The Influence of Tax Exclusion Policies and Other Factors on the Value of Dividends Paid by Public Companies in Indonesia

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ABSTRACT: This research aims to determine the effect of the dividend exclusion policy as a tax object as regulated in the Undang-Undang Cipta Kerja and its derivatives on dividends paid by companies. It is hoped that dividend payments can become a source of investment in Indonesia so that an increase in the amount of dividends paid will increase investment in Indonesia. This research also wants to know the effect of net profit, return on assets (ROA), free cash flow (FCF), and debt-to-equity ratio (DER) on the dividends paid by the company. The data used in the research is data from 2017 – 2022 which comes from 30 companies with the largest market capitalization on the IDX. The analysis was carried out using multiple linear regression on panel data using the Stata application version 16. Based on the research results, it is known that the policy of excluding dividends as a tax object does not have a significant effect on the dividends paid by companies. Meanwhile, net profit, ROA, and FCF have a significant and positive effect on the dividends paid by the company. DER is also known to have a significant and negative effect on the dividends paid by companies. The implication of this research is that to increase the dividends paid by the company, the policies implemented must be able to be utilized by the majority shareholders and there will be an increase in the company's net profit, ROA, and FCF as well as a decrease in DER.

Keywords: Dividend Exclusion Policy, Dividend Payment, Financial Performance

INTRODUCTION

Since the enactment of Indonesia Law (UU) Number 11 of 2020 concerning Job Creation (Job Creation Law) and Government Regulation (PP) Number 9 of 2021 concerning Tax Regulations to Support Ease of Doing Business, there have been several specific regulations related to taxation in Indonesia that have changed, one of which is related to tax. on dividends. With the enactment of the Job Creation Law Government Regulation Number 9 of 2021 which is then further regulated in the Minister of Finance Regulation (PMK) Number 18 of 2021, dividends paid or
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distributed by companies may not be subject to (obligation to pay) tax or in statutory provisions it is called by being excluded as an object of income tax (PPh).

The policy of excluding dividends as an income tax object according to the Director of Tax Regulation II DJP, Yunirwansyah as quoted in DDTC is to increase and meet domestic investment needs (DDTC Redaksi, 2020). The explanation by the Director of Taxation II, DJP, is in line with the research results of (Prayogo & Muhasan, 2022; Rohali & Utomo, 2022; Wijaya & Buana, 2021) which state that the implementation of the dividend exclusion policy as an income tax object will increase investment in Indonesia. Apart from being able to increase investment, the exemption for dividends as an income tax object according to (Asshidiqi & Irawan, 2021; Baran et al., 2023; Wafikhoh, 2022; Xu, 2023) was also issued to minimize double taxation and increase legal certainty.

Even though it has several positive impacts, as mentioned in the previous paragraph, (Prayogo & Muhasan, 2022) in their research explain that in the short term the policy of excluding dividends as an income tax object can reduce state revenues. The reduction in state revenue is due to tax on dividends which previously had to be paid to the state, but with the enactment of the provisions on the exception of dividends as an income tax object, domestic taxpayers (WP) may not pay tax on dividends received or earned, resulting in what is known as revenue forgone.

The loss or reduction of tax payment obligations by domestic taxpayers is an incentive that taxpayers are very likely to take advantage of. Research by (Alstadseter et al., 2015; Yagan, 2018; Yu et al., 2021) show that after the implementation of the tax rate reduction on dividends paid or distributed to shareholders, dividend payments tend to increase. Research by (Yu et al., 2021) specifically explains that when the company’s main controller or majority shareholder wants to take advantage of the incentive to reduce the tax rate on dividends, the company will pay larger dividends.

Factors that influence dividend payments by a company are certainly not only related to the tax rate on dividends. Based on research that has been carried out in Indonesia, as has been done by (Hartanti et al., 2019; Karjono, 2019; Meidawati et al., 2020; Sejati et al., 2020; Seraj et al., 2022), factors that have a significant influence on dividends paid by companies in Indonesia are more related to the company's profitability and liquidity.

Based on the research that has been carried out, almost all research related to the determinants of dividends for public companies in Indonesia still focuses on aspects of profitability, liquidity, and liabilities. There has not been any research that specifically discusses the influence of tax policy, especially the exclusion of dividends as an income tax object, on a company's dividends. This is quite different from conditions in foreign countries where several studies have been found that have specifically discussed the effect of changes in dividend rates on dividends paid or distributed by companies. The absence of research as intended in Indonesia is very likely due to the policy of excluding dividends as an income tax object, a provision that has only just been implemented in Indonesia, unlike in several other countries where it was implemented several years ago. Based on existing conditions and to add to the body of knowledge, especially regarding the impact of tax policy on the business world, research will be carried out to find out how the dividend exclusion...
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policy as an income tax object and other factors affect the value of dividends paid by public companies in Indonesia.

