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**The Effect of Intellectual Capital, Tax Avoidance and Leverage on Firm Value and Profitability**

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**Abstract**

The company's goal is to obtain optimum profitability and increase the firm value in the capital market. This study aims to examine the effect of intellectual capital, tax avoidance and leverage on firm value and profitability. Firm value is measured by price to book value (PBV), and profitability is measured by return on assets (ROA). While the variables that affect firm value consist of intellectual capital (IC), tax avoidance (TA), and leverage as measured by debt to equity ratio (DER). The population in this study were 36 mining companies listed on the Indonesia Stock Exchange (IDX), and 24 companies were taken as a sample using purposive sampling method. The observation period is five years (2017-2021) taken from the annual report. Hypothesis testing using multiple regression with a significance level of 0.05. The results of the study show that intellectual capital and tax avoidance have a significant and negative effect on firm value, while leverage has a significant and positive effect on firm value, and profitability has no effect on firm value. Other results show that intellectual capital and leverage have a significant and positive effect on profitability, while tax avoidance has no effect on profitability.

**Keywords:** Intellectual capital, tax avoidance, leverage, firm value, profitability

**1. Introduction**

Where a company is simply interpreted as a place to do a certain business or a particular business. In the same law, namely law number 3 of 1982, it is stated that a company is a form of business that runs every type of business that is permanent and continuously established, works and is domiciled in the territory of the Republic of Indonesia, where a company's goal is only to gain or profit. Where the profit or profit for a company is to get the most positive difference from income and costs (Hariyanto, 2013). In a company, when running a business, it will definitely be full of uncertainties, coupled with internal and external environmental situations that also contribute to the impact of risk in running a business. Where these factors greatly affect the state and business development of a company. Where in doing business you will face various types of risks that occur in companies that are quite significant, for example direct impacts that cause losses, namely floods, landslides, earthquakes and high sea waves (Puji et al., 2021).

In general, companies that go public or can be said to be companies listed on the Indonesian stock exchange, are required to issue financial reports every year to show the condition of the company. The financial statements of a company that management publishes can be the basic stage of evaluating the company's profitability. If the high profitability of a company will attract interested parties to buy shares from both institutional and public investors, so the more company shares are sold or bought, the more the company's stock price will increase and the impact on the company's value (Suzan & Juliawan, 2021).

The mining sector is a sector engaged in mining and quarrying, such as coal, oil and gas mining, metal ores, rock excavation, clay, sand, salt mining and excavation, mineral mining, chemicals, and fertilizer materials, as well as gypsum, asphalt and limestone mining. In Indonesia, since the last 10 years, it has become the largest coal exporter in the world in terms of volume. It is estimated that this dominance will continue for the next 1 or 2 decades. Where in this study are coal sub-sector companies listed on the Indonesian stock exchange. The choice of a coal company as the object of this research is because a coal company is a company that in its activities manages a resource and economic transactions involving many parties, which if the performance is well integrated it will have a relationship with the value of the company (Suzan & Juliawan, 2021).

Firm value is a value that will describe the current value of a desired income in the future and an indicator for the market in researching the company as a whole (Sudana, 2011). If the company value is large, it can be called profit capitalization or net profit capitalization after tax (Utari Dewi et al., 2014). PBV is used as a tool to measure firm value in this study. Where this ratio can measure the ratio of share price per share to the book value per share of the company (Sudana, 2011). The company also carries out a taxation strategy to increase its profits through tax avoidance, this tax avoidance is an effort to legally minimize a tax burden, because it is still within the scope of taxation and takes advantage of loopholes in tax laws and regulations (Ary Novianto & Sugianto Yusuf, 2021). In this study, tax avoidance is measured using the Effective Tax Rate (ETR) to see the extent of tax deferral by a company.

In the business world, having added value is an advantage in order to be able to compete with other companies and maintain market share. One way that can be done by companies to change strategies that can improve their performance is not only to focus on tangible assets but also important intangible assets such as one example of knowledge. Intellectual capital is a knowledge-based corporate resource. Intellectual capital can create added value for the company. The company's intellectual capacity will increase investor confidence, so that it can have an impact on increasing company value (Nuryaman, 2015). Intellectual capital in this study is measured using the VAIC. Where the VAIC model is designed to measure the efficiency of value creation of tangible assets and value creation of company intangible assets. This model measures value creation from a three-dimensional relationship, namely added value of human capital, structural capital, and employed capital. The sum of the three dimensions is a measure of a company's intellectual property known as Value Added Intellectual Capital (VAIC) (Nuryaman, 2021).

