

**THE EFFECT OF GOOD CORPORATE GOVERNANCE AND COMPANY SIZE ON TAX
AVOIDANCE
(EMPIRICAL STUDY ON AGRICULTURAL SECTOR COMPANIES LISTED ON THE INDONESIA
STOCK EXCHANGE FOR THE PERIOD 2017-2019)**

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Abstract

Study This aim For know influence of good corporate governance proxies ownership institutional , the proportion of the board of commissioners independent , and audit committees , also size company on tax avoidance in companies sector agriculture listed on the Indonesia Stock Exchange for the 2017-2019 period . The sample used in study This obtained with purposive sampling methods and techniques analysis used is with analysis statistics descriptive , multiple linear analysis , assumption test classical , and hypothesis testing . Result of study This show that in a manner Partial ownership institutions and the proportion of the board of commissioners independent No own influence to the proxied tax avoidance with the CETR formula , meanwhile the audit committee has influence negative to the proxied tax avoidance with CETR formula , and size company own influence positive to the proxied tax avoidance with CETR formula. As for simultaneous obtained results that ownership institutional , the proportion of the board of commissioners independent , audit committee , and size company own influence positive significant to the proxied tax avoidance with CETR formula .

Keywords : Good Corporate Governance, Institutional Ownership, Proportion of Independent Commissioners, Audit Committee, Tax Avoidance, CETR

INTRODUCTION

Tax is something contribution public to countries that are must or force owed by private persons or body for state needs prosperity of the people (Law Republic of Indonesia Number 28 of 2007 concerning Provision General And Tax Procedures .). According to Santo

and Muid in his research in 2014 stated that tax will become reducing load _ income must tax Because from definition the said that tax is something mandatory contribution . _ Another case If reviewed from perpetrator effort , that tax will reduce profit company as component cost (Paniadi, 2020) .

Because of taxes considered as possible load reduce profit company , then in practice , a lot very must tax that does resistance tax in a manner aggressive . Resistance tax divided become a number of type such as tax evasion and tax avoidance. tax evasion is action avoidance tax but No in accordance with law or applicable rules , examples of tax evasion is do action that with on purpose No report obligation or remove a number of transaction so tax company become more low . this tax evasion normal called as embezzlement tax . Meanwhile, tax avoidance is action avoidance still tax according to applicable law. Tax avoidance rely on imperfection later laws Can compulsory use tax (Winata, 2014) .

According to Sari and Martani (2010) in (Tandean, 2015) good corporate governance is good governance in an organization based company with ethics professional in do effort . GCG understanding is exists reception will importance something device regulation or good governance for arrange relationships , functions and interests various party in affairs business .

Proxy from GCG there a number of among them that is ownership institutional , the proportion of the board of commissioners independent , and audit committee . Besides it 's big its small A companies can too affect tax avoidance measures , p This submitted to research Kurniasih & Sari (2013) in (Women & Boys, 2017) Because size company can show stable or lack and ability in do activity the business . Growing company big , then will the more become center attention from government so that own trend For obey rule government in avoid the taxation .

METHODOLOGY

Method research used in study This is method study quantitative experiment used in look for influence something variable certain in controlled conditions (Yuliza & Fitri, 2020) . study it also uses technique statistics descriptive regression that is statistics used in data analysis with method describe or describe the data that has been collected as exist and seek exists connection One direction from variable independent to variable dependent (Sugiyono, 2013) .

Data used inside study This is quantitative data secondary that is report finance company sector agriculture in 2017 - 2019 earned from the Indonesian Stock Exchange website (www.idx.co.id) and also from the official website company related . Study with

The Effect Of Good Corporate Governance and Company Size on Tax Avoidance
(Empirical Study on Agricultural Sector Companies Listed on The Indonesia Stock Exchange
For The Period 2017-2019)

quantitative data is producing research number as tool To use explain results research ,
research Quantitative also uses statistics in processing the data (Kuncoro, 2013) .

Types and Operations Variable

Study This need restricted operationalization the variable , so room scope study This
No too broad . as also listed in framework thought , that in the research to be exposed This
has two variables consists from variable independent and variable dependent .