Dividend

Reeve et al. (2010) in Prayogo & Mhasan (2022) state that dividends are a distribution of profits to shareholders according to the proportion of their ownership. Similar to the explanation of Reeve et. al. in (Fiqih, 2021; Prayogo & Muhasan, 2022; Sugeng, 2017) explain that dividends are part of a company's profits for a period that is distributed to its shareholders. In general, according to Fiqih (2021), companies will distribute dividends when the company has a profit, whereas if the company has a loss status, it is likely that the company will not distribute dividends unless the company still has cash reserves and profit balance to distribute dividends. The amount of net profit that will be distributed as dividends is determined by the shareholders. If the company has gone public, the amount of dividends will be determined at the Annual GMS.

Types of dividends based on their form, according to (Sugeng, 2017), consist of cash dividends, share dividends, and property dividends. Meanwhile, from a tax perspective, as stated in the explanation of the Income Tax Law, there are also payments to shareholders that are not in the form of cash, shares, or property and are sometimes not referred to as dividends but are still considered dividends from a tax perspective. This is because the payments or gifts made are dividends to shareholders but the form and name are changed to avoid tax. In Indonesian tax regulations, this type of dividend is known as a disguised dividend.

Dividend Policy

Dividend policy according to (Ovami & Nasution, 2020; Reysa et al., 2022) is the decisions of the company or the majority shareholder of the company in distributing the profits that have been obtained. As described by Reysa et al. (2022) the profits earned by the company can be distributed directly into dividends or retained as additional capital often referred to as retained earnings.

The dividend policy then gives rise to what is called the dividend payout ratio (DPR) or the percentage comparison between the amount of dividends and the profits earned in a period. The greater the DPR means the greater the percentage of dividends distributed compared to the profits earned.

Dividend Tax

Dividend tax is a tax imposed on dividends received. As explained in research by Rohali and Utomo (2022), tax (income) on dividends is a collection or deduction made on profits obtained by shareholders, insurance policyholders, or cooperative members. In general, taxation on dividends is imposed in two types, namely the Classical System and the One-Tier System (IBFD International Tax Glossary, 2015 in Prayogo and Mhasan, 2022). It was explained that the Classical tier is taxation on dividends which are imposed on company profits and will be charged (taxed) again when distributed to shareholders. Meanwhile, the One-Tier System is taxation that is imposed only at the company level. Rohali and Utomo (2022) explain that with the implementation of the
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Dividend exclusion policy as an income tax object for domestic taxpayers, Indonesia has adopted a single/tier tax system.

Wijaya and Melati (2021) explain that referring to the Income Tax Law before it was amended by the Job Creation Law, dividends paid in Indonesia were subject to a final rate of 10% for domestic individual taxpayers and corporate taxpayers, they were subject to a rate of 15% and could be credited as credit. PPh Article 23 in calculating current year tax. With the enactment of the Job Creation Law and its practical derivative provisions, dividends earned/received by domestic taxpayers can be excluded as income tax objects.

Tax Incentives

Wijaya and Buana (2021) define tax incentives as encouragement given by tax institutions so that taxpayers are willing to fulfill their tax obligations. It was explained that the impact of tax incentives for taxpayers is the possibility of reducing the tax burden that must be met by taxpayers. As a result of the reduced tax burden as explained in the report (World Bank, 2018), production costs are lower so that the profits obtained by business entities will increase. How tax incentives work to reduce production costs depends on the form or type of tax incentives provided.

There are various types of tax incentives, in research by (Dahliah & Tjan, 2022) it is stated that tax incentives can be in the form of tax holidays, tax allowances, and tax exemptions. Meanwhile, the components that make up tax incentives as mentioned by (Wijaya & Buana, 2021) consist of exemptions from taxation, reductions in the tax base, reductions in tax rates, and tax deferrals. Apart from the four components that make up tax incentives as explained by (Intan, 2016; Wijaya & Buana, 2021) in her research also explains that there are tax incentives that exclude an object as a tax object or can be called an exception as a tax object.

