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Factors Influencing Tax Avoidance in Manufacturing Companies Year 2019-2021

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Abstract: Over the past five years, the percentage of tax revenue has fluctuated, starting in 2017 of 89.40%, increasing in 2018 to 92.41% and then decreasing to 84.44% in 2019 and in the last two years it has increased to 89.25% and 100.18%, so it can be said that the realization of tax revenue has not been maximized. Paying taxes is a burden, so many companies choose to manipulate their taxes by carrying out tax avoidance. Tax avoidance is a practice of legal tax avoidance by exploiting loopholes in tax regulations. This study aims to examine the effect of the proportion of independent commissioners, audit committees, institutional ownership, sales growth and liquidity on tax avoidance in manufacturing companies in 2019 – 2021. The population in this study totaled 193 manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2019 – 2021. The sample in this study was 73 companies which were determined based on a purposive sampling technique. The analysis technique used in this study uses multiple linear analysis. The results showed that the proportion of independent commissioners and audit committees had a negative effect on tax avoidance while institutional ownership, sales growth and liquidity had no effect on tax avoidance. Future research is expected to use other variables because in this study there are 3 variables that have no effect.

Keywords: Audit committee; institutional ownership; proportion of independent commissioners; sales growth; tax avoidance.

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Introduction

Development within a country needs to have great power to improve the national economy, especially in Indonesia. One source of income comes from taxes. Large tax revenues illustrate that a country has a strong economy because the taxes imposed on the income or profit earned by the taxpayer are in accordance with the business activities carried out by the taxpayer (Ngadiman & Huslin, 2015).

Table 1. Achievements of tax revenue realization

Year	Target (trillion)	Realization (trillion)	Achievements
2017	1,283	1.147	89.40%
2018	1,424	1315.90	92.41%
2019	1577.56	1332.06	84.44%
2020	1198.82	1069.98	89.25%
2021	1229.60	1231.87	100.18%

Source: kemenkeu.go.id (2022)

Based on the information presented above, over the past 5 years the percentage of tax revenue has fluctuated, so it can be said that the realization of tax revenue has not been maximized. In 2017 the percentage of tax revenue realization was 89.40% then increased in 2018 to 92.41% then decreased to 84.44% in 2019 and in the last 2 years it has increased, namely in 2020 it was 89.25% and 2021 it was 100.18%. Citizens will try to reduce how many assessments in a legal or unlawful way to achieve an increase in profit targets determined annually with the best product quality that the company can provide (Kharimah & Sutandi, 2019).

Paying taxes is a burden for companies, so many companies choose to manipulate their taxes by committing tax evasion or tax avoidance. According to (Jacob, 2014) explained that tax avoidance is a company strategy in minimizing the amount of the tax burden paid to the state by being inseparable from laws and regulations which only look for loopholes that companies take advantage of in order to be able to avoid taxes. Reduced tax revenues greatly affect the community so that a negative stigma arises towards companies that carry out tax avoidance because regional development is not optimal . However, according to the Directorate General Government taxes cannot carry out legal prosecutions, because these tax avoidance actors look for loopholes and take advantage of things that have not been regulated in law even though this action is detrimental to the state.

In Indonesia there have been several cases of companies carrying out tax avoidance as reported in kontan.co.id.- jakarta coverage, the Tax Justice Network Institute in 2019 reported that a tobacco company owned by British American Tobacco (BAT) had committed tax evasion in Indonesia through PT. Bentoel International Investama. As a result, the state suffers a loss of US$ 14 million per year. The report explains that BAT has diverted some of its revenues out of Indonesia in two ways. First, through an intra-company loan between 2013 and 2015. PT Bentoel took out a loan between 2013 and 2015 from a related company in the Netherlands namely Rothmans Far East BV to refinance bank loans and pay for machinery and equipment.

