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The Effect Of Good Corporate Governance Implementation On Tax Avoidance Behavior

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ABSTRACT - *This research is based on the intention to see the extent of the effect of independent commissioners, institutional ownership audit committees, managerial ownership, and the comparison of previous and current year tax avoidance on tax avoidance, and the relationship of good corporate governance to tax avoidance in companies. The occurrence of a phenomenon due to bad corporate governance that has an impact on the trend of tax avoidance that is carried out in a legal way as well as an illegal way is further exacerbated by the COVID-19 pandemic. The independent variable is measured by taking several variables in corporate governance. Tax avoidance is used as the dependent variable and is measured by CETR. The sample was taken by purposive sampling by collecting company data on the IDX totaling 73 from the same businesses in the property and real estate business in 2014-2020. The statistical analysis uses panel data regression analysis with Eviews 10 as the data processing application. The results show that independent commissioners do not significantly affect tax avoidance, the audit committee does not significantly affect tax avoidance, institutional ownership does not significantly affect tax avoidance, managerial ownership significantly affects tax avoidance, tax avoidance in the previous year period significantly affects tax avoidance in the current year period.*

Keywords: *Good Corporate Governance, Independent Commissioner , Audit Committee, Institutional Ownership , Managerial Ownership, Tax Avoidance for the Previous Year and the Current Year.*

ABSTRAK – Tujuan sutdi ini adalah untuk melihat sejauh mana pengaruh komisaris independen, komite audit kepemilikan institusional, kepemilikan manajerial serta perbandingan penghindaran pajak tahun sebelumnya dan tahun berjalan terhadap tax avoidance. Terjadinya fenomena akibat tata kelola perusahaan dilakukan dengan tidak baik sehingga berdampak terjadinya tren penghindaran pajak yang dilakukan dengan sah begitu juga cara tidak sah dan lebih diperburuk adanya pandemic covid -19. Variabel independen diukur dengan mengambil beberapa variabel dalam tata kelola perusahaan. Tax avoidance digunakan sebagai variabel dependen dan diukur dengan CETR. Sampel diambil dengan purposive sampling dengan mengumpulkan data perusahaan di BEI berjumlah 73 perusahaan tahun 2014- 2020. Metode analisis memakai analisis regresi data panel dengan Eviews 10 sebagai aplikasi olah datanya. Berdasarkan interprestasi penelitian ini implikasinya adalah manajemen perusahaan dalam menjalankan pajak tahun berjalannya perlu memperhatikan dan mengevaluasi tax avoidance berdasarkan tahun pajak sebelumnya agar terhindar dari tax audit yang dilakukan pemerintah. Bagi investor sendiri diharapkan dapat menjadi pionir yang taat pajak bagi perusahaan guna membantu negara mendapatkan hasil yang maksimal yang berguna untuk pembangunan dan masyarakat. Hasil penelitian menunjukan komisaris independen tidak signifikan mempengaruhi *tax avoidance*, komite audit tidak signifikan mempengaruhi *tax avoidance*, kepemilikan institusional tidak signifikan mempengaruhi *tax avoidance*, kepemilikan manajerial signifikan negative terhadap *tax avoidance dan tax avoidance* periode tahun sebelumnya signifikan negative mempengaruhi t*ax avoidance* periode tahun berjalan.

Kata Kunci: *Good Coorporate Governance*, Komisaris Independen, Komite Audit, Kepemilikan Institusional, Kepemilikan Manajerial, *Tax Avoidance* tahun sebelumnya dan tahun berjalan.

INTRODUCTION

The main source of state income is currently obtained from taxes originating from large companies, both public and industrial companies. But in practice, most companies that are referred to as corporate taxpayers assume that the tax paid is an expense in the company. There are two types aggressive tax actions carried out by companies, namely "legitimate" (tax avoidance) and "illegitimate" (tax evasion). Tax evasion, such as tax evasion, is an act that is inconsistent with and contrary to applicable law and aims to reduce or eliminate tax costs so that tax evasion is carried out both "legally" by taking advantage of gray areas or gaps in tax regulations for it purpose.

Tax avoidance has not only increased political issues and debates among academics but has become a global community issue for media reports on the problems of tax avoidance practices by several global companies. Tax avoidance is the most aggressive form and phenomenon in today's business world.

