The Effect Of Good Corporate Governance On Tax Avoidance In Mining Corporate Listed On The Idx For The Period 2013-2017

Rina Tresnawati¹, Nisa Putri Indriani²
¹Department of Accounting, Widyatama University, Bandung, Indonesia
²Department of Accounting, Widyatama University, Bandung, Indonesia

¹rina.tresnawati@widyatama.ac.id

Article History: Received: 11 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 10 May 2021

Abstract: This study aims to examine the effect of Good Corporate Governance on Tax Avoidance. The population in this study are all Mining companies listed on the Indonesia Stock Exchange in the period 2013-2017. The population in this study consisted of 39 mining companies. The research method used in this research is explanatory research. The sampling technique in this study used stratified random sampling and obtained 11 companies. The model in this study is path analysis using eviews 10. The results of this test indicate that the proxy for Good Corporate Governance, namely Institutional Ownership, Independent Board of Commissioners, Audit Committee and Audit Quality Significantly influence Tax Avoidance on Mining companies listed on the Indonesia Stock Exchange 2013-2017 period. The amount of influence significantly revealed Good Corporate Governance in this study amounted to 74.6%.

Keywords: Audit Committee, Good Corporate Government, Independent Board of Commissioners, Institutional Ownership, Tax Avoidance.

1. Introduction

The development of the government in Indonesia requires great power in carrying out development within the country to improve the national economy. One of the biggest sources of state revenue is through the tax sector (Mulyani et al, 2018). Taxes are mandatory contributions to the state owed by individuals or entities as taxpayers with no direct, coercive reciprocity and their collection is carried out under the Act.

Tax is a biggest source on a state income when compared to other sources of income in Indonesia (Arianandini and Ramantha, 2018). According to data from www.kemenkeu.go.id. The State Revenue and Expenditure Budget (APBN) in 2017 at the state revenue of Rp. 1,750.3 trillion. Some of it came from taxation revenues of Rp. 1,498.9 trillion.

According to the Secretary General of the Indonesian Forum for Budget Transparency, Yenny Sucipto, stated that data on tax avoidance and tax evasion were difficult to access by the public. In Indonesia tax avoidance is a serious problem. It is suspected that each year is Rp 110 trillion, which is a tax avoidance figure. Business entities engaged in the mining sector are the sectors that avoid tax around 80 percent, the rest are individual taxpayers (www.suara.com).

According to the Coordinator of the Natural Resources (SDA) Directorate of Research and Development of the Corruption Eradication Commission Dian Patria, companies operating in the field of mining on average avoid taxes or collect taxes. From the data of 11,000 mining permits, there are 4000 non-clean and clear permits, overlapping permits and most of them do not pay taxes (www.klinikpajak.co.id).

The implementation of Corporate Governance aims to minimize agency conflict. Agency conflict arises when the goals to be achieved by company managers are not in a line with the interests of shareholders. Shareholders expect maximum income (dividends) for the funds they invest. The management is more concerned with the company's operational activities by not distributing dividends and allocating them as retained earnings. The alignment of the relationship between shareholders and company managers will affect the taxation policies to be used (Darmawan and Sukarta, 2014).

2. Review of literature

Tax Avoidance

Understanding tax avoidance according to Chairil Anwar Pohan (2013: 23) is as follows:
"Tax avoidance is a tax avoidance strategy and technique carried out legally and safely for taxpayers because it does not conflict with taxation provisions. The method and technique used is to exploit the weaknesses contained in the laws and tax regulations themselves, to minimize the amount of tax owed ".

1240
According to Sutedi (2012: 1), good corporate governance is:
"A process and structure used by company organs (Shareholders / Capital Owners, Commissioners / Board of Trustees, and Directors) to improve business success and corporate accountability in order to continue to pay attention to the interests of other stakeholders, based on legislation and ethical values." (Hussain et al., 2020)

3. Research methods

Object of the research to be examined in this case is the financial statements, corporate listed on the IDX for period 2013-2017, with indicators such as Institutional Ownership, Audit Quality, Audit Committee, Board of Commissioners using the proxy for disclosure of good corporate governance.

The population on this study in the form of the whole mining corporate listed on the IDX 2013-2017 observation period of 39 mining corporate. The number of samples in this study were 19 corporate. Engineering The analysis used in this research is panel data model test, classic assumption test, analysis panel data regression, and hypothesis testing.

Statistik Deskriptif

<table>
<thead>
<tr>
<th></th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.48418</td>
<td>0.3698</td>
<td>0.79545</td>
<td>0.72727</td>
<td>0.44273</td>
</tr>
<tr>
<td>Median</td>
<td>3.16000</td>
<td>0.3300</td>
<td>0.75000</td>
<td>1.00000</td>
<td>0.41000</td>
</tr>
<tr>
<td>Maximum</td>
<td>5.79000</td>
<td>0.6700</td>
<td>1.00000</td>
<td>1.00000</td>
<td>1.06000</td>
</tr>
<tr>
<td>Minimum</td>
<td>1.03000</td>
<td>0.2500</td>
<td>0.50000</td>
<td>0.00000</td>
<td>0.07000</td>
</tr>
</tbody>
</table>

Based on the table above, the institutional ownership variable (X1) obtained a mean result of 3.48 with the maximum value for institutional ownership obtained a result of 5.79 in MEDC coded companies in the period of 2015, while for the minimum value on institutional ownership obtained results of 1.03 for ITMG-coded companies in the 2016 period.

In the independent commissioner variable variable (X2) the mean result is 0.37, for the maximum value on the independent board of commissioners is 0.67 for the TOBA-coded company in the period 2013-2017, while for the minimum value on the independent board of commissioners the results obtained amounted to 0.25 in the ESSA coded company in the period 2013-2016 and in the KKGI coded company in 2013.

The audit committee variable (X3) obtained a mean result of 0.79, for the maximum value on the audit committee obtained a result of 1.00 in ITMG coded companies in the period 2013-2017 and ELSA coded companies in 2013-2015, while for the value of minimum on the board of independent commissioners obtained a result of 0.50 for companies coded INCO in the period of 2014.

In the audit quality variable (X4) obtained a mean result of 0.73 with, for the maximum value on the audit quality obtained results of 1.00 in the company coded ELSA, ESSA, MEDC, INCO, ITMG, MYOH, PTBA, TOBA in the period of 2013 -2017, while for the minimum value on audit quality, the results obtained were 0.00 for companies coded as RUIS, CTTH, KKGI in the 2013-2017 period.

In the tax avoidance variable (Y), a mean result of 0.44 is obtained, for a maximum CETR value indicating low tax avoidance, a result of 1.06 is obtained for CTTH coded companies in the 2013 period, while for a minimum CETR value indicating a high tax avoidance is obtained a result of 0.07 for MEDC coded companies in 2016.

4. Result

1. From the results of hypothesis testing, it is found that partially the institutional ownership variable has a negative and significant effect on a tax avoidance.
2. From the results of research and hypothesis testing, it is found that the independent commissioner has a negative and significant effect on corporate tax avoidance.
3. The audit committee has a significant influence on tax avoidance. But the effect is a negative.
4. Audit quality has a significant effect on a tax avoidance. However, the effect of audit quality on tax avoidance is a negative.
5. From the results of calculations and research, it is found that simultaneously GCG has a significant effect on tax avoidance.

Reference


