The Impact of Tax Aggressiveness, Enterprise Value, Thin Capital, and Company Performance on Share Price on Jakarta Islamic Index Category Companies

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ABSTRACT

This research is part of a continuation of previous research, namely about the Jakarta Islamic Index, but currently researchers want to know the level of influence of JII category stock prices can be influenced by Tax Aggressiveness, Company Value, Thin Capital and Company Performance of the Jakarta Islamic Index Issuers.

The analysis used in this study is a Quantitative Method, with the analysis used by conducting normality tests and multiple regression tests, so that from the test results can be known the level of influence of these independent variables on the JII stock price variable.

The conclusion of the study is that partially or simultaneously the variable Change in Stock Prices of issuers indexed as the Jakarta Islamic Index is positively and cynically influenced by all independent variables which include tax aggressiveness, Enterprise Value, Thin Capital and Company Performance.

Keywords*:* Tax Aggressiveness, Enterprise Value, Thin Capital, Company Performance, Share Price

INTRODUCTION

Research Background

Price movements of a group of sharia stocks are selected based on criteria that have been determined through selection by the Financial Services Authority (OJK) through the issuance of the Sharia Securities List (DES) periodically every six months. With statistical measurements so that it becomes a Sharia Stock Index. One of the objectives of the Islamic stock index is to make it easier for investors to find references in investing in sharia in the capital market. The development of the Islamic stock index continues to be carried out by IDX looking at the needs of capital market industry players. Currently, there are 5 (five) sharia stock indices in the Indonesian capital market, one of which is the Jakarta Islamic Index (JII).

The Jakarta Islamic Index (JII) is a sharia stock index that was first launched on the Indonesian capital market on July 3, 2000. JII's constituents consist of only 30 of the most liquid Islamic stocks listed on the IDX. Just like ISSI, the review of sharia shares that are constituents of JII is carried out twice a year, May and November, following the DES review schedule by OJK. IDX determines and selects sharia stocks that are constituents of JII. The liquidity criteria used in selecting 30 sharia stocks from all sharia stocks included in the constituents of the Indonesian Sharia Stock Index (ISSI) have been recorded for the last 6 months, then 60 stocks were selected based on the order of the highest average market capitalization for the last 1 year, then 30 stocks were selected based on the average daily transaction value in the highest regular market, so that the remaining 30 stock issuers are selected shares and are the most liquid listed companies on the Indonesia Stock Exchange.

JII's capitalization on the Indonesia Stock Exchange market at the beginning of its establishment in 2000 reached IDR 74,268.92 billion and at the end of 2021 amounted to IDR 1,965,127 billion; there was an increase of 2546% in the capitalization value of the Jakarta Islamic Index stock issuers since that year.

The capitalization of the Stock Price Index including JII is much influenced by the movement of the value of the issuer's shares, the issuer's stock price can also be influenced by several factors that influence it, several internal variables of the issuer company can affect this including variables of the fundamental condition of the issuer company such as equity, company liabilities, financial performance growth, company revenue, and external company variables such as tax regulations, inflation, interest rates, investment and political and government policies.

The implementation of tax collection by the government does not always get a good response from companies. The company was established with the main purpose and purpose of maximizing profits so that companies object if they are required to pay a large enough amount of tax, for that the company looks for alternatives using various ways to minimize tax expenditures (Djohar &; Rifkhan, 2019). This encourages companies to minimize the tax burden they bear. One way that can be done is by tax planning or by tax aggressiveness. Tax aggressiveness is the company's desire to minimize the tax burden through tax planning activities aimed at maximizing the value of the Company (Leksono A. W., Albertus S.S., Vhalery R, 2019).

Based on sources from the Cabinet Secretariat of the Republic of Indonesia, Minister of Finance Sri Mulyani revealed that although the growth rate has normalized, the performance of tax revenues until the end of July 2023 is still growing positively. "Of course, due to various factors, commodity prices have normalized. The second is that slowing world economic growth affects the performance of several such as exports and also various activities in the country," said the Minister of Finance, quoted from the Ministry of Finance website, Monday (14/08/2023). State revenue from taxes until the end of July 2023 reaches IDR 1,109.1 trillion or 64.6 percent of the 2023 State Budget (APBN) target. This revenue achievement was recorded to grow by 7.8 percent on an annual basis [29].

There is a study reported in Pajaku.com [28] launching the study that the Government of Indonesia is estimated to experience losses of US $ 4.86 billion per year or equivalent to IDR 68.7 trillion (rupiah exchange rate worth IDR 14,149 per United States dollar) due to tax avoidance. In the headline entitled The State of Tax Justice 2020: Tax Justice in the time of COVID-19 reported by Tax Justice News that in a total of IDR 68.7 trillion, the loss was caused by corporate taxpayers who carried out tax avoidance in Indonesia. The total loss caused reached US $ 4.78 billion or equivalent to IDR 67.6 trillion. While the rest, comes from individual taxpayers with an amount of US $ 78.83 million or equivalent to IDR 1.1 trillion. In addition, multinational companies transfer profits to the state which is considered a tax utopia.

This is done in order not to report the amount of profit actually obtained from the country where the business is located. Thus, a business entity that carries out such practices ends up paying less tax than it should.

Related to these studies and many studies have been conducted on this matter, including research on the effect of tax aggressiveness on stock prices. There is a study on Tax Aggressiveness on Company Value with Leverage in Mining Companies, with the conclusion showing that Tax Aggressiveness negatively affects the Debt Equity Ratio, and the Debt Equity Ratio affects Company Value, in the study it is stated that the smaller the ETR indicates the higher tax aggressiveness and greatly affects the increase in the value of the company's debt studied, likewise, the higher the level of DER or Leverage, it indicates the low value of the company (Andawiyah A, Subekti A., Hakiki A, 2019).

Furthermore, research on the Effect of Tax Aggressiveness on Company Value, the Moderating Effects of Transparency and Institutional Ownership, this research was conducted on manufacturing public sector companies, research period from 2014 – 2016, Prastiwi D & Walidah A. N, (2020),with the results showing that tax aggressiveness causes a decrease in company value, besides that the existence of information transparency can reduce the decline in company value due to tax aggressiveness activities.

Another researcher stated that corporate income tax of public companies in general affects the dividend policy in public companies (Prihandini W., 2012), as we know that corporate income tax is the result of calculating the profit before tax of the public company, and after tax reconciliation is carried out so that it causes taxable income and then multiplied by the tax rate so that it is the corporate income tax paid, Furthermore, in the tax aggressiveness ratio formula is Corporate Income Tax compared to profit before tax, then the large or small size of tax payments paid by the company is from the company's actions is part of tax aggressiveness, in the study it was also stated that in the Jakarta Islamic category issuer companies the Index in conducting dividend policies is not influenced by the Corporate Income Tax.

