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Exploring the Influence of Political Connections, Managerial Ownership, Capital Intensity and Company Size on Tax Aggressiveness

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Abstract
This study aims to identify the effect of political connections, managerial ownership, capital intensity, and company size on tax aggressiveness. The data used in this study are secondary, taken from the financial statements of companies listed in the energy sector index on the Indonesia Stock Exchange (IDX) during the period 2019-2023. The analysis method used is panel data regression, with sampling using purposive sampling. From this process, nine companies were selected as research objects for five years. The results of the study indicate that political connections have a significant effect on tax aggressiveness. On the other hand, managerial ownership, capital intensity, and company size do not have the same effect. This finding indicates that companies with political connections tend to be more aggressive in managing their tax burdens. These political connections can provide certain access and benefits that allow companies to implement more aggressive tax avoidance strategies. The implications of tax aggressiveness found in this study are that companies need to ensure that their financial statements are prepared in accordance with Financial Accounting Standards and make wise decisions in terms of taxation, without taking aggressive actions in tax avoidance.

Keywords: Tax Aggressiveness, Political Connections, Managerial Ownership, Capital Intensity, Company Size

JEL Classification:

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1. Introduction

Lately, Indonesia has been shocked by the existence of new tax rules regarding having to use the CoretaxDGT application. However, the CoretaxDGT application is experiencing problems with many features that are still not accessible to the company and it is also felt that this application is not ready to run, the obstacles last from the beginning of 2025 this has resulted in administrative constraints, coupled with the issue of tax increases in 2025, this condition has resulted in many companies being worried about implementation in the field. Sri Mulyani, Minister of Finance paid a visit to the Directorate General of Taxes on Wednesday, January 8, 2025. Sri Mulyani stated, "Continue to work hard to build a more reliable tax administration system and the spirit of overcoming various inputs and problems that occur" (Mubarak, 2025).

The phenomenon of tax evasion that occurs among the public is quite a lot and should be eradicated to the root, tax evasion can be carried out with tax aggressiveness as in the phenomenon that occurred in early 2024 PT Timah Tbk officials collaborated with illegal miners in the Mining Business Permit (IUP) area owned by PT Timah Tbk in onshore and offshore Bangka, Belitung is around 170,363,064 hectares with details that have an IUP of 88,900,462 hectares and 81,462,602 hectares do not have an IUP. The tin management case owned by PT Timah Tbk in 2015-2022 caused the country's economic losses to reach Rp. 271 trillion with details of environmental losses due to tin mining in forest areas reaching Rp. 157.83 trillion, environmental economic losses of Rp. 60.27 billion, and environmental restoration costs of Rp. 5.26 billion, bringing the total to Rp. 223.36 trillion. (Adil Al Hasan, 2025), (Herlina & Rahmawati, 2020), Stating Atax aggressiveness is a tax planning action carried out by a company to reduce the obligation to pay taxes, which is often referred to as tax avoidance. This involves minimizing taxes legally without violating tax laws. Tax aggressiveness is an activity to manipulate taxable income made through tax planning activities in legal ways (Tax Avoidance) and illegal (Tax Evation) (Awaliyah et al., 2021). Companies consider taxes to be an additional cost that can reduce the company's profits or revenue. But keep in mind that not all companies that carry out tax planning are considered to be tax aggressive (Ismanto & Abdurachman, 2020).

Usually, companies as corporate taxpayers take advantage of weaknesses contained in laws (UU) and other tax regulations. These weaknesses are also commonly called *gray areas*, which are gaps or regulatory laxity that lie between planning practices or tax calculations that are allowed and not allowed. A company is said to be tax aggressively if the company tries to reduce the tax burden aggressively, either using legal methods, namely *tax avoidance* or illegal such as *tax evasion (Goh et al., 2019.* The company has a significant role in contributing to the country's revenue through the amount of tax paid in each given period. Nevertheless, companies perceive taxes as a burden that reduces their profits, thus prompting them to look for ways to minimize the tax burden that companies incur (Anita Nur Fadillah, 2021a). Instead, the government anticipates optimal tax collection to finance state development initiatives. This difference in interests causes taxpayers to seek to minimize their taxes, which is sometimes referred to as aggressive taxation or aggressive taxation (Ismanto & Abdurachman, 2020).

