

Research Article

The Effect of Operating Cash Flow, Leverage, Profitability, and Liquidity on Corporate Income Tax in Consumer Non-Cyclical on the Indonesia Stock Exchange in 2021–2024

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Abstract: This study examines whether operating cash flow, leverage, profitability, and liquidity affect corporate income tax in consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. This research was conducted because corporate income tax payments in this sector tend to fluctuate and previous studies show inconsistent results. The purpose of this study is to identify which internal financial factors influence corporate income tax. This study uses a quantitative approach with secondary data obtained from audited annual financial statements. The population consists of 131 consumer non-cyclical companies, and 16 companies were selected as samples using purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results show that operating cash flow has a positive and significant effect on corporate income tax, meaning that companies with higher operational cash inflows tend to pay higher corporate income tax. Leverage has a significant negative effect, indicating that higher debt levels reduce taxable income through interest expenses. Meanwhile, profitability and liquidity do not have a significant effect on corporate income tax. Overall, this study shows that cash flow and capital structure are more relevant in explaining corporate income tax than profitability and liquidity in consumer non-cyclical companies.

Keywords: Corporate Income Tax; Leverage; Liquidity; Operating Cash Flow; Profitability.

1. Introduction

Tax plays a strategic role as a source of state revenue in supporting national development in Indonesia. State revenue mainly comes from tax revenue, non-tax state revenue, and grants, with tax revenue as the largest contributor. In 2023, the realization of state revenue reached IDR 1,869.2 trillion, increasing by 8.9% compared to the same period in 2022. Furthermore, data from Statistics Indonesia reported that state revenue in 2024 amounted to IDR 2,637 trillion, with the largest contribution coming from the tax sector.

Income Tax is the main contributor to tax revenue in 2024, amounting to IDR 1,041 trillion or 49.13% of total tax revenue. This is followed by Value Added Tax (VAT) and Luxury Goods Sales Tax (PPnBM) of IDR 742 trillion or 35.04%, and excise tax of IDR 227 trillion or 10.73%. These data indicate that tax revenue is the main instrument for financing national development, where more than 80% of state revenue in the State Budget is derived from taxes, dominated by Income Tax. In this structure, the Ministry of Finance notes that Corporate Income Tax contributes significantly to state revenue, accounting for 17.78%. Therefore, factors that influence corporate income tax payments are important to be continuously examined. Based on industrial sectors, the trade and manufacturing sectors are the largest contributors to tax revenue, contributing IDR 287.97 trillion or 25.35% of total tax revenue.

One part of the trade and manufacturing sectors is the consumer non-cyclical sector, which includes food and beverage manufacturing as well as the distribution of basic consumer goods. This sector plays a strategic role in the national economy due to its relatively stable demand. However, corporate income tax payments in consumer non-cyclical companies show fluctuating trends, which may affect tax payments from companies in this sector.

Received: October 29, 2025

Revised: November 30, 2025

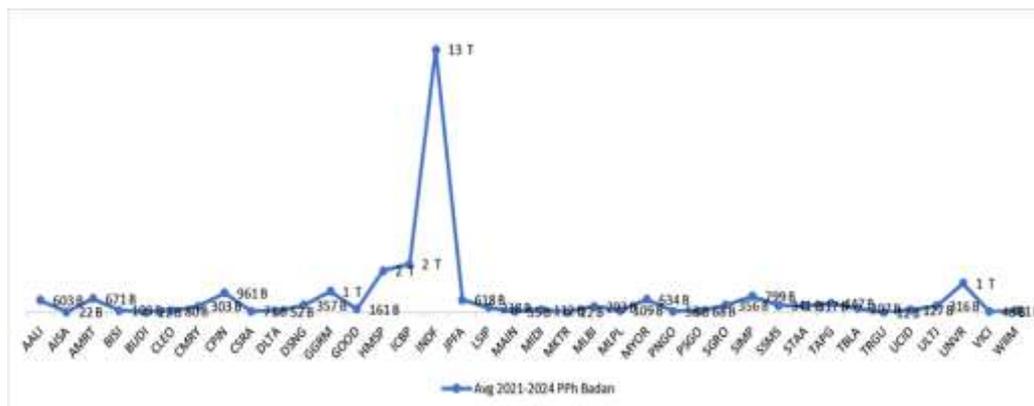
Accepted: December 27, 2025

Published: December 31, 2025

Curr. Ver.: December 31, 2025



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Source: Processed Data (2025)

Figure 1. Average movement of Corporate Income Tax.