Interest payments on these loans are deductible from the company's taxable income in Indonesia. This Dutch company's account shows that the funds lent to Bentoel came from another BAT group company, namely Pathway 4 (jersey) Limited which is headquartered in England. BAT made loans originating in Jersey through companies in the Netherlands primarily to avoid tax deductions for interest payments to non-residents. Indonesia applies the tax deduction of 20%, but because there is an agreement with the Netherlands, the tax is 0%. From this strategy, Indonesia loses revenue for the state of US$ 11 million per year. The reason is that from a debt of US$ 164 million, Indonesia should be able to impose a tax of 20% or US$ 33 million or US$ 11 million per year. This Dutch company's account shows that the funds lent to Bentoel came from another BAT group company, namely Pathway 4 (jersey) Limited which is headquartered in England. BAT made loans originating in Jersey through companies in the Netherlands primarily to avoid tax deductions for interest payments to non-residents. Indonesia applies the tax deduction of 20%, but because there is an agreement with the Netherlands, the tax is 0%.

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Second, PT Bentoel makes payments for royalties, fees and IT costs totaling US$ 19.7 million per year. The average corporate tax on annual payments at a 25% interest rate is US$ 2.5 million for royalties, US$ 1.3 million for fees and US$ 1.1 million for IT costs. Supposedly the average corporate tax on payments annually at a 25% interest rate is US$ 2.5 million for royalties, US$ 1.3 million for fees, and US$ 1.1 million for IT costs. With the Indonesian-English agreement, the tax deduction for royalties on trademarks is 15% while technical service fees are not subject to deduction. IT costs are not stated in the agreement. So that the lost income from Indonesia reaches US$ 2.7 million per year due to royalty payments, *tax avoidance* can occur due to a conflict of interest so that good corporate governance is needed. Corporate Governance is useful for shareholders or investors in protecting their share ownership if there are differences in interests between 2 parties namely investors and company management.

This is where the importance of the proportion of the independent board of commissioners determines the course of the company to be a middle ground regarding the decisions to be taken. The Independent Board of Commissioners is a member of the board of commissioners who is not affiliated with the company's management and controlling shareholders. As well as being free from business relationships or other relationships that may affect his ability to act independently. The existence of an independent board of commissioners serves to increase supervision of the company from management's opportunity actions in carrying out tax avoidance so that the company will achieve better goals (Wen et al., 2020). The research results of (Ariawan & Setiawan, 2017) state that the proportion of independent commissioners has a negative effect on tax avoidance. In contrast to (Anisa, 2017) which revealed that the proportion of independent commissioners has a positive effect on tax avoidance. (Sumantri et al., 2018) states that the proportion of independent commissioners has no effect on tax avoidance.

The more stringent supervision of a management in producing an information that is financial reports. This is where the role of the audit committee is in minimizing fraudulent financial reporting, especially taxes in order to assist the independent board of commissioners. The audit committee has the authority to oversee company management in preparing financial reports. The audit committee is elected by the board of commissioners who have responsibility for overseeing financial reporting and disclosure (Tamara, 2020). The audit committee's responsibility is to ensure that the company has run in accordance with applicable laws and regulations. With a good financial policy will certainly increase the company's profits. This situation makes the company's management to be greedy by reducing the tax burden by doing tax evasion so that the tax burden paid is small. This is in line with the research by (Hsu et al., 2018), (Nugraheni & Pratomo, 2018) which states that the audit committee has a negative effect on tax avoidance. However, in Astuti's research (2020) it is revealed that the audit committee has a positive influence on tax avoidance, while research conducted by Tamara (2020) states that the audit committee has no effect on tax avoidance.

The implementation of Corporate Governance is motivated by problems that occur from the ownership structure. Institutional ownership is share ownership by other institutions, namely ownership by the company or other institutions. Share ownership by parties that form institutions such as insurance companies, banks, investment companies, pension funds and other institutional ownership (Fatimah, 2018). Institutional ownership has an important role in overseeing management performance. If monitoring of management performance is more optimal, there is less tendency or possibility for companies to commit tax avoidance (Dewi and Suardika , 2021). The results of Astuti's research (2020) state that institutional ownership has a positive effect on tax avoidance. However, it is different from the research conducted by Praditasari and Setiawan (2017) which states that institutional ownership has a negative influence towards tax avoidance, whereas in Moeljono's research (2020) it was revealed that institutional ownership has no effect on tax avoidance.

