JURNAL
Riset Akuntansi dan Keuangan Indonesia
URL : http://journals.ums.ac.id/index.php/reaksi/index

The Effect of Financial Distress, Good Corporate Governance, and Institutional Ownership on Tax Avoidance (Empirical Study of Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2016-2019 Period)

Fauzan, Pingkhan Mutia Dewi Arsanti, Ilham Nuryana Fatchan
Accounting Study Program, Faculty of Economics and Business, Universitas Muhammadiyah Surakarta
@gmail.com

Keywords:
financial distress, managerial ownership, size of the board of directors, size of the independent board of commissioners, audit committee, institutional ownership, tax avoidance.

ABSTRACT

This study aims to provide empirical evidence about the effect of financial distress, good corporate governance and institutional ownership on tax avoidance in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2016-2019 period. This research was designed using quantitative research. The data used in this study were obtained from the website www.idx.co.id and the company's financial statements. The sampling technique used purposive sampling and obtained a sample of 60 data samples during the 4-year observation period. After the data experienced outliers as much as 10 data so that the total sample studied decreased to 50 data. The collected sample data were analyzed using the SPSS version 25 program using the classical assumption test, then hypothesis testing was carried out using the multiple linear regression analysis method, and statistical test analysis. The results of these tests indicated that research with managerial ownership variables, board of director size and institutional ownership had a significant effect on tax avoidance. Meanwhile, the financial distress variable, the size of the independent board of commissioners and the audit committee had no significant effect on tax avoidance.

p-ISSN:1411-6510
e-ISSN :2541-6111

INTRODUCTION

Taxes are the main source of Indonesia's income. Most of the funding for development and public transport are gained from taxes. Taxes can be used to slow down inflation, encourage export activities, and provide protection for domestically produced goods. The use of taxes is to balance the conditions and economic conditions in Indonesia. The Indonesian government uses state taxes as an intermediary for people's welfare.

The pivotal role of taxes for the welfare of the state and its people encourages the government to seek to increase state revenues from the tax sector (Syuhada et al, 2019). Taxpayers in Indonesia can be divided into two categories, namely individual and corporate taxpayers. For taxpayers, taxes are a manifestation of the service in which the roles of taxpayers are to contribute to the realization of service and to improving national development. The tax collection is an important phenomenon and is the focus of the government that must be managed properly. The implementation of tax collection by the government does not always gain a good response from the company. Companies will always try to pay taxes as low as possible because taxes will reduce the company's income or net profit. Meanwhile, the government itself wants the highest possible tax payments to finance the administration of government (Darmawan and Sukartha, 2014).

Taxes play an important role in supporting a country's financial independence. Taxes also contribute significantly to the country's development in the fields of education, health, industry, and so on. Therefore, tax regulations must be applied in such way to be able to carry out tax obligations in accordance with applicable regulations. Viewed from the industry point of view, taxpayers should pay in accordance with applicable rules and appropriate accounting principles so that tax avoidance does not violate the tax rules applicable in the government and the state. There are different interests between the government and companies as taxpayers. For the state, taxes are a source of revenue to finance the administration of government, while for companies, taxes are a burden that will reduce the net profit generated by the company. This makes the companies tend to look for ways to reduce the amount of tax payments, both legally and illegally.

According to Suandy (2001), the strategy that can be done to save taxes which still comply with tax regulations (legal) is tax avoidance. Companies is subjected to understand tax regulations if they want to practice tax avoidance. Tax avoidance is carried out by taking advantage of tax loopholes that are profitable for the company so that it is still considered legal and does not violate existing tax provisions. Tax avoidance is one way of tax management to minimize tax payments from the nominal that it should be, but it is done legally by taking advantage of loopholes in taxation law (Santoso and Ning, 2013). Many companies are concerned with maximizing profits so that many companies apply efficiency to tax costs. In general, tax avoidance is associated with tax planning. Tax planning is a process which taxpayers attempt to find ways to minimize the amount of their tax debt, both income tax (PPh) and other tax expenses so that they can be paid at the minimum possible price. This can occur if there is an opportunity that can be exploited because of the weakness of tax regulations which leads to resistance to taxes. The phenomenon of differences in interests between taxpayers and the government as well as the average tax ratio that has not yet reached the target may indicate a fairly large tax avoidance activity, so that Indonesia's state tax revenue is still not optimal. Apart from being required to pay taxes as an obligation, publicly listed companies in Indonesia are also required to implement good corporate governance. Corporate governance that explains the relationship between owners and managers of the company in determining the direction of the company's performance is called corporate governance (Annisa and Kurniasih, 2012). Taxpayers who obey the tax regulations applied in Indonesia are the ideal conditions expected by the Indonesian government. In addition to carrying out their obligations properly and precisely, taxpayers also play an active role in increasing state revenues. However, not all taxpayers carry out their obligations according to the applicable tax rules in Indonesia. There are also entrepreneurs or individuals in companies who attempt to do tax avoidance.