Tax avoidance is still very important to study at this time because all countries, especially during a pandemic, really need community involvement in increasing state income from the tax sector. So far, tax revenue has not met the expected target because so many companies are aggressively avoiding taxes and trying to reduce taxes legally. If done successfully, it can increase the company's cash flow and protect the interests of shareholders.

The Covid-19 pandemic that has occurred has made the economy both in the world and also in Indonesia worse off. There is a ban on operating for general and industrial companies as well as other large companies as well as restrictions on activities during the pandemic causing economic losses nationally (Hadiwardoyo et al., n.d.2020). There are several things that are driving factors for the practice of tax avoidance, especially through the new tax regulations that were made during the Covid-19 pandemic as well as the lack of supervision of both individuals and companies on the assistance program provided by the government to quickly make tax avoidance practices through new regulations (Suhaidar et al., 2021)

The cases of PT Adario and PT Bentoel in Indonesia give the perception that tax evasion is being carried out quite aggressively and widely. However, there are still many companies in the business world that pay taxes indirectly. In line with research Thomsen & Watrin, (2018) between the period 2005 to 2016 in the US the average tax effectiveness rate was between 30% - 40%, only ten companies whose effectiveness level was below 20%. Not much different from Maulinda & Fidiana, (2019) The results of his research in the period 2014 to 2017 the effective level of tax is in the range of 30% and 50%. That's the reason why companies always do avoid tax, while other company do not avoid taxes even though there are many opportunities to reduce taxes which can be done with existing regulations. (Dyreng et al., 2019)

Different research from Rego et al., (2017), (Hanlon et al., 2017) argues that the purpose of tax avoidance is carried out to attract shareholders' interest in increasing cash flow. This action is carried out by managers depending on governance in the sense that companies believe themselves to investors that they will receive rewards from their investments. Based on Lestari & Ovami, (2020) *tax avoidance* is a method to reduce industrial tax payments in a way that is not wrong according to tax regulations. Many companies or corporations carry out this tax aggressiveness so that it proves that the company has not fully implemented corporate governance (Reza, 2018).

Tax growth and 5 years tend to increase but fluctuate inversely proportional to the Indonesian economy which tends to be stable, this phenomenon may still be weak in the management of good corporate governance. If the governance is not done well, the company can avoid tax at any time, this causes the tax revenue to fluctuate.

This study relates corporate governance with mechanism of the sctructure inside. It relates of tax avoidance because corporate governance mechanisms with ownership of institutional, independent commissioners, audit committees and managerial ownership are the structure of governance mechanisms that act as elements of supervision over the implementation of company activities. These supervisory variables who carry out their duties professionally, the resulting output can be seen from the results of the report and the implementation of it. The principles of good governance as a result of the output of good corporate governance and it will reduce tax avoidance do by the company.

Researchers are interested in choosing real estate and property in this study because of the phenomenon where relaxation and restrictions on changing real estate regulations and tax changes in 2017 where there was a revision of taxation in the real estate sector (www.ortax.org) could cause real estate companies to take tax avoidance option.

With the explanation of the previous background, the authors formulate a problem to see the effect of good corporate governance on tax avoidance behavior.

Hypothesis Development

The theory that underlies the development of this hypothesis includes: This **Stakeholder Theory** is related to companies having social responsibility which requires companies to consider all parties affected by the actions of management or the company (Kuriah & Asyik, 2016).The company's goal of doing this is to satisfy the company's stakeholders.

Compliance Theory is generally defined as an event or situation in which the taxpayer must fulfill all tax obligations and try to implement his taxation rights (Rahayu, 2017). The reason the researcher uses this theory is because tax compliance is the fulfillment of tax obligations carried out in order to contribute to development for the benefit of the community.

Agency theory is also used in this research. The main principle of this theory explains that there is a working relationship between the authority giver, namely the investor, and the party who is given the authority, namely the manager (Ansari et al., 2019) In his explanation of agency theory, there are conflicts that arise between the owner and management of the company, including:

Good Corporate Governance

Good Coorporate governance is related to the state's trust in companies in carrying out their business activities. In improving accountability, basically there is a control system where all elements can carry out their functions well in the company and pay attention to the stakeholders interest with good governance based on correct business ethical values, so it is hoped that a good control system will be created added value of the company. in the view of stakeholders (Chyz, 2010; Palupi et al., 2020). In practice, there are four things that are adopted in this GCG concept, namely fairness, transparency, accountability, and responsibility so that financial reports are of high quality (Nugroho 2021; López et. al. 2019).

