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What Factors Affect Tax Avoidance?

Monica Yuly Carrie[1]
Trisakti School of Management
Jl. Kyai Tapa, No.65, Jakarta, Indonesia
monicarrie19@gmail.com

Meinie Susanty [2*]
Trisakti School of Management
Jl. Kyai Tapa, No.65, Jakarta, Indonesia
meinie.sg@gmail.com
*Corresponding *author*

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Abstract

Tujuan - *Penelitian ini bertujuan untuk memperoleh bukti empiris tentang pengaruh komite audit, kepemilikan institusi, komisaris independen, ukuran perusahaan, pertumbuhan penjualan, leverage, profitabilitas, intensitas modal, dan keterbukaan CSR terhadap penghindaran pajak.*
Desain/metodologi/pendekatan - *Penelitian ini menggunakan sampel dari seluruh perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia atau dikenal sebagai BEI dari tahun 2019 hingga 2021 dengan 62 perusahaan manufaktur yang terdaftar digunakan sebagai sampel dalam penelitian ini. Seleksi sampel ini menggunakan metode purposive sampling dengan 186 data penelitian dan menggunakan regresi linier berganda untuk pengujian hipotesis.*
Temuan - *Temuan penelitian ini menunjukkan bahwa komite audit, ukuran perusahaan, leverage, dan profitabilitas mempengaruhi penghindaran pajak sedangkan 5 variabel lainnya yaitu kepemilikan institusi, komisaris independen, pertumbuhan penjualan, intensitas modal, dan pengungkapan CSR tidak berpengaruh terhadap penghindaran pajak.*
Keterbatasan/implikasi penelitian - *Implikasi penelitian ini adalah memberikan masukan kepada perusahaan dalam membuat perencanaan pajak perusahaan dalam koridor legal – tax avoidance yang dipengaruhi oleh faktor tata kelola, karakteristik dan corporate social responsibility perusahaan. Implikasi juga memberikan masukan kepada regulator pajak Indonesia dalam melakukan analisis kepatuhan wajib pajak perusahaan terbuka dan masukan dalam membuat peraturan perpajakan.*

Keywords: ***Komite Audit, Kepemilikan Institusi, Komisaris Independen, Ukuran Perusahaan, Leverage, Profitabilitas, Pertumbuhan Penjualan, Intensitas Modal, dan Pengungkapan CSR***

Abstract

Purpose: This study is to obtain empirical evidence about the effect of audit committees, institutional ownership, independent commissioners, company size, sales growth, leverage, profitability, capital intensity, and CSR disclosure on tax avoidance.
Design/methodology/approach: This study uses a sample of all manufacturing companies listed on the Indonesia Stock Exchange, also known as the IDX, from 2019 to 2021, with 62 listed manufacturing companies used as samples in this study. This sample selection uses the purposive sampling method with 186 research data and uses multiple linear regression for hypothesis testing.
Findings: The findings of this study indicate that audit committee, company size, leverage, and profitability affect tax avoidance, while the other 5 variables, namely institutional ownership, independent commissioners, sales growth, capital intensity, and CSR disclosure, have no effect on tax avoidance.
Research Limitations/Implications : The implications of this study are provide input to companies in making corporate tax planning in the legal corridor-tax avoidance which is influenced by corporate governance factors, characteristics and corporate social responsibility. The implications also provide input to Indonesia's tax regulators in conducting an analysis of the compliance of public company taxpayers and input in making tax regulations.

Keywords: **Audit Committee, Institutional Ownership, Independent Commissioner, Capital Intensity, and CSR Disclosure.**

Introduction

Tax avoidance is one of the efforts made by companies to reduce tax payments legally. Several things that can influence companies to carry out tax avoidance include corporate governance, company characteristics, operational risk, financial aspects, and several other factors. Corporate governance can be measured by seeing whether the parties responsible for corporate governance such as audit committees, independent commissioners, and institutional owners have an influence on preventing tax avoidance in the company. Company size which is one of the characteristics of the company and sales growth which is included in operational risk can also affect tax avoidance in the company. Financial aspects such as leverage, profitability, and capital intensity as well as several other factors such as social responsibility disclosure can also determine the effect of tax avoidance in a company. This research is expected to ensure the absence of tax avoidance in a company if several factors are implemented properly.

