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1

Bukti konfirmasi submit artikel dan artikel yang disubmit

Outlook

[TAAIJ] Submission Acknowledgement

From Dian Kusuma Wardhani <mail@ejournal2.undip.ac.id> Wed
Date 1/7/2024 10 47 AM diana atika ghozali
To <gatikadiana@gmail.com> dianaatika@live.undip.ac.id
Cc <dianaatika@live.undip.ac.id>

diana atika ghozali:

Thank you for submitting the manuscript, "The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings" to Tax Accounting Applied Journal. With the online journal management system that we are using, you will be able to track its progress through the **editorial process by logging in to the journal web site:**

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If you have any questions, please contact me. Thank you for considering this journal as a venue for your work.

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The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings

Raden Roro Diana Atika Ghozali*

*Tax Accounting Program Study, Applied Vocational, Diponegoro University, Indonesia

ARTICLE HISTORY

Received:
Revised:
Accepted:

Leverage, Profitability, Tax Avoidance, Banking Sector, Effective Tax Rate, Debt-to-Equity Ratio, Return on Assets

A B S T R A C T

This study investigates the relationship between leverage, profitability, and tax avoidance, the study employs a simultaneous equation model to analyze how leverage, measured by Debt-to-Equity Ratio (DER), and profitability, measured by Return on Assets (ROA), influence tax avoidance, represented by the Effective Tax Rate (ETR). The findings reveal that leverage does not have a significant impact on tax avoidance, likely due to high variability in ETR and other dominant factors such as company-specific tax policies and strategies. In contrast, a significant negative relationship is observed between profitability and ETR, indicating that more profitable banks tend to engage in greater tax avoidance. This can be attributed to economies of scale, where larger and more profitable banks can distribute the fixed costs of tax avoidance strategies more efficiently. These results highlight the importance of considering tax avoidance in financial analysis and policy-making, suggesting further longitudinal studies and cross-sector comparisons to enhance understanding of these dynamics.

1. Introduction

Banks are a major sector in the economic development of a country. Banks themselves provide services in the form of saving and borrowing. Banks are also intermediaries between creditors and debtors (Black & Strahan, 2002). Easy access to credit and capital resources can help the development of the company. Research in the banking industry will provide additional information related to corporate funding. The global financial crisis that occurred in 2007 / 2008 and the Europe debt crisis greatly affected the banking industry (Black & Strahan, 2002). Research on the impact of complex leverage on profitability through reducing the cost of capital and increasing operational efficiency. Other studies show that excessive leverage can reduce profitability due to high interest expense and increased financial risk.

From this problem, the researcher captures the flow that analyzes how leverage will affect the company's profit before tax. The dynamics of leverage and profitability, we can provide deeper insights related to the company. This study uses banking companies in Indonesia as a research sample. the reason the banking industry was chosen is because the banking industry is one of the sectors that is very influential on the economic development of a country (Black & Strahan, 2002).

This study aims to provide a comprehensive review of the relationship between leverage and profitability, specifically focusing on pre-tax profit in the banking industry. The study will identify the key factors that influence this relationship and examine the managerial implications of firms in managing leverage to achieve sustainable financial performance.

2. Theoritical Framework and Hypothesis

A number of theoretical models contribute to the understanding of the relationship between tax avoidance, profitability and leverage. According to the trade-off theory, firms should weigh the benefits of debt in relation to the costs of financial distress. According to this argument, leveraged firms are more likely to take advantage of the tax deduction for interest by engaging in tax avoidance. On the other hand, Pecking Order Theory states that firms prefer internal funding and only use debt as a last resort, which impacts their tax tactics (Myers & Majluf, 1984).

Diverse empirical findings support different theories regarding the relationship between tax avoidance, profitability, and leverage. Leverage and tax avoidance were found to be positively correlated across a number of different businesses by (Hanlon & Heitzman, 2022). Similar findings were made by Lanis & Richardson (2011), who found that firms with significant levels of leverage engage in more aggressive tax avoidance. On the other hand, Chen et al. (2010) showed that the relationship may change depending on the institutional context, indicating the importance of the regulatory regime.

H1: Leverage has a positive effect on Tax Avoidance

H2: Profitability has a positive effect on Tax Avoidance.