Sales growth is the development of sales growth rate from year to year. Increased sales also have an impact on profit growth. In an effort to increase profits, companies usually carry out tax avoidance because on the other hand sales growth increases, the tax burden will also increase (Tristianto and Oktaviani, 2016). According to Pratiwi's research (2019), Dewinta and Setiawan (2016) state that sales growth has a positive effect on tax avoidance. However, this is not in line with the results of research conducted by Hidayat (2018) which states that sales growth has a negative effect on tax avoidance. It is also different from research according to Princess (2021) states that sales growth has no effect on tax avoidance.

Liquidity is the company's ability to meet its conventional short-term obligations, 'short term' is considered to be a period of up to one year even though it is associated with the company's normal operational cycle (Subramanyam and Wild, 2010: 241). Liquidity is very influential on tax aggressiveness because if the company has good cash flow, the company is not reluctant to pay all of its obligations, including paying taxes in accordance with applicable regulations. If a company has low cash flow, the company will be disobedient to paying taxes in order to maintain cash flow instead of paying taxes (Suyanto and Supramono , 2012). The research results of Putra (2018) and Noviani (2018) state that liquidity has a positive effect on tax avoidance, while research conducted by Anisa (2017) shows that liquidity has a negative effect on tax avoidance. This is different from the research by Alam and Fidiana (2019) which states that liquidity has no effect on tax avoidance in manufacturing companies in the industrial sector.

Based on the background that has been described previously, the formulation of the problems in this study is obtained as follows:

Does the proportion of independent commissioners affect tax avoidance in manufacturing companies in 2019 - 2021?

Does the audit committee affect tax avoidance in manufacturing companies in 2019 - 2021?

Does institutional ownership affect tax avoidance in manufacturing companies in 2019 - 2021?

Does sales growth affect tax avoidance in manufacturing companies in 2019 - 2021?

Does liquidity affect tax avoidance in manufacturing companies in 2019 - 2021?

Concept and Hypothesis

Agency Theory

In this study using agency theory because this theory explains the tendency of different goals between agents and principals, because each individual must have their own selfish nature. According to Scot (2003: 305) says that agency theory is the development of a theory that studies how to design work agreements in order to motivate agents to work in accordance with the wishes of the principal. Jensen and Meckling (1976) explain that agency relationships are like contracts that link between one or more people (principal) delegating authority to another person (agent) in making decisions and on behalf of the principal. Within the scope of the corporation intended as a principal is a shareholder while the agent is a company management. Information about the company's internal will be more is known by management rather than the owner (principal).

The Effect of the Proportion of Independent Commissioners on Tax Avoidance.

The proportion of independent commissioners is at least 30% of all members of the commissioners, where the number of shares owned by shareholders does not play a controlling role (Putu et al., 2021). Each independent board of commissioners works has strong independence because it is not connected with the interests of shareholder controllers . The more the number of independent commissioners in a company, the tighter the supervision is carried out on company managers in making a decision is included in the tax, so that tax avoidance can be eliminated. This is in line with research conducted by Wulandewi (2020), Astuti (2020) and Alam and Fidiana (2019) and Ariawan and Setiawan (2017) which state that the proportion of independent commissioners has a negative effect on tax avoidance. Based on this explanation, the hypotheses built in this study are:

H1 : The proportion of independent commissioners has a negative effect on tax avoidance.

The Influence of the Audit Committee on Tax Avoidance.

The audit committee has become a major element in good corporate governance with a minimum number of three people in each company. The more the number of audit committees means the tighter the supervision of the financial reports produced so that they have relevance, credibility and independence inside it , so that the practice of tax avoidance (tax avoidance) will be avoided. The audit committee is tasked with assisting the Independent Board of Commissioners in addition to supervising it as well as being a liaison between external parties, commissioners and company managers. This is in line with research conducted by Wulandewi (2020), Serafim and Karmudiandri (2021), and Praditasari and Setiawan (2017) which state that the Audit Committee has a negative effect on tax avoidance. Based on this explanation, the hypothesis built in this study is:

H 2 : The Audit Committee has a negative effect on tax avoidance.