The goal of aggressive tax policy is to reduce corporate taxes. In line with previous empirical research, it defines tax aggressiveness as all tax planning activities, whether they are legal, illegal, or in a gray area. Terms such as tax avoidance or tax management can replace the terms tax aggressiveness, (Lanis, R., & Richardson, G., 2012).

In research Rambe A. A. & Utami W. (2021), on Analysis of Factors affecting Tax Aggressiveness in Property and Real Estate Companies listed on the Indonesia Stock Exchange, 2017-2019, with the results of research that tax aggressiveness is not significantly influenced by Leverage, Profitability, and but is positively significantly influenced by Capital Intensity Ratio, and negatively influenced by Inventory Intensity. This reflects that tax aggressiveness is not triggered by debt that is sufficient to leverage the company's operations so that company management does not bear interest expenses that do not have an impact on corporate income tax, as for profitability that can increase ROA or profit before tax will increase Corporate Income Tax as well so that it has a positive relationship with an increase in ETR as well, in the next result, the relationship between ROA and ETR becomes negative due to the impact of tax reform that lowers statutory tax rates, next if the aggressiveness of corporate taxes is low due to the value of high company profitability. Other results show that the higher the capital intensity ratio, the higher the ETR, the higher the ETR, the lower the tax aggressiveness, because inventory intensity is not included in the tax deduction in the tax system. However, management needs to make more intent efforts to manage the company's inventory intensity in order to reduce the company's tax burden.

Other variables that are expected to affect stock market prices on the stock exchange in general, including the price of JII indexed stock issuers are the Company Value factor of the issuer, research related to this has been carried out by several researchers, including research on The Effect of Earning Per Share, Price to Book Value, Dividend Payout Ratio, and Net Profit Margin on the Stock Price in Indonesia Stock Exchange (Bustani B., Kurniaty K., and Rahmi Widyanti R.(2021), with research findings confirming the significant influence of Earnings per Share, Price to Book Value, and Dividend Payout Ratio on stock prices. Meanwhile, Net Profit Margin did not have a significant effect on stock prices in the study period. Implicitly in this finding there is a practical implication that EPS, PBV, DPR, and NPM ratio information can be considered in investment decisions for anyone.

Research on the Effect of Earnings Per share, Price to Book Value, Return on Assets, and Return on equity as independent variables on Stock Prices as dependent variables in the Financial Sector of public companies (Cahyaningrum Y.W., and Anikasari T.W. 2017) with the conclusion of the study states that both simultaneously and partially all independent variables positively affect stock price variables, including Price to Book Value variables as a proxy of the Company Value has a positive effect on the stock price under study, so it can be stated that PBV has a strong relationship as the fundamentals of the stock on the stock price.

Furthermore, there is a study by Safitri E., Djazuli A., and Yanti D (2020) on Research about The Influence of Earning Per Share, Price Earning Ratio and Price to Book Value on the Jakarta stock Price Index of Islamic company listed on the Indonesia Stock Exchange, in the study obtained one of the conclusions stating that Price Book Value as a proxy of Company Value has a significant effect on the share price of Jakarta Islamic Index issuers, this illustrates that a higher PBV is able to increase stock prices in the stock market because companies that are able to operate well have high PBVs. Company value describes the good or bad performance of the company that can increase investor interest in investing.

Next, another variable that is indicated to affect stock prices indexed as the Jakarta Islamic Index is Thin Capital. Financing through debt to support the company's operations is one way that the company does, but the financing mechanism incurs a cost of fundsthat can have an effect on reducing the company's performance which will result in a decrease in company value and potentially.

This study also examines and connects with the Thin Capital variable, and there is a study on the Effect of Thin Capitalization on Corporate Tax Avoidance Indonesia Sharia Stock Index by Andawiyah A, Subekti A., Hakiki A. (2019), while the conclusion of the study states that Thin Capital has a significant effect on the cash effective tax rate with proxy as tax avoidance, based on the results of the study it can be interpreted that there is financing made by issuers This has an impact on the cost of financing which causes a reduction in the performance of the issuer company, thus affecting the amount of corporate income tax paid, also according to researchers allegedly affects the value of the company and stock prices on the stock exchange market.

Research stated in a study on the effect of capital intensity, thin capital, transfer pricing, profitability and sales growth on tax aggressiveness in the Consumers Goods Industry (Tiyanto G.M.M, and Achyani F, 2022),with the conclusion of the study one of them states that thin capital does not have a significant effect on tax aggressiveness. Based on the conclusions of the study, it can be interpreted that financing that causes the cost of funds does not affect the payment of corporate income tax, then the researcher further argues that Thin Capital has no effect also on the value of the company and the price of JII indexed shares traded on the exchange.

The next study examines by Qolbiyati M., Asakdiyah S., Hidayat T., Sutanto A., Fikri M.A(2022), about the Effect of Capital Structure, Company Size and Profitability on Share Prices of companies indexed by the Jakarta Islamic Index for the period 2015-2019, with the results of Capital Structure research not having a significant negative effect on the Share Price of JII indexed issuers. In the study, it is known that if the capital structure is proxy with the Debt to Equity Ratio (DER), the results of the analysis in the study have a low value, and then this shows that the company's debt is getting smaller and can increase stock prices. Companies that have a larger amount of debt, investors will see the risk of failure in paying debts is likely to occur, and companies have the potential to prioritize creditors' interests first in terms of making payments in situations of lack of funds, then it will be interpreted by investors that companies that in carrying out their operational activities using large amounts of loans are actions of Thin Capital, So that it will affect performance, as well as stock prices will affect and potentially weaken.

The variables indicated to affect the Share Price of JII indexed issuers are Company Performance, these variables are Proxy with Profitability (Qolbiyati M., Asakdiyah S., Hidayat T., Sutanto A., Fikri M.A, 2022) there is the Effect of Capital Structure, Company Size and Profitability on the Share Price of companies indexed by the Jakarta Islamic Index for the period 2015-2019, where one of the conclusions is that Profitability has a significant influence on the share price of issuers indexed by the Jakarta Islamic Index. The results of this study support the hypothesis thatthe measure of performance success is indicated by the value of profit or return obtained from the Company's operating activities. With higher profits, these conditions indicate that the Company has good business prospects, and investors are becoming more interested and responding with positive signals. With the response of interest from investors, it will affect the increase in stock market prices which ultimately increases the value of the Company.