One of the other factors that leads the company to take tax avoidance is because the company is in Financial Distress condition. Financial distress experienced by the company is caused by the decline in the company's economic activities. One of the

aspects that shows the importance of the financial statements analysis of a company is to predict the continuity or viability of the company. Prediction of continuity is very important for management and company owners to anticipate the possibility of bankruptcy. Considering whether the company is in financial distress condition can avoid the risk of bankruptcy. If the risk of bankruptcy is quite high, the company will inevitably aggressively carry out tax avoidance practices and ignore the risk of audits carried out by the tax authorities. The problems of a company's financial difficulties can occur for various reasons such as experiencing continuous losses, unsold sales, natural disasters that cause the company's assets to be damaged, the company's poor management system, and the country's unstable economic system which trigger a financial crisis. According to Richardson et al. (2015), there are several implications for corporate tax regulations when the company is experiencing financial difficulties, for instance, the increased cost of capital and reduced external financial sources (debt, loans) faced by companies in crisis and the desire of managers to take risks that can restore the balance of the company through tax avoidance. Companies experiencing financial difficulties generally experience a decline in growth, profitability, and fixed assets.

Nuraeni (2019) argues that agency problems are mostly influenced by insider ownership which is the owner and manager of a company. The greater the insider ownership, the smaller the difference between shareholders and company managers because managers will also bear the consequences of the decisions taken (Demsey and Laber, 1993). An increase in share ownership by the company's managerial will reduce the tendency of tax avoidance in the company. Share ownership by managers will affect the decisions that will be taken in determining the fate of the company.

The board of directors is a central role in corporate governance. The function of the board of directors is as a representative of the board of commissioners in corporate governance (Indonesian Corporate Governance Forum, 2002). Irawan and Farahmita (2012) argue that the board of directors can influence the practice of corporate tax avoidance.

The Board of Commissioners has a role in supervising the company to ensure that Corporate Governance is properly carried out. The more independent commissioners, the tighter management supervision will be. This is because the management generally has an opportunistic nature (Indonesian Corporate Governance Forum, 2002).

Tax avoidance is usually carried out in accordance with the interests of shareholders, and is usually done to increase company profits. Shareholders set the high expectation for managers and other executives as agents in the company to be able to reduce the company's tax expense. The audit committee as a part of the managerial has a significant influence in determining company policies (Rizky, 2015). Companies that have an audit committee will be more responsible and open in presenting their financial statements. This is because the audit committee will oversee all activities that occur in the company.

Institutional ownership is ownership of company shares by financial institutions such as insurance companies, banks, pension funds, and investment banking (Veronica and Utama, 2005). The existence of ownership by financial institutions will encourage an increase in more optimal supervision of management performance, because share ownership represents a source of power that is used to support the existence of management. Arifani (2012) asserts that the managerial share ownership structure is measured as the percentage of ordinary shares and stock options owned by directors and employees. The larger the managerial share ownership in the company, the more active the management in the interests of shareholders because management will also bear the consequences if there is a wrong decision.

This research was conducted on consumer goods industrial sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2019 period. The consumer goods industry company was chosen because this company has a wide market share and is a supporter of the needs of the community. In addition, companies in the consumer goods industry are companies that require large funds or capital for their production processes so that they are vulnerable to financial distress and there are cases of tax evasion involving consumer goods industrial companies.

p-ISSN:1411-6510
e-ISSN:2541-6111

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The Effect of Financial Distress on Tax Avoidance

Companies involving in financial distress will try their best by making use of existing but safe ways to make the company keep going in accordance with the agreed contract. In addition, the company will attempt to make the company look good despite the financial distress. Companies trapped in financial distress have the potential to manipulate their accounting policies with the aim of temporarily increasing operating income to pay off their debts, or to manipulate their ability to pay debts to creditors (Frank et al., 2009).

Financial distress occurs due to poor company performance. Companies experiencing financial distress will immediately take actions to respond to the occurrence by stopping operations or factories, reducing the amount of production, and even doing tax avoidance (Khairani and Valensia, 2019).

Putri and Chariri (2017) find that financial distress has a positive effect on tax avoidance. When companies are in financial distress, they are forced to take big risks in tax avoidance because income is increasingly critical. Therefore, companies prefer to manipulate accounting policies and do tax avoidance.

Research conducted by Lanis, Richardson and Taylor (2015) showed that financial distress had a positive effect on tax avoidance, companies experiencing financial distress showed an increase in the cost of capital, fall-off in credit ratings, and an increase in the managers' tendency to take more risks to do more tax avoidance. The greater the company's involvement in financial distress, the greater the company will carry out tax avoidance. ETR is a measurement tool of tax avoidance, where ETR and tax avoidance have the best relationship. The lower the ETR value, the more aggressive the tax avoidance actions taken by the company.