Effect of Institutional Ownership on tax avoidance.

The greater the amount of institutional ownership in the company, the greater the oversight carried out for management to make informed decisions welfare of all owner shares , because institutional ownership is representative of the shareholders. External shareholders limit the attitude of managers who want to get the maximum profit while shareholders want guaranteed welfare from a company (Sari & Kinasih, 2021). With the supervision of institutional ownership, you can reduce opportunistic management attitudes to make as much profit as possible so that it tends to practice tax avoidance (tax avoidance) because tax is a deductible element of net income. This is in line with research conducted by Wulandewi (2020), Tamara (2020), and Praditasari and Setiawan (2017) which state that institutional ownership has a negative effect on tax avoidance. Based on this explanation, the hypotheses built in this study are:

H_3: Institutional ownership has a negative effect on tax avoidance.

Effect of Sales growth on Tax avoidance

Growth sales shows the development of sales levels from year to year. A company can predict its profit level obtained through sales growth. If sales growth experiences good growth, you can conclude sales growth has increased, thus the profit generated by the company will increase. Large profits owned by companies tend to encourage companies to take tax avoidance actions because the large profits mean that the company also pays a huge tax burden. Sales growth provides an illustration for predicting future company sales and profits earned so that it triggers companies to be able to carry out tax avoidance. This is in line with research conducted by Pratiwi (2019) and Dewinta and Setiawan (2016) which states that sales growth has a positive effect on tax avoidance. Based on this explanation, the hypothesis built in this study is:

H_4: Sales growth has a positive effect on tax avoidance.

Effect of Liquidity on Tax Avoidance

The performance of a good company certainly has a good financial condition as well as that many investors believe in investing in the company. This trust is used by the company to develop its business. Because of the high level of liquidity, companies have the opportunity to do tax avoidance. Noviani's research (2018) assumes that the higher the company's liquidity ratio, the more the company will try to allocate profits for the current period to the next period on the grounds that the level of tax payments is high if the company is in good condition. The higher the company's liquidity ratio, the higher the action to reduce profits will be on the grounds of avoiding a higher tax burden.

Based on this explanation, the hypothesis built in this study is:

H_5: Liquidity has a positive effect on tax avoidance.

Method

This location carried out in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2019 – 2021. This research was obtained by accessing the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id The population of Manufacturing companies listed on the Indonesia Stock Exchange during the study period was 193 companies. The sample in this study were 73 companies which were determined based on a purposive sampling technique. The analysis technique used in this study uses multiple linear analysis techniques.

tax avoidance or tax evasion is an attempt to lighten the tax burden by not violating existing laws (Mardiasmo 2009:9). Measurement of tax avoidance in this study is calculated through the company's CETR (Effective Cash Tax Rate), namely cash issued for tax expenses divided by profit before tax (Budiman, 2009). According to Rist and Pizzica (2015: 54) the formula for calculating tax avoidance is as follows:

TA = ...(1)$\frac{Jumlah\ pajak\ yang\ dibayar}{Laba\ sebelum\ pajak}$

Independent Board of Commissioners is defined as someone who is not connected in any way with the controlling shareholder, has no affiliation with fellow members of the board of commissioners or the board of directors. The proportion of the board of commissioners is independent, at least 30% of the total number of commissioners to meet the Corporate Governance guidelines. According to Dyas, et al (2016:5) and Winata (2015:5) the formula for calculating the Proportion of Independent Commissioners is as follows:

PDKI = ...(2)$\frac{Jumlah\ komisaris\ Independen}{Jumlah\ seluruh\ Komisaris}$

In general, this audit committee has a function in overseeing financial statements and internal supervision because the Indonesian stock exchange requires that every company listed on the IDX must have an audit committee chaired by an independent board of commissioners. The number of the audit committee consists of at least three people. Measurement of the audit committee in this study is measured by looking at the large number of audit committees owned by the company. According to Kiswara (2013: 38) to analyze the audit committee can be formulated as follows:

KA = Number of members of the Audit Committee in the company.................(3)

