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The Influence Of Debt To Equity Ratio, Operating Profit Margin Ratio And Operating Expense Toward Entity Income Tax Of Infrastructure, Utility And Transportation Companies Listed On The Indonesia Stock Exchange

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Abstract

This research is conducted by using selected infrastructure, utility and transportation companies listed on Indonesia Stock Exchange as samples to find the understanding and knowledge on the entity income tax as the main interest. The objective of this research is to know the influence of debt to equity ratio, operating profit margin ratio, and operating expense, toward entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange. The research method used to conduct this research is the quantitative approach method. All information regarding the data used to support the completion of this research is obtained from the secondary data. The samples of the infrastructure, utility and transportation companies are selected by using the purposive sampling method. There are 18 infrastructure, utility and transportation companies from 2017 to 2020 which resulted in the total amount of 72 samples. The data analysis method is done with the multiple linear regression analysis, descriptive statistics process, classical assumption test, the hypothesis test, and the coefficient of determination test. From the result of this research, it can be interpreted that debt to equity ratio, operating profit margin ratio, and operating expense have direct and significant influence towards entity income tax of infrastructure, utility and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020 simultaneously. Meanwhile, the debt to equity ratio and operating expense have direct and significant influence towards entity income tax partially, the operating profit margin ratio has inverse and insignificant influence towards entity income tax partially.

Keywords: *Debt to Equity Ratio, Operating Profit Margin Ratio, operating expense, Entity Income Tax*

I. INTRODUCTION

In Indonesia, there are several types of tax, namely income tax, value-added tax (VAT), and luxury tax which have their own rules and proportions that a taxpayer must pay to the government. Tax contributions made by companies are always bigger than individuals, because logically companies generate more revenue than individuals. Since Indonesia applies the Self-Assessment System which allows the taxpayer to count, pay and report the tax themselves for its taxation system, companies need to fulfill their bookkeeping and have their financial statement to calculate the entity income tax that they need to pay during the following tax year.

Infrastructure, utility, and transportation companies are categorized as one of the sectors which generate a large proportion of income in Indonesia, which means that they also contribute a large amount of tax to the government. The infrastructure, utility, and transportation is chosen in this research because this sector ranked the third on “The Business Sector which was Most Affected during COVID-19 Pandemic”.

When a company generates income, it can’t be separated from profit and expense. Profit is what remains after a company pays all expenses directly related to revenue generating, such as manufacturing a product, and other expenses associated with the conduct of commercial activities. Profit can be used to measure how long a company will last, how well is the company doing, and how the company will develop in the future. Profitability ratios show the ability of a company to earn profit. One of the profitability ratios which will be discussed by writer in this research is operating profit margin ratio. It indicates the amount of revenue remaining after all variable or operating expenses are covered. In other words, this ratio indicates the percentage of revenues available to cover non-operating expenses and shows whether the operation is running smoothly and the income received will be able to support the company.

Expense could affect the amount of income tax which should be paid by a company. There are also deductible and non-deductible expenses which has been regulated on Tax Law Number 36 Year 2008 Article 6. In an operation, more expense means less net profit generated by a company, which could cause the company to pay less income tax. This contradicts the statement “the more income a company generates, the more tax the company should be paid and *vice versa*”.

As this research is done by observing infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange, below is the table of phenomena of infrastructure, utility, and transportation companies:

Table 1 Phenomena of infrastructure, utility, and transportation companies listed on the Indonesia Stock Exchange from 2017 – 2020

Code	Year	Debt to Equity Ratio	Operating Profit Margin Ratio (%)	Operating Expense	Entity Income Tax
BALI	2017	1.1849	78.8196%	42,521,207,792	8,916,509,178
	2018	0.6931	79.4425%	55,900,939,513	13,243,025,913
	2019	1.0295	82.5348%	58,801,501,351	13,151,754,701
	2020	1.1341	85.5255%	61,193,829,525	22,887,993,519
BULL	2017	0.9686	39.9992%	329,842,688,562	1,385,486,220
	2018	0.7025	17.4113%	286,280,158,640	211,828,068
	2019	0.7652	21.0443%	854,690,199,389	1,940,873,342
	2020	1.3655	19.2163%	400,481,576,836	1,683,627,226
TOWR	2017	1.7910	62.9371%	743,493,000,000	702,822,000,000
	2018	1.8581	64.5904%	535,898,000,000	728,070,000,000
	2019	2.1580	60.8539%	718,669,000,000	551,341,000,000
	2020	2.3631	61.3347%	819,545,000,000	205,301,000,000
IBST	2017	0.4720	34.6301%	287,843,596,001	113,970,371,750
	2018	0.4796	29.7459%	351,374,137,590	8,663,961,632
	2019	0.5326	24.0518%	402,613,734,566	3,170,390,779
	2020	0.6790	16.5938%	543,332,347,679	24,990,246,564
AKSI	2017	0.3892	53.7808%	12,988,201,164	9,097,850,104
	2018	1.5045	58.1917%	28,418,770,480	9,299,207,509
	2019	1.5022	57.5632%	33,644,913,925	11,387,841,389
	2020	1.8008	28.2686%	40,842,723,692	3,306,481,309

