Determinants of Tax Avoidance of Public Listed Companies in Indonesia

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Abstract: Current literatures on the factors that effects tax avoidance in corporation produced mix result. Therefore, this study aims to obtain empirical evidence on the influence of ownership structure and corporate governance on tax avoidance and to examine the differences in the tax avoidance before and after-tax amnesty. The population of the study is public listed companies in the Indonesia Stock Exchange for the period of 2012-2017. Data was collected using a purposive sampling method. This study uses multiple regression analysis to investigate determinants of tax avoidance of public listed companies. The results showed that foreign ownership, family ownership and independent directors did not significantly influence tax avoidance. However, the CG-score Index has a significant effect on tax avoidance. The finding also showed there was no difference in the tax avoidance before and after the application of tax amnesty. The result of this study provides more and accurate information including the recognition of permanent and temporary differences that are commonly used as loopholes in tax avoidance action. It can be utilized as input for the Directorate General of Tax (DJP) to evaluate tax regulations, with the hope of increasing taxpayer compliance.

Keywords: Tax Avoidance, Foreign Ownership, Family Ownership, CG-score Index, Board-com

1. Introduction

Tax is considered as one of the potential state revenues. Based on the data obtained from the website of the Ministry of Finance in 2016, the state revenue from the tax sector has reached 74.6%, non-tax state revenue by 15%, receipts from custom and excise by 10.2%, and grants revenue by 0.1%. The dominant tax revenue has resulted in government which tries to optimize the revenue by revising the taxation laws and creating a tax amnesty program for all taxpayers who have not reported their entire wealth nor fulfilled their tax obligations. However, the government’s efforts have not been maximally achieved due to the tax avoidance practices made by the taxpayers.

Tax avoidance is understood as a management action to reduce income tax through tax planning activities, according to Frank, Lynch, and Rego (2009), Chen, Cheng and Shevlin (2010) and Lanis and Richardson, (2011). Finding by Lanis and Richardson (2013) indicated that tax avoidance includes legal tax planning activities which sometimes can lead to gray areas, as well as illegal activities. Tax avoidance practices are still in gray areas, making it an interesting choice and challenging strategy taken by the management. There are several motives in tax avoidance practices, one of which is to improve profitability by reducing income tax expenses. However, not all companies dare to take this strategy. Some of the reasons are related to the risks of significant sanctions or expenses, charges associated with the companies’ image to always ethically do the businesses, uphold good corporate governance, and still similarly assume that tax avoidance is the same as tax evasion. Although not all actions made violate the taxation law, the more gaps used by the company, are considered as tax avoidance.

The relationship between managers and principals in agency theory also creates conflicts of interest (agency conflicts) between managers and principals, each of which is selfish in nature (Armstrong, Blouin & Larcker, 2012). Agency conflict can also occur between majority shareholders and minority shareholders (Mohd Abdullah, Nooraisah, Noor Hanani, & Khalid, 2014). In a company often the majority of shares are owned by one or several owners, and what usually happens to be owned by a family. This majority shareholder has the ability to control the company. This causes the majority of shareholders to control the company to fulfill its interests, including when the company is suspected of tax evasion and is detrimental to the state, then the media expose the news intensively so that it can damage the company's reputation (Chen, Chen, Cheng, & Shevlin, 2010).

According to Anthony and Govindarajan (2009), the agency relationship occurs when the owner as the principal contracts the management as an agent to manage the company. The principal invested capital into the company and has designed a governance system that can maximize its utility. Management receives the
opportunity to maximize its own interests. The difference between the wishes of the principal and the agent is called the agency problem. When a foreign investor has a large proportion of shares, then he has an increasingly greater influence in determining company policy. Therefore, if the company has a high level of foreign ownership, the determination of company policy by foreign parties to minimize the tax burden is also higher. In Indonesia, foreign investors entering every year continue to increase. The government wants foreign investors to enter Indonesia, besides investing their capital, they will also pay taxes in accordance with applicable regulations.

This study uses the CG score index, as a proxy for corporate governance, issued by the Indonesian Institute for Corporate Directors (IICD) as in the Rusydi and Martani study (2014). The results of the calculation of the Indonesian Corporate Governance Scorecard for 2012 - 2017 reported an average performance of corporate governance worth 60.95%, 65.87%, 72.90%, 79.44%, 81.70%, and 82.99%. Therefore, researchers use the dummy variable as a determinant of companies categorized as good governors. A good government category will be given a value of 1 while a bad government will be given a value of 0.