Influence of Independent Commissioner on Tax Avoidance

The role of the board of commissioners has a major role in overseeing management activities both in the formation of the company's articles of association and providing important advice to the directors who run the company's operations. Adoption of the existing two tier system in Indonesia where the separation of the functions of the legal system between directors and commissioners applies CEO duality to avoid conflicts of interest when there is a conflict. Study Winata (2014) Independent commissioners are part of board of commissioners, the higher percentage of independent commissioners means the more independence they have, so that the act of avoiding tax is getting lower. Likewise, on the contrary, the low percentage of independent commissioners owned by the company, also low independence, can trigger high tax avoidance. The independent commissioner serves as a counterweight in terms of increasing the effectiveness of the performance it (Santoso, 2019; Santoso, 2014) . This is in line with the disclosure by Mappadang (2020), Putri dan Nadia (2020) states that independent commissioners have a positive impact on tax avoidance. So it can be concluded:

H1: Independent Commissioner has a positive effect on tax avoidance

The Effect of the Audit Committee on Tax Avoidance.

In financial supervision, an audit committee function is needed, which is part of the board of commissioners by appointing a minimum of 3 members and can also be dismissed and has an understanding of financial reports and principles in internal control (Abdelfattah & Aboud, 2020; Damayanti & Susanto, 2016). The function of the audit committee is to improve the quality and discipline in the preparation of financial reports so as to reduce the occurrence of irregularities in order to increase the effectiveness of the company's internal and external functions.

Research conducted Haryanti (2019) shows that empirically it is proven that there is a negative effect of the audit committee on tax avoidance behavior in businesses listed on the iIndonesia iEfek Exchange. This disclosure is supported by research Marlinda, Titisari, and Masitoh (2020) that empirically the results of their research prove a negative influence of corporate audit committees on tax avoidance, and also this study states that the number of members who have a positive influence on tax avoidance behavior from the two studies above can be concluded the hypothesis:

H2: The Audit Committee has a negative impact on tax avoidance

The Effect of Institutional Ownership on Tax Avoidance

Khurana and Moser (2013) said that the tenure of ownership is very influential on its aggressive tax policy, and the greater the short-term concentration of institutional ownership, the higher the level of tax aggressiveness, the greater the long-term concentration of stakeholders can reduce tax aggressive actions. This research was strengthened by (Mappadang, 2018; Marlinda et al.2020; Nugroho 2021) that the large ownership of the controlling shareholder will improve the quality of good corporate governance. According to Damayanti dan Susanto (2016), if the company has high institutional ownership, this can make the company bolder in minimizing its tax reporting or increasing tax avoidance. In other words, the higher the institutional ownership, the better the governance mechanism in the tax avoidance system. It also results that there is a negative affect ownership of Institutional on *tax avoidance.*

H3: Tax avoidance Institutional ownership has a negative impact on tax avoidance

Influence Managerial Ownership on Tax Avoidance

Managerial share ownership where the manager has rights to the shares owned in the company. Managerial ownership helps unite the interests of owners and managers. The big role in the company that is owned by the managerial in the company's activities has a big influence on company policy making (Bachtiar et al., 2019). Armstrong et al. (2015) explain usually para managers tend to develop harmonious relationships with larger business actors. The large number of shares owned makes managers actively participate in the company to help the interests of shareholders, because there are consequences if there is an error in making decisions. (Jefri & Khoiriyah, 2019) concluded that ownership has a positive effect on tax avoidance. Research (Niandari et al., 2020; Ramdhani et al., 2020) explains that there is a positive effect between managerial ownership and tax avoidance.

H4: Managerial Ownership has a positive impact on tax avoidance

Effect of the previous period's tax avoidance on the current period's tax avoidance

Careful testing is needed to see the relationship between last year's company do the tax avoidance and the current year, carried out in certain situations Thomsen dan Watrin (2018). If the previous year's company do the tax avoidance behavior affected the current year's tax avoidance behavior and it was carried out continuously or continuously, the tax avoidance policy or the behavior of tax avoidance will affect the current year's tax avoidance. (De Simone et al., 2020). Jamei (2017) explained that it previous year's had a positive effect on the current year's tax avoidance.