Based on the studies mentioned above, it becomes a trigger to conduct further research by analyzing more deeply where tax aggressiveness is identical to Effective Tax Rate or Cash Tax Rare, Thin Capital is identical to Leverage or Capital Structure with Financing Ratio to Debt Equity Ratio, Company Value is identical to company book value or Price to Book Value, Earning Per Share, as well as Financial Performance or Financial Performance that is identical to Profitability, both ROA, ROE, NPM which are used as Independent Variables and proxies on the Dependent Variable are Stock Prices or Changes in stock market prices, with the object of research of Stock Issuer Companies indexed as the Jakarta Islamic Index, with a research period from 2019 to 2023,so that this is from the difference between research conducted and previous research, this study in-depth analyzes the influence of Tax Aggressiveness, Thin Capital, Company Value and Company

Performance of Issuers Shares indexed by the Jakarta Islamic Index with the period of the research year mentioned.

LITERATURE REVIEW

Research is presented by approaching quantitatively through descriptive analysis, this is by showing the system of actual facts as they are, then testing the relationship between independent variables and dependent variables studied from the start of the process of collecting data, processing, analyzing and interpreting data. The descriptive analysis is used to answer related to Tax Aggressiveness, Company *Value, Thin Capital* and Company Performance on the share price of company issuers listed as the Jakarta Islamic Index.

The approach states that quantitative methods are methods with the principle of developing positive thinking, used to measure certain populations; collect data with research tools, quantitative data analysis, and the purpose of the approach is to measure predetermined hypotheses (Prastiwi D & Walidah A. N, 2020). On the basis of data from what has happened and is happening. Quantitative research can be carried out, while the condition of causal relationships occurring in connection with these phenomena is relatively fixed, observable, and measurable.

The approach used in the research studied. The approach in this study is a quantitative method because the data obtained is in the form of numbers. In accordance with the problem statement and objectives.

Research, the design used in this study is casual design. Causal design is commonly used to analyze cause and effect as well as relationships between variables or how one variable can affect other variables.

This study also takes a causal relationship approach, namely conducting a cause-and-effect relationship analysis, causal relationship is a formulation of research problems that are in the nature of asking the relationship between two or more variables which are expressed as causal relationships between independent variables as influence variables and dependent variables as an influenced variable (Sugiyono, 2019). In this study, researchers tested the hypothesis whether there is an influence of Tax Aggressiveness, Company Value, *Thin Capital* and Company Performance on the share price of company issuers listed as the Jakarta Islamic Index with a research period from 2019-2023.

Operational Variables and Inter-Variables Hypotheses

The research variables include Independent Variables consisting of Tax Aggressiveness, Company Value, Thin Capital and Company Performance, as well as Dependent Variables, namely on the share prices of company issuers listed as the Jakarta Islamic Index, and the research period from 2019-2023.

Dependent Variables

The object of this study is issuers of companies indexed by the Jakarta Islamic Index with a research period from 2019-2023, based on this, the dependent variable in this study is the stock price at closing that applies in the market at the end of each period during the study, data analysis of this variable is on changes in the market price of the stock issuer. In the previous study on the Effect of Changes in IDX Composite, Financial Leverage and Issuer Stock Prices on Changes in JII (Halim S., Buana M.T. L, 2022)where the study formulated for the analysis of changes in JII indexed stock prices using the formulation:

$$\sum \text{Change in stock price} = \frac{\sum Pt1 - Pt1\text{-}1}{\sum Pt1\text{-}1} \times 100\%$$

Description:

Market price of the stock issuer period t = Pt

Market price of the previous period of the stockissuer=Pt-1

The use of the above formula is in line with researcher Halim S., Buana M.T. L. (2022):in Effect of Changes in IDX Composite, Financial Leverage and Issuer Stock Prices on Changes in JII.

The data on stock price changes analyzed are sourced from www.idx.co.id period 2019 to 2023.

Independent Variable

Variables that affect other variables are Independent variables (Sugiono, 2018), as mentioned above that what is used as an Independent variable is:

Tax Aggressiveness

An attempt or action taken to engineer Taxable Income through tax planning actions either using tax avoidance methods that are classified as legal or legal by not violating the law (tax avoidance) or tax evasion (tax evasion) so that company profits can be presented adequately to be optimal according to the company, then it is as a level of Tax Aggressiveness (Suhana, D. F. &Kurnia, K, 2021).

The act of tax aggressiveness is an open secret carried out by some companies by doing profit management so that paying taxes is regulated in such a way that it is not optimal and is in a gray area in ha; Following these tax provisions, the advantage of making tax payments that are not maximal has an impact on actions detrimental to the state, companies and citizens should be obedient to pay taxes in order to carry out state obligations both individual taxpayers and corporate taxpayers (Djohar, C., & Rifkhan, 2019). The formulation of tax aggressiveness used in this study is through calculations with the Effective Tax Rate (ETR) can be described as follows:

ETR= (Income tax expense)/ (Profit before tax) x 100%

Tax aggressiveness directly has no direct effect on Company Value, and the Effective Tax Rate has a positive relationship with DER/Leverage (Aryani D.N., Fauzi R, 2023). In this study, the dependent variable is Company Value, and in contrast to this study where the dependent variable used is the Stock Price of Jakarta Islamic Index issuers that apply in the market, so it is slightly different from the study, however, the dependent variable of the previous research is almost the same meaning, which is related to the Stock Price referred to in this study, So that the hypothesis built is:

H1: Tax aggressiveness affects the Share Price of Jakarta Islamic Index issuers.

Enterprise Value

The value of the company in signaling theory is very important to signal the information provided by the company to external parties, so this signal shows that the company is transparent in its management. In signaling theory, Price to Book Value can provide good news / positive signals to investors (Khairudin, K., & Wandita, W., 2017). A high PBV ratio is a confidence factor in its prospects (Lestari, A. P., & Susetyo, A., 2020).

However, viewed from the other side Company Value is a measure of company value that is very closely related to market capitalization (Ross, Westerfield, Jaffe, Jordan, 2019), then the Company will focus on the market value of outstanding shares, then each company will measure the market value of outstanding shares plus the market value of outstanding interest-bearing debt minus cash on hand, However, if in the case of market capitalization valuation in the condition of unknown market value of outstanding interest-bearing debt, then in this situation it can be generally practiced by using the book value of unpaid interest-bearing debt minus the cash balance at the end of the period. The purpose of the Enterprise Value measure is to better estimate how much it will take to buy all outstanding shares of a company and also to pay off debt, whereas the adjustment for cash is to recognize that if we are the buyer, cash can be used immediately to pay back debt or pay dividends.

Based on the references mentioned above, the Company Value Formulation in these studies uses:

EV = Market capitalization + Market value of interest + bearing debt - Cash

Note:

EV = Enterprise Value

Market Capitalization = (Market Price x Share Outstanding)

Market Value of Interest bearing Debt = Total interest bearing Debt

The results of their research show that Company Value (PBV) has a significant effect on the Share Price of issuer companies traded on the Indonesia Stock Exchange (Bustani B., Kurniaty K., and RahmiWidyantiR2021). Referring to these studies, this research study builds the following hypotheses:

H2: Company Value affects the Share Price of Jakarta Islamic Index issuers.