Research about how the board of directors is directly involved in corporate tax planning (Williams, 2007). However, in Australia (and other Western countries), the board of directors have a common law duty of care to establish internal control systems (including tax control systems) within the corporation and to monitor management (Ramsay, 1999; Williams, 2007). The actual level at which corporate tax planning is carried out within the corporation is thus by no means a reason for board of director to ignore their duty of care to shareholders and other stakeholders in the corporation (Williams, 2007). In fact, the board of directors bears the ultimate responsibility for the tax affairs of the corporation and is held accountable for them by shareholders and other stakeholder.

In this study, the measurement of tax avoidance uses book-tax differences (BTD), referring to research (Manzon & Plesko, 2002) calculated from the difference between profit before tax according to accounting income statement and taxable income according to tax income statement, then divided by total assets. In this research, profit before tax according to accounting income statement of the company and taxable income according from the disclosure of tax payable company.

2. Literature Review and Research Hypotheses

Agency Theory

Hendriksen and Van Breda (2000) explained that agency theory, or principal theory is a theory that explains the relationship between principals and agents. In agency theory, the agent does his job for the principal, and the principal gives rewards to the agent. This agency theory is used as a whole theory in this study because the level of tax payments made by companies can be influenced by agency problems. Agency problems arise due to conflicts of interest between the principal as the owner, agent (management) and shareholders of the company because the interests of the owner and agent or shareholders do not always agree. If the owner wants a large number of funds in his company and the company has a large profit, then the manager wants a large profit for minimal company expenses. Whereas shareholders are usually only interested in large returns on shares invested in the company.

The manager will try to make the company's profit look bigger so that the manager's performance in front of the shareholders is good. Thus, the compensation received will increase. However, with high profits, the company will make the tax that must be paid becomes greater. This is certainly not desired by shareholders. Rusydi (2014) states there are differences in interests between the two parties, one side of the manager as an agent wants an increase in compensation, while shareholders want to reduce the tax burden.

Foreign Ownership and Tax Avoidance

Research conducted by (Ibrahim, Hairul, & Siti Normala, 2015) that the higher the level of foreign ownership in a company, the higher the company is to avoid taxes. Another research conducted by (Sung, Woo, Eun, & Sohee, 2016) has resulted from an empirical analysis conducted among 4,585 Korean firms within a period of 2001-2010 found that tax avoidance generally increases among MNCs which are internationally diversified through the possession of overseas subsidiaries. In other words, the research results show a positive relationship between the globally diversified MNCs and corporate tax avoidance due to the use of aggressive tax strategies made by the firms which are appropriate with various countries in expanding their businesses. So, the hypothesis in this study is:
H1: Foreign ownership positively influences on tax avoidance.

**Family Ownership and Tax Avoidance**

The aggressive tax action of the family firm is higher or lower than non-family firms depends on how high the gain or loss was given to a family member who is involved in firm management or managers in non-family firms. Compare to managers in the non-family firm, family owners have larger shares, longer investment periods, and a higher concern to corporate goodwill and reputation (Zuriadah, Noor Lela, Norlia, & Mohd Nazir, 2019).

Research by (Chen. Et al., 2010) conducted to detect whether family companies are more aggressive in their tax actions than non-family companies, shows that for companies listed in the S&P 1500 index (1996-2000 period), family firms have less tax aggressiveness than non-family businesses. This happens because the family owner is willing to pay higher tax costs, rather than paying tax penalties and facing the possibility of damaging the company's reputation after being audited by the tax office. The study is in line with research conducted by Suzanne, Manon, and Anne, (2013); Brune, Thomsen and Watrin (2019) documenting the negative relationship between family ownership and corporate tax avoidance, so the hypothesis in this study is:

H2: Family ownership negatively influences on tax avoidance

**Corporate Governance and Taxation**

Good corporate governance is an interaction between structure and mechanism to ensure the existence of supervision and accountability to reduce the opportunist behavior of managers (Keasey, Thompson & Wright, 1997). With good corporate governance, the company will carry out a tax avoidance strategy, which aims at the owner’s interests so that the company's risk arising from the tax avoidance strategy is lower. This is consistent with agency theory which states that the separation of owner and manager functions can cause conflicts of interest and one way to reduce these conflicts is with good corporate governance.