Variable independent in study This There is four , where consists from three good
corporate governance proxies and one size company that is Ownership Institutional (X1),
Proportion of the Board of Commissioners Independent (X2), Audit Committee (X3), and
Company Size (X4). And variables dependent in study This is Tax Avoidance (Y).

Following This is table from operationalization variables that exist in research this :

Table 1
Operationalization Variable

No	Variabel	Indikator
1	Kepemilikan Institusional (X ₁)	$INST = \frac{Proporsi\ Saham\ Dewan\ Institusional}{Jumlah\ Saham\ Diterbitkan}$
2	Proporsi Dewan Komisaris Independen (X ₂)	$DKI = \frac{jumlah\ Dewan\ Komisaris\ Independen}{Jumlah\ Anggota\ Dewan\ Komisaris}$
3	Komite Audit (X ₃)	Jumlah Komite Audit
4	Ukuran Perusahaan (X ₄)	Size = Ln (Total Aset)
5	Tax Avoidance (Y)	$Cash\ ETR = \frac{Cash\ Tax\ Paid}{Pre-tax\ Income}$

Sumber: Data diolah Penulis (2021)

Research Models

Model Research conducted _ in study This is as following :

$$Y = \alpha + \beta_1 KI + \beta_2 DKI + \beta_3 KMA + \beta_4 Size + e$$

Description :

Y : CETR

α : Constant

β_(1)-β₅ : Coefficient Regression

KI : X1 (Ownership institutional)

DKI : X2 (Proportion of the Board of Commissioners independent)

KMA : X3 (Audit Committee)

Size : X4 (Company Size)

E : Error

RESULTS AND DISCUSSION

1. Statistics Descriptive

Table 1
Statistics Descriptive
Descriptive Statistics

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
INST	33	,01	,89	,4450	,30772
DKI	33	,25	,50	,3591	,05607
KMA	33	,33	,67	,5859	,14506
SIZE	33	26,62	31,18	29,1221	1,24307
TA	33	,00	1,56	,3170	,37912
Valid N (listwise)	33				

Sumber: Data diolah menggunakan IBM SPSS versi 22

Based on results analysis statistics descriptive on the table on can seen that the sample studied denoted with N ie as many as 33 data consisting from 11 companies sector agriculture listed on the IDX from 2017-2019 year . Calculation results in the table can outlined as following :

Ownership institutional

In study this , ownership institutional counted with method share ownership share from institutional investors with amount issued shares as done in research (Ulupui, 2016) . In table 4.1.1, ownership institutional own minimum value of 0.1, value maximum of 0.89, the average value (mean) of 0.4450, and standard deviation of 0.30772.

Proportion of the Board of Commissioners Independent

The proportion of DKI in the study this is calculated with method share number of commissioners existing independent in the company with amount the entire board of commissioners in the company The same like research conducted by (Winata, 2014) and Nandasari (2015). So from calculation formula , obtained in table 4.1.1 that the proportion of the board of commissioners independent own minimum value of 0.25, value a maximum of 0.50%, an average value (mean) of 0.3591, and has standard deviation of 0.05607%.

The Effect Of Good Corporate Governance and Company Size on Tax Avoidance
 (Empirical Study on Agricultural Sector Companies Listed on The Indonesia Stock Exchange
 For The Period 2017-2019)

Audit Committee

On research In this case , the audit committee is calculated with use proportion external audit committee that is with method share amount member audit committee of outside company with amount whole audit committee , p This The same like research conducted by (Amaliyah & Herwiyanti, 2019) so that from calculation the produce the values in table 4.1.1 that the audit committee has minimum value of 0.33, value maximum of 0.67, the average value of 0.5859, and standard deviation by 0.14506%.

Company Size

On research this size company counted with formula natural logarithm of total assets owned as done in research (Tandean, 2015) . on variables size company This get results calculation in table 4.1.1 that its minimum value of 26.62, value maximum of 31.18, the average value (mean) of 29.13, and standard deviation of 1.24.

Tax Avoidance

For tax avoidance variable in research This counted with the formula for the cash effective tax rate (CETR), namely with method share amount taxes paid with profit before taxes , p the also carried out in research (Women & Sons, 2017) , So produce the values listed in table 4.1.1 viz with minimum value of 0.00, value maximum of 1.56, the average value (mean) of 0.3170, and standard deviation of 0.37912.