H5: The previous year's tax avoidance policy had a positive effect on the current year's on action of *tax avoidance*

RESEARCH METHODS

Population and Data Collection Techniques

Panel data regression with analysis method using in this study. In order to determine the effect of independent variables to obtain the desired hypothesis. This type of research uses quantitative research with an emphasis on numerical analysis processed by statistical and sources data (indirect data) by collecting annual reports from property and real estate companies listed on the Indonesia Stock Exchange in 2014-2020. The scale used in this study is the ratio scale on the independent commissioner variable (X1), the ordinal scale on the audit committee variable (X2), the institutional ownership ratio scale (X3), the ratio scale on managerial ownership, the ratio scale on the tax avoidance variable for the previous year. on tax avoidance for the current year (X5) and the ratio scale on the dependent variable (Y).

Independent Variable (X)

The independent variable is the independent variable which affects or causes changes in the appearance of the dependent variable with several measures:

Independent Commissioner (X1)

The tool used to measure this variable is using formula below:

$$KI_{it} = \frac{Number\ of\ Independent\ Commissioners_{it}}{Numbers\ of\ Members\ of\ the\ board\ of\ commissioners\ _{it}}$$

Audit Committee (X2)

The measurement of the audit committee uses a dummy variable with the provision that if the audit committee consists of 3 people, it has a value of 1, if less than 3 people, it gets a value of 0. The board of commissioners has the obligation to appoint and dismiss the audit committee and as the appointed party is responsible to the party who appointed it. Several qualifications that must be possessed as an audit committee are intelligence and being neutral in taking sides (Pohan, 2019)

Institutional Ownership (X3)

Aggressive policies emerge where it is influenced by the size of the institutional ownership shares owned in the company(Khurana & Moser, 2013). Shares owned by institutional ownership serve as a control tool in financial statements (Damayanti & Susanto, 2016). Stitutional ownership can be measured by:

$$KIns_{it} = \frac{Number\ of\ shares\ owned\ by\ institution_{it}}{Number\ of\ shares\ outstanding\ _{it}}$$

Managerial ownership (X4)

It is estimated that the interests of shareholders are good by the commissioners, managers can be aligned if there is managerial ownership in the company because every policy taken, managers will share the risk due to losses when making wrong decisions (Hlaing, 2012). his study uses managerial ownership can be measured as follows:

$$KMnjr_{it} = \frac{Number\ of\ \ sharesmanagement\ \ of commissioners\ _{it}}{Number\ of\ shares\ \ outstanding_{it}}$$

Previous year's tax avoidance (X5)

The previous year's tax avoidance used the previous year's CETR indicator (cash effective tax rate)

CETRi is able to identify the level of aggressiveness of the company's tax planning by using temporary differences and fixed differences (Edwards et al., 2020) with the following formula.

$$CETR_{it-1} = \frac{Cash\ \ tax\ paid_{it-1}}{Pre - tax\ Income_{it-1}}$$

Dependent Variable (Y)
The variable dependent in this study using Tax Avoidance and the proxy for measure is Cash Effective Tax Rate (CETR) for the current year, which is how to expect capture of tax avoidance phenomenon that occurs. CETR is expected to be able to identify aggressive tax planning, using temporary differences and fixed differences with the following formula:

$$CETR_{it} = \frac{Cash\ tax\ paid_{it}}{Pre - tax\ Income_{it}}$$

Data Analysis Techniques
The data analysis technique used in this study is panel data regression analysis. Testing this data using software Eviews (10). The panel data created is a combination of cross section data and cross time data where data is obtained from time to time on the number of individuals, while the data obtained for time series is collected from time to time against an individual.
The formula used in this analysis is to see the effect of the dependent variable on the independent variable, then the formula used is

$$\mathbf{Y_{it} = \alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_{5\ (it-t)} +€}$$

Notes:
Y_{it} : Tax Avoidance in the current year
α : Constant
B : Regression coefficient
X1 : Independent Commissioner
X2 : Audit Committee
X3 : Institutional Ownership
X4 : Managerial ownership
$X_{5(t-1)}$: Tax Avoidance (previous year)
ε : *Standard Error*

RESULTS AND DISCUSSION

Descriptive statistical analysis in this study is to display the number of samples (N), the average sample used (mean), the maximum value, the minimum value obtained and the standard deviation for each variable**.**

Table 1
Descriptive Statistical Data Test

	Mean	Max	Min	Std. Dev.
(Y)	0.004	0.283	-1.162	0.188
(X1)	0.398	0.667	0.235	0.085
(X2)	2.980	4.000	2.000	0.415
(X3)	0.673	1.000	0.078	0.223
(X4)	0.016	0.594	0.000	0.046
(X5)	0.046	0.488	-1.148	0.166