Research conducted by Desai and Dharmapala (2006), shows the effect of corporate governance on taxes, using company data contained in the S&P Compustat database (1993-2001 period), which concludes the results of a negative influence on corporate governance practices in the relationship between management compensation and tax avoidance action. This result is reinforced by Schon (2008), concluding that corporate governance regulations have been used as a tool by the government to combat tax evasion, so the hypothesis in this study is:

H3: Corporate governance negatively influences on tax avoidance.

**Board composition and Tax Avoidance**

Previous studies have shown that the relationship between independent directors and their effectiveness in tax administration from their accumulated experiences is negative, because the independence of directors has a negative relationship with the potential for tax aggressiveness (Minnick & Noga 2010; Lanis & Richardson 2011). Similar studies note that the presence of a more independent external director is negatively related to the potential for tax aggressiveness and that the existence of an independent board with good corporate governance rules significantly reduces the potential for tax aggressiveness. Lanis and Richardson, (2011). So the hypothesis in this study is:

H4. Board Composition measured by the proportion of outside directors on the board negatively influence on tax avoidance.

**Application of Tax amnesty**

Research by Rusmadi (2017) states that the existence of Tax Amnesty resulted in tax revenue in 2016 increasing by 298.7 trillion from 2015 and the existence of Tax Amnesty resulted in total 2016 tax revenue of 1,539.1 trillion. Research conducted by Citra Ayu, Grace, and Robert, (2017), states that the effectiveness of the average Tax Amnesty Receipts is classified as "Very Effective". The results of his research indicate that tax amnesty has a positive effect on tax compliance. Therefore, it will be tested for differences in tax avoidance periods before and after tax amnesty.

H5 There are differences in the average tax avoidance between before and after the application of tax amnesty.
Determinants of Tax Avoidance of Public Listed Companies in Indonesia

3. Research Method

The samples in this research were entire public companies that are classified in 100 CG rankings of public companies by the Indonesian Institute for Corporate Directorship Within the period of 2012 – 2017. Index data of Corporate Governance was taken from Research Report on Indonesian Corporate Governance Scorecard (IICD), (2012-2017). The company’s financial data was obtained from the BEI website, www.idx.co.id, and corporate ownership data was gathered from ICMD. Data was collected using purposive sampling method for 100 CG rankings, based on the largest market capitalization value of public companies by the Indonesian Institute for Corporate directorship (IICD). The sample selection is shown in table 1.

Table 1. Sample Selection

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The population of companies listing on the IDX that are included in. The CG Score Index by IICD in 2012 – 2017</td>
<td>127</td>
</tr>
<tr>
<td>2</td>
<td>Companies that enter the CG Score Index by IICD for successive years 2012–2017</td>
<td>63</td>
</tr>
<tr>
<td>3</td>
<td>The company suffered a loss</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>The company is only owned by foreign and public</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>The company is only owned by state and foreign</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>The company is only owned by state and family</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>The company is only owned by family and public</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>Tax data are not available in financial statement</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>The number of companies that become research samples</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>The Data of research in 2012 – 2017 (28 companies x 6 years)</td>
<td>168</td>
</tr>
</tbody>
</table>

Model for Ownership Structures and Corporate Governance

Multiple regression testing, to test the influence of foreign ownership, Family ownership, corporate governance Score (CG), Board composition toward aggressive tax avoidance, measured from BTD, with ROA and DER as control variables. The following multiple regression equation:

\[ BTD = \alpha + \beta_1 \text{Foreign}_it + \beta_2 \text{Family}_it + \beta_3 \text{CGSCORE}_it + \beta_4 \text{Boardcom}_it + \beta_5 \text{ROA}_it + \beta_6 \text{DER}_it + \varepsilon_i \]

Notes:
- BTD: Book Tax Different
- \(\alpha\): Intercept / Constant term
- Foreign: Foreign Ownership
- Family: Family Ownership
- CGSCORE: Corporate Governance Score Index
- Boardcom: Board Composition is the proportion of independent directors to the entire board of directors.
- ROA: Return on Asset
- DER: Debt to Equity Ratio
- \(\varepsilon\): Error term
- i: ith firm
- t: tth period