Institutional ownership is assumed where institutions own shares in the company. These institutions can be government institutions, private, domestic or foreign and the general public who have shares above 5% (Widarjo, 2010). Institutional Ownership can be measured by comparing the number of shares owned by the institution divided by the number of outstanding shares. According to Damayanti and T. Susanto (2015: 195) the formula for calculating Institutional Ownership is as follows:

KI = ...(4)$\frac{Jumlah\ saham\ Institusional}{Jumlah\ saham\ yang\ beredar}$

Sales growth is a reflection of the results of past investments which are predicted as future growth (Mahayasa , 2021). A company can predict its profit level obtained through sales growth. Sales growth can be measured by the current year's net sales minus the previous year's net sales and then dividing by the previous year's net sales. According to Kasmir (2016: 107) the formula for calculating sales growth is as follows:

SG = ...(5)$\frac{Net\ Sales\ t - Net\ Sales\ t{-}1}{Net\ Sales\ t{-}1}$

Liquidity is the company's ability to change owned assets into cash quickly. According to Sartono (2012: 123). Liquidity is defined as a measure of the company's ability to finance its needs and obligations in the short term. Companies that have high liquidity to meet their short-term obligations at maturity are called liquid companies. Liquidity can be measured by comparing the amount of current assets divided by current liabilities. According to Hanafi and Halim (2014: 75) the formula for calculating liquidity (current ratio) is as follows:

Liquidity = ...(6)$\frac{Aset\ Lancar}{Hutang\ lancar}$

Study This method uses multiple linear regression analysis indicated by the following equation.

TA = α+ PDKI + KA + KI + SG + L + e $\beta_1\beta_2\beta_3\beta_4\beta_5$........................(7)

Information :

TA = *tax avoidance*
α = Constant
β = Regression coefficient
PDKI =Proportion of Independent Commissioners
ka = Audit Committee
KI =Institutional Ownership
SG = *Sales growth*
L = Liquidity
e = *Error Term*

Result and Discussion

Descriptive Statistics Test

Table 2. Descriptive statistical test results

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Means**	**std. Deviation**
TA	219	.0017	5.7257	.403948	.7184062
PDKI	219	.25	.83	.4178	.10229
you	219	1.00	4.00	3.0320	.27741
KI	219	.14	1.00	.7210	.18204
SG	219	-.96	14.71	.1349	1.01951
L	219	.61	312.79	5.6386	29.22380
Valid N (listwise)	219				

Source: Processed data (2022)

Based on table 1 which is the result of descriptive statistics, the data presented can be explained as follows:

The Tax avoidance (TA) variable shows the number of population (N) of 219 companies. The minimum value is the lowest value of 0.0017. The maximum value is the highest value of 5.7257. The mean value is the average data value of 0.403948. The standard deviation table shows a value of 0.7184062 greater than the mean value of 0.403948, which means that the higher the deviation of the data from the mean value.

The Independent Board of Commissioners' Proportion variable (PDKI) shows a large population (N) of 219 companies. The minimum value is the lowest value of 0.25. The maximum value is the highest value of 0.83. The mean value is the average data value of 0.4178. The standard deviation table shows a value of 0.10229 which is smaller than the mean value of 0.4178, which means that the lower the deviation of the data from the mean value.

The Audit Committee (KA) variable shows the number of population (N) of 219 companies. The minimum value is the lowest value of 1.00. The maximum value is the highest value of 4.00. The mean value is the average data value of 3.0320. The standard deviation table shows a value of 0.27741 which is smaller than the mean value of 3.0320, which means that the lower the deviation of the data from the mean value.

The Institutional Ownership (IC) variable shows the number of population (N) of 219 companies. The minimum value is the lowest value of 0.14. The maximum value is the highest value of 1.00. The mean value is the average data value of 0.7210. The standard deviation table shows a value of 0.18204 which is smaller than the mean value of 0.7210, which means that the lower the deviation of the data from the mean value.

The Sales growth (SG) variable shows the number of population (N) of 219 companies. The minimum value is the lowest value of -0.96. The maximum value is the highest value of 14.71, the mean value is the average data value of 0.1349. The standard deviation table shows a value of 1.01951 greater than the mean value of 0.1349, which means that the higher the deviation of the data from the mean value.