Exceptions as Tax Objects

According to Wafikhoh (2022), exemption as a tax object is the same as full exemption or exemption without progression, where an object (which can be a type of income) is excluded from the basis of tax calculation. The provisions of tax legislation in Indonesia regulate things (which can be income) that are excluded as tax objects as stated in Article 4 paragraph 3 of the Income Tax Law as last amended by the Law on Harmonization of Tax Regulations. Some income that is excluded as a tax object as stated in the Income Tax Law includes assistance or donations with certain conditions, inheritance, dividends with certain conditions, etc.

Provisions regarding income that is excluded as a tax object have not changed much since the third amendment to the Income Tax Law in 2008, but with the issuance of the Job Creation Law, there have been several changes and additions to income that is excluded as a tax object. Additional income that is excluded as a tax object includes BPIH deposits and excess balances received by social and religious institutions that meet certain requirements. Meanwhile, the income that changes the requirements to obtain exemption is dividends.
The Income Tax Law, as last amended by the Law on Harmonization of Tax Regulations, causes dividends paid to domestic taxpayers (DN taxpayers) to be excluded as tax objects. This is different from the previous provisions which stipulate that corporate taxpayers with share ownership of 25% or more or corporate taxpayers in the form of CVs or firms are not subject to tax on dividends received. Meanwhile, since the enactment of the Law on Harmonization of Tax Regulations, dividends received by all corporate DN taxpayers are excluded as tax objects. Apart from that, dividends received by domestic individual taxpayers if they are invested domestically are also excluded as a tax object, conversely if the dividends are not invested domestically then the dividends are still subject to tax.

**The Effect of Excluding Dividends as a Tax Object on Dividend Payments**

The enactment of the Job Creation Law and its derivative regulations means that dividends can be excluded as a tax object. Dividends will be excluded as a tax object if they are received by domestic taxpayers and invested in the country within a certain period. However, if dividends are not invested domestically within a certain period, taxpayers are still required to pay tax on the dividends received.

Based on research by Yu et al. (2021) and Yagan (2018) explained that shareholders tend to take advantage of the reduction in dividend tax rates. As mentioned in Yu et al. (2021) dividend payments increase when the majority shareholder feels they have benefited from a reduction in dividend tax and wants large dividend payments. Meanwhile, Yagan (2018) explains that the DPR of some companies in the United States experienced a significant increase in the initial phase of reducing the dividend tax rate in the United States in 2003. The same thing might also happen in Indonesia, to take advantage of the reduction in tax rates, in the form of an exemption for dividends as an income tax object, the company will pay or distribute larger dividends to its shareholders. Therefore, the hypothesis that will be developed is that the dividend exclusion policy will have a significant and positive effect on dividends paid by the company.

H1: The dividend exclusion policy will have a significant and positive effect on dividends paid by the company.

**Effect of Net Profit on Dividends**

Fiqih (2021) explains that net profit and operating cash flow have a significant and positive effect on cash dividends paid by the company. It is explained that the higher the net profit, the greater the cash dividend distribution will be, and vice versa. Widjanarko et al. (2021) also explain that a company’s net profit has a significant and positive effect on a company’s dividend policy. It is explained that an increase in a company’s net profit can increase dividends because a company that has a larger net profit will have more profit to distribute to shareholders or retain to increase the company’s equity.

Apart from (Fiqih, 2021; Meidawati et al., 2020; Widjanarko et al., 2021) also found that the level of net profit shown through profitability has a positive and significant effect on the company's
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dividend policy. Meidawati et al. (2020) stated that the higher a company's net profit will have a positive and significant effect on the dividends paid by the company.

H2: Net profit has a significant and positive influence on the dividends paid by the company.

Effect of ROA on Dividends

In line with the influence of net profit on dividends paid by companies, Sejati et al. (2020) in their research also found that dividend payments are greatly influenced by the company's ROA and free cash flow. True et al. (2020) explain that ROA is a variable that shows a company's ability to generate profits so when ROA increases, this indirectly means it will increase the company's profits and dividends. Apart from that, increasing ROA, according to signal theory, can also be a signal that there will be an increase in dividends in the current year.

Ulfa et al. (2020) also found that profitability as measured by ROA has a positive and significant effect on the dividends paid by the company. Cahyadi et al. (2018) and Safrida (2014) in Ulfa et al. (2020) explained that the higher a company's ROA the higher the company's internal budget so that it can finance the company's expenses, one of which is in the form of dividend payments to its shareholders.

H3: ROA has a significant and positive influence on the dividends paid by the company.

