

Preparation and Comparison of Simple Tax Avoidance Scores Based on Profitability Ratio in Banking Companies in the LQ45 Index

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Abstract

Keywords:

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This study aims to develop and implement a simple tax avoidance score based on the Effective Tax Rate (ETR) and illustrate its relationship to profitability ratios in banking companies listed in the LQ45 Index for the 2020-2024 period. The study uses a descriptive and comparative quantitative approach using financial statement data. The results show that banks with relatively high profitability tend to have high and stable tax avoidance scores. The simple ETR-based score is effective for mapping tax avoidance patterns based on company profitability performance.

INTRODUCTION

Taxes are mandatory contributions paid by taxpayers to the state and are used to finance the state's needs. Taxes are often perceived by companies as a cost that decreases their net profit.. This condition encourages companies to carry out tax planning to minimize the tax burden that must be beared. One form of tax planning is tax avoidance. The practice of tax avoidance is relevant in the banking sector because banks generally have a relatively high level of profit so that they have the potential to bear a large tax burden. This triggers companies to do tax avoidance, because the high tax burden will reduce the company's income.

The banking industry has special characteristics. The banking sector is an industry that has a strict level of regulation and relatively maintained performance stability. Because banks face regulatory demands, performance (profitability), and risk simultaneously, finding a way to balance all three is crucial (Rastogi et al., 2022). In this context, the practice Tax avoidance is still a relevant issue to study. A number of previous studies have shown that profitability is one of the factors related to a company's decision to do Tax avoidance. For example, the study results from Rizanty et al. (2025) showing that profitability has a positive influence on tax avoidance, where companies with high profitability tend to do tax avoidance to reduce tax burden. Research by Yohana et al. (2025) It also shows that the literature reviewed by the majority of studies suggests that profitability has a significant and positive effect on Tax avoidance. However, some other studies such as Nugroho & Suprpto (2024) found that profitability had a significant negative effect on Tax avoidance, which indicates that companies with higher levels of profitability tend to have a higher level of profitability Tax avoidance lower. Research by Putri & Dewi (2025) also found that profitability had a significant negative effect on Tax avoidance in banking companies.

The difference in the direction of the findings in the previous study shows that the influence of profitability on Tax avoidance is still inconsistent. These findings are in line with research Pratama & Mukhhtaruddin (2025) which through literature studies shows that the influence of profitability on Tax avoidance is still inconsistent. Some studies have found that companies with high profitability are more likely to do Tax avoidance In order to maximize net

profit, while other research states that companies with high profitability are actually more compliant with tax obligations due to regulatory and reputational pressures. This condition shows that the practice Tax avoidance still leaves room for further study.

Based on previous research studies, there are research gaps that need to be filled. Previous research has generally focused on testing the relationship between variables using statistical methods, while studies that emphasize the preparation of simple measurement tools to describe and compare tax avoidance rates are still rare, especially in the banking sector in the LQ45 Index.

As attention to the practice grows Tax avoidance In the banking sector, a simpler but still accurate valuation method is needed to analyze the level of tax avoidance within the company. One potential approach is the use of profitability ratio as an indicator of financial performance that reflects a company's ability to generate profits. This study aims to compile a score formula Simple Tax Avoidance based on the profitability ratio of banking companies that are members of the LQ45 index. In addition, the study identified the Tax avoidance banking companies during the period 2020-2024 using a simple score that has been compiled, as well as comparing the levels Tax avoidance between companies in the index. This study also descriptively analyzes the pattern of relationships between profitability ratios, which include Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) with a Tax avoidance in banking companies.

LITERATURE REVIEW

Simple Scoring

Simple scoring is one of the methods used in the research because it offers a practical and easy-to-apply method of assessment. According to Streiner et al. (2015), a simple score is done by giving equal weight to each indicator, then all the values are added up to produce a total score, so that this method is considered efficient without requiring complex calculations. This approach is important especially when researchers need a measurement tool that is fast, easy to understand, and still has adequate validity. The application of simple scores was also seen in the study Wang et al. (2024), which developed an integer score-based scoring system to facilitate the process of identifying specific clinical conditions. The results of the study show that the simple scoring method is able to provide accurate classification while still being easy to use in practice, making it relevant to be developed in various research contexts and field applications.

