TAX AVOIDANCE IS INFLUENCED BY GOOD CORPORATE GOVERNANCE FACTORS (EMPIRICAL STUDY ON LQ-45 COMPANIES RECORDED ON THE INDONESIA STOCK TRADE FOR THE PERIOD 2018-2019)

R. Wedi Rusmawan Kusumah¹, Meko Nanda Tejakesuma², Bella Intan Sarah Soraya³
¹,²,³Widyatama University, Bandung, Indonesia
¹Corresponding Email: wedi.rusmawan@widyatama.ac.id

ABSTRACT

In Indonesia, tax is a very important element to sustain the economy of a country's budget revenues. The government really expects tax compliance with the individual tax community or corporate tax. This disclosure shows interactions for good corporate governance (represented by the audit committee and audit quality, executive compensation, company size, executive character, organizational ownership, the ratio of the supervisory board) and transfer pricing to corporate tax avoidance. Tax avoidance is the dependent variable. Variables are Reward Executive, Character Executive, Measure Firm, Ownership, ratio of members of the board of supervisors, audit committee and Statement Audit. The survey method includes observing auxiliary data in the form of reports annual and audited financial of statements in listed companies LQ 45. Indonesia Stock Trade 2018-2019. By using the judgment sampling method companies that meet the criteria multiple linear regression analysis (SPSS). The results show that the audit committee has a negative impact on tax avoidance, so it can be concluded whether the audit committee will continue to evade tax. In addition, executive compensation, the nature of the executive, the size of the company, the ownership of the institution and the board of directors, and the quality of audits also do not help reduce tax avoidance.

Keywords: Good corporate governance, independent commissioners, audit committees, audit quality and tax avoidance

I. INTRODUCTION

In Indonesia, taxes is very important for sustain economy of the country's revenue. In Indonesia, tax revenue accounts for the highest proportion of all other sources of income. Therefore, tax is Indonesia's main source of income. This tax is mandatory. If each person or party cannot fulfill their tax obligations without taking advantage of the tax obligations, they are obliged to repay debts and fines. In the context of the Indonesian government, various regulations have been made to prevent avoidance tax. One of these regulations is, for example, related to transfer pricing, namely regarding the application of fairness and business normality principles in transactions between taxpayers and parties who have a special relationship (Perdirjen No. PER-32/PJ/2011). Trans national transfer pricing is regarded as an international tax strategy and management used by multinational companies (MNCs) to maximize profits and minimize taxes in one or more countries/regions where companies do business (Huizinga and Laeven, 2008; Borkowski, 2010; Plesner Rossing and Rohde, 2010).

In the opinion of a taxpayer who is willing to pay taxes, he has no choice but to comply with these rules. When the tax amount is high, taxpayers will take various measures to improve tax efficiency, such as tax avoidance, which will lead to lower state taxes. According to Fadhilah (2014), attitudes towards avoidance of tax it’s divide in acceptable avoidance tax and not acceptable avoidance tax. Really hopes that there will be tax compliance with the individual tax community or corporate tax.

This disclosure shows the relationship between good corporate governance (from Reward Executive, leadership, Measure Firm, Ownership, board shares, committee of audit, and Statement Audit) and tax transfer rates. The company's evasive action.
Reward Executive is a compensation of financial consisting of stocks, options of stock, salaries, and extra payment, and it is awarded based on the performance of the company's employees. Previous research has shown that executive compensation can influence avoidance tax. A study by Rego and Wilson (2012) found that there is a positive correlation between salary and avoidance tax. This research measures the components of executive compensation based on stocks and stock options that motivate managers and shareholders avoid taxes to increase the company's assets.

Tax avoidance is usually carried out through guidelines adopted by senior management. Top management tends to take more risks in making decisions in business processes. The type of management or senior management have extremely impact in company avoidance of tax (Budiman & Setiyono, 2012).