Effect of Free Cash Flow on Dividends

Free cash flow according to Sejati et al. (2020), Rachmah (2019), and Masrifah (2015) in Fiqh (2021) have a significant and positive effect on company cash dividends. (Rachmah, 2019) explain that the remaining cash or excess cash from the company can be used to meet company financing, one of which is paying dividends to shareholders. Jensen (1986) in Sejati et al. (2020) specifically explain that companies that are no longer expansive but have large cash flows will pay or distribute high dividends to shareholders to prevent company managers from using company cash to invest in less profitable projects. Therefore, the hypothesis developed is that free cash flow will have a significant and positive effect on dividends paid by the company.

H4: Free cash flow has a significant and positive influence on the dividends paid by the company.

Effect of DER on Dividends

In contrast to net profit, ROA and free cash flow which are considered to have a positive influence, DER is mentioned in the research of Widjanarko et al. (2021), Sejati et al. (2020) and Hanif and Bustaman, (2017) have a negative effect on the dividends paid by the company. Widjanarko et al. (2021) explains that the higher the DER or debt, the greater the responsibility (debt) and burden (debt interest) that must be paid, which will reduce the cash available to be paid as dividends. Therefore, the hypothesis developed is that the DER value will have a significant and negative effect on the dividends paid by the company.
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H5: DER has a significant and negative influence on the dividends paid by the company.

METHOD

This is a quantitative research with data in the form of numbers. The data used is secondary data originating from the company's financial reports. The research period is from 2017 to 2017. 2022 and 2021 were chosen as the period when the dividend exclusion policy as a tax object came into effect, so that before 2021 dividends had not been excluded as a tax object, whereas since 2021 and 2022 the dividend exclusion policy as a tax object has been implemented. The research population consists of public companies listed on the Indonesia Stock Exchange (BEI). Sample selection was carried out using a purposive sampling method, selecting 30 stocks with the largest capitalization listed on the IDX as of January 25, 2023. The data obtained was analyzed using multiple linear regression analysis of panel data with the Stata version 16 application.

Research Population and Sample

The research population is public companies listed on the IDX and whose financial performance data can be accessed from 2017 to 2017. 2022. The sample was selected using a purposive sampling method with the results of selecting 30 companies with the largest capitalization on the BEI as of January 25 2023. These 30 companies were chosen because these companies can be considered to represent more than 700 companies listed on the BEI. This is because the selected sample represents up to 61% of the capitalization of all companies listed on the IDX so these thirty shares tend to be more capable of moving the Indonesian stock price index (Juwita & Angela, 2016). The method should be well elaborated enhancing the model, the analysis approach and the steps taken. Equations should be well numbered as we illustrate.

Variable Measurement

The dependent variable in this research is the dividend paid by the company in a year. Meanwhile, the independent variables used in this research consist of the dividend exclusion policy as an income tax object (dummy variable), net profit for the current year, ROA, free cash flow, and DER. Following are the units and measurements for each variable.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Payment (Y)</td>
<td>Dividend = total dividend paid in billions of Rupiah</td>
</tr>
<tr>
<td>Dividend Exclusion Policy (X₁)</td>
<td>DEP = dummy variable, 0 for the period before the policy comes into effect</td>
</tr>
<tr>
<td>Net Income (X₂)</td>
<td>NI = amount of net profit generated by the company in billions of Rupiah</td>
</tr>
</tbody>
</table>
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### Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on asset (X3)</td>
<td>ROA = Profit After Tax / Total Assets</td>
</tr>
<tr>
<td>Free cash flow (X4)</td>
<td>FCF = remaining amount of cash flow in billions of Rupiah</td>
</tr>
<tr>
<td>Debt to Equity Ratio (X5)</td>
<td>DER = Total Liabilities / Equity</td>
</tr>
</tbody>
</table>

#### Research Framework

#### Independent Variable

- Dividend Exclusion Policy (X1)
- Net Income (X2)
- ROA (X3)
- Free Cash Flow (X4)
- DER (X5)

#### Dependent Variable

- Dividend Payment Amount (Y)

#### Research Model

This research uses descriptive statistical analysis and multiple linear regression analysis of panel data. Linear regression analysis is used to determine the effect of independent variables on the dependent variable in research. Linear regression analysis in this research was carried out by determining the best model, classical assumption testing, and hypothesis testing. The equation formula or regression model is as follows.

