

# The Effect of Good Corporate Governance on Tax Avoidance

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## Abstract

This study aims to prove the effect of good corporate governance as proxied through independent commissioners, institutional ownership and audit committees on tax avoidance practices by manufacturing companies listed on the Bursa Efek Indonesia in 2019-2020. The independent variables used are independent commissioners which are measured by comparing the number of independent commissioners and the total number of boards of commissioners, then institutional ownership which is measured by comparing the number of shares owned by the institution with the number of shares outstanding, and the audit committee as measured by the number of audit committees. The dependent variable used is tax avoidance which is measured using the Effective Tax Rate (ETR) by comparing the income tax burden with profit before tax. The results obtained from this study are independent commissioners and institutional ownership have no significant effect on tax avoidance, while the audit committee has a significant negative effect on tax avoidance.

**Keywords:** *Good Corporate Governance; Tax Avoidance; Independent Commisioners; Institutional Ownership; Audit Committee.*

## 1.Introduction

One of the biggest sources of state income is tax payments. Tax payment is one of the financial obligations for taxpayers for various kinds of public needs. Based on its function, tax is a source of funds for the government which is used as a means of financing various government expenditures which is also used as a measuring tool to regulate and implement government policies in the social and economic fields (Mardiasmo, 2016).

Various general revenues and expenditures in Indonesia are realized in the State Revenue Budget (APBN). The government itself has made various efforts to increase revenue sourced from taxes by making improvements and improvements to the tax law to suit the needs of taxpayers. Because non-compliant taxpayers can interfere with state finances.

According to Puspita & Febrianti (2018) for companies with a tax burden, it results in a decrease in company profits which should be given to owners of capital or shares and company management. This makes the company want the possibility of minimizing tax payments, therefore one strategy to minimize tax payments is to dotax avoidanceas an effort to minimize legal (lawful) tax obligations based on applicable regulations.

Tax avoidance is also a part of tax management. Tax avoidance is one of the legal practices in reducing the tax payable. It is said to be legal because the company makes use of the exceptions and allowances that are allowed and also takes advantage of loopholes in tax regulations that have not been regulated. This tax avoidance act can actually have a negative connotation for the community and the tax office, but for some companies feel the need to carry out this practice, it aims to maximize profit.

Companies in carrying out tax management require good corporate governance (GCG). GCG is an effort that is practiced by shareholders and company creditors to be able to direct the actions of a manager (Ariawan & Setiawan, 2017). Basically, corporate governance is a system or structure that functions to regulate the relationship between management and company owners, both those who have majority and minority shares in a company. Corporate governance is useful for protecting investors from differences in the interests of shareholders (principle) and management (agent) (Damayanti & Susanto, 2015).

In practice, Good Corporate Governance has various characteristics. Those characteristics has been stated by many experts. There are several characteristics of Good Corporate Governance, among which will be discussed in this study are Independent Commissioners, Audit Committees, and Institutional Ownership.

The independent commissioner has the function of supervising, supporting good company management and making financial reports more objective. This independent commissioner becomes a mediator for the company's management and shareholders or company owners in taking and weighing a decision so as not to violate applicable regulations, including the strategy in paying taxes (Putra & Merkusiwati, 2016)

The results of research by Diantari (2016) dan Ariawan (2017) state that the effect of independent commissioners is negative on tax avoidance. With the presence of independent commissioners, the company itself is able to carry out tightening supervision of management with the aim of minimizing inappropriate behavior that can occur such as tax avoidance activities. Supervision of management performance will increase with the increasing number of independent commissioners in the company.

The next characteristic is institutional ownership. This institutional ownership has an important role in monitoring the activities of the company's managerial parties, this is due to the assumption that institutional ownership can and is able to monitor various decisions that will be taken by the company. The high level of supervision by institutional ownership of the company's managerial results in reducing or even avoiding aggressive tax actions by companies.

According to the guidelines for corporate governance in Indonesia, companies that control shares listed on the Indonesia Stock Exchange are required to form a competent audit committee. The audit committee consists of at least three members whose formation is carried out by the board of commissioners. So that the audit committee has a responsibility to the board of commissioners. The audit committee is also intended as a mechanism for monitoring which leads to an increase in the audit function for the company's external reporting. The audit committee has the responsibility assigned by the board of commissioners for financial reporting errors so that the financial statements can be trusted (relevant and realiable).