Political Communication, political communication is a form of communication that occurs in the political system and is related to the political power of the state, companies that are politically connected will through certain ways try to have closeness and have political ties with politicians or the government (Windaswari & Merkusiwati, 2018). In Indonesia, the closeness between business people and the government is quite high, where there is a phenomenon of political umbrellas where businessmen deliberately foster political connections to shelter or secure and facilitate their business access, including in the interests of corporate taxation. The research conducted by (Anita Nur Fadillah, 2021) found no effect of managerial ownership on tax aggressiveness. Managerial ownership is the amount of share ownership owned by the company's managerial party (Wijaya & Saebani, 2019). The higher the percentage of ownership, the more motivated the manager will be to improve performance and be responsible for increasing the prosperity of shareholders (Makarim & Asalam, 2021). On the other hand, if the percentage of managerial ownership is small, the manager is only focused on capacity development or the size of the company. Research conducted by (Wijaya & Saebani, 2019) found the influence of managerial ownership on tax aggressiveness.,

Capital intensity refers to a business that maintains its investments through fixed assets (Hafizh & Asalam, 2022). Company that invests more in fixed assets is often seen as more aggressive in terms of tax obligations. This is primarily because fixed assets have an economic lifespan that leads to annual depreciation costs. These depreciation costs add to the company's overall financial burden while serving as a deduction from the profits the company creates (Makarim & Asalam, 2021). When the profits of the company decrease, this typically results in a reduced tax liability, thus lowering the amount of cash available for tax payments. Research by (Romadhina, 2020) indicates that the variable of capital intensity positively affects tax aggressiveness. A company's size reflects its total asset holdings. As a company grows larger, the volume of its operations increases and consequently, so do its profits (Setyoningrum, 2019). This growth often drives companies to adopt more aggressive tax strategies. A study by (Herlina & Rahmawati, 2020) demonstrated that company size influences tax aggressiveness.

Earlier studies have attempted to clarify how political connections, managerial ownership, capital intensity, and company size relate to tax aggressiveness. Research by (Anita Nur Fadillah, 2021a) identified an impact of political ties on tax aggressiveness. Nonetheless, some studies reported no significant link between managerial ownership and tax aggressiveness. For instance, (Windaswari Merkusiwati, 2018) and (Lestari dkk., 2019) concluded that political connections do not affect tax aggressiveness. Conversely, (Wijaya & Saebani, 2019) found a connection between managerial ownership and tax aggressiveness. Still, other investigations, including (Makarim & Asalam, 2021), revealed that managerial ownership does not influence tax aggressiveness. The study by (Romadhina, 2020) upports the notion that capital intensity positively affects tax aggressiveness, while research from (Awaliyah et al., 2021) and (Lestari et al., 2019) suggests a negative influence of capital intensity on tax aggressiveness. Additionally, (Windaswari & Merkusiwati, 2018) found no effect of company size on tax aggressiveness, in contrast to (Herlina & Rahmawati, 2020), who uncovered a significant effect. Given the conflicting findings in previous research, the author intends to undertake further investigation.

2. Literature Review and Hypothesis

Tax Aggressiveness

Tax aggressiveness refers to a method of tax avoidance aimed at minimizing or completely erasing a corporation's tax liabilities by utilizing allowed provisions or exploiting legal gaps in tax laws or by breaching regulations through available loopholes while remaining in an ambiguous legal zone (Setyoningrum, 2019). This approach can stem from a company's disregard for tax laws or from legitimate tax-saving measures aligned with these laws. Businesses that exploit regulatory gaps to lessen tax responsibilities often do so by adjusting reported profits (Romadhina, 2020).

Political Connections

As per the extensive Indonesian dictionary, a connection refers to the relationship an individual has to manage their affairs. Essentially, politics is a field of study that explores topics related to the state, including government systems. A business is viewed as having political ties when any of its key shareholders or executives occupies a role in government or has affiliations with politicians or political parties. This situation benefits both parties, facilitating the achievement of specific goals (Hafizh & Asalam, 2022). Businesses with political ties tend to enjoy government protection and face reduced scrutiny during tax audits, leading them to engage in more aggressive tax strategies, which ultimately obscures their financial transparency. This causes companies with political connections to be more daring to make 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 also stated that several empirical studies (Anita Nur Fadillah, 2021a) prove that if a business entity has a close relationship (political connection) with the government, the entity tends to be tax aggressive.