Tax Avoidance

According to Mardiaism (2016), Tax avoidance is an attempt to ease the tax burden but not violate the law. The method or technique carried out is to take advantage of weaknesses in tax regulations to reduce the amount of tax owed. Tax avoidance It can be said that the strategy is planned by taxpayers and aims to reduce their obligations in paying taxes by using loopholes contained in the tax law (Cristiana & Nyman, 2022). Tax Avoidance can be measured by using Effective Tax Rate (ETR). The formula of ETR is as follows:

$$ETR = \frac{\text{Income Tax Burden}}{\text{Profit Before Tax}}$$

Profitability

According to Setiowati et al. (2023) Profitability is the ability of a company to generate profits over a certain period of time at a certain level of sales, assets and share capital. Getting

maximum profits has become a company's demand, so the company can act for the peace of mind of owners, employees and grow new product quality and make new investments (Sakdiyah et al., 2020). According to Purba & Kuncahyono (2020) Profitability can be seen in the company's sales rate, assets owned, and capital. There are various indicators to see profitability. This study chose to use Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). The description of the variable count is as follows:

$$\text{LENGTH} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

$$\text{NPM} = \frac{\text{Net Profit}}{\text{Net Sales}}$$

METHODS

This research is a quantitative research with descriptive and comparative types. The quantitative approach is used because the research processes numerical data from the financial statements of banking companies in the LQ45 Index. The descriptive nature arises because the study compiles and describes a simple tax avoidance score based on the profitability ratio. Meanwhile, the study is also comparative because it compares tax avoidance rates based on the diversity of profitability ratios, including ROA, ROE, and NPM. This research uses secondary data, namely financial statements and annual reports with a research period of 2020-2024, which can be accessed from the official website of the Indonesia Stock Exchange (IDX) and the company's official website.

The population of this study is all banking companies included in the LQ45 Index for the 2020-2024 period. The sample is determined by the purposive sampling technique, which is the selection of companies based on certain criteria. The criteria used in the selection of the sample are banking companies that have been consistently listed in the LQ45 Index for five consecutive years and have complete annual financial statements. With these criteria, the research sample will consist of banking companies that meet the completeness and consistency of data for the period 2020-2024.

The analytical method used in this research is descriptive and comparative analysis approaches to realize the research objectives related to the preparation and comparison of simple tax avoidance scores based on profitability ratios in banking companies in the LQ45 index. The analysis was carried out through several stages, namely statistical descriptive analysis, preparation of a simple tax avoidance score by converting the ETR value into a tax avoidance score using the

formula $TA\ score = (1-ETR) \times 100$ so that the higher the score indicates the higher the tax avoidance level, comparative analysis, and descriptive pattern analysis.

To make it easier to interpret the results of the descriptive analysis, the score Tax avoidance are classified into several interval classes based on the principle of clustered frequency distribution. Frequency distribution is a technique for compiling data in groups ranging from the smallest to the largest based on certain interval classes and categories. The determination of the number of classes is carried out using the Sturges formula (Setyawan et al., 2021), while class length is set based on the data range and the number of classes obtained. The preparation of frequency distribution is carried out through several stages of descriptive statistics, namely the determination of the amount of data, the number of classes, the range of data, the length of the class interval, and the preparation of the frequency distribution table (Setyawan et al., 2021). The number of observations used in this analysis was 25 data ($n = 25$), which came from five banking companies during the five years of observation.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Red	Std. Deviation
Return on Assets	25	.003726	.037847	.01929357	.010145360
Return on Equity	25	.029427	.208880	.13879370	.048217930
Net Profit Margin	25	.063830	.506445	.29200572	.121344457
Effective Tax Rate	25	.125403	.350285	.21615100	.050509783
Valid N (listwise)	25				

(Source: SPSS Output 27, 2026)

According to the findings of the descriptive statistics, the Return on Assets (ROA) variable has an average value of 0.01929357 or around 1.9%. This value shows that the banking companies in the sample have a relatively consistent ability to generate profits from the total assets owned. The minimum ROA value was 0.003726, while the maximum value was 0.037847 show the difference in the rate of return on assets between companies during the study period. The standard deviation of 0.010145360 which is relatively smaller than the average value indicates that the company's profitability level tends to be stable and does not show extreme fluctuations.