Tax avoidance defined as actions carried out by management that is not violate tax regulations with the aim is to minimize the amount of tax paid by the company to Country (Dyreng, Hanlon, & Maydew, 2008; Wijaya, Prayogo, Handayani, & Prihartono, 2021). Pohan, (2013) explains tax avoidance as one of the tax strategies carried out to minimize the tax burden by avoiding tax imposition by directing it to transactions that are not included in the tax object.

Research that has been conducted related to tax avoidance still produces mixed results, so this study was conducted to find out what factors can affect tax avoidance. This study aims to obtain empirical evidence regarding audit committees, institutional ownership, independent commissioners, company size, sales growth, leverage, profitability, capital intensity, and corporate social responsibility disclosure. This study uses data on manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021.

Literature Review and Hypothesis

Agency Theory

Jensen and Meckling explain agency theory as a contract in which a principal deals with another person (agent) to perform a service on behalf of each that involves the delegation of some decision-making authority (Jensen & Meckling, 1976). Tax avoidance can occur when there is a conflict between the principal and the agent, so that each party will try to maximize personal interests.

This study considers the public as the principal and management as the agent, where the agent will try to manage the tax burden that must be paid so as not to reduce the compensation received by the agent as a result of a decrease in income due to tax payments Darmawan & Surakartha, (2014) while tax avoidance is carried out for the personal benefit of the agent which will certainly harm the public as the principal.

Tax Avoidance

Tax Avoidance or often known as tax avoidance is a legal action and is a safe practice carried out by taxpayers without compromising tax laws because the technique used is to use the weaknesses of tax legislation (Faizah & Vitta, 2017; Handayani, 2018).

Companies see taxes as one of the biggest expenses that must be incurred by the company and this burden will reduce company profits and tax payments to the government are felt not to have a direct influence on the company (Bimo, Prasetyo, & Susilandari, 2019).

This will cause managers to try as much as possible to minimize the tax burden by taking tax avoidance actions (Puspita & Febrianti, 2017) while the government sees taxes as one of the largest contributions to a country and is one of the largest sources of national income for the country (Irianto, Sudibyo, & Wafirli, 2017).

Audit Committee and Tax Avoidance

The audit committee is a member of the board of commissioners and the audit committee is formed to conduct an examination or research on the implementation of the functions of the directors of a company in managing operational activities (Anggraeni & Febrianti, 2019).

The task of the audit committee is to control and supervise the process of preparing financial statements and to ensure that the company is run in accordance with applicable laws (Diantari & Ulupui, 2016).

The audit committee has a negative effect on tax avoidance because the greater the number of audit committees available will increase supervision of financial reports and tax avoidance efforts (Mulyani, Wijayanti, & Masitoh, 2018).

This research is supported by Kimsen, Eksandy, & Erisa, (2018) and Mulyani et al., (2018) but not in line with research conducted by Rima & Destriana, (2021) that stated the audit committee has a positive effect on tax avoidance because the audit committee is a party chosen by the company's board of commissioners and if the board of commissioners wants to abuse power for personal gain, then the existence of an audit committee chosen by the board of commissioners will further strengthen tax avoidance.

Research conducted by Rani (2017) and Anggraeni & Febrianti (2019) which explains that the audit committee has no effect on tax avoidance because the existence of an audit committee in the company cannot guarantee the prevention of tax avoidance.

H1: the audit committee affects tax avoidance

Institutional Ownership and Tax Avoidance

Institutional ownership is the amount of share ownership owned by certain institutions Astuti, Dewi, & Fajri, (2020). The institutions in question are government institutions, private institutions, domestic and foreign (Rahmawati, Wi Endang, & Agusti 2016). Institutional ownership itself has a fairly strong and important influence on investment-related decision making (Oktaviyani & Munandar, 2017).

Research conducted by Astuti et al., (2020) explains that institutional ownership has a negative effect on tax avoidance because companies with high institutional ownership will prevent management from avoiding taxes and obeying existing regulations.

This research is supported by research by Oktaviyani & Munandar (2017) and Pratomo & Rana (2021) explains that institutional ownership has a positive effect on tax avoidance because companies with a lot of institutional ownership can pressure management to carry out tax avoidance policies.

This research is in line with research by Putri & Lautania (2016); Phandi & Tjun Tjun (2021); Diantari & Agung (2016); Anggraeni & Febrianti (2019) explain that institutional ownership has no effect on tax avoidance because institutional ownership which serves as a monitoring party is not necessarily able to carry out good supervision of efforts to practice tax avoidance.