Figure 1 shows the average movement of Corporate Income Tax among consumer non-cyclical companies during the 2021–2024 period. The fluctuating pattern does not only reflect differences in companies’ ability to generate profits, but also indicates changes in operational activities, cost efficiency, and company responses to economic conditions during the period. These fluctuations highlight the importance of analyzing internal factors that may influence the amount of Corporate Income Tax.

In calculating Corporate Income Tax, corporate profit is the main basis for determining the tax payable. One important indicator related to tax burden is profitability, where higher profitability is generally followed by higher tax payments. Previous studies by and find that profitability has a positive effect on Corporate Income Tax, meaning that companies with higher profits tend to have higher tax obligations. However, reports a negative effect of profitability on Corporate Income Tax. These different findings indicate that the relationship between profitability and Corporate Income Tax is still inconsistent.

In addition to profitability, operating cash flow is another factor that may affect tax burden, as it reflects net cash generated from core business activities. Studies by and show that operating cash flow has a positive and significant effect on Corporate Income Tax. In contrast, find that operating cash flow does not affect Corporate Income Tax. These inconsistent results indicate the need for further analysis to obtain a clearer understanding.

Another financial factor is leverage, which shows the extent to which companies use debt financing. The use of debt results in interest expenses that reduce corporate profit and may lower taxable income. find that leverage has a significant effect on Corporate Income Tax. However, studies by as well as find no evidence that leverage affects Corporate Income Tax.

Besides these factors, liquidity also affects corporate financial conditions, as it reflects a company’s ability to meet short-term obligations. Companies with good liquidity tend to have sufficient cash and financial stability, which may influence Corporate Income Tax payments. However, previous studies show mixed results. find that liquidity has a positive effect on Corporate Income Tax, while find no effect.

The inconsistencies in previous research findings indicate the existence of a research gap. Moreover, studies that specifically focus on the consumer non-cyclical sector are still limited, and there is a lack of research that simultaneously examines profitability, operating cash flow, leverage, and liquidity on Corporate Income Tax for the 2021–2024 period. Therefore, this study aims to examine the effect of operating cash flow, leverage, profitability, and liquidity on Corporate Income Tax in consumer non-cyclical companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

2. Literature Review

2.1 Agency Theory

Agency Theory was introduced by and explains that an agency relationship arises when shareholders (principals) delegate decision-making authority to management (agents). This relationship is contractual in nature, where managers are responsible for making financial, operational, and strategic decisions on behalf of the owners. In the taxation context,

management acts as the party responsible for calculating and paying taxes, while the government, through the tax authority, acts as the principal that collects taxes .

Differences in interests between principals and agents may lead to conflicts, particularly in decisions related to profit reporting and tax burden. The tax authority seeks to maximize tax revenue, while company management tends to minimize tax expenses to improve company performance .

2.2 Corporate Income Tax

Tax is defined as a mandatory contribution paid by individuals or entities to the government to finance public expenditure . Based on , Corporate Income Tax is imposed on income earned by an entity during a fiscal year. The amount of Corporate Income Tax payable is calculated by multiplying taxable income by the applicable tax rate, which is 22% as stipulated in Law of the Article 5 Paragraph 1.