Managerial Ownership

Shares are a form of paper that is a sign of proof of participation in capital or fund ownership in a company which is listed in it with a clear nominal value, company name, and clear rights and obligations to each of its shareholders (Wijaya & Saebani, 2019). Managerial ownership refers to a

scenario where a manager also takes on the role of a shareholder, meaning that a company manager possesses shares in that company (Anita Nur Fadillah, 2021a). McWilliam and Sen (1997) stated that as shareholders from within the company boost their ownership stakes, the effectiveness of directors in decision-making tends to diminish. By being both a manager and a shareholder, there is a better alignment of interests between shareholders and managers when making decisions. The shares held by board members are likely to drive them to pursue greater bonuses and dividends, rather than focusing solely on decisions that benefit the company, which may subsequently enhance their level of tax aggressiveness.

Capital Intensity

Capital intensity indicates the extent to which a company's assets are utilized to produce revenue. It characterizes the proportion of a firm's capital, in asset form, that is employed to earn income through product sales. The business allocates its assets into fixed assets and inventory. Fixed assets enable tax reductions due to the depreciation expenses associated with them (Romadhina,2020). Capital intensity reveals that nearly all fixed assets can lead to decreased profits for the firm, as most of these assets are subject to depreciation, which incurs costs for the business. Therefore, an increase in the depreciation expense of fixed assets results in a diminished tax obligation for the business. When capital intensity is significantly high, the depreciation burden tends to rise for a company, potentially indicating a strategy of tax aggressiveness (Nursaid Makarim, 2021).

Company Size

Company size is a measurement that is grouped based on the size of a company, so that if the company has a larger company size, the greater the efforts made to attract the attention of the public and often become the attention of company stakeholders (Setyoningrum, 2019). Large companies will have a lot of activity so that the outstanding shares will also increase and generate large profits. In line with the profits obtained by large companies, it will cause a high tax burden, so there is a possibility of indications of tax aggressiveness carried out by the company (Herlina & Rahmawati, 2020).

Conceptual Framework of the Research

The theoretical framework of thought refers to (Sugiyono, 2022) the way theories connect to different elements recognized as significant issues. An effective mindset will provide a theoretical explanation of how the variables under investigation are related, particularly the dependent and independent variables. This research framework focuses on how political connections, ownership by management, capital intensity, and the size of the company affect tax aggressiveness. the framework of thinking is described as follows:

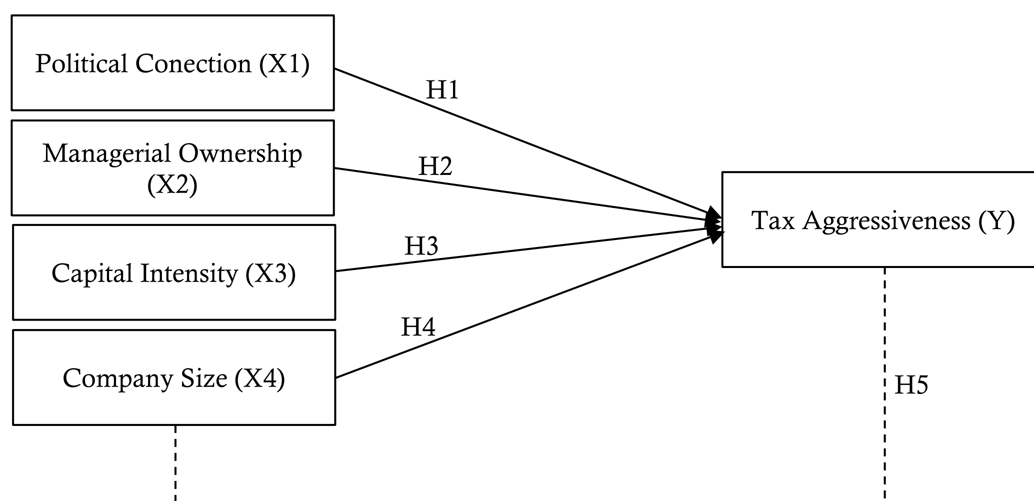

Figure 1 Conceptual Framework of the Research

Research Hypothesis

The influence of political connections on tax aggressiveness
Political connections made by companies will make the company profitable, profits made from various things, one of which is that with political connections, the company will be more trusted by the government to run a business and earn as much profit as possible (Anita Nur Fadillah, 2021a). The next advantage is that a company's political connections can become a shield and can make the company able to carry out tax evasion actions and the risk of detection of aggressive tax actions will be minimal. This is in line with the theory of agency where there is an involvement of an individual or group in the operation of companies and governments, as the results of tests from (Anita Nur Fadillah, 2021a), (Awlia Az'ari & Lastiati, 2022), (Sari et al., 2022), (Majidah & Husnimubaroq, 2019), and (Krisnawati et al., 2021) it is proven that there is an influence of political connections on tax aggressiveness.
H1: Suspected Political Connections Have an Influence on Tax Aggressiveness

The effect of managerial ownership on tax aggressiveness
Managerial ownership is the amount of share ownership owned by the company's managerial party. The higher the percentage of ownership, the more motivated the manager will be to improve performance and be responsible for increasing the prosperity of shareholders. On the other hand, if the percentage of managerial ownership is small, the manager only focuses on capacity development or the size of the company(Wijaya & Saebani, 2019). Research conducted by (Wijaya & Saebani, 2019), (Lubis et al., 2018), (Nurmawan & Universitas Atma Jaya Yogyakarta, 2022), (Apriliani & Wulandari, 2023), and (Ashari et al., 2020) found the influence of managerial ownership on tax aggressiveness.
H2: Suspected Managerial Ownership Has an Influence on Tax Aggressiveness

The Effect of Capital Intensity on Tax Aggressiveness
Capital intensity is a company that keeps its investment in the form of fixed assets. The more fixed assets invested by the company, the more aggressive the company is considered to be towards taxes (Romadhina, 2020). This is because the economic life contained in fixed assets can give rise to a depreciation burden every year. The depreciation expense will be an additional element to the company's burden and a deduction element for the profit generated by the company. If the amount of profit earned by the company decreases, it will have an impact on the company's tax burden to be low, so that the amount of the company's cash to pay taxes will also be low. Research (Romadhina, 2020),(Sari et al., 2022), (Akmal Al Hasyim et al., 2022), and (Krisnawati et al., 2021) provides evidence that capital intensity variables have a positive influence on tax aggressiveness.
H3: It is suspected that capital intensity has an influence on tax aggressiveness

The Effect of Company Size on Tax Aggressiveness
The size of a company describes the number of assets owned by a company. The larger the scale of the company, the more activities occur and the higher the profits obtained (Herlina & Rahmawati, 2020). This will make companies try to be more aggressive in taxes. However, not all studies conducted found the influence of company size on tax aggressiveness. As a study conducted by (Herlina & Rahmawati, 2020), (Allo et al., 2021; Sulaeman, 2021), dan (Tanjaya & Nazir, 2021) found that the size of the company has an effect on tax aggressiveness.
H4: It is suspected that the size of the company has an influence on tax aggressiveness

The Influence of Political Connections. Managerial Ownership, Capital Intensity and Company Size Against Tax Aggressiveness
The author formulates the hypothesis simultaneously as follows:
H5: Suspected Political Connections, Managerial Ownership, Capital Intensity, and Company Size Have Influence on Tax Aggressiveness

3. Data and Methods

Type of research

In this research, a form of quantitative analysis is employed. Quantitative research is characterized as a methodology grounded in positivist philosophy (Sugiyono, 2022) that investigates a specific group or sample, typically selected randomly. Data collection is conducted using various research tools, followed by quantitative or statistical analysis aimed at testing the pre-defined hypothesis. From the details provided, one can infer that quantitative research represents an organized, intentional, and methodical scientific investigation rooted in hypothesis verification logic, which seeks to create and apply mathematical frameworks, theories, or hypotheses pertaining to natural events in a deductive fashion. The secondary data utilized in this research consists of Annual Reports from firms obtained via the Indonesia Stock Exchange (IDX) from the official website www.idx.co.id, along with the companies' official sites. The demographic under study includes energy sector firms listed on the Indonesia Stock Exchange (IDX) spanning the years 2019 to 2023.