Data source: Eviews 10

The results of descriptive analysis using the Cash Effective model for measuring tax avoidance, where the results show a mean value of 0.004, a maximum value of 0.283 and a minimum of 1.162. The standard deviation of 0.188 is greater than the average which indicates a very high CETR for the year. There are considerable differences between the companies that are the object of the CETR-related studies. The results of the descriptive analysis for independent commissioners have a mean value of 0398, a maximum value of 667 and a minimum of 0.235, a standard deviation of 0.085 (<mean value). The audit committee obtained a mean of 2,980, a maximum of 4 and a minimum of 2, with a standard deviation of 0.415 (<2.080) indicating the low variability of the sample data used. Institutional ownership shows a mean of 0.673, a maximum value of 1 and a minimum of 0.078, a standard deviation of 0.223 (<0.673) there is no difference in institutional ownership that is sampled in this study. Managerial ownership has a mean of 0.016 with a maximum of 0.594 and a minimum of 0.00, standard deviation 0.046 (>0.016) indicates the large number of managerial ownership shares used in the sample in this study. Tax Avoidance in the previous year with the CETR indicator in the previous year obtained a mean result of 0.046, the highest score of 0.488 and a minimum of -1.148. The result of a standard deviation of 0.166 (> 0.046) indicates that there is a significant difference in the previous year's CETR between the companies sampled in this study.

The panel data analysis method used the F data test method and the Chow test with the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM) as the models and it was seen which model was used in this study. From the three models above, the results of the FEM model are the most appropriate in this study.

Tabel 2
Metode Fixed Effect (FEM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.895	0.413	2.167	0.033
X1	-0.174	0.251	-0.69	0.488
X2	-0.150	0.081	-1.86	0.066
X3	-0.458	0.291	-1.576	0.118
X4	-3.150	0.488	-6.449	0.000
X5	-0.336	0.119	-2.815	0.006

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.594	Mean dependent var	0.004
Adjusted R-squared	0.503	S.D. dependent var	0.188
S.E. of regression	0.132	Akaike info criterion	-1.033

Sum squared resid	1.494	Schwarz criterion	Log-likelihood
Log likelihood	74.256	Hannan-Quinn criteria.	-0.828
F-statistic	6.549	Durbin-Watson stat	2.262
Prob(F-statistic)	0.000000		

Source: Eviews 10

The estimation results obtained that the coefficient of simultaneous influence (adjusted R-Suared) is 0.503 (50.3%) with a probability of 0.00. The probability of less than 0.05 indicates that tax avoidance (Y) is at least influenced by one of the independent variables, namely the independent commissioner (X1), audit committee (X2), institutional ownership (X3), managerial ownership (X4), and tax avoidance in previous (X5) or in other words, one of these independent variables affects Y by 50.3%, the rest is from external factors.

Hausman test

Hausman test was conducted to determine the random effect method to determine which method of the REM and FEM models should be used in the modeling of the hypothesis. H0: The model follows REM, H1: The model follows FEM

Table 3
Uji Hausman

Test Summary	Chi-Sq.	Chi-Sq. d.f.	Prob.
Cross-section random	26.404	5	0.0001

Data source: Eviews 10

The test results are significant (P-Value 0.000 is 5% smaller so that H0 is rejected and H1 is accepted.

Assumption Test.
Autocorrelation Test

This autocorrelation test is used in this study to determine the extent to which the correlation of variables is predicted to change over time

Table 4
Autocorrelation Test

F-statistic	0.492	Prob. F (2,97)	0.612
Obs*R-squared	1.055	Prob. Chi-Square (2)	0.590

Source: Eviews 10

The autocorrelation test results obtained from testing this hypothesis are as follows:

a. H_0 = no serial correlation (serial correlation)
   H_1 = There is a serial correlation (serial correlation)
b. If p value Obs*R-sqare< α (0.05), then Ho is rejected If p value Obs*R-sqare > α (0.05), then Ho is accepted
c. The results show the value of p value Obs*R-square 0.590> α, it's mean Ho is accepted.
d. Auto korelasi

Heteroscedasticity Test

The heteroscedasticity test aims to test whether the linear regression model has variance inequality.