4. Findings and Discussion

Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA_AFTER</td>
<td>56</td>
<td>-0.273</td>
<td>0.051</td>
<td>-0.022</td>
<td>0.052</td>
</tr>
<tr>
<td>TA_BEFORE</td>
<td>112</td>
<td>-0.183</td>
<td>0.13</td>
<td>-0.022</td>
<td>0.048</td>
</tr>
<tr>
<td>Foreign</td>
<td>168</td>
<td>0.16</td>
<td>96.920</td>
<td>36.467</td>
<td>26.708</td>
</tr>
<tr>
<td>Family</td>
<td>168</td>
<td>2.210</td>
<td>83.000</td>
<td>32.461</td>
<td>25.026</td>
</tr>
<tr>
<td>Boardcom</td>
<td>168</td>
<td>0</td>
<td>36.363</td>
<td>13.286</td>
<td>8.359</td>
</tr>
<tr>
<td>ROA</td>
<td>168</td>
<td>0.138</td>
<td>57.718</td>
<td>10.819</td>
<td>13.642</td>
</tr>
<tr>
<td>DER</td>
<td>168</td>
<td>-251.680</td>
<td>1.819.236</td>
<td>344.637</td>
<td>362.832</td>
</tr>
</tbody>
</table>
Base on table 2, 112 companies are in a position before tax amnesty and 56 companies are in a position after tax amnesty. The average value of BTD -0.022 in the position before and after tax amnesty. This means that the average companies included in the index scorecard by IICD has a fiscal profit (tax-based) greater than commercial profit (accounting-based). This indicates that the company is in a position after tax amnesty did not take tax avoidance. BTD has a maximum value of 12.97% and minimum value of -27.29%. The average value of BTD of -22.33% means that the average company included in the index scorecard by IICD has a fiscal profit (tax-based) greater than commercial profit (accounting-based). This indicates that the company did not take tax avoidance.

Foreign ownership has a maximum value of 96.92% and the lowest value of 0.16% The average value of foreign ownership is 36.46% of outstanding shares. Family ownership has a maximum value of 83%, and the lowest value of 2.21%. The average value of family ownership is 32.46% of outstanding shares. The CG score index is an average result of corporate governance performance for companies in Indonesia which is observed based on the largest market capitalization value in 2012 - 2017 by the Indonesian Institute for Corporate Directorship (IICD). Referring to Martani and Sari's study (2010), classifying the CG score index category good and poorly govern, based on the average score-card index per year. Base on table 2, companies classified as good govern (47.6%) tend not to take tax avoidance compared to companies classified as poorly govern (52.4%).

Board-com has a maximum value of 36.36% and the lowest value of 0%. Board-com score is 13.29%, which means the percentage of independent directors of all board directors of companies included in the CG score index by the IICD is an average of 13.29%. ROA is a control variable, has a maximum value of 57.71% and the lowest value of 0.14%. The average value of ROA is 10.82% The greater the value of ROA shows the value of the company's net profit is greater and profitability is higher. DER is a control variable, has a maximum value of 1819.24% and the lowest value of -251.68% The average value of leverage measured from DER shows the average level of funding of companies included in the CG score index by IICD funded by Long-term debt of 344.64% of the company's total assets. Whereas the smaller the value of DER shows that many of the company's funding sources come from the company's owner's capital.

Classical Assumptions

Before the regression analysis is performed, the classical assumptions are tested first, which aims to ensure that the results of the study are valid, with the data used in theory is unbiased, consistent and efficient regression coefficient estimates (Ghazali, 2011).

Normality Test

Table 3A. Result of Normality Test 1

<table>
<thead>
<tr>
<th>Information</th>
<th>Z</th>
<th>Asymp.Sig.(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Sample K-S</td>
<td>0.133</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Base on table 3A, the resulting asymp sig (2-tailed) value is 0.000, it can be concluded that the residual value isn’t normally distributed, so the normality assumption isn’t fulfilled

Table 3B. Result of Normality Test 2

<table>
<thead>
<tr>
<th>Information</th>
<th>Z</th>
<th>Asymp.Sig.(2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Sample K-S</td>
<td>0.106</td>
<td>0.200</td>
</tr>
</tbody>
</table>

Data is normally distributed
To fulfill the classical assumptions, the researcher uses double-log in the regression model by changing the dependent and independent variables in the form of natural logarithms, (Ghazali, 2011), so the normality assumption is fulfilled. Based on Table 3B, the resulting asymptotic significance (2-tailed) value is 0.200, it can be concluded that the residual value is normally distributed.