Population and Sample

The focus of this study is on firms within the energy industry that are listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. This study employs purposive sampling to select a specific number of companies that meet the established criteria, resulting in a total of 9 companies.

Data collection methods

The documentation approach employed involves gathering database details represented as financial reports for each sample within the different research years (2019, 2020, 2021, 2022, and 2023). For this research, the writer gathers information in the format of publicly available documents from companies listed on the website www.idx.co.id and the official sites of the respective firms. Furthermore, information was also collected via literature review by examining and analyzing books, academic journals, and literature that is closely linked to the study topic.

4. Result

Descriptive Statistics

Table 1. Analysis Descriptive Statistics

Date: 01/12/25
Sample: 2019 2003

	AP	KP	KM	IM	UK
Mean	0.314222	0.533333	0.177778	0.580667	2827.667
Median	0.260000	1.000000	0.140000	0.570000	2893.000
Maximum	0.780000	1.000000	0.680000	0.880000	3176.000
Minimum	0.130000	0.000000	0.000000	0.170000	2365.000
Std. Dev.	0.156793	0.504525	0.207396	0.198235	242.8472
Skewness	1.520004	-0.133631	1.183116	-0.171429	-0.562361
Kurtosis	4.579820	1.017857	3.109575	2.094931	1.953648
Jarque-Bera	22.00776	7.500598	10.52073	1.756314	4.424721
Probability	0.000017	0.023511	0.005193	0.415548	0.109442
Sum	14.14000	24.00000	8.000000	26.13000	127245.0
Sum Sq. Dev.	1.081698	11.20000	1.892578	1.729080	259489.0
Observations	45	45	45	45	45

Source: Result Output Eviews 13,2025

The interpretation of the descriptive statistical results in the table above is that the Tax Aggressiveness Variable projected with (Y) has a minimum h of 0.130000, the Political Connection Variable projected with (X1) has a minimum value of 0.000000, the Managerial Ownership

Variable projected with (X2) has a minimum value of 0.000000, the Capital Intensity Variable projected with (X3) has a minimum value 0.170000, and the projected Company Size Variable with (X4) has a minimum value of 2365,000.

Panel Data Regression Model Selection
Chow Test

Table 2. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.977556	(8,32)	0.0001
Cross-section Chi-square	41.131971	8	0.0000

Source: Result Output Eviews 13,2025

From the results of the *Chow* Test, it can be concluded that the most appropriate model to use is the Fixed Effect Model (FEM). This is because the profitability value of the cross-section F is 0.0001 and the profitability value of *the cross-section chi-square* is 0.000, both of which are smaller than 0.05.

Uji Hausman

Table 3. Hausman Test Results

Correlated Random Effects – Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.768252	4	0.1487

Source: Result Output Eviews 13,2025

From the results of the Hausman Test, it can be concluded that the most appropriate model to use is the Random Effect Model (REM). This is because the random cross-section profitability value is 0.148 > 0.05, so it can be concluded that the more appropriate model to use is the Random Effect Model (REM).

Lagrage Test Multiplier (LM)

Table 4. Test Results *Lagrange multiplier* (LM)

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

Test Hypothesis	Cross-section	Time	Both
Breusch-Pagan	9.447410	0.236788	9.684198
	(0.0021)	(0.6265)	(0.0019)

Source: Result Output Eviews 13,2025

From the results of the Lagrange Multiplier (LM) Test, it can be concluded that the most appropriate model to use is the Random Effect Model (REM). This is because the Breusch-Pagan value is 0.019 < 0.05, so it can be concluded that the more appropriate model to use is the Random Effect Model (REM).

Classical Assumption Test

Normality Test

The results of the normality test from the probability value of 0.484231 greater than 0.05 which is 0.484231 > 0.05, then it can be concluded that the data is normally distributed

Multicollinearity Test

The results of the multicollinearity test of all independent variables showed the numbers 2.082895, 2.532147, 1.377620, and 1.698142 or below 10, it was concluded that there were no symptoms of multicollinearity between independent variables.