Table 5
Heteroscedasticity Test

F-statistic	2.747	Prob. F(5,99)	0.023
Obs*R-squared	12.794	Prob. Chi-S (5)	0.025
Scaled exp. SS	18.071	Prob. Chi-S (5)	0.003

Source: Eviews 10

a. The results of the Heteroscedasticity Hypothesis testing show as follows: H0 = no heteroscedasticity, H1 = no heteroscedasticity
b. If p value Obs*R-square < (0.05), Ho is rejected if p value Obs*R0sqare> (0.05) , Ho is accepted

The results show the p value Obs*R-square 0.254 < (0.05) then Ho is rejected, meaning that there is heteroscedasticity in the regression model. Because there is heteroscedasticity in the model, the weighting method chosen is Cross-section Weigh

F Uji test

The F test was conducted to see whether the independent variables together have a relationship that affects the dependent variable. The value of the F test is 23.45 with a p value of 0.00 (<0.01) so it can be concluded that the independent commissioner (X1), audit committee (X2), institutional ownership (X3), managerial ownership (X4) and tax avoidance in the previous year and tax avoidance in the previous year. X5 can be used as a predictor of tax avoidance (Y).

Table 6
F Uji test

Variable	Coeff.	Std. Error	t-Statistic	Prob.
C	0.895	0.413	2.167	0.033
X1	-0.175	0.250	-0.696	0.487
X2	-0.150	0.080	-1.860	0.066
X3	-0.458	0.290	-1.576	0.118
X4	-3.150	0.488	-6.449	0.000
X5	-0.336	0.119	-2.815	0.006

Effects Specification
Cross-section fixed (dummy variables)

R-squared	0.594	Mean dependent var	0.004
Adjusted R-squared	0.503	S.D. dependent var	0.188
S.E. of regression	0.132	Akaike info criterion	-1.033
Sum squared resid	1.494	Schwarz criterion	Log-likelihood
Log likelihood	74.256	Hannan-Quinn criteria.	-0.828
F-statistic	6.549	Durbin-Watson stat	2.262
Prob(F-statistic)	0.000		

Source: Eviews 10

The Ad R value of 0.503 can be interpreted as the ability of independent commissioners (X1), audit committee (X2), institutional ownership (X3), managerial ownership (X4), previous year's tax avoidance (X5) affects tax avoidance (Y) by 50% and another factor outside model is 50%.

Partial Hypothesis Test

The partial hypothesis test (t-test) was used to test the partial effect on the relationship between the independent variable and the dependent variable. The results of this test show that there are 2 variables, namely managerial ownership (X4) and previous year's tax avoidance (X5) proven to significantly affect tax avoidance (Y) for the current year, while independent commissioners (X1), audit committee (X2) institutional ownership (X1) X3) does not significantly affect tax avoidance

Y = 0.895 - 0.175*X1 - 0.150*X2 - 0.458*X3 - 3.150*X4 - 0.336*X5

Table 7
Partial Hypothesis Test

Variable	Coeff.	T-value	Sig.	summary
X1	-0.174	-0.696	0.487	Ho accepted
X2	-0.150	-1.860	0.066	Ho accepted
X3	-0.458	-1.576	0.118	Ho accepted
X4	-3.150	-6.449	0.000	Ho unaccept.
X5	-0.336	-2.815	0.006	Ho unaccept.

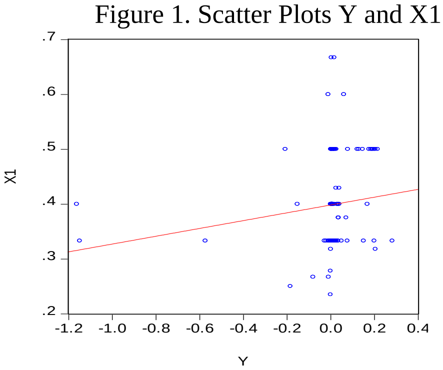
Source: Eviews 10

Discussion

Independent Commissioner does not significantly affect on Tax Avoidance

The results of this analysis show a negative coefficient value - 0.174 with a sig of 0.478. So there is no strong evidence to reject the null hypothesis (Ho is accepted). This proves that the independent of commissioner has not significant affect tax avoidance. It is most likely due to the fact that in practice the presence of an independent commissioner in the company does not sufficiently influence the policies taken and carried out by the company's management, because the commissioner is only a formality of fulfilling the requirements for the benefit of the Indonesia Stock Exchange. (IDX) which states that a publicly listed company must have at least 30% independent commissioners in the company. This indicates that the number of commissioners from management is more dominant than the number of commissioners taken from outside the company, resulting in the ineffectiveness of the independent commissioner's duties in terms of monitoring management performance, including in terms of making tax policy decisions. This is in line with previous research conducted Turyatini, (2017) where the independent commissioner is not proven to have a significant effect on tax avoidance because the supervisory function and authority of the independent commissioner have not been running well. This scotter plot display shows that increasing the number of independent commissioners will reduce tax avoidance.