Before investors invest in a company, investors will conduct an analysis of the company's health through the solvency ratio. Leverage is a ratio that is used to measure the extent to which a company's ability to use assets or funds that have a fixed burden (debt or shares) in order to realize a company goal in order to achieve maximum results (Sari et al., 2021). Where in this study using DER (Debt to Equity Ratio) to measure company leverage (Sari et al., 2021). If a company has good prospects, investors will choose to use debt as an alternative funding compared to funding with outside equity (Octaviany & Hidayat, 2019).

From the discussion above, it can be concluded that investors will be interested in investing their money in companies that are considered to have good performance. An indicator that can be used by investors to assess company performance is company value. Investors will tend to invest in companies with high value because they are more trusted to provide welfare for investors. Therefore researchers take mining companies as research material to be able to find out how a coal mining company can manage a company by using intellectual capital, tax avoidance and leverage so as to grow a good corporate image and get good profitability so as to provide welfare to investors.

## **2. Theory and Hypothesis Development**

### *The value of the company*

Firm value is a value that describes the current value of a desired income in the future and an indicator for the market in researching the company as a whole (Sudana, 2011). High stock prices make the company value also high, and increase market confidence, not only in the company's current performance but also in the company's future prospects. So that company value is very important in measuring company performance which can influence potential investors' perceptions of the company's level of success which is often associated with stock prices (Lumoly et al., 2018). According to (Pantow et al., 2015) where the value of the company can provide maximum shareholder benefits if the company's share price increases.

### *Profitability*

Investors usually focus on profitability before investing in a company, therefore companies are required to always maintain profitability conditions to remain stable so that investors will be interested in investing in the company. With very stable profitability, the company will be able to maintain the continuity of the company. If the company cannot maintain stable profitability, the company will not be able to maintain its business continuity (Wibowo & Wartini, 2012). According to (Ayu Sudiani & Ayu Darmayanti, 2016) profitability is a ratio that can represent the company's financial performance, where an increase in the company's financial performance will increase the return that will be obtained by investors. According to (Muna & Prastiwi, 2014) financial performance is the determination of certain measures that can measure the success of a company in generating profits. This financial performance is the main benchmark for measuring whether the company's performance is good or not, this can be seen from its financial reports.

### *Intellectual capital and firm values*

Intellectual capital is a resource owned by the company in the form of expertise, knowledge and skills of the company's employees. Intellectual capital also takes the form of information

systems, patents, policies, processes and systems from time to time. In addition, intellectual capital is also a company's ability to manage its funds (Muna & Prastiwi, 2014). In managing physical and financial assets, reliable capabilities are needed from the intellectual capital itself, in addition to producing a product that has added value, it also requires the ability and thinking of employees while simultaneously developing various ways of managing the company and establishing relationships with external parties (Cahyani et al., 2015).

Firm value will increase if it is supported by growth in company performance. Meanwhile, company performance is closely related to management effectiveness in managing the company. Tests on the first hypothesis obtained a significant value so that the hypothesis that intellectual capital has an effect on company value is proven. This means that the market responds to intellectual capital carried out by companies that are members of LQ45. Good intellectual capital in a company will be able to create efficiency so that it will raise company performance which in turn will also increase company value (Hamidy et al., 2015). Companies that can manage and utilize intellectual capital, both capital for labor (HC), company structure (SC), marketing activities (RC), and company-owned capital (CE) will effectively and efficiently improve the company's financial performance and will get a positive response from stakeholders, namely investors through fluctuations in the company's stock price (Putri et al., 2019).

H<sub>1</sub>: Intellectual capital has a positive effect on firm value

#### *Tax avoidance and firm values*

Tax avoidance is also often referred to as tax planning, which is the process of controlling actions to avoid unwanted consequences of imposing taxes (Puspita Dewi & Noviyari, 2017). Minimizing tax obligations can be done in various ways, both those that still comply with tax regulations and those that violate tax regulations (Aprianto & Dwimulyani, 2019). Behaviors that reduce a company's tax burden include tax savings. Tax saving refers to tax deduction by a lawful choice of accountant, tax avoidance is escaping or reducing taxes through unlawful means, and tax avoidance falls in the intermediate category between tax saving and tax avoidance and involves reducing a company's tax burden by engaging in tax behavior. irregularities that do not conflict with tax laws (Saka et al., 2019).