Heteroscedasticity Test

The results of the heteroscedasticity test above, obtained a Prob score. The Chi-Square in Obs*R-squared is 0.2152 > 0.05, which means that the data is not affected by heteroscedasticity problems.

Uji Autokorelasi

The results of the autocorrelation test above, obtained a P value from Obs*R-squared of 0.2181 > 0.05 which means that there are no autocorrelation symptoms in the data. The DW value is 1.978985 where the DW value provision must be between -2 and 2, then the DW value of 1.978985 means that there is no autocorrelation.

Uji Hipotesis

Determination Coefficient Test (R2)

Table 5. R2 Determination Coefficient Test Results

R-squared	0.202761	**Mean dependent var**	0.111515
Adjusted R-squared	0.123037	**S.D. dependent var**	0.094449
S.E. of regression	0.088448	**Sum squared resid**	0.312924
F-statistic	2.543295	**Durbin-Watson stat**	2.363394
Prob(F-statistic)	0.054389		

Source: Result Output Eviews 13,2025

Based on the table above, it can be seen that the Adjusted R-squared value is 0.123037 or 12.3%. This shows that the overall independent variables (political connections, managerial ownership, fixed asset intensity and company size) are able to describe the dependent variable (tax aggressiveness) of 12.3% while the remaining 87.7% (100% - 12.3%) are influenced by other variables that are not included in the research model.

Test F

Table 6. Test Result F

R-squared	0.202761	**Mean dependent var**	0.111515
Adjusted R-squared	0.123037	**S.D. dependent var**	0.094449
S.E. of regression	0.088448	**Sum squared resid**	0.312924
F-statistic	2.543295	**Durbin-Watson stat**	2.363394
Prob(F-statistic)	0.054389		

Source: Result Output Eviews 13,2025

Based on the table above, the probability value (F-statistic) is 0.054389 after rounding to 0.05 and the value of sig. < 0.05. This shows that the probability value is < 0.05, then Ha is accepted and Ho is rejected, with the conclusion that the variables of political connection, managerial ownership, fixed asset intensity and company size simultaneously (together) affect tax aggressiveness.

Partial Test (T-Test)

Table 4. 5 T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.237370	0.441880	0.537183	0.5941
KP	0.206008	0.064242	3.206754	0.0026
KM	-0.234840	0.145205	-1.617304	0.1137
IM	-0.101845	0.137685	-0.739695	0.4638
UK	2.40E-05	0.000160	0.150195	0.8814

Source: Result Output Eviews 13,2025

The impact of independent variables on semi-dependent variables is detailed below:

a. For the Political Connection variable (X1), the t-count was found to be 3.206754, while the t-table value stood at 2.01954. This indicates that the t-count exceeds the t-table, suggesting acceptance of Ha. The significance value of 0.0026 is less than 0.05, leading to the acceptance of Ha and rejection of H0, which implies that political connection influences Tax Aggressiveness.
b. In the case of the Managerial Ownership variable (X2), the computed t value was -1.617304, against a t-table value of 2.01954. This shows that the computed t is lower than the t-table, resulting in the acceptance of H0. The significance value of 0.1137 is greater than 0.05, leading to the rejection of Ha and acceptance of H0, indicating that managerial ownership has no impact on Tax Aggressiveness.
c. The t-test results for the Capital Intensity variable (X3) yielded a calculated t value of -0.739695, compared to the t-table value of 2.01954. This demonstrates that the calculated t is below the t-table, leading to the acceptance of H0. The significance value of 0.4638 is greater than 0.05, thus Ha is rejected and H0 is accepted, showing that Capital Intensity does not affect Tax Aggressiveness.
d. For the Company Size variable (X4), the calculated t value was 0.150195, and the t-table value was 2.01954. This indicates that the calculated t is less than the t-table, which confirms the acceptance of H0. The significance value of 0.8814 is greater than 0.05, resulting in the rejection of Ha and acceptance of H0, meaning that the size of the company does not influence Tax Aggressiveness.