One of the indicators that determines investor confidence in a company is the size of the company the larger the company, the more likely the public is to learn about it, which makes it easier for the public to obtain information about the company and persuade it to invest. It can be used to measure the characteristics of a company, and it can also be used to detect avoidance tax in measure firm company in the company's total assets also affects the company's ability to evade tax (Sartori, 2008). Institutional ownership refers to the part of the ownership of shares held by insurance companies, banks or any institutions at end year (Simarmata & Cahyonowati, 2014).

Indonesia have a two-board system is implemented the limited management liability companies (directors and commissioner both which have responsibilities and powers based on trust. However, both of them have full responsibility for maintaining In the long run the company, so the board of directors and the board of directors must equally perceive the company's vision, mission and values (KNKG, 2006).

The board of commissioner is divided into independent members and non-independent members. Independent members are not affiliated, while non independent members of commissioner are affiliated (Fadhilah, 2014). Affiliated parties is that have business and family relationships and shareholders control, direction and board commissioner (KNKG, 2006).

The committee audit it is structure specifically responsible for the management of the board of directors. A listed company must have an audit committee that can perform its duties independently. The members of the committee audit are pointed and removed by directors. Specialist (BAPEPAM-LK, 2012). Audit committee is for makes sure the company acts and conducts business in accordance with laws and regulations. ethically, controls conflict of interest and fraud committed by company employees.

Important elements of CG are transparency that information stakeholders can use. Transparency can be measured by quality of audit, it’s mean measure government accounting, government accounting in the major countries is more reliable terms of published audit reports, which occur in the field, and especially in the trust of the wider public in Indonesia.

The formulation of the research problem is "Does Good Corporate Governance and Transfer Pricing affect tax avoidance which is a proxy for the current ETR (Effective Tax Rate)" The purpose is for test research empirical on rewards executive, the nature of executives, company size, institutional responsibilities, board members, commission ratio, audit committee and audit quality whether partly or at the same time affect avoidance tax. This is the ETR method.

II. LITERATURE REVIEW

Agency Theory

Eisenhardt (1989) uses three basic human nature assumptions to explain agency theory, namely: (1) humans are generally self-interested (2) humans have restricted thinking power concerning future perceptions (bounded rationality), and (3) humans invariably avoid risk (risk averse). based mostly on the idea of human nature, the manager as a human is likely to act in his own interests. It creates a conflict of interest between the client and the agent.

Principals have an interest in maximizing their profits, while agents have an interest in maximizing meet their economic and psychological needs.
Agency relationships are described by what happens when one or more people (company executives) employ other people (agents) to provide services and allow the company to make decisions. Agency theory assumes that everyone has a selfish attitude. And a selfish character. Based on the face. Agent conflict can affect the active tax system (Zemzem and Ftohui, 2013). When agent interests differ and the customer has an active tax avoidance policy, the agent may run into problems. The reason is that management wants to increase compensation at the expense of higher returns, while other shareholders want to reduce compensation tax costs through lower profits.

**Good Corporate Governance**

Winarsih Indonesia in Corporate Governance (IICG) by Winarsih et al. (2014) defines CG as the structures, processed and systematic used by companies in process for providing long-term sustainable added value to the company, and taking into account other related interests based on standards, ethics, culture, and the rules of the owner's interest. Good corporate governance is good corporate governance based on professional business ethics. Determining CG is one for implementing rules CG to regulating the relationships, interests and function of variety parts of the enterprise.

The definition of corporate governance according to the Indonesian Institute of Corporate Governance is as follows:

"It is a series of mechanisms that direct and control a company so that the company's operations run according to the expectations of the stakeholders"

In KEPMEN BUMN No. KEP-117 // M-MBU / 2002 dated July 31, 2002 in article 1a, Good The processes and structures used by the internal company in improving business performance and corporate responsibility in order to create long-term shareholder value, while still paying attention to the interests of other stakeholders who have the basis of laws and regulations and moral values are corporate governance. well as in article 1d, stakeholders are parties who have an interest in BUMN, either directly or indirectly, namely shareholders / capital owners, commissioners / supervisory boards, directors and employees as well as the government, creditors and other interested parties.

