently holds positions as government officials.
3) The Board of Commissioners is a former military official or a former government official

If there is one of the criteria above, it is given a score of 1 which means it has Political *Connections*, while if it is in the company If you do not have any of the above criteria, you will be given a score of 0 which means that you have no *Political Connections* in the company.

2.3. *Liquidity*

Companies that have a high liquidity ratio show the company's ability to meet its short-term obligations, so it can be seen that the company is in a healthy financial condition and easily sells its assets if needed. A company that has a high liquidity ratio is called a liquid company.

An indicator that is often used in measuring a company's liquidity is the *current ratio*. The current ratio is a comparison between a company's current assets and its current liabilities. The higher the level of liquidity in a company, indicating that the company's available current assets are able to meet its short-term obligations, so the level of corporate tax aggressiveness is lower (Fadillah & Lingga, 2021).

3. Results and Discussion

3.1. Result

Basically, descriptive statistics can provide an overview of the data, such as maximum values, minimum values, mean values, and data distribution (standard deviation). The observation data in this study used 150 observations.

Table 1. Descriptive Statistical Results

	N	Minimum	Maximum	Mean	Std. Deviation
Tax Aggressiveness	150	0,020	1,570	0, 35163	0,275369
Political Connections	150	0.000	1.000	0,63333	0,483509
Managerial Ownership	150	0,004	0,978	0, 32210	0, 267289
Liquidity	150	0,043	301.340	8.30598	26.269714
Valid N (listwise)	150				

Based on the table above, it is explained as follows:

1) The *Political Connections* variable (X1) uses a dummy variable so that it shows the lowest value of 0 and the highest value of 1. The average value *of political connections* shows a value of 0.63333 and a standard deviation value of 0.483509.

2) The *Managerial Ownership* variable (X2) shows a minimum value of 0.004 in Summarecon Agung Tbk. (SMRA) in 2022, and a maximum of 0.978 in Binakarya Jaya Abadi Tbk. (BIKA) in 2020. The mean reached 0.32210 with a standard deviation value of 0.267289
3) The *Liquidity* variable (X3) shows a minimum value of 0.043 in Karya Bersama Anugerah Tbk (KBAG) in 2018, and a maximum of 301,340 in Repower Asia Indonesia Tbk. (REAL) in 2022. The average (mean) reached 8.30598 with a standard deviation value of 26.269714
4) The Tax Aggressiveness variable (Y) shows a minimum value of 0.020 in Modernland Realty Tbk. (MDLN) in 2020, and a maximum of 1.570 in Intiland Development Tbk. (DILD) in 2021. The mean reached 0.35163 with a standard deviation value of 0.275369

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		150
Normal Parameters	Mean	0.0000000
	Std. Deviation	0, 27449276
Most Extreme Differences	Absolute	0,146
	Positive	0,146
	Negative	-0,123
Test Statistic		0,146
Asymp. Sig. (2-tailed)		0,061

The normality test in this study uses the *Kolmogorov-Smirnov statistical test* as a tool to measure the level of normality. From the results of the normality test, it can be seen that the data to be studied is normally distributed. This can be seen from the Asymp figures. Sig. (2-tailed) of 0.061, which is greater than 0.05.

Table 3. Multicollinearity Test Results

Coefficients		
Model	Collinearity Statistics	
	Tolerance	BRIGHT
Political Connections	0,972	1.029
Manajerial Ownership	0,973	1.028
Liquidity	0,997	1.003

The multicollinearity test utilizes the analysis of "tolerance value and *variance inflation factor* (VIF)". The results of the multicollinearity test stated that each variable had a tolerance value higher than 0.1 and a VIF value lower than 10. Therefore, it can be concluded that the data to be studied can be used because there are no symptoms of multicollinearity in the regression model equation.

Table 4. Autocorrelation Test Results

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,281a	0,079	0,060	0, 266951	1.965

The autocorrelation test used is the Durbin Watson test. The results showed that the DW value was 1,965. The value can be compared to the du value that can be searched in the Durbin Watson table. Based on the independent variable k = 3 and the number of reference data n = 150 with a significance of 5%, it was found that the dU value was 1.7741 and dL was 1.6926. If seen from these results, Watson's durbin value is located between the dU value, which is 1.7741< 1.965< 2.2259, so it can be concluded that there is no autocorrelation in this study.