The Return on Equity (ROE) has an average value of 0.13879370, which indicates the ability of the banking company to generate profits for shareholders. With a minimum of 0.029427 and a maximum of 0.208880, the results suggest disparities in ROE among the sampled companies. The standard deviation of 0.048217930 which is smaller than the average value indicates that the company's ROE rate tends to be relatively consistent during the study period.

Net Profit Margin (NPM) has an average value of 0.29200572 or 29.20%, which reflects

the company's ability to generate net profit from operating income. With a minimum of 0.063830 and a maximum of 0.506445, the results demonstrate variability in companies' operational efficiency. The standard deviation of 0.121344457 indicates that the variation in the company's NPM remains within a reasonable range.

Meanwhile, the Effective Tax Rate (ETR) has an average value of 0.21615100, which shows that in general the company's tax burden is close to the applicable tax rate. The range of minimum and maximum values of ETR indicates that there is a difference in the effective tax burden between companies. from profit before tax, with variations in the tax avoidance rate between companies reflected in the standard deviation of 0.050509783. The relatively small standard deviation indicates that the level of corporate tax burden tends to be stable during the study period. A relatively lower ETR value indicates a company's propensity to evade tax, while a higher ETR value indicates relatively better tax compliance. According to the results of the descriptive statistical processing above, it is known that the number of observation data is as many as 25 data.

Preparation of Tax Avoidance Simple Score

The preparation of a simple tax avoidance score is carried out by transforming the Effective Tax Rate (ETR) value into the form of a tax avoidance score. This score is used to facilitate the interpretation of a company's tax avoidance rate, where a higher score indicates a higher tax avoidance rate, while a lower score reflects a lower tax avoidance rate. This scoring method was developed based on the common understanding that a low ETR value reflects a high intensity of tax avoidance. Presented below are the results of the calculation of a simple tax avoidance score for banking companies listed in the LQ45 Index for the 2020-2024 period.

Table 2. Preparation of Simple Tax Avoidance Score for Banking Companies in the LQ45 Index for the 2020-2024 Period

Year	Company Code	ETR	TA Score ((1-ETR) x 100)
2020	BBCA	0,191292332	81
	BBNI	0,350285095	65
	BBRI	0,298464636	70
	BBTN	0,294381813	71
	BMRI	0,325751424	67
2021	BBCA	0,190545605	81
	BBNI	0,125403365	87
	BBRI	0,191149385	81
	BBTN	0,206156709	79
	BMRI	0,255549711	74
2022	BBCA	0,19243178	81
	BBNI	0,185347649	81
	BBRI	0,20416668	80
	BBTN	0,214314612	79
	BMRI	0,202657305	80
2023	BBCA	0,191454113	81
	BBNI	0,176815769	82

	BBRI	0,209403694	79
	BBTN	0,200725993	80
	BMRI	0,19593003	80
2024	BBCA	0,195939567	80
	BBNI	0,184762091	82
	BBRI	0,218498666	78
	BBTN	0,202900944	80
	BMRI	0,199445939	80

(Source: Data processed by author, 2026)

To make it easier to interpret the results of the descriptive analysis, the score Tax avoidance are classified into several interval classes based on the principle of clustered frequency distribution. According to Setyawan et al. (2021) The benefit of presenting data in the form of frequency distribution is to simplify data presentation techniques so that it becomes easier to read and understand as informational material.

The number of observations used in this analysis was 25 data ($n = 25$), which came from five banking companies during the five years of observation. The determination of the number of classes uses the Sturges formula, which results in six interval classes. Class intervals are arranged based on the range of tax avoidance score data and are used as the basis for the preparation of the group data frequency distribution table.

Table 3. Distribution of Data Frequency Groups Simple Score Tax Avoidance

Classes	TA Score Interval	Frequency
1	65-68	2
2	69-72	2
3	73-76	1
4	77-80	11
5	81-84	8
6	85-88	1
Total		25

(Source: Data processed by author, 2026)

Based on the frequency distribution table, most of the tax avoidance score observations are concentrated in the interval of 77-80 with a frequency of 11 observations, followed by an interval of 81-84 with a frequency of 8 observations. This condition shows that the majority of banking companies in the sample had a tax avoidance score that was in the medium range during the study period, while the interval with the lowest and highest scores covered only a small number of observations.