**Good Corporate Governance**

**Reward executive**

An agency relationship is agreement under which one or more people (clients) hire other people (agents) to perform certain services on their (clients) behalf, which means that certain decision-making powers are delegated to the agent. Interest is generated by creating appropriate incentives for agents and charging monitoring fees to limit their deviant behaviors. There are some differences between the decisions of agents and those that maximize the welfare of managers (Michael C. Jensen and William. Meckling, 1976).

**Character executive**

Leaders are people who set organizational goals, Managers focus on how the organization achieves these goals. According to the responsibilities of the business person in charge, managers have two characteristics: risk avoidance and risk avoidance. They want more revenue, occupation, affluence and competency (Maccrimon and Wehrung in Budiman & Setiyono, 2012). Compared with risk-averse people, characteristics of avoid risk leaders are more focused on making decisions that do not increase risk. They take risks be more likely to act on avoidance tax.

In Judi Budiman (2012) states that in carrying out their duties as head of a company, a leaders have two qualities: those who are prone to taking risks and those who are risk averse. (Low, 2006). Executives who have a risk taker character are executives who are more courageous in making business decisions and usually have a strong incentive to have a higher income, position, welfare, and authority (Maccrimon and Wehrung, 1990).

Executives who have a risk taker character do not hesitate to make financing from debt (Lewellen, 2003), this is done so that the company grows faster. In contrast to risk takers, the executives who avoid risk are executives who tend to dislike risk and thus lack courage in making business decisions. The risk averse executive if he gets an opportunity, he will choose a lower risk (Low, 2006). Usually, risk averse executives are older, have long held positions, and have a dependency with the company (Maccrimon and Wehrung, 1990). Compared to risk takers, risk averse executives Focus more on solutions that do not lead to increased risk.
Measure firm
Measure firm is measure that classified according to size of firm (Fidhani in Andhika, 2010). This are usually divided into two categories: large companies and small companies. These assets show maturity level when the company good in cash flow for a relatively long period of time. The bigger firm, it’s more likely it is take avoidance tax measures.

Ownership
Ownership is the parts of shares in firm by major institution shareholders at end of the year (Wahyudi & Pawestri in Simarmata & Cahyonowati, 2014) the company. Ownership institutional has a significant impact on corporate governance and supervision, because it can better control avoidance tax. Financial policies of institutional owners (Zemzem and Ftukhi, 2013).

The proportion of the board of commissioners
According to shareholders, law enforcement officers are at the highest level. A chief Commissioners plays part in companies’ administration because corporate contains a legality duty to center corporate undertakings on chief commissioners along with setting company achievements, developing exhaustive policies, also selecting top level staff to carry out the goals and policies. The Board of Commissioners as a company manager is collectively capable for managing and investigating management implementation to make sure that the company is running worth it also protecting shareholder benefits. The Board of Commissioners also gives information to chief will guarantees that Company actualizes Great Corporate Administration (KNKG, 2006).

Audit committee
Committee Audit is composed of commissioners; its functions are accountable to the commissioners. Its members can be composed of specialists and/or experts from outside the company. The members of the committee audit are pointed and removed by directors (BAPEPAML, 2012). A listed corporation must have a committee of audit that can perform its duties independently.

Committee Audit must consist more than three persons, one company independent and serves the chief of the committee audit (BAPEPAM-LK, 2012). The obligations of chief guarantor that the company works in accordance with the law and control. in the field of administration is the field of administration. a way to keep auditors independent and management not to collusion with the aim of reducing tax avoidance management must form an audit committee (Watts and Zimmerman, 1983).

Statement audit
Greater the corporate, the more complex the contained accounts within company's reports financial statement, so that independent auditor is qualified required to review (Watts and Zimmerman, 1983). Review of quality audit it’s measure by intermediary from the work book audit external. The big Four audit dependable appearing genuine esteem of the corporate and will controlled corporate tax assess. Transparency of financial statements is critical component of great corporate administration related to tax assessment that must be important information to shareholders.