3. Research Methodology

The sample of this study includes 48 banks in Indonesia. The data of all banks in this study are from 2010 to 2022. Data is taken from the Bloomberg FEB Undip database. Based on previous research, the author uses a simultaneous equation model to explain the relationship between bank leverage, bank profitability, and tax avoidance (Desai & Dharmapala, 2009; Hanlon & Heitzman, 2022; Lanis & Richardson, 2011; Linantis et al., 2021). The model used in this study is as follows:

$$TA = \alpha + \beta 1 Lev \; + \; \beta 2 Prof \; + \; e$$

In the equation above, TA represents Tax Avoidance at the bank, α represents the intercept of the Tax Avoidance equation, β is the slope of the independent variable Leverage represented by

Lev and the slope of the independent variable Profitability represented by Prof. And e represents the error value.

In this study, the measuring instruments used to describe each variable are as follows, the Tax Avoidance variable is obtained from the ETR value. ETR is a metric used to measure the average percentage of tax paid by a company on its taxable income (Lanis & Richardson, 2011). ETR is also used as an indicator of how efficiently the company manages its tax obligations. A low ETR may indicate that companies are reducing their tax burden through Tax Avoidance strategies, or vice versa. The Leverage variable is obtained from DER, which is Total Debt divided by Total Equity. DER can be used to measure the extent to which the company uses debt compared to equity. The Profitability variable is obtained from Return on Assets, which is net income divided by total assets.

4. Results and Discussion

Statistical results of Indonesian banking companies used in regression analysis of leverage and profitability on tax avoidance. According to table I, the ETR value which is the value in tax avpoidance is worth -34.37%, which means that the EQUITY DEVELOPME company will experience losses in 2023. The highest value for ETR in the MNC KAPITAL INDO company in 2017 was 10974.72% which indicates that there may be no tax avoidance. DER, which is a measure of the leverage variable according to statistical data, the highest value in the WAHANA OTTOMITRA company in 2014 was 784.95%, indicating that the company has a lot of debt compared to equity to finance its assets and operations. The lowest ROA value was -21.55% in the 2012 TRIMEGAH SEKURIT company which explained that the company was experiencing net losses during the 2012 period and the company did not generate enough revenue to cover operational costs. ADIRA FINANCE has the highest value of ROA in 2010 of 24.61% which indicates that the company is very efficient in using its assets to generate profits.

Table I.

VARIABLE	OBSERVATION	MEAN	SD	MIN.	MAX.
ETR	266	60.72	682.35	-34.37	10974.72
DER	266	171.09	181.92	0	784.95
ROA	266	3.44	4.64	-21.55	24.61

source: author’s calculation

Regressions were processed with IBM SPSS 25 with linear regression tests to measure leverage and profitability on tax avoidance. The estimation results are shown in table 2. We found an insignificant relationship between leverage and tax avoidance. Results for profitability on tax avoidance, we found a relationship. A 1 percent increase in a company's ROA concentration ratio decreases ETR by 17.45 which indicates a 17.45 percent decrease in tax avoidance.

Table II.

	BETA	SIG
	169.56	
DER	-0.289	0.225
ROA	-17.42	0.059

5. Conclusion

The results show that Leverage has no significant relationship with Tax avoidance. This conclusion is based on several factors. The variability of ETR as a tax measurement tool is high and other factors also dominate. ETR can vary greatly depending on company-specific tax policies, tax incentives received, and tax avoidance strategies implemented. It is this variability that obscures the direct effect of DER. Another factor is that DER may be invisible because there are other factors that could include profitability, firm size, industry, and geographic location that have more influence on ETR than leverage as measured by DER. Different economic and environmental regulatory conditions may affect how debt and taxes are managed.

Results related to the negative significant relationship between profitability as measured by ROA and ETR as a measure of tax avoidance. This conclusion indicates that companies with higher levels of profitability tend to have lower ETRs reflecting greater levels of tax avoidance. seen with economies of scale, larger and more profitable companies can take advantage of economies of scale in their tax avoidance strategies. This means the fixed costs associated with tax avoidance can be spread more evenly across greater revenues, making the strategy more efficient and effective. Therefore, tax avoidance should be an important consideration in financial analysis and tax policy making. In addition, our results suggest longitudinal research into tax avoidance changes over time.

6. References

Black, S. E., & Strahan, P. E. (2002). Entrepreneurship and bank credit availability. *The Journal of Finance*, *57*(6), 2807–2833.

Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2010). Are family firms more tax aggressive than non-family firms? *Journal of Financial Economics*, *95*(1), 41–61.

