



# **The Effect of Business Strategy, Capital Intensity, Sales Growth, and Liquidity on Tax Avoidance**

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## **Abstract**

Tax revenue is very dependable in a country's revenue to increase its growth and development. However, taxpayers assume that taxes can reduce a company's profit, primarily since the taxes do not provide direct benefits to companies. This causes them to minimize their tax costs to maximize their profits, either legally or illegally. Therefore, the legal effort taxpayers make to reduce tax burdens and increase profits is called tax avoidance. This study investigates the impact of business strategy, capital intensity, sales growth, and liquidity on tax avoidance. It depends on a sample of 78 companies listed on the EGX100, with 390 observations during the period 2018–2022. The findings show that business strategy has an insignificant impact on tax avoidance practices. Moreover, the results indicate that capital intensity has a significantly positive effect on tax avoidance. The higher the proportion of fixed assets, the greater the depreciation cost, the lower the taxable income, and the lower the tax burden. Therefore, the degree of tax avoidance practices increases with the capital intensity. Furthermore, the results reveal a significantly positive impact of sales growth and liquidity on the practices of tax avoidance. The higher the company's sales growth and liquidity, the greater the financial performance, the higher the profits, and the higher the tax debt. This incentivizes companies to depend on tax avoidance practices to reduce their tax obligations and increase their profits.

**Keywords:** Business strategy, Capital intensity, Sales growth, Liquidity, Tax avoidance.

## **I. Introduction**

The primary source of income for any country's growth and development is taxes (Kalbuana et al. 2020). Most countries depend on taxes to finance education, health, infrastructure development, public facilities, and other social and environmental activities (Fauzan et al. 2019; Monica et al. 2023). Nevertheless, companies assume that tax burdens can reduce their profits, especially when taxes do not provide any benefit to them (Afrianti and Uzliawat 2022). Thence, companies prefer to minimize their tax costs to maximize their profits (Oktaviyani and Munandar 2017). Hence, most companies depend on tax avoidance practices, which are legal methods for reducing tax debts and increasing a company's profit without being inconsistent with tax laws and regulations, to minimize their tax obligations (Kalbuana et al. 2020; Safitri and Oktris 2023).

There are numerous elements that can affect tax avoidance (Aminah et al. 2017). The first element that can influence tax avoidance is business strategy, which is a company's plan to run its business and achieve its goals (Nurlis et al. 2022). Therefore, a business strategy makes companies more successful and competitive (Sadjiarto et al. 2020; Husnain et al 2021). However, Nurlis et al. (2022) state that business strategy focuses on increasing companies' profits and reducing their costs, including their tax burden (Wahyuni et al. 2019). Thence, Aryotama and Firmansyah (2020), Damayanti and Wulandari (2021), Akbar and Meiryani (2023) found a significant positive relationship between business strategy and tax avoidance activities.

The second element that has an effect on tax avoidance practices is capital intensity, which reflects a company's investment in tangible assets (Prawati

and Hutagalung 2020; Andoko 2023). Because most fixed assets incur depreciation expenses, companies can depend on the depreciation expense attached to tangible assets to reduce their taxable income and tax burdens (Afrianti and Uzliawat 2022; Safitri and Oktris 2023). Wherefore, the more the company invests in tangible assets, the more depreciation costs they incur and the lower the tax obligations they can bear (Kalbuana et al. 2020; Andoko 2023). Thence, Kalbuana et al. (2020), Widyastuti et al. (2022), Putri et al. (2022), and Sofiamanan et al. (2023) showed a significant positive effect of capital intensity on tax avoidance.

The third element that influences tax avoidance practices is sales growth, which is an increase in the sales level every year (Andoko 2023). Companies with larger sales growth have higher profits and tax burdens; thus, they use tax avoidance practices to reduce their tax debts by increasing bad debt expenses (Fauzan et al. 2019; Prawati and Hutagalung 2020). Wherefore, Fauzan et al. (2019), Faradisty et al. (2019), Nyoriman (2022), and Rahayu et al. (2023) found that sales growth has a significant positive impact on tax avoidance.

Another element that can increase tax avoidance practices is liquidity, which measures companies' ability to meet their short-term claims (Urrahmah and Mukti 2021; Irton 2022). Companies with high levels of liquidity have good performance, and their cash flow is running competently; thus, they are able to meet their short-term debts, including tax expenses (Urrahmah and Mukti 2021; Rahayu et al. 2023). However, companies tend to maximize their performance by reducing costs, including the tax burden (Safitri and Oktris 2023). Inversely, companies with low levels of liquidity prefer to maintain their cash flow, and they are not able to pay off their short-term claims,

including tax burdens; thus, they depend on tax avoidance practices to reduce their tax debts (Urrahmah and Mukti 2021; Rahayu et al. 2023).

This study investigates the relationship between business strategy, capital intensity, sales growth, liquidity, and tax avoidance. Consequently, first, it determines whether the business strategy improves a company's profit and reduces its tax burden. Second, it tests whether the investment in fixed assets helps companies reduce their tax debt by increasing depreciation expenses. Third, it examines whether sales growth helps companies reduce their tax obligations by increasing their debt expenses. Finally, it investigates whether liquidity reduces a company's tax costs by depending more on funding sources from debt than from equity.

Additionally, this study relied on the percentage of R&D expenditure to total sales; the percentage of general, selling, and administrative expenses to total sales; and the percentage of the number of employees to total sales as proxies for business strategy. Moreover, it depends on the percentage of total tangible assets to total assets as a factor for capital intensity. Further, it uses the percentage of sales over the years as a proxy for sales growth. In addition, it relies on the current ratio as a proxy for liquidity. Finally, it uses cash effective tax rate (CETR) to measure tax avoidance activities.

Using a sample of 390 observations of 78 Egyptian companies listed on the EGX 100 during the period 2018–2022, the results indicate an insignificant impact of business strategy on tax avoidance. These findings highlight that companies with excellent business strategies have better performance, thus, they are financially healthy and able to cover their costs, including tax costs. Furthermore, the results indicate a significant positive impact of capital

intensity on tax avoidance. These findings show that companies tend to invest in tangible assets because most fixed assets incur depreciation expenses, which reduces their taxable income and increases their profit. However, sales growth has a significant positive impact on tax avoidance. This result suggests that companies that have a higher level of sales have a higher profit, and their tax debts are also higher; thus, they engage in some practices to reduce their tax burdens and maximize their profit. Regarding the relationship between liquidity and tax avoidance, the findings demonstrate a significant positive effect of liquidity on tax avoidance. This states that companies with higher liquidity are profitable, and they are able to cover their debts, including tax obligations. However, high profits mean high tax debts; thus, companies tend to minimize their costs and maximize their profits through tax avoidance practices.

This study contributes to prior research on business strategy, capital intensity, sales growth, liquidity, and tax avoidance, for which the relationship between them is still unclear. Hence, this study aims to cover this gap in the previous studies by offering new findings on the relationship between business strategy, capital intensity, sales growth, liquidity, and tax avoidance. Although different studies (Wahyuni et al. 2019; Heryana et al. 2022; Akbar and Meiryani 2023) have focused on the relationship between business strategy and tax avoidance, other studies (Faradisty et al. 2019; Nugrahadi and Rinaldi 2021; Widyastuti et al. 2022; Andoko 2023) have focused on the impact of capital intensity on tax avoidance. While some studies (Fauzan et al. 2019; Lubis et al. 2022; Satria and Lunardi 2023) investigated the effect of sales growth on tax avoidance, whereas Mahrani (2019), Irton et al. (2022), Safitri and Oktris (2023)

investigated the influence of liquidity on tax avoidance. However, all previous research focused on Indonesian companies.

Therefore, to the best of the researcher's knowledge, there is severe scarcity in Egyptian studies that examine the impact of business strategy, capital intensity, sales growth, and liquidity on tax avoidance for Egyptian companies listed on the EGX 100. Moreover, few studies have examined the impact of business strategy on tax avoidance. Thus, this study investigates the important role of business strategy in maximizing a company's profit and minimizing its costs. Furthermore, to enhance the research methodology, this study depended on the percentage of general, selling, and administrative expenses to total sales.

The rest of this paper is structured as follows: The research hypotheses are developed, and the literature review is analyzed in Section II. While Section III outlines the research methodology. Section IV covers the research findings. The research conclusion, implications, limitations, and directions for further investigation are described in the last section V.

## **II. Literature Review and Hypotheses Development.**

Taxes refer to the reduction in companies' cash flows; hence, the company's management tries to maximize profits by taking advantage of tax avoidance practices (Husnain et al. 2021). Tax avoidance is a tax planning strategy carried out by taxpayers to manage their tax debts and increase their performance efficiency (Sofiamanan et al. 2023). It refers to the legal methods of decreasing implemented taxes, depending on the weaknesses of the tax regulations and laws (Aminah et al. 2017; Maula et al. 2019). Additionally, tax avoidance is taxpayers' efforts to reduce tax payments according to tax and

regulation provisions, such as expectations that are allowed, issues that are not arranged, or weaknesses in tax regulations (Maula et al. 2019).

Therefore, tax avoidance is associated with a company's desire to reduce its profits and tax payments (Nadya and Purnamasari 2020). Therefore, tax avoidance is performed without any conflict with the rules and regulations (Marsahala et al. 2020). It occurs before tax collection or before the release of the tax determination letter (Aminah et al. 2017). Furthermore, the cash effective tax rate (CETR), which is calculated by dividing tax expenses by income before taxes, is used to measure it (Wilyaka 2022). The higher levels of tax avoidance practices are associated with lower CETR (Wilyaka 2022). However, tax avoidance practices can be affected by business strategy, capital intensity, sales growth, and liquidity.