Source: Processed Data (2022)

The table provided above shows that there are some inconsistent phenomena happened in the infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange which represent the interrelation among debt to equity ratio, operating profit margin ratio, operating expense and income tax.

As seen from the table above, the debt to equity ratio of PT. Bali Towerindo Sentra Tbk (BALI) in 2017 was 1.1849, and it was decreasing to 0.6931 in 2018. Its entity income tax was Rp. 8,916,509,178 in 2017 and it increased to Rp. 13,243,025,913. Meanwhile, the situation for PT. Buana Lintas Lautan Tbk (BULL), its debt to equity was decreasing from 2017 to 2018, which was 0.9686 to 0.7025, but its entity income tax was decreasing from Rp. 1,385,486,220 to Rp. 211,828,068. Digdowiseiso, (2021) stated that debt to equity ratio has a positive significant effect on entity income tax. Vindasari, (2020) stated that debt to equity has negative significant effect on entity income tax. Therefore, there is an inconsistency on the relationship of debt to equity ratio and entity income tax.

The operating profit ratio of the PT. Sarana Menara Nusantara Tbk (TOWR) declined from 2018 to 2019 from 64.5904% to 60.8539%, together with its entity income tax from Rp. 728,070,000 to Rp. 552,341,000. But, the entity income tax of PT. Mineral Sumberdaya Mandiri Tbk (AKSI) increased from 2018 to 2019, which were from Rp. 9,299,207,509 to Rp. 11.387,841,389, which contradicted with its operating profit ratio that decreased from 58.1917% to 57.5632%., which proves out that the higher income that an entity received doesn't always make the entity pay higher income tax. On the result of previous research conducted by Aini, Dona and Susanti in 2020, debt to equity ratio does not make any significant effect on the entity income tax. On the other hand, Pamungkas & Setyawan, (2022) stated that debt to equity ratio makes a significant effect on the entity income tax. Therefore, there is an inconsistency regarding to the influence of operating profit margin ratio towards entity income tax.

In the financial statement of PT. Inti Bangun Sejahtera Tbk (IBST) year 2019, it is stated that the entity's operating expense throughout the year was Rp. 402,613,734,566 with the entity income tax paid by the entity was Rp. 543,332,347,679 which increased in 2020. In 2020, the entity's operating expense was Rp. 3,170,390,779 and its entity income tax was Rp. 24,990,246,564. Meanwhile, for PT. Mineral Sumberdaya Mandiri Tbk (AKSI), its operating expense in 2019 was Rp. 33,644,913.925 and it was increased to Rp. 40,842,723,692 in 2020, but the income tax paid by the entity in 2019 was Rp. 11,387,841,389 and it was decreased to Rp. 3,306,841,309. Satini, (2021) stated that operating expense has significant effect towards entity income tax. This contradicts the result of research done by Aini et al. in 2020 which stated operating expense doesn't have significant effect towards entity income tax. Thus, there were inconsistency occurred between the operating expense and the entity income tax.

This research aims to provide explanation and understanding on: 1) To analyze if the debt to equity ratio partially has significant effect towards entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange, 2) To analyze if the operating profit margin ratio partially has significant effect towards entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange, 3) To analyze if the operating expense partially has significant effect towards entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange, 4) To analyze if the debt to equity ratio, operating profit margin ratio and operating expense simultaneously have significant effect toward entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange.