This statement is in line with the research conducted by Hartoto (2018) which found that financial distress had a positive effect on tax avoidance. Based on the aforementioned explanation, the following hypothesis can be formulated:
H_1: Financial Distress affects Tax Avoidance

The Effect of Managerial Ownership on Tax Avoidance

Managerial ownership is the level of ownership of company shares owned by management so that management has the same position as shareholders. The role of managerial ownership is to supervise the performance of management as a shareholder and to manage the company as a manager.

Another study conducted by Pramudito and Sari (2015) showed that managerial ownership negatively affected tax avoidance. The amount of share ownership by managerial can reduce the company's tendency to do tax avoidance. The bigger the percentage of shares ownership in the company, the smaller the company's involvement in tax avoidance. ETR is a measure of tax avoidance, that ETR and tax avoidance have an inverse relationship. The lower the ETR value, the more aggressive the tax avoidance action by the company.

This statement is in line with the research conducted by Putri and Lawita (2019) which revealed that managerial ownership had a significant effect on tax avoidance. Based on the explanation above, the following hypothesis can be formulated:
H_2: Managerial Ownership has an effect on Tax Avoidance

The Effect of Board of Directors Size on Tax Avoidance

The board of directors is a central role in corporate governance. The function of the board of directors is as a representative of the board of commissioners in corporate governance (Forum Corporate Governance Indonesia, 2002). The greater the proportion of the board of directors in a company, the higher the competence to achieve good corporate governance. In agency theory, it is stated that good corporate governance is demanded to reduce potential conflicts of interest between related parties.

This is stated in the research conducted by Irawan and Farahmita (2012) that the greater the total members on the board of directors, the higher the level of competition that occurs between directors. Therefore, there is an expectation of better corporate governance. The board of directors is considered to suppress the rate of tax avoidance due to the better supervision carried out by the

board of directors. Thus, the possibility of fraud committed by the management will be smaller. The board of directors has the authority to provide policies that must be carried out by the management as the manager of the company, and management will take actions that could be a fraud either for the sake of the company or solely for personal interests such as motivation for bonuses and rewards due to good performance results. ETR is a measure of tax avoidance, where ETR and tax avoidance have an inverse relationship in which the lower the ETR value, the more aggressive the tax avoidance action by the company. Therefore, the larger the portion of the board of directors in the company, the smaller the company involved in Tax Avoidance.

This statement is in line with research conducted by Saputra, et al, 2020 which revealed that the size of the board of directors had a positive effect on tax avoidance. Based on the explanation above, the following hypothesis can be formulated:
H_3: The size of the Board of Directors affects Tax Avoidance

The Effect of Independent Board of Commissioners Size on Tax Avoidance

The difference between the board of commissioners is that the board of commissioners comes from outside the company and has no direct affiliation with the company. The board of commissioners is expected to play an effective role in early detection of fraud in the company's activities. In agency theory, it is stated that a board of commissioners is formed which is the confidant of the shareholder to reduce information asymmetry. Therefore, the board of commissioners has an important role in determining tax management. The independent board of commissioners is assigned the task of maintaining management not to conflict with the applicable law or the rules in carrying out its activities. It can be said that independent commissioners represent the interests of minority shareholders, or public shareholders. Public shareholders tend to comply with tax regulations, because they expect companies to participate in development for the community. Due to the responsibility for the interests of public shareholders, independent commissioners will fight for corporate tax compliance, thereby preventing tax avoidance practices (Puspita and Harto 2014).

This statement is in line with research conducted by (Oktavia, et al, 2020) which showed that the size of the independent board of commissioners had no effect on tax avoidance. Based on the explanation above, the following hypothesis can be formulated:
H_4: The size of the Board of Independent Commissioners has no effect on Tax Avoidance

The Effect of the Audit Committee on Tax Avoidance

The audit committee has become a common component in the corporate governance structure of public companies. Public companies are increasingly demanding transparency in financial statements. A good level of transparency also has an impact on investors' interest to invest or share in the company (Winata 2014). Based on the agency theory, the agency problem exists due to information asymmetry. To meet the principles, the audit committee must work optimally. ETR is a measure of tax avoidance, where ETR and tax avoidance have an inverse relationship, in which the lower the ETR value, the more aggressive the tax avoidance action by the company.