Liquidity variable (L) shows the number of population (N) of 219 companies. The minimum value is the lowest value of 0.61. The maximum value is the highest value of 312.79. The mean value is the average data value of 5.6386. The standard deviation table shows a value of 29.22380 greater than the mean value of 5.6386, which means that the higher the deviation of the data from the mean value.

Multiple Linear Regression Analysis

Table 3. The results of multiple linear regression analysis

Model		Unstandardized Coefficients		Coefficientsa Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std.Error	Betas			tolerance	VIF
1	(Constant)	1.173	.163		7,195	.000		
	PDKI	-.324	.017	-.735	- 19,076	.000	.694	1,441
	you	-.241	041	-.228	-5,895	.000	.686	1,457
	KI	012	.131	003	094	.925	.938	1,066
	SG	- .014	.023	-.020	-.608	.544	.988	1013
	L	- .001	001	-.037	-1,141	.255	.959	1,043

a. Dependent Variable: TA

Source: Processed data, 2022

Based on table 2, the multiple linear regression equation model is obtained, namely:

TA = 1.173 – 0.324PDKI – 0.241KA + 0.012KI – 0.014SG – 0.001L

Information :

TA = *tax avoidance*
PDKI = Proportion of Independent Commissioners
ka = Audit Committee
KI =Institutional Ownership
SG = *Sales growth*
L = Liquidity

The interpretation of the multiple linear regression equation is as follows:

The constant value in the regression equation above is 1.173 indicating that if the proportion of Independent Commissioners (PDKI), Audit Committee (KA), Institutional Ownership (KL), Sales growth (SG) and Liquidity (L) is zero, then the value of Tax Avoidance (TA) is) is a constant of 1.173.

The regression coefficient value of the Proportion of Independent Commissioners (PDKI) is -0.324. This shows that every one unit increase in the Proportion of Independent Commissioners (PDKI) variable results in a decrease in Tax Avoidance (TA) of 0.324 assuming other variables are constant.

The regression coefficient value of the Audit Committee (KA) is -0.241. This shows that each increase of one unit of the Audit Committee variable (KA) results in a decrease in Tax Avoidance (TA) of 0.241 assuming other variables are constant.

Normality test

Table 4. Normality test results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		219
Normal Parameters, b	Means	.0000000
	std. Deviation	.33631610
Most Extreme Differences	absolutely	.192
	Positive	.192
	Negative	-.184
Test Statistics		.192
asymp . Sig. (2-tailed)		.142c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: Processed data, 2022

Based on table 3 the results of calculations using the Kolmogorov-Smirnov Test with a significance level of 0.142 which is greater than > 0.05 indicates that the data in this study are normally distributed.

Multicollinearity Test

In accordance with the test results in table 2, it shows that all tolerance values are greater than 0.10 and the VIF value of the independent variable has a value less than 10. The test results show no symptoms of multicollinearity in the regression model, it can be concluded that all independent variables are fit to be used as a predictor.

Autocorrelation Test

Table 5. Autocorrelation test results
Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.884a	.781	.776	.3402406	1,849

a. Predictors: (Constant), L, KA, SG, KI, PDKI
b. Dependent Variable: TA

Source: Processed data, 2022

Based on table 5, the autocorrelation test results show that the Durbin-Watson (DW) value is 1.849 with a significance of 0.05 and the number of data (n) = 219, and k = 5 (k is the number of independent variables) obtained a du value of 1.8229 and the value of 4 - du is 2.1771. Therefore, the dw value is at du < dw < 4-du or 1.8229 < 1.849 < 2.1771, so it can be concluded that there is no autocorrelation.

Heteroscedasticity Test

Table 6. Heteroscedasticity test results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std.Error	Betas		
1	(Constant)	2,383	2,940		.810	.419
	PDKI	.020	.306	005	.066	.947
	you	-.084	.738	-.009	-.114	.909
	KI	-2,092	2,357	-.063	-.888	.376
	SG	005	.410	001	012	.990
	L	-.005	.015	-.025	-.360	.720

a. Dependent Variable: ABRES

Source: Processed data, 2022

Based on table 6 it shows that all variables have a significance value greater than sig > 0.05 so it can be concluded that in the regression model there is no heteroscedasticity, so it is feasible to be used to predict the dependent variable.