The first journal is "Pengaruh Gross Profit Margin, Operating Profit Margin, Dan Biaya Operasional Terhadap Pajak Penghasilan Badan (Studi Perusahaan Manufaktur Sektor Aneka Industri Yang Terdaftar Di Bursa Efek Indonesia Periode 2015-2019)" written by Hasiatul Aini, Eka Meiliya Dona, Littia Susanti in 2021. The variables in this research are gross profit margin, operating profit margin, operating expenses and entity income tax. Samples in this journal were retrieved using the purposive sampling method and the data was analyzed by using the Panel Data Regression Test. The journal has similarities with this research which focuses on discussing the influence of operating profit margin and operating expenses towards entity income tax. Meanwhile, the difference in the research variable is the gross profit margin ratio. The result of the journal stated that Gross profit margin, and operating costs is influential but not significantly influence entity income tax in various industrial sector manufacturing companies, while the operating profit margin partially and significantly influence on entity income tax.

The variables in this research are Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR) and entity income tax. Samples in this journal were retrieved using purposive sampling method with certain criteria and the data was analyzed by using panel data regression analysis. The journal has a similarity with this research which focuses on discussing the influence of Debt to Equity Ratio towards entity income tax. The differences are on its variables, which are Return on Assets (ROA), Return on Equity (ROE), and Debt to Asset Ratio (DAR). The result of the journal stated that profitability had a positive effect on entity income tax and capital structure had a negative effect on entity income tax (pamungkas et al.,2021)

The variables in this research are gross profit margin ratio, operating profit margin ratio and entity income tax. Samples in this journal were retrieved using purposive sampling and the data was analyzed by using explanatory survey verification and inferential statistical techniques using panel data regression analysis. The journal has a similarity with this research which focuses on discussing the influence of operating profit margin towards entity income tax. The difference is on the variable, which is gross profit margin. The results of the journal stated that partially gross profit margin has no effect on entity income tax, while operating profit margin has an effect on the entity income tax payable. gross profit margin and operating profit margin have a positive effect on entity income tax simultaneously (Julianti, 2021).

The fourth journal is "Pengaruh Struktur Modal Terhadap Pajak Penghasilan Badan Pada Badan Usaha Milik Negara Persero Sektor Konstruksi Bangunan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2010-2017" written by Fauziah Hani Rohmah, Arief Tri Hardiyanto, dan Haqi Fadillah in 2018. The variables in this research are Long Term Debt to Asset Ratio, Debt to Equity Ratio and Entity Income Tax. Samples in this journal were retrieved using nonprobability sampling and the data was analyzed by explanatory survey method. The journal has a similarity with this research which focuses on discussing the influence of debt to equity ratio towards entity income tax. The difference is only on one of its variables, which is long term debt to asset ratio. The results of the journal stated partially long-term debt to asset ratio has a positive effect on entity income tax, while debt to equity ratio does not affect entity income tax. As for the results of simultaneous testing of long-term debt to asset ratio and debt to equity ratio affect the entity income tax.

The fifth journal is "Pengaruh Struktur Modal, Pembayaran Dividen, Dan Biaya Operasional Terhadap Pajak Penghasilan Badan Terutang" written by Satini, Wahyu Nurul Hidayati in 2021. The variables in this research are Capital Structure, Dividend Payment, operating expense and entity income tax. Samples in this journal were retrieved using purposive sampling method and the data was analyzed by panel data regression analysis. The journal has a similarity with this research which focuses on discussing the influence of operating expense towards entity income tax. The differences are on its variables, which are capital structure and dividend payment. The results of the journal stated partially the capital structure variable has no significant effect on the entity income tax payable. The dividend payout variable has a significant effect on the entity income tax payable and simultaneously shows that capital structure, dividend payments, and operating costs affect the entity income tax payable.

The sixth journal is "Pengaruh Debt To Equity Ratio, Return On Asset, Dan Biaya Operasional Terhadap Pajak Penghasilan badan Terutang (Studi Kasus Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Di Bursa Efek Indonesia Periode 2015-2017)" written by Renanda Vindasari in 2019. The variables in this research are debt to equity ratio, return on assets, operational costs, and entity income tax. Samples in this journal were retrieved using purposive sampling and the data was analyzed by multiple linear regression. The journal has a similarity with this research which focuses on discussing the influence of debt to equity ratio towards entity income tax. The difference is only on one of its variables, which is return on assets. The results of the journal stated that the debt to equity ratio has a significant and simultaneous negative effect on entity income tax, return on assets simultaneously has a positive significant effect on the owed entity income tax, and operational costs have a positive significant simultaneous effect on entity income tax payable.