Thin Capital

Companies have a variety of options in designing their business financing structure. In general, consideration of financing options or options can be sourced from capital, loans or debt with interest or a combination of both (Asai, K. (2020), in terms of return that received by creditors or investors for business financing will generate interest / margin / profit sharing for Creditors who provide financing facilities or Investment Credit. However, investors who invest in shares will generate investment returns in the form of dividends, and gains or profits from the sale of shares if the results of selling shares are higher than their book value.

The form of practice applied by companies by prioritizing funding sourced from debt with interest compared to other sources, thus creating a large debt interest burden is referred to as Thin Capital (Ravanelly, T. A., & Soetardjo, M. N., 2023). In this study, one of the proxies of Thin Capital is the formulation of the Debt Equity Ratio, namely Total Liabilities divided by Total Equity, with the results of the study showing that thin capitalization has a positive effect on tax avoidance.

Meanwhile, thin capitalization can be interpreted as the condition of companies that have a total debt that is much greater than the total capital owned or called 'highly leveraged' (OECD, 2012) (Nadhifah M. & Arif A 2020), This is because in the context of taxation, the tax treatment of dividends with the tax treatment of interest has a different treatment.

In connection with one of the terms and conditions for issuers indexed as sharia stocks including the Jakarta Islamic Index is the provision of Debt Equity Ratio based on interest excess debt and containing interest reaching 45%, this is stated in OJK Regulation Number / 35 / PJOK.04 / 2017, article 2 paragraph 1.b, concerning the provisions of the criteria for the Sharia Securities List. As well as referring to research on the Effect of Thin Capitalization on Corporate Tax Avoidance Indonesian Sharia Stock Index[1], in the research formulated *Thin Capital* based on business operations funded by funding through debt rather than using share capital in the capital structure, so that the formulation of *Thin Capital* is presented below:

$$\text{M A D} = \frac{\textit{Average Interest bearing Debt}}{\textit{SHDA}}$$

Note:

MAD = Maximum Amount Debt (Total Debt contained in interest)

Average interest Bearing Debt = Total debt with interest (IBL) or average debt

SHDA = Safe Harbor Debt amount = average total assets Non IBL x 45%

The hypothesis built in this study is in line with previous research with the same research object, namely sharia-based issuer(Andawiyah A, Subekti A., Hakiki A, 2019). Then the hypothesis built is:

H3: Thin Capital affects the Share Price of Jakarta Islamic Index issuers.

Company Performance

One of the usual measures and standards in determining the financial performance of a corporate entity is to assess financial performance (Halim S. & Buana M.T. L, 2022)[9], including issuers with the Jakarta Islamic Index. These activities are very important to be carried out for every company, in connection with which the assessment can be used by each corporate entity and used as one of the standards for measuring success within a certain period of time, as well as a guideline to improve and improve financial performance. So one of the tools to measure the health of a company is to maintain and improve the company's financial performance. One measure of such company performance is profitability.

Some parts of Profitability proxies like *Return on Assets*, *Return on Equity*, *Net Profit Margin, and Earningper Share*.In another study on the Effect of Capital Structure, Company Size and Profitability on Share Prices of Jakarta Islamic Index indexed issuer companies for the period 2015-2019 (Qolbiyati M., Asakdiyah S., Hidayat T., Sutanto A., Fikri M.A, 2022), where one of the conclusions is that Profitability has a significant influence on the share price of Jakarta Islamic Index indexed stock issuers. The Profitability Proxy used in the study uses Return on Equity, but in this study uses the following Earning per Share formulation:

$$EPS = \frac{NPM}{\text{Total shares outstanding}}$$

There are research results that show that EPS as one part of the Company's Performance has a significant effect on the Share Price of issuer companies traded on the Indonesia Stock Exchange (Bustani B., Kurniaty K., and Rahmi Widyanti R, 2021). Referring to these studies, this research study builds the following hypotheses: As for based on the research mentioned above, the hypotheses built are:

H4: The Company's performance affects the Share Price of Jakarta Islamic Index issuers.

2. Frame of Mind

Based on the explanation of Operational Variables and hypotheses above, the framework of this study can be described as follows:

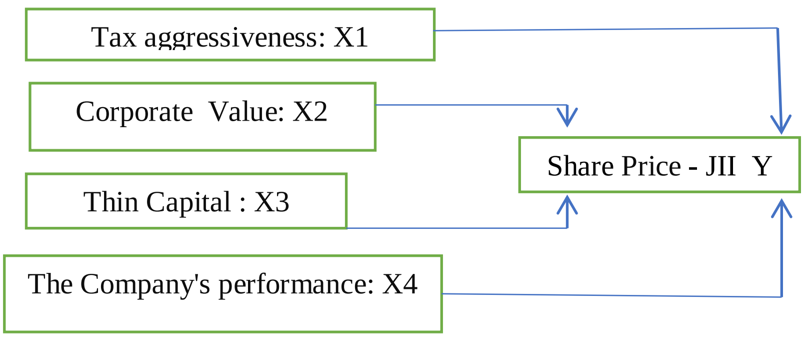

Figure 1, Thinking Frame

Based on the above frame of mind, the hypothesis built is:

H1: Tax aggressiveness affects the Share Price of Jakarta Islamic Index issuers.

H2: Company Value affects the Share Price of Jakarta Islamic Index issuers.

H3: Thin Capital affects the Share Price of Jakarta Islamic Index issuers.

H4: The Company's performance affects the Share Price of Jakarta Islamic Index issuers.

RESEARCH METHOD

Time and Place of Research

The study was conducted in Jakarta, for a period of 6 months until completion. The object of research is a Stock Issuer Company identified in the Jakarta Islamic Index with a period of years analyzed from 2019 to 2023.

Research Design

The research design used is a causal research design, which identifies the level and nature of cause-and-effect relationships and explains the pattern of relationships between independent variables and dependent variables (Sugiyono, 2018). The main purpose of causal research is to obtain evidence of causal relationships so that independent influences on the dependent variable can be known.

This research includes a type of quantitative research that uses secondary data and other supporting data that can be obtained online from IDX.

Population and sample

a. Population

In this study, the population data was taken from 30 stock issuers indexed by the Jakarta Islamic Index which is announced every 6 six months by Financial Services Authority.

b. Samples

In this study, the sample used was all pollution, namely 30 companies indexed by the Jakarta Islamic Index.

Data Collection Techniques

Data collection technique is a way or method used by researchers to obtain data to achieve research objectives. The documentation method is a method of collecting data from existing data, which is then recorded according to the relevance of the research. The data in question are IDX and OJK reports, during the 2019-2023 periods.