According to research conducted by Puspita & Febrianti (2017) the results show that the Independent Board of Commissioners does not affect Tax Avoidance. While Karim's research (2017) reveals that Institutional Ownership has a significant influence on Tax Avoidance, while the Audit Committee and Independent Commissioner do not affect Tax Avoidance. The results of another study conducted by Wijayanti & Merkusiwati (2017) showed that institutional ownership had no effect on tax avoidance. On the other hand, the Independent Commissioner has a negative impact on tax avoidance.

#### ***The Effect of Independent Commissioner on Tax Avoidance.***

In Agency Theory it is clearly stated that the presence of an independent commissioner is one of the mechanisms that can reduce agency problems in the company (Jensen & Meckling, 1976). The presence of independent commissioners is able to pressure the management not to take action to overestimate profits.

The results of the research by Wijayanti & Merkusiwati (2017) show that the proportion of independent commissioners has an effect on tax avoidance. This is because the presence of an independent commissioner in the company can lead to a decrease in the level of tax avoidance. This is in line with research conducted by Dewi (2019) which states that the independent board of commissioners has a positive and significant influence on tax avoidance of banking companies listed on the Indonesia Stock Exchange for the period 2012 – 2016. Based on the explanation above, the hypothesis that can be formulated is :

H1: Independent commissioners affects tax avoidance.

#### ***The Effect of Institutional Ownership on Tax Avoidance***

Institutional ownership is share ownership by institutions such as the government, banks, insurance companies, Jamsostek, pension funds and investment companies (Ginting, 2016). Agency theory states that there is a conflict of interest between shareholders and managers. This is because managers want to make as much profit as possible while shareholders want guarantees for their welfare. This is where institutional ownership mechanisms that are able to control agency problems are needed.

Several studies, including by Dewi (2019), show that institutional ownership has a positive and significant effect on tax avoidance. Meanwhile, Karim (2017) states that institutional ownership has a negative effect on Tax Avoidance. The results of the study according to Cahyono et al. (2016) namely Institutional Ownership has an effect on Tax Avoidance (CETR). Based on this description, the hypotheses formulated are as follows:

***H2: Institutional Ownership Affects Tax Avoidance.***

#### ***The Effect of the Audit Committee on Tax Avoidance***

According to BAPEPAM-LK regulation Number IX.15, it states that the audit committee is a committee drawn up by the board of commissioners in order to assist in the implementation of its duties and functions. Among them are assisting the board of commissioners by providing independent professional opinions to improve the quality of work and reduce irregularities in the company's management.

Agency theory predicts that the formation of an audit committee is a way to solve agency problems. This is because the task of the Audit Committee is basically to control the management in the process of making the company's financial statements which aims to avoid fraud by the management.

Several studies have been conducted previously by Eksandy (2017) which presents the results that the Audit Committee has a negative effect on Tax Avoidance. While the results of Sarra's research (2017) state that the Audit Committee has a significant positive effect on Tax Avoidance, this is in line with research conducted by Wibawa et al., (2016) which states that the Audit Committee has a significant positive effect on tax avoidance. Based on the explanation above, the formulation of this research hypothesis is as follows:

H3: The Audit Committee effects on Tax Avoidance

**Research Framework**

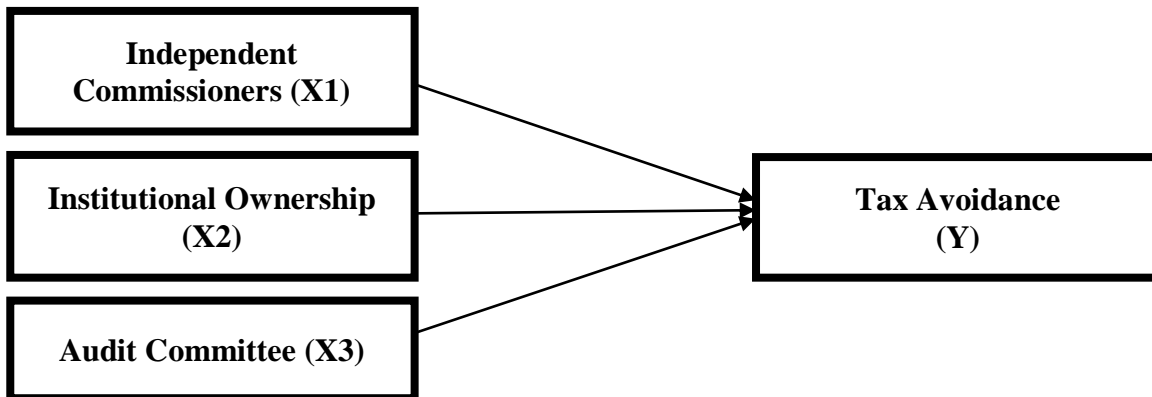


Figure 1. Research Framework

Based on Figure 1 of the conceptual framework above, it can be seen that the Independent variable in this study is symbolized by the letter (X), so that it can be explained according to the order of being, Independent Commissioner (X1), Audit Committee (X2) and Institutional Ownership (X3). Tax Avoidance is a dependent variable that can be symbolized by the letter (Y), and in this study used data analysis techniques, namely by using Multiple Linear Regression. The purpose of the study was to obtain empirical evidence on the effect of good corporate governance on Tax Avoidance.

**2.Method**

**Population Type and Description of Research Population (Object) Research**

This research uses a quantitative approach. The data analysis technique used is multiple linear regression analysis using a population of all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2020. The population used is a manufacturing company listed on the Indonesia Stock Exchange in 2020. In sampling the method used by the researcher is purposive sampling.

The data collection technique used by the author in this research is the documentation method. In this case, data obtained through intermediary media, namely data on annual financial reports in the annual reports of manufacturing companies listed on the Indonesia Stock Exchange in 2020.

**Operational Definition and Variable Measurement**

**Tax Avoidance**

In this study, the variable Tax Avoidance is used as the dependent variable. Tax Avoidance (tax avoidance) is a strategy implemented by taxpayers to take Tax Avoidance actions legally and not violate tax regulations (Yulyanah & Kusumastuti, 2019).

The company is declared to have carried out Tax Avoidance if the ETR value is less than 22%, while if the ETR value is more than 22%, the company is categorized as not doing Tax Avoidance. This is because the corporate income tax rate in 2020 is 22%, so if the percentage of the company's ETR calculation is less than 22%, the company is indicated to be doing Tax Avoidance. The measurement uses the following formula::

$$ETR = \frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

**Independent Commissioner**

The National Committee on Governance Policy (KNKG) states that the Independent Commissioner is a member of the commissioner committee who is not related to the company's board of directors, the controlling shareholder, and is free from business relationships or other relationships that may affect his ability to act independently where his actions are in the interests of the company. All tables must be numbered with Arabic numerals.

The proportion of Independent Commissioners is calculated based on the number of Independent Commissioners divided by the total board of commissioners. Information on the Independent Commissioner's board comes from the company's annual report. This measurement is based on research that has been carried out by El-habashy (2019); Nasr & Ntim (2018) with the following formula:

$$\frac{\text{Number of Independent Commissioners}}{\text{Number of Board Commissioner}}$$

$$\frac{\text{Number of Board Commissioner}}{62}$$

$$DKI = \frac{\text{Number of Shares owned by Institution}}{\text{Number of outstanding shares}}$$

### Institutional Ownership

Institutional Ownership is the percentage of shares owned by the institution. Institutional parties include investment companies, insurance companies, pension funds, banks, and other institutions. A high percentage of Institutional Ownership can prevent earnings manipulation by management (El-habashy, 2019)..

The measurement of the percentage of Institutional Ownership can be determined based on the percentage of shares owned by the institution divided by the number of shares outstanding in the company. Institutional Ownership according to Dewi (2019), can be measured as follows:

$$KI = \frac{\text{Number of Shares owned by Institution}}{\text{Number of outstanding shares}}$$

### Audit Committee

According to BAPEPAM-LK regulation Number IX.15, the Audit Committee is defined as a committee drawn up by the board of commissioners in order to assist in the implementation of its duties and functions. The main task of an Audit Committee is basically to play a role in providing solutions to various problems that arise in connection with controlling internal policies and financial policies within the company (Fadhila, 2017). Audit Committee in a company can be calculated by the total number of committee members in the company (Mulyani et al., 2018)

### Data analysis technique

The data analysis method used in this research is statistical calculations, namely the application of SPSS 16.0. After the data needed for research is collected, then data analysis will be carried out.