5. Discussion

The Influence of Political Connections on Tax Aggressiveness

According to the findings from the research, the partial t hypothesis test indicates that the variable relating to political connections carries a probability value of 0.0026, which is lower than 0.05. It registered a computed t-value of 3.206754 alongside a t-table value of 2.01954. Hence, political connections significantly affect tax aggressiveness. Consequently, businesses that maintain partnerships or political ties with government entities are more inclined to engage in tax aggressive behaviors. Political connections are often used by companies to reduce tax sanctions, the possibility of tax audits, and so on that benefit companies through the placement of people who have relationships with the government into strategic positions such as commissioners or board of directors. This indicates that the existence of political connections will have an impact on tax aggressiveness (Anita Nur Fadillah, 2021b)

The linkage between agency theory and political ties is evident in how these ties can influence the dynamics between principals (those who own shares) and agents (management of the company) regarding decision-making. There exists a conflict of interest with every action undertaken by the firm. This study is backed by earlier investigations that show political connections influencing the level of tax aggressiveness implemented by (Anita Nur Fadillah, 2021b), (Krisnawati et al., 2021), (Awlia Az'ari & Lastiati, 2022), (Majidah & Husnimubaroq, 2019) and (Sari et al., 2022).

The Effect of Managerial Ownership on Tax Aggressiveness
According to the findings of the research, the t hypothesis test (partial) indicates that the variable of managerial ownership reveals a probability figure of 0.1137, which exceeds 0.05, along with a computed t-value of -1.617304 and a t-table value of 2.01954. This implies that managerial ownership does not impact tax aggressiveness. The study shows that the proportion of shares held by management in energy sector firms listed on the Indonesia Stock Exchange is below 10%, typically falling between 1% and 6.8%. Due to this low percentage of shareholding, there is no impact on the aggressiveness of corporate taxation. The largest shareholder is described as the entity that possesses considerable voting power during the General Meeting of Shareholders (GMS). Yet, since managerial ownership is relatively minimal compared to other stakeholders, this group lacks the influence required to sway the company's decision-making effectively. This observation aligns with research carried out by (Makarim & Asalam, 2021) stated in his journal that managerial ownership also has no effect on tax aggressiveness.

The connection between agency theory and managerial ownership lies in the divergent interests of the company owner and the board of directors, frequently leading to a situation where one party has more information than the other. Directors who own shares in a company will probably use the information they have to reduce corporate taxes, in hopes of increasing after-tax profits. Thus, they can earn greater bonuses or incentives (Manuela & Sandra, 2022). However, based on the findings from the conducted study, it is evident that a minor amount of managerial ownership does not influence the decision-making of the company. In cases where shareholders are part of the management and hold limited shares, they are not the primary decision-makers regarding the actions the company should take. This study aligns with the work that has been done by (Makarim & Asalam, 2021), (Manuela & Sandra, 2022), (Charisma dkk., 2019), (Abdal Than Adiviva, 2023), and (Sumingtio dkk., 2022).

The Effect of Capital Intensity on Tax Aggressiveness
According to the findings from the research, the t hypothesis test (partial) indicates that the Fixed Asset Intensity variable carries a probability value of 0.4638, which exceeds 0.05. It has a calculated t-value of -0.739695 and a t-table value of 2.01954. This suggests that Fixed Asset Intensity does not influence tax aggressiveness. Companies in the energy sector, which were listed on the Indonesia Stock Exchange from 2019 to 2023 and have a larger portion of fixed assets compared to total assets, report depreciation expenses in their financial statements. As a result, they do not engage in tax aggressiveness. A larger company, indicated by its asset amount, tends to attract greater interest from both the government and investors (Utomo & Fitria, 2021). Hence, a larger company with substantial capital intensity is more likely to diminish tax aggressiveness, aligning with earlier studies by (Hafizh & Asalam, 2022), (Awaliyah et al., 2021), (Hidayatul Awalina Maulidah, 2019), (Utomo & Fitria, 2021), (Nordiansyah et al., 2022) and (Permatasari et al., 2022). Agency Theory, as interpreted by Jensen and Meckling (1976) in (Wijaya & Saebani, 2019) refers to a contractual theory where one or more individuals (the principal) engage another person (the agent) to carry out specific services and grant the agent decision-making powers. In practice, there can be conflicts between the principal and the agent within a company, potentially influencing the decisions made. However, asset intensity is still not able to affect these decisions, even when such conflicts arise. This is because capital intensity is reflected in the financial statements rather than through conflicts between the principal and the agent. Companies with high fixed asset intensity do not impact tax aggressiveness due to their practice of recognizing depreciation expenses.