According to (Anggoro & Septiani, 2015) tax avoidance behavior by companies has a significant influence on firm value in a positive direction. This proves that investors tend to pay extra for tax avoidance practices by companies which are a form of control by investors over the behavior of managers. This proves that transparency can be a company tool to increase investor confidence even though the company has practiced tax avoidance. According to (Arfiansyah, 2020) shareholders positively evaluate the actions of tax avoidance carried out by management, because managing taxes to keep them at a minimum will ultimately increase the welfare of shareholders.

H<sub>2</sub>: Tax avoidance has a positive effect on firm value

#### *Leverage capital and firm values*

The leverage ratio is a measure of how much the company is financed with debt. The use of debt that is too high is dangerous for the company because the company will be included in the extreme leverage category, namely the company is trapped in a high level of debt and it is

difficult to let go of the debt burden. Because of this, companies should have to balance how much debt is worth taking and from which sources can be used to pay debts (Fahmi, 2018). Leverage describes the source of operating funds used by the company. Leverage is the ratio between total liabilities and total assets. Debt policy is an alternative to corporate funding besides selling shares in the capital market. Debt that is used effectively will increase the value of a company. Companies that have high debt will choose accounting policies by shifting future profits to the present (Anindyka et al., 2018). Leverage policy arises if the company in financing its operational activities uses borrowed funds or funds that have fixed costs such as interest. By increasing the level of leverage, this means that the level of certainty of the return to be obtained will be higher. But at the same time, the higher the leverage, the higher the risks faced and the higher the expected rate of return or income (Claudia Moleong, 2018).

According to (Agus Suwardika & Mustanda, 2017) Proving that leverage has a significant effect and has a positive direction on firm value. because the decision to use high debt can increase firm value due to a reduction in income tax based on the results of this study indicating that the higher the leverage value, the firm value will also increase. According to (Manurun & Pratiwi Lubis, 2022) it is known that the independent variable, namely Leverage, has a significant effect on company value in Mining, Oil and Gas Sub-Sector Companies Listed on the Indonesian Stock Exchange for the 2016-2020 period. The trade off theory indicates that there is an optimal level of leverage in finding the relationship between capital structure and firm value. In a situation, the company will try to optimize leverage to a certain level.

H<sub>3</sub>: Leverage has a positive effect on firm value

#### *Profitability and firm value*

The results of this study indicate that financial performance has a positive and significant influence on firm value, meaning that if profitability performance increases, firm value will increase. Thus an increase in financial performance will be followed by an increase in company value (Mudjijah et al., 2019). According to (Dewi & Abundanti, 2019) profitability has a positive and significant effect on company value. This shows that profitability is able to influence company value in property and real estate companies on the IDX for the period 2014 – 2017. This means that the higher the level of profitability a company has, the higher the value of a company. High profitability can attract investors to invest in the company. This is in accordance with the results of research which show that ROA has a significant positive effect on firm value, which means an increase in ROA will affect a significant increase in firm value. The results showed that profitability has an effect on firm value. (Pantow et al., 2015).

H<sub>4</sub>: Profitability has a positive effect on firm value

#### *Intellectual capital and profitability*

According to (Rahmawati & Sudarno, 2015) the results of the regression test show that intellectual capital has a significant positive effect on profitability. These results indicate the influence of intellectual capital on the company's financial performance. The higher the intellectual capital, the company's profitability will increase. According to (Chandra Dwipayani & Prastiwi, 2014) Intellectual Capital can be managed properly so it can create a competitive advantage for companies that affect company performance. The better the company is in

managing and utilizing its intellectual capital, it will create unique competencies for the company so that it is expected to be able to support the company's ability to meet customer needs.

H<sub>5</sub>: Intellectual capital has a positive effect on profitability

*Tax avoidance and profitability*

According to (Kurniawan, 2016) Tax planning accounting behavior in the form of legal tax avoidance according to tax regulations in Indonesia is also appreciated by investors. This appreciation is in the form of stock buying activities that have not changed, meaning that tax evasion is considered valid by investors so that investors do not experience changes in stock buying behavior. Tax planning accounting behavior in the form of tax avoidance is beneficial for companies, namely increased profits can be used as additional working capital that can be used to increase future profitability. When the profit earned increases, the amount of income tax will increase in accordance with the increase in company profits so that the company is likely to carry out tax avoidance to avoid increasing the amount of the tax burden (Puspita Dewi & Noviani, 2017).