Taxable income consists of operating income and non-operating income, after deducting expenses incurred to earn, collect, and maintain income. In this study, Corporate Income Tax is measured using the Effective Tax Rate (ETR), calculated as the ratio of income tax expense to profit before tax .

$$\text{Effective Tax Rate (ETR)} = \frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

2.3 Operating Cash Flow

The operating cash flow ratio reflects an entity's ability to meet short-term liabilities using cash generated from operating activities. In this study, the operating cash flow ratio is calculated by comparing net cash from operating activities to current liabilities . A company's operating activities include cash inflows and outflows arising from external parties, such as the collection of receivables, payment of employee salaries, fulfillment of tax obligations, and other operational transactions. Therefore, operating cash flow serves as an indicator of a company's capacity to repay loans, distribute dividends, fulfill tax obligations, and finance investments without relying on external funding . In this study, the operating cash flow ratio is calculated using the following formula:

$$\text{Operating Cash Flow Ratio (OCFR)} = \frac{\text{Net Cash from Operating Activities}}{\text{Current Liabilities}}$$

Empirical findings regarding the effect of operating cash flow on Corporate Income Tax (CIT) show mixed results. found that operating cash flow has a positive and significant effect on tax expense, as companies with strong operating activities tend to generate higher fiscal income. Similar findings were reported by Inayati & Wardiningsih (2021), who stated that a company's ability to generate cash from operating activities increases its capacity to pay income tax. However, different results were obtained by , who found that operating cash flow does not have a significant effect on Corporate Income Tax, indicating that the magnitude of operating cash flow does not always align with the amount of taxable income reported. Based on these differing empirical findings, the first hypothesis is formulated as follows:

H1: Operating Cash Flow has an effect on Corporate Income Tax.

2.4 Leverage

Leverage is a ratio that describes the extent to which a company utilizes liabilities in its capital structure, which may ultimately affect the amount of Corporate Income Tax (CIT) payable . According to , leverage ratios are used to measure the extent to which a company's assets are financed by debt, by comparing total debt with assets or equity.

Miller and Modigliani, as cited in , argue that when corporate taxes are considered, the use of debt increases firm value because interest expenses are tax-deductible. Consequently, the tax burden borne by the company can be reduced. In this study, leverage is measured using the Debt to Equity Ratio (DER). According to , the DER is calculated using the following formula:

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Research by explained that leverage does not have a significant impact on Corporate Income Tax. In contrast, found that the Debt to Equity Ratio (DER), as an indicator of leverage, partially affects Corporate Income Tax. Based on these inconsistent findings, the second hypothesis is formulated as follows:

H2: Leverage has an effect on Corporate Income Tax.

2.5 Profitability

The primary objective of a company is to maximize profit, and profitability measures are used to assess the extent to which a company is able to generate such profits. According to Kasmir (2011), as cited in , profitability ratios function to evaluate a company's ability to generate profit. Profitability theory, as a reference for measuring the level of profit, is essential to determine whether a company operates efficiently. High profits do not always indicate high profitability; however, high profitability clearly reflects a company's efficiency in generating earnings.

Profitability is commonly measured using indicators such as return on assets, net profit margin, return on equity, and return on investment. In this study, Net Profit Margin (NPM) is employed as the profitability indicator, which reflects the proportion of net income generated from each unit of revenue. According to , profitability measured using Net Profit Margin (NPM) can be calculated using the following formula:

$$\text{Net Profit Margin (NPM)} = \frac{\text{Net Income}}{\text{Sales (Revenue)}}$$

This ratio reflects a company's ability to control costs and generate profit. Net Profit Margin (NPM) is found to have an influence on Corporate Income Tax, as supported by and . However, studies by , , and indicate that profitability does not affect Corporate Income Tax. Based on these differing empirical results, the third hypothesis is formulated as follows:

H3: Profitability has an effect on Corporate Income Tax.

2.6 Liquidity

Liquidity is defined as a measure that reflects a company's ability to meet its short-term liabilities; an increase in liquidity indicates healthy corporate performance in fulfilling such obligations. Liquidity ratios are used to assess a company's ability to meet short-term obligations as they become due. If a company is able to settle these obligations, it is considered to be in a liquid condition. The level of liquidity can be measured using various indicators, such as the current ratio, cash ratio, and quick ratio.