The practice of the audit committee in a company can minimize fraud in the financial statements carried out by the management. Companies that own an audit committee enable them to provide effective control of financial statements and to support the existence of corporate governance in a company. As a result, it can be assumed in this study that companies that carry out corporate governance have a very small possibility of avoiding tax because they have good supervision and control within the company. This statement is in line with the research conducted by Saputra and Asyik (2017) mentioning that the audit committee had a negative effect on tax avoidance. Based on the explanation above, the following hypothesis can be formulated:
H_5: The Audit Committee has an effect on Tax Avoidance

The Effect of Institutional Ownership on Tax Avoidance

Based on the agency theory, it is stated that the relationship between shareholders and management shows that the higher the shares owned

p-ISSN:1411-6510
e-ISSN :2541-6111

by institutional parties, the higher the supervision of management behavior in a company. So, it is expected that they are able to avoid tax avoidance practices due to the high supervison. Previous research conducted by Maharani and Suardana (2014) showed that institutional ownership had a negative effect on Tax Avoidance. Just like managerial ownership, the greater the institutional share ownership, the smaller the company in Tax Avoidance. The greater the share ownership in a company, the tighter the supervision of managers. It aims to reduce the probability of tax avoidance. This statement is in line with research conducted by Nuraeni (2019) mentioning that institutional ownership had an effect on tax avoidance. Based on the explanation above, the following hypothesis can be formulated:

H_6: Institutional Ownership affects Tax Avoidance

METHOD

Population and sample

The population in this study was the financial statements of the Consumer Goods Industry Manufacturing Companies listed on the Indonesia Stock Exchange for the 2016-2019 period. The sampling technique used in this study was the purposive sampling method, namely collecting information with certain considerations (Indriantoro and Supomo, 2002:131) and meeting the required characteristics. The technique is aimed to obtain a representative sample according to the specified criteria. The sample criteria that must be met are as follows:

1. Manufacturing Companies in the Consumer Goods Industry Sector listed on the Indonesia Stock Exchange for the 2016-2019 period.
2. Manufacturing Companies in the Consumer Goods Industry Sector that publish annual reports during the observation period from 2016-2019.
3. Manufacturing Companies in the Consumer Goods Industry Sector that publish financial reports stated in rupiah and end on December 31 during the observation period.
4. Manufacturing Companies in the Consumer Goods Industry Sector that have complete data required in this study.
5. Manufacturing Companies in the Consumer Goods Industry Sector experienced a profit for 2016-2019.

This study used secondary data. The research data were obtained through the official website of the Indonesia Stock Exchange (IDX) in 2016-2019.

Variable

a. *Tax Avoidance*

Tax avoidance is an action legally taken by an institution or company by using a relevant tax strategy. Measurement of tax avoidance in this study was calculated using the Effective Tax Rate (ETR) formula. According to Hanlon and Heinztman (2010), the ETR approach is able to describe tax avoidance that comes from the impact of temporary differences and provides a comprehensive overview of changes in tax expense because it represents current tax and deferred tax. Based on the previous research conducted by Vivi (2016), measurements were carried out using the formula:

$$ETR = \frac{Income\ Tax\ Expense}{Profit\ before\ tax}$$

b. *Financial Distress*

Financial Distress (financial difficulties) is a condition experienced by the company. In this study, the measurement of financial distress using the Altman Z-Score formula is as follows:

$$Z=1.2A + 1.4B +3.3C +0.6D + 1E$$

Note:
A = Current Assets-Current Debt/Total Assets
B = Retained Earnings/ Total Assets
C = Profit before tax/ Total Assets
D = Number of shares x Price per share/ Total debt
E = Sales/ Total Assets

In the Altman Z-Score, the potential for bankruptcy will be reflected in the Z score. If the Z value is 2.99, then the company is in the safe zone, which is free from distress. If the value is $1.81 \leq Z < 2.99$, it means that the company is in the gray zone. Meanwhile, if the Z value < 1.81, then the company is in the distress zone.

c. Managerial ownership

Managerial ownership is a situation where the manager is the owner of the company's shares as well as the shareholder of the company (Christiawan and Tarigan 2017). In this study, managerial ownership

was measured by the research of Sabli and Noor (2013) with the formula:

$$KM = \frac{Total\ Manager's\ Share}{Total\ Outstanding\ Shares}$$

d. Board of Directors Size

The board of directors is a central role in corporate governance. The function of the board of directors is as a representative of the board of commissioners in corporate governance (Forum Corporate Governance Indonesia, 2002). In this study, the calculations used to calculate the size of the board of directors were taken based on research conducted by Subramanyam et al, (2009):

UDD = ∑ Member of the Board of Directors

e. Size of Independent Board of Commissioners

The Independent Board of Commissioners is a company organ in charge of conducting general and/or specific supervision in accordance with the articles of association and providing advice to the board of directors (Halim, 2012). In this study, measuring the board of commissioners was taken based on the research of Siallagan & Macgfoedz (2006):

$$UDKI = \frac{Independent\ Commissioner}{The\ entire\ Board\ of\ Commissioners}$$

f. Audit Committee

The audit committee is an added value for the company, where investors will be safer investing in companies that implement good corporate governance because the audit committee has become a common component in good corporate governance. This study used the number of members of a company's audit committee as n instrument for measuring audit committee variables (Chen, Chen, Cheng, & Shevlin, 2010).