### **The Effect of Business Strategy on Tax Avoidance.**

A company's success is attributed to its strategy, which is a collection of ideas, actions, and decisions (Damayanti and Wulandari 2021). Corporate, business, and financial strategies are the three categories of strategies. (Damayanti and Wulandari 2021). Business strategy is a method in which a company depends on making decisions, establishing competitive advantages, and achieving its goals (Wahyuni et al. 2019). It is a strategy created by the firm to determine how to manage its operations (Nurlis et al. 2022). There are two main types of business strategy: defenders and prospectors (Damayanti and Wulandari 2021). Companies that depend on defender business strategy focus on stable product lines and cutting cost efficiency as tools for competitive advantage (Wahyuni et al. 2019). They attempt to control markets by reducing prices and focusing on existing trends (Sadjiarto et al. 2020). Therefore, defense



companies depend on tax avoidance practices to minimize income tax expenses (Wahyuni et al. 2019). They are also classified as risk-averse companies (Aryotama and Firmansyah 2020).

Whereas companies that depend on prospector business strategy focus more on growth and innovation as a basis for competitive advantage (Wahyuni et al. 2019). They always look for new product lines, and markets, so they are identified as risk-taking companies (Aryotama and Firmansyah 2020). Moreover, companies with prospective business strategies earn high profits from selling their unique products and having few competitors (Sadjiarto et al. 2020). Increasing companies' profits tends to lead them to use tax avoidance activities to decrease their income tax expenses (Sadjiarto et al. 2020). Business strategies, whether defender or prospector, not only focus on providing new products, or launching new markets, but also on maximizing business profit or minimizing tax burdens through tax avoidance practices (Nurlis et al. 2022). Therefore, it is obvious that business strategies have a significant effect on tax avoidance.

The relationship between business strategies and tax avoidance practices has not been investigated by many researchers. Wahyuni et al. (2019) examined the connection between tax avoidance, leverage, profitability, and business strategy for a sample of 21 manufacturing companies listed between 2014 and 2017, with 84 observations. The findings demonstrated that prospector business strategy had a significant positive impact on tax avoidance. The authors concluded that prospector companies depend more on tax avoidance activities than defence companies. Furthermore, it was discovered that leverage had a significant impact on tax avoidance, whereas profitability had

no significant effect. Aryotama and Firmansyah (2020) investigated how 22 consumer goods companies listed on the Indonesian Stock Exchange used their business strategies to avoid taxes, with 132 observations between 2012 and 2017. The results indicated that companies that depended on prospector and defender business strategies engaged in tax avoidance practices to maximize their profit after taxes.

Moreover, Sadjarto et al. (2020) examined the impact of financial crisis and business strategy on tax avoidance activities of 292 manufacturing, trading, and construction firms listed between 2015 and 2018 on the Indonesian Stock Exchange. They found a significant positive effect of prospector business strategy on tax avoidance, while defender business strategy was found to have a negative impact on tax avoidance. Therefore, the authors concluded that prospector companies were found to be aggressive in tax avoidance, while defence companies were found to be less aggressive towards tax avoidance.

Arieftiara et al. (2020) examined how environmental uncertainty and company strategy relate to one another and how tax avoidance is affected by it. They were dependent upon a sample of 743 firms that were listed between 2009 and 2012 on the Indonesian Stock Exchange. They showed that prospector business strategy and environmental uncertainty have a positive impact on tax avoidance, while defender business strategy has a negative impact on tax avoidance.

Damayanti and Wulandari (2021) gave empirical data for a sample of 21 manufacturing companies registered on the Indonesian Stock Exchange about the effects of leverage, institutional ownership, and business strategy on tax avoidance, with 114 observations during 2014–2019. Damayanti and

Wulandari found that Businesses seeking to maximize earnings are those with advanced manufacturing and distribution technologies; thus, they depend on tax avoidance practices to reduce their tax expenses. As a result, the findings showed that corporate strategy and leverage had a considerable significant impact on tax avoidance. Whereas institutional ownership was found to have a significant positive effect on tax avoidance, In Pakistan, Husnain et al. (2021) investigated the effect of business strategy on tax avoidance using the moderating roles of board independence and board size. They were reliant on a sample of 125 non-banking businesses that were listed between 2013 and 2017 on the Pakistan Stock Exchange. The findings indicated that prospector companies obtained high profits from selling their products and from their competitors, which encouraged them to reduce their tax costs by depending on tax avoidance actions. Further, the authors found that the board size of prospector companies had a significant positive impact on tax avoidance, while the board independence of prospector companies was found to have a significant positive impact on tax avoidance activities.

Additionally, Nurlis et al. (2022) studied how financial crisis and corporate strategy affected tax avoidance, with sales growth acting as a mitigating factor. Twenty-one basic and chemical industrial businesses that were listed between 2017 and 2020 on the Indonesia Stock Exchange made up the sample used in this study. The results revealed a significant negative effect of business strategy and financial distress on tax avoidance, suggesting that the greater the business strategy level, the lower the tax avoidance practices. Further, sales growth was found to have an insignificant impact on the relationship between business strategy and tax avoidance. In contrast, Sunani (2022) examined the

impact of firm age, loan policy, and business strategy on tax avoidance for a sample of 81 food and beverage companies listed between 2018 and 2021 on the Indonesia Stock Exchange. Sunani found that business strategy and company age did not affect tax avoidance, whereas debt policy had a significant effect on tax avoidance.

Similarly, Heryana et al. (2022) provided empirical evidence regarding the effects of business strategy and director diversity on tax avoidance. They were dependent on a sample of twenty telecoms and healthcare firms that were listed between 2018 and 2021 on the Indonesia Stock Exchange. They found that business strategy had an insignificant effect on tax avoidance. They agreed that large and competitive advantage companies tended to maintain their image; hence, they were able to pay tax costs, and they did not depend on tax avoidance activities. Conversely, Akbar and Meiryani (2023) examined the impact of environmental uncertainty and business strategy on tax avoidance for a sample of 42 companies that were listed between 2018 and 2020 on the Indonesia Stock Exchange. They found that prospector and defender business strategies had a significant positive impact on tax avoidance. The authors stated that prospectors or defenders' business strategies can increase companies' profits, which increases their tax burdens; therefore, they depend on tax avoidance actions to reduce their tax costs.

Overall, previous studies agreed that business strategy is a way to establish competitive advantages by providing unique products, expanding markets, and providing discounts. On the other hand, Damayanti and Wulandari (2021), Nurlis et al. (2022), and Husnain et al. (2021) argued that business strategy focuses not only on providing new products or exploring new markets but also

on reducing costs, including tax costs, to increase companies' profits. Therefore, business strategy places more emphasis on maintaining the low costs of reducing companies' tax liabilities. Although a few empirical studies have found an insignificant effect of business strategy on tax avoidance, most previous studies agreed that business strategy has a significant positive impact on tax avoidance. A business strategy improves a company's innovation and growth, which increases its profits. Increasing a company's profit will increase its tax debts; thus, companies tend to reduce their taxable income to reduce their tax burden. Consequently, the more aggressive the business plan, the more profitable the company will be and the more tax avoidance activities it will use to cut expenses. Therefore, the first research hypothesis can be developed as follows:

**H1:** Business strategy has a significant positive effect on tax avoidance in EGX 100 companies.

### **The Effect of Capital Intensity on Tax Avoidance.**

Capital intensity is a financial policy applied by a company to support its operations and increase its profits (Marsahala et al. 2020). It refers to a company's investment in plant assets compared to its total assets (Aminah et al. 2017; Faradisty et al. 2019). Fixed assets, also called tangible assets, such as buildings, equipment, vehicles, machinery, and other assets, are purchased and intended for use in the company's operations to generate cash flow for more than one year because they have a limited life of more than one year (Afrianti and Uzliawat 2022; Yanti and Astuti 2023). Most intangible assets are subject to depreciation and have depreciation expenses, which are deducted from income to calculate payable income taxes (Andoko 2023).

Therefore, the lower the tax burden that the business must pay, the higher the depreciation expenses (Kalbuana et al. 2020).

The term "capital intensity" describes a company's investment in its tangible assets (Maula et al. 2019). The ownership of tangible assets allows managers to reduce their implemented taxes through the depreciation costs of tangible assets each year (Aminah et al. 2017; Maula et al. 2019). Thus, the higher the depreciable cost incurred, the lower the taxes that companies will pay (Faradisty et al. 2019; Kalbuana et al. 2020). As a result, businesses with larger fixed assets than those with smaller fixed assets have less tax debt (Andoko 2023). Consequently, companies can depend on fixed asset investments to minimize their tax obligations, because the depreciation expense will reduce a company's profits (Yanti and Astuti 2023). The effective tax rate is lowered, and the tax reduction is greater the more depreciable assets are invested in (Marfiana and Putra 2021). For this reason, it is clear that tangible asset investments affect tax burdens (Andoko 2023; Yanti and Astuti 2023).

On this basis, the connection between capital intensity and tax avoidance has been the subject of numerous empirical investigations. However, the results of this relationship were indistinct. Some studies have found that capital intensity has an insignificant impact on tax avoidance. This is because company managers use depreciation methods for fixed assets consistent with tax regulations. In addition, a high level of capital-intensive investment does not encourage managers to adopt tax avoidance practices. In this line, Aminah et al. (2017) examined the effects of political ties, business size, profitability, leverage, and tangible asset intensity on tax avoidance. From 2011 to 2015,

they were dependent on 53 manufacturing companies that were listed on the Indonesian Stock Exchange. The results showed a significant influence of profitability and political connections on tax avoidance. The results also showed that fixed asset intensity, leverage, and company size had little bearing on tax avoidance.

In a similar line, Faradisty et al. (2019) examined the effects of corporate social responsibility, profitability, independent commissioners, and capital intensity on tax avoidance for a sample of thirty-two manufacturing firms that were listed between 2015 and 2017 on the Indonesian Stock Exchange. The authors discovered that independent commissioners and corporate social responsibility had a major impact on tax avoidance.

Further, the results pointed out that profitability and capital intensity have insignificant effects on tax avoidance. This is a result of fixed assets owned by certain Indonesian businesses, which have passed the limited time to depreciate according to the taxation law. Likewise, an empirical study conducted by Pattiasina (2019) explored the relationship between audit committees, institutional ownership, and tax avoidance. Additionally, it looked into how capital intensity affected the relationship between tax evasion and corporate social responsibility (CSR) for a sample of 32 banks that were listed between 2013 and 2016 on the Indonesian Stock Exchange. He found that audit committees and institutional ownership affected tax avoidance, while CSR and capital intensity did not influence tax avoidance.

