

The Effect of Inventory Turnover, Fixed Asset Turnover, And Cash Turnover on Tax Avoidance Practices in Mining Sector Companies Period 2019-2022

Putri Tiara, Rana Fathinah Ananda, Aditya Amanda Pane

Abstract

This study was conducted to determine the effect of inventory turnover, fixed asset turnover and cash turnover on tax avoidance. Based on the established research hypothesis, it is known that inventory turnover, fixed asset turnover and cash turnover have a positive and significant effect on tax avoidance. The type of quantitative research with a causal associative approach. The population is 34 mining sector companies with a purposive sampling technique of 13 companies over a period of 4 years with a total of 52 data. The fund processing technique uses multiple linear regression analysis. The results of the study indicate that partially inventory turnover does not affect tax avoidance, but fixed asset turnover and cash turnover have a significant positive effect on tax avoidance and simultaneously inventory turnover, fixed asset turnover and cash turnover have a significant positive effect on tax avoidance.

Keywords: Inventory turnover, fixed asset turnover and cash turnover and Tax Avoidance

JEL Classification: G20, M40, M41

Putri Tiara
Accounting Study Program, Universitas Medan Area, Indonesia
e-mail: tiarapt024@gmail.com

Rana Fathinah Ananda, Aditya Amanda Pane
Accounting Study Program, Universitas Medan Area, Indonesia
e-mail: rana@staff.uma.ac.id, aditya@staff.uma.ac.id
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Introduction

Tax is a mandatory contribution to the state owed by individuals or bodies that is mandatory based on the 1945 Constitution (Sari, 2018). According to Soemitro (2018), Tax is a contribution from the people to the state treasury based on law (which can be enforced) without receiving any reciprocal services (counter-performance) that can be directly demonstrated and which are used to pay for general expenses. Based on this theory, taxes are one of the largest sources of funding and income for the state, so that the government requires every citizen to make payments. taxes in accordance with applicable provisions and rates.

In line with this, there are several phenomena of tax avoidance practices themselves that can currently be caused by several factors such as high inventory turnover, fixed asset turnover and cash turnover in generating profits, causing companies to tend to practice tax avoidance. Currently, there are several coal mining sector companies that experience low CETR / tax paid ratios, which can indicate that the company is practicing tax avoidance within a period of 4 years, namely the 2019-2022 period.

At PT Borneo Olah Saran Sukses Tbk, the CETR value was low from 2020 to 2022, namely 0.16% in 2020, 0.05% in 2021 and 3.54% in 2022. At PT Citatah Tbk, the CETR value was relatively low periodically from 2019 to 2022, resulting in: by 3.27% to 13.48% and at PT Golden Energy Mines Tbk, the company experienced fluctuations in CETR, namely in 2019 it was -2.48%, increasing to 29.32% in 2020, then decreasing to 9.52% and in 2022 it increased significantly to 78.23%. Based on this phenomenon, it can be concluded that the company has a varied CETR value and there are obstacles in carrying out its operational activities to maximize the taxes paid.

There is also a phenomenon that supports this research, namely according to BPS data (2023), namely in 2019, net income tax revenue in 2019 was IDR 772,265 billion, decreasing in 2020 to IDR 594,033.33 billion and in 2021 to IDR 696,676.6 billion. The decline and fluctuation in tax revenue was caused by the Covid-19 pandemic which forced companies to engage in tax avoidance practices to maintain the company's financial stability (Sari, 2018).

In addition to affecting the financing of the company's operational activities in the following year, this practice also greatly affects the trust and interest of investors in investing capital in the company. It is known that there are several variables that can affect the value of the CETR ratio in the company. namely inventory turnover, fixed asset turnover and cash turnover which are able to increase the company's ability to maximize sales made by the company in order to generate profits, thus causing the company to engage in tax avoidance practices.