Model fit test (F test)

Table 7. Results of the fit model test (f test)

ANOVA

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	87,854	5	17,571	151,781	.000b
	residual	24,658	213	.116		
	Total	112511	218			

a. Dependent Variable: TA

b. Predictors: (Constant), L, KA, SG, KI, PDKI

Source: Processed data, 2022

Based on table 7 it can be seen that jointly the independent variables have a significant influence on the dependent variable. It can be proven that F is 151.781 with a significance of 0.000 because the significance level is <0.05, this means that the regression model is fit with the observed data so that it is feasible to use for further analysis.

Test the coefficient of determination (R2)

Table 8. Results coefficient of determination (R2)

Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.884a	.781	.776	.3402406	1,849

a. Predictors: (Constant), L, KA, SG, KI, PDKI

b. Dependent Variable: TA

Source: Processed data, 2022

Based on table 8 it shows that the Adjusted () value is 0.776 or (77.6%). These results explain that the proportion of independent commissioners, audit committees, institutional ownership, sales growth and liquidity can explain 77.6% of the tax avoidance variable and the remaining 22.4% is explained by other factors outside the research model.R^2

t test

The results of the t test can be seen in table 2 before, where hypothesis testing can be explained as follows:

The independent commissioner board proportion variable (PDKI) has at count of -19.076 and a significance value of 0.000 which is smaller than the significance value of 0.05. This means that the proportion of independent commissioners has a negative effect on tax avoidance, so the first hypothesis is accepted.

The audit committee variable (KA) has at count of -5.895 and a significance value of 0.000 which is smaller than the significance value of 0.05. This means that the audit committee has a negative effect on tax avoidance, so the second hypothesis is accepted.

The institutional ownership variable (KI) has at count of 0.094 and a significance value of 0.925 which is greater than the significance value of 0.05. This means that institutional ownership has no effect on tax avoidance, so the third hypothesis is rejected.

The sales growth (SG) variable has at count of -0.608 and a significance value of 0.544 which is greater than the significance value of 0.05. This means that sales growth has no effect on tax avoidance, so the fourth hypothesis is rejected.

The liquidity variable (L) has at count of -1.141 and a significance value of 0.255 which is greater than the significance value of 0.05. This means that liquidity has no effect on tax avoidance, so the fifth hypothesis is rejected.

The Effect of the Proportion of Independent Commissioners on Tax Avoidance

The proportion of independent board of commissioners has a negative effect on tax avoidance. This shows that the first hypothesis is accepted. The purpose of being an independent commissioner is to supervise management in determining policies and balancing these policies so that conflicts of interest do not occur. The more the number of independent commissioners in a company, the tighter the supervision is carried out on company managers in making a decision. Managers will act more carefully in making decisions and be more transparent in running the company, including in the applicable tax regulations. Managers will report the company's tax burden fairly so that tax avoidance can be eliminated. This is in line with research conducted by Wulandewi (2020), Astuti (2020) and Alam and Fidiana (2019) and Ariawan and Setiawan (2017) which state that the proportion of independent commissioners has a negative effect on tax avoidance.

The influence of the Audit Committee on Tax Avoidance

The audit committee has a negative effect on tax avoidance. This shows that the second hypothesis is accepted . The audit committee has become an element of good corporate governance with a minimum number of three people in each company. The more the number of audit committees means the tighter the supervision of the financial reports produced so that they have relevance, credibility and independence inside it . The audit committee within the company is required to have knowledge in the field of accounting or finance so that it can prevent opportunistic actions by management in carrying out tax avoidance practices. This is in line with the research by Serafim and Karmudiandri (2021), Nugraheni and Pratomo (2018) which states that the Audit Committee has a negative effect on tax avoidance.