H<sub>6</sub>: Tax avoidance has a positive effect on profitability

*Leverage and profitability*

Leverage has a positive effect on profitability. Also note the benefits of Loyalty so that the use of debt can advance company assets and will increase company profitability (Indra Wedhana Purba & Yadnya, 2015). In the study (Maria et al., 2019) the results showed that the leverage variable had a significant positive effect on the profitability variable at the Esperanca Timor-Oan company in the 2010-2012 period. This shows that the use of debt is increasing at the Esperanca TimorOan unipessoal Lda company. Can increase its profitability, this means the use of debt to the company Esperanca Timor-Oan Unipessoal Lda.

H<sub>7</sub>: Leverage has a positive effect on profitability

### **3. Method**

*Population and sample*

The population in this study are coal mining companies, totaling 34 companies listed on the Indonesia Stock Exchange (IDX). The sample of this research are 24 companies that meet the criteria for sampling.

*Reseach variable*

This study has two dependent variables, namely firm value and profitability, has three independent variables consisting of intellectual capital, tax avoidance and leverage. Here are the measurements of each variable:

Table 1: Variables and Measurement

Variable	Symbol	Measurement
Firm value	PBV	Price per share/Book value per share
Profitability	ROA	Earning per share/Total assets
Intellectual capital	IC	VACA+VAHU+STVA
Tax avoidance	TA	Tax expense/Earning before tax
Leverage	DER	Total debt/Total equity

*Data analysis*

To test the hypothesis, multiple linear regression analysis tools will be used with a significance level of 0.05, the regression equation is as follows:

$$PBV = \alpha + \beta_1 IC + \beta_2 TA + \beta_3 LEV + \beta_4 ROA + \epsilon$$

$$ROA = \alpha + \beta_1 IC + \beta_2 TA + \beta_3 LEV + \epsilon$$

**3. Results and Discussions**

*Descriptive statistics*

Descriptive statistical analysis is a measuring tool used to find out the general description of the variables used in a study.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Intellectual Capital	120	1.050	51.291	566.479	7.006.369
Tax Avoidance	120	.001	28.158	.63814	2.706.841
Leverage	120	.050	134.313	362.072	13.444.455
Profitabilitas	120	.144	640.851	940.717	59.108.204
Nilai Perusahaan	120	.001	2.485	.14142	.253719
Valid N (listwise)	120				

Source: Data processed

Based on the table above, it shows that the descriptive statistics of the variables used are in the form of a scale or ratio. These results explain that the number of samples in this study were 120 data. Where the company value variable is 0.001, which means the lowest company value is obtained, the maximum value is 2.485, which means the highest company value is obtained by a company. The average value is 0.141 and the standard deviation is 0.253 with the object of research being 120 data on coal mining companies listed on the Indonesia Stock Exchange in the 2017-2021 period.

The Intellectual Capital variable indicates that a minimum value of 1.050 means that the company is incapable of carrying out efficiency on the performance of employees at the company which results in a low value of intellectual capital, the maximum value of 51.291 means that the company is considered capable of carrying out efficiency on employee

performance which results in high the value of the intellectual capital. The average value is 5.664 and the standard deviation is 7.006 with research objects of 120 coal mining companies listed on the Indonesia Stock Exchange in the 2017-2021 period.

Tax avoidance shows that the minimum value is 0.001 and the maximum value is 28.158 while the average value is 0.638 with a standard deviation of 2.706 with the object of research being 120 coal mining companies listed on the Indonesia Stock Exchange in the 2017-2021 period.

Leverage shows that descriptive statistics have a minimum value of 0.050 and a maximum value of 134.313 while the average value is 3.620 with a standard deviation of 13.4444 with research objects of 120 coal mining companies listed on the Indonesian stock exchange in the 2017-2021 period. Profitability shows that descriptive statistics have a minimum value of 0.144 and a maximum value of 640.851 while the average value is 9.407 with a standard deviation of 59.108 with a research object of 120 coal mining companies listed on the Indonesian stock exchange in the 2017-2021 period.