In this study, liquidity is proxied by the Current Ratio, which measures a company's ability to meet short-term liabilities using current assets. According to used the Current Ratio as an indicator of liquidity, calculated using the following formula:

$$\text{Current Ratio (CR)} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Research by found that liquidity has an effect on Corporate Income Tax, whereas and reported that liquidity does not affect Corporate Income Tax. These inconsistent findings indicate that the relationship between liquidity and Corporate Income Tax remains inconclusive. Based on these differences, the fourth hypothesis is formulated as follows:

H4: Liquidity has an effect on Corporate Income Tax.

3. Materials and Method

This study employed a quantitative research design to examine the effect of Operating Cash Flow, Leverage, Profitability, and Liquidity on Corporate Income Tax (CIT Badan) in Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The study used secondary data obtained from annual financial statements published by the Indonesia Stock Exchange (www.idx.co.id) and the official websites of the respective companies. The data were collected, recorded, and processed systematically for analysis.

The population consisted of 131 Consumer Non-Cyclicals companies listed on the IDX during the observation period. Sample selection was conducted using a purposive sampling technique with the following criteria: (1) companies consistently listed on the IDX from 2021 to 2024; (2) companies reporting positive operating cash flows throughout the observation period; (3) companies publishing complete annual financial statements; and (4) availability of data related to operating cash flow, leverage, profitability, liquidity, and corporate income tax. Based on these criteria, 16 companies were selected as the research sample, resulting in 64 firm-year observations.

Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS version 4.0. The PLS-SEM approach was selected due to its suitability for predictive analysis and its ability to handle relatively small sample sizes. SmartPLS 4.0 enables efficient estimation of structural relationships and provides statistical significance testing through bootstrapping, as well as evaluation of effect size and predictive relevance.

Each variable in this study was measured using a single financial ratio as an objective indicator rather than a latent construct. Therefore, measurement model evaluation was not required. Prior to structural model assessment, descriptive statistical analysis was performed to describe the characteristics of the research data. Multicollinearity was examined using the Variance Inflation Factor (VIF), where VIF values below 5 indicate the absence of multicollinearity issues. Structural model evaluation included the assessment of coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing using the bootstrapping procedure, following the PLS-SEM methodological guidelines proposed by .

4. Results and Discussion

4.1. Descriptive Statistics

Table 1. Descriptive Statistics.

	Mean	Median	Observed min	Observed max	Number of observations used	Standard deviation
CIT	0.23	0.236	0.016	0.413	64	0.085
OCFR	0.664	0.624	0.096	1.855	64	0.43
DER	0.785	0.77	0.241	1.903	64	0.389
NPM	0.106	0.085	0.005	0.295	64	0.074
CR	1.964	1.832	0.702	4.892	64	1.083

Source: Processed Data (2025)

Based on the descriptive statistical results presented in Table 1, Corporate Income Tax (CIT) among consumer non-cyclical companies during the 2021–2024 period ranges from 0.016 to 0.413, with an average value of 0.23 and a standard deviation of 0.085. The relatively low standard deviation indicates limited variability in corporate income tax across firms, suggesting that differences in tax obligations among companies are relatively homogeneous. The minimum value was recorded by Sumber Alfaria Trijaya Tbk, while the maximum value was observed for Salim Ivomas Pratama Tbk in 2021.

Operating Cash Flow (OCF) has a mean value of 0.664 with a standard deviation of 0.43, indicating considerable variation in firms' ability to generate cash from operating activities within the sample. The OCF values range from 0.096 to 1.855, suggesting that certain firms generate substantially higher operating cash flows than others. The lowest value was recorded by Uni-Charm Indonesia Tbk, while the highest value was achieved by Japfa Comfeed Indonesia Tbk.

Leverage, proxied by the Debt to Equity Ratio (DER), has an average value of 0.785 with a range of 0.241 to 1.903, indicating significant differences in firms' reliance on debt financing. This variation reflects heterogeneous financing strategies across companies. The lowest DER value was observed at Astra Agro Lestari Tbk, while the highest was recorded by Sumber Alfaria Trijaya Tbk.