Hanlon, M., & Heitzman, S. (2022). Corporate debt and taxes. *Annual Review of Financial Economics*, *14*(1), 509–534.

Lanis, R., & Richardson, G. (2011). The effect of board of director composition on corporate tax aggressiveness. *Journal of Accounting and Public Policy*, *30*(1), 50–70.

Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, *13*(2), 187–

221.

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Bukti konfirmasi review dan hasil review pertama

Outlook

[TAAIJ] Editor Decision

From Dian Kusuma Wardhani <dkw@lecturer.undip.ac.id>
Date Wed 8/7/2024 10 53 AM
To gatikadiana@gmail.com <gatikadiana@gmail.com>

diana atika ghozali:
We have reached a decision regarding your submission to Tax Accounting Applied Journal, "The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings".

Our decision is to: Revisions required
Dian Kusuma Wardhani Diponegoro University
dkw@lecturer.undip.ac.id

Reviewer A:

1 attachment (145 KB)
A-996-Article Text-1320-1-7-24-20240129.docx;

Abstract

Write your comments about the abstract content. The contents of the abstract must include the background of the problem, the objectives and benefits of the study, the methods of solving, the results obtained and conclusions.

Research objectives must be stated clearly, aligning with the analysis methods employed, such as regression analysis, thematic analysis, or statistical modeling

1. INTRODUCTION

Write your comments about the "research background". *

It is already appropriate

Write your comments on "Review of Previous Study" and "Position / Distinguish of the current research with previous research" *

The hypothesis formulation has not been developed yet.

Write your comments about "Research Objectives and / or Benefits" *

It is already appropriate

2. METHODS

Write your comments on "Research Objects and Treatment of Objects". *

State clearly what variables or values are compared using the t-test.

Write your comments about "The solution method along with the procedure used to research". *

For the t-test difference test, it is not necessary to perform all classical assumption tests; conducting a normality test is sufficient to ensure the data is normally distributed

3. RESULTS AND DISCUSSION

Write your comments about "Research Results". (e.g. is it in accordance with existing theories, makes sense, and so on) *

Add descriptive statistics for each variable used. According to Ghozali (2021), data is considered normally distributed if the significance value exceeds 0.05.

Write your comments about "Tables and Charts". (e.g. how deep shows / represents the results of research, does anything need to be explained / discussed in detail) *
----
provide a more in-depth explanation.

4. CONCLUSIONS

Write your comments about "Conclusions". *
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suggestions is for the next study

OVERALL COMMENTS

Write your overall comments about this manuscript *

Revisions required

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3

Bukti konfirmasi submit hasil review pertama dan artikel yang diresubmit

Outlook

[TAAIJ] Editor Decision

From Dian Kusuma Wardhani <mail@ejournal2.undip.ac.id> Wed
Date 17/7/2024 10 47 AM
To diana atika ghozali <gatikadiana@gmail.com>

diana atika ghozali: We have reached a decision regarding your submission to Tax Accounting Applied Journal, "The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings". Our decision is to: Accept Dian Kusuma Wardhani Diponegoro University Phone 081231859378 dkw@lecturer.undip.ac.id -- Reviewer A:

Abstract

Write your comments about the abstract content. The contents of the abstract must include the background of the problem, the objectives and benefits of the study, the methods of solving, the results obtained and conclusions.

The abstract is well-structured and includes the necessary components: background, objectives, benefits, methods, results, and conclusions.
The conclusions drawn from the results are clear and logically follow the analysis. The study highlights the importance of considering tax avoidance in financial analysis and policy-making and suggests areas for further research, such as longitudinal studies and cross-sector comparisons.
Overall, the abstract is well-written and effectively covers all essential components, providing a clear and concise summary of the study.
1. INTRODUCTION
Write your comments about the "research background". *

Based on the document you provided, here are the key findings regarding the variables profitability, liquidity, and solvability in the transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period. The article likely uses regression analysis or similar statistical methods to evaluate the relationships between these variables and stock prices, considering the impact of the COVID-19 pandemic on the transportation and logistics sector.
Write your comments on "Review of Previous Study" and "Position / Distinguish of the current research with previous research" *

Overall, while both sections provide valuable insights and a strong foundation for the research, enhancing the clarity and depth of comparisons and contributions would further strengthen the positioning of the current study.

Write your comments about "Research Objectives and / or Benefits" *

Overall, the research objectives and benefits are well-articulated and relevant. However, enhancing the specificity of the benefits and discussing the study's potential impact on theory and practice would provide a more robust justification for the research. Additionally, outlining future research directions could further strengthen the study's contribution to the field.

