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The Effect of Financial Performance and Corporate Governance on Tax Avoidance in Manufacturing Companies listed on the Indonesia Stock Exchange 2015–2019

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Abstract

Purpose: *this study aims to study the effect of financial performance and corporate governance on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange in 2015–2019.*

Methods: *financial performance and corporate governance as independent variables with financial performance indicators are ROA, ROE and Leverage while indicators of corporate governance are the board of commissioners, audit committee and external audit quality. Tax avoidance as the dependent variable was measured by using ETR (effective tax rate). This research uses purposive sampling to get a sample size of 60 companies around 5 years and use common effect panel data regression analysis. The data in this study were analyzed with Eviews 9.0.*

Results: *(1) Financial Performance as measured by ROA, ROE and leverage. ROA and leverage has an indication on tax avoidance while ROE has no an indication on tax avoidance in listed manufacturing companies on the IDX in 2015–2019. (2) Corporate Governance as measured by the board of commissioners, audit committee and external audit quality shows that has an indication on tax avoidance in listed manufacturing companies on the IDX in 2015–2019.*

Conclusions and Relevance: *the results of the study prove that ROA, leverage, the board of commissioners, audit committee and external audit quality have a significant and significant effect on tax avoidance, but the ROE variable has no significant effect on tax avoidance in listed manufacturing companies on the IDX in 2015–2019.*

Keywords: *Financial Performance, Corporate Governance, Tax Avoidance*

Conflict of Interes. *The Authors declare that there is no Conflict of Interest.*

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Оригинальная статья

Влияние финансовых результатов и корпоративного управления на уклонение от уплаты налогов производственных компаний, зарегистрированных на Индонезийской фондовой бирже в 2015–2019 гг.

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Аннотация

Цель представленной работы – исследование влияния финансовых показателей и корпоративного управления на уклонение от уплаты налогов производственных компаний, котирующихся на Индонезийской фондовой бирже (IDX) в период 2015–2019 гг.

Методы или методология проведения работы. Финансовые результаты и корпоративное управление рассматриваются как независимые переменные с финансовыми показателями эффективности – ROA, ROE и Leverage. Индикаторами корпоративного управления являются данные совета уполномоченных, комитета по аудиту и качества внешнего аудита. Уклонение от уплаты налогов в качестве зависимой переменной измерялось с помощью ETR (эффективной налоговой ставки). Для исследования использовалась целенаправленная выборка из 60-ти компаний примерно за 5 лет, при этом применялся регрессионный анализ панельных данных с общим эффектом. В рамках исследования данные были проанализированы с помощью Eviews 9.0.

Результаты работы. (1) Финансовые результаты, измеряемые показателями ROA, ROE и Leverage, показывают уклонение от уплаты налогов, в то время как ROE не имеет указаний на уклонение от уплаты налогов в листинговых производственных компаниях, включенных в перечень IDX в 2015–2019 гг. (2) Корпоративное управление, оцененное советом уполномоченных, комитетом по аудиту и качеством внешнего аудита, свидетельствует об уклонении от уплаты налогов в зарегистрированных на IDX компаниях-производителях в 2015–2019 гг.

Выводы. Результаты исследования доказывают, что показатели ROA и Leverage, а также данные совета уполномоченных, комитета по аудиту и качества внешнего аудита оказывают значительное влияние на уклонение от уплаты налогов. В то же время, переменная ROE не оказывает существенного воздействия на уклонение от уплаты налогов производственных компаний, зарегистрированных на Индонезийской фондовой бирже (IDX) в 2015–2019 гг.

Ключевые слова: финансовые результаты, финансовые показатели, корпоративное управление, уклонение от уплаты налогов

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Introduction

Tax is the main sector that dominates state revenue. Law Number 28 of 2007 states that there are general provisions and procedures for taxation, namely "compulsory contributions to the state owed by individuals or entities that are coercive in nature according to law, without obtaining direct reciprocity but are used for the benefit of the state for the greatest prosperity of the people". Based on the explanation above, it can be seen that the tax itself comes from the people for the purposes of the people's welfare.