Literature research is a method of collecting data by reading literature, journals, books and archives related to research. Literature research is carried out to obtain theoretical information and is used as a comparison in the discussion.

RESEARCH RESULTS

Research Results

In this section, analysis and discussion will be carried out based on data that has been collected and obtained during the research period. The research variables consist of tax aggressiveness, company value, thin capital, company performance and stock price. The results of the study were divided into two parts, namely descriptive

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analysis and multiple regression analysis using the Eviews program. Descriptive analysis is used to obtain a general picture of research variables. While multiple regression analysis is used to answer whether there is an influence between variables in research statistically. In this study, the sample used was the entire population, namely 30 companies indexed by the Jakarta Islamic Index.

Descriptive Analysis Results

Table 1: Descriptive Analysis

	Y (Share Price) JII	X1 (ETR)	X2 (Company Value)	X3 (Thin Capital)	X4 (Enterprise Performance)
Mean	-0.006912	78.09149	334,50,568,846,463	399.9072	105.0172
Median	-0.010000	0.300000	42,665,054,425,095	280.0200	13.48000
Maximum	0.780000	3075.530	70,135,797,019,516,300	13532.28	5816.880
Minimum	-0.570000	0.000000	432	-303.4900	0.010000
Std. Dev.	0.137374	180.1095	4,220,483,691,923,420	858.5838	327.3122
Skewness	0.111562	9.688458	16.31503	12.08030	10.74006
Kurtosis	7.549868	148.9477	269.6824	180.3772	171.1721
Jarque-Bera	481.5981	503068.5	1675275.0	743743.8	667083.2
Probability	0.000000	0.000000	0.000000	0.000000	0.000000

Source: Financial Data Published

Multiple Regression Analysis Results

This study used multiple regression analysis techniques using *Eviews 9.0 Software*. However, classical assumptions were tested first so that the resulting regression estimation equation was an unbiased equation.

Classical Assumption Test

The classical assumption test used consists of four tests, namely data normality test, autocorrelation test, heteroscedasticity test and multicollinearity test.

Normality Test

The normality test is used to see if the data comes from a normal distribution or not. In other words, whether there is data that is very far away or deviates from the average or not. Test normality on panel data with eviews software used jarque-fallow test-the results are as follows. \

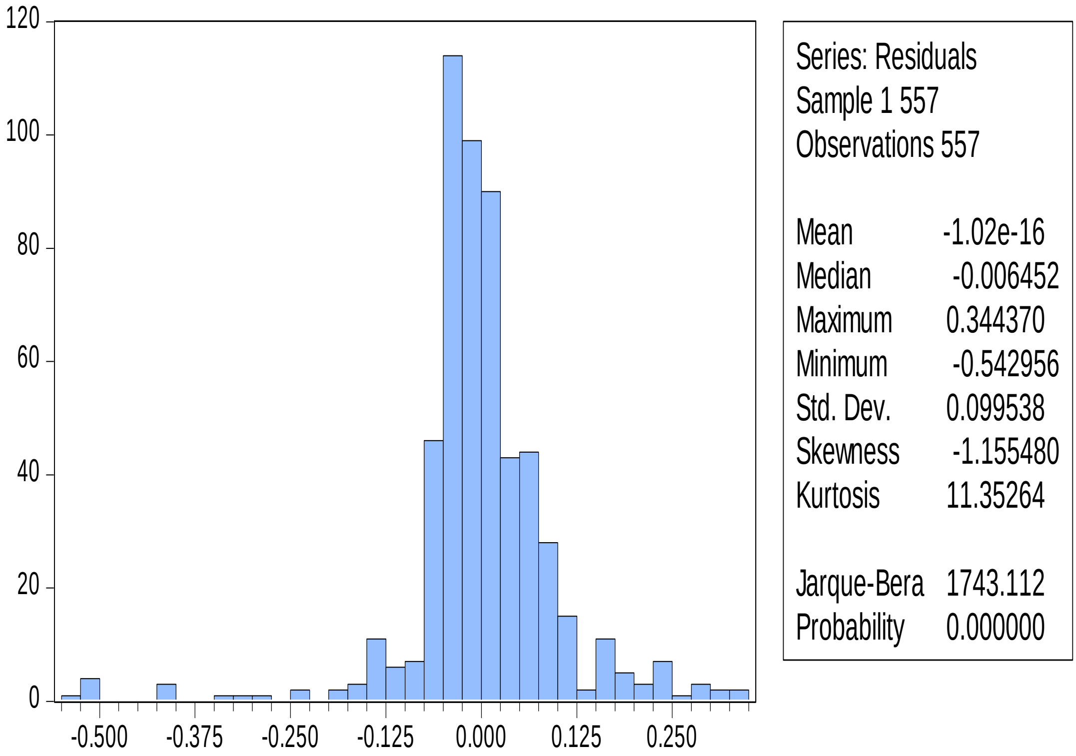

Figure 2: Jarque-Fallow Normality Test

Source: Output E views 2024

The distribution of data is said to be normal if the value of jarque-fallow probability is above 0.05 and vice versa if the probability value is below 0.05 it means that the data has an abnormal distribution. Based on the calculation results of normality testing data shows that the probability value (probability) has a value of 0.000. Since the probability value (0.000) < 0.05, it can be concluded that the regression model is not normally distributed.

However, this is natural because this research data has characteristics with data that is quite different considering the distribution of companies with different company sizes so that this is natural. This is supported by the theory of the central limit postulate which states that for large population sizes, usually n is more than equal to 30; the distribution of mean values spreads according to the normal distribution (Saefuddin, 2010).

Autocorrelation Test

Autocorrelation tests are used to determine whether or not there are deviations from classical assumptions, autocorrelation, namely correlations that occur between residuals in one observation with other observations in regression models. The autocorrelation test is carried out using the Durbin Watson statistical test, which is by comparing the calculated Durbin-Watson number (DW) with its critical values (dL and dU).Criteria for drawing conclusions:

- If DW <dL or DW > 4 – dL, then there is an autocorrelation.
- If dU< DW < 4 – dU, there is no autocorrelation.
- If dL ≤ DW ≤ dU or 4 – dU ≤ DW ≤ 4 – dL, the Durbin Watson test does not produce an inconclusive conclusion.