H2: institutional ownership affects tax avoidance

Independent Commissioner and Tax Avoidance

Financial Services Authority Regulation Number 33 / POJK.04 / 2014 concerning Directors and Board of Commissioners of Issuers or Public Companies in Chapter 1 Article 1 number 4 explains that independent commissioners are members of the board of commissioners who come from outside the issuer or public company and meet the requirements as independent commissioners as referred to in this Financial Services Authority Regulation (Financial Services Authority 2014). Independent commissioners are intended to support the supervisory function carried out by the board of commissioners to further ensure that company management has been carried out properly and has produced objective financial reports (Yuniarwati, Ardana, Dei, & Lin, 2017).

Rani (2017) explains that independent commissioners have a negative effect on tax avoidance because with many independent commissioners, tax avoidance can be reduced due to greater supervision. Rani's research is supported Ardyansah & Zulaikha (2014) and Phandi & Tjun Tjun (2021)

Research by Wiratmoko (2018) states that independent commissioners have a positive effect on tax avoidance because improper communication and coordination can make it difficult for the board of commissioners to supervise and make the right decisions. This problem will provide a gap for management to carry out tax avoidance.

Rima & Destriana (2021) explain that the main task of an independent commissioner is to monitor the performance of the main directors, while tax avoidance is carried out by company management so that the presence of independent commissioners has no effect on tax avoidance.

H3: independent commissioners have an effect on tax avoidance

Company Size and Tax Avoidance

Company size is usually used as a scale or value that can classify a company into large or small categories according to several factors such as the total assets owned by the company and the company's stock market value. The size of the company itself will affect the company's capital structure (Rani, 2017)

Company size has a positive influence on tax avoidance. This research is supported by research conducted by Wiratmoko (2018); Rani (2017). Wiratmoko explains that the larger the size of the company, the more sales transactions that can help create loopholes for companies to avoid taxes (Wiratmoko, 2018). This research is not in line with research conducted by Darmawan & Surakartha (2014); Novianti, Praptiningsih, & Lastiningsih (2019) which explain that company size has a negative effect on tax avoidance because companies with large assets and resources tend to have the ability to manage taxes better than companies with assets and resources on a smaller scale so that no tax avoidance efforts are needed.

The above disclosure is inversely proportional to the research conducted by Reinaldo & Zirman (2017); Yuniarwati et al. (2017) which states that company size does not necessarily indicate tax avoidance, or that company size has no effect on tax avoidance. Yuniarwati et al. (2017) explain that large and small companies will still be a concern to comply with tax payments.

H4: company size affects tax avoidance

Sales Growth and Tax Avoidance

Sales growth is one of the most important performance indicators where this indicator can show whether the company is experiencing developments in the level of sales in each recording period (Tanjaya & Nazir 2021). Companies measure sales growth to find out an estimate of how much profit the company will get that year (Fauzan, Ardan, & Nurharjanti, 2019).

Wahyuni et al (2017) explained in his research that the sales growth of a company can have a positive influence on tax avoidance. Companies that experience an increase in sales will be assumed to experience an increase in profits, where the increase in profits will encourage companies to minimize tax payments and perform tax avoidance. This research is in line with Haryanti (2021) and Purwanti & Sugiyarti (2017).

Tanjaya & Nazir (2021) explain that increasing sales in the company does not guarantee an increase in profits which is the basis for tax payments, thus indicating that the level of sales growth has no effect on tax avoidance. This research is in line with research conducted by Wahyuni et al. (2017).

H5: sales growth affects tax avoidance

Leverage and Tax Avoidance

Leverage is a ratio used to measure the use of corporate debt or to measure the ratio between funds prepared by the owner and funds originating from loans to outside parties (Anggraeni & Febrianti, 2019). The leverage ratio can ensure the use of debt in financing the company's investment and assets (Lubis, Ummayro, & Sipahutar, 2022).

High leverage will have a positive effect on tax avoidance because the amount of debt in the company will cause taxable income to be small because the debt interest expense that needs to be paid is getting bigger (Anggraeni & Febrianti, 2019). This statement is in accordance with the results of research conducted by Fauzan et al. (2019).