**Heteroscedasticity Test**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Independent variables</th>
<th>Sig</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>0.105</td>
<td></td>
</tr>
<tr>
<td>Ln_Foreign</td>
<td></td>
<td>0.854</td>
<td></td>
</tr>
<tr>
<td>Ln_Family</td>
<td></td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td>Ln_BTD</td>
<td>Ln_Boardcom</td>
<td>0.0193</td>
<td>There is no heteroscedasticity</td>
</tr>
<tr>
<td></td>
<td>CGscore</td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ln_ROA</td>
<td>0.071</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ln_DER</td>
<td>0.766</td>
<td></td>
</tr>
</tbody>
</table>

**Multicollinearity Test**

Base on Table 5, the significant values for all independent variables are not significant at 0.05, which means there is no multicollinearity.

**Table 5. Result of Multicollinearity Test**

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Collinearity statistic</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ln_Foreign</td>
<td></td>
<td>0.694</td>
<td>1.441</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>Ln_Family</td>
<td></td>
<td>0.381</td>
<td>2.623</td>
<td></td>
</tr>
<tr>
<td>Ln_Boardcom</td>
<td></td>
<td>0.754</td>
<td>1.326</td>
<td></td>
</tr>
<tr>
<td>CGscore</td>
<td></td>
<td>0.274</td>
<td>3.644</td>
<td></td>
</tr>
<tr>
<td>Ln_ROA</td>
<td></td>
<td>0.546</td>
<td>1.832</td>
<td></td>
</tr>
<tr>
<td>Ln_DER</td>
<td></td>
<td>0.448</td>
<td>2.232</td>
<td></td>
</tr>
</tbody>
</table>

**Autocorrelation Test**

**Table 6. Result of Autocorrelation Test**

<table>
<thead>
<tr>
<th>du</th>
<th>dw</th>
<th>4 - du</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.8218</td>
<td>2.149</td>
<td>2.1782</td>
<td>There is no autocorrelation</td>
</tr>
</tbody>
</table>

Base on Table 6, the dw value is 2.149 which is located between the value of the du and 4-du, (1.8218 < 2.149 < 2.1782), so it can be concluded that there is no autocorrelation.

**Multiple Regression Analysis**

**Table 7. Multiple Regression Result**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients B</th>
<th>T statistic</th>
<th>Sig-value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-6.115</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The result of the multiple regression test, obtained the following regression equation:

\[
BTD = -6.115 + 0.073 \text{Foreignit} - 0.555 \text{Familyit} + 0.909 \text{CGSCOREit} - 2.599 \text{Boardcom} + 0.547 \text{ROAit} + 0.087 \text{DERit} + \epsilon_i
\]

Based on table 7, the multiple regression model result, the F-stat value is 0.013, smaller than 0.05. This shows that the research model used in this study is good, so that tax avoidance (BTD) can be explained simultaneously by foreign ownership, family ownership CG-score Index, board-com, ROA and DER, with a 95% confidence level. The value of R square is 0.371 or 37.1%. This value means, the variables used in the model foreign ownership, family ownership, CG score Index, board-com, ROA and DER are able to explain 37.1% of the dependent variable (BTD), and as much as 62.3% is explained by other factors not included in the research model.

**The Effect of Foreign Ownership on Tax Avoidance**

Based on table 7, the foreign ownership shows a significance value of 0.854 > 0.05 with a positive regression coefficient of 0.073, so it can be concluded that the foreign ownership has no significant positive effect on tax avoidance. The results of this study contradict the research (Ibrahim. et al., 2015) and (Sung. et al., 2016), which concluded that foreign ownership has a significant positive effect on tax avoidance, but are consistent with research Irsalina and Agus (2017), which states there is no significant positive effect of foreign ownership on tax avoidance. The results showed there was no effect of foreign ownership on tax avoidance, but showed a positive regression coefficient value, so that it was consistent with agency theory which states that the greater the proportion of shares owned by foreigners in the company, the greater the influence in determining company policy, including in determining policies to minimize the tax burden, thus the level of tax avoidance is high.