With sample size n = 557, □ = 0.05 and the number of independent variables k = 4, a critical value of dL = 1.7279 and dU =1.8094 was obtained.The results of autocorrelation testing are presented in the following table:

Table 2: Autocorrelation Test Results

Statistic	Value
R-squared	0.04532
Adjusted R-squared	0.034905
S.E. of regression	0.097786
Sum squared residuals	5.259107
Log likelihood	508.1864
F-statistic	4.351531
Prob(F-statistic)	0.000264
Mean dependent var	-1.02E-16
S.D. dependent var	0.099538
Akaike info criterion	-1.79959
Schwarz criterion	-1.74527
Hannan-Quinn criterion	-1.77838
Durbin-Watson stat	2.002437

Source: Output E views 2024

Based on the calculation results, the Durbin-Watson value is 2.002. Because the DW value is between dU (1.8094) < DW (2.002) < 4 – dU (2.1906), it can be concluded that in the regression model there is no autocorrelationproblem.

Heteroscedasticity test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another. If the variance from the residual of one observation to another observation is fixed then it is called homoscedasticity. With the help of *Eviews software* obtained the following results:

Table 3: Heteroscedasticity Test

Statistic	Value
F-statistic	0.700316
Prob. F(14,542)	0.7749
Obs*R-squared	9.896732

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Prob. Chi-Square(14)	0.7697
Scaled explained SS	50.31307
Prob. Chi-Square(14)	0

Source: Output Eviews 2024

Regression models are said to have heteroscedasticity problems if the Obs*R-square prob value has a value below 0.05 and vice versa. A good model is a model that does not have heteroscedasticity problems, in other words the model must be homogeneous where the probability value must have a value greater than 0.05. Based on the output table above, it appears that the value of prob.ob*R-squared has a value of 0.7697 where this value is greater than 0.05. Since the probability valueis more than 0.05, it can be concluded that there is no violation of the heteroscedasticity assumption.

Multicollinearity Test

Multicollinearity is something in which some or all independent variables are highly correlated. With the help of *Eviews software* obtained the following results:

Table 4: Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.002987	166.688	NA
X1	5.92E-10	1.271482	1.069976
LNX2	3.00E-06	162.9166	1.018119
LNX3	4.06E-06	6.393171	1.010685
LNX4	3.19E-06	2.197531	1.05661

Source: Output E views 2024

A variable is said to have a multicollinearity problem if the value of the centered VIF (variance inflation factors) is greater than 10. The calculation results of the multicollinearity test output show that there is no multicollinearity problem because the VIF value for all independent variables has a value of less than 10.

After all assumption tests are passed, the next step is to make calculations for regression estimates based on the research paradigm (research framework).

Estimation of Regression Equations

Based on the research framework in the previous chapter, calculations will be carried out for making multiple regression equations. The following is the research framework described in Figure 1 above.

Based on the research framework, this research model is to determine the effect of tax aggressiveness, company value, thin capital, and company performance on stock prices with the following equation.

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$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$

Information:

Y = share price

α = constant

X_1 = Tax Aggressiveness

X_2 = Company Value

X_3 = Thin Capital

X_4 = Company Performance

e = error model

The following is the result of multiple regression calculations on research data based on Eviews output.

Table 5:. Regression Estimation Equation

Statistic	**Value**
R-squared	0.47499
Adjusted R-squared	0.471186
S.E. of regression	0.099898
Sum squared residuals	5.508764
Log likelihood	495.2699
F-statistic	124.8523
Prob(F-statistic)	0
Mean dependent var	-0.00691
S.D. dependent var	0.137374
Akaike info criterion	-1.7604
Schwarz criterion	-1.72159
Hannan-Quinn criterion	-1.74524
Durbin-Watson stat	1.745701

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	-0.38335	0.054649	-7.01482	0
X1	0.000247	2.43E-05	10.16808	0
LNX2	0.005327	0.001732	3.074711	0.0022
LNX3	0.034521	0.002016	17.1223	0
LNX4	0.009239	0.001787	5.170556	0

Source: Output Eviews 2024

The calculation results in the table can form a regression equation as follows.

$$\mathbf{Y = -0.3833 + 0.0002X_1 + 0.0053X_2 + 0.0345X_3 + 0.0092X_4 + e}$$

The value of the regression coefficient on the independent variables illustrates that if it is estimated that the free variable increases by one unit and the value of the other free variable is estimated to be constant or equal to zero, then the value of the dependent variable is estimated to increase or decrease according to the sign of the regression coefficient of the independent variable.

1. From the multiple regression equation mentioned above, a constant value of -0.3833 is obtained. That is, if the stock price is not affected by its independent variables, namely tax aggressiveness, company value, thin capital and company performance, then the stock price coefficient is -0.3833.

2. The regression coefficient of the independent variable shows the direction of the relationship of the variable concerned with the stock price. The regression coefficient for the independent variable X_1 is positive, indicating a unidirectional relationship between tax aggressiveness (X_1) and stock prices. The regression coefficient of variable X_1 of 0.0002 means that every increase in tax aggressiveness (X_1) by one unit will cause an increase in stock price by 0.0002 units.

3. The regression coefficient for the independent variable X_2 is positive, indicating a unidirectional relationship between the value of the company (X_2) and the stock price. The regression coefficient of variable X_2 of 0.0053 means that every increase in company value (X_2) by one unit will cause an increase in stock price by 0.0053 units.

4. The regression coefficient for the independent variable X is positive, indicating a unidirectional relationship between thin capital (X^3) and stock prices. The regression coefficient of the variable X^3 of 0.0345 means that every increase in thin capital (X^3) by one unit will cause an increase in the stock price by 0.0345 units.

5. The regression coefficient for the independent variable X^4 is positive, indicating a unidirectional relationship between the company's performance (X^4) and the stock price. The regression coefficient of the variable X^4 of 0.0092 means that for every increase in company performance (X4) by one unit will cause an increase in stock price by 0.0092 units.

Hypothesis Test Hypothesis

Testing is carried out to prove whether there is a significant influence between research variables either partially or simultaneously. Because this hypothesis testing is simultaneous and partial, this hypothesis test will be divided into two, namely simultaneous and partial hypotheses in the following points.

Simultaneous Hypothesis Test (F-test)

Simultaneous hypothesis testing is carried out using the F test, namely by comparing the probability value of F-calculate (F-statistic) with 0.05. Based on the problem formulation, the simultaneous hypothesis can be written as follows. Hypothesis: Tax aggressiveness, company value, thin capital and company performance simultaneously affect JII's share price.

Two or more variables are said to have a significant influence simultaneously on the other variable if the probability f-statistic has a value of less than 0.05. Based on the calculation results in the table, it can be seen that the f-statistic probability value is 0.000 where this value is below 0.05. Apart from probability values, simultaneous hypothesis tests can also be done by comparing F-count with F-table. In this study the F-table was 2.39. In the simultaneous hypothesis test table, a t-count value of 124.85 is obtained, where this value is much greater than 2.39. Thus, the research hypothesis can be simultaneously accepted. That is, overall tax aggressiveness, company value, thin capital and company performance have a significant influence on the share price of JII issuers.