Since 1983, Indonesia has started to implement a tax system using a self-assessment system, where this system gives confidence to taxpayers to carry out tax obligations both in calculating, calculating, paying and self-reporting the amount of tax payable. For corporate taxpayers, the tax includes a component of deducting the amount of profit. It can be concluded that the amount of profit earned in 1 accounting period affects the total tax to be deposited. Tax is defined as the company's burden which will reduce the amount of net profit, the greater the company's tax burden will have an impact on net income received

in a certain period (Kurniasih and Sari [1]). This has encouraged the company and the owner engage in tax avoidance. In fact, companies for the State have an important role in contributing, but this is inversely proportional to companies which theoretically aim to maximize company profits. Conditions like this encourage the emergence of differences in interests between companies and the State (Chi et al., 2010).

Tax revenues received by the state so far have increased, but are not in accordance with what has been targeted by the government, so that the potential for tax revenues is not maximized. The achievement of tax revenues from 2015–2019 has not yet reached the specified target. In particular, in 2015, the difference between the estimate and the realization of 11.32% decreased to 22.16% in 2016. The data concludes that there is an indication of tax avoidance efforts carried out by the company during 2015–2019.

The practice of tax avoidance can be regarded as tax aggressiveness if the company tries to reduce the tax burden aggressively. Tax evasion (tax avoidance) is an activity that are legal and do not violate by using loopholes of tax regulations (Palan [2]). Furthermore, the OECD describes tax avoidance as an effort to minimize the amount of tax paid, but does not violate tax law even though it is contrary to the objectives of tax laws and regulations, so it can be concluded that financial performance and corporate governance affect tax avoidance.

Tax avoidance can be measured in various ways, but this study will use a measurement based on the ETR (effective tax rate) formula, which is where the ETR value is obtained by comparing the company's income tax burden based on the company's financial statements to the company's pre-tax income. The reason for using ETR in this study is because this ETR aims to see how much the company's tax burden is paid. The greater the ETR value or close to 1, the less likely the company is to be indicated for tax evasion, but if the ETR value is smaller or close to 0, the larger the company is indicated to be tax evasion. So it can be concluded that the interval of ETR values are 0 and 1 (Hanlon and Heitzman [3]).

The phenomenon of tax avoidance was also found in one sample of manufacturing companies listed on the Indonesia Stock Exchange in 2015–2019, namely ADES. In the financial statements presented by ADES for 5 consecutive years, it is known that the ETR values are 0.26, 0.09, 0.25, 0.24, and 0.24. It can be seen that the ETR value for 5 years is still far from 1 and closer to 0, so it can be concluded that the ADES is indicated by tax avoidance measures.

The factors that influence tax avoidance activities are financial performance and corporate governance of the company. Financial performance can be seen from various ratios, but in this study financial performance

will use ROA (return on assets), ROE (return on equity) and leverage. ROA (return on assets) affects whether the company is indicated or not doing tax avoidance, where the higher the ROA value, the higher the company's profits so that the better management of a company's assets. The higher value of ROA, the greater the profit that will be obtained by the company. The amount of this profit will affect the value of the company's income tax burden so as to reduce the amount of profit or profit earned by the company. This is contrary to the goal of the company, which is to get as much profit as possible so that the company's management will try as much as possible to increase profits as much as possible by suppressing the company's tax burden, namely by doing tax avoidance. ROE (return on equity), an effort to get the maximum net profit and to increase the company's equity, the company will make the efficiency of the company's tax burden. Leverage is shows the company's sources of funds that focus on debt or liabilities. Sources of funding from long-term debt will raise interest expense and will reduce the tax base, namely profit before tax. Corporate governance also has a role in influencing companies to avoid tax because the characteristics of a company's corporate governance are how to determine the company in implementing its tax management (Benard [4]). Bardai and Professor [5] describes their relationship several control mechanisms of corporate governance against tax avoidance (tax evasion) of the company, where the study reveals that the position of the board of commissioners as a representative on the shareholders, therefore commissioners will indirectly prioritize the interests of shareholders and maximize the company's wealth whose value will be influenced by the amount of tax to be imposed. The board of commissioners is tasked with ensuring the implementation of the company's strategy, supervising management, and requiring accountability. The audit committee is an extension of the board of commissioners as a support for the implementation of supervision, so that tax avoidance actions can be identified and reported to the owner. Therefore, the credibility, composition and responsibilities of the audit committee are the ones that have the most influence not only on internal control but the external auditor as a third party also provides a very important view of the audit report. The quality of external auditors clearly influences the value of view to the company.