Maula et al. (2019) evaluated the impact of capital intensity, firm size, leverage, and return on assets on tax avoidance for a sample of 150 observations of 28 real estate and property companies listed between 2013 and

2017 on the Indonesian Stock Exchange. Their research revealed that leverage and return on assets have a significant impact on tax avoidance, while company size and capital intensity have an insignificant influence on tax avoidance. They suggested that Indonesian companies use fixed assets for operational and investment concerns rather than reducing implemented taxes. Marsahala et al. (2020) investigated how capital intensity and profitability affected tax avoidance, with the board of commissioners' competence acting as a moderating factor. They were dependent upon a sample of 291 manufacturing firms that were active between 2016 and 2018 and listed on the Indonesia Stock Exchange. The results demonstrated a significant impact of profitability on tax avoidance, and an insignificant capital intensity's impact on tax avoidance. Further, the findings showed that the competence of the board of commissioners has no effect on the association between tax avoidance and capital intensity.

Depending on the cash-effective tax rate as a proxy of tax avoidance, Monika and Noviari (2021) examined the impact of capital intensity, audit quality, and financial distress on tax avoidance for a sample of eight mining companies with forty observations that were listed between 2015 and 2019 on the Indonesia Stock Exchange. The findings demonstrated that the amount of tax avoidance decreases as a company's financial difficulty increases. Further, the results pointed out an insignificant impact of capital intensity and audit quality on tax avoidance. Nugrahadi and Rinaldi (2021) focused on the direct and joint impacts of inventory and capital intensity on tax avoidance for a sample of ten companies in the food and beverage subsector that were listed between 2014 and 2018 on the Indonesia Stock Exchange. They found an insignificant



impact of capital intensity on tax avoidance, whereas inventory intensity had a significant impact on tax avoidance. Regarding the joint effect of capital and inventory intensity on tax avoidance, the authors found that higher capital and inventory intensities increased tax avoidance practices.

Furthermore, Afrianti and Uzliawat (2022) determined the impact of capital intensity and leverage on tax avoidance, with the moderating role of independent commissioners. Depending on 53 manufacturing firms that are listed on the Indonesia Stock Exchange as a sample, with 212 firm-year observations for the period 2017-2020, the authors found that the higher investment in fixed assets by manufacturing companies had no influence on tax avoidance practices. The results also demonstrated a significant positive effect of leverage on tax avoidance independent commissioners were powerless to moderate the relationship between tax evasion, leverage, and capital intensity.

A recent study by Wilyaka (2022) provided empirical evidence of the effects of capital intensity, return on assets, and leverage on tax avoidance. Wilyaka depended on a sample of 12 mining companies listed on the Indonesia Stock Exchange with 48 observations, from 2017 to 2020. He discovered that capital intensity, leverage, and return on assets had no discernible impact on tax avoidance. Similarly, Rahayu et al. (2023) examined the relationship between tax avoidance and a sample of 18 mining businesses listed on the Indonesia Stock Exchange, as well as the effects of capital intensity, profitability, leverage, and company size, with 68 observations, during 2017-2021. The results indicated a significant positive impact of leverage on tax avoidance, and an insignificant impact of company size and profitability on tax

avoidance. Regarding the connection between capital intensity and tax avoidance, the authors found no impact of capital intensity on tax avoidance because mining companies that have higher tangible assets used them in operations and did not depend on tax avoidance practices. Similarly, Andoko (2023) determined the impact of capital intensity on tax avoidance for a sample of 44 property and real estate companies listed on the Indonesia Stock Exchange during 2019-2020. He found an insignificant impact of capital intensity on tax avoidance because most real estate companies invest in fixed assets to support their operational activities and achieve their desired profit, not to reduce their tax debts.

However, a number of studies have discovered a significant positive effect of capital intensity on tax avoidance. Pre-tax income decreases as fixed asset investments increase in terms of depreciation expense, which results in higher tax avoidance practices and lower tax debts. Kalbuana et al. (2020) focused on the influence of capital intensity, leverage, and company size on tax avoidance for a sample of 30 companies listed on the Jakarta Islamic Index (JII) in Indonesia during 2015-2019. The results demonstrated a significant positive capital intensity's impact on tax avoidance. Further, the findings indicated a significant negative effect of company leverage on tax avoidance. According to the relationship between company size and tax avoidance, the results showed an insignificant influence of company size on tax avoidance. In a similar line, Prawati and Hutagalung (2020) provided empirical evidence on the relationship between capital intensity, executive character, and tax avoidance for a sample of 30 consumer goods companies listed on the Indonesian Stock Exchange during 2016-2018. The results showed a

significant positive impact of capital intensity and executive character on tax avoidance.

Darsani and Sukartha (2021) provided evidence of the effect of leverage, profitability, capital intensity, and institutional ownership on tax avoidance for 45 mining businesses that were listed between 2015 and 2019 on the Indonesia Stock Exchange. They found that the level of tax avoidance activities increases with a company's capital intensity and profitability. Further, they discovered that institutional ownership had a significant impact on tax evasion whereas leverage had an insignificant impact. Additionally, depreciation expenses of fixed assets, along with lease payments of fixed assets, can be used to reduce taxable income, resulting in decreasing tax payments. Therefore, Marfiana and Putra (2021) examined, using 312 observations from 2016 to 2019, the roles played by capital intensity, earnings management, and employee benefit liabilities in tax avoidance for a sample of 78 manufacturing companies listed on the Indonesia Stock Exchange. The results indicated a significant negative impact of employee benefit liabilities on tax avoidance. Further, they demonstrated that earnings management and capital intensity significantly reduced tax avoidance.

Urrahmah and Mukti (2021) investigated the effects of capital and inventory intensity on tax avoidance for 106 manufacturing companies that were listed between 2017 and 2019 on the Indonesia Stock Exchange. The authors found an insignificant effect of inventory intensity on tax avoidance, while most companies invested in tangible assets to increase their expenses and reduce their income, which reduced their tax burdens. Similarly, Widyastuti et al. (2022) examined how capital intensity, profitability, company governance,

and leverage affect tax avoidance. They were reliant on a subset of 270 mining and agriculture firms that were listed between 2015 and 2019 on the Indonesia Stock Exchange. They showed that companies maximized investments in tangible assets to reduce their tax debts. Further, they found a significant positive effect of leverage, profitability, audit committees, and the board of commissioners on tax avoidance.

Furthermore, Putri et al. (2022) examined the connection between institutional ownership, tax avoidance, capital intensity, and leverage with the moderating influence of profitability. For the years 2017–2021, they were dependent on 188 energy industry businesses listed on the Indonesia Stock Exchange. and found that managers depended on fixed assets depreciation expenses to reduce their tax income and tax payments. They also found that companies with higher profitability depended on tangible assets investments to reduce their tax burden. Further, the findings demonstrated that institutional ownership and leverage had a significant positive impact on tax evasion. Zuhro and Suwandi (2023) conducted a study to examine the relationship between tax avoidance and capital intensity, as well as the moderating influence of corporate social responsibility (CSR). They were dependent on 64 data from a sample of 16 mining companies that were listed on the Indonesia Stock Exchange between 2016 and 2019. The findings showed that a company's tax avoidance strategies increased with the intensity of its fixed assets. The findings also demonstrated that the association between capital intensity and tax avoidance is both strengthened and moderated by CSR.

Yanti and Astuti (2023) investigated the moderating function of institutional ownership in the relationship between tax avoidance and fixed asset intensity

and thin capitalization. Based on 48 manufacturing businesses that were listed on the Indonesia Stock Exchange between 2018 and 2021, 192 observations were made, they found a significant positive effect of thin capitalization and capital intensity on tax avoidance. The company's tax avoidance tactics increase with the amount of fixed assets it owns. Further, they discovered that thin capitalization and the intensity of fixed assets had no less of an impact on tax avoidance when institutional ownership was included. A recent study by Sofiamanan et al. (2023) measured the impact of leverage as an intervening variable on the direct and indirect effects of profitability, capital intensity, and firm size on tax avoidance. They were dependent upon a subset of 269 financial firms that were listed between 2018 and 2021 on the Indonesia Stock Exchange. The findings showed that firm size, capital intensity, and profitability all significantly reduced tax avoidance. As a result, they came to the conclusion that a company's depreciation expense and tax payments would increase with its capital intensity. They also discovered that, by using leverage as an intervening variable, firm size and profitability had an indirect impact on tax avoidance.

Furthermore, a few studies have found a significant negative influence of capital intensity on tax avoidance. Higher investment in fixed assets, higher production capacity, and higher sales and profit result in higher tax payments and lower tax avoidance practices. In this context, Suciarti et al. (2020) examined the effects of capital intensity, leverage, and deferred tax expenses on tax avoidance. They were reliant on a subset of 35 automobile subsector firms that were listed between 2012 and 2018 on the Indonesia Stock Exchange (IDX). They discovered that tax avoidance is unaffected by

leverage or deferred tax expenses. Additionally, the outcomes demonstrated a noteworthy adverse relationship between capital intensity and tax avoidance. Similarly, Widiatmoko and Mulya (2021) examined the effects on tax avoidance of audit committees, independent boards of commissioners, institutional ownership, capital intensity, and business size. based on a sample of 53 consumer goods firms that were listed between 2015 and 2019 on the Indonesia Stock Exchange, they found that institutional ownership and an independent board of commissioners have an insignificant impact on tax avoidance. Further, the findings demonstrated a strong inverse relationship between tax avoidance and profitability and capital intensity. because most companies invest in fixed assets to support their operational activities rather than tax avoidance practices. Moreover, the authors found a significant positive effect of audit committee and company size on tax avoidance.

