

Original Article

The Effect Of Revenue And Income Tax Expense On Net Profit

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Abstract:

This research aims to determine and analyze the influence of revenue and income tax expense on net profit at PT. Midi Utama Indonesia Tbk which operates in the retail business in Indonesia, both partially and simultaneously. The population in this research is the quarterly financial reports of PT. Midi Utama Indonesia Tbk 2014-2023. The research sample includes data regarding revenue, income tax expense and net profit. The data analysis technique for this research uses the SPSS version 27 program. Based on the research results, it can be concluded that revenue partially influences net profit with a significance value of 0.000 < 0.05, Income Tax Expense partially influences net profit with a significance value of 0.000 < 0, 05, revenue and income tax expenses simultaneously influence net profit with a significance value of 0.000 < 0.05.

Keywords: Revenue, income tax expense and Net Profit

Introduction

Companies are currently competing with each other rapidly where companies are required to be able to develop various innovations to remain competitive in the industrial world so that The products made by the company are required to have advantages in order to attract sales value to the public (Ningsih & Epi, 2021). More competitors working together in the same business will give customers more choices to choose the products they want. This situation will affect the price of the products sold by the company and the company's profits (Hasanah et al., 2022). Net profit is the profit obtained after deducting basic costs and various taxes/expenses. The level of net profit is determined by the level of sales and high or low expenses. High net net profit is not the only criterion used for assess the success or failure of a company in running its business. At least profit is a performance indicator for most companies (Purwanto, 2021). To estimate future conditions, companies can use data from the



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past through financial reports which can be used to estimate future income using profit and loss statements (Mutiara, 2022).

Companies can increase future profits if they recognize financial difficulties early. Costs related to a company's operating activities must be paid if the company wants to generate profits or income. Expenses are costs incurred or used to generate the expected income by the company. If the income is greater than the costs incurred then the company will make a profit and if the income is less than the costs incurred then the company will experience losses. The profit condition of a company is one of the factors that determines whether the company is successful in running its business. Current year profit, gross profit, and net profit are some types of profit (Hapsari & Saputra, 2018). One issue that is inextricably linked to this category is taxation, as tax rates differ among nations and have an effect on businesses' operations (Maryanti & Munandar, 2024). The corporation can make its greatest revenues through optimal sales. Sales activities can ensure the company's longevity; that is, the more sales the company generates, the more profits it will produce. Salesrelated revenue streams are able to pay for all of the company's expenses. Stressing expenditures can help achieve optimum profits in addition to ideal sales (Suzan & R, 2020).

Companies must have their own business policies and strategies starting from production, promotion and sales in order to compete in the business market, attract lots of customers and increase net profits. Companies are also required to prepare themselves for business competition where sales is a component that influences competition because companies are able to use this strategy to sell goods that are marketed to increase sales revenue which is the most important way to gain profits (Mandagie, 2022). PT. Midi Utama Indonesia Tbk is a company operating in the general trading sector including department/supermarket and minimarket trading which has many branches in Indonesia. The dynamics of the retail business in Indonesia continues to develop along with the growth of the middle market segment. Based on the financial statements and profit and loss statements in 2014-2023, there was an erratic fluctuation in net profit, this was also followed by revenues and income tax expenses, so a conclusion can be drawn that there is a link between revenue and income tax expenses on net profit. The aim of this research is to determine the effect of revenue and income tax expense on net profit at PT. Midi Utama Indonesia Tbk for the 2014-2023 period, both partially and simultaneously. In previous research conducted, revenue had a significant effect on net profit (Pipit Mutiara, 2022), this is not in line with research by Lupi & Gunardi, 2022) that revenue has no effect on net profit. Income tax has an effect on net profit (Eko Purwanto, 2021) but this is contrary to the results of research (Latersia&Willy, 2022) which states that income tax has no effect on net profit.

Methods

Population in this research is the quarterly financial report of PT. Midi Utama Indonesia Tbk 2014-2023. The research sample includes data regarding revenue, income tax expense and net profit of PT. Midi Utama Indonesia Tbk 2014-2023. The number of samples is 120 samples consisting of 40 revenue samples, 40 income tax expense samples and 40 net profit samples. The data source in this research is secondary data in the form of quantitative information on quarterly financial reports.