The seventh journal is "Pengaruh Current Ratio, Debt To Equity Ratio, Dan Long Term Debt To Asset Ratio Terhadap Pajak Penghasilan Badan Terutang (Studi Empiris Pada Perusahaan Yang Terdaftar Di BEI Tahun 2015-2019)"written by Kumba Digdowiseiso, Bambang Subiyanto, and Kennedy Irnandi in 2021. The variables in this research are current ratio, debt to equity ratio, and long term debt to asset ratio. The results of the journal stated that the current ratio and debt to equity ratio have a significant effect on entity income tax. Meanwhile, long term debt to asset ratio doesn't have a significant effect on entity income tax.

Hypothesis Development

Debt to Equity Ratio with the Entity Income Tax

The Debt to Equity Ratio (DER) is a financial ratio used to evaluate a company's debt and equity. The greater the amount of money borrowed from investors, the higher this percentage will be (Kasmir, 2014). The comparison of high interest expenses incurred as a result of excessive debt can also be used to claim a deduction for income tax payable (deductible expense), resulting in reduced taxes earned.

Expenses associated with debt are also regulated by tax legislation in PMK Number 169/PMK.010/2015, which establishes a maximum ratio of 4:1, which implies that the average balance of the company's debt shall not exceed four times the average balance of the company's equity. If the amount exceeds the limit, the excess beyond the debt's costs cannot be charged or must be paid fiscally. According to research result previously done by Rohmah, Hardiyanto and Fadillah (2019), debt to equity ratio does not affect entity income tax. Moreover Vindasari (2019) stated that debt to equity ratio has a significant and simultaneous negative effect on entity income tax. Based on the relationships between debt to equity ratio with the entity income tax, the hypothesis to be proposed, is:

H_1: There is a significant influence of debt to equity ratio to the entity income tax.

Operating Profit Ratio with the Entity Income Tax

Profitability ratio is a ratio that is used to determine a company's ability to produce a profit from its usual business activities over a specified period of time. Profitability is inextricably tied to a company or business, as the ultimate operating purpose of businesses is to maximize profit made, whether short and long term. According to Peavler (2018), the gross profit margin ratio, Operating profit margin ratio, and net profit margin ratio are all included in the profitability ratio's margin ratio. The Operating profit margin ratio indicates a business's effectiveness in conducting its operations by comparing operating profit to total net sales. A high operating profit margin ratio implies that a business's operations are working well. The operating profit is calculated after the gross profit has met the operating expense. Additionally, if no additional revenue or expense is incurred, the operating profit can always be directly connected to the income tax. As a result, the operating profit may also reflect the amount of income tax to be paid.

It is supported by the journal written by Julianti (2021) that operating profit margin has a positive effect on the entity income tax. Moreover, Aini, Dona and Susanti (2020) stated that the operating profit margin partially and significantly influence on entity income tax. Based on the relationships between operating profit ratio with the entity income tax, the hypothesis to be proposed, is:

H_2: There is a significant influence of operating profit ratio to the entity income tax.

Operating Expense with the Entity Income Tax

Operating expense is a term that refers to costs associated with the company's business activity. Expenditures on operating expenses will affect the tax due to the fact that one of the items deducted is the cost of sales, promotions, and administration. operating expenses are those that are unavoidable when running a firm. This category of expenses may include rent, equipment, inventory, payroll, and other items. According to Sujarweni (2017) operational costs are costs incurred to be used and generate income. A company or an entity has a big responsibility for the income earned, namely paying taxes.

On previous research made by Vindasari (2019), it is stated that operating expense has a positive significant effect on entity income tax simultaneously. Same thing also happened to the research done by Satini and Hidayati (2021). Based on the relationships between operating expense with the entity income tax, the hypothesis to be proposed, is:

H_3: There is a significant influence of operating expense to the entity income tax.

Operating Profit Margin Ratio, Operating Expense, and Debt to Equity Ratio with the Entity Income Tax

The debt to equity ratio, operating profit margin ratio, and operating expense are all applied in this research to determine whether there is a relationship between those variables and the entity income tax. The debt to equity ratio is used to determine a firm's financial leverage. It is computed by dividing the total liabilities of the company by the total shareholder equity. Numerous companies prefer to utilize debt/liability to measure their capital structures due to the tax benefits. Profitability is strongly bound to a company or business because the operational goal of the majority of businesses is to maximize profit. The operating profit margin ratio indicates a business's effectiveness in conducting its operations by comparing Operating profit to total net sales. After deducting operating expenses from gross profit, operating profit is calculated. Operating expense is a term that refers to costs associated with the company's business activity. Expenditures on operating expenses will effect the tax due to the fact that one of the items deducted is the cost of sales, promotions, and administration.