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Table 6: Simultaneous Hypothesis Test

Statistic	**Value**
R-squared	0.47499
Adjusted R-squared	0.471186
S.E. of regression	0.099898
Sum squared resid	5.508764
F-statistic	124.8523
Prob(F-statistic)	0
Mean dependent var	-0.00691
S.D. dependent var	0.137374
Akaike info criterion	-1.7604
Schwarz criterion	-1.72159
Log likelihood	495.2699
Hannan-Quinn criter.	-1.74524
Durbin-Watson stat	1.745701

Source: Output E views, 2024

Partial Hypothesis Test (*T-test*)

The partial hypothesis test is carried out using the t test, which is by comparing the probability value of t calculated with 0.05. Based on the problem formulation, the partial hypothesis can be written as follows.

1. Partial Hypothesis Test 1: Tax aggressiveness has a significant effect on the share price of JII issuers
2. Partial Hypothesis Test 2: Company Value has a significant effect on the share price of JII issuers
3. Partial Hypothesis Test 3: Thin Capital has a significant effect on the share price of JII issuers
4. Partial Hypothesis Test 4: The Company's performance has a significant effect on the share price of JII issuers

To make it easier, a recapitulation of the partial hypothesis test is made as follows.

Table 7: Recapitulation of the Partial Hypothesi

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	-0.383353	0.054649	-7.014817	0

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X1	0.000247	2.43E-05	10.16808	0
LNX2	0.005327	0.001732	3.074711	0.0022
LNX3	0.034521	0.002016	17.1223	0
LNX4	0.009239	0.001787	5.170556	0

Source: Output Eviews, 2024

A variable has a significant influence on other variables if it has a statistical probability t value of less than 0.05. Based on the recapitulation results in the table, it can be seen that all variables have a probability value smaller than 0.05. Then apart from the probability value, partial hypothesis testing can also be done by comparing the t-count with the t-table (Ghozali, I, 2018). In this study the t-table was obtained at 1.96 (t-distribution table in the statistical book). In the partial hypothesis test table, all t-count values are greater than 1.96 with a positive relationship direction. Thus, it means that all variables have a positive and significant influence on the share price of JII issuers.

Coefficient of Determination

To determine the magnitude of the influence of tax aggressiveness, company value, thin capital and company performance together on the share price of JII issuers, a coefficient of determination is used. If simultaneous tests are used to test the hypothesis as a whole, then the coefficient of determination is used to calculate the amount of influence of the variables of tax aggressiveness, company value, thin capital and performance on the stock price of JII issuers. The magnitude of this influence ranges from intervals of 0 to 1 or 0% to 100%. Table 4.8 below shows the results of calculating the coefficient of determination from the 125 panel data used.

Table 8: Coefficient of Determination Analytics

Statistic	**Value**
R-squared	0.47499
Adjusted R-squared	0.471186
S.E. of regression	0.099898
Sum squared resid	5.508764
F-statistic	124.8523
Prob (F-statistic)	0
Mean dependent var	-0.00691
S.D. dependent var	0.137374
Akaike info criterion	-1.7604
Schwarz criterion	-1.72159
Log likelihood	495.2699

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Hannan-Quinn criter.	-1.74524
Durbin-Watson stat	1.745701

Source: Output E views, 2024

Based on the output of Eviews 9.0 above, an R-squared value of 0.4749 was obtained. This shows that tax aggressiveness, company value, thin capital and performance on the share price of JII issuers amounted to 47.49% while the remaining 52.51% was the contribution of other variables besides the independent variables

DISCUSSION OF THE RESULTS OF INTER-VARIABLE ANALYSIS

The Effect of Tax Aggressiveness on the Share Price of Jakarta Islamic Issuers Index

Results of Hypothesis Analysis of the Tax Aggressiveness variable as an Independent Variable on the Share Price of Jakarta Islamic Index Issuers as a Dependent variable shows that there is a significant positive influence on Tax Aggressiveness on the Share Price of Jakarta Islamic Index Issuers.

Tax aggressiveness can be interpreted as tax planning, in general, companies that carry out good tax planning that refers to applicable laws and tax provisions, then in fact the company has effectively structured corporate taxation and carried out adequate tax efficiency, so that it will have a good and positive effect on the company's performance and ultimately a positive influence on market prices The company's shares, especially for the company is an issuer of the Jakarta Islamic Index. This can be proven by the results of the analysis that has been carried out, which obtained results and conclusions that the Share Price of Company issuers indexed with the Jakarta Islamic Index is positively influenced by the Tax Aggressiveness that has been carried out by these issuers.

The results of the study are different from previous studies by Aryani D.N., Fauzi R (2023) which stated that Tax Aggressiveness directly has no effect on Company Value, and the Effective Tax Rate has a positive relationship with DER / Leverage. Furthermore, other research by Prastiwi D & Walidah A. N (2020) on the research about Effect of Tax Aggressiveness on Company Value, the Moderating Effects of Transparency and Institutional Ownership, with the results showing that tax aggressiveness causes a decrease in company value, besides that information transparency can reduce the decline in company value due to tax aggressiveness activities, this research was conducted on manufacturing public sector companies, the research period from 2014 – 2016.

The Effect of Company Value on the Share Price of Jakarta Islamic Index

Issuers Analysis of hypothesis testing with Independent Variables of Company Value and its effect on Share Prices of Jakarta Islamic Index Issuers as Dependent Variables results that the Share Price of Jakarta Islamic Index Issuers is positively and significantly influenced by Company Value.

As explained above that Company Value is a measure of company value that is very closely related to market capitalization (Ross, Westerfield, Jaffe, Jordan, 2019), then the Company will focus on the market value of outstanding shares, then each company will measure the market value of outstanding shares plus the market value of outstanding interest-bearing debt minus cash on hand, while the purpose of the Company Value measure is widely used to estimate better How much is needed to buy all outstanding shares of the company and also to pay off debt, whereas the adjustment for cash is to recognize that if we are the buyer, cash can be used immediately to pay back debt or pay dividends.

The results of the study conducted are in line with previous research by Bustani B., Kurniaty K., and Rahmi Widyanti R (2021) which stated that Company Value with proxy Price Book Value (PBV) has a significant effect on the Share Price of issuer companies traded on the Indonesia Stock Exchange. In another study that examines The Influence of Earning Per Share, Price Earnings Ratio and Price to Book Value on the Jakarta stock Price Index of Islamic company listed on the Indonesia Stock Exchange (Safitri E., Djazuli A., and Yanti D, 2020), one of the studies found that Price Book Value as a proxy of Company Value has a significant effect on the share price of Jakarta Islamic Index issuers, this illustrates that a higher PBV is able to increase stock prices in the stock market because companies that are able to operate well have high PBVs. Because the higher the PBV ratio, the higher the company is valued by investors.Company value describes the good or bad performance of the company that can increase investor interest in investing.