Profitability, measured using Net Profit Margin (NPM), has an average value of 0.106, indicating relatively low profit margins, which is consistent with the characteristics of the consumer non-cyclical sector that tends to exhibit stable but moderate margins. The

minimum NPM value (0.005) was recorded by Uni-Charm Indonesia Tbk, while the maximum value (0.295) was achieved by Delta Djakarta Tbk in 2022.

Liquidity, proxied by the Current Ratio (CR), has an average value of 1.964 with a relatively high standard deviation of 1.083, indicating substantial differences in firms' ability to meet short-term obligations. The lowest CR value of 0.702 was recorded by Garudafood Putra Putri Jaya Tbk, while the highest value of 4.892 was observed for Delta Djakarta Tbk in 2023.

Overall, the descriptive statistics indicate considerable variation in financial performance across the sampled firms, particularly in variables related to operating activities and short-term liquidity. This variation reflects differences in operational conditions, capital structures, profit efficiency, and liquidity management among consumer non-cyclical companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

4.2. Multicollinearity

Table 2. Variance Inflation Factor (VIF).

	VIF
OCFR	1.472
DER	1.233
NPM	1.647
CR	1.432

Source: Processed Data (2025)

The multicollinearity test results presented in Table 2 show that the VIF values for all independent variables range between 1.233 and 1.647. These values are well below the commonly accepted threshold of 5, indicating that multicollinearity is not a concern in the model. Therefore, all independent variables can be included simultaneously without causing distortion in estimating their effects on the dependent variable.

4.3. Coefficient of Determination (R^2)

Table 3. Coefficient of Determination (R^2).

	R-square	R-square adjusted
CIT	0,17	0,114

Source: Processed Data (2025)

The coefficient of determination test indicates an R-square value of 0.17, meaning that operating cash flow, leverage, profitability, and liquidity collectively explain 17% of the variation in Corporate Income Tax. An R-square value below 0.25 reflects weak predictive accuracy (Hair et al., 2016), which is common in financial research involving cross-company data, given that corporate taxation is influenced by numerous internal and external factors. Nevertheless, this result suggests that the research model captures several relevant determinants of Corporate Income Tax while also highlighting opportunities for further exploration of additional explanatory variables.

4.4. Effect Size (f^2)

Table 4. Effect Size (f^2).

	Corporate Income Tax
AKO	0.045
DER	0.18
NPM	0.009

Source: Processed Data (2025)

The f-square test results show that leverage ($f^2 = 0.18$) has a moderate effect on Corporate Income Tax, indicating a relatively strong contribution to the model. Operating

Cash Flow ($f^2 = 0.045$) and Liquidity ($f^2 = 0.023$) exhibit small effect sizes. Profitability has the lowest f^2 value (0.009), suggesting that its contribution to improving the predictive power of Corporate Income Tax is negligible during the observation period..

4.5. Predictive Relevance (Q² Predict)

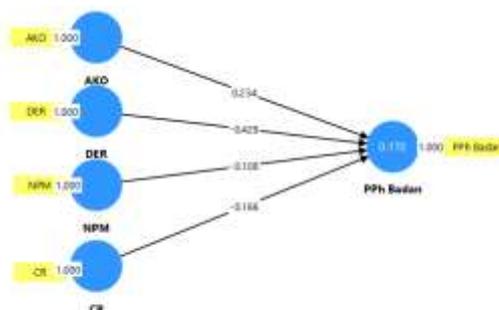
Table 5. Q² Predict Result.

	Q2 Predict
Corporate Income Tax	0,042

Source: Processed Data (2025)

Based on Table 5, the Q² Predict value for Corporate Income Tax is 0.042. A positive Q² value indicates that the model has predictive relevance; however, the magnitude is very weak. This result suggests that the model’s predictive performance is only marginally better than a naïve prediction based on the mean, indicating that Corporate Income Tax is largely influenced by factors beyond those included in the model.