KA = ∑ Audit Committee Member

Institutional Ownership

Institutional ownership is institutional ownership which can be interpreted as the proportion of outstanding shares owned by other institutions outside the company such as banks, insurance companies, investment companies, pension funds and others at the end of the year as measured by percentage, Wahidawati (2001). In this study, institutional ownership was measured by the following indicators (Khurana and Moser, 2009):

$$KI = \frac{Total\ Share\ Ownership\ by\ Institutions}{Number\ of\ outstanding\ shares}$$

Multiple Regression Analysis

This study employed multiple regression equations to analyze the effect of financial distress, good corporate governance, and institutional ownership on Tax Avoidance in Manufacturing Companies in the Consumer Goods Industry Sector listed on the Indonesia Stock Exchange for the 2016-2019 period. Multiple regression equation model is as follows:

TA= a + b1FD + b2KM + b3UDD + b4UDKI + b5KA + b6KI + e

Note:

TA = *Tax Avoidance*
a = Constant Value
b1,2,3,4,5,6 = Price regression coefficient
FD = *Financial Distress*
KM = Managerial ownership
UDD = Board of Directors Size
UDKI = Size of Independent Board of Commissioners
KA = Audit Committee
KI = Institutional Ownership
e = *Standard error*

FINDINGS AND DISCUSSION

Descriptive Statistics Test

Descriptive analysis provides an overview of the data and the distribution of the data used in the research. The presentation of the data includes the mean, maximum, minimum, and standard deviation values that describe the distribution of the study. The results of the descriptive analysis of the data can be seen in table 1 below:

p-ISSN:1411-6510
e-ISSN:2541-6111

Table 1. Descriptive Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
FD	50	1,32	21,05	6,9704	5,96462
KM	50	,00	,38	,0823	,12313
UDD	50	2,00	16,00	6,84000	3,21578
UDKI	50	,20	,60	,3944	,09995
KA	50	3,00	4,00	3,0800	,27405
KI	50	,03	,92	,4714	,26890
TA	50	,18	,34	,2505	,03020
Valid N (listwise)	50				

Source: Output processed using SPSS 25 (2021)

Hypothesis Testing

The t-test was conducted to determine whether the individually and partially independent variable have a significant effect on the dependent variable. The results of this test can be seen in the following table:

Table 2. T-test results

Variable	B	T	Sig.	Note
(Constant)	0,178	3,285	0,002	
FD	0,000	-0,683	0,498	H_1 Rejected
KM	0,162	3,245	0,002	H_2 Accepted
UDD	0,010	4,930	0,000	H_3 Accepted
UDKI	-0,066	-1,525	0,134	H_4 Rejected
KA	-0,003	-0,226	0,822	H_5 Rejected
KI	0,059	2,340	0,024	H_6 Accepted

Source: Processed secondary data, 2021

The Effect of Financial Distress on Tax Avoidance

Based on the results of statistical analysis of the financial distress variable, t_{count} was-0.683 with a significance of 0.498 greater than 0.05 so it can be interpreted that H1 or the first hypothesis is rejected. The results of this study proved that financial distress had no effect on tax avoidance. Companies that experienced financial distress would always experience losses or did not get profits or income, so the company did not decide to do tax avoidance. Companies that suffered losses would get compensation regardless of the tax burden, so companies would choose not to do tax avoidance.

The Effect of Managerial Ownership on Tax Avoidance

Based on the results of the statistical analysis of the Managerial Ownership (KM) variable, the tcount value was 3.245 with a significance value of 0.002, which is smaller than 0.05, which means that H2 or the hypothesis is accepted. The results of this study proved that managerial ownership had an effect on tax avoidance. This result means that the more managers share ownership in a company, the smaller the manager's opportunity to commit fraud. Thus, increasing the number of share ownership by managerial can reduce the company's tendency to do tax avoidance. The reason is that share ownership by managers will tend to make managers consider the continuity of their company so that managers will not want their business to be examined related to tax issues, so taxation policies will not support tax avoidance to be carried out.

Effect of Board of Directors Size on Tax Avoidance

Based on the results of the statistical analysis of the variable Size of the Board of Directors (UDD) obtained a tcount value of 4.930 with a significance value of 0.000 which is smaller than 0.05. So, H3 or the third hypothesis is accepted. The results

of this study proved that the better the company's performance or the company's performance by the board of directors, the less tax avoidance occurs. On the other hand, if the performance of the company's performance by the board of directors was poor, it would be able to affect the occurrence of tax avoidance practices. This was because in SME companies, the board of directors with their position in the company as a party that plays a role in the company's operational activities was closely related to decision making, especially in investment decisions so that it opened up great possibilities and opportunities for the board of directors to make decisions that benefited the company.