Inconclusion, the association between capital intensity and tax avoidance is indistinct. Some studies (Aminah et al. 2017; Maula et al. 2019; Monika and Noviyari 2021; Afrianti and Uzliawat 2022; Andoko 2023) found an insignificant effect of capital intensity on tax avoidance. They stated that companies do not always invest in fixed assets to reduce their tax burdens, but they invest in fixed assets to assist their operational activities and achieve their goals. Moreover, Suciarti et al. (2020) and Widiatmoko and Mulya (2021) found a significant negative effect of capital intensity on tax avoidance. They agreed that higher investment in fixed assets increases companies' production, which increases their sales and income. Increasing companies' income will increase their tax payments. Furthermore, some studies (Kalbuana et al. 2020; Darsani and Sukartha 2021; Widyastuti et al. 2022; Putri et al. 2022;

Sofiamanan et al. 2023) found a significant positive effect of capital intensity on tax avoidance. They demonstrated that companies invest in fixed assets to take advantage of depreciation expenses, which can be used to reduce their tax obligations. Based on these arguments, companies invest in tangible assets to benefit from depreciation expenses, which reduces their taxable income, and eventually reduces their tax charges. As a result, the higher the degree of capital adversity, the greater the expense of depreciation, and the greater the tax avoidance activities the company will employ to reduce its tax burdens. Based on this explanation, the second research hypothesis is proposed as follows.

**H2:** Capital intensity has a significant positive effect on tax avoidance in EGX 100 companies.

### **The Effect of Sales Growth on Tax Avoidance.**

Sales growth is important for working capital management (Wilyaka 2022). It reflects the change in total assets, whether it increases or decreases during the period (Wilyaka 2022; Andoko 2023). Since growth is defined as the increase in total assets, the growth of prior assets can be utilized to forecast future growth (Wilyaka 2022; Rahayu et al. 2023). Sales growth refers to the development of sales volume each year as an influence of selling goods to customers (Wahyuni et al. 2019; Nadya and Purnamasari 2020). Sales growth can be calculated by dividing the sales of the current year by the sales of the prior year. (Faradisty et al. 2019; Marfiana and Putra 2021). It measures a company's sales performance and is an indicator of the increase in the company's sales level in each period (Afrianti and Uzliawat 2022; Andoko 2023). It also measures a company's maintenance of its economic position

(Wilyaka 2022). If sales volume increases, sales growth will increase, allowing companies to increase their operating capacity (Wahyuni et al. 2019; Andoko 2023).

The profit margin of the company increases with the growth in sales (Faradisty et al. 2019; Satria and Lunardi 2023). Therefore, the greater the sales growth, the greater the management practices to avoid taxes (Marfiana and Putra 2021). Additionally, increasing sales growth reflects an increase in bad debt expenses, which can be used to reduce taxable income (Marfiana and Putra 2021). Several studies have focused on the connection between tax avoidance and sales growth and showed an insignificant influence of sales growth on tax avoidance. Growth in sales is positively correlated with profit and income, which results in a higher tax the company should pay. With profitability acting as a moderating factor, Oktaviyani and Munandar (2017) investigated the effects of solvency, sales growth, and institutional ownership on tax avoidance. They were dependent on a sample of thirty-one real estate and property firms that were listed between 2011 and 2015 on the Indonesia Stock Exchange. They showed a significant positive impact of solvency on tax avoidance and an insignificant effect of institutional ownership and sales growth on tax avoidance. They stated that companies with higher sales growth paid higher taxes. Additionally, they demonstrated that the relationship between sales growth and tax avoidance was unaffected by profitability.

In a similar line, Prawati and Hutagalung (2020) showed an insignificant impact of sales growth on tax avoidance. The authors concluded that increasing sales volume had increased companies' productivity, sales growth, profit, and tax debts. They believed that increasing tax payments did not affect



tax avoidance because of an increase in the company's profit. Tanika and Martok (2022) analyzed the effect of profitability, sales growth, and leverage on tax avoidance represents a sample of 88 consumer products firms that were active between 2019 and 2020 and listed on the Indonesia Stock Exchange. They found that increasing companies' profitability had increased their management activities to avoid taxes. Further, the results indicated that sales growth and leverage had an insignificant impact on tax avoidance. Consequently, whether leverage or sales growth increased or decreased the tax avoidance practices did not change.

Likewise, Lubis et al. (2022) investigated how tax avoidance is affected by sales growth and return on assets, using firm size as an intervening variable. Depending on a sample of 30 banks listed on the Indonesia Stock Exchange during 2017-2021, the results demonstrated a significant impact of return on assets and firm size on tax avoidance. Further, the findings indicated that sales growth has an insignificant effect on tax avoidance. The authors also found that company size did not affect the association between sales growth, return on assets, and tax avoidance. In a similar line, Wilyaka (2022) found an insignificant simultaneous impact of sales growth on tax avoidance. Further, he found a significant impact of sales growth, return on assets, capital intensity, and leverage on tax avoidance. Likewise, Heryana et al. (2022) found that sales growth had no effect on tax avoidance for Indonesian healthcare and telecommunication companies. Research by Andoko (2023) showed an insignificant simultaneous impact of sales growth on tax avoidance for Indonesian real estate and property firms. However, he found a significant impact of capital intensity and sales growth on tax avoidance.

A study by Monica et al. (2023) examined the relationship between tax avoidance and profitability, leverage, and sales growth, controlling for firm size. They were dependent upon a subset of 38 manufacturing firms that were listed between 2019 and 2021 on the Indonesia Stock Exchange. They discovered that while sales growth had an insignificant impact on tax avoidance, profitability and leverage had a significant positive impact. They concluded that higher sales growth will increase company size, which increases total assets; thus, in this case, it will be difficult for companies to reduce taxes through tax avoidance practices. Further, company size had no effect on the association between sales growth, profitability, leverage, and tax avoidance.

On the other hand, various empirical studies have found a significant positive impact of sales growth on tax avoidance. The higher the sales growth, the greater the company's performance, and the higher the profit, which results in higher tax debts, so managers will try to manage tax burdens by means of tax avoidance. Therefore, the expansion in sales is correlated with an increase in tax avoidance. Fauzan et al. (2019) examined the impact of audit committees, size, leverage, sales growth, and return on assets on tax avoidance for a sample of sixty manufacturing firms that were listed between 2014 and 2016 on the Indonesia Stock Exchange. The findings showed that the audit committee, company size, leverage, and return on assets had a significant impact on tax avoidance. Further, the authors found a significant positive effect of sales growth on tax avoidance. The greater sales volume increased companies' profits and tax burdens, which increased companies' dependence on tax avoidance to reduce their tax payments. Similarly, Wahyuni et al.

(2019) demonstrated a strong positive correlation between tax avoidance and sales growth. They came to the conclusion that larger sales volume correlated with stronger sales growth, higher profits for the business, and higher tax obligations, which led companies to avoid paying large taxes by depending on tax avoidance.

In a similar line, Faradisty et al. (2019) found a significant positive impact of sales growth on tax avoidance. They agreed that the greater the sales growth, the higher the profit the company would make, which led managers to depend more on tax avoidance activities to decrease their tax debts. Furthermore, Nadya and Purnamasari (2020) assessed the impact of sales growth and leverage on tax avoidance for a sample of ten mining businesses in the coal subsector that are listed on the Indonesia Stock Exchange. during 2014-2018, with 50 observations. The results revealed a significant positive effect of leverage and sales growth on tax avoidance. indicating that the greater the sales growth of the firm, the greater the profit, and the higher the tax avoidance practices the firm will undertake to reduce its tax burdens. According to agency theory, the different interests of principals and agents encourage agents to increase sales and reduce tax expenses by depending on bad debt expenses to reduce pre-tax income and achieve the target to receive incentives.

Accordingly, Marfiana and Putra (2021) demonstrated a strong positive correlation between sales growth and tax evasion. The higher the sales growth, the higher are the management practices to increase expenses and avoid taxes. Likewise, Afrianti and Uzliawat (2022) discovered that sales growth has a significant positive impact on tax avoidance. They came to the conclusion that

better performance, bigger firm profits, and a higher incidence of tax avoidance corresponded with faster sales growth. Similarly, Nyoriman (2022) found a significant positive effect of growth in sales regarding tax avoidance for consumer products businesses listed on the Indonesia Stock Exchange between 2014 and 2018. Research by Rahayu et al. (2023) showed that growth in hat sales significantly impacted tax avoidance of Indonesian mining companies. They stated that the increase in the company's sales shows an increase in operating capacity and profit, which reflects a better company performance. High company profits increase tax burdens, which increases managers' tendency to reduce tax debts through tax avoidance practices.

Furthermore, some studies found a significant negative relationship between sales growth and tax avoidance. For example, Satria and Lunardi (2023) examined the effects of sales growth, profitability, and company age on tax avoidance for a sample of 32 consumer goods companies listed on the Indonesia Stock Exchange, with 96 observations for the period 2018-2020. The results showed a significant negative effect of sales growth on tax avoidance. The authors suggested that increasing sales growth means increasing company profit, resulting in an increase in its operating capacity and total assets, which reduces companies' tax planning ability. Further, the findings showed that profitability and company age had an insignificant effect on tax avoidance for Indonesian consumer goods companies. A study by Manrejo et al. (2023) investigated the effects of sales growth, corporate governance, and return on assets on tax avoidance. Depending on a sample of 25 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange during 2017-2021, they found that audit

committees and return on assets had a significant negative effect on tax avoidance. Further, they showed a significant negative effect of sales growth on tax avoidance. Companies with a high level of sales growth have a chance to increase their profits and pay taxes; thus, their tax planning activities will be lower. Moreover, the results showed that sales growth, return on assets, and audit committee simultaneously had a significant positive effect on tax avoidance.

Overall, the findings of previous studies are uncertain. According to Oktaviyani and Munandar (2017), Prawati and Hutagalung (2020), Tanika and Martok (2022), and Monica et al. (2023), growth in sales has no effect on tax avoidance. Fauzan et al. (2019), Marfiana and Putra (2021), Afrianti and Uzliawat (2022), and Nyoriman (2022) proved that sales growth has a significantly positive effect on tax avoidance practices. Whereas Satria and Lunardi (2023), and Manrejo et al. (2023) discovered that sales growth has a significant negative impact on tax avoidance. Accordingly, most previous empirical studies agreed that sales growth reflects an increase in the company's sales each year, so it is determined by comparing the sales of the current year to those of the prior year. The higher the sales level, the greater the company's performance and operating capacity. The amount of taxes that the business must pay increases with its profit, which allows companies to engage in tax avoidance practices by increasing the bad debt expense to minimize their taxable income. Therefore, The greater the increase in sales, the more the corporation engages in tax avoidance. Based on this clarification, the third research hypothesis is developed as follows.