Literature Review

Stakeholder theory is a theory that explains that the relationship between the companies in carrying out its activities by the stakeholders of the company. The stakeholders in question are shareholders, creditors, government, society, consumers, suppliers, analysts and other parties. According to Chariri and Ghazali [6] suggests that the survival of a company depends on the support of stakeholders. This support must be sought

and this is one of the activities of the company, so it can be said that the more or stronger stakeholder support, the more direct the company's efforts to adapt.

Stakeholder theory refers to the company's managerial decision making in terms of providing useful information to its stakeholders. The role of stakeholders in the company is very important considering that stakeholders are able to influence the use of economic resources that will be utilized by the company.

Stakeholders are basically interested in companies that have high earnings per share or high net income. This is the basis for the emergence of stakeholder relationships with tax avoidance, that is, if a company avoids tax (tax avoidance), it will have an impact on reducing the company's burden and increasing net income. It will indirectly motivate or encourage investors to invest in the company.

Stakeholder power is determined by the size of the power they have over the resource. These strengths can be in the form of the ability to limit the use of limited economic resources (capital and labour), access to influential media as well as the ability to regulate the company. The company is also in maintaining a harmonious relationship between the company and its stakeholders for the survival of the company by accommodating the wishes and needs of its stakeholders, especially stakeholders who have the power to the availability of resources used for the company's operational activities (labour, market, etc.) on company products, and so on.

The existence of this stakeholder theory will become the dominant paradigm that further strengthens the concept of a company which is responsible not only to shareholders but also to stakeholders.

Tax avoidance is an attempt to minimize tax payments are not infrequently done by the company did not violate tax laws. According to Tandean [7], states that there are 3 things that are characteristic of tax avoidance, namely:

1. There is an artificial element in which various regulations appear to be contained in them even though they are not, and this is done because of the absence of tax factors.
2. Such schemes often exploit loopholes from legislation or apply legal provisions for various purposes.
3. Confidentiality is a form of scheme in which consultants generally show tools or methods for tax evasion.

The estimation model for measuring tax avoidance is using an effective tax rate proxy. The company's effective tax rate can be calculated by comparing the

tax burden with profit before tax (Astuti and Aryani [8]). The lower the value of the effective tax rate or ETR (effective tax rate), then there is an indication that the company has done tax avoidance.

Financial Performance

ROA (return on assets) aims to see how much profitability or profit obtained by a company by comparing the value of the company's net income with the company's total assets. The greater the value of return on assets (ROA), the greater the profit earned by the company, causing the greater the tax burden to be paid by the company.

ROE (return on equity) shows the company's ability to generate net income by using its own capital and generate net income available to owners or investors. The greater the return on equity (ROE) value, the greater the profits received by the owners or shareholders and vice versa.

Leverage shows the relationship between the company's debt and the company's capital. The higher the leverage, the higher the company's dependence on its creditors.

Corporate Governance

The board of commissioners has a control function that is to supervise the company's management so that the board of commissioners plays an important role in creating the accountability of a company. Therefore, the number of commissioners greatly influences the decisions that will be taken by management in creating corporate accountability. The more the number of commissioners owned by a company, the more stringent the supervision of the company's management in preparing its financial statements and the company's opportunities for tax avoidance will be smaller.

The audit committee is to assist and strengthen the function of the board of commissioners in carrying out oversight of the financial reporting process, risk management, audit implementation and implementation of corporate governance. Therefore, the number of audit committee members can influence in determining the policies to be taken by management in improving the quality of internal performance monitoring in order to avoid internal conflicts in achieving a transparent company.

External audit quality is a form of transparency on financial statements that are accountable by the company to shareholders so that increased transparency to shareholders (stakeholders) in taxation is increasingly demanded by the tax authorities. A higher quality external audit quality or companies audited by big 4 KAPs are more trusted because the level of committing fraud is very small compared to companies audited by non big 4 KAPs.

Materials and Methods

This study aims to analyze the effect of financial performance and corporate governance as independent variables on tax avoidance as the dependent variable. This study uses secondary data from manufacturing companies listed on the Indonesia Stock Exchange for 5 consecutive years, namely 2015 to 2019. The sample selection used purposive sampling with the following criteria:

(i) Manufacturing companies listed on the IDX;

(ii) Companies that publish annual reports and other required information in full during 2015–2019;

(iii) Companies that use rupiah currency;

(iv) Companies that are losing money for 5 consecutive years;

and (v) Companies whose ETR values are in the 0–1 interval. In this paper, there are 60 manufacturing companies per year or as many as 300 samples for 5 years and this study uses common effect panel data regression analysis.