\[
Dividends_i = \alpha + \beta_1 \text{DEP}_{it} + \beta_2 \text{NI}_{it} + \beta_3 \text{ROA}_{it} + \beta_4 \text{FCF}_{it} + \beta_5 \text{DER}_{it} + \varepsilon \ldots (1)
\]

Keterangan:
- Dividends: Dividends paid by the company (dependent variable)
- \(\alpha\): Constant
- \(\beta_1 - 5\): Coefficient of each independent variable
- KPD: Dividend exclusion policy (dummy variable)
RESULT AND DISCUSSION

Statistical Analysis Results

Based on the data used, it is known that dividend payments by companies listed on the IDX tend to continue to increase from year to year. Apart from dividends which tend to continue to increase, the net profits of the thirty companies with the largest market capitalization on the IDX also tend to continue to increase. The following is a graph of dividend payments and net profit of listed companies as a basis for dividend payments.

The image above shows that in the period 2018 to 2022, the value of dividend payments is likely to continue to increase, as will the net profit generated by the thirty companies in the sample. The decline that occurred in 2021 was the impact of the Covid-19 pandemic that broke out in Indonesia. For information, the net profit paid or recognized as being paid in the current year is the net profit in the previous year, so the profit paid as dividends in 2021 is the profit generated in the 2020 financial year or when the pandemic was occurring.

The growth in the value of dividends paid and the company's net profit from the test year as well as the impact of the Covid-19 pandemic in 2020 can also be seen from the results of the descriptive statistical tests carried out. It is known that the largest dividend payment, the highest net profit and the highest ROA occurred not in the 2020 financial year. Meanwhile, the largest loss occurred

NI : Net Income
ROA : Return on asset
FCF : Free cash flow
DER : Debt to equity ratio
δ : Standard error
in the pandemic year, namely in the 2020 financial year. Table below shows the results of the descriptive statistical tests that have been carried out.

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit</th>
<th>Average</th>
<th>Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Payment</td>
<td>Million</td>
<td>3.794,98</td>
<td>26.407,00</td>
<td>-</td>
</tr>
<tr>
<td>Net Income</td>
<td>Million</td>
<td>7.399,47</td>
<td>34.414,00</td>
<td>-4.690,00</td>
</tr>
<tr>
<td>ROA</td>
<td>(%)</td>
<td>7.63</td>
<td>49.83</td>
<td>-13.43</td>
</tr>
<tr>
<td>DER</td>
<td>(%)</td>
<td>22.93</td>
<td>371.00</td>
<td>-1.051.00</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>Million</td>
<td>9.827,31</td>
<td>126.368,00</td>
<td>-35.256,00</td>
</tr>
</tbody>
</table>

The maximum dividend payment as shown in Table 2 was made by Bank BRI in 2022, while the largest net profit was recorded by Bank BRI for the 2019 financial year. Meanwhile, the highest ROA was recorded by the coal company PT Bayan Resources in the 2021 financial year. Minimum value of profit or loss The largest net contribution was made by the coal company PT Bumi Resources in the 2020 financial year. Apart from recording the largest net loss, PT Bumi Resources in the 2018 financial year was also recorded as having the "worst" DER because not only did it have a debt value that was greater than its equity, but PT Bumi Resources' equity has also reached a negative value or the value of the company's assets is smaller than the value of the company's debt.

Best Model Test Results

The best model test is carried out to determine the best model to be used in compiling the equation. Using panel regression, a series of best model tests have been carried out consisting of the Chow Test, Hausman Test, and Breusch Pagan Lagrange Multiplier with the results as shown in Table below.

<table>
<thead>
<tr>
<th>Test</th>
<th>Prob. Value</th>
<th>α</th>
<th>Best Model to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chow Likelihood Ratio</td>
<td>0.00</td>
<td>0.05</td>
<td>FE</td>
</tr>
<tr>
<td>Hausman</td>
<td>0.66</td>
<td>0.05</td>
<td>RE</td>
</tr>
<tr>
<td>Lagrange Multiplier Breusch Pagan</td>
<td>0.00</td>
<td>0.05</td>
<td>RE</td>
</tr>
</tbody>
</table>

The table above shows that the best panel data model for the data used to construct the equation is Random Effect (RE). This is shown in the Hausman and Lagrange Multiplier Breusch Pagan tests which show that the probability is not significant (Hausman test) and significant (Lagrange Multiplier Breusch Pagan) so that according to the explanation of (Sihombing, 2021) the best model used to compile the panel regression equation is Random Effect (RE).