All variables will be compared descriptively to the primary focus on infrastructure, utility, and transportation companies that are listed on the Indonesian Stock Exchange. Thus, the hypothesis that will be proposed is as follows:

H_4: There is significant influence of the debt to equity ratio, operating profit margin ratio, and operating expense to the entity income tax.

Research Model

Based on the theoretical basis and some previous research stated, this research uses both independent and dependent variables in order to assess the influence of the debt to equity ratio, operating profit margin ratio, and operating expense to the entity income tax. Hereby, the interrelationship between those variables is expressed as:

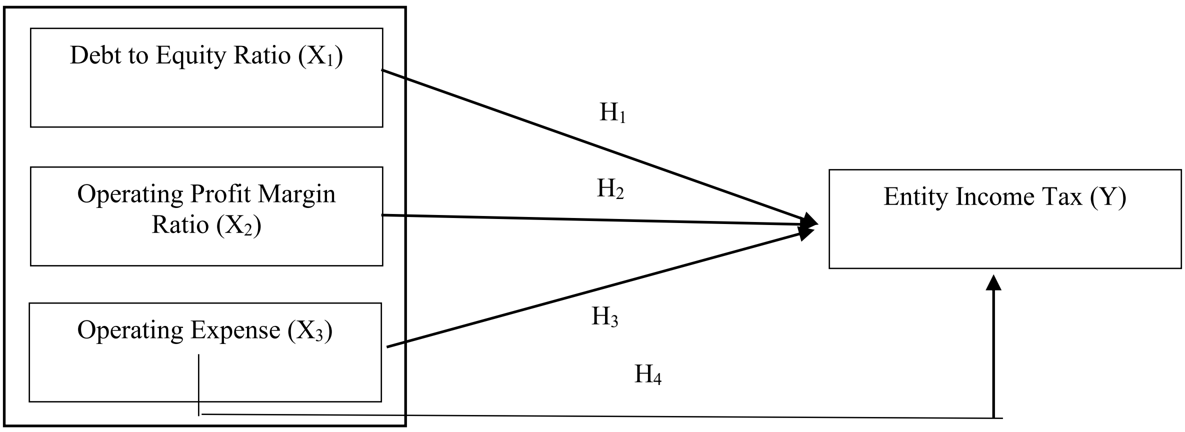

Figure 1 Research Model

II. METHOD

The type of the research design used in this research is the quantitative approach. The purpose of this research is to assess whether the debt to equity ratio, operating profit margin ratio, and operating expense have an effect on the entity income tax of infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange. The population of this research is all the 80 infrastructure, utility and transportation companies listed on the Indonesia Stock Exchange. In selecting the samples for this research, the non probability sampling method is used. According to Sugiyono, (2018) non probability sampling is a sampling technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample. All data in this research are derived from secondary data.

III. RESULT AND DISCUSSION

Result

Data Analysis

Descriptive Statistics Process

The output data from the statistical processing can be seen in the following table:

Table 2 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DER	72	.0810	7.0362	1.545936	1.3737677
OPR	72	.1325	.8591	.514212	.2102191
OPEX	72	12988201164.0000	93999000000000.0000	5472717315809.809000	20841659745479.8440000
IT	72	209731144.0000	10316000000000.0000	704462566139.277700	2227726539909.2430000
Valid N (listwise)	72				

Source: Data Processed (2022)

Based on the table above, an overview of the minimum, maximum, mean value, and the standard deviation values of each variable tested are obtained as: From the table, the minimum value of the debt to equity ratio is 0.0810 which happened at PT. Pelayaran Nelly Dwi Putri Tbk in 2017 and the maximum value of the debt to equity ratio is 7.0362 which happened at PT. Tower Bersama Infrastructure Tbk in 2017. Meanwhile, the standard deviation value of the debt to equity ratio is 1.3737677 and the mean value is 1.545936. From the table, the minimum value of the operating profit margin ratio is 0.1325 which happened at PT. Jasa Marga (Persero) Tbk in 2017 and the maximum value of the operating profit margin ratio is 0.8591 which happened at PT. Sillo Maritime Perdana Tbk in 2020. Meanwhile, the standard deviation value of the operating profit margin ratio is 0.2102191 and the mean value is 0.514212. From the table, the minimum value of the operating expense is Rp. 12,988,201,164 which happened at PT. Mineral Sumberdaya Mandiri Tbk in 2017 and the maximum value of the operating expense is Rp. 93,999,000,000,000 which happened at PT. Telkom Indonesia (Persero) Tbk in 2019. Meanwhile, the standard deviation value of the operating expense is Rp. 20,840,394,036,322.88300 and the mean value is Rp. 5,477,976,565,809.8060. From the table, the minimum value of the entity income tax is Rp. 209,731,144.00 which happened at PT. Buana Lintas Lautan Tbk in 2018 and the maximum value of the entity income tax is Rp. 10,316,000,000,000 which happened at PT. Telkom Indonesia (Persero) Tbk in 2019. Meanwhile, the standard deviation value of the entity income tax is Rp. 704,462,566,139.2777 and the mean value is Rp. 2,227,726,539,909.243.