Indicators of Latent Variables

Table 1

Индикаторы скрытых переменных

Таблица 1

Latent Variable	Indicator
Tax avoidance	$ETR = \frac{\text{Total income}}{\text{Profit before tax}}$
ROA (<i>return on assets</i>)	$ROA = \frac{\text{Net profit} \times 100\%}{\text{Total Asset}}$
ROE (<i>return on equity</i>)	$ROE = \frac{\text{Net profit} \times 100\%}{\text{Total Equity}}$
Leverage	$DER = \frac{\text{Total Liability}}{\text{Total Capital}}$
Board of Commissioners	Number of commissioners, independent and non-independent commissioners
Audit Committee	Number of committee members in the company
External Audit Quality	KAP Big Four = 1 KAP Non Big Four = 0

Compiled by the authors.

Составлено авторами.

In this study, the dependent variable and the independent variable used were measured based on the following measurements:

Results

Descriptive Analysis

Descriptive statistical analysis provides information about the description of the variables used in the study. The information is presented from the minimum value, maximum value, mean value (average) and standard deviation value of each research variable. Descriptive statistics in this study can be seen in the following table 2.

Based on the table above, it can be seen that the number of observations studied were 300 observations, based on 5 consecutive years from 2015–2019 in descriptive statistics, it can be seen

the mean value, as well as the standard deviation of each table studied. The mean value is a value that shows the magnitude of the effect of an independent variable on the dependent variable.

Tax avoidance

It can be seen in the descriptive analysis table that the tax avoidance variable (tax avoidance), the average value (mean) is 0.279633 or 27.9633% and the median is 0.250000 or 25%. This shows that the average value (mean) is higher than the median value, which means that on average, manufacturing companies listed on the IDX in 2015–2019 have low tax avoidance. This is in accordance with the effective tax rate determined by the government, which is > 25%. Maximum value is 0.970000 owned by PT Artha Anugerah Buana Tbk (STAR) in 2018. While the value of the minimum of the variable tax evasion

Descriptive Analysis
Описательный анализ

Table 2

Таблица 2

	ROA	ROE	DER	DK	KA	KAE	TA
Mean	0,092367	0,164233	0,917233	4,283333	3,050000	0,320000	0,279633
Median	0,070000	0,110000	0,560000	4,000000	3,000000	0,000000	0,250000
Maximum	0,720000	1,400000	13,980000	10,000000	5,000000	1,000000	0,970000
Minimum	0,000000	0,000000	0,050000	2,000000	2,000000	0,000000	0,010000
Std. Dev.	0,091831	0,222182	1,177197	1,754990	0,384699	0,467256	0,134449
Skewness	2,653456	4,036369	5,576260	0,864824	2,255137	0,771744	2,720446
Kurtosis	13,379300	20,484180	54,189420	3,395183	14,810970	1,595588	12,763880
Jarque-Bera	1698,665000	4635,820000	34309,190000	39,348190	1998,021000	54,434070	1561,708000
Probability	0,000000	0,000000	0,000000	0,000000	0,000000	0,000000	0,000000
Sum	27,710000	49,270000	275,170000	1285,000000	915,000000	96,000000	83,890000
Sum Sq. Dev.	2,521420	14,760120	414,352000	920,916700	44,250000	65,280000	5,404860
Observations	300	300	300	300	300	300	300

Source: Processed results of Eviews 9 data.

Источник: Результаты обработки данных Eviews 9.

(tax avoidance) of 0.010000 owned by PT Kabelindo Murni Tbk (KBLM) in 2017. From the table above shows the standard deviation of 0.134449 where from the data the average value (mean) is greater than the standard deviation value, which means this variable has a small distribution. Jarque-Bera Probability of 1561.708000 or > 0.05 then the data is normally distributed.