Research conducted by Wahyuni & Wahyudi (2021) and Putriningsih, Suyono, & Herwiyanti (2018) state that leverage has a negative effect on tax avoidance because high leverage indicates a high interest expense. This interest expense will reduce the company's profit so that the company does not need to avoid taxes.

Leverage has no effect on tax avoidance because the companies in the study have small short-term debt so that it will not affect if the company wants to do tax avoidance Puspita & Febrianti (2017). This research is in line with research conducted by (Reinaldo & Zirman, 2017); Ardyansah & Zulaikha (2014).

H6: leverage affects tax avoidance

Profitability and Tax Avoidance

Profitability as one of the performance measures that describes the company's ability to generate profits during a certain period. Profitability is not only used to measure the company's operational performance, but also can be used as a comparison with other companies. The higher the profitability ratio of a company, the better the company's financial performance (Yuniarwati et al., 2017).

Research conducted by Anggraeni & Febrianti (2019) explains that profitability has a negative effect on tax avoidance because the higher the company's profitability, the better the company's performance gets a large profit, and the smaller the company's opportunity to avoid unnecessary taxes.

This research is not in line with research conducted by Wahyuni & Wahyudi (2021) and Putri & Lautania (2016). Wahyuni & Wahyudi (2021) explain that profitability has a positive effect on tax avoidance because high profitability means high company profits, where these high profits will increase the company's desire to avoid taxes. The above research is inversely proportional to the research conducted by Reinaldo & Zirman (2017); Merkusiwati & Damayanthi (2019).

Profitability has no effect on tax avoidance because the assets owned by the company on average are land and buildings where land is not depreciated while buildings have a useful life of 20 years with a depreciation rate of 5 percent. This will cause low depreciation expenses and ultimately not significantly reduce the company's taxable profit.

H7: profitability affects tax avoidance

Capital Intensity and Tax Avoidance

Capital intensity is the investment activity carried out by the company (Ardyansah & Zulaikha, 2014). Capital intensity is usually often associated with investment in fixed assets or often referred to as fixed asset intensity and investment in fixed assets, referred to as inventory intensity. Capital intensity can often show how efficient a company is in using fixed assets to generate sales.

Companies with high assets are able to minimize tax payments because large assets will lead to large depreciation expenses, this large depreciation expense will reduce profits and reduce corporate tax payments (Rima & Destriana, 2021). This research is supported by Novianti et al. (2019) and Putri & Lautania (2016) which also explain that capital intensity has a positive effect on tax avoidance.

This research is not supported by research conducted by Zoebar & Miftah (2020) that explains that capital intensity has no influence on tax avoidance because companies that have large fixed assets are not for tax avoidance but to support their operational activities. This research is also supported by the research of Phandi & Tjun Tjun (2021).

H8: capital intensity affects tax avoidance

Social Responsibility Disclosure on Tax Avoidance

Disclosure of social responsibility activities is an action taken by the company to show that the company takes such actions to show corporate responsibility. Companies that show social responsibility show that the company has been able to contribute to the development of the country and is good enough to maintain and manage its resources. Disclosure of social responsibility is also carried out to influence the company's brand image in the eyes of the public (Maulinda & Fidiana, 2019).

Social responsibility is still considered an additional burden that will reduce profits, therefore companies will try to avoid taxes to increase profits (Rima & Destriana, 2021). It is concluded that disclosure of social responsibility has a positive effect on tax avoidance. This research is supported by Rahmawati et al. (2016). Research conducted by Handayani (2017) states that disclosure of social responsibility has a negative effect on tax avoidance because disclosure of social responsibility companies that often carry out and disclose social responsibility to the public do not dare to commit tax avoidance that can damage the company's image.

The above research is inversely proportional to research conducted by Reinaldo & Zirman (2017) and Dillareta & Wuryani (2021) which states that social responsibility disclosure has no effect on tax avoidance. Dillareta & Wuryani (2021) explain the reason why social responsibility disclosure has no effect on tax avoidance because the costs incurred by companies in carrying out social responsibility are categorized into costs that are not tax deductible or non-deductible expenses.