Assumption Test Results

Based on the best model selected, namely Random Effect (RE), the assumption test will then be carried out to obtain good panel regression results. The classic assumption test for the RE model
as explained by Sihombing (2021) consists of a normality test, multicollinearity test, and autocorrelation test with the results shown in Table below.

<table>
<thead>
<tr>
<th>Test</th>
<th>Unit</th>
<th>Prob. Value</th>
<th>Result</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalitas</td>
<td>Prob&gt;chi2</td>
<td>0,00</td>
<td>Signifikan</td>
<td>Tidak Normal</td>
</tr>
<tr>
<td>Multikolinearitas</td>
<td>Vif</td>
<td>1,68</td>
<td>Tidak Signifikan</td>
<td>Non Multikol</td>
</tr>
<tr>
<td>Autokorelasi</td>
<td>Prob&gt;F</td>
<td>0,00</td>
<td>Signifikan</td>
<td>Autokol</td>
</tr>
</tbody>
</table>

The table above shows that the data used has passed the multicollinearity test but has not passed the normality and autocorrelation tests. To overcome normality in the data, the author refers to Gujarati’s (2004) explanation regarding the Central Limit Theorem (CLT) in the research of Syah and Fachrudin (2020) which states that based on CLT, research with a large number of observations (more than 100 samples) tends to have a distribution normal data. Then explained by Ghozali and Ratmono (2013) in (Syah & Fachrudin, 2020) that if the sample size is large, then the assumption of normally distributed residuals can be ignored. The data used in this research are 150 data samples originating from 30 companies over five years so that the residual data for this research can be considered normally distributed.

To overcome violations of the autocorrelation assumption according to the explanation of (Savitri et al., 2021) you can add lag data to the dependent variable as an additional independent variable in the model or use an AR (autoregressive) model. It is explained that the xtregar function or command can be used to overcome the problem of assuming autocorrelation.

**Hypothesis Testing Results**

After the best model has been selected and has gone through classical assumption testing, hypothesis testing is carried out on the best model that has been selected. By using the Stata 16 application, the RE model was obtained with the xtregar command with an adjusted R2 of 0.91. This means that the dividends paid can be explained as 91% with the dividend exclusion policy as an object of PPh, net profit, ROA, free cash flow, and DER. Meanwhile, the remaining 9% is influenced by other variables outside the model. The following are the results of hypothesis testing on the best model that has been carried out:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Prob Value</th>
<th>Coefficient</th>
<th>Describe</th>
</tr>
</thead>
<tbody>
<tr>
<td>R²</td>
<td>0,909</td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>F Simultant Test</td>
<td>0,000</td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>Dividend Exclusion Policy</td>
<td>0,274</td>
<td>314,815</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Indicator</th>
<th>Prob Value</th>
<th>Coefficient</th>
<th>Describe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>0.000</td>
<td>0.495</td>
<td>Significant</td>
</tr>
<tr>
<td>ROA</td>
<td>0.001</td>
<td>67,404</td>
<td>Significant</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>0.041</td>
<td>0.016</td>
<td>Significant</td>
</tr>
<tr>
<td>DER</td>
<td>0.581</td>
<td>78,973</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

Apart from showing the adjusted R² results, Table above also shows that simultaneously the independent variables used can explain changes in the dependent variable. This is shown through the f test or simultaneous significance test which shows that the Prob value > F = 0.00 or less than 0.05 and rejects H0 so that all or some of the independent variables have a significant effect on the dependent variable used.

If the f test is used to test independent variables simultaneously, the t-test or individual (partial) significance test is used to determine the influence, significant or not, of each independent variable used on the dependent variable. Based on the table above, at a significance level of 95%, the independent variable, the dividend exclusion policy as an income tax object, has an insignificant effect on the dividends paid by a company listed on the IDX. Meanwhile, other independent variables in the form of net profit, ROA, and free cash flow individually have a significant effect on the dependent variable (α = 5%). It is noted that apart from the dividend exclusion variable as an income tax object, the DER variable also partially has no significant effect on the dependent variable, with α > 5%, to be precise 58.1%.

Based on the results of determining the best model, classical assumption testing, and hypothesis testing, the best estimated equation obtained is as follows:

\[ Y_{it} = -741.339 + 0.495NI_{it} + 67,404ROA_{it} + 0.016FCF_{it} \] (2)

Based on the results of the best model test, classical assumption test, and hypothesis test, in general, it can be stated that the dividend exclusion policy as an income tax object does not significantly affect dividend payments by the company. Apart from these variables, other independent variables in the form of net profit, ROA, and free cash flow of the company have a significant effect on dividends paid by public companies in Indonesia.