2. Test Assumptions Classic

Normality Test

Table 3

One Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		33
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.29889812
Most Extreme Differences	Absolute	.141
	Positive	.141
	Negative	-.123
Test Statistic		.141
Asymp. Sig. (2-tailed)		.093 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Sumber: Data diolah menggunakan IBM SPSS versi 22

Based on table on the results of the one sample Kolmogorov-Smirnov test above , got said that data used normally distributed , because mark significant results in the table the more big of 0.05 or 5% ($0.93 > 0.05$).

Multicollinearity Test

Table 4
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	INST	,709	1,411
	DKI	,947	1,056
	KMA	,730	1,370
	SIZE	,922	1,085

a. Dependent Variable: TA

Sumber: Data diolah menggunakan IBM SPSS versi 22

Based on table above , multicollinearity test results above , got concluded that No happen correlation between variable independent or No happening multicollinearity , p the because explanation as following :

1. Variable Ownership Institutional (X1) has tolerance value of 0.709 where mark the more big of 0.1 ($0.709 > 0.1$), and has VIF value of 1.411 which is more small from number 10 ($1.411 < 10$). So , got concluded that on the variable ownership institutional No happen multicollinearity .
2. Variable Proportion of the Board of Commissioners Independent (X2) has tolerance value of 0.947, value the more big of 0.1 ($0.947 > 0.1$) and has VIF value of 1.056 which is more small out of 10 ($1.056 < 10$). So that can also concluded on the variable the proportion of the board of commissioners independent No there is multicollinearity .
3. Variable Audit Committee (X3) has tolerance value of 0.730 where mark the more big of 0.1 ($0.730 > 0.1$) and has VIF value of 1.370 which is more small from number 10 ($1.370 < 10$). Then , no there is multicollinearity on variables audit committee .

The Effect Of Good Corporate Governance and Company Size on Tax Avoidance
(Empirical Study on Agricultural Sector Companies Listed on The Indonesia Stock Exchange
For The Period 2017-2019)

4. Variable Firm Size (X4) has tolerance value of 0.922 which is more big of 0.1 (0.922 > 0.1) and has VIF value of 1.085 more small out of 10 (1.085 <10). because that , can concluded that in the variable size company No happen multicollinearity .

3. Autocorrelation Test

Table 5
Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,615 ^a	,378	,290	,31954	2,223

a. Predictors: (Constant), SIZE, KMA, DKI, INST

b. Dependent Variable: TA

Sumber: Data diolah menggunakan IBM SPSS versi 22

From the table above , the DW value will be compared to with mark dU , value dU This originate from Durbin Watson table with level significance of 5%. For determination mark dU , then must needed k value (number variable independent) with value of N (amount of research data). On research This obtained k as many as 4, and N as many as 33, then mark dU from Durbin Watson tables are retrieved is of 1.7298. Based on conditions that have mentioned above , got seen that DW value > dU (2.223 > 1.7298), and DW value < 4-dU (2.223 < 2.2702), then DW test results fulfil condition because DW > dU and DW < 4-dU. because _ that , can concluded that No happen autocorrelation in research this .

2. Heteroscedasticity Test

Table 6
Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,767	3,970		,697	,492
	X1_INST	-,287	,153	-,611	-,871	,072
	X2_DKI	,045	,777	,040	,058	,954
	X3_KMA	-3,234	3,950	-,1719	-,819	,420
	X4_SIZE	,044	,024	3,060	1,841	,076

a. Dependent Variable: APRESID

Sumber: Data diolah menggunakan IBM SPSS versi 22

Can seen from table on that variable ownership institutional (X1) has mark significance of 0.492 which is the value the more big from 0.05. Then on variables the proportion of the board of commissioners independent (X2) has mark significance 0.072

which is the value the more big from 0.05. Then on variables audit committee (X3) has mark significance of 0.420 whichever is more big from 0.05. And the last variable size company (X4) has mark significance of 0.076 which is more also bigger than 0.05. because matter it can be assumed that data used as a regression model No experience heteroscedasticity .