Avoidance of Tax
Taxes are a transfer of resources from the private sector to the government sector, not due to violations of law and are implemented and based on predetermined provisions, without getting direct and proportional compensation, so that the government can carry out its duties to run the government (Sommerfield Anderson, and Brock: Directorate of State Budget Preparation, 2014).

Legal tax avoidance on the grounds that they still use methods that do not violate the applicable taxation provisions, and the methods are used to take advantage of the weaknesses contained in taxation regulations. but there are 2 opinions regarding tax avoidance, namely some allow and some prohibit because tax avoidance is still detrimental to the state (Pohan, 2013).

The definition of tax avoidance according to Dyreng at all is as follows:
"Tax avoidance is a form of activity that has an impact on tax payment obligations. Tax avoidance is usually done by exploiting the weaknesses of tax laws and not violating tax laws"
The definition of tax avoidance According to Robert H Anderson (2010: 147):
"Tax avoidance is a form of treatment to reduce taxes in which there are provisions of taxation legislation and can be accounted for by means of tax planning”.

Based on some of the definitions in conclusion, tax avoidance is a behavior that has an impact on tax responsibility by staying within the tax provisions without violating predetermined tax collection procedures. The procedure is carried out by abusing the weakness assessing taxes the law and reducing the amount of tax fees that must be paid transactions that are not burdened with tax burdens.

The hypothesis in research study is:

- H-1: Reward Executive has a determinate effect on avoidance tax be evidence by the CETR.
- H-2: Character Executive has a determinate effect on avoidance tax be evidence by CETR.
- H-3: Measure Firm has a determinate effect on avoidance tax be evidence by CETR.
- H-4: Ownership has a determinate effect on avoidance tax be evidence by the CETR.
- H-5: The proportion of the Board of Commissioners has a positive effect on tax avoidance, which be evidence by the CETR.
- H-6: Committee Audit has a determinate effect on avoidance tax be evidence by the CETR.
- H-7: Statement Audit has a positive determinate on tax avoidance be evidence by the CETR.

![Fig 1. Framework](image)

### III. RESEARCH METHODS

The populace in this research about were all companies within the LQ45 stock list in Indonesia which were recorded on the Indonesia Stock Trade in 2018-2019. Company is required to publish a complete 2018-2019 audited annual report consisting of a comprehensive income, a statement of financial position, a cash flow statement, statement, a report on changes in equity, notes to financial statements. The variable dependent in this study is measure the avoidance tax method, namely the CETR, where the CETR is a measured of the size of tax avoidance in a company ETR is measure by the tax currently paid by the firm in accordance with the tax regulations on income taxable. compared to current tax profit (profit before tax).

According to Hanlon and Heitzman (2010) on how to measured CETR:

[(www.turkjphysiotherrehabil.org)](http://www.turkjphysiotherrehabil.org)
While the independent variables are Reward Executive, Compensation Executive, Measure Firm, the chief of Commissioners, institutional ownership, the committee audit, and audit statement. Top management compensation is measure by salaries and more receive benefit by top management during year.

Character of top management measure utilizing risk chance that a company has (Paligrova in Budiman & Setiyono, 2012). To degree risk utilizing standard deviation, EBITDA (Tax, Depreciation, Earning Before Interest, Tax, Depreciation and Amortizations divided by the company's general of assets. Character Executive is a variable dummy, where a corporate that has a deviation standard exceeds value for average standard deviation of all companies, it’s will give a values for decision making who is a taker risk. Corporate have a deviation standard less than the average deviation standards of all companies will give value of 0, which represents risk averse (Hanafi and Harto, 2014).

Company estimate is calculated utilizing the normal logarithm (LN) of add up to resources. The bigger the company's assets, the greater the manager's tax avoidance.

Institutional proprietorship is the extent of offers possessed by organization proprietors and shareholders at the conclusion of the year which is measured as a percentage. Institutional ownership is proxied by the total shares of the institution divided by the total outstanding share capital.

In this research, the measurement of the commissioner variable use percentage director independent on commissioners chief of the total number at composition chief of direction sample company. Committee audit members is used to measure of GCG. Audit statement is a dummy variable. If sample company is audited by a firm accounting public, then The Big Four firm accounting public will be given value 1, and if company is not audited by The Big Four firm accounting public will be given a value of 0.