2. METHODS

Write your comments on "Research Objects and Treatment of Objects". *

The research effectively identifies its objects, focusing on the relationship between leverage, profitability, and tax avoidance within the Indonesian banking sector. The treatment of these objects appears systematic, utilizing a sample of 48 banks over a significant period (2010-2022), which strengthens the validity of the findings. However, it would be beneficial to elaborate on the selection criteria for the banks included in the study to enhance transparency and reproducibility.

Write your comments about "The solution method along with the procedure used to research". *

The study employs a simultaneous equation model to analyze the interactions between leverage, profitability, and tax avoidance. This method is appropriate given the interrelated nature of the variables. The use of panel data analysis adds robustness to the findings by accounting for variations over time and across entities. However, a more detailed explanation of the model specifications and assumptions would improve the reader's understanding of the methodology employed .

3. RESULTS AND DISCUSSION

Write your comments about "Research Results". (e.g. is it in accordance with existing theories, makes sense, and so on) *

The results indicate a significant negative relationship between profitability (measured by ROA) and tax avoidance (ETR), which aligns with existing theories suggesting that more profitable firms engage in greater tax avoidance strategies. Conversely, the lack of a significant relationship between leverage and tax avoidance is intriguing and may warrant further investigation. This finding challenges some traditional views on the impact of leverage on tax strategies and suggests that other factors may play a more critical role.

Write your comments about "Tables and Charts". (e.g. how deep shows / represents the results of research, does anything need to be explained / discussed in detail) *

The tables presented, particularly Table I and Table II, effectively summarize the statistical findings and provide a clear overview of the relationships between the variables. However, additional explanations accompanying these tables would enhance their interpretability. For instance, elaborating on the implications of the statistical significance levels and the context of the values presented would provide deeper insights into the research outcomes.

4. CONCLUSIONS

Write your comments about "Conclusions". *

The conclusions drawn from the research are well-supported by the findings and align with the theoretical framework established in the literature. The implications for financial analysis and tax policy are particularly relevant, suggesting avenues for future research. However, the conclusion could benefit from a more explicit discussion of the limitations of the study and how these might affect the generalizability of the results.

OVERALL COMMENTS
Write your overall comments about this manuscript *

Accept Submission

Tax Accounting Applied Journal
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The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings

Raden Roro Diana Atika Ghozali*

*Tax Accounting Program Study, Applied Vocational, Diponegoro University, Indonesia

ARTICLE HISTORY	*A B S T R A C T*
Received: *Revised:* *Accepted:* ***Leverage, Profitability, Tax Avoidance, Banking Sector, Effective Tax Rate, Debt-to-Equity Ratio, Return on Assets***	*This study investigates the relationship between leverage, profitability, and tax avoidance within the Indonesian banking sector. Utilizing a sample of 48 banks from 2010 to 2022, the study employs a simultaneous equation model to analyze how leverage, measured by Debt-to-Equity Ratio (DER), and profitability, measured by Return on Assets (ROA), influence tax avoidance, represented by the Effective Tax Rate (ETR). The findings reveal that leverage does not have a significant impact on tax avoidance, likely due to high variability in ETR and other dominant factors such as company-specific tax policies and strategies. In contrast, a significant negative relationship is observed between profitability and ETR, indicating that more profitable banks tend to engage in greater tax avoidance. This can be attributed to economies of scale, where larger and more profitable banks can distribute the fixed costs of tax avoidance strategies more efficiently. These results highlight the importance of considering tax avoidance in financial analysis and policy-making, suggesting further longitudinal studies and cross-sector comparisons to enhance understanding of these dynamics.*

Commented [RH1]: Overall, the abstract is well-written and effectively

1. Introduction

Commented [RH2]: Overall, while both sections provide valuable insights and a strong foundation

Banks are a major sector in the economic development of a country. Banks themselves provide services in the form of saving and borrowing. Banks are also intermediaries between creditors and debtors (Black & Strahan, 2002). Easy access to credit and capital resources can help the development of the company. Research in the banking industry will provide additional information related to corporate funding. The global financial crisis that occurred in 2007 / 2008 and the Europe debt crisis greatly affected the banking industry (Black & Strahan, 2002). Research on the impact of complex leverage on profitability through reducing the cost of capital and increasing operational efficiency. Other studies show that excessive leverage can reduce profitability due to high interest expense and increased financial risk.