Based on the research that has been conducted at a glance, it appears that the results of the research conducted are different from several previous studies, especially research related to the effect of reducing the dividend tax rate on dividends paid by companies and/or investments made by Yu et al. (2021) and Yagan (2018). However, the results of the research that has been carried out are actually in line with the research results of Yu et al. (2021) and Yagan (2018). The results of this research can also be explained by referring to the two studies used as references.

Firstly, it must be realized that the exception of dividends as an income tax object which can be said to be a reduction in the dividend tax rate requires certain conditions, one of which can only
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be utilized by domestic taxpayers. Apart from that, changes or reductions in rates only occur for individual taxpayers who were previously required to pay 10% final PPh on dividends received or corporate taxpayers with ownership of up to 25% who were previously required to pay PPh 23 (tax credit) of 15% since the enactment of the provisions. The Job Creation Law and its derivative regulations exclude dividends as a tax object or dividends received by the two types of domestic taxpayers are excluded as income. Meanwhile, foreign taxpayers and corporate (domestic) taxpayers with ownership above 25% do not benefit at all from the dividend exclusion policy as an income tax object.

Based on the conditions as mentioned in the previous paragraph, it is then linked to the conditions of companies listed on the IDX. Of the 30 listed companies in the sample, only two companies, namely PT Bayan Resources and PT Barito Pacific, whose shares are controlled or owned by individuals are listed as more than 50%. Apart from that, the majority of companies listed on the IDX are also controlled by corporate taxpayers with an ownership portion of more than 25% since several years ago. So it is worth noting that quite a few companies listed on the IDX are owned by foreign taxpayers, and we cannot even be sure that the individuals who control PT Bayan Resources and PT Barito Pacific are domestic taxpayers. Based on these conditions, it can be stated that the majority shareholders of most public companies in Indonesia do not or do not benefit from the dividend exclusion policy as an income tax object. This is because the majority of companies listed on the IDX are owned by corporate taxpayers (domestic) with ownership above 25% or foreign taxpayers.

Then it should be realized that dividend decisions or policies, including the DPR amount, are determined by the decisions or wishes of the majority shareholders through the GMS. If the majority shareholder does not want to increase dividends because they do not benefit from the dividend exclusion policy as an income tax object, practically the dividends paid will not increase. This explanation is in line with the research results of Yu et al. (2021) which state that company dividends will increase when the majority shareholder wants the dividend to increase to take advantage of the policy of reducing the dividend tax rate or it can be said that the company's dividend will not increase even though there is a policy of reducing the dividend tax because the majority shareholder does not want or cannot take advantage of the policy. This condition is in line with what is happening in Indonesia, where the majority of shareholders of companies listed on the IDX cannot take advantage of or do not benefit from the dividend exclusion policy.

The results of the research that has been carried out are also in line with the results of Yagan's research (2018). Yagan (2018) in his research stated that companies that benefit from reduced dividend tax rates relatively pay or distribute higher dividends compared to companies that do not benefit from reduced dividend tax. The research results of Yagan (2018) are in line with the results of this research which shows that because the majority shareholders of the listed companies in Indonesia in the sample were unable to benefit from the dividend exclusion policy as a tax object, the value of dividends paid also did not increase. Based on the sample used, it is known that most of the majority shareholders of public companies in the research sample are controlled by companies or corporate taxpayers so the application of the dividend exception does not cause the majority shareholders who are corporate taxpayers to be able to take advantage of the dividend
exclusion policy as a tax object. Before the enactment of the Law on Harmonization of Tax Regulations, shareholders in the form of corporate taxpayers with ownership of 25% or more (majority) also had no tax obligations on dividends.

In contrast to the dividend exclusion policy variable as an income tax object which does not have a significant effect on dividends paid, the net profit variable has a significant and positive effect on dividends paid by the company. This is in line with the explanation of Reysa et al. (2022), Fiqh (2021), Meidawati et al. (2020), and Sejati et al. (2020) which states that profits greatly influence the dividends paid or distributed by companies because dividends are almost always based on the profits earned by the company.

Meidawati et al. (2020) in their research stated that company profits are the basis of reference for companies in distributing company dividends. It is stated that the greater the level of profit, the greater the level of dividend payments that will be distributed to shareholders.