Effect of Thin Capital on Share Price of Jakarta's Islamic Index Issuers.

Testing in analyzing Thin Capital as an Independent Variable and its influence on the Share Price of Jakarta's Islamic Index Issuers as a Dependent Variable concluded that Thin Capital has a positive and significant effect on Stock Prices there is a Jakarta Islamic Index Issuer.

As is generally known that Thin Capital is one of the company's financing methods in conducting its company operations by relying on debt. As for issuer companies indexed as Jakarta Islamic the debt financing index is allowed with a maximum limit of 45% of total equity, this refers to the Financial Services Authority Regulation, with the aim of complying with sharia provisions. So with these conditions, capital resources sourced from interest-bearing loans can be utilized by JII issuers to carry out company operations optimally, so as to increase the performance and value of the company.

In another study that examines a company by prioritizing funding sourced from debt with interest compared to other sources, thus causing a large debt interest burden referred to as Thin Capital (Ravanelly, T. A., & Soetardjo, M. N, 2023), research shows thin capitalization has a positive effect on tax avoidance.

However, this research is different from previous research with a study by (Qolbiyati M., Asakdiyah S., Hidayat T., Sutanto A., Fikri M.A., 2022) research about the Effect of Capital Structure, Company Size and Profitability on Share Prices of listed companies indexed by the Jakarta Islamic Index for the period 2015-2019, with the results of Capital Structure research not having a significant negative effect on the Share Price of JII indexed issuers. In the study, it was also studied that the capital structure proxy with the Debt to Equity Ratio (DER), the results of the analysis in the study had a low value, so this shows that the company's debt is getting smaller and can increase stock prices. While the high capital structure will have a negative influence. Companies that have a larger amount of debt, then investors will see the risk of failure in paying debts is likely to occur, and companies have the potential to prioritize the interests of creditors first in terms of making payments in situations of lack of funds, then it will be interpreted by investors that companies that in carrying out their operational activities using large amounts of loans are actions of Thin Capital, so that it will affect performance, as well as stock prices will affect and potentially weaken.

In another previous research study, what was studied was the amount of financing that was practically applied by many companies by prioritizing funding sourced from debt with interest compared to other sources, thus causing a large debt interest burden referred to as Thin Capital(Ravanelly, T. A., & Soetardjo, M. N, 2023). In this study, one of the proxies of Thin Capital is the formulation of the Debt Equity Ratio, namely Total Liabilities divided by Total Equity, with the results of the study showing thin capitalization has a positive effect on tax avoidance.

The difference in the results by Nadhifah M. & Arif A., (2020), about the analysis study that thin capitalization can be interpreted as the condition of companies that have total debt that is much greater than the total capital owned or called 'highly leveraged' (OECD, 2012), This is because in the context of taxation, the tax treatment of dividends with the tax treatment of interest has a different treatment. In connection with one of the terms and conditions for issuers indexed as sharia stocks including the Jakarta Islamic Index is the provision of Debt Equity Ratio based on interest debt and containing interest reaching 45%, this is stated in OJK Regulation Number / 35 / PJOK.04 / 2017, article 2 paragraph 1.b, concerning the provisions of the criteria for the Sharia Securities List. As well as referring to the research on the Effect of Thin Capitalization on Corporate Tax Avoidance Indonesian Sharia Stock Index(Andawiyah A, Subekti A., Hakiki A, 2019) in the research formulated Thin Capital based on business operations funded by funding through debt compared to using share capital in the capital structure, so that by conducting the study obtained the results of research as mentioned above.

The Effect of Company Performance on the Share Price of Jakarta Islamic Index Issuers

Hypothesis testing on independent variables of Company Performance with proxy Earnings per Share shows that the Share Price of Jakarta Islamic Index Issuers is positively and significantly influenced by the Company's Performance.

In line with previous research byQolbiyati M., Asakdiyah S., Hidayat T., Sutanto A., Fikri M.A , (2022) about assessing Company Performance Variables with Profitability Proxies which are indicated to affect the Share Price of JII indexed issuers, with the results of the study stating that there is an Effect of Profitability on the Share Prices of Jakarta Islamic Index indexed issuer companies for the 2015-2019 period, with the conclusion in the study is that Profitability has a significant influence on the share price of Jakarta Islamic indexed stock issuers Index.

The results of this study support the hypothesis that the success of performance is shown by the value of profit or return obtained from the Company's operating activities. With higher profits, these conditions indicate that the Company has good business prospects, and investors are becoming more interested and responding with positive signals. With the response of interest from investors, it will affect the increase in stock market prices which ultimately increases the value of the Company.

Next, there are researches by Bustani B., Kurniaty K., and Rahmi Widyanti R (2021) findings that confirm the significant influence of Earnings per Share, Price to Book Value, and Dividend Pay-out Ratio on stock price. Meanwhile, Net Profit Margin had no significant effect on stock prices in the study period, with an alpha significance of five per cent. These findings imply the practical implication that EPS, PBV, DPR, and NPM ratio information can be considered in investment decisions for anyone.

CONCLUSION

Referring to the results of research and discussion that has been carried out in the previous chapter, conclusions can be made as amatter of tax aggressiveness, company value, thin capital and company performance have a significant effect on the share price of JII issuers simultaneously. Also in partial tax aggressiveness has a positive and significant effect on the share price of JII issuers partially Company value has a positive and significant effect on the share price of JII issuers partially, Thin capital has a positive effect and has a significant effect on the share price of JII issuers partially, and PerformanceThe company has a positive effect and has a significant effect on the share price of JII issuers partially.

Tax aggressiveness can be interpreted as tax planning, in general, companies that carry out good tax planning that refers to applicable laws and tax provisions, and then in fact the company has effectively structured corporate taxation and carried out adequate tax efficiency, so that it will have a good and positive effect market prices share of the company. Company value describes the good or bad performance of the company that can increase investor interest in investing, so that the effect gives a positive value to the share price of Jakarta Islamic Index issuers. Thin Capital is one of the company's financing methods in conducting its company operations by relying on debt. As for issuer companies indexed as Jakarta Islamic the financing index with debt is allowed with a maximum limit of 45% of total equity, it refers to the Java Financial Authority Regulation, with the aim of complying with sharia regulations. So with these conditions, capital resources sourced from interest-bearing loans can be utilized by JII issuers to carry out company operations optimally, so as to increase the performance and value of the company, also the success of performance is indicated by the value of profit or return obtained from the Company's operating activities. With higher profits, these conditions indicate that the Company has good business prospects, and investors are becoming more interested and responding with positive signals. With the response of interest from investors, it will affect the increase in stock market prices which ultimately increases the value of the Company.

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