Then, there is a *research gap* that underlies this research, namely according to Research (Kim & Zhang 2016) revealed that the company's political connections have an effect on tax avoidance because they can influence reducing the amount of tax and getting information about tax regulations. In addition, (Wicaksono, 2017) revealed that political connections through sales growth have a positive effect on tax aggressiveness, from these results it shows that the political connections made by the company are to lobby the government to avoid tax audits. Previous research conducted by Anindyka, Dimas et al (2018) obtained results that inventory intensity and fixed asset intensity have a negative effect on tax avoidance practices, but according to Arias (2014), Darmawan (2018) said that inventory intensity and fixed asset intensity do not affect tax avoidance practices.

Method Study

The population of this study is all financial reports of technology sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2022 period, totaling 3-4 companies. The sample in this study used the *purposive sampling* method. *Purposive sampling* with a total of 5-2 observation data. Data collection in this study used the documentation method and secondary data in the form of annual financial reports that can be accessed from www.idx.co.id, the official website of the Indonesia Stock Exchange. While the research approach used is

quantitative research, in this study the numbers and analysis are used in accordance with the statistical methods to be used (Sugiyono, 2015). Data processing was carried out using SPSS v.26 software and Microsoft Office Excel. Data analysis methods include Descriptive Statistical Tests, Classical Assumption Tests, Multiple Linear Regression Analysis and Hypothesis Tests.

Results and Discussion

Descriptive Statistics

Descriptive analysis method is an analysis method where data is collected, classified, analyzed, and interpreted objectively so as to provide information and descriptions of the variables discussed. The results of descriptive analysis of each research variable are presented in Table 2.

Table 1. Descriptive Statistical Test

Statistics		Y	X1	X2	X3
N	Valid	52	52	52	52
	Missing	0	0	0	0
Mean		.5575	14.5502	15.6696	13.4375
Median		.2300	10.4750	4.2400	5.7450
Mode		.19 ^a	4.31	.46 ^a	9.00
Std. Deviation		1.50360	12.67023	44.59312	30.25985
Minimum		.05	.86	.46	.72
Maximum		8.17	63.04	250.77	168.99
Sum		28.99	756.61	814.82	698.75
a. Multiple modes exist. The smallest value is shown					

Source: Data processed by SPSS.

Based on the results of the descriptive statistical data above, the following conclusions can be drawn:

1. For variable Y, namely Tax Avoidance, it has a maximum value of 8.17 in the company PT Energy Mega Persada Tbk (ENRG) in 2021 and a minimum value of 0.05 in the company PT Hillcon Tbk (HILL) in 2019. The *mean value* obtained is 0.557 with a *standard deviation value* of 1.503. From the results of the data processing obtained, all descriptive statistical values are normally distributed so that the data deviation that occurs is low and the distribution of values is even.
2. For variable X₁, namely Inventory Turnover, it has a maximum value of 63.4 in the company PT. Petrosea Tbk (PTRO) in 2020 and a minimum value of 0.86 in the company PT Antam Tbk (ANTM) in 2019. The *mean value* obtained is 14.550 with a *standard deviation value* of 12.670. From the results of the data processing obtained, all descriptive statistical values are normally distributed so that the data deviation that occurs is low and the distribution of values is even.
3. For variable X₂, namely Fixed Asset Turnover, it has a maximum value of 250.77 at PT Energy Mega Persada Tbk (ENRG) in 2021 and a minimum value of 0.46 at PT Vale Indonesia Tbk (VALE) in 2022. The *mean value obtained is 15.669 with a standard deviation value* of 44.593. From the results of the data processing obtained, all descriptive statistical values are normally distributed so that the data deviation that occurs is low and the distribution of values is even.
4. For variable X₃, namely Cash Turnover, it has a maximum value of 168.99 in the company PT Hillcon Tbk (HILL) in 2021 and a minimum value of 0.72 in the company PT Harum Energy Tbk (HRUM) in 2020. The *mean value* obtained is 13.437 with a *standard deviation value* of 30.259. From the results of the data processing obtained, all descriptive statistical values are normally distributed so that the data deviation that occurs is low and the distribution of values is even.

Normality Test Results

Test normality Which used in study This is test *Kolmogorov Smirnov Test*. Decision making in the *Kolmogorov-Smirnov Test* is if the data shows a significant value greater than 0.05, then the data can be it is said distributed normal. Here is results test *Kolmogorov-Smirnov Test*.