According to Simarmata (2014), there are problems or limitations that arise from calculations based on the GAAP ETR model, including:

a. “GAAP ETR is only based on data for 1 period, where there is a possibility of variations in the annual ETR. This can lead to habits in calculating and tax avoidance behavior by companies.

b. Tax Expense is the amount of deferred tax expense which illustrates the amount of future taxes as a consequence of temporary different. Therefore, GAAP ETR cannot reflect corporate tax avoidance.”

In this study, the data collection technique used was secondary data observation in the form of annual reports, as well as audited financial statements of LQ 45 companies listed on the Indonesia Stock Exchange in 2018-2019. Data is from company Exchange's at www.idx.co.id. The sample selection is a criteria:

Listed on the IDX before Dec 31, 2018 and was not delisted during the period Dec 31, 2018 to Dec 31, 2019;

LQ 45 liquid index published reports 31 Dec 2018 - 2019;

Company more complete needed namely compensation costs, EBITDA, totally assets, the shares proportion institution owned, shares issued number, commissioners direction and firms audit;

Corporate of commissioners and audit committee for the period 2018 - 2019; Corporate Rupiah and dollars;

Company positive profit before and after tax for the period 2018 - 2019;

The firm has a CETR value above 0.

IV. ANALYSIS REGRESSION MULTIPLE

Analysis Regression Multiple is examining two or more independent variables Regression is for testing the hypothesis:

\[
ETR = b_0 + b_1\text{Compenta} + b_2\text{Characters} + b_3\text{INST} + b_4\text{Size} + b_5\text{Tpfb} + b_6\text{AC} + b_7\text{SAOD} + \varepsilon
\]

- ETR: CETR
- b0: constant
- b1,2,3,4,5,6,7: coefficient
- Compensation: Reward Executive (X-1)
- Characters: Executive Characters (X-2)
- INST: Institutional Ownership (X-3)
- Size: Company Size (X-4)
- TPFB: The Board of Commissioners (X-5)
- AC: Committee Audit (X-6)
- SAOD: Statement Audit t (X-7)
- \( \epsilon \): residual errors in Domain Analysis and Taxonomic Analysis

V. RESULTS AND DISCUSSION

Table 1.

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CETR</td>
<td>74</td>
<td>0.00000</td>
<td>1.11299</td>
<td>.26284072</td>
<td>.186520054</td>
</tr>
<tr>
<td>KOMPENSAASI EKSEKITIF</td>
<td>74</td>
<td>0.00000</td>
<td>4.26590</td>
<td>.43107051</td>
<td>.080525424</td>
</tr>
<tr>
<td>KARAKTER EKSEKITIF</td>
<td>74</td>
<td>0.01005</td>
<td>1.26672</td>
<td>.21723912</td>
<td>.258720777</td>
</tr>
<tr>
<td>KEPEMILIKAN INSTITUSIONAL</td>
<td>74</td>
<td>341.1684</td>
<td>4.03325</td>
<td>2.41284133</td>
<td>1.017625400</td>
</tr>
<tr>
<td>UKURAN PERUSAHAAN</td>
<td>74</td>
<td>20.53037</td>
<td>34.687149</td>
<td>31.15605719</td>
<td>2.667322776</td>
</tr>
<tr>
<td>DEVAN KOMISARIS</td>
<td>74</td>
<td>3</td>
<td>11</td>
<td>6.30</td>
<td>1.756</td>
</tr>
<tr>
<td>KOMITE AUDIT</td>
<td>74</td>
<td>2</td>
<td>8</td>
<td>3.84</td>
<td>1.324</td>
</tr>
<tr>
<td>KUALITAS AUDIT</td>
<td>74</td>
<td>0</td>
<td>1</td>
<td>81</td>
<td>.394</td>
</tr>
<tr>
<td>Valid N (Listwise)</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Pooling

This research is a series of times in which the researcher studies the sample over a period of time. The research period is 2018 and 2019. The results of the pooling test have a significant value which has a value above 0.05 then it passes pooling research model so that combined to data.