The Effect of Independent Board of Commissioners Size on Tax Avoidance

Based on the results of the statistical analysis of the Independent Commissioner's Size (UDKI) variable, the tcount value was -1.525 with a significance value of 0.134 which is greater than 0.05. It means that H4 or the fourth hypothesis is rejected. The results of this study revealed that the high or low percentage of the proportion of independent commissioners owned by the institution compared to the number of existing commissioners would not have a significant impact on tax avoidance behavior.

The Effect of the Audit Committee on Tax Avoidance

Based on the results of the statistical analysis of the Audit Committee (KA) variable, the tcount value was -0.226 with a significance value of 0.822 which is greater than 0.05. So, H5 or the fifth hypothesis is rejected. The results of this study proved that the audit committee had no effect on tax avoidance. The number of audit committees in the sample of this study had very little effect on tax avoidance actions because of the close cooperation between organs in a company that had different interests in financial reporting information, so that the existence of an audit committee whose function was to improve integrity and credibility financial reporting could not run properly if there was no support from all elements of the company.

Effect of Institutional Ownership on Tax Avoidance

Based on the results of the statistical analysis of the Institutional Ownership (KI) variable, the t_{count} value was 2,340 with a significance value of 0.024 which is smaller than 0.05 so it can be interpreted that H6 or the sixth hypothesis is accepted. The results of this study revealed that institutional ownership had an effect on tax avoidance. In other words, the institutional ownership structure within the company had a close relationship with the level of supervision of the company. The more institutional ownership, the tighter the level of supervision and vice versa, the less institutional ownership, the looser the level of supervision so that it was vulnerable to fraud within the company. The higher the institutional ownership, the higher the amount of tax burden that must be paid by the company. This was due to the smaller possibility of tax avoidance practices carried out by the company. Institutional owners, based on size and voting power, could force managers to focus on economic performance and avoid opportunities for selfishness.

CONCLUSION

Based on the results of the research that has been conducted, the following conclusions can be drawn: the financial distress variable had no effect on tax avoidance so that the first hypothesis is rejected. This was evidenced by the t_{count} of -0.683 with a significance of 0.498 greater than 0.05. The managerial ownership variable had an effect on tax avoidance so that the second hypothesis is accepted. This was evidenced by the $_{tcount}$ value of 3.245 with a significance value of 0.002 which is smaller than 0.05. The variable size of the board of directors had an effect on tax avoidance so that the third hypothesis is accepted. This was evidenced by the $_{tcount}$ value of 4.930 with a significance value of 0.000 which is smaller than 0.05. The variable size of the independent board of commissioners had no effect on tax avoidance, so the fourth hypothesis is rejected. This was proven by the $_{tcount}$ value of -1.525 with a significance value of 0.134 which is greater than 0.05. The audit committee variable had no effect on tax avoidance, so the fifth hypothesis is rejected. This as proven by the $_{tcount}$ value of -0.226 with a significance value of 0.822 which is greater than 0.05. Institutional ownership variables affected tax avoidance so that the sixth hypothesis is accepted. This was evidenced by the $_{tcount}$ value of 2,340 with a significance value of 0.024 which is smaller than 0.05.

p-ISSN:1411-6510
e-ISSN :2541-6111

REFERENCE

Arianandini, P.W., & Ramatha, I.W. (2018). Pengaruh Profitabilitas, Leverage Dan Kepemilikan Institusional Pada Tax Avoidance. Dalam *E-Juenal Akuntansi Universitas Udayana, Vol. 22 No 3.*

Arifianto, Ardi (2017). *Pengaruh Efektivitas Good Corporate Governance dan Kinerja Lingkungan Terhadap Nilai Perusahaan*. Skripsi. FE. Akuntansi, Universitas Negeri Semarang, Semarang.

Atari, Jeane (2016). Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional dan Kebijakan Utang Terhadap Tax Aggressive. In *JOM Fekon, Vol. 3 No 1.*

Avianita, Hani (2020). Pengaruh Good Corporate Governance Terhadap Tax Avoidance. In *Jurnal Ilmu dan Riset Akuntansi, Vol.9 No 1.*

Damayanti Fitri dan Tridahus Susanto (2015). Pengaruh Komite Audit, Kualitas Audit, Kepemilikan Institusional, Risiko Perusahaan dan Return On Assets Terhadap Tax Avoidance. In *Jurnal Bisnis dan Manajemen, Vol 5. No 02.*