Effect of Institutional Ownership on Tax Avoidance

Institutional ownership has no effect on tax avoidance. This shows that the third hypothesis is rejected . Institutional ownership plays a role as a party that oversees companies that are not sure that they can properly control management actions in tax avoidance practices. No matter how big the ownership of the company by the institution will not affect the tax avoidance behavior by the company. The size of institutional ownership interprets the amount of supervision applied to management.

In this study the size of the ownership does not affect tax avoidance behavior. Management may reduce its taxes through the burden of paying dividends. At the time of making payments dividends will cause a burden which the company will use to reduce taxable income. So this makes the position of institutional ownership does not affect tax avoidance. This is in line with research conducted by Moeljono (2020) and Hidayat, et al (2022) which states that institutional ownership has no effect on tax avoidance.

Effect of Independent Sales Growth on Tax Avoidance

Sales growth no effect on tax avoidance. This shows that the fourth hypothesis is rejected . The company's high sales growth does not always indicate that the company has high profit growth as well, because it is followed by the efficiency of operational expenses incurred. Therefore, when sales increase, the expenses generated will automatically increase as well, so management at the company does not need to practice tax avoidance. This is in line with research conducted by Putri (2021) and Safitri and Wahyudi (2022) which states that sales growth has no effect on tax avoidance.

Effect of Liquidity on Tax Avoidance

Liquidity has no effect on tax avoidance. This shows that the fifth hypothesis is rejected . Companies that have a high level of liquidity illustrate the company's high ability to meet its short-term needs and high idle cash so that it is not productive. Conversely, if the liquidity is low, it will have an impact on the loan capital that will be given by creditors or investors to the company, which will decrease due to distrust by the providers of funds. Thus, the Company will maintain its level of liquidity not too high so that it can meet short-term obligations effectively and not too low to gain the trust of capital providers. So, it is not possible for the company to take tax avoidance. This is in line with Alam and Fidiana's research (2019) which states that liquidity has no effect on tax avoidance.

Conclusion

Conclusions The conclusion that can be made in this study is The proportion of independent board of commissioners has a negative effect on tax avoidance. The more the number of independent commissioners in a company, the more stringent supervision is carried out on company managers in making decisions including in the applicable tax regulations. Managers will report the company's tax burden fairly so that tax evasion can be eliminated.

The audit committee has a negative effect on tax avoidance. The more the number of audit committees means the tighter the supervision of the financial reports produced so that they have relevance, credibility and independence. The audit committee within the company is required to have knowledge in the field of accounting or finance so that it can prevent opportunistic actions by management in carrying out tax avoidance practices.

Institutional ownership has no effect on tax avoidance. No matter how big the ownership of the company by the institution will not affect the tax avoidance behavior by the company. The size of institutional ownership interprets the amount of supervision applied to management. Institutional ownership plays a role as a party that oversees companies that are not sure that they can properly control management actions in tax avoidance practices.

The same thing with sales growth which has no effect on tax avoidance, indicating that sales growth may not necessarily describe an increase in company profits, because given the efficiency of operating expenses incurred by the company. Therefore, when sales increase, the resulting expenses will automatically increase as well, so management at the company does not need to practice tax avoidance.

Likewise with Liquidity which has no effect on tax avoidance. The company will maintain its level of liquidity not too high so that it can meet short-term obligations effectively and not too low to gain the trust of capital providers. So, it is not possible for the company to take tax avoidance.

The limitations of this study are that this study cannot directly detect tax avoidance in companies based only on the assumptions of previous researchers adopted from laws and regulations regarding taxation. In this study, we can only see what variables can affect tax avoidance. The difficulty of finding books on the research carried out is minimal, so the authors have difficulty finding literature on tax avoidance.

Future researchers are expected to be able to use other variables because in this study there are 3 variables that do not affect tax avoidance, namely institutional ownership, sales growth and liquidity. The magnitude of the level () of 77.6% and the remaining 22.4% may be other variables that can prove the effect on tax avoidance. It is expected to be able to use other variables such as Managerial Ownership because it is included in good corporate governance so that supervision of the company also increases so that tax avoidance actions can be minimized.R^2

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