*Hypothesis Test Results*

Based on the calculation of multiple linear regression tests using the SPSS version 16.0 program, it can be concluded as follows:

Table 3: Hypothesis Result

Variable	Firm Value (PBV)			Profitability (ROA)		
	Coef.	t	Sig.	Coef.	t	Sig.
Constant		.086	.931		2.357	.020
Intellectual Capital (IC)	-.071	-1999	.048	.302	3.516	.001
Tax Avoidance (TA)	-.232	-6640	.000	-.098	-1.107	.271
Leverage (DER)	.952	26489	.000	.250	2.838	.005
Profitability (ROA)	.019	.528	.598			

Source: Data processed

The Effect of Intellectual Capital on Firm Value

Based on the results of the research conducted, it is known that the first hypothesis was rejected. The results showed that the tcount was -1.999 and the ttable was 1.981 and the significance value was 0.054 with  $\alpha = 0.05$ . So  $-1.999 > 1.981$  and a significant value of  $0.048 < 0.05$ . This shows that intellectual capital (IC) partially has a negative influence on company value in coal mining companies listed on the Indonesian stock exchange. This happens because the market or investors will only see one of the three components of intellectual capital as their consideration in placing a value for the company. This happens because of operational activities in a company. Including those with intellectual capital characteristics, it seems that investors are still dominated by users of physical and financial assets to improve performance and market value. So the essence of intellectual capital does not get too much attention from investors. The existence of these treatment differences shows that investors do not place a high value on a company with high intellectual property. Or in other words, high intellectual capital does not necessarily mean that the company's value is also high, and vice versa, with low intellectual capital, it does not



necessarily mean that the value of the company is low. The results of this study are in line with the results of research (Wergiyanto & Wahyuni, 2016) and (Afriyani & Suzan, 2016).

#### Effect of Tax Avoidance on Firm Value

Based on the results of the research conducted, it shows that the tcount is -6.640 and ttable is 1.981 and the significance value is 0.000 with  $\alpha = 0.05$ . So  $-6.640 > 1.981$  and a significant value of  $0.000 < 0.05$ . This shows that tax avoidance (TA) partially has a negative effect on company value in coal mining companies listed on the Indonesian stock exchange. Where the higher the tax avoidance carried out by the company, the company's value will decrease. Measurement of tax avoidance in this study is measured by comparing the tax burden with the pre-tax profit disclosed in the financial statements (Violeta & Serly, 2020). This research is also supported by the higher the tax avoidance carried out by management, the lower the firm value. This significant negative effect occurs in a sample of companies with a large size where this sample of companies has more ability to generate profits compared to companies with a small scale (Paridah & Rokhayati, 2009) and (Handayani, 2020). This also proves that the actions of managers who carry out tax avoidance can increase company risk, increase company risk, increase agency costs and the resulting financial reports can mislead investors because they do not describe the actual situation (Lestari & Ningrum Agita, 2018).

#### Effect of Leverage on Firm Value

Based on the results of the research conducted, it shows that the tcount is 26.489 and the ttable is 1.981 and the significance value is 0.000 with  $\alpha = 0.05$ . So  $26.489 > 1.981$  and a significant value of  $0.000 < 0.05$ . This shows that leverage (LEV) partially has a positive effect on firm value in coal mining companies listed on the Indonesian stock exchange. In other words where leverage can increase firm value when leverage can increase firm value when leverage is high and conversely leverage can reduce firm value, when leverage is low, this indicates that high leverage will provide an indication of good company prospects so that it will trigger investors to increase the demand for shares. Demand for shares that will increase will cause the value of the company to increase. With high leverage, the company can be used to obtain higher profits by using capital originating from debt and debt-financed assets, so that the company can optimally run its business so that the profits obtained by the company increase. The results of this study are in line with the results of research (Wahyudi & Sholahuddin, 2022), (Aditya et al., 2021) and (Markonah et al., 2020). Which states that leverage partially has a positive effect on firm value.

#### Effect of Profitability on Firm Value

Based on the results of the research conducted, it shows that the tcount value is 0.019 and the ttable is 1,981 and the significance value is 0.005 with  $\alpha = 0.05$ . Then  $0.019 < 1.981$  and a significant value of  $0.528 > 0.05$ . This shows that profitability partially has no effect on firm value in coal mining companies listed on the Indonesian stock exchange. In this study, profitability is measured by return on assets (ROA) by comparing profit after tax with total assets. Where profitability cannot affect company value because ROA measures the level of a profitability based on the company's efficiency in using assets. ROA does not affect the value of the company because during the period there is an increase in owned assets without being followed by an increase in profits. So that shareholders view that the company's performance is

less effective in using its assets. This makes shareholders pay less attention to the ROA indicator in making investments. The results of this study are in line with the results of research (Muharramah & Hakim, 2021), (Palupi & Hendiarto, 2018), (Warouw et al., 2016) and (R. Wibowo & Aisjah, 2016).