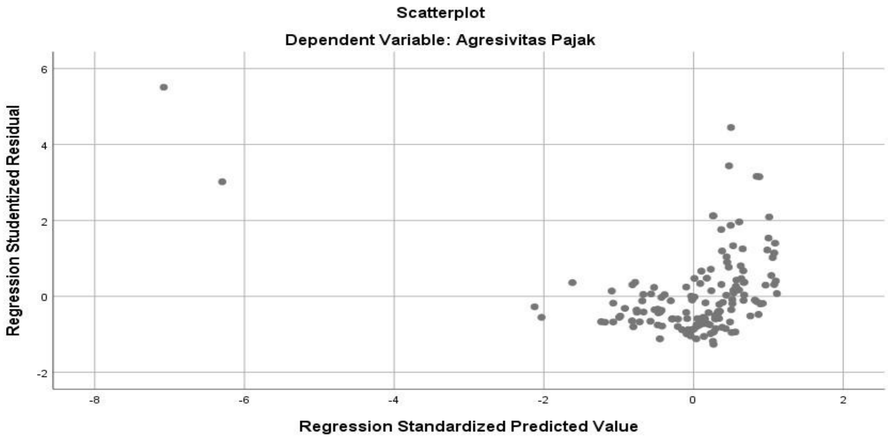

Figure 1. Heterokedasticity Test Results

The heteroscedasticity test can be seen through the scatterplot graph. The results show that the random distribution of data points above and below zero on the Y axis, it can be seen that there is no identifiable pattern in the distribution of these points. Therefore, it can be said that this study does not have heterokedasticity.

Table 5. Test Result F

Model	Sum of Squares	Df	Mean Square	F	Mr.
Regression	0,894	3	0,298	4.182	.007b
Residual	10.404	146	0,071		
Total	11.298	149			

The F test is used to predict the influence of the variables *Political Connection, Managerial Ownership,* and *Liquidity* on tax aggressiveness. The following are the results of the F test in this study. The results showed a significance value of 0.019 which was smaller than 0.05, indicating that the independent variables, namely *Political Connections, Managerial Ownership*, and *Liquidity,* were considered feasible in predicting their influence on the dependent variable, namely tax aggressiveness.

Table 6. Determination Coefficient (R2) Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,281a	0,079	0,060	0, 266951

The determination coefficient is used to measure how much the model is able to explain the influence of independent variables, namely *Political Connection, Managerial Ownership,* and *Liquidity* on the dependent variable, namely tax aggressiveness. The determination coefficient in this study can be seen in the following table. Based on table 6, it can be concluded that the Adjusted R Square value is 0.060 which means that the influence of *the Political Connection, Managerial Ownership,* and *Liquidity variables* has an influence of 6.0% on the tax aggressiveness variable. The remaining 94% is influenced by other variables outside the regression model in this study.

3.2. Regression Results and Hypothesis Testing

Table 7. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Mr.
	B	Std. Error	Beta		
(Constant)	0,440	0,043		10.177	0,000
Political	-0,034	0,046	-0,060	-0,743	0, 459

Model	Unstandardized Coefficients		Standardized Coefficients	t	Mr.
	B	Std. Error	Beta		
Connection					
Managerial Ownership	-0,134	0,048	-0,225	-2.795	0,006
Liquidity	-0,002	0,001	-0,162	-2.038	0,043

Y = 0.440-0.034XI-0.134X2-0.002X3+ E

The interpretation of the regression equation is as follows:

1) The value of the constant (α) is 0.440, meaning that if all independent variables are equal to 0, then the predicted value of tax aggressiveness is 0.440
2) The regression coefficient (β) of the *Political Connection* variable is -0.034 which has a negative influence on tax aggressiveness, it means that the value of the *Political Connection* variable is increasing assuming other variables is fixed (constant), then the tax ageresiveness carried out will decrease, which is -0.034
3) The regression coefficient (β) of *the Managerial Ownership* variable is -0.134 which has a negative influence on tax aggressiveness, it means that the value of the *Managerial Ownership* variable increases assuming that other variables are constant (constant), then the tax ageretivity carried out will decrease, which is -0.134
4) The regression coefficient (β) of *the Liqudity* variable is -0.002 which has a negative influence on tax aggressiveness, it means that the more the value of the *Liquidity* variable increases assuming that other variables are constant (constant), then the tax ageretivity will decrease which is -0.002

The hypothesis test in this study was carried out by comparing the level of significance (Sig) in each variable with alpha 0, and looking at the direction of influence on the regression coefficient value so that the following results were obtained:

1) The *Political Connection variable* has a regression coefficient (β) of -0.034 with a significance value of 0.459 which means it is greater than the alpha of 0.05 (0.459 > 0.05) and the t-value of -0.743 has a negative direction. This means that *Political Connection* has an insignificant influence on ETR as a proxy for tax aggressiveness. So this result does not support the first hypothesis. Based on the explanation above, the first hypothesis is rejected.
2) The *Managerial Ownership variable* has a regression coefficient (β) of -0.134 with a significance value of 0.006 which means it is smaller than alpha 0.05 (0.006 < 0.05) and the t-value of -2,795 has a negative direction. This means that *Managerial Ownership* has a significant influence on ETR as a proxy for tax aggressiveness. Therefore, the higher the value *of Managerial Ownership* , the lower the company's ETR value, which means the lower the level of corporate tax aggressiveness. So that these results support the hypothesis second, the existence of *Managerial Ownership* indicates an increase in tax aggressiveness as seen through the high value of the company's ETR. Based on the explanation above, the second hypothesis is accepted.
3) The Liquidity *variable* has a regression coefficient (β) of -0.002 with a significance value of 0.043 which means it is smaller than alpha 0.05 (0.043 < 0.05) and a t-value of -2.038 has a negative direction. This means that *Liquidity* has a significant influence on ETR as a proxy for tax aggressiveness. This means that Liquidity has a significant influence on ETR as an aggressive proxy tax. So high liquidity shows that the tax aggressiveness generated by a company is low. Based on the explanation above, the third hypothesis is accepted.

3.3. Discussion

3.3.1. The Effect of Political Conection on Tax Aggressiveness

Political Connection has a non-significant effect because companies whose shares are mostly owned by the government are designated as low-risk taxpayers. The proximity of the company makes the company more cautious in taking any policy or decision In order to continue to receive awards from the government as compliant taxpayers.

The data in this study shows that most of the political connections in Property and Real Estate companies are not politically connected, either with political party figures, positions in the government, or even TNI or POLRI figures. The results show that there are companies with political connections that do not carry out tax aggressiveness with an ETR level above 25%. For example, PT Summarecon Agung Tbk in 2021 which has political connections to the council but is suspected of not carrying out tax aggressiveness as seen in the ETR value of 0.50 (>25%). There are also companies that do not have political connections but are suspected of tax aggressiveness with an ETR value of less than 25%. For example, PT Karya Bersama Anugerah Tbk. in 2021 which does not have political connections to the board of directors but is suspected of tax aggressiveness as seen in the ETR value of 0.124 (<25%).

From the results of the statistical test, it was obtained *that the Political Connection variable* had a non-significant effect on tax aggressiveness in companies in the Property and Real Estate Sector listed on the Indonesia Stock Exchange in 2018-2022 which was shown in the results with a significance value of 0.364 which means greater than alpha 0.05 with a regression coefficient of -0.042. This means that the size or size of *the Political Connection* in a company does not affect the size or size of a tax aggressiveness. So based on the results of the hypothesis test, it can be concluded that the hypothesis proposed is unacceptable.

These findings are in line with research conducted by (Ardillah & Vanesa, 2022) and (Asmara & Helmy, 2023) which stated that *Political Connections* had a negative and insignificant effect on Tax Aggressiveness. These results contradict research conducted by (Krisnawati et al., 2021) and (Fadillah & Lingga, 2021) which stated that *Political Connection* has a positive effect on tax aggressiveness. This study did not succeed in proving the hypothesis built by the researcher on the basis of the agency theory put forward by (Fadillah & Lingga, 2021) and (Krisnawati *et al.*, 2021) that *Political Connection* has a significant positive effect on tax aggressiveness, but the results of the study show that *Political Connection* is able to suppress information asymmetry between *agents* and *principals* in carrying out more responsibility for revenue thereby limiting conflicts or agency problems.

3.3.2. The Effect of Managerial Ownership on Tax Aggressiveness

From the results of the statistical test, it was obtained *that the Managerial Ownership variable* had a significant negative effect on tax aggressiveness in Property and Real Estate Sector companies listed on the Indonesia Stock Exchange in 2018-2022 which was shown in the results with a significance value of 0.003 which means it was smaller than alpha 0.05 with a regression coefficient of -0.253. This means that the greater *the Managerial Ownership* by the Property and Real Estate Sector companies in this study will reduce the company's ETR level as a measure of tax aggressiveness. So based on the results of the hypothesis test, it can be concluded that the hypothesis proposed is acceptable.

The data in this study shows that the value of *Managerial Ownership* in PT Puradelta Lestari Tbk. for the 2018 and 2022 periods increased, from 0.258 to 0.365 with the ETR value which also decreased from 0.350 to 0.111. From the data, it can be seen that the high *ratio of Managerial Ownersip* in a company will result in a lower level of tax aggressiveness shown by the company.