Table 2. Kolmogorov-Smirnov test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		52
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.70874815
Most Extreme Differences	Absolute	.097
	Positive	.097
	Negative	-.074
Test Statistics		.097
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Data processed by SPSS.

Kolmogorov Smirnov test that has been carried out, a significant value of $0.200 > 0.05$ was obtained. According to Sugiyono (2016), if the normality significance value through the *Kolmogorov-Smirnov* test > 0.05 , it can be concluded that the data is normally distributed and vice versa. In the results Table 4.3 above, with a significant value of $0.200 > 0.05$, it can be concluded that the data is normally distributed.

Multicollinearity Test Results

According to Ghozali (2018), this test aims to test whether there is a correlation between independent variables in the regression model. In a good regression model, there should be no correlation between independent variables. To detect the presence or absence of multicollinearity in the regression model, it can be seen from *the tolerance* value or *variance inflation factor* (VIF). To detect the presence or absence of multicollinearity in this model is as follows:

Table 3. Multicollinearity Test Results

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	Vif
1	(Constant)	-1.467	.379		-3.874	.000		
	Inventory Turnover	-.189	.129	-.174	-1,461	.150	.968	1,033
	Fixed Asset Turnover	.345	.077	.530	4.465	.000	.979	1,022
	Cash Turnover	.041	.096	.050	3.425	.003	.989	1.011

A. Dependent Variable: Tax Avoidance

Source: Data Processed by Spss (2024).

Based on the results above, the following conclusions can be drawn:

1. In variable X1 , the tolerance value is $0.968 > 0.10$ and the VIF value is $1.033 < 10$. Based on these results, based on the predetermined value testing criteria, the data for variable X1 does not show symptoms of multicollinearity so that the data is normally distributed.
2. In variable X2 , the tolerance value is $0.979 > 0.10$ and the VIF value is $1.022 < 10$. Based on these results, based on the predetermined value testing criteria, the data for variable X2 does not show symptoms of multicollinearity so that the data is normally distributed.
3. In variable X3 , the tolerance value is $0.989 > 0.10$ and the VIF value is $1.011 < 10$. Based on these results, based on the predetermined value testing criteria, the data for variable X3 does not show symptoms of multicollinearity so that the data is normally distributed.

Heteroscedasticity Test Results

The heteroscedasticity test is carried out by regressing the independent variables with their absolute residual values. According to Sugiyono (2016), one way to measure whether or not there are symptoms of heteroscedasticity can be seen from the *scatterplot graph*, where if the data distribution pattern is wide, there is no problem with the results of the heteroscedasticity test. The following are the results of the heteroscedasticity test.

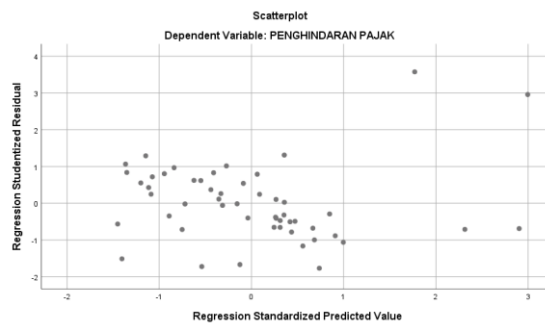


Figure 1. Heteroscedasticity Test Results

Based on figure 4.3 above, it can be concluded that all data is spread out and does not form a particular pattern. Based on these results, the data above can be concluded that there are no symptoms of heteroscedasticity.

Autocorrelation Test Results

Retrieval decision on test autocorrelation with use test *Durbin Watson* as following:

1. Durbin Upper (DU) < Durbin Watson (DW) < 4–DU so Hey accepted, it means No happen autocorrelation.
2. DW < Durbin Lower (DL) or DW > 4–DL so Hey rejected, it means happen autocorrelation.
3. DL < DW < DU or 4–DU < DW < 4–DL, it means Nothing There is certainty or conclusion Which Certain.

Based on the decision-making criteria for the autocorrelation, the results of the autocorrelation test that have been tested are shown in table 4 as follows.