Assumption Test

Table 2. Normality Test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>74</td>
</tr>
<tr>
<td>Normal Parameters</td>
<td>Mean .000000</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation .14570341</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute 112</td>
</tr>
<tr>
<td></td>
<td>Positive 112</td>
</tr>
<tr>
<td></td>
<td>Negative .085</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>112</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.029^c</td>
</tr>
</tbody>
</table>

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

Normality
Data of normality its significance in the Kolmogorov-Smirnov sample .023 probability value <\( \alpha = .05 \) then rejects H0, in Table 2.

**Autocorrelation**

Autocorrelation is 1.8343 du < d < 4-du so that has an autocorrelation problem (rejects H0).

<table>
<thead>
<tr>
<th>Table 3.1. Autocorrelation Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), KUALITAS AUDIT, KOMITE AUDIT, KARAKTER EKSEKUTIF, KOMPENSAWI EKSEKUTIF, KEPEMILIKAN INSTITUSIONAL, DEWAN KOMISARIS, UKURAN PERUSAHAAN

b. Dependent Variable: CETR

It is necessary to do the Cochrane Orcutt test because there are problems in the autocorrelation test, namely by looking for the Rho autocorrelation coefficient (p) and found the Rho value of .258.

<table>
<thead>
<tr>
<th>Table 3.2 Orcutt Cochrane Autocorrelation Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors (Constant), Lag_X1, Lag_X2, Lag_X3, Lag_X4

b. Dependent Variable: Lag_Y

**Multicollinearity**

Multicollinearity show that all VIFs <10 and all tolerance values are ≥ .10.

<table>
<thead>
<tr>
<th>Table 4. Multicollinearity Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: CETR

**Heteroscedasticity**

The Heteroscedasticity was carried out assessing distribution dots and did not collect. Table 5 show that there are no symptoms of heteroscedasticity.

<table>
<thead>
<tr>
<th>Table 5. Heteroscedasticity Test</th>
</tr>
</thead>
</table>
Regression Multiple Analysis

Regression equation in this studies:

$$ETR = -.126 + 1.117Komp + .058Kareks + .008INST + .11Size - .027INDP - .16KOM + .250KA$$

Regression equation has value constant .126 which current ETR 12.6% if independent variables are 0. This power of variable affecting shows in table 6.

Table 6. Linear Multiple Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.126</td>
<td>-.443</td>
<td>.659</td>
</tr>
<tr>
<td></td>
<td>KOMPENSASI EKSEKUTIF</td>
<td>1.117</td>
<td>.482</td>
<td>4.747</td>
</tr>
<tr>
<td></td>
<td>KARAKTER EKSEKUTIF</td>
<td>.058</td>
<td>.081</td>
<td>.755</td>
</tr>
<tr>
<td></td>
<td>KEPEMILIKAN INSTITUSIONAL</td>
<td>.008</td>
<td>.045</td>
<td>.386</td>
</tr>
<tr>
<td></td>
<td>UKURAN PERUSAHAAN</td>
<td>.011</td>
<td>.163</td>
<td>1.261</td>
</tr>
<tr>
<td></td>
<td>DEWAN KOMISARIS</td>
<td>-.027</td>
<td>-.263</td>
<td>-2.227</td>
</tr>
<tr>
<td></td>
<td>KOMITE AUDIT</td>
<td>-.016</td>
<td>-.117</td>
<td>-1.021</td>
</tr>
<tr>
<td></td>
<td>KUALITAS AUDIT</td>
<td>.250</td>
<td>.529</td>
<td>4.937</td>
</tr>
</tbody>
</table>

a. Dependent Variable: CETR

Determination Coefficient Test (R2)

The value is .370, means that 37% of avoidance tax as variable of Reward Executive, Character Executive, Measure Firm, Ownership, The proportion of the Board of Commissioners, Audit Committee, and Statement Audit. The remaining 63% is by other variables outside of this study.