Multiple Linear Regression Analysis

The classical assumption test that includes the normality, heteroscedasticity, multicollinearity, and autocorrelation tests are first done to meet the requirement of the analysis with linear regression. All of the results from the classical assumption tests have to meet the criterias required before performing the multiple linear regression analysis test. The multiple linear regression analysis is the analysis to measure the amount of influence between two or more independent variables on one dependent variable. The result of data processing is presented in the following table:

Table 3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-64912.043	149053.837		-.435	.665
	SQDER	237394.002	57171.995	.166	4.152	.000
	SQOPR	-144117.295	187499.620	-.032	-.769	.445

SQOPEX	.319	.014	.934	22.618	.000

a. Dependent Variable: SQIT
Source: Data Processed (2022)

From the table above, it can be seen that the value of the constant and regression coefficient for each independent variable that will be used to compile the regression equation as presented below:

Y = -64912.043 + 237394.002SQRTDER – 144117.295SQRTOPR + 0.319SQRTOPEX

The implementation of the regression equation is as follows:

1. Constant Number (a) = -64912.043
   The constant value (a) shown in the table above is -64912.043, which means that if the independent variables, namely debt to equity ratio , operating profit margin ratio, and operating expense, have 0 (zero) value or do not change, which means that the dependent variable, namely entity income tax has negative value which is -64912.043.
2. Debt to Equity Ratio to Entity Income Tax
   The regression coefficient value of the operating profit margin ratio is positive, that is 237394.002. This shows that every increase in the debt to equity ratio value by 1 (one), the entity income tax will also increase by 237394.002. Since the debt to equity ratio coefficient is positive, this shows that the debt to equity ratio has a relationship in line with the entity income tax of utility, infrastructure and transportation companies listed on the Indonesia Stock Exchange from 2017 to 2020. Thus, it can be concluded that if the debt to equity ratio increases, the entity income tax will also increase assuming that other variables remain constant.
3. Operating Profit Margin Ratio to Entity Income Tax
   The regression coefficient value of the operating profit margin ratio is negative, that is 144117.295. This shows that every increase in the operating profit margin ratio value by 1 (one), the entity income tax will also decrease by 144117.295. Since the operating profit margin ratio coefficient is negative, this shows that the operating profit margin ratio has inverse relationship with the entity income tax of utility, infrastructure and transportation companies listed on the Indonesia Stock Exchange from 2017 to 2020. Thus, it can be concluded that if the operating profit margin ratio increases, the entity income tax will also decrease assuming that other variables remain constant.
4. Operating Expense to Entity Income Tax
   The regression coefficient value of the operating expense is positive, that is 0.319. This shows that every increase in the operating expense value by 1 (one), the entity income tax will also decrease by 0.319. Since the expense ratio coefficient is positive, this shows that the expense has a relationship in line with the entity income tax of utility, infrastructure and transportation companies listed on the Indonesia Stock Exchange from 2017 to 2020. Thus, it can be concluded that if the operating expense increases, the entity income tax will also increase assuming that other variables remain constant.
   From the analysis, it can be concluded that the most dominant variable the entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020 is 237394.002 because the regression coefficient is the largest among all variables, namely the debt to equity ratio.