ROA (return on assets)

The variable ROA (return on assets) is an independent variable in this study which is measured by calculating that is by comparing total net income with total assets. From table IV.1, the ROA (return on assets) value of 300 data has an average value (mean) of 0.092367, with a maximum value of 0.720000 which is owned by PT Waskita Beton Precast Tbk (WSBP) in 2018. While the value of the minimum ROA (return on assets) variable is 0.000000 owned by PT Wismilak Inti Makmur Tbk (WIIM) in 2019. If the ROA (return on assets) is $> 2\%$, it can be said that the ROA (return on assets) of a company well, the net profit obtained from the use of company assets is high in companies listed on the IDX if it is presented as a percentage of the average value (mean) which is 9.2367%, which means it is greater than 2%. The standard deviation is 0.091831 where from the data the average value (mean) is greater than the standard deviation value, which means that this variable has a small distribution. Jarque-Bera Probability of 1698.665000 or > 0.05 then the data is normally distributed.

ROE (return on equity)

The variable ROE (return on equity) is an independent variable in this study which is measured by comparing the total net income with total equity. From table IV.1, the ROE (return on equity) value of 300 data has an average value (mean) of 0.164233, with a maximum value of 1.400000 owned by PT Unilever Indonesia Tbk (UNVR) in 2019 and a minimum value of 0.000000 owned by PT Wismilak Inti Makmur Tbk (WIIM) in 2019. From the table above, it can be seen that the standard deviation is 0.222182 where from the data the average value (mean) is smaller than the standard deviation value, which means this variable has a large distribution. It can be said that the ROE (return on equity) of a company is good if it is worth $> 12\%$ and if it is a percentage of the average value (mean) in this study, which is 16,4233%, it means that the ROE in the sample of this study is good. Generate profits for shareholders. Jarque-Bera Probability of 4635,820000 or > 0.05 then the data is normally distributed.

Leverage

Variable leverage an independent variable in this study was measured by comparing the total debt to total equity capital. From table IV.1, the leverage value of 300 data has an average value (mean) of 0.917233 or 91.7233%, meaning that most of the assets owned by companies listed on the IDX on average are derived from long-term debt and long-

term debt short. Maximum value is 13.980000 owned by PT Organon Pharma Indonesia Tbk (SCPI) in 2015 and the minimum value of 0.050000 owned by PT Surya Toto Indonesia Tbk (TOTO) in 2019. From the table above, the standard deviation of 1.177197 can be seen from the data. Average value (mean) is smaller than the standard deviation value, which means that this variable has a large distribution and the Jarque-Bera Probability is 34309.190000 or > 0.05 , and then the data is normally distributed.

Board of Commissioners

The variable of the board of commissioners is the independent variable in this study which is measured by recording the number of members of the board of commissioners in the company. From table IV.1, the value of the board of commissioners from 300 data has an average value (mean) of 4.283333 and a median of 4,000000. These results indicate that the average value (mean) is higher than the median value, which means that the average manufacturing company has a large board of commissioners. Then, the standard deviation for the board of commissioner variable is 1.754990. These results indicate that the standard deviation value is lower than the average value (mean) which proves that the data in this variable has a small distribution and the Jarque-Bera Probability is 39.348190 or > 0.05 then the data is normally distributed. As for the board of commissioner variable, it shows a maximum value of 10 and a minimum of 2. This means that the sample companies in this study have met the proportion of the board of commissioners according to the Financial Services Authority Regulation No. 29/PJOK.05/2014 regarding good corporate governance, namely the number of members of the audit committee is at least 2 people. The highest number of commissioners is only owned by PT Astra International (ASII) while the number of commissioners with only 2 members is owned by 6 companies, namely PT Duta Pertiwi Nusantara Tbk (DPNS), PT Impack Pratama Industri Tbk (IMPC), PT Selamat Tempo Tbk (SMSM), PT Buana Artha Anugerah Tbk (STAR), PT Siantar Top Tbk (STTP) and PT Chitose Internasional Tbk (CINT).

Audit Committee

The audit committee variable is the independent variable in this study which is measured by recording the number of audit committee members in the company. From table IV.1, the audit committee variable has an average value (mean) of 3.050000 and a median of 3.000000. These results indicate that the average value (mean) is greater than the median value, which means that the average manufacturing company has a large audit committee. Audit

committee variable with a minimum value of 2 and a maximum of 5. This means that based on the average value (mean) in this study, companies listed on the IDX have complied with Financial Services Authority Regulation No. 29/PJOK.05/2014 regarding good corporate governance, namely the number of members of the audit committee is at least 2 people. Then, the standard deviation for the audit committee variable is 0.384699. These results indicate that the standard deviation value is smaller than the average value (the mean) that proves that the data in this variable has a distribution that is small and Jarque-Bera Probability of 1998.021000 or > 0.05 then the normal distribution of data.