H9: social responsibility disclosure affects tax avoidance

Research Method

This research is in the form of causality research with the object of research of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021. The sampling technique is purposive sampling. The sample selection criteria in this study are as follows:

1. Manufacturing companies that are listed consecutively on the IDX during 2019 to 2021.
2. Manufacturing companies that consistently publish financial reports with a period ending on December 31 during 2019 to 2021 and there is t-1 data from 2019.
3. Manufacturing companies that report their financial statements in rupiah currency during the period 2019 to 2021.
4. Manufacturing companies that earn profits from 2019 to 2021.
5. Manufacturing companies that have institutional ownership during the period 2019 to 2021.
6. Manufacturing companies that have an Effective Tax Rate (ETR) ratio greater than zero and smaller than one during the period 2019 to 2021.

Tax avoidance in this study uses a ratio scale and the measurement of tax avoidance follows the explanation of Nurfadilah, Mulyati, Purnamasari, & Niar (2016) with Effective Tax Rate as a proxy that takes into account the tax burden to profit before tax. The use of this proxy is expected to reflect tax avoidance by the company (Nurfadilah et al., 2016). ETR uses a ratio scale seen from the journal Rani (2017):

$$\text{TAX AVOID} = \frac{\text{Tax Expense}}{\text{Profit Before Tax}}$$

The audit committee is a committee member within the company who is responsible for monitoring the implementation of external audits (Fauzan et al., 2019). The audit committee is measured on a ratio scale with the measurements described in Anggraeni & Febrianti (2019):

$$\text{KOMAUD} = \Sigma \text{ Audit Committee}$$

Institutional ownership is ownership where the company's shares are owned by other institutions, investment companies (Ali, 2019), governments, insurance companies, foreign investors, or banks that have an important influence in decision making, especially investment (Oktaviyani & Munandar, 2017). Anggraeni & Febrianti (2019) explain that the measurement of institutional ownership with a ratio scale is as follows:

$$\text{KI} = \text{SI/SB}$$

Description

KI: Institutional Ownership

SI: Number of shares held institutional
SB: Total share capital of the company circulate

Independent commissioners are members who do not have a relationship with shareholders, other commissioners and directors. Putra & Merkusiwati (2016) explain that the measurement of independent commissioners can be done by dividing the total independent commissioners by the total commissioners which is further explained using the formula by Rani (2017) with a ratio scale as follows:

$$COMIND = \frac{\sum \text{Independent Commissioner Members}}{\sum \text{All Members of the Board of Commissioners}}$$

Company size is a scale used to describe the size of a company (Puspita & Febrianti, 2017). Company size will be explained using the logarithmic measurement scale of total assets. The use of logarithms is intended to reduce fluctuating data without changing the actual original proportion (Eddy, Angela, & Erna, 2020). The measurement of company size uses a ratio scale from Handayani (2017) research as follows:

$$SIZE = \text{Ln (total assets)}$$

Sales measurement can be measured by looking at the final sales of the period in the current year minus the final sales in the previous year period, then divided by the final sales of the previous year period (Honggo Kevin & Marlinah, 2019). This measurement uses a ratio scale with the sales growth measurement formula as follows (Tanjaya & Nazir, 2021):

$$GS = \frac{\text{Total sales t - Total sales t-1}}{\text{Total sales t-1}}$$

Leverage has many measurements that can be used such as debt-to-asset ratio (DAR), debt-to-equity (DER), times interest earned, current liabilities to equity (Wheelen, Hunger, Hoffman, & Bamford, 2018). Leverage in the study will be explained by the debt-to-asset proxy on a ratio scale. The measurements used in this study are seen from the journal Honggo Kevin & Marlinah (2019) with the following measurements:

$$DAR = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Profitability is a measurement that is able to assess the operational performance of a company. Profitability has many measurements that can be used in calculating profitability such as return on equity, return on assets. Profitability in research is explained using the return on assets (ROA) proxy. Return on assets is a measurement that compares revenue with total assets at the end of each period, the results of which will serve as an indicator of the company's ability to generate revenue (Fauzan et al., 2019). Anggraeni & Febrianti (2019) explains the measurement that will be used ROA with a ratio scale is:

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

The capital intensity ratio shows the amount of capital investment activity of a company in the form of fixed assets (Monika & Noviari, 2021). The scale used is a ratio with a measurement formula to measure capital intensity with the formula from Zoebar & Miftah (2020) research as follows:

$$CAPIN = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

Social responsibility measurement is used using a checklist method that leads to the CSR Disclosure index (CSRDI) regulation. The expected number of each company is 78 units (Hidayati & Murni, 2009), where if 1 unit on the check list is disclosed it will be given a value of 1, if the item is not disclosed it will be given a value of 0 (Zoebar & Miftah, 2020). The formula for calculating ratio-scale CSR in Merkusiwati & Damayanthi (2019) research is as follows:

$$CSRIj = \frac{\sum Xij}{Nj}$$

Description
CSRIj: An index of the extent of corporate social and environmental responsibility disclosure.
∑Xij: value 1 if the item is disclosed, value 0 if the item is not disclosed.
Nj: Number of units within the company (78 units) referring to CSRDI.