Table 4. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.784 ^a	.616	.593	.50787	1,729
a. Predictors: (Constant), CASH TURNOVER, FIXED ASSET TURNOVER, INVENTORY INTENSITY					
b. Dependent Variable: TAX AVOIDANCE					

Source: SPSS Processed Data (2024).

Durbin Watson test using SPSS, the result is 1.729. For DU, the value is 1.676 and DL is 1.433. The results of DU and DL are obtained through the *Durbin Watson table* with the

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number of n (research samples) of 52 data and k (independent variables) totaling 3 independent variables. Based on the data above, it can be concluded that there are no symptoms of autocorrelation in this study with the following provisions.

1. $DU < DW < 4-DU$.
2. $1,676 < 1,729 < 4-1,676$.
3. $1,676 < 1,729 < 2,324$.

Based on the results and provisions of the autocorrelation that have been carried out, it can be concluded that there are no symptoms of autocorrelation and can be continued to carry out further tests.

Multiple Linear Regression Analysis Test Results

Multiple linear regression analysis to test hypotheses about the relationship two or more independent variables together with one dependent variable dependent. In this study, one independent variable and one dependent variable were used. dependent variable. Here linear regression analysis results doubled in table 6 as follows.

Table 5. Multiple Linear Regression Analysis Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.467	.379		-3.874	.000		
	Inventory Turnover	-.189	.129	-.174	-1,461	.150	.968	1,033
	Fixed Asset Turnover	.345	.077	.530	4.465	.000	.979	1,022
	Cash Turnover	.041	.096	.050	3.425	.003	.989	1.011

Based on the data results above, the following equation can be obtained:

$$Y = -1.467 - 0.189X_1 + 0.345X_2 + 0.041X_3$$

From the regression equation above, the following conclusions can be drawn:

1. The constant (a) of -1.467 states that if Inventory Turnover, Fixed Asset Turnover and Cash Turnover are considered to have a value of 0, then Tax Avoidance Practices is -1.467.
2. The regression coefficient value of Inventory Turnover is obtained at -0.189 which indicates a negative relationship. This states that, if the Inventory Turnover variable increases by 1, the Tax Avoidance Practice variable decreases by -0.189%.
3. The regression coefficient value of Fixed Asset Turnover is obtained at 0.345 which indicates a positive unidirectional relationship. This states that, if the Fixed Asset Turnover variable increases by 1, the Tax Avoidance Practice variable increases by 0.345%.
4. The regression coefficient value of Cash Turnover is obtained at 0.041 which indicates a positive unidirectional relationship. This states that, if the Cash Turnover variable increases by 1, the Tax Avoidance Practice variable increases by 0.041%.

Hypothesis Test Results

t-Test Results (Partial)

The t-test is used to determine the influence between variables, namely independent variables on dependent variables. The independent variables used in this study are institutional ownership, managerial ownership and profitability. while the dependent variable used in this study is profitability. The results of the hypothesis in this study are as follows.

Table 6. T-Test Results (Partial)

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.467	.379		-3.874	.000		
	Inventory Turnover	-.189	.129	-.174	-1.461	.150	.968	1.033
	Fixed Asset Turnover	.345	.077	.530	4.465	.000	.979	1.022
	Cash Turnover	.041	.096	.050	.425	.003	.989	1.011

Source: Data processed by SPSS.

In the statistical t-test that has been conducted, all independent variables have a significant influence on the dependent variable. Based on table 7, the results of the t-test can be concluded as follows.

1. The Effect of Inventory Turnover on Tax Avoidance.

Based on the results of the t-test that has been conducted, it is known that the calculated t value <t table is -1.461 after the absolute becomes 1.461 <2.009 and the significant value is 0.150> 0.05. So it can be concluded that Inventory Turnover has no effect on Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H1 is rejected and Ho is accepted.

2. The Effect of Fixed Asset Turnover on Tax Avoidance.

Based on the results of the t-test that has been conducted, it is known that the calculated t value > t table, namely 4.465 > 2.009 and a significant value of 0.000 <0.05. So it can be concluded that Fixed Asset Turnover has a positive and significant effect on Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H2 is accepted and Ho is rejected.