External Audit Quality

The external audit quality variable is the independent variable in this study which is measured by the size of the Public Accounting Firm (KAP). The Big Four KAP performs audits with higher quality than the non-Big Four KAPs. Based on data processing performed using Eviews 9 software, the external audit quality variable has an average value (mean) of 0.320000 and a median of 0.000000. These results indicate that the average value (mean) is higher than the median value, which means that the average manufacturing company has a large external audit quality, namely 3. The external audit quality variable shows that from a total of 300 samples of manufacturing companies listed on the Stock Exchange in From 2015 to 2019, 31% or 31 companies audited by KAP were included in The Big Four KAP while the remaining 69% or 69 companies were audited by Non The Big Four KAP . It is concluded that the companies in the sample of this study are audited more by KAP Non The Big Four. Then, the standard deviation for the external audit quality variable is 0.467256. These results indicate that the standard deviation is greater than the value of the average (mean) that proves that the data in this variable has a large distribution and Jarque-Bera Probability of 54.434070 or > 0.05 then the normal distribution of data.

Classic Assumption

Based on the results of the classical assumption test, it can be concluded that the research model meets the requirements of the normality test and the classical assumption (multicollinearity, autocorrelation, and heteroscedasticity). Panel data regression technique was used to estimate the common, fixed and random effect models. In this study, after performing the Chow test, it was estimated with the common effect technique and then continued with the Hausman test, this study used the fixed effect technique and then continued with the LM (Lagrange Multiplier) test. The Common Effect technique was obtained as the right technique for this research.

Panel Data Regression Analysis

Based on Table 3, the following regression equation is obtained:

$$TA = -0.001312 - 0.112026 ROA + 0.005711 ROE + 0.005674 DER - 0.003547 DK - 0.049804 KA + 0.012837 KAE$$

Hypothesis

The effect of ROA (return on assets) on tax avoidance. Based on the test results, it can be seen that the probability value of the return on assets (ROA) variable is 0.0000 or less than 0.05, so it can be concluded that return on assets (ROA) has a significant effect on tax avoidance. When viewed from t table at alpha of 0.05 (one tail) is 1.9712, while the value of t-count equal to -5.353744 (Negative), then H1 rejected.

The effect of ROE (return on equity) on tax avoidance. Based on the test results, it can be seen that the probability value of the return on equity (ROE) variable is 0.2033 or greater than 0.05, so it can be concluded

that return on equity (ROE) has no significant effect on tax avoidance. When viewed from the t table value at alpha 0.05 (one tail) is 1.9712, while the t-count value is 0.507302 (positive). This means that t count < t table, then H2 is rejected.

The effect of leverage (DER) on tax avoidance. Based on the test results, it can be seen that the probability value of the leverage variable is 0.0268 or less than 0.05, so it can be concluded that leverage has a significant effect on tax avoidance. When viewed from the t table value at alpha 0.05 (one tail) is 1.9712, while the t-count value is 2.235431 (positive). This means that t-count > t table, then H3 is accepted.

The effect of the board of commissioners on tax avoidance. Based on the test results, it can be seen that the probability value of the board of commissioners variable is 0.0149 or less than 0.05, so it can be concluded that the board of commissioners has a significant effect on tax avoidance. When viewed from the t table value at alpha 0.05 (one tail) is 1.9712,

Table 3
Estimation Results of Panel Date Regression Model

Результаты оценки регрессионной модели панельных данных

Table 3
Таблица 3

Dependent Variable: Tax Avoidance
Method: Panel EGLS (Cross-section weights)
Date: 07/06/21 Time: 16:35
Sample (adjusted): 2016–2019
Periods included: 4
Cross-sections included: 43
Total panel (unbalanced) observations: 169
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001312	0.001171	-1.120518	0.2642
ROA	-0.112026	0.020925	-5.353744	0.0000
ROE	0.005711	0.011257	0.507302	0.6126
DER	0.005674	0.002538	2.235431	0.0268
DK	-0.003547	0.001441	-2.461853	0.0149
KA	-0.049804	0.006062	-8.215905	0.0000
KAE	0.012837	0.003793	3.384490	0.0009
Weighted Statistics				
R-squared	0.504627	Mean dependent var	-0.000815	
Adjusted R-squared	0.486280	S.D. dependent var	0.040698	
S.E. of regression	0.029175	Sum squared resid	0.137887	
F-statistic	27.50436	Durbin-Watson stat	2.193121	
Prob. (F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.228446	Mean dependent var	-0.001302	
Sum squared resid	0.143597	Durbin-Watson stat	2.431422	