Table 7. Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.68a</td>
<td>.470</td>
<td>.302</td>
<td>.14710</td>
<td>310</td>
<td>5.448</td>
<td>7</td>
<td>65</td>
<td>.000</td>
<td>1.836</td>
</tr>
</tbody>
</table>

a. Previous (Constant), Lag_Y, Lag_X7, Lag_X5, Lag_X1, Lag_X2, Lag_X3, Lag_X5, Lag_X4

b. Dependent Variable: Lag_Y
Statistical F

The significance value in Table 8 shows a significance level of 0. <.05. The indicate have a significant effect on the dependent variable so that H0 is rejected.

Table 8. F test statistics

| Model | Sum of Squares | df | Mean Square | F     | Sig.  
|-------|----------------|----|-------------|-------|-------|  
| 1     | Regression     | .990| 7           | .141  | 6.021 | .000  
|       | Residual       | 1.550| 56          | .023  |       |       
|       | Total          | 2.540| 73          |       |       |       |

a. Dependent Variable: CETR

b. Predictors: (Constant), KUALITAS AUDIT, KOMITE AUDIT, KARAKTER EKSEKUTIF, KOMPENSI ASI EKSEKUTIF, KEPEMILIKAN INSTITUSIONAL, DEWAN KOMISARIS, UKURAN PERUSAHAAN

T Test Statistics

The T Statistic shows results the level of the variable independent. Interpretation coefficient the variable used nonstandard coefficients. Description t Statistical T:

From the data obtained, there is a value of .126, which means that the value of .126 is a zero independent variable.

The results of the research hypothesis:

H1: Reward Executive has positive results for ETR proxy tax avoidance.

The t statistical test shows a coefficient of 1.117 with a significance value of .000 <α = .05. This suggests that the Reward of Executive has sufficient evidence of the effect avoidance tax.

H2: Character Executive has a positive for ETR proxy tax avoidance.

The t statistical test shows a coefficient of .058. This has an impact on tax avoidance which is 5.8% higher than risk aversion. This shows a significance value of .453 > α = .05

H3: Measure Firm has a positive for ETR proxy tax avoidance.
The t statistical test shows a coefficient of .011 value significance .205 > α = .05. This shows that company size does not have sufficient facts about the effects of tax avoidance.

H4: Ownership has a positive for ETR proxy tax avoidance.

The t statistical test shows a coefficient of .008 value significance .701 > α = .05. The above shows that institutional ownership does not exist sufficient fact of avoidance tax.

H5: The proportion of the Board of Commissioners a positive for ETR proxy tax avoidance.

The t statistical test shows a coefficient of .027 value significance .029 < α = .05. The above shows that the board of commissioners rejects H0, the board of commissioners has an effect on avoidance tax.

H6: Audit Committee negative for ETR proxy tax avoidance.

The t statistical test shows a coefficient of .016 value significance .311 > α = .05. The above shows committee audit accepts H0, committee audit negative effect on avoidance tax.

H7: Statement Audit positive effect for ETR proxy tax avoidance.

The t statistical test shows a coefficient of .250 value significance of .000 <α = .05. The above shows audit state accepts H0, audit statement has a negative effect on avoidance tax quite influential in avoidance tax.

VI. CONCLUSION

Result concludes that committee audit negative effect on avoidance tax it can be concluded whether or not the audit committee will still occur avoidance tax. Furthermore, other variable as well as audit statement have no effect on reducing avoidance tax which is not the same as related hypothesis.

For further research, the authors reveal several suggestions:

1. Investors need to watch always to avoidance tax so that they can look risk their investments. Investors should put emphasis on good corporate governance to get reports of actual investments.
2. The government is required narrower regulations tax to reduce the tax loophole which is difficult increasingly.
3. Research next

- To increase the study longer time 5 years, the data is still incomplete for the 3-year sample in the 2020 report because the audited financial report has not been published.
- Use other variables a proxy for tax avoidance, for example the Book Tax Difference.
- Performed testing with a sample of LQ 45 for 5 years.

REFERENCES