Based on the grouping of interval classes, tax avoidance scores are further classified into three categories of levels, namely low (classes 1-2), medium (classes 3-4), and high (classes 5-6). The classification results show that the company's tax avoidance score tends to be concentrated in the medium level category, this pattern reflects the existence of relatively consistent tax management practices within the banking sector during the 2020-2024 period. The results of the simple score and frequency distribution are then used as a basis for the discussion of the next analysis.

Comparative Analysis

Cross-Sectional Comparison (interbank)

A cross-sectional comparative analysis was conducted to compare the tax avoidance levels between banking companies that were the research sample in the observation period. This comparison aims to identify differences in the characteristics of tax avoidance scores between banks based on the simple tax avoidance score that has been prepared. The following table presents the results of the comparison in 2024.

Table 4. Simple Tax Avoidance Score of Banking Companies in the LQ45 Index in 2024

Company Code	Modest Score in 2024	Interval Classes
BBCA	80	Medium
BBNI	82	Height
BBRI	78	Medium
BBTN	80	Medium
BMRI	80	Medium

(Source: Data processed by author, 2026)

Based on the 2024 tax avoidance simple score table, the banking companies that are the research sample are generally in the category of medium tax avoidance levels. BNI has the highest tax avoidance score of 82 and is classified in the high category, while BRI has the lowest score of 78 but is still in the medium category. The difference in simple tax avoidance scores between banks in the same period shows that there is a variation in the level of tax avoidance between banking companies in 2024. This indicates that there are variations in tax management policies implemented by each banking company.

For the other study periods, namely 2020 to 2023, the results of cross-sectional comparisons showed a relatively similar pattern. In general, banking companies in the LQ45 Index tend to be in the category of medium to high tax avoidance levels, with relatively limited variation in interbank scores.

Longitudinal Comparison (between periods)

Longitudinal comparative analysis was conducted to compare the tax avoidance levels of banking companies that were the research sample over time during the observation period. This comparison aims to see the dynamics of tax avoidance scores in each bank during the study period, namely 2020 to 2024.

Table 5. Simple Tax Avoidance Score of Banking Companies in the LQ45 Index for the 2020-2024 Period

Company Code	2020	2021	2022	2023	2024
BBCA	81	81	81	81	80
BBNI	65	87	81	82	82
BBRI	70	81	80	79	78
BBTN	71	79	79	80	80
BMRI	67	74	80	80	80

(Source: Data processed by author, 2026)

Based on the table above, it can be observed that each banking company shows a different pattern of changes in simple tax avoidance scores during the 2020-2024 period. BCA showed a relatively stable tax avoidance score, with values generally in the high interval class category in the 2020-2023 period and a limited decline to the medium category in 2024. This pattern shows

the consistency of BCA's tax avoidance rate during the research period. BNI showed more volatile changes in scores, especially a sharp increase from 2020 to 2021 and scores that tended to be in the high interval class category until the end of the research period. Meanwhile, BRI experienced an increase in score at the beginning of the period, followed by a gradual decrease until the end of the observation period.

BTN showed a relatively consistent trend of increasing tax avoidance scores throughout the study period. Meanwhile, Bank Mandiri experienced an increase in score at the beginning of the observation period, then showed a relatively stable pattern in the later period until the end of the study period, which indicates the consistency of the tax avoidance level at the end of the observation period.

Comparison by Characteristics

A comparative analysis based on characteristics was carried out to see the difference in the level of tax avoidance based on the characteristics of the ownership of banking companies, namely state-owned banks (SOEs) and private banks. This grouping aims to find out whether there is a difference in the tendency of simple tax avoidance scores between state-owned banks and private banks during the research period. Based on ownership characteristics, banks included in the SOE category are BBNI, BBRI, BBTN, and BMRI, while banks included in the private category are BBCA.

Table 6. Average Simple Tax Avoidance Score Based on Ownership Characteristics

Characteristics	Company Code	Average TA Score
Private	BBCA	81
SOEs	BBNI	80
	BBRI	78
	BBTN	78
	BMRI	76

(Source: Data processed by author, 2026)

Based on the table above, private banks represented by BCA had a higher average simple tax avoidance score compared to state-owned banks during the study period. Meanwhile, state-owned banks showed a modest score of tax avoidance that was relatively close to each other. The difference in the average simple tax avoidance score based on ownership characteristics shows that private banks tend to have a higher tax avoidance rate than state-owned banks.