4.6. Hypothesis Testing (Bootstrapping)



Source: Processed Data (2025)

Figure 2. Research Model - Bootstrapping Results

Figure 2 illustrates the bootstrapping results of the research model, showing the direction, strength, and significance of the relationships among variables in the structural model. Each path is represented by a path coefficient, which reflects the magnitude of the effect of the independent variables on Corporate Income Tax. Visually, the model indicates that Operating Cash Flow (OCF) and Leverage (DER) exhibit more prominent path coefficients compared to the other variables, as summarized in Table 6.

Table 6. Descriptive Statistics.

Path	Standard Coefficient	T deviation	P values
OCFR → CIT	0.234	2,185	0,029
DER → CIT	-0.429	2,406	0,016
NPM → CIT	-0.108	0,773	0,44
CR → CIT	-0.166	0,908	0,364

Source: Processed Data (2025)

The hypothesis testing results using bootstrapping in Table 6 indicate that Operating Cash Flow has a significant effect on Corporate Income Tax, with a t-statistic of 2.185 and a p-value below 0.05. This finding implies that higher operating cash flows are associated with higher corporate income tax payments. Leverage also shows a significant effect, with a t-statistic of 2.406 and a negative coefficient, indicating that higher leverage leads to lower Corporate Income Tax, likely due to increased interest expenses that reduce taxable income. In contrast, Profitability (NPM) and Liquidity (CR) exhibit p-values greater than 0.05, indicating that neither variable has a significant effect on Corporate Income Tax. Thus,

among the four independent variables examined, only Operating Cash Flow and Leverage are empirically supported as significant determinants of Corporate Income Tax in this study.

Discussion

Effect of Operating Cash Flow on Corporate Income Tax

The results indicate that Operating Cash Flow (OCFR) has a positive and significant effect on Corporate Income Tax, with a path coefficient of 0.234 and a p-value of 0.029 (< 0.05). This finding suggests that higher operating cash flow increases a firm's capacity to generate taxable income, which in turn leads to a higher corporate income tax burden. Although the effect size of OCFR is categorized as small ($f^2 = 0.045$), its contribution remains statistically relevant.

From the perspective of Agency Theory, management as the agent is responsible for managing operational activities efficiently to generate sufficient operating cash flow. An increase in operating cash flow reflects improved revenue-generating capacity, which subsequently raises taxable income and results in higher corporate income tax.

This result is consistent with the findings of [1] as well as [2], who conclude that operating cash flow significantly affects corporate income tax. Both studies emphasize that operating cash flow represents a firm's capacity to generate operational income that ultimately determines tax obligations. However, this finding differs from [3], who report no significant effect of operating cash flow on corporate income tax. Therefore, this study strengthens the Agency Theory argument that managerial decisions in managing operating cash flows have direct implications for a firm's tax position.

The differences in empirical results may be influenced by industry characteristics. Consumer non-cyclicals firms, which are examined in this study, tend to face stable and recurring demand, resulting in relatively consistent operating cash flows that better reflect the firm's ability to generate taxable income compared to other sectors. In addition, differences in observation periods and economic conditions may also contribute to these variations, as the consumer non-cyclicals sector generally demonstrates higher resilience to economic pressure. Consequently, operating cash flow performance in this sector plays a more substantial role in determining corporate income tax.

Effect of Leverage on Corporate Income Tax

Based on the SEM-PLS analysis, leverage proxied by the Debt to Equity Ratio (DER) shows a negative and significant effect on Corporate Income Tax, with a path coefficient of -0.429 and a p-value of 0.016. This negative relationship indicates that higher leverage is associated with a lower corporate income tax burden. This finding can be explained by the tax shield mechanism, where interest expenses arising from debt financing reduce taxable income and consequently lower the amount of tax payable. With an effect size of 0.18, leverage demonstrates a moderate influence, making it an important factor in corporate financing decisions related to tax obligations.

This negative relationship is consistent with the tax shield concept, whereby debt usage allows firms to reduce tax expenses through deductible interest costs. Within the framework of Agency Theory, this condition illustrates that management as the agent may strategically use debt-based financing structures to reduce tax burdens and optimize after-tax profits.