The Effect of Company Size on Tax Aggressiveness
According to the findings of the research, the t hypothesis test (partial) indicates that the Company Size variable has a probability value of 0.8814, exceeding 0.05, along with a calculated t-value of 0.150195 and a t-table value of 2.01954. This suggests that the size of the company does not affect tax aggressiveness. The bigger and more famous a company will try to maintain its corporate image and not do anything that can be against the law or that will bring down the company's name because public trust and judgment of the company can affect the value of the company (Windaswari & Merkusiwati, 2018). As a company grows, the scrutiny of stakeholders will

increase, and the company will increasingly be subject to regulations set by the government. In this context, the Directorate General of Taxes will carry out more intensive supervision of large companies. With this high level of supervision, companies will be more careful in planning their tax strategies, so that the possibility of practicing tax aggressiveness becomes even smaller (Wulansari dkk., 2020).

The relationship between agency theory and company size variables is when a company gets bigger and makes a decision that involves principals and *agents* who have the same goal direction, namely wanting the company to be better than it is now, so they tend not to do things that harm the company's image in society, one of which is by not doing tax aggressiveness or obedience in carrying out obligations taxation of this research is in line with previous research researched by (Windaswari & Merkusiwati, 2018), (Stawati, 2020), (Wulansari et al., 2020), (Nordiansyah et al., 2022), (Erlina, 2021), and (Dinda Chairunissa Ramadani, 2020).

The Influence of Political Connections, Managerial Ownership, Capital Intensity and Company Size on Tax Aggressiveness

According to the findings from the research, the simultaneous hypothesis test f indicates that the factors of Political Connections, Managerial Ownership, Fixed Asset Intensity, and Company Size yield a probability value of 0.054389, which, when rounded down, becomes 0.050. This value is less than the threshold of 0.05. Consequently, the alternative hypothesis (Ha) was accepted while the null hypothesis (Ho) was dismissed. This leads to the conclusion that the mentioned variables of political connections, managerial ownership, fixed asset intensity, and firm size collectively have a considerable influence, specifically impacting tax aggressiveness.

6. Conclusion

Drawing from the findings of studies, examinations, and conversations regarding the impact of political ties, management ownership, asset intensity, and company dimensions on tax behavior in energy firms traded on the Indonesia Stock Exchange from 2019 to 2023, it is concluded that political ties significantly affect tax behavior. Political ties play a crucial part in aiding corporate objectives aimed at lessening tax obligations. Companies often try to minimize their tax obligations by establishing relationships with governments or political parties, in order to profit from those connections. Companies that have political affiliations tend to be better able to minimize their taxes. This step was taken to reduce the risk of being detected, given that politicians usually offer protection to companies connected to them. In addition, political connections also provide advantages in terms of access to information regarding upcoming changes in tax regulations. Not only that, this relationship also makes it easier for businesses to gain access to the central government.

Managerial ownership has been shown to have no effect on tax aggressiveness, this finding shows that the management's shareholding does not have a great influence compared to the major shareholders of a company, in terms of decision-making tends to be the main shareholder who will have more influence in determining which steps to take for the sake of the company. Capital intensity has been demonstrated to exert no meaningful impact on tax aggressiveness. This occurs because the business accounts for all its depreciation costs, and the substantial fixed assets it possesses can attract potential investors. This is one reason why the company refrains from pursuing tax aggressiveness in relation to capital intensity. Additionally, the scale of the organization has shown to have no effect on tax aggressiveness; as a firm expands, it usually becomes more vigilant in adhering to tax laws and steering clear of actions that might harm its established reputation.

Recommendations

During this research process, the researcher provided recommendations for the development of future studies. It is hoped that the next study can produce better and quality results by considering the recommendations in the next study, it is recommended to consider the addition or replacement of other variables other than those that have been included in this study, according to the

recommendations of the researcher, and the researcher recommends expanding the scope of the research so that it is not only fixated on manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the research Next.

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