Hypothesis Test

Partial T Test

According to Ghozali, (2018) , the statistical t test basically shows how far the influence of one independent variable partially in explaining the variation of the dependent variable by assuming that other variables are constant. The output data of variables for the t test can be seen in the following table:

Table 4 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-64912.043	149053.837		-.435	.665		
	SQDER	237394.002	57171.995	.166	4.152	.000	.987	1.013
	SQOPR	-144117.295	187499.620	-.032	-.769	.445	.917	1.090
	SQOPEX	.319	.014	.934	22.618	.000	.922	1.085

. Dependent Variable: SQIT
Source: Data Processed (2022)

From the table above, it can be seen that the t_{count} value obtained for the debt to equity is 4.152 and the significant value is 0.000, operating profit margin ratio is -0.769 and the significant value is 0.445, for the operating expense is 22.618 and the significant value is 0.000 Meanwhile, the value of the t_{table} with the two-tailed significance level of 0.05 and the degree of freedom (df) of 68 (n-k-1), in which the amount of sample data (n) is 72 and the number of the independent variables (k) is 3, so the t_{table} value obtained is 1.99547. Thus, the results obtained can be described and shown as follows: 1) Since the t_{count} value is greater than the t_{table} value (4.152 > 1.99547) and the significant value is not more than 0.05 (0.000 < 0.05), it can be interpreted that the debt to equity ratio has direct and significant influence towards the dependent variable, which is the entity income tax. With the result, it means that if the debt to equity ratio increases in a certain year, the entity income tax will increase in that certain year as well. 2) Since the t_{count} value is greater than the t_{table} value (-0.759 > -1.99547) and the significant value is more than 0.05 (0.445 > 0.05), it can be interpreted that the debt to equity ratio partially has inverse and insignificant influence towards the dependent variable, which is the entity income tax. With the result, it means that if the operating profit margin ratio increases in a certain year, the entity income tax will decrease in that certain year as well. 3) Since the t_{count} value is greater than the t_{table} value (22.618 > 1.99547) and the significant value is not more than 0.05 (0.000 < 0.05), it can be interpreted that the operating expense has direct and significant influence towards the dependent variable, which is the entity income tax. With the result, it means that if the operating expense increases in a certain year, the entity income tax will increase in that certain year as well.

Simultaneous F Test

This hypothesis test is called the test of simultaneous significance of the observed regression line and the estimation, whether or not the dependent variable correlates linearly with the independent variable. According to Ghozali (2016), F test aims to see the effect simultaneously between the independent variables and the dependent variable. Independent variables are said to have a significant effect simultaneously if (α) < 0.05, *vice versa.* The output data of variables for the F test can be seen in the following table:

Table 5 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	32417358941572.910	3	10805786313857.637	189.389	.000[b]
	Residual	3879816972573.002	68	57056131949.603		
	Total	36297175914145.914	71			

a. Dependent Variable: SQIT
b. Predictors: (Constant), SQOPEX, SQDER, SQOPR
Source: Data Processed (2022)

From the table above, the F_{count} value obtained is 189.389 and the significant value is 0.000. As seen from the F_{table} with the significance of 0.05, the first degree of freedom (df1) is 3 (k) and the second degree of freedom (df2) is 68 (n-k-1), in which (n) is the amount of sample data and (k) is the amount of the independent variables. Thus, the F_{table} value obtained is 2.74. Since the F_{count} value is larger than the F_{table} value (189.389 > 2.74) and the significant value is not more than 0.05 (0.000 < 0.05), it can be interpreted that the independent variables, namely the debt to equity ratio, operating profit margin ratio, and operational simultaneously have significant influence toward the dependent variable, namely the entity income tax.

R^2 Test (Coefficient of Determination)

The coefficient of determination essentially measures the extent of the model's ability to explain the variations of the dependent variable. The value of the coefficient of determination ranges between zero and one (0<x<1). The small value of R^2 means that the ability of independent variables in explaining the dependent variable is very limited. A value close to one means the independent variables provide almost all the information required to predict the variation of the dependent variable (Ghozali, 2018). The result of the measurement of the coefficient of determination can be seen in the following table:

Table 6 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945[a]	.893	.888	238864.25423

a. Predictors: (Constant), SQOPEX, SQDER, SQOPR

b. Dependent Variable: SQIT
Source: Data Processed (2022)

According to the table, the Adjusted R Square value shown is 0.888 or 88.8%. It shows that 88.8% of entity income tax in the utility, infrastructure and transportation sector can be explained by debt to equity ratio operating profit margin ratio, and operating expense. Meanwhile, the remaining 0.112 or 11.2% of entity income tax in the utility, infrastructure and transportation sector is explained by other factors that are not tested in this research.