Agency theory explains that the manager (*agent*) in a company has a great responsibility to the owner of the company (*principal*) so that management tries to optimize the company's revenue. *Managerial Ownership* has a negative effect indicating that the greater the proportion of shareholding by the company's management, the tendency of management to engage in tax-aggressive activities

Reduced. This can be explained by the agency theory, where managers who also own shares in the company tend to be more cautious in making decisions related to tax management. They have an incentive to maintain the company's image, as the company's performance will also have a direct impact on their personal profits as shareholders.

In addition, in practice, companies with *Managerial Ownership* tend to avoid tax strategies that are too aggressive because of the risks posed, such as sanctions or fines from tax authorities. However, this may be It does not always happen in every company condition. The results of this study are in line with research (Sandrina et al., 2023) and (Nurwati, 2023) which say that *Managerial Ownershipip* has a significant negative effect on tax aggressiveness. However, research conducted by (Lubis et al., 2020) and (M. K. Putri & Lahaya, 2023) which shows different results, where *Managerial Ownersip* has a significant positive role in corporate tax policy.

3.3.3. The Effect *of Liquidity* on Tax Aggressiveness

From the results of the statistical test, it was obtained that the *Liquidity* variable had a significant negative effect on tax aggressiveness in companies in the Property and Real Estate Sector listed on the Indonesia Stock Exchange in 2018-2022 which was shown in the results with a significance value of 0.043 which means it is smaller than alpha 0.05 with a regression coefficient of -0.002. This means that the higher the level of liquidity in a company, the higher the amount of current assets of the company available to meet the company's short-term obligations, resulting in a lower level of corporate tax aggressiveness. Therefore, based on the results of the hypothesis test, it can be concluded that the hypothesis proposed is acceptable.

The data in this study shows that the *Liquidity* value in Repower Asia Indonesia Tbk. for the 2018 and 2022 periods increased, from 20,776 to 301,340 with the ETR value also decreasing from 0.333 to 0.181. From this data, it can be seen that the high *liquidity* ratio in a company will result in a lower level of tax aggressiveness shown by the company.

The results of this study are in line with the agency theory which explains that when:

The company's liquidity is high, the management will face lower scrutiny from shareholders. This can reduce the pressure to maximize efficiency, including in terms of tax policy. Managers are more likely to avoid tax aggressiveness because managers have less incentive to take on major risks related to tax management, especially if the cash reserves they manage are sufficient to support the company's operations. They prefer to remain stable and secure and avoid tax strategies that are too aggressive so that they risk attracting the attention of tax authorities.

The high level of liquidity shows that the company has no difficulty in fulfilling its short-term obligations, this is due to the company's healthy financial condition and smooth cash flow turnover so that the company is able to meet all its short-term obligations. Companies tend to be more cautious in taking aggressive actions that could trigger tax audits or other legal risks, as the company's reputation and managerial position could be threatened. So that the higher the liquidity ratio in a feeding company, the lower the level of tax aggressiveness shown by the company. This is in line with research conducted by (Yuliantoputri & Suhaeli, 2022) and (Putri & Hanif, 2020) which also shows that *liquidity* has a significant negative effect on tax aggressiveness.

4. Conclusions

Based on the results of the analysis and description of the discussion that has been explained in the previous chapter, the conclusions that can be drawn are as follows:

1. *Political Connection* has a non-significant effect on tax aggressiveness in Property and Real Estate Sector companies listed on the Indonesia Stock Exchange in 2018-2022. It can be concluded that the size or size of political connections in a company does not affect the size or size of a tax aggressiveness. Therefore hypothesis 1 is rejected.
2. *Managerial Ownership* has a significant negative effect on tax aggressiveness in Property and Real Estate Sector companies listed on the Indonesia Stock Exchange in 2018-2022. It can be concluded that the greater *Managerial Ownership* by the Property and Real Estate Sector companies in this

study will reduce the level of company ETR as a measure of tax aggressiveness. Hypothesis 2 is therefore accepted.

3. *Liquidity* has a significant negative effect on tax aggressiveness in companies in the Property and Real Estate Sector listed on the Indonesia Stock Exchange in 2018-2022. This means that Liquidity has a significant influence on ETR as a proxy for tax aggressiveness. So high liquidity shows that the tax aggressiveness generated by a company is low. These results support the third hypothesis. Hypothesis 3 is therefore acceptable.

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