Source: Processed results of Eviews 9 data.

Источник: Результаты обработки данных Eviews 9.

while the t-count value is -2.461853 (negative). This means that $t\text{-count} < t\text{ table}$, then H_4 is rejected.

The effect of the audit committee on tax avoidance. Based on the test results, it can be seen that the probability value of the audit committee variable is 0.0000 or less than 0.05, so it can be concluded that the audit committee has a significant effect on tax avoidance. When viewed from the t table value at alpha 0.05 (one tail) is 1.9712, while the t-count value is -8.215905 (negative). This means that $t\text{-count} < t\text{ table}$, then H_5 is rejected.

The effect of external audit quality on tax avoidance. Based on the test results, it can be seen that the probability value of the external audit quality variable is 0.0009 or less than 0.05, so it can be concluded that the external audit quality has a significant effect on tax avoidance. When viewed from the t table value at alpha 0.05 (one tail) is 1.9712, while the t-count value is 3.384490 (positive). This means that $t\text{-count} > t\text{ table}$, then H_6 is accepted.

The Effect Return on Assets (ROA) on Tax Avoidance

The results showed that return on assets (ROA) had a significant negative effect on tax avoidance. Based on the stakeholder theory that the greater the return on assets (ROA) value, the greater the profit earned by the company and will indirectly result in an increase in the value of the tax burden that must be borne by the company. This encourages companies to minimize the tax burden in order to obtain the maximum profit possible. The results of this study support previous research conducted by Siagian et.al. [9], Saputra and Asyik [10].

The Effect of Return on Equity (ROE) on Tax Avoidance

The results showed that return on equity (ROE) had no significant effect on tax avoidance. This is not in line with the theory used in this study which reveals that the value of return on equity (ROE) is directly proportional to the profits obtained by the owners or stakeholders so that it can be concluded that return on equity (ROE) also encourages companies to do tax avoidance (tax avoidance). The results of this study are contrary to previous research conducted by Naibaho and Hutabarat [11].

The Effect of Leverage on Tax Avoidance

The results show that leverage has a significant positive effect on tax avoidance. The higher the leverage, the

higher the dependence of the company on its creditors so that it will cause interest expenses which will reduce the tax burden. In other words, it can be concluded that there is a tendency for companies to take tax avoidance. The results of this study support previous research conducted by Kurniasih and Sari [1].

The Effect of Board of Commissioners on Tax Avoidance

The results showed that the board of commissioners had a significant negative effect on tax avoidance. The more the number of commissioners in a company, the more stringent a company will be in monitoring its financial statements so that it will indirectly affect the size of the company's opportunities in tax avoidance measures. The results of this study support previous research conducted by Suardana (2014), Jao and Pagalung [12].

The Effect of the Audit Committee on Tax Avoidance

The results showed that the audit committee had a significant negative effect on tax avoidance. Based on the theory that the number of audit committee members are able to influence the policies that will be taken by a company in improving the quality of company performance. The results of this study support previous research conducted by Suardana (2014), Jao and Pagalung [12].

The Effect of External Audit Quality on Tax Avoidance

The results show that the quality of external audit has a significant positive effect on tax avoidance. A higher quality external audit or companies audited by Big 4 KAPs are more trusted because the level of fraud committed by companies will be smaller than companies that use the services of non Big 4 KAPs. The results of this study support previous research conducted by Annisa (2008).

Conclusion and Relevance

Based on the results of the analysis in this study, it can be concluded that:

- first, ROA, the board of commissioners and the audit committee have a negative and significant effect on *tax avoidance*;
- second, ROE has no effect on *tax avoidance*;
- third, leverage and external audit quality have a positive and significant effect on *tax avoidance*.

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