**H3:** Sales growth has a significant positive effect on tax avoidance in EGX 100 companies.

### **The Effect of Liquidity on Tax Avoidance.**

The term "liquidity" describes a company's capacity to settle immediate debt that must be fulfilled within one year (Mahrani 2019). Therefore, a company should have available current assets or cash that can be converted to cash (Safitri and Oktris 2023). The liquidity ratio measures the scarcity of short-term debts and a company's ability to survive when these debts are fulfilled (Novita and Herliansyah 2019). Thus, a company is liquid if it meets its obligations on time (Safitri and Oktris 2023). The higher the liquidity, the better the company's financial health (Safitri and Oktris 2023). Hence, high-liquidity companies are in good condition and can bear tax costs (Safitri and Oktris 2023). The quick, cash, current, or cash turnover ratios can all be used to measure liquidity (Novianto 2021; Irton et al. 2022). Moreover, it can measure managers' performance in managing companies' finances (Giovani and Melina 2022).

Various empirical studies have examined the relationship between liquidity and tax avoidance. They showed an insignificant effect of liquidity on tax avoidance. For example, Mahrani (2019) examined the effects of audit quality, audit committees, composition of independent commissioners, profitability, and liquidity on tax avoidance. The sample of 14 mining businesses that were registered on the Indonesia Stock Exchange was what Mahrani relied on, with 42 observations from 2012 to 2016. The results indicated a significant negative impact of profitability on tax avoidance, while liquidity, audit

committees, and the independent board of commissioners had an insignificant effect on tax avoidance. Likewise, Novita and Herliansyah (2019) examined the effects of company size, liquidity, and corporate governance practices on tax avoidance for a sample of eighteen logistics and transportation service providers listed on the Indonesian Stock Exchange during 2012-2017. Novita and Herliansyah found that independent commissioners, director size, managerial ownership, and firm size had no impact on tax avoidance, whereas audit committees and institutional ownership had a significant impact on tax avoidance. Further, the authors found an insignificant effect of liquidity on tax avoidance because logistics and transportation service companies maintain liquidity at a certain level.

Irton et al. (2022) examined the effects of liquidity, profitability, and firm size on tax avoidance. The study's sample consisted of eighteen food and beverage companies that were listed between 2017 and 2019 on the Indonesia Stock Exchange, with 54 observations. The findings demonstrated that while company size had a significant positive impact on tax avoidance, profitability had no influence on tax avoidance. Further, the authors found no effect of liquidity on tax avoidance because companies maintain the same level of liquidity, so it did not affect tax avoidance practices. Similarly, Kasrina (2022) presented empirical data on the impact of company size, profitability, liquidity, and leverage on tax avoidance. Based on a sample of forty consumer products businesses that were listed between 2017 and 2020 on the Indonesia Stock Exchange, it was discovered that leverage and profitability had a major impact on tax avoidance.

Meanwhile, liquidity and company size were found to have insignificant effects on tax avoidance. Giovani and Melina (2022) investigated the effects of profitability, liquidity, and company size on tax avoidance. 27 consumer non-cyclical companies that were listed on the Indonesia Stock Exchange between 2018 and 2020 served as the study's sample. They found an insignificant direct effect of liquidity and profitability on tax avoidance, whereas the results showed a simultaneous impact of profitability, liquidity, and firm size on tax avoidance.

Based on a sample of 11 consumer goods businesses that were listed between 2014 and 2018 on the Indonesia Stock Exchange, Nyoriman (2022) examined the direct and joint effects of liquidity and sales growth on tax avoidance. He found that liquidity had no impact on tax avoidance, whereas sales growth and liquidity simultaneously affected tax avoidance. Additionally, Safitri and Oktris (2023) investigated the effects of institutional ownership, leverage, and liquidity on tax avoidance, with the moderating effect of company size. They depended on a sample of 44 real estate and property firms that were listed between 2019 and 2021 on the Indonesia Stock Exchange, with 132 observations. Safitri and Oktris found that liquidity, leverage, and institutional ownership have insignificant effects on tax avoidance, whereas firm size did not affect the association between liquidity and tax avoidance. The authors proposed that businesses with significant liquidity can settle their commitments, including tax payments, and they do need to do tax avoidance activities.

However, numerous empirical studies found that liquidity has a positive impact on tax avoidance. Firms with low liquidity are unable to meet their



short-term obligations and pay their tax burden (Urrahmah and Mukti 2021). Whereas firms that are highly liquid are financially healthy to meet their short-term debts and tax burdens (Urrahmah and Mukti 2021). Therefore, the higher the company's liquidity ratio, means the higher the company's profit, resulting in a higher tax burden. Hence, companies with high liquidity ratios are more dependent on tax avoidance practices to reduce their tax debts. On this basis, liquidity is expected to have a significant impact on tax avoidance. In this line, Sararoodi (2019) analyzed the impact of liquidity and agency costs on tax avoidance for a sample of 59 firms listed on the Tehran Stock Exchange during 2012-2016. He found that liquidity had a significant positive impact on tax avoidance, while agency costs had a significant negative effect on tax avoidance. Marito and Hutabarat (2020) examined the relationship between tax evasion and liquidity, using a sample of 20 BUMN firms listed on the Indonesia Stock Exchange from 2017 to 2018 and profitability as a mediating variable. They found a significant positive impact of liquidity on tax avoidance, with profitability playing a mediating role. This showed that firms with high liquidity perform well and are able to cover their debts, but they tend to manage tax debts through tax avoidance practices.

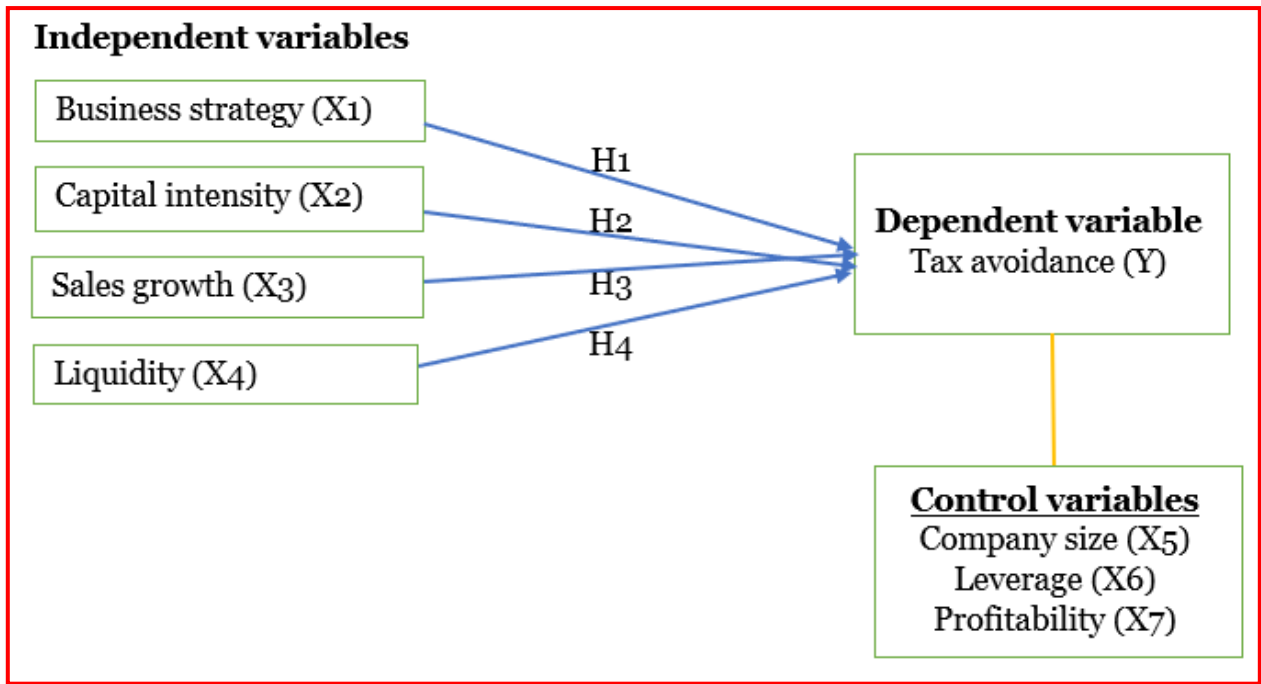
Similarly, Novianto (2021) tested the partial and simultaneous effects of liquidity and profitability on tax avoidance for a sample of 57 manufacturing firms listed on the Indonesia Stock Exchange between 2015-2019. Novianto found that the current ratio had a significant positive impact on tax avoidance; the high level of the liquidity ratio, the higher the company's motivation to engage in tax avoidance. Further, the results demonstrated a significant positive effect of profitability on tax avoidance. Moreover, liquidity and

profitability were found to have a simultaneous effect on tax avoidance. Solaikhah and Kusumawat (2022) analyzed the effects of liquidity, profitability, leverage, audit committees and company size on tax avoidance for a sample of 46 manufacturing companies listed on the Indonesia Stock Exchange during 2016-2020, with 230 observations. Solaikhah and Kusumawat found that liquidity, profitability, leverage, and audit committees had a significant effect on tax avoidance, while company size had an insignificant impact on tax avoidance. Moreover, Lubis et al. (2022) found a significant effect of liquidity on tax avoidance, and company size mediated the association between liquidity and tax avoidance.

In conclusion, previous studies confirmed that liquidity assess the companies' capacity to cover its short-term debts within a year. Companies with low liquidity prefer to maintain their cash flow to secure their survival, instead of paying taxes. On the other hand, high liquidity's companies have enough cash to fulfill their debts, including paying taxes. According to the agency theory, companies try to reduce their costs, including taxes, to improve their performance. Therefore, it is evident that a company's liquidity significantly affects tax avoidance. High liquidity means that the company is financially healthy, generates enough profit, and is able to fulfill its obligations, which increases its tax burdens. Thus, companies with high liquidity depend on debt source funding as a tax avoidance practice to reduce their tax debts. Based on this illustration, the high level of liquidity increases the tax avoidance practices of the company. Consistently, the fourth research hypothesis was developed as follows.