**The Effect of Family Ownership on Tax Avoidance**

Based on table 7, the family ownership variable shows a significance value of 0.160> 0.05 with a coefficient -0.555. It can be concluded that the family ownership enhance company to be more compliance to tax regulation. The results contradict with the study by Chen. et al., (2010), Landry et al., (2013) and Brune. et al., (2019) which stated family ownership had a significant effect on tax avoidance negatively. However, the finding consistent with research by Ani and Norlia, (2018), which states there is significant effect of family ownership on tax compliance. The results consistent with agency theory, which states that majority shareholders have the ability to control the company. Therefore, if the majority shareholder is a family, they can control the company to fulfill their interests, including when the company is suspected of tax evasion and is detrimental to the state, then the media will expose the news intensively so that it can damage the company's reputation. So companies with majority family ownership will more tax compliance toward tax regulation.

**The Effect of CG Score on Tax Avoidance**

Based on table 7, the CG-Score variable shows a significance value of 0.008 < 0.05 with a negative regression coefficient of -2.599. So it can be concluded that the CG-Score variable has a negative effect on tax avoidance. Based on table 2, companies classified as good govern (47.6%) tend not to take tax avoidance compared to companies classified as poorly govern (52.4%). The results show that the company has implemented good governance, which will certainly have an impact on the company's operational activities and effective and efficient company performance, for stakeholders including in determining tax policies. The results of this study support research conducted by Keasey. et al., (1997); Desai and Dharmapala (2006); and Schon...
Determinants of Tax Avoidance of Public Listed Companies in Indonesia

(2008), states that corporate governance regulations have become a tool for the authorities to fight tax avoidance by companies, but contrary to the results of research (Syeldila & Niki 2015), which concluded that corporate governance has no effect on tax avoidance.

**The Effect of Board com p on Tax Avoidance**

Base on table 7, the board com variable shows a significance value of 0.193 > 0.05 with a positive regression coefficient of 0.909, so it can be concluded that the board com variable has no significant positive effect on tax avoidance. The results showed a regression coefficient of 0.909 and a significance value of 0.193. This is likely to occur because independent directors do not yet have a balanced role with other affiliated directors. So that it cannot accommodate the interests of the majority, minority, and holders of public understanding. Thus the principles of good corporate governance have not been fully obeyed.

**Differences in the Tax Avoidance between, before and after the Application of Tax Amnesty**

<table>
<thead>
<tr>
<th>Table 8. Paired Samples T-Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paired Samples T-Test</td>
</tr>
<tr>
<td>TA before and TA after</td>
</tr>
</tbody>
</table>

Base on table 8, the different test of TA-Before and TA-After has a significant value of more than 0.05 (0.277 > 0.05). These results indicate that there are no differences in the average tax avoidance between before and after the application of tax amnesty.

The ROA which is a control variable shows a significance value of 0.011 < 0.05 with a positive regression coefficient of 0.547, so it can be concluded that the ROA variable has a positive effect on tax avoidance. The results of this study support the research conducted by (Kurniasih & Sari, 2013).

The DER which is a control variable shows a significance value of 0.766 > 0.05 with a positive regression coefficient of 0.087, so it can be concluded that the DER variable has no significant positive effect on tax avoidance. The results of this study support research by (Aditya & Herkulanus, 2016) and (Dewi & Desi 2018), but do not support research by (Deny & Meita 2016).

**5. Discussion**

The results of this study indicate the number of companies classified as good govern is 47.6%, lower than those classified as poor govern at 52.4%. This shows that companies that avoid tax are still high, but the average value of BTD is negative at 0.022, which means companies that are included in the CG Index do not avoid tax. This happens because people see companies included in the CG Index must meet very stringent requirements, with the ASEAN assessment standard. IICD in preparing an assessment related to taxation aspects, might not consider taxation aspects that are more technical, as evidenced by the average value of BTD is still very low, only by 0.022 or 2.2% of total assets. The results of this study can be used as input for the IICD in making an assessment of taxation so that companies that are included in the CG Index are companies that have actually fulfilled all regulations including government regulations in the taxation field, so that it is expected that state revenue from the tax sector can reach the target determined by the government. In this study to calculate tax avoidance using total BTD, the next researcher can use permanent BTD and temporary BTD, so that tax avoidance is caused by permanent or temporary differences.

**References**