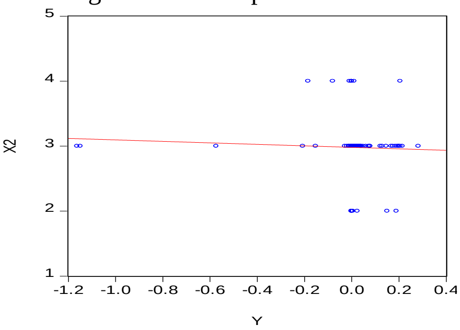
Figure 1. Scatter Plots Y and X1



The Audit Committee does not significantly affect on Tax Avoidance.

The results of the analysis show a negative coefficient value of 0.174 with a sign of 0.066 (> 0.05) so there is no strong evidence to reject the null hypothesis (ho is accepted). Testing this hypothesis shows that the number of members of the audit committee in charge of monitoring the preparation of financial statements has not been able to guarantee that the audit committee can completely prevent the management from committing fraud, especially in carrying out tax aggressiveness. The effectiveness of the audit committee is not sufficiently represented by the number of members but also by consideration of the competence, experience and adequate knowledge of each member of the audit committee. The results of this study are supported by other studies which explain that the audit committee has a negative effect on tax avoidance (Oktamawati, 2017) in this study explains because the audit committee has not fully carried out its duties effectively both based on personnel and capabilities so that it does not affect the policy decisions carried out by the company's management. As shown in the scatter plot Y in X1 shows the relation variables is not linear even though a negative trend line has been formed towards tax avoidance. The point spread outside the horizontal line of increase in the audit committee is not in line with tax avoidance, in other words, the audit committee is not proven to significantly affect tax avoidance.

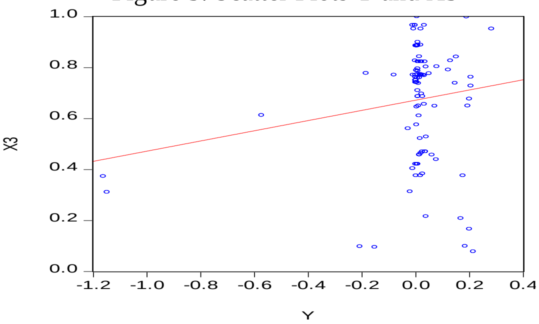
Figure 2. Scatter-plot Y and X2



Institutional Ownership does not significantly affect on Tax Avoidance

The results of the analysis show a negative coefficient value of -0.458 with a sig of 0.188 (>0.05) so that there is no strong evidence to reject the null hypothesis (Ho is accepted). In other words, the results of the analysis of institutional ownership are not proven to significantly affect tax avoidance. In general, it is assumed that the presence of institutional investors can cause changes in the behavior of the company's procedures. But the question "Do all institutional owners have the same incentive to monitor the company's accounting procedures?" hence institutional ownership research needs to divide into two groups of passive shareholders and active shareholders, and the relationship between different types of ownership and tax avoidance procedures is more effectively detectable.

Figure 3. Scatter Plots Y and X3

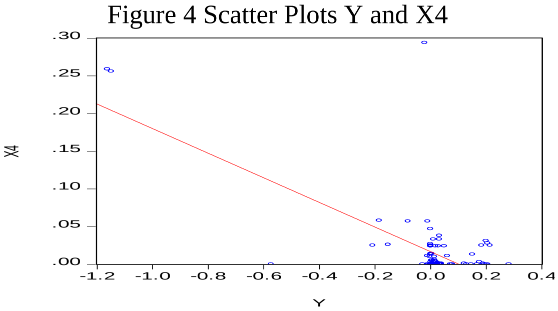


The results of the scatter plot graph have no linear relationship between X3 and Y, where the upward trend at the tax avoidance point (Y) is not followed by an increasing trend in institutional ownership (X3. This does not indicate a linear relationship between Y and X3 and this is the reason why the relationship between the two this variable is not significant.