**H4:** Liquidity has a significant positive effect on tax avoidance in EGX 100 companies.

Based on the prior studies, the research model is derived as follows:



**Figure 1. Research model (Prepared by the researcher).**

### III. Research Methodology

#### *Sample selection.*

This study intends to determine the effects of business strategy, capital intensity, sales growth, and liquidity on tax avoidance. Accordingly, it depends on data from Egyptian companies listed on the EGX 100 over five years, from 2018 through 2022. Thus, the initial sample is 100 Egyptian companies with 500 observations. However, 85 observations were excluded from this study because of their financial reporting unavailability. Moreover, 25 observations were eliminated due to the presentation of their financial statements in a

foreign currency. Hence, the final sample consisted of 390 observations from 78 Egyptian companies, as shown in Table 1. The data were gathered from annual reports, companies' websites, mubasher information website, investing website, and WSJ markets website.

**Table 1. Sample selection.**

Descriptions	Number of observations
Total sample	500
Less: missing annual reports	(85)
Less: annual reports presented in US dollar	(25)
Final sample	390

***Variables measurement***

**Dependent variable:** This study investigates the effects of business strategy, capital intensity, sales growth, and liquidity on tax avoidance. Consequently, the tax avoidance is the dependent variable of this study. It is an effort to reduce the tax obligations to maximize companies' profit within the scope of tax laws (Novianto 2021). Based on previous studies by Wahyuni et al. (2019), Novianto (2021), Husnain et al. (2021), Andoko (2023), and Satria and Lunardi (2023), tax avoidance is calculated using the cash effective tax rate (CETR), which is the cash incurred to settle tax debts over pre- tax income. The lower the company pays for the tax burden, the greater its tendency to use tax avoidance practices, and vice versa (Andoko 2023). Therefore, the CETR increases the tax avoidance activities (Husnain et al. 2021; Andoko 2023). Consequently, the following equation can be used to measure the tax avoidance:

$$CETR = \frac{\text{Total tax expense}_{(i)}}{\text{Taxable income}_{(i)}}$$

**Independent variables:** the independent variables of this study are business strategy, capital intensity, sales growth, and liquidity. Business strategy assists companies in achieving their goals and improving their competitive advantages (Sunani 2022). Consistent with prior studies (Wahyuni et al. 2019; Sadjiarto et al. 2020; Damayanti and Wulandari 2021; Husnain et al. 2021; Nurlis et al. 2022) business strategy is measured using the percentage of general, selling, and administrative expenses to total sales (GS&A-S), which is a proxy of companies' emphasis on sales and marketing, thus, it measures a company's stability (Sunani 2022). Companies with higher GS&A expenses usually spend more time educating, informing and motivating their customers (Higgins et al. 2015). Therefore, the following equation is used to measure business strategy:

$$\text{Business strategy (BS)} = \frac{\text{General, selling, and administrative expenses}_{(i)}}{\text{Total sales}_{(i)}}$$

Moreover, according to Wahyuni et al. (2019), Urrahmah and Mukti (2021), Putri et al. (2022), Andoko (2023), and Yanti and Astuti (2023), capital intensity is the percentage of tangible assets or plant assets to the companies' total assets; hence, it can be calculated using the following formula:

$$\text{Capital intensity (CI)} = \frac{\text{Tangible assets}_{(i)}}{\text{Total assets}_{(i)}}$$

Additionally, sales growth is the percentage of sales level every year (Andoko 2023). Consistent with most previous studies (Wahyuni et al. 2019; Fauzan et al. 2019; Heryana et al. 2022; Andoko 2023), sales growth is measured by

deducting the previous year's sales from the current year's sales over the current year's sales. Hence, it can be calculated using the following equation:

$$\text{Sales growth (SG)} = \frac{\text{Sales}_{(i) t} - \text{sales}_{(i)t-1}}{\text{Sales}_{(i) t}}$$

Furthermore, the ability of a business to pay off its short-term debt is measured by its liquidity. Most previous studies depended on the current ratio to assess a company's ability to settle its short-term debts (Novita and Herliansyah 2019; Novianto 2021; Heryana et al. 2022; Rahayu et al. 2023). Therefore, liquidity is measured using the following formula:

$$\text{Liquidity (CR)} = \frac{\text{Current assets}_{(i)}}{\text{Current liabilities}_{(i)}}$$

**Control variables:** Based on the previous research (Wahyuni et al. 2019; Husnain et al. 2021; Urrahmah and Mukti. 2021; Yanti and Astuti 2023; Rahayu et al. 2023) company size, leverage, and profitability can affect tax avoidance; therefore, they were employed as control variables. The natural logarithm of total assets is used to measure the company size (Rahayu et al. 2023), whereas leverage is measured by debt-to-equity ratio (D/E) as follows:

$$\text{D/E} = \frac{\text{Total liabilities}_{(i)}}{\text{Total equity}_{(i)}}$$

Profitability measures the companies' ability to generate revenue from sales and investment (Wahyuni et al. 2019). Thus, consistent with (Wahyuni et al. 2019; Damayanti and Wulandari 2021; Husnain et al. 2021; Yanti and Astuti

2023), the return on assets ratio can be used to measure profitability as follows:

$$ROA = \frac{\text{Net income}_{(i)}}{\text{Average total assets}_{(i)}}$$

### **Empirical model**

This study depends on the subsequent regression model to test the research hypotheses H1, H2, H3, and H4. A multiple regression model investigates the impact of business strategy, capital intensity, sales growth, and liquidity on the tax avoidance practices of Egyptian companies listed on EGX 100.

$$\text{Tax Avoidance}_{i,t} = \beta_0 + \beta_1 \text{Business Strategy}_{i,t} + \beta_2 \text{Capital Intensity}_{i,t} + \beta_3 \text{Sales Growth}_{i,t} + \beta_4 \text{Liquidity}_{i,t} + \beta_5 \text{Company Size}_{i,t} + \beta_6 \text{D/E}_{i,t} + \beta_7 \text{ROA}_{i,t} + \varepsilon$$

whereas:

$\beta_0$  = Intercept of each regression model.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  and  $\beta_7$  are the regression coefficient of independent variables.

Tax avoidance  $_{i,t}$  is the tax avoidance practices of company  $_{(i)}$  at year  $_{(t)}$ .

Business Strategy  $_{i,t}$  is the business strategy of company  $_{(i)}$  at year  $_{(t)}$ .

Capital Intensity  $_{i,t}$  is the capital intensity of company  $_{(i)}$  at year  $_{(t)}$ .

Sales growth  $_{i,t}$  is the sales growth of company  $_{(i)}$  at year  $_{(t)}$ .

Liquidity  $_{i,t}$  is the liquidity of company  $_{(i)}$  at year  $_{(t)}$ .

Company Size  $_{i,t}$  is the company size at year  $_{(t)}$ .

D/E  $_{i,t}$  is the company leverage at year  $_{(t)}$ .

ROA  $_{i,t}$  is the profitability of company  $_{(i)}$  at year  $_{(t)}$ .

$\varepsilon_{i,t}$  is the standard error of the regression coefficient.

## **IV. Results and discussion.**

### *Descriptive statistics*

The descriptive statistics for the independent, dependent, and control variables are showed in table 2. Panel A presents descriptive statistics for the independent variables. The average SG&A expenses to total sales ratio is 13%, ranging from 2% to 65%, with a standard deviation of .12034. indicating that Egyptian companies spend approximately 13% of their sales revenue on promoting, educating, and informing their customers. The average Egyptian company investment in fixed assets is 44%, suggesting that most Egyptian companies are interested in investing in tangible assets to assist their operations and enhance their profits. The lowest and greatest values of capital intensity are 10% and 90%, respectively, indicating a significant difference in Egyptian companies' investments in plant assets. The capital intensity standard deviation is .24003. Moreover, Egyptian companies' sales growth is 15.6% on average, with a standard deviation of .22144. The minimum and maximum sales growth values are -18.5% and 97.5%, respectively. This Indicates that most Egyptian companies listed on EGX 100 are able to increase their sales over the years. The mean value of liquidity is 1.74, with a standard deviation of .51629, and smallest and largest values of 1.10 and 3.89, respectively. This suggests that Egyptian companies listed on the EGX 100 can pay off their short-term obligations from their current assets.

The descriptive statistics of the dependent variables are presented in panel B. The mean value of CETR is 27%, with a standard deviation of .11237, lower and higher values of 9% and 69%, respectively. The greater value of the CETR, the lower the tax avoidance practices (Andoko 2023). The results of



panel B suggest that there is a difference in the tax avoidance practices range across Egyptian companies listed on the EGX 100. Moreover, the descriptive statistics of the control variables are presented in panel C. The first control variable is company size, which has an average value of 8.589, and smallest and biggest values of 6.6 and 11.99, respectively. The second control variable is profitability, which is measured by ROA; thus, the average ROA is 10%, with smallest and biggest values of 1% and 55%, respectively. This indicates that most Egyptian companies listed on the EGX 100 use their resources to generate profits effectively. The third and last control variable is leverage, which has a mean value of 44%, with smallest and biggest values of 8% and 79%, respectively. This suggests a significant difference in Egyptian companies' reliance on debt to finance their operations.