1. Analysis Multiple Linear Regression

Table 7
Analysis Multiple Linear Regression

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2,367	1,510		-1,567	,128
	INST	-,433	,218	-,351	-1,986	,057
	DKI	-,437	1,035	-,065	-,422	,676
	KMA	-1,418	,456	-,543	-3,111	,004
	SIZE	,133	,047	,435	2,803	,008

a. Dependent Variable: TA

Sumber: Data diolah menggunakan IBM SPSS versi 22

From the results table above , then obtained multiple linear equations _ is as following :

$$CETR = -2.367 - 0.433INST - 0.437DKI - 1.418KMA + 0.133SIZE$$

2. Analysis Coefficient Correlation

Table 8
Analysis Coefficient Correlation

		INST	DKI	KMA	SIZE	TA
INST	Pearson Correlation	1	-,064	-,512**	,173	,006
	Sig. (2-tailed)		,725	,002	,335	,974
	N	33	33	33	33	33
DKI	Pearson Correlation	-,064	1	-,035	-,220	-,119
	Sig. (2-tailed)	,725		,847	,218	,509
	N	33	33	33	33	33
KMA	Pearson Correlation	-,512**	-,035	1	-,018	-,368*
	Sig. (2-tailed)	,002	,847		,922	,035
	N	33	33	33	33	33
SIZE	Pearson Correlation	,173	-,220	-,018	1	,398*
	Sig. (2-tailed)	,335	,218	,922		,022
	N	33	33	33	33	33
TA	Pearson Correlation	,006	-,119	-,368*	,398*	1
	Sig. (2-tailed)	,974	,509	,035	,022	
	N	33	33	33	33	33

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Sumber: Data diolah menggunakan IBM SPSS versi 22

The Effect Of Good Corporate Governance and Company Size on Tax Avoidance
(Empirical Study on Agricultural Sector Companies Listed on The Indonesia Stock Exchange
For The Period 2017-2019)

Based on base taking decision the so obtained results as following :

- a. Between variables ownership institutional (X1) with tax avoidance variable (Y), has mark significance of 0.974 which is more big from 0.05 up can concluded that No exists correlation between variables X1 and Y with mark pearson correlation 0.006, then degrees relationship is assessed No exists correlation between variables X1 and Y.
- b. The proportion of the board of commissioners independent (X2) with tax avoidance (Y) has mark significance of 0.509 which is more big of 0.05 then No exists correlation between the proportion of the board of commissioners independent with tax avoidance, with mark pearsons obtained of -0.119 or more small of 0.20, then can confirmed that between second variable This No There is connection correlation .
- c. on variables audit committee (X3) with tax avoidance (Y) has mark significance of 0.035 which is more small of 0.05, then exists correlation between variables X3 and Y with mark pearson of -0.368 which means between X3 and Y have connection negative with degrees connection correlation weak .
- d. on variables size company (X4) with tax avoidance (Y) has mark significance of 0.022 which is more small of 0.05, then between second variable This own correlation , then mark pearsons obtained is of 0.398 which means between size company with tax avoidance have connection positive with degrees connection correlation weak .

3. Analysis Coefficient Determination

Table 9
Analysis Coefficient Determination

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615 ^a	.378	.290	.31954

a. Predictors: (Constant), SIZE, KMA, DKI, INST

b. Dependent Variable: TA

Sumber: Data diolah menggunakan IBM SPSS versi 22

From the table on can seen in table R Square is obtained results of 0.378 which means influence variable independent to variable dependent That by 37.8%. This show that variable ownership institutional , the proportion of the board of commissioners

independent , audit committee , and size company give contribution to tax avoidance of 37.8% and the remaining 62.2% . is contribution from other variables that are not researched .

CONCLUSION

Based on results research and discussion in section before , then the conclusions reached is as following . Ownership institutional No own influence in a manner Partial to the proxied tax avoidance with CETR formula . Proportion of the Board of Commissioners Independent No own influence in a manner Partial to the proxied tax avoidance with CETR formula . The Audit Committee has influence negative significant in a manner Partial to the proxied tax avoidance with CETR formula. Company size has influence positive significant in a manner Partial to the proxied tax avoidance with CETR formula . kindly simultaneous obtained results that Ownership Institutional , Board of Commissioners Proportion Independent , Audit Committee , and Company Size have influence positive significant against the proxied Tax Avoidance with CETR formula .

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The Effect Of Good Corporate Governance and Company Size on Tax Avoidance
(Empirical Study on Agricultural Sector Companies Listed on The Indonesia Stock Exchange
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