Descriptive Pattern Analysis

Descriptive pattern analysis was performed to identify the pattern of relationship between profitability and Tax avoidance banking companies listed in the LQ45 Index use quadrant analysis (2x2 matrix). The mapping was done by placing the level of profitability on the X axis and a simple score Tax avoidance on the Y axis, resulting in four categories of behavior, namely High Profit-High Tax Avoidance, Low Profit-High Tax Avoidance, Low Profit-Low Tax Avoidance, and High Profit-Low Tax Avoidance. Neth et al. (2021) explains that the 2x2 matrix is a core representational structure (Core Construct) which is used to organize frequencies, probabilities, and categories based on two factors simultaneously. This structure serves as a unifying framework that can be used across domains to make it easier to understand and interpret data patterns.

Referring to the results of the earlier descriptive statistics, the average values of Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) are used as the basis

for classifying the company's profitability level into high and low categories. Meanwhile, a simple tax avoidance score is used to determine the company's position on the Y axis by referring to the score value and its distribution.

The results of the quadrant mapping show that BCA, BNI, and Bank Mandiri tend to be in the High Profit-High Tax Avoidance category, this condition indicates that these companies have a relatively high level of profitability and tax avoidance scores simultaneously during the observation period.

BRI in several observation periods is in the Low Profit-High Tax Avoidance category, which indicates that in certain periods a high level of tax avoidance can appear along with a relatively lower level of profitability. Meanwhile, BTN tends to be in the High Profit-High Tax Avoidance category for most of the study period, along with increasing and stabilizing its profitability level.

Overall, the categories of High Profit-Low Tax Avoidance and Low Profit-Low Tax Avoidance were relatively less found in the study sample. This shows that banking companies in the LQ45 Index generally have a tendency to have a high tax avoidance rate, regardless of the variation in the level of profitability that each company has. As an affirmation, the quadrant analysis in this study is presented descriptively to identify the trend pattern between profitability and tax avoidance without being intended to test the causal relationship or influence between variables.

DISCUSSION

Based on the results of the descriptive and comparative analyses presented, this study provides an overview of the variation in levels Tax avoidance banking companies listed in the LQ45 Index for the period 2020-2024. The findings of the study showed that there was a difference in scores Tax avoidance between companies and between periods, but tends to be in the medium and high categories, with relatively limited variation in scores between companies and between periods. These findings are in line with the characteristics of the banking industry which has a strict level of regulation and relatively maintained performance stability, as explained by Rastogi et al. (2022) That banks face the demands of regulation, performance (profitability), and risk simultaneously, so finding a way to balance all three is crucial. This characteristic causes variations in profitability between banks and between periods tend to be less extreme. This may explain why most of the banking companies in the sample show patterns Tax avoidance which are relatively consistent during the observation period.

In the context of tax regulations in Indonesia, the practice of Tax avoidance In banking companies, it can be understood as part of tax planning efforts that are carried out legally through the use of loopholes in tax regulations. Indonesia's tax system based on Self-assessment is a tax payment method that gives taxpayers the independence to calculate, pay, and report their own taxes. In practice, taxpayers interpret it as a loophole to carry out tax avoidance activities, because there is no coercion and excessive supervision from the tax authorities (Susanto, 2022). As explained by Mardiaism (2016), Tax avoidance is an attempt to ease the tax burden but not violate the law. Therefore, the score findings Tax avoidance The relatively high in some banks does not necessarily indicate a tax violation, but rather reflects a legitimate tax management strategy.

Furthermore, in terms of the company's internal policies, the difference in levels Tax avoidance Interbank transactions can be influenced by management policies and internal characteristics of the company, such as the scale of the business and financial capabilities. One

form of managerial behavior that is often associated with tax management strategies is profit management. Research by Selviani et al. (2025) shows that profit management has a significant effect on Tax avoidance, which indicates that the company's internal policies can play a role in tax management practices through the use of interpretation space in accounting standards. Banks with large business scales and high profitability tend to possess more adequate resources to carry out optimal tax planning, so that they are able to manage tax burdens more effectively than other banks.

In addition, the variety of practices Tax avoidance it can also be affected by the mechanisms of corporate governance, especially the existence of independent commissioners as parties who play a role in the supervision of management policies. Research Puspitasari & Wulandari (2022) found that independent commissioners and company size had a significant impact on Tax avoidance, which suggests that differences in corporate governance structure and business scale may be related to variations in tax management practices between companies. Company performance pressure can also be a driver for the occurrence Tax avoidance. Theoretically, research by Wahyudi et al. (2024) indicates that the pressure to reach the Return on Assets (ROA) can encourage financial reporting fraud and tax evasion practices.