**Table 2. Descriptive statistics of variables**

Variables	Obs	Mean	Min	Max	SD
<b>Panel A: Independent Variables</b>					
Business Strategy	390	.13065987	.020509	.654056	.120338756
Capital Intensity	390	.44211914	.100923	.899569	.240032558
Sales Growth	390	.15596197	-.184600	.974900	.221444280
Liquidity	390	1.73643915	1.100000	3.890000	.516287033
<b>Panel B: Dependent Variables</b>					
Tax avoidance	390	.27338147	.092166	.688424	.112367864
<b>Panel C: Control Variables</b>					
Company Size	390	8.58955679	6.600977	11.989727	1.568497373
Profitability	390	.096656	.0100	.5450	.0916841
Leverage	390	.44270436	.080300	.793900	.213732334

***Correlation analysis.***

Table 3 shows the Pearson correlation coefficient for the independent, dependent, and control variables. CETR is significantly and negatively

correlated with capital intensity, sales growth, liquidity, and profitability, with correlation coefficients of -.102, -.395, -.115, and -.325, respectively. The negative correlation coefficients between CETR, CI, SG, liquidity, and ROA indicate a significant positive relationship between CI, SG, liquidity, ROA, and tax avoidance practices. This indicates that companies with greater CI, SG, ROA, and liquidity are more probable to use tax avoidance practices to reduce their tax burden. However, CETR is insignificantly and negatively correlated with business strategy and company size, with correlation coefficients of -.045 and -.030, respectively. It is also insignificantly and positively correlated with leverage, with a correlation coefficient of .083.

Business strategy is significantly and positively correlated with capital intensity, sales growth, liquidity, profitability and company size, with correlation coefficients of .249, .392, .235, .160, and .144, respectively. This finding indicates that companies with good business strategies invest more in plant assets, and have higher sales growth, liquidity, and profitability. Moreover, business strategies are significantly and negatively correlated with leverage, with correlation coefficient of -.191. This suggests that companies with good business strategies are less risky.

Capital intensity is significantly and positively correlated with sales growth, liquidity, and ROA, with correlation coefficients of .262, .185, .471, respectively. This finding Indicates that companies with greater investment in fixed assets have greater sales growth, liquidity, and profitability. On the contrary, CI is significantly and negatively correlated with leverage, with correlation coefficient of -.113. It is also insignificantly and positively correlated with company size, with correlation coefficient of .005.

Sales growth is significantly and positively correlated with liquidity, company size, and ROA, with correlation coefficients of .276, .131, and .112, respectively. This demonstrates that companies that have higher sales growth are more profitable and are able to cover their debts. However, the results show a significant negative association between sales growth and leverage, with a correlation coefficient of -.141.

Liquidity is significantly and positively correlated with company size and ROA, with correlation coefficients of .174, and .208. This finding reveals that larger companies are more profitable and able to pay their debts. In contrast, the correlation between leverage and liquidity is significantly negative, with correlation coefficient of -.118. Company size is significantly and positively correlated with ROA, with a correlation coefficient of .111. It is also significantly and negatively correlated with leverage; the correlation coefficient is -.202. Finally, the results indicate a significant negative relationship between leverage and ROA, with correlation coefficient of -.145.

**Table 3. Pearson coefficient correlation matrix**

	CETR	BS	CI	SG	Liquidity	size	D/E
ROA							
CETR	1						
BS	-.045	1					
CI	-.102*	.249**	1				
SG	-.395**	.392**	.262**	1			
Liquidity	-.115*	.235**	.185**	.276**	1		
Company size	-.030	.160**	.005	.131**	.174**	1	
D/E	.083	-.191*	-.113*	-.141**	-.118*	-.202**	1
ROA	-.325**	.144**	.471**	.112*	.208**	.111*	-.145** 1

**Note(s):** This table shows the Pearson correlation coefficients of the relationships between the dependent, independent, and control variables of

this study. CETR is an inverse indicator of tax avoidance. The high level of CETR, reduces the tax avoidance practices. BS is the business strategy, which is measured by the percentage of general, selling and administrative expenses on total sales. CI is capital intensity that is measured by the percentage of tangible assets to total assets. SG is the sales growth, that is measured by the percentage of the level of sales from year to year. The current ratio Liquidity is used to measure liquidity. Company size presents the natural logarithm of total assets. D/E is the leverage that is measured by the proportion of total debt to total equity. ROA is a proxy of a company's profitability. \*\*\*, \*\*, and \* denote significant at the 0.01, 0.05 and 0.1 levels, respectively.

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### ***Regression results.***

The findings of the ordinary least squares regression model examining the connection between tax avoidance practices and corporate strategy are shown in Table 4. The coefficient value of the business strategy is -.010, with a t-value of -.262, at a significant level of .01. This finding indicates an insignificant negative association between business strategy and CETR; thus, business strategy does not affect tax avoidance practices, **thereby not supporting H1**. This result is not in line with Aryotama and Firmansyah (2020), Damayanti and Wulandari (2021), and Akbar and Meiryani (2023), who stated that business strategy increases a company's profits, and increases its tax burden, which encourages managers to depend on tax avoidance practices to reduce tax debts. On the other hand, the findings of table 4 align with those of the previous research of Sunani (2022), and Heryana et al. (2022), who found that companies with good business strategy attempt to enhance their competitive advantages, increase their profits, provide unique

products, and reach new markets rather than reduce their tax debts. Regarding the control variables, table 4 shows a significant negative impact of profitability and company size on CETR, with coefficients of -.009, and -.311, respectively, and t-values of -2.823, and -6.434, respectively.

With a t-

value of 1.692 and a coefficient of .042, leverage significantly increases CETR. Therefore, companies with higher leverage are not able to cover their long-term obligations, including tax debts.

**Table 4. OLS regression results of business strategy and tax avoidance**

Independent variables	DV (CETR)	
	Coefficient	T-value
Constant	.375	11.775***
Business strategy	-.010	-.262
Company size	-.009	-2.823**
Leverage	.042	1.692*
ROA	-.311	-6.434***
Adjusted R <sup>2</sup>	.131	
F-statistics	14.541***	
Number of observations	390	

**Note(s):** This table shows the OLS regression findings of business strategy measured by the percentage of general, selling and administrative expenses to total sales, and control variables, which are leverage, company size and profitability on tax avoidance measured by CETR, from 2018 to 2022. Statistical significance is denoted as \*\*\*P-value<0.01, \*\* P-value<0.05, and \* p-value <0.1.

The outcomes of the ordinary least squares regression are shown in Table 5. for the association between capital intensity and tax avoidance. The results reflect a significant negative impact of capital intensity on CETR. The

coefficient is  $-.104$ , with a t-value of  $-4.949$ , at a significant level of  $.01$ . The relationship between capital intensity and CETR is statistically significant, with F-statistics of  $18.577$ , and an adjusted  $R^2$  of  $15.3\%$ . **These findings confirm the second research hypothesis, H2**, and indicate that the greater the investment in tangible assets, the lower is the CETR. A lower CETR means that tax avoidance practices are higher, so companies with higher investments in tangible assets engage in tax avoidance practices. These results are in line with Kalbuana et al. (2020), Darsani and Sukartha (2021), Putri et al. (2022), and Sofiamanan et al. (2023), who indicated that companies invest in fixed assets to reduce their tax debts by increasing depreciation expenses. The greater the investment in plant assets, the greater the depreciation expenses, and the lower the taxable income. Therefore, the relationship between capital intensity and tax avoidance is statistically significant, with F-statistics of  $18.577$  and an adjusted  $R^2$  of  $15.3\%$ . Regarding the control variables, the results indicate a significant negative relationship between ROA and CETR, with a coefficient of  $-.299$ , with a t-value of  $-6.326$ . Hence, a lower CETR indicates higher tax avoidance practices. Therefore, the higher the companies' profitability, the higher the tax burden, which increases their tendency to use tax avoidance activities to reduce the pre-tax income and tax debts. Company size and leverage have an insignificant effect on CETR, with coefficients of  $-.004$ , and  $.013$ , respectively.

**Table 5. OLS regression results of capital intensity and tax avoidance**

Independent variables	DV (CETR)	
	Coefficient	T-value
Constant	.399	10.810***
Capital intensity	-.104	-4.949***
Company size	-.004	-1.076
Leverage	.013	.543
ROA	-.299	-6.326***
Adjusted R <sup>2</sup>	.153	
F-statistics	18.577***	
Number of observations	390	

**Note(s):** This table appears the OLS regression findings of capital intensity, and control variables, company size, leverage, and profitability on tax avoidance measured by CETR, from 2018 to 2022. Statistical significance is denoted as \*\*\*P-value<0.01, \*\* P-value<0.05, and \* p-value <0.1.

Table 6 shows the ordinary least squares regression findings for the relationship between sales growth and tax avoidance. The table shows that the coefficient value of sales growth is -.191, statistically significant at the level of .01, with a t-value of -8.040. This indicates that sales growth has a significant negative impact on CETR. Hence, the association between sales growth and CETR is statistically significant, with F-statistics of 33.754, and an adjusted R<sup>2</sup> of 25.5%. The higher the sales growth, the lower the CETR, and the greater the tax avoidance practices. The higher the sales growth level, the higher the profits companies generate, and the higher the tax debts. Higher tax burdens tend companies to increase bad debt expenses to reduce their taxable income and tax payments. Therefore, the higher the level of sales growth, the higher the tax avoidance practices that the company will engage in. **These findings support H3** and are consistent with those of Wahyuni et

al. (2019), Nadya and Purnamasari (2020), Nyoriman (2022), and Rahayu et al. (2023), who found a significant positive impact of sales growth on tax avoidance practices. Concerning the control variables, the results indicate a significant negative impact of company size and ROA on CETR, the coefficients are -.010, and -.268, respectively, with t-values of -3.233, and -5.995, respectively. Thereby, large size and profitable companies are more prone to depend on tax avoidance activities to reduce their tax debts and increase their profits.

**Table 6. OLS regression results of sales growth and tax avoidance**

Independent variables	DV (CETR)	
	Coefficient	T-value
Constant	.341	11.082***
Sales growth	-.191	-8.040***
Company size	-.010	-3.233**
Leverage	.028	1.223
ROA	-.268	-5.995***
Adjusted R <sup>2</sup>	.255	
F-statistics	33.754***	
Number of observations	390	

**Note(s):** This table shows the OLS regression outcomes of sales growth, and control variables, which are firm size, leverage, and profitability on tax avoidance measured by CETR, from 2018 to 2022. Statistical significance is denoted as \*\*\*P-value<0.01, \*\* P-value<0.05, and \* p-value <0.1.