PT. Midi Utama Indonesia Tbk 2014-2023 and other necessary information. This research's data analysis technique uses analytical tools with the Statistical Package for Social Sciences (SPSS) 27 in data processing.

Results

Classic Assumption Test

Data Normality Test

The results of the normality test using *Kolmogorov-Smirnov* (KS) analysis can be seen in the following table:

| Table 1. Normality Test | | | |
|--|--------------------|--|--|
| Statistik | Nilai | | |
| N | 40 | | |
| Mean | 0.0000000 | | |
| Standar Deviasi | 0.24589503 | | |
| Kolmogorov-Smirnov | 0.200 ^d | | |
| Monte Carlo Sig. (2-tailed) | 0.211 | | |
| Source :Results of Data Processing, 2024 | | | |

Based on the table above, it can be seen that *the Asymp.Sig* (2-tailed) value is 0.200 where 0.200 > 0.05, it can be concluded that the data distribution is normal.

The results of statistical analysis are consistent with tests carried out using graphic analysis.



Source: Results of Data Processing, 2024 Figure 1. P-Plot Normality

From the graph in Figure 1 above, it shows that the points are spread around the line and follow the diagonal line, so it can be concluded that the regression model is normally distributed.

Multicollinearity Test

| Table 2. Multicollinearity Test | | | |
|---------------------------------|--------------|-------|--|
| Variabel | Collinearity | | |
| | Statistics | | |
| | Tolerance VI | | |
| LN_Revenue | .244 | 4.093 | |
| LN_Income Tax Expense | .244 | 4.093 | |

The multicollinearity test can be carried out by looking at the VIF value and tolerance value of each variable. If the tolerance value is $\leq 0,10$ and the VIF value is \geq 10 then the independent variable experiences multicollinearity, whereas if the tolerance value is $\geq 0,10$ and the VIF value ≤ 10 then the independent variable does not experience multicollinearity. Based on the results of the multicollinearity test in table 2, it shows that the tolerance values for revenue and Expenses Income Tax is $0,244 \geq 0,10$ and the VIF value is $4,093 \leq 10$ so it can be concluded that the independent variables used in the regression model of this research do not have symptoms of multicollinearity.

Heteroscedasticity Test



Figure 2. Heteroscedasticity Test

Based on the picture above, it can be seen that the points are spread randomly and are spread both above and below the number o on the Y axis, so it can be proven that there is no heteroscedasticity and the regression model is suitable to be used.

Autocorrelation Test

| Table 3. Autocorrelation Test | | | |
|-------------------------------|--------|--|--|
| Criterion | Nilai | | |
| DL | 1.3821 | | |
| DU | 1.5969 | | |
| 4-DU | 2.4031 | | |
| Durbin-Watson | 1.819 | | |

From table 3 above, it can be seen that the output produces a value of DU (1,596)<DW 1,819<4-du (2,404), so it can be interpreted that there are no symptoms of autocorrelation.

Multiple Linear Regression Test

Multiple linear regression is a regression equation using two or more dependent variables with the aim of determining the relationship between the independent variable and the dependent variable.

| Table 4. Multiple Linear Regression Test | | | |
|--|-------------------|-------|--|
| variabel | koefisien regresi | Std. | |
| | (B) | Error | |
| (Constant) | -3.769 | 1.515 | |
| LN_Revenue | .735 | .123 | |
| LN_ Income Tax Expense | .379 | .051 | |

Based on the regression results shown in table 4 the results of the multiple linear regression equation are:

 $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e \text{ Sehingga } Y = -3,769 + 0,735 X_1 + 0,379 X_2 + 1,515$

From the multiple linear regression equation above it can be interpreted as follows:

- 1. The constant value (α) is negative, namely -3.769, meaning that if revenue (X1) and income tax expense (X2) are zero then net profit will be -3.769.
- 2. The income regression coefficient value (X1) is positive (0.735). This means that if the revenue value (X1) increases by one and the income tax expense value (X2) remains constant, net profit will increase by 0.735.
- 3. The regression coefficient value for income tax expense (X_2) is positive (0.379). This means that if the value of income tax expense (X2) increases by one and the value of revenue (X1) remains the same, net profit will increase by 0.379.