In the context of time comparisons, the results of longitudinal comparisons show that most banking companies have a relatively stable tax avoidance rate from year to year. This stability can be understood as a reflection of the consistency of tax management policies implemented by companies, as well as the existence of regulatory certainty in the banking sector. Score fluctuations that occur in multiple companies tend to be in the same category, so they do not indicate a drastic change in tax management strategies during the observation period.

Meanwhile, the results of cross-sectional comparisons show that despite being in the same industry sector, each company has a different level of tax avoidance in the same period. This difference reflects the heterogeneity of internal policies and tax management strategies between companies. These variations can be attributed to differences in company characteristics, such as business scale, ownership structure, and managerial policy orientation, without being intended to show a cause-and-effect relationship between variables. Based on the characteristics of company ownership, the difference in the tendency of tax avoidance scores between private banks and state-owned banks (SOEs) means that ownership characteristics can be attributed to variations in tax management approaches. State-owned banks, as entities that have ties to the government, tend to show higher prudence in tax management than private banks.

In addition to internal and industrial factors, macroeconomic conditions also affect the performance and tax management strategies of banking companies. National economic conditions that experienced dynamics during the study period, including the impact of post-pandemic recovery, affected the performance of the banking sector. Results of the research Asih & Syafitri (2023) shows that the monetary policy of national economic recovery is effective in minimizing the impact of the COVID-19 pandemic where although the performance of banks that act as intermediaries for the implementation of this policy has not increased, but the bank has only experienced a slight decrease in revenue, in other words the policy can mitigate the impact of the COVID-19 pandemic so that the decline in banking income does not occur significantly. This condition shows that macroeconomic stability and recovery are important factors in maintaining banking performance.

In line with these findings, changes in macroeconomic conditions such as GDP growth and inflation have a significant effect on the profitability of banks in Indonesia (Nasution et al.,

2022), this can affect a company's tax management strategy over time. These changes in economic conditions can have an impact on the level of profitability and the company's tax management strategy over time, resulting in variations in scores Tax avoidance between observation periods.

Based on the overall contextual interpretation, It can be inferred that the practice of tax avoidance in banking companies in the LQ45 Index during the study period is inseparable from tax regulations, industry characteristics, internal company policies, and macroeconomic conditions. The variation in tax avoidance scores found did not stand alone, but rather reflected the company's response to the regulatory and economic environment it faced, including the difference in the level of profitability that each company has. Profitability in this study serves as an overview of the company's financial performance conditions that accompany the variation in tax management practices. Overall, the findings of this study also show that the use of a simple tax avoidance score based on Effective Tax Rate (ETR) is effective in describing and comparing the tax avoidance rate and profitability conditions of the company in a comprehensive and easy-to-understand manner, so that it is in line with the descriptive and comparative nature of the research.

CONCLUSION

Conclusion

This study concludes that banking companies listed in the LQ45 Index for the 2020-2024 period generally have a tax avoidance rate that is in the medium and high categories in the range of research data. Through the preparation of a simple score based on the Effective Tax Rate (ETR), this study shows that there is variation in the level of tax avoidance between companies and between periods, although most banks show a relatively stable pattern from year to year.

This study provides an empirical overview of the trend of tax management practices in the banking sector through a simple, easy-to-apply, and informative approach to tax avoidance measurement for the purposes of descriptive and comparative analysis. However, the results of this study need to be interpreted carefully because they are limited to the use of one tax avoidance indicator and the scope of the sample which only includes banking companies in the LQ45 Index. Therefore, the findings of this study are not intended to be generalized broadly or to investigate the causal links between variables.

Advice and Recommendations

Based on the results of the research, future research may expand the study to different industry sectors or companies outside the LQ45 Index is expected to increase generalization power and enrich understanding of the variety of tax avoidance practices in Indonesia.

Future research could also adopt an inferential approach to examine the relationship or influence of other factors, such as corporate governance mechanisms, firm size, ownership structure, and macroeconomic conditions on tax avoidance. Thus, the results of the research are not only descriptive, but also able to provide stronger implications for the development of theory and as a consideration for regulators and practitioners in formulating more effective tax policies.

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