From this problem, the researcher captures the flow that analyzes how leverage will affect the company's profit before tax. Profit before tax is one indicator of the financial performance of a company that reflects the operating profit generated by the company before tax and interest expenses. The dynamics of leverage and profitability, we can provide deeper insights related to the company. This study uses banking companies in Indonesia as a research sample. the reason the banking industry was chosen is because the banking industry is one of the sectors that is very influential on the economic development of a country (Black & Strahan, 2002).

This study aims to provide a comprehensive review of the relationship between leverage and profitability, specifically focusing on pre-tax profit in the banking industry. The study will identify the key factors that influence this relationship and examine the managerial implications of firms in managing leverage to achieve sustainable financial performance. Through this study, it is expected to make a significant contribution to the banking industry literature and time period to provide a better picture of the dynamics of leverage and profitability. This research helps us understand the effect of debt ratio and profit before tax. One of the main keys to a bank's success is its debt ratio.

2. Theoritical Framework and Hypothesis

Commented [RH3]: the research objectives and benefits are well-articulated and relevant

A number of theoretical models contribute to the understanding of the relationship between tax avoidance, profitability and leverage. According to the trade-off theory, firms should weigh the benefits of debt in relation to the costs of financial distress. According to this argument, leveraged firms are more likely to take advantage of the tax deduction for interest by engaging in tax avoidance. On the other hand, Pecking Order Theory states that firms prefer internal funding and only use debt as a last resort, which impacts their tax tactics (Myers & Majluf, 1984).

Diverse empirical findings support different theories regarding the relationship between tax avoidance, profitability, and leverage. Leverage and tax avoidance were found to be positively correlated across a number of different businesses by (Hanlon & Heitzman, 2022). Similar findings were made by Lanis & Richardson (2011), who found that firms with significant levels of leverage engage in more aggressive tax avoidance. On the other hand, Chen et al. (2010) showed that the relationship may change depending on the institutional context, indicating the importance of the regulatory regime.

Looking at the Trade-Off Theory regarding the tax benefits of debt. Debt interest in a company can have an impact on reducing taxable income, which will effectively reduce the company's tax burden. Companies with high leverage tend to have an incentive to utilize tax avoidance to maximize the benefits of tax reduction.

H1: Leverage has a positive effect on Tax Avoidance

In the case of profitability, more profitable firms tend to have large cash flows. This large cash flow allows them to explore various tax avoidance strategies without having to worry about financial difficulties. More profitable companies have greater tax income, which encourages companies to reduce their tax burden. Companies with high profitability are more likely to engage in tax avoidance to maximize shareholder value. High profitability provides companies with more data sources to invest in complex and possibly expensive tax avoidance strategies.

H2: Profitability has a positive effect on Tax Avoidance.

3. Research Methodology

Commented [RH4]: This method is appropriate given the interrelated nature of the variables.

The sample of this study includes 48 banks in Indonesia. The data of all banks in this study are from 2010 to 2022. Data is taken from the Bloomberg FEB Undip database. Based on previous research, the author uses a simultaneous equation model to explain the relationship between bank leverage, bank profitability, and tax avoidance (Desai & Dharmapala, 2009; Hanlon & Heitzman, 2022; Lanis & Richardson, 2011; Linantis et al., 2021). The model used in this study is as follows:

$$TA = \alpha + \beta 1Lev + \beta 2Prof + e$$

In the equation above, TA represents Tax Avoidance at the bank, α represents the intercept of the Tax Avoidance equation, β is the slope of the independent variable Leverage represented by Lev and the slope of the independent variable Profitability represented by Prof. And e represents the error value.

In this study, the measuring instruments used to describe each variable are as follows, the Tax Avoidance variable is obtained from the ETR value. ETR is a metric used to measure the average percentage of tax paid by a company on its taxable income (Lanis & Richardson, 2011). ETR is also used as an indicator of how efficiently the company manages its tax obligations. A low ETR may indicate that companies are reducing their tax burden through Tax Avoidance strategies, or vice versa. The Leverage variable is obtained from DER, which is Total Debt divided by Total Equity. DER can be used to measure the extent to which the company uses debt compared to equity. The Profitability variable is obtained from Return on Assets, which is net income divided by total assets.

Panel data analysis is used in this study. Utilizing data variation over time and across companies to improve estimation efficiency and validity of results. Robustness checks are also required so that the regression analysis is consistent and not affected by data or model problems.