Partial Test (t-test)

| | Table 5. Partial Test (t-test) | | | |
|------------------------|--------------------------------|-------|----------|------|
| variabel | koefisien regresi | Std. | t hitung | Sig. |
| | (B) | Error | _ | - |
| (Constant) | -3.769 | 1.515 | -2.488 | .017 |
| LN_ Revenue | .735 | .123 | 5.968 | .000 |
| LN_ Income Tax Expense | .379 | .051 | 7.501 | .000 |

Based on table 5, it shows that the variable amount of revenue produces a calculated t value of 5,968 with a significance level of 0.000 < 0.05 so it can be said that revenue has an effect on Net Profit and Income Tax Expense producing a calculated t value of 7,501 with a significance level of 0.000 < 0.05 it can be concluded that Income Tax Expense has an effect on Net Profit.

Simultaneous Test (F Test)

| Table 6. Simultaneous Test (F Test) | | | | | |
|-------------------------------------|----------------|----|--------|----------|-------------------|
| Model | Sum of Squares | df | Mean | F hitung | Sig. |
| | | | Square | | |
| Regression | 44.271 | 2 | 22.136 | 347.318 | .000 ^b |
| Residual | 2.358 | 37 | .064 | | |
| Total | 46.629 | 39 | | | |

From table 6 it can be seen that the significance level is 0.000 < 0.05 so it can be interpreted that simultaneously or together the independent variables revenue and income tax expenses have an effect on the dependent variable net profit.

The Effect of Revenue on Net Profit

Based on the results of the t test that has been carried out, a significance value of 0.000 < 0.05 Ha1 is accepted, which means that revenue has an effect on net profit at PT. Midi Utama Indonesia Tbk. If there is an increase in revenue, it will be followed by an increase in the company's net profit. The results of this research are in line with research conducted by (Pipit Mutiara, 2022) which states that revenue has a significant effect on net profit.

The Effect of Income Tax Expense on Net Profit

Based on the results of the t test that has been carried out, the Income Tax Expense variable has a significance of 0.000 < 0.05 Ha2, so it can be said that Income Tax Expense influence on Net Profit at PT. Midi Utama Indonesia Tbk. Increasing the income tax expense will have an impact on increasing the company's net profit. The results of this research are in line with research conducted by (Eko Purwanto, 2021) which shows that Income Tax Expenses have an effect on Net Profit.

The Effect of Revenue and Income Tax Expenses on Net Profit

Based on the results of the simultaneous test, a significant level of 0.000 <0.05 Ha3 was accepted, thus it can be concluded that simultaneously Revenue and Income Tax Expenses have an effect on Net Profit at PT. Midi Utama Indonesia Tbk.

Conclusion

Based on the results of the research and discussion, it can be concluded as follows

Revenue partially influences net profit at PT. Midi Utama Indonesia Tbk with a 1. significance value of 0.000 < 0.05, this means that with an increase in revenue, it is followed by an increase in net profit.

- 2. Income Tax Expense partially influences net profit at PT. Midi Utama Indonesia Tbk with a significance value of 0.000 < 0.05, thus an increase in income tax expense will have an impact on increasing net profit.
- 3. Revenue and income tax expenses simultaneously influence net profit at PT. Midi Utama Indonesia Tbk with a significance value of 0.000 < 0.05.

Suggestion

- 1. Future researchers can consider adding variables to be studied, research period and sample and adding other factors that influence the dependent variable outside of the revenue and income tax expense variables so that they can produce findings that can provide new insights.
- 2. Companies should consider using variables that influence net profit, in this case revenue and income tax expense, therefore company management is able to carefully manage the relationship between net profit and revenue and income tax expense so that the company has the potential to get a higher net profit big.

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