Table 7 shows the ordinary least squares regression outcomes for the relationship between liquidity and tax avoidance. Liquidity has a coefficient of -.044, with a t-value of -4.966 at a significant level of .01. Therefore, liquidity has a significant negative impact on CETR. The higher the liquidity, the lower the CETR and the higher the tax avoidance practices. **This finding**



**supports H4**, and indicates that companies with high liquidity are more profitable, financially healthy, and able to cover their short-term debts, including tax payments. Moreover, high liquidity implies high profitability and a greater tax burden. Accordingly, companies want to maximize their profits and minimize their tax payments. Therefore, they engage in practices to reduce tax debts. These results are in line with Sararoodi (2019), Marito and Hutabarat (2020), Novianto (2021), and Lubis et al. (2022), who found a significant positive effect of liquidity on tax avoidance practices. The relationship between liquidity and tax avoidance is statistically significant at the level of .01, with F-statistics of 21.629, and an adjusted R<sup>2</sup> of 18.3%. Regarding the control variables, company size and profitability are found to have a significant negative relationship with CETR, with coefficients of -.008, and -2,421, respectively, and t-values of -.202, and -3.921, respectively. Therefore, the larger the company, the higher the profitability level, the lower the CETR, and the higher the tax avoidance practices.

**Table 7. OLS regression results of liquidity and tax avoidance**

Independent variables	DV (CETR)	
	Coefficient	T-value
Constant	.441	13.282***
Liquidity	-.044	-4.966***
Company size	-.008	-2.421**
Leverage	.023	.591
ROA	-.202	-3.921***
Adjusted R <sup>2</sup>	.183	
F-statistics	21.629***	
Number of observations	390	

**Note(s):** This table shows the OLS regression findings of liquidity, and control variables, which are leverage, company size and profitability on tax avoidance measured by CETR, from 2018 to 2022. Statistical significance is denoted as \*\*\*P-value<0.01, \*\* P-value<0.05, and \* p-value <0.1.

## **V. Conclusion.**

Taxes are a government tool to achieve the goals of generating revenue to finance regular expenditures and enhance a country's growth and development (Monica et al. 2023). However, companies assume that tax burdens can reduce their profits, besides taxes do not provide direct benefits to them (Fauzan et al. 2019). The governments' and companies' different interests tend companies to depend on some activities to minimize their tax payments and maximize their profits (Afrianti and Uzliawat 2022). Therefore, companies depend on tax avoidance activities, which are a tool of tax management and legal practices that can be carried out by companies to decrease their tax debts and maximize their profit (Darsani and Sukartha 2021). Companies attempt to take advantage of investing in tangible assets to generate depreciation expenses that can be used to reduce tax debts (Nadya and Purnamasari 2020). Moreover, companies depend on debt to finance their operations to reduce their tax burdens by generating interest expense (Monica et al. 2023). Additionally, companies with high sales growth try to increase bad debt expenses to reduce their tax payments (Marfiana and Putra 2021).

This study examined the effect of business strategy, capital intensity, sales growth, and liquidity on tax avoidance for a sample of 78 Egyptian listed companies on the EGX100, with 390 observations for the period 2018-2022. It depended on some control variables, including size, leverage, and profitability of the company, which may influence the relationship between business strategy, capital intensity, sales growth, liquidity, and tax avoidance. Four hypotheses were developed based on previous studies of business strategy, capital intensity, and tax avoidance. The results revealed an insignificant

impact of business strategy on tax avoidance practices. Egyptian companies adopt good business strategies to enhance performance, satisfy customers, improve image, and strengthen competitive advantages instead of relying on practices to reduce tax burdens. This is inconsistent with the findings of Aryotama and Firmansyah (2020), Damayanti and Wulandari (2021), and Akbar and Meiryani (2023), who found that the good business strategy significantly increase the tax avoidance activities.

Moreover, the findings showed a significant positive impact of capital intensity on tax avoidance practices. Companies with good performance and higher profits have higher tax debts; thus, they invest in fixed assets to reduce their taxable income and tax payments through the depreciation expenses of tangible assets. This finding is in line with Kalbuana et al. (2020), Darsani and Sukartha (2021), Putri et al. (2022), and Sofiamanan et al. (2023), who found that companies try to increase their expenses and reduce pre-income tax to reduce their tax obligations, then they depend on depreciation expenses associated with fixed assets to reduce their tax burdens. Furthermore, the findings indicated a significant positive impact of sales growth on tax avoidance practices. Companies that have higher sales growth are more profitable and have higher tax debts; therefore, they increase bad debt expenses to reduce taxable income and tax obligations. This aligns with the findings of Wahyuni et al. (2019), Nadya and Purnamasari (2020), Nyoriman (2022), and Rahayu et al. (2023), who proved that there was a strong correlation between tax avoidance practices and sales growth.

Regarding the association between liquidity and tax avoidance, the findings indicated a significantly positive impact of liquidity on tax avoidance. High

liquidity means that the company is financially healthy and can cover its obligations, including tax obligations. However, according to agency theory, companies try to optimize profit by reducing costs, including tax costs; thus, they depend on debt over equity to finance their operations to increase their expenses through the interest of long-term debts, and reduce their income and tax obligations. This finding is consistent with that of Sararoodi (2019), Marito and Hutabarat (2020), Novianto (2021), and Lubis et al. (2022), who found that liquidity has a significant positive impact on tax avoidance practices.

The results have several implications for academics, investors, creditors, companies, and regulators. For academics, this study provides evidence of the association between business strategy, capital intensity, sales growth, liquidity, and tax avoidance for Egyptian companies. The findings of this study demonstrate that higher sales growth, liquidity, and investment in fixed assets increase companies' tendency to use practices to reduce their tax burdens. Nevertheless, higher capital intensity, sales growth, and liquidity improve companies' competitive advantages. Therefore, Egyptian companies should focus on enhancing their operational efficiency by investing in plant assets to increase their profits. Furthermore, companies with high levels of liquidity and sales growth are financially healthy and can cover their debts, including tax debts. However, companies can maximize their profits by providing unique products, enhancing their quality, and opening new markets, instead of depending on some practices to avoid taxes. Likewise, the Egyptian stock exchange should need to be a major player in reducing companies' dependence on tax avoidance practices. Regulators should also strengthen the company's

awareness of the importance of tax payments for the country's growth and development. Furthermore, investors and creditors are aware of the negative influence of tax avoidance practices; hence, reducing tax avoidance practices can help evaluate companies' actual profits. Finally, this study relied on a sample of 78 companies listed on the EGX 100; thus, its results can be extended to other listed companies on the EGX or other developing countries with the same regulators.

It is possible to interpret the study's findings in light of certain limitations that lead to areas for future research. **First**, this study applied to a sample of Egyptian companies listed on the EGX 100 from 2018 to 2022, which limits the generalization of its results. Future research can depend on all Egyptian companies listed on the Egyptian Stock Exchange to obtain precise results. **Second**, this study focused on the effects of business strategy, capital intensity, sales growth, and liquidity on tax avoidance. Information technology, corporate governance, and corporate social responsibility may have an impact on tax avoidance practices and provide valuable areas for future research. **Third**, this study relied on secondary data, so future research can depend on questionnaires or personal interviews with company managers or board members, which can be used to determine the factors that can influence tax avoidance activities. **Fourth**, this study used the proportion of general, selling and administrative expenses to total sales as a specific measurement for business strategy. Future research can depend on different measurements for business strategy and compare them to generate exact results. **Fifth**, this study measured liquidity depending on the current ratio, which measures companies' ability to pay off their short-term debts from their current assets. Future

research can use different measurements of liquidity, such as the acid-test ratio or days of sales outstanding, to ensure the robustness of the findings. **Finally**, in contrast to return on equity, debt-to-assets ratio, and net profit margin, which may have an impact on tax avoidance practices, firm size, leverage, and profitability are utilized as control variables. Therefore, the other variables that may influence tax avoidance activities go beyond the scope of this study and may be essential areas for future research.

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## ملخص البحث:

تعد الإيرادات الضريبية مصدر أساسي لأيرادات الدولة لزيادة نموها وتطورها. ومع ذلك، تفترض الشركات أن المصروفات الضريبية يمكن أن تقلل من أرباح الشركة، وذلك لكونها لا يترتب عليها أي منافع مباشرة للشركات، وهو ما يدفعهم لمحاولة تخفيض الالتزامات الضريبية سواء بشكل قانوني أو غير قانوني وذلك لتعظيم أرباحهم. وتسمى هذه المحاولات لتخفيض الالتزامات الضريبية وزيادة الأرباح بممارسات التجنب الضريبي. وبالتالي هدفت الدراسة إلى اختبار أثر كل من استراتيجية الشركة، وكثافة رأس المال، ومعدلات نمو المبيعات، ومعدلات السيولة على ممارسات التجنب الضريبي، وذلك لعينة مكونة من 78 شركة مصرية مدرجة بمؤشر EGX-100 وذلك خلال الفترة من 2018 إلى 2022، وقد تمثلت عدد المشاهدات في 390 مشاهدة. وتوصلت الدراسة إلى عدم وجود أثر لاستراتيجية الشركة على ممارسات التجنب الضريبي. علاوة على ذلك، توصلت الدراسة إلى وجود أثر إيجابي معنوي لكثافة رأس المال على ممارسات التجنب الضريبي، حيث أنه كلما زاد الاستثمار في الأصول الثابتة، كلما زاد مصروف الأهلاك الخاص بها، ومن ثم أنخفض الدخل الخاضع للضريبة، وانخفضت الالتزامات الضريبية، ولذلك تزداد ممارسات التجنب الضريبي مع زيادة الاستثمار في الأصول الثابتة. وتوصلت الدراسة أيضاً إلى وجود أثر إيجابي معنوي لكل من معدل نمو المبيعات، ومعدل السيولة على ممارسات التجنب الضريبي، حيث مع زيادة معدل نمو المبيعات، ومعدل السيولة، فإن الأداء المالي للشركة يتحسن، مما ينعكس على زيادة أرباحها ومن ثم زيادة التزاماتها الضريبية، وذلك ما يحفز الشركة على الاعتماد على ممارسات التجنب الضريبي لتقليل التزاماتها الضريبية وتعظيم أرباحها.

**الكلمات المفتاحية:** استراتيجية الشركة، كثافة رأس المال، نمو المبيعات، السيولة، التجنب الضريبي.