Dewi, Ni Nyoman Kristiana dan I Ketut Jati (2014). Pengaruh Karakter Eksekutif, Karakteristik Perusahaan dan Dimensi Tata Kelola Perusahaan Yang Baik Pada Tax Avoidance di Bursa Efek Indonesia. In *E-Jurnal Akuntansi Universitas Udayana, Vol.6 No 2.*

Dewinta, Ida Ayu Rosa dan Putu Ery Setiawan (2016). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Leverage dan Pertumbuhan Penjualan Terhadap Tax Avoidance. In *E-Jurnal Akuntansi Universitas Udayana, Vol.14 No 3.*

Eksandy, Arry (2017). Pengaruh Komisaris Independen, Komite Audit dan Kualitas Audit Terhadap Penghindaran Pajak (Tax Avoidance). In *Competitive, Vol. 1 No 1.*

Handayani, Rini (2018). Pengaruh Return on Assets (ROA), Leverage dan Ukuran Perusahaan Terhadap Tax Avoidance pada Perusahaan Perbankan yang Listing di BEI Periode Tahun 2012-2015. In *Jurnal Akuntansi Maranatha, Vol.10 No 1.*

Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics.* https://doi.org/10.1016/j.jacceco.2010.09.002

Hartoto, Rafidah Ilhami (2018). Pengaruh Financial Distress, Corporate Governance dan Konservatisme Akuntansi Terhadap Tax Avoidance. (Skripsi, Universitas Islam Indonesia, 2018). Accessed from http://dspace.uii.ac.id/handle/123456789/11625

Hudha, Bill dan Dwi Cahyo Utomo (2021). Pengaruh Ukuran Dewan Direksi, Komisaris Independen, Keragaman Gender dan Kompensasi Eksekutif Terhadap Penghindaran Pajak Perusahaan. In *Diponegoro Journal of Accounting, Vol. 10 No 1.*

Irawan, Hendra Putra dan Aria Farahmita (2012). Pengaruh Kompensasi Manajemen dan Corporate Governance Terhadap Manajemen Pajak Perusahaan. In *ACADEMIA*.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics.* https://doi.org/10.1016/0304-405X(76)90026-X

Kurniasari, Novia Tri dan Dwi Cahyo Utomo (2009). Pengaruh Struktur Corporate Governance, Agencycost dan Opini Going Concern Terhadap Kondisi Financial Distress (Studi Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia tahun 2004-2007). In *Diponegoro Journal Of Accounting*.

Maharani, I Gusti Ayu Cahya dan Ketut Ali Suardana (2014). Pengaruh Corporate Governance, Profitabilitas dan Karakter Eksekutif Pada Tax Avoidance Perusahaan Manufaktur. In *E-Jurnal Akuntansi Universitas Udayana, Vol.9 No 2.*

Mala, Nisrina Nuril dan M. Didik Ardiyanto (2021). Pengaruh Diversitas Gender. Dewan Direksi dan Ukuran Dewan Direksi Terhadap Penghindaran Pajak. In *Diponegoro Journal of Accounting, Vol. 10 No 1.*

Meilia, Putri dan Adnan (2017). Pengaruh Financial Distress, Karakteristik Eksekutifa dan Kompensasi Eksekutif Terhadap Tax Avoidance Pada Perusahaan Jakarta Islamic Index. In *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA), Vol.2 No 4.*

Ngadiman, dan Christiany Puspitasari (2014). Pengaruh Leverage, Kepemilikan Institusional dan Ukuran Perusahaan Terhadap Penghindaran Pajak (Tax Avoidance) pada Perusahaan Sektor Manufaktur yang

Terdaftar di Bursa Efek Indonesia 2010-2012. In *Jurnal Akuntansi, Vol. XVIII. No 03.*

Noviyani, Espi dan Dul Muid (2019). Pengaruh Return On Assets, Leverage, Ukuran Perusahaan, Intensitas Aset Tetap dan Kepemilikan Institusional Terhadap Penghindaran Pajak. In *Diponegoro Journal Of Accounting, Vol 8. No 3.*

Nugraheni, Arfenta Satria dan Dudi Pratomo (2018). Pengaruh Komite Audit, Kualitas Audit dan Ukuran Perusahaan Terhadap Tax Avoidance. In *e-Proceeding of Management, Vol. 5 No 2.*

Nuraeni (2019). Pengaruh Kepemilikan Institusional, Komisaris Independen, Komite Audit, Kualitas Audit, Ukuran Perusahaan Dan Leverage Terhadap Penghindaran Pajak Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2018. (Skripsi, Universitas Pancasakti Tegal, 2020). Accessed from http://core.ac.uk