The dependent variable in this study is tax avoidance, while there are 9 independent variables in this study. The independent variables in this study are audit committee, institutional ownership, independent commissioners, company size, sales growth, leverage, profitability, capital intensity, and social responsibility disclosure which will result in the regression model equation in the study as follows:

TAX AVOID =
β0 + β1 KOMAUD + β2 KI + β3 KOMIND + β4SIZE + β5GS + β6 DAR + β7 ROA + β8 CAPIN + β9 CSR + e

Description:
TAX AVOID: Tax avoidance
β0: Constant
β1- β7: Regression Coefficient
AUDIT COMMITTEE: Audit committee
KI: Institutional ownership
KOMIND: Independent commissioner
SIZE: Company size
GS: Sales growth
DAR: Leverage
ROA: Profitability
CAPIN: Capital intensity
CSR: Responsibility disclosure social
e: Error

Results and Discussion

The number of companies used in this study were 62 companies and 186 companies with sample selection details as follows:

Table 1
Research Sample Selection Process

Sample Criteria	Number of Companies	Total Data
Manufacturing companies that are listed consecutively on the IDX from 2019 to 2021.	182	546
Manufacturing companies that do not consistently publish financial reports with a period ending on December 31 during 2019 to 2021 and there is data t-1 from 2019.	(19)	(57)
Manufacturing companies that do not report their financial statements in rupiah currency during the period 2019 to 2021.	(30)	(90)
Manufacturing companies that did not make a profit during 2019 to 2021.	(55)	(165)
Manufacturing companies that do not have institutional ownership during the period 2019 to 2021.	(5)	(15)

Sample Criteria	Number of Companies	Total Data
Manufacturing companies that do not have an *Effective Tax Rate* (ETR) Ratio greater than zero and smaller than one during the period 2019 to 2021.	(11)	(33)
Number of Research Samples	62	186

Source: Data Processed

Table 2
Descriptive Statistical Test Results

Var	N	Mean	Median	Max	Min	Std. Deviation
TAX AVOID	186	0,26450	0,23740	0,93677	0,02620	0,12328
KOMAUD	186	3,08000	3,00000	4,00000	2,00000	0,28400
KI	186	0,70882	0,75547	0,99711	0,13333	0,19471
COMIND	186	0,42163	0,40000	0,83333	0,20000	0,10217
SIZE	186	28,9330	28,66552	33,53723	25,97442	1,62436
GS	186	0,09120	0,07026	1,27301	-0,46516	0,22970
DAR	186	0,37616	0,35847	0,79274	0,06303	0,17240
ROA	186	0,08741	0,07026	0,41632	0,00041	0,07547
CAPIN	186	0,38579	0,39135	0,78103	0,013256	0,18944
CSR	186	0,39578	0,37179	0,69231	0,10256	0,14553

Source: Data Processed

Table 3
Results of the t-test

Variables	**B**	***Sig*.**	**Conclusion**
(Constant)	0,421	0,00237	-
KOMAUD	0,081	0,00957	Ha1 accepted
KI	0,024	0,59089	Ha2 not accepted
COMIND	-0,008	0,92681	Ha3 not accepted
SIZE	-0,017	0,00604	Ha4 accepted
GS	-0,040	0,28190	Ha5 not accepted
DAR	0,168	0,00267	Ha6 accepted
ROA	-0,329	0,00775	Ha7 accepted
CAPIN	0,030	0,51279	Ha8 not accepted
CSR	0,094	0,18349	Ha9 not accepted

Source: Data Processed

The t test results show that the audit committee variable has a Sig. 0,00957. The significance value is smaller than the alpha (α) of 0.05 so that the audit committee has an effect on tax avoidance and H1 can be accepted. The audit committee has a coefficient value of 0.081 which indicates a higher ETR and less aggressive corporate tax avoidance. The results of this study are in line with research from Kimsen et al. (2018); Mulyani et al. (2018), which indicates that many audit committee members will increase supervision of management.