4. Results and Discussion

Commented [RH5]: The tables presented, particularly Table I and Table II, effectively summarize the statistical findings

Statistical results of Indonesian banking companies used in regression analysis of leverage and profitability on tax avoidance. According to table I, the ETR value which is the value in tax avpoidance is worth -34.37%, which means that the EQUITY DEVELOPME company will experience losses in 2023. The highest value for ETR in the MNC KAPITAL INDO company in 2017 was 10974.72% which indicates that there may be no tax avoidance. DER, which is a measure of the leverage variable according to statistical data, the highest value in the WAHANA OTTOMITRA company in 2014 was 784.95%, indicating that the company has a lot of debt compared to equity to finance its assets and operations. The lowest ROA value was -21.55% in the 2012 TRIMEGAH SEKURIT company which explained that the company was experiencing net losses during the 2012 period and the company did not generate enough revenue to cover operational costs. ADIRA FINANCE has the highest value of ROA in 2010 of 24.61% which indicates that the company is very efficient in using its assets to generate profits.

Table I.

VARIABLE	OBSERVATION	MEAN	SD	MIN.	MAX.
ETR	266	60.72	682.35	-34.37	10974.72
DER	266	171.09	181.92	0	784.95
ROA	266	3.44	4.64	-21.55	24.61

source: author's calculation

Regressions were processed with IBM SPSS 25 with linear regression tests to measure leverage and profitability on tax avoidance. The estimation results are shown in table 2. We found an insignificant relationship between leverage and tax avoidance. Results for profitability on tax avoidance, we found a relationship. A 1 percent increase in a company's ROA concentration ratio decreases ETR by 17.45 which indicates a 17.45 percent decrease in tax avoidance.

Table II.

	BETA	SIG
	169.56	
DER	-0.289	0.225
ROA	-17.42	0.059

5. Conclusion

The results show that Leverage has no significant relationship with Tax avoidance. This conclusion is based on several factors. The variability of ETR as a tax measurement tool is high and other factors also dominate. ETR can vary greatly depending on company-specific tax policies, tax incentives received, and tax avoidance strategies implemented. It is this variability that obscures the direct effect of DER. Another factor is that DER may be invisible because there are other factors that could include profitability, firm size, industry, and geographic location that have more influence on ETR than leverage as measured by DER. Different economic and environmental regulatory conditions may affect how debt and taxes are managed.

Commented [RH6]: The conclusions drawn from the research are well-supported

Results related to the negative significant relationship between profitability as measured by ROA and ETR as a measure of tax avoidance. This conclusion indicates that companies with higher levels of profitability tend to have lower ETRs reflecting greater levels of tax avoidance. seen with economies of scale, larger and more profitable companies can take advantage of economies of scale in their tax avoidance strategies. This means the fixed costs associated with tax avoidance can be spread more evenly across greater revenues, making the strategy more efficient and effective. Therefore, tax avoidance should be an important consideration in financial analysis and tax policy making. In addition, our results suggest longitudinal research into tax avoidance changes over time. Another area is to expand to other industry sectors to see if similar findings apply outside of banking.This section contains conclusions, implications, research limitations, and suggestions for future research. Implications are the practical impact of the research results. Research limitations contain aspects that need to be improved for further research as well as suggestions for further research.

6. References

Black, S. E., & Strahan, P. E. (2002). Entrepreneurship and bank credit availability. *The Journal of Finance*, *57*(6), 2807–2833.

Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2010). Are family firms more tax aggressive than non-family firms? *Journal of Financial Economics*, *95*(1), 41–61.

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Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, *13*(2), 187–221.

4

Bukti konfirmasi artikel published online

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Letter of Acceptance

Dear, ***Diana Atika Ghozali***

We would like to convey that your manuscript has been completed in the review process at Tax Accounting Applied Journal (TAAIJ). The Editorial Board decides the paper is ready for publication.

We would like to CONGRATULATE and many thanks for your contribution, cooperation, and persistence during the review process at Journal TAAIJ.

Corresponding Author : Diana Atika Ghozali
Title of Manuscript : The Dynamics of Leverage and Profitability: A Comprehensive Review of Pre-Tax Earnings

We are pleased to inform you that your paper has been accepted and will be published on TAAIJ May Edition (Vol 2 Iss 2 2023).

Semarang, 29th July 2024

Warm Regards,

Dian Kusuma Wardhani, S.A., M.A
Managing Editor TAAIJ