Managerial Ownership significantly negatively affects on Tax Avoidance

The results of the analysis show a negative coefficient value of -3.150 with sig 0.00 (<0.05) so that there is strong evidence to reject the null hypothesis (Ho is rejected). In other words, managerial ownership is proven to affect tax avoidance. There are indications that if management or managers have share ownership, it will definitely affect to policy of company's funding decisions. Managers are trying to issue policies that encourage companies to pay small taxes so that companies have excess cash flow to carry out company development. The management as executor of the company also does not want there to be tax risk in the future because as management, they must be responsible for their actions as executor of the company. So that tax avoidance actions must be minimized to mitigate risk. Management tends to be more active in prioritizing the interests of shareholders because if there is a wrong decision the manager will also bear the consequences.

Figure 4 Scatter Plots Y and X4

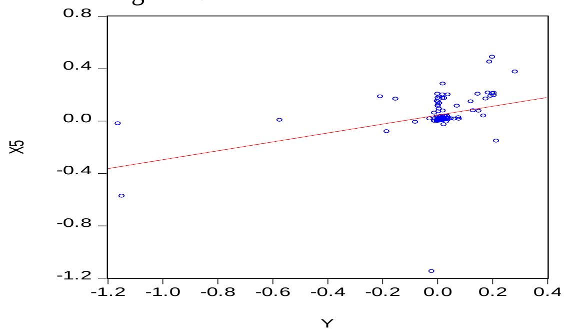


The results of the scatter plot graph indicate a linear relationship between X4 and Y, where an increase in tax avoidance (Y) is followed by an increasing trend in managerial ownership (X4). The points that spread close to the regression line of the scatter plot graph also indicate a linear relationship between X4 and Y, where the upward trend in tax avoidance (Y) is followed by an increasing trend in managerial ownership. The point that spreads close to the regression line shows that X3 and Y have a linear relationship so that it is one of the reasons why the relationship between these two variables is significant.

Tax Avoidance of the previous period significantly negatively affected the current period's on tax avoidance

The analysis results show a negative coefficient value of -0.336 with sig 0.00 (<0.05) so that there is strong evidence to reject null (Ho is rejected). In other words, it is proven that the previous period's tax avoidance was proven to significantly affect the current period's tax avoidance. The negative relationship between tax avoidance in the previous year indicates that high tax avoidance in the past can be a negative signal for the company, so that in the next period the company tries to improve tax avoidance in order to avoid tax audit problems carried out by the government in taxation.

Figure 5. Scatter Plots Y and X5



Conclusion

The results obtained can be concluded: 1) Independent of Commissioner does not significantly affect tax avoidance. The increase in the variable then reduces tax avoidance with an indication that the influence of commissioners is non-linear depending on additional variables such as the company's economic condition. 2) The Audit Committee is not proven to significantly affect tax avoidance. 3) Institutional ownership does not significantly affect tax avoidance. It is assumed that the presence of institutional investors can cause changes in the behavior of company management, but whether passive and active institutional shareholders have incentives to monitor the company's accounting procedures, ownership type relationships, and tax avoidance procedures effectively can be detected. 4) Managerial ownership significantly negatively affects tax avoidance. 5) Tax Avoidance of the previous year significantly negatively affected the tax avoidance of the current year. This is proven by the negative relationship the previous year being a signal to the company to improve tax avoidance in the current year in order to avoid the government's tax audit in taxation.

Implication

This study are expected to have implications for stakeholders, among others, managers are given the opportunity to be involved in funding so that the company is managed more carefully because if it is mismanaged the managers will also bear the risk. Investors are required to be tax-abiding pioneers for companies, thus the state also gets maximum results for development

Research Limitations

The limitation of this study is that the sample used is limited to property and real estate companies on the IDX where the numbers are few and less varied so that the results are not representative for all businesses in Indonesia. The variables of this study are only 5 variables where the results have not been able to represent the assessment of tax avoidance perfectly.

Suggestion

Based on the conclusions and limitations above, this study provides suggestions for further research: 1) Suggestions for future researchers to expand the number of samples used by using several business/company sectors on the IDX so that they are better able to describe tax avoidance practices that occur in Indonesia. 2) Further researchers should add research samples and add variables such as leverage, firm size so that they can describe the actual tax avoidance action. 3) It is recommended that the observation period for further research be extended.

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