Similar to net profit, ROA also has a significant and positive effect on dividends paid. The results of the research carried out are in line with the research results of Ulfa et al. (2020), Sejati et al. (2020), and Meidawati et al. (2020) which states that a company's ROA has a significant and positive effect on a company's dividend or dividend policy. It is explained that the greater the ROA a company has, the higher the dividends the company may distribute or pay.

(Ulfa et al., 2020) explain that ROA describes the company's ability to generate profits so that when the company's ROA is high it means the profits generated will be high. The high profits generated according to Ulfa et al. (2020) can be used to finance expenses, one of which is in the form of dividend payments.

Based on the research that has been carried out, the free cash flow variable also has a significance and influence similar to that of the net profit and ROA variables on dividends paid, namely a significant and positive influence. The results of this research are in line with research conducted by Sejati et al. (2020) and Rachmah (2019) who state that a company's free cash flow has a significant and positive effect on dividend policy or dividends paid by a company.

True et al. (2020) explain that companies that have high free cash flow are more likely to distribute dividends compared to companies that have low or even minus free cash flow. Linked to the free cash flow hypothesis, Jensen (1986) quoted in Sejati et al. (2020) states that companies with low growth opportunities and large amounts of free cash flow will tend to pay high dividends. This is done to prevent managers from investing cash in projects that have a negative net present value.

DER as the last independent variable was also recorded as not having a significant effect on the value of dividends paid. If a direct comparison is made with the data used, it is known that the majority of companies that distribute dividends are companies that have low DER but in some conditions, it is found that there are companies with negative DER that do not distribute dividends such as PT Bumi Resources and there are companies with high DER that are still able to pay dividends like PT Barito Pacific and PT Sarana Menara Nusantara.
The insignificance of DER on dividends paid by companies is in line with the research results of Rachmah (2019) and Hanif and Bustaman, (2017) who in their research also found that DER did not have a significant effect on dividends paid by companies. (Hanif & Bustaman, 2017) stated that the insignificance of DER on dividend policy is because shareholders or company owners represented by management sometimes have different points of view regarding the use of profits. On the one hand, they want profits to be divided into dividends, while on the other hand, they hope that profits will be used to pay off or pay off debt, so the effect is not so clear.

CONCLUSION

The conclusion that can be drawn from the research that has been carried out is that the policy of excluding dividends as an income tax object has no (significant) effect on dividends paid. This is because the majority shareholders of most companies listed on the IDX are owned by parties who cannot take advantage of the dividend exemption policy as a tax object, namely corporate taxpayers who since previous years have had share ownership of more than 25% and/or foreign taxpayers. Therefore, the dividend exclusion policy as an income tax object cannot be utilized and makes the majority shareholders reluctant or do not feel the need to change the dividend policy by increasing the dividends paid.

As is known, the dividend exclusion policy as a tax object can only be utilized by domestic taxpayers and will have an impact if before the enactment of this provision the taxpayer was a domestic individual taxpayer who paid a final income tax of 10% on dividends received or a domestic corporate taxpayer who before The enactment of these provisions has a PPh 23 (tax credit) obligation of 15%. This is because, for the two domestic taxpayers, as mentioned in the previous sentence, the implementation of the dividend exclusion policy as an income tax object will mean that the tax obligations on dividends that previously had to be fulfilled become non-existent.

Other variables that have a significant effect on the value of dividend payments are net profit, ROA, and free cash flow. These three variables have a positive effect on dividends paid by public companies in Indonesia. Meanwhile, DER does not have a significant effect on dividends paid by public companies in Indonesia.

The conclusion as previously mentioned implies that dividend payments made by public companies in Indonesia will increase if the policy of reducing dividend tax rates or exemptions for dividends as an income tax object can be used or utilized by the majority shareholders of a company. Apart from that, dividend payments will also increase when the value of net profit, ROA and free cash flow of a company in a financial year increases.

Based on the results and discussion of the research along with the conclusions that have been presented, the following are things that can be used as suggestions and considerations for further research:
1. Further research can only focus on companies controlled or majority owned by domestic taxpayers which can take advantage of the dividend exclusion policy as a tax object.

2. Further research can be carried out over a longer period to find out the impact of policies over a longer period. Studies conducted abroad on the policy of reducing dividend tax rates were also carried out several dozen years after the policy took effect.

3. Further research can map where dividends are paid by public companies in Indonesia, by knowing where the dividends paid are used, we can find out what appropriate policies are to be set by the government.

REFERENCE


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