Pohan, Hotman T (2009). Analisis Pengaruh Kepemilikan Institusi, Rasio Tobin Q, Akrual Pilihan, Tarif Efektif Pajak Dan Biaya Pajak Ditunda Terhadap Penghindaran Pajak Pada Perusahaan Publik. In *Jurnal Informasi, Perpajakan, Akuntansi dan Keuangan Publik, Vol. 4 No 2.*

Prasetyo, Irwan dan Bambang Agus Pramuka (2018). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial dan Proporsi Dewan Komisaris Independen Terhadap Tax Avoidance. In *Jurnal Ekonomi, Bisnis dan Akuntansi (JEBA), Vol. 20 No 2.*

Pratiwi, Ni Putu Devi, I Nyoman Kusuma Adnyana Mahaputra dan I Made Sudiartana (2020). Pengaruh Financial Distress,Leverage dan Sales Growth Terhadap Tax Avoidance Pada Perusahaan Manufaktur Yang Terdaftar di BEI Tahun 2016. In *Jurnal Kharisma, Vol.2 No 1.*

Puspita, Silvia Ratih dan Puji Harto (2014). Pengaruh Tata Kelola Perusahaan Terhadap Penghindaran Pajak. In *Diponegoro Journal of Accounting, Vol. 3 No 2.*

Putra, Brayen Prastika Dwi (2015). *Pengaruh Dewan Komisaris, Proporsi Komisaris Independen Terhadap Kinerja Perusahaan*. (Skripsi, Universitas Airlangga, 2015). Accessed from http://lib.unair.ac.id

Putri, Adriyanti Agustina dan Nadia Fathurrahmi Lawita (2019). Pengaruh Kepemilikan Institusional dan Kepemilikan Manajerial Terhadap Penghindaran Pajak. In *Jurnal Akuntansi & Ekonomika, Vol. 9 No 1.*

Putri, Rani Alifianti Herdian dan Anis Chariri (2017). Pengaruh Financial Distress dan Good Corporate Governance Terhadap Praktik Tax Avoidance Pada Perusahaan Manufaktur. In *Diponegoro Journal Of Accounting, Vol.6. No 2.*

Putri, Vidiyanna Rizal dan Bella Irwasyah Putra (2017). Pengaruh Leverage, Profitability, Ukuran Perusahaan dan Proporsi Kepemilikan Institusional

Terhadap Tax Avoidance. In *Jurnal Ekonomi Manajemen Sumber Daya, Vol 19. No 1.*

Richardson, G., Taylor, G., & Lanis, R. (2015). The impact of financial distress on corporate tax avoidance spanning the global financial crisis: Evidence from Australia. *Economic Modelling,44,* 44-53. https://doi.org/10.1016/j.econmod.2014.09.015

Saputra, M., Endro, T., & Awin, M. (2020). Pengaruh Good Corporate Governance dan Ukuran Perusahaan Terhadap Tax Avoidance pada Perusahaan UKM di Surabaya dan Sidoarjo Periode Tahun 2017-2019. In *Jurnal Dinamika Administrasi Bisnis, Vol. 6 No 2.*

Siregar, Ayu Anggreni dan Muchamad Syafruddin (2020). Pengaruh Tata Kelola Perusahaan Yang Baik Terhadap Penghindaran Pajak (Studi Empiris pada Perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia pada tahun 2015-2018). In *Diponegoro Journal Of Accounting, Vol 9. No 2.*

Swingly, Calvin dan I Made Sukartha (2015). Pengaruh Karakter Eksekutif, Komite Audit,Ukuran Perusahaan, Leverage dan Sales Growth pada Tax Avoidance. In *E-Jurnal Akuntansi Universitas Udayana, Vol.10 No 1.*

Taufik, Muhammad dan Muliana (2021). Pengaruh Financial Distress Terhadap Tax Avoidance Pada Perusahaan Yang Terdaftar di Indeks LQ45. In *Conferense on Management, Business, Innovation, Education and Social Science, Vol. 1 No 1.*

Thesarani, Nurul Juita (2017. *Pengaruh Ukuran Dewan Komisaris, Kepemilikan Manajerial, Kepemilikan Institusional Dan Komite Audit Terhadap Struktur Modal.* (Skripsi, Universitas Negeri Yogyakarta, 2017). Accessed from https://doi.org/10.21831/nominal.v6i2.16641

Valensia, Katrina dan Siti Khairani (2019). Pengaruh Profitabilitas, Financial Distress, Dewan Komisaris

p-ISSN:1411-6510
e-ISSN :2541-6111

Independen dan Komite Audit Terhadap Nilai Perusahaan Dimediasi Oleh Tax Avoidance. In *Jurnal Akuntansi Faculty Econimics & Business Universitas Bengkulu, Vol. 9 No 1.*

Winata, Fenny (2014). Pengaruh Corporate Governance Terhadap Tax Avoidance Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2013. In *Tax & Accounting Review, Vol. 4 No1*.