#### The Effect of Intellectual Capital on Profitability

Based on the results of the research conducted, it shows that the tcount is 3.516 and the ttable is 1.981 and the significance value is 0.001 with  $\alpha = 0.05$ . So  $3.516 > 1.981$  and a significant value of  $0.001 < 0.05$ . This shows that intellectual capital (X4) partially has a positive influence on profitability in coal mining companies listed on the Indonesian stock exchange. Intellectual capital is a knowledge resource and has an important role in creating competitive advantage and value added within a company. Stakeholders have an interest in influencing management in the process of utilizing all the potential possessed by the organization. Because only with good and maximum management of all potential, this organization will be able to create added value for the company. With the use of intellectual capital, the company should be able to process and maximize the use of its resources efficiently and effectively, so as to increase the company's profits. The better the company is in utilizing its intellectual capital, the company can increase the level of company profitability and the level of investor trust. The results of this study are in line with the results of research (Faza & Hidayah Erna, 2014), (Harahap, 2020) and (Nabila et al., 2021). Which states that intellectual capital partially has a positive effect on profitability.

#### Effect of Tax Avoidance on Profitability

Based on the results of the research conducted, it shows a tcount value of -1.107 and a ttable of 1.981 and a significance value of 0.271 with  $\alpha = 0.05$ . So  $-1.107 < 1.981$  and a significant value of  $0.271 > 0.05$ . This shows that tax avoidance (X5) partially has no significant effect on the profitability of coal mining companies listed on the Indonesian stock exchange. The test results show that tax engineering is not able to increase profitability. Tax avoidance raises new costs for companies, namely handling costs. Direct costs borne by companies such as potential penalties, tax engineering handling costs and reduced company reputation. Where the level of income tends to be directly proportional to the level of tax paid by the company, so companies that have high profits tend to have a high tax burden. The results of this study are in line with the results of research (Qurrotulaini & Anwar, 2021), (Panggabean & Hutabarat, 2020) and (C. L. Putri & Febrianty, 2016). Which states that Tax avoidance partially has no effect on productivity.

#### Effect of Leverage on Profitability

Based on the results of the research conducted, it shows that the tcount is 2.836 and the ttable is 1.981 and the significance value is 0.005 with  $\alpha = 0.05$ . So  $2.836 > 1.981$  and a significant value of  $0.005 < 0.05$ . This shows that leverage (X6) partially has a positive influence on profitability in coal mining companies listed on the Indonesian stock exchange. Leverage is a tool to measure how much the company depends on creditors in financing the company's assets. This study uses the ratio of debt to equity (DERR) to measure leverage. The higher the leverage, the greater the trust from outsiders to obtain funding. This is very possible in an effort to increase company profitability. Any increase or change in the leverage variable, the company's profitability will follow. High leverage also means that the company's debt used to fund the company is also high.

Additional debt on the balance sheet will cause interest costs which are deducted from profit before tax which is also high. In general, it can reduce tax costs so as to increase profitability. The results of this study are in line with the results of research (Maria, Wiagustini, & Sedana, 2019), (Gunde et al., 2017) and (Ratnasari, 2016). Which states that the partial leverage has a positive effect on profitability.

### **Conclusion and Recommendations**

Based on the results of hypothesis testing, it can be concluded that there are two variables whose hypotheses are proven, Intellectual capital and tax avoidance are proven to have a negative effect on firm value, while leverage has a positive effect on firm value, for the variable profitability it has no effect on firm value. Meanwhile, the intellectual capital and leverage variables have a positive effect on profitability, and the tax avoidance variable has no effect on profitability.

The findings of this study are expected to assist companies in managing and optimizing corporate value, profitability in the coal mining sector. In this research, it is hoped that it can help investors to obtain or measure the factors that can affect a company's value and profitability in making investment decisions in that company. Based on the results in this study, investors can see models of intellectual capital, tax avoidance and company leverage as a tool to measure when investors invest in these companies. Because companies that have intellectual capital, tax avoidance and good leverage will affect good profitability and can increase company value.

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