3. The Effect of Cash Turnover on Tax Avoidance.

Based on the results of the t-test that has been conducted, it is known that the calculated t value > t table, namely 3.425 > 2.009 and a significant value of 0.003 <0.05. So it can be concluded that Cash Turnover has a positive and significant effect on Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H3 is accepted and Ho is rejected.

F Test Results (Simultaneous)

The f test is used to determine all independent variables against the dependent variable. The independent variable used in this study is tax avoidance while the dependent variable used in this study is inventory turnover, fixed asset turnover, and cash turnover. The results of the hypothesis in this study are as follows.

Table 7. f Test Results (Simultaneous)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.128	3	4.376	8.199	.000 ^b
	Residual	25,619	48	.534		
	Total	38,747	51			
a. Dependent Variable: TAX AVOIDANCE						
b. Predictors: (Constant), CASH TURNOVER, FIXED ASSET TURNOVER, INVENTORY INTENSITY						

Source: Data processed by SPSS (2024).

In the statistical test f that has been conducted, all independent variables have a significant influence on the dependent variable. Based on table 4.8 the results of the f test are

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8.199 > t-table which is 2.790 and the Sig value is 0.000 < 0.05. Based on the results of the test and hypothesis that have been conducted, it can be concluded that H₄ is accepted and H₀ is rejected.

Determination Test Results (R²)

The coefficient of determination (R²) is used to measure how far the model's ability to explain independent variables. This test can be seen from the probability of the *Adjusted R Square value* in the research that has been conducted, namely in table 9 below.

Table 8. R² Determination Test Results

Model Summary ^b					
Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.784 ^a	.616	.593	.50787	1,729
a. Predictors: (Constant), CASH TURNOVER, FIXED ASSET TURNOVER, INVENTORY INTENSITY					
b. Dependent Variable: TAX AVOIDANCE					

Source: Data processed by SPSS (2024).

Based on the results of the determination coefficient test that has been carried out, the determination value obtained shows the *Adjusted R Square value* in this study of 0.593 or 59.3%. According to Sugiyono (2016) a good *Adjusted R Square is if the value of the retribution capability (R2)* is > 0.5 or 50%. This states that all independent variables, namely Inventory Turnover, Fixed Asset Turnover and Cash Inventory are able to interpret the dependent variable, namely Tax Avoidance, by 59.3% and the remaining 40.7% is influenced by variables not examined in this study such as company age, *return on equity*, stock price and other related variables.

Discussion

The Influence of Inventory Turnover on Tax Avoidance Practices in Mining Sector Companies

Based on the results of the t-test that has been carried out, it is known that the calculated t value < t table is -1.461 after the absolute becomes 1.461 < 2.009 and the significant value is 0.150 > 0.05. So it can be concluded that Inventory Turnover has no effect on Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H₁ is rejected and H₀ is accepted. According to Sari (2018) inventory is a number of goods that must be provided by the company in a certain place. This means that there are a number of goods provided by the company to meet the needs of production or sales of merchandise. Furthermore, inventory turnover shows how many times the ability of funds embedded in inventory rotates in a certain period. The higher the turnover rate, the greater the amount of funds embedded in inventory.

In this study, inventory turnover has no effect on tax avoidance. This is because the inventory owned by the company in making sales does not have a good proportion for management to carry out tax avoidance practices because management usually avoids taxes with fiscal corrective analysis of the company's operating costs or income (Sari, 2018). Inventory turnover that has no effect will certainly not have an impact on tax avoidance practices, but it will certainly affect the company's gross profit. The results of this study are not in line with Sari (2018), Diana & Sanotoso (2016) who stated that inventory turnover has a significant positive effect on tax avoidance, but in line with Wandari's research (2021) which states that inventory turnover has no effect on tax avoidance and Nidiana & Zaki (2023) who stated that inventory turnover has no effect on tax avoidance.