The t test results on the institutional ownership variable show a Sig. value of 0.59089 which is greater than alpha (α) of

0.05 so it can be concluded that H2 is not accepted and institutional ownership has no effect on tax avoidance. The results of this study are in line with research from Diantari & Ulupui (2016); Anggraeni & Febrianti (2019), which explain that institutional shareholders have not been able to conduct good supervision of tax avoidance efforts.

The results of the independent commissioner t test show Sig. of 0.92681 which is greater than the alpha value (α) of 0.05 so it can be concluded that independent commissioners have no effect on tax avoidance and H3 is not accepted. This study is in line with research conducted by Rima & Destriana, (2021); Handayani (2017) which explains that tax avoidance is carried out by management while the main task of independent commissioners is to supervise the main directors so that independent commissioners have no influence on tax avoidance.

The t test results on the company size variable show a Sig. value of 0.00604, which means H4 is accepted because it has a Sig. value smaller than the alpha (α) of 0.05. Company size also has a coefficient value of -0.017 which indicates low ETR and aggressive tax avoidance. This research is in line with research from Wiratmoko (2018); Rani (2017), which explains that larger companies have a bigger gap to do tax avoidance.

The t test results on the sales growth variable show a Sig. value of 0.28190, which means that H5 is not accepted and sales growth has no effect on tax avoidance. The research results are in line with the research of Tanjaya & Nazir (2021); Wahyuni & Wahyudi (2021), which explain that an increase in sales does not guarantee an increase in profits in the company which is the basis for tax payments.

The t test results on the leverage variable show a Sig. value of 0.00267, which means that H6 is accepted because it is smaller than alpha (α) of 0.05. The leverage coefficient is 0.168 which indicates a high ETR and non-aggressive tax avoidance. The results of this study are in line with the research of Wahyuni & Wahyudi (2021); Putriningsih et al. (2018), which explains that high leverage will result in high interest expense and low profits, this low profit makes the company not need to do tax avoidance.

The t test results on the profitability variable show a Sig. value of 0.00775 so that this significance value is smaller than (α) of 0.05 which indicates that H7 is accepted and profitability affects tax avoidance. The coefficient value shows a number of -0.329 which means that the lower the ETR, the more aggressive tax avoidance. The research is in line with research from Wahyuni & Wahyudi (2021); Putri & Lautania (2016), which explain that high profitability indicates high profits. This high profit will increase the company's desire to reduce tax payments and perform tax avoidance.

The t test results on the capital intensity variable show a Sig. value of 0.51279 which has a value greater than (α) of 0.05 so that H8 is not accepted and capital intensity has no effect on tax avoidance. This study is in line with research from Zoebar & Miftah (2020); Phandi & Tjun Tjun (2021), which explain that capital intensity has no effect on tax avoidance because large assets are used for operational activities not for tax avoidance.

The t test results on the social responsibility disclosure variable show a Sig. value of 0.18349 where this value is greater than (α) of 0.05 so it can be concluded that H9 is not accepted and disclosure of social responsibility has no effect on tax avoidance. The research is in line with the research of Reinaldo & Zirman (2017); Dillareta & Wuryani (2021), which explain that the social responsibility expenses incurred by the company are included in the non deductible expense so that they cannot be expensed.

Conclusion and Recommendation

Based on the test results that have been carried out by researchers, it has been concluded that there is a negative influence on the audit committee variable and leverage on tax avoidance, a positive influence on the company size variable and profitability on tax avoidance, and there is no influence between the variables of institutional ownership, independent commissioners, sales growth, capital intensity, and disclosure of social responsibility on tax avoidance.

The following are some of the limitations of the research:

1. The research period was carried out only during 2019 to 2021.
2. The research sample only uses manufacturing companies listed on the Indonesia Stock Exchange (BEI).
3. The independent variables contained in the study only explain the dependent variable by approximately 15.44% so that there are still many independent variables that can explain the dependent variable tax avoidance.

The following recommendations are given for further research:

1. Longer research period.
2. Research objects can be taken from other industries.
3. Adding other independent variables that are strongly suspected of having a relationship with tax avoidance.

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