Discussion

The Debt to Equity Ratio Towards Entity Income Tax

From the data analyzed, it can be interpreted from the multiple linear regression model that debt to equity ratio has direct and significant influence to entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 - 2020. This shows that every increase in the debt to equity ratio value by 1 (one), the entity income tax will increase by 237394.002 assuming that other variables remain constant. It can also be seen from the result of the t test which shows that debt to equity ratio is in line with the entity income tax since the t_{count} value is greater than the t_{table} value (4.152 > 1.99547) and the significant value is smaller than 0.05 (0.000 < 0.05). The result of this research is also in accordance with the research done by (Digdowiseiso, 2021) which stated that debt to equity ratio has a significant effect on entity income tax.

The Operating Profit Margin Ratio Towards Entity Income Tax

From the data analyzed, it can be interpreted from the multiple linear regression model that operating profit margin ratio has inverse and insignificant influence to entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 - 2020. This shows that every increase in the operating profit margin ratio value by 1 (one), the entity income tax will decrease by 144117.295 assuming that other variables remain constant. It can also be seen from the result of the t test which shows that operating profit margin ratio is not in line with the entity income tax since the tcount value is greater than the ttable value (-0.759 > -1.99547) and the significant value is more than 0.05 (0.445 > 0.05). Results analysis conducted to 72 samples of the utility, infrastructure and transportation companies, the cause of inverse relationship between the operating profit margin ratio and the entity income tax is the amount of non-deductible expenses after the fiscal correction, which causes the expenses to be high and reduces the fiscal income. That is why, with a high amount of gross profit and increase of expenses causes the income tax to be paid is lowe.

The Operating Expense Towards Entity Income Tax

From the data analyzed, it can be interpreted from the multiple linear regression model that operating expense has direct and significant influence to entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 - 2020. This shows that every increase in the operating expense value by 1 (one), the entity income tax will increase by 0.319 assuming that other variables remain constant. It can also be seen from the result of the t test which shows that debt to equity ratio is in line with the entity income tax since the t_{count} value is greater than the t_{table} value (22.618 > 1.99547) and the significant value is not more than 0.05 (0.000 < 0.05). The result of this research is also in accordance with the research done by Vindasari, (2020) and Julianti, (2021) which stated that operating expense has a significant effect towards entity income tax.

The Debt to Equity Ratio, Operating Profit Margin Ratio, and Operating Expense Towards Entity Income Tax

From the data analyzed, it can be interpreted from the multiple linear regression model that debt to equity ratio, operating profit margin ratio, and operating expense have significant influence to the entity income tax of utility, transportation and infrastructure companies listed on the Indonesia Stock Exchange from 2017 to 2020. It can be seen from the result of F test which shows that the debt to equity ratio, operating profit margin ratio, and operating expense have direct relationship with the entity income tax since the F_{count} value is larger than the F_{table} value (189.389 > 2.74) and the significant value is not more than 0.05 (0.000 < 0.05). The result of this research is in accordance with with the previous research done by Satini et. al. (2021) which stated that Capital structure, and operating expense affect the entity income tax payable simultaneously, the research done by Digdowiseiso, (2021) which stated that debt to equity ratio has a significant effect on entity income tax, the research done by Vindasari, (2020), Julianti, (2021) which stated that operating expense has a significant effect towards entity income tax.

Based on the data analysis result, it can be concluded that the debt to equity ratio, operating profit margin ratio, and operating expense have significant influence toward entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020.

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IV. CONCLUSION

According to the t test result for the regression model, it can be concluded that the debt to equity ratio has direct and significant influence towards entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020, which means that the increase of debt to equity ratio will also increase the amount of entity income tax and vice versa.

According to the t test result for the regression model, it can be concluded that the operating profit margin ratio has inverse and insignificant influence towards entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020, which means that the increase of operating profit margin ratio will decrease the amount of entity income tax and vice versa.

According to the t test result for the regression model, it can be concluded that the operating expense has direct and significant influence towards entity income tax of utility, infrastructure and transportation companies listed on Indonesia Stock Exchange from 2017 to 2020, which means that the increase of operating expense will also increase the amount of entity income tax and vice versa.

The coefficient of determination value is 0.88. It shows that 88.8% of entity income tax in the utility, infrastructure and transportation sector can be explained by debt to equity ratio, operating profit margin ratio, and operating expense. Meanwhile, the remaining 0.112 or 11.2% of entity income tax in the utility, infrastructure and transportation sector is explained by other factors that are not tested in this research.

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