The Influence of Fixed Asset Turnover on Tax Avoidance in Mining Sector Companies

Based on the results of the t-test that has been carried out, it is known that the calculated t value $> t$ table, namely $4.465 > 2.009$ and a significant value of $0.000 < 0.05$. So it can be concluded that Fixed Asset Turnover is positively and significantly related to Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H2 is accepted and Ho is rejected. The increasing level of fixed asset turnover determines that the company has good asset management, where all assets owned by the company are used efficiently and effectively, so there are no assets that accumulate. Because of the large asset turnover, the cash inflow also increases due to the operations that take place at a high and precise level. (Sitorus et al., 2022). According to (Nofatilofa & Efriyenti, 2020) it is used as an evaluation of the company's ability to utilize its assets effectively so that income increases which is recorded according to the type of high and precise financial report. The greater the fixed assets in the company, the higher the level of profitability of the company. This means that the company can meet all existing obligations and can be faster in determining policies related to the company's finances because fixed assets are the most important element in carrying out operational activities. (Sijabat, 2021).

The growth of fixed asset turnover will certainly increase the company's profitability; this will certainly affect tax avoidance practices. Agency theory is the theory that underlies this, because the higher the profitability obtained by management, it will certainly increase the motivation to get bonuses from shareholders (Sari, 2018). Therefore, management will carry out tax avoidance practices so that the tax burden paid is small. The results of this study are in line with research according to Sari (2018) and Diana & Sanotoso (2016) fixed asset turnover has a significant positive effect on tax avoidance. Based on the theory and results of this study, it can be concluded as follows:

The Influence of Cash Turnover on Tax Avoidance in Mining Sector Companies

Based on the results of the t-test that has been conducted, it is known that the calculated t value $> t$ table, namely $3.425 > 2.009$ and a significant value of $0.003 < 0.05$. So it can be concluded that Cash Turnover is positively and significantly related to Tax Avoidance in mining sector companies. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H3 is accepted and Ho is rejected.

Cash turnover is the ratio of sales to average cash. Cash turnover is used to measure the level of cash availability to pay bills (debts) and costs related to sales. Cash turnover shows how many times a company's cash turns over in one year or period (Kasmir, 2023). The more cash the company has, the higher the company's liquidity level. This means that the company can meet all existing obligations and can be faster in determining policies related to the company's finances because cash is the most easily accepted element in transactions and operations (Sari, 2018).

The growth of cash turnover will certainly increase the company's profitability; this will certainly affect the practice of tax avoidance. Agency theory is the theory that underlies this, because the higher the profitability obtained by management, of course it will increase the motivation to get bonuses from shareholders (Sari, 2018). Therefore, management will carry out tax avoidance practices so that the tax burden paid is small. The results of this study are in line with research according to Sari (2018), Diana & Sanotoso (2016) cash turnover has a significant positive effect on tax avoidance.

The Influence of Inventory Turnover, Fixed Asset Turnover and Cash Turnover on Tax Avoidance in Mining Sector Companies

In the statistical test f that has been conducted, all independent variables have a significant influence on the dependent variable. Based on table 4.7, the results of the f test are

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8.199> t-table, namely 2.790 and the Sig value is 0.000 <0.05. Based on the results of the tests and hypotheses that have been carried out, it can be concluded that H₄ is accepted and H₀ is rejected. The growth of inventory turnover, fixed assets and cash will increase the company's profitability, this will certainly affect tax avoidance practices. Agency theory is the theory that underlies this, because the higher the profitability obtained by management, of course it will increase the motivation to get bonuses from shareholders (Sari, 2018). Therefore, management will carry out tax avoidance practices so that the tax burden paid is small. There are research results that support this research, namely according to Sari (2018), Chyntia (2023) inventory turnover has a significant positive effect on tax avoidance.

Conclusion

1. Inventory turnover has no effect on tax avoidance practices in mining sector companies.
2. Fixed asset turnover has a positive and significant effect on tax avoidance practices in mining sector companies.
3. Cash turnover has a positive and significant effect on tax avoidance practices in mining sector companies.
4. Inventory turnover, fixed asset turnover, and cash turnover have a positive and significant effect on tax avoidance practices in mining sector companies.

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