This finding aligns with the studies of [4] as well as [5], which report that DER significantly affects corporate income tax and reinforces the view that debt financing can serve as an effective tax management strategy. However, it contradicts the findings of [6], who conclude that leverage has no significant effect on corporate income tax. Overall, this study confirms that leverage is a crucial variable in understanding the relationship between capital structure and corporate tax obligations.

Effect of Profitability on Corporate Income Tax

Profitability proxied by Net Profit Margin (NPM) shows a negative but insignificant effect on Corporate Income Tax, with a path coefficient of -0.108 and a p-value of 0.44. This result indicates that an increase in profitability does not necessarily lead to a higher tax burden. High accounting profits may not be accompanied by strong cash flows due to factors such as uncollected receivables, non-cash expenses, or accounting practices that reduce taxable income.

This finding is consistent with the view of , who argues that high accounting profits do not always reflect efficient profit generation, as profit composition may be influenced by non-operational factors or accounting adjustments. From the Agency Theory perspective, this insignificance may reflect the presence of earnings management or specific accounting policies implemented by management to manage both accounting and taxable income.

The result is in line with the findings of , , and , who suggest that profitable firms tend to engage in efficiency efforts or legally acceptable tax avoidance strategies, thereby reducing tax burdens. However, this finding contrasts with the results of and , which report that higher profitability leads to higher corporate income tax. These differences indicate that the relationship between profitability and corporate income tax is not always linear and is highly dependent on managerial policies.

Effect of Liquidity on Corporate Income Tax

Liquidity proxied by the Current Ratio (CR) shows a negative but insignificant effect on Corporate Income Tax, with a path coefficient of -0.166 and a p-value of 0.364 . Although the relationship is negative, the effect size of 0.023 indicates that liquidity contributes minimally to explaining variations in corporate income tax.

This finding suggests that a firm's ability to meet short-term obligations does not directly determine its corporate tax burden. From the Agency Theory perspective, management as the agent may prioritize liquidity management to maintain operational stability rather than using liquidity as a determinant of tax strategy. A firm may have high liquidity without a corresponding increase in taxable income, resulting in no significant impact on corporate income tax.

This result is consistent with the findings of and , who also report that liquidity does not significantly affect corporate income tax. Previous studies indicate that the relationship between liquidity and corporate taxation largely depends on how firms manage current assets and short-term liabilities. Moreover, high liquidity does not necessarily reflect higher taxable income, as firms may hold substantial cash without an increase in tax-generating operational

5. Conclusion

This study examines the effect of Operating Cash Flow, Leverage, Profitability, and Liquidity on Corporate Income Tax (CIT) in Consumer Non-Cyclical companies during the 2021–2024 period using the SEM-PLS method. The findings indicate that Operating Cash Flow has a significant positive effect on Corporate Income Tax, suggesting that a stronger ability to generate operating cash increases taxable income. Leverage shows a significant negative effect, confirming the existence of a tax shield mechanism whereby the use of debt reduces the corporate tax burden through interest expenses. In contrast, Profitability and Liquidity do not have a significant effect on Corporate Income Tax, implying that accounting profit performance and short-term financial capability are not always directly reflected in the amount of income tax paid.

The research model demonstrates limited predictive power, indicating that the selected variables explain only a small proportion of the variation in Corporate Income Tax. In addition, the focus on a single sector with a relatively small sample size necessitates caution in generalizing the results. Nevertheless, this study offers meaningful implications. Management should strategically manage operating cash flow and capital structure to balance operational requirements and tax obligations. Investors may consider leverage and cash flow indicators when evaluating corporate tax risk, while regulators may strengthen oversight of firms with high debt levels that potentially utilize interest expenses as part of tax planning strategies.

Future studies are encouraged to incorporate additional variables, such as capital intensity, tax management strategies, and firm size, as well as to expand sectoral coverage and observation periods to enhance the robustness and generalizability of the findings.

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