## 3. Result and Discussion

### Descriptive Statistics

Based on the statistical analysis conducted by the researcher on each variable, the results can be seen in table 1

Table 1. The Results Of The Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Tax Avoidance	81	.17	.58	.2711	.07398
Independent Commissioner	81	.20	.83	.4064	.10680
Institutional Ownership	81	.40	.99	.7089	.14660
Audit Committe	81	2.00	4.00	2.9753	.35268
Valid N (listwise)	81				

Based on the results of the descriptive statistics above, it is explained that there are 81 sample data used in this study. ETR or Tax Avoidance as the dependent variable in this study shows that the minimum value is 0.17, and the maximum value is 0.58, with an average value (mean) of 0.2711, and a standard deviation of 0.07398. Meanwhile, the Independent Commissioner as an independent variable in this study from the results of descriptive statistics shows that the minimum value is 0.20, the maximum value is 0.83, and the average value (mean) is 0.4064, and the standard deviation is 0, 10680. The next independent variable, namely Institutional Ownership, based on the results of descriptive statistics, shows that the minimum value owned is 0.40, the maximum value is 0.99, and the average value (mean) is 0.7089, and the standard deviation is 0.14660. The Audit Committee, which is also the third independent variable in the study, shows that the minimum value is 2.00, the maximum value is 4.00, and the mean value (mean) is 2.9753, and the standard deviation is 0.35268.

### Classical Assumption Test

#### Normality

Table 2. The Result of Normality

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		81
Normal Parameters <sup>a</sup>	Mean	.0000000
	Std. Deviation	.22701935
Most Extreme Differences	Absolute	.087
	Positive	.087
	Negative	-.049
Kolmogorov-Smirnov Z		.783
Asymp. Sig. (2-tailed)		.573

a. Test distribution is Normal.

Based on the results of the normality assumption test, it can be seen from table 2, namely the KS table above, indicating that the Asym value. Sig. (2-tailed) of 0.573. This shows that the data in this study are normally distributed

Multicollinearity

The results of the tolerance value test and the Variance Infcation Factor (VIF) can be seen in the following table:

Table 3. The Result of Multicollinearity

Model		Coefficients <sup>a</sup>				Collinearity Statistics		
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	-1.839	.265		-6.935	.000		
	Independent Commissioner	-.094	.102	-.102	-.925	.358	.961	1.041
	Institutional Ownership	-.297	.122	-.267	-2.422	.018	.965	1.036
	Audit Committe	.283	.208	.151	1.363	.177	.956	1.046

a. Dependent Variable: Tax Avoidance

Based on the tolerance value test and Variance Infcation Factor (VIF) in table 3 above, it shows that the tolerance value of the Independent Commissioner is 0.961 > 0.10 and the VIF value of the Independent Commissioner is 1.041 < 10. So it can be said that the commissioner variable is declared to be free from the symptoms of multicollinearity. Meanwhile, the Institutional Ownership variable shows that the tolerance value is 0.965 > 0.10 and the VIF value is 1.036 < 10. So that the Institutional Ownership variable can be said that there is no symptom of multicollinearity. Furthermore, on the Audit Committee variable, the tolerance value is 0.956 > 0.10 and the VIF value is 1.046 > 10. So on the Audit Committee variable it is said that there are no symptoms of multicollinearity.

Auto Correlation

The results of the Durbin Watson test can be seen from table 4.4 below this:

Tabel 4. The Result of Auto Correlation

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.308 <sup>a</sup>	.095	.060	.23140	2.066	

a. Predictors: (Constant), Independent Commissioner, Institutional Ownership, Audit Committe

b. Dependent Variable: Tax Avoidance

From the results of the Durbin Watson test in table 4, it shows that the Durbin Watson value obtained is 2.066. This value will be compared with the table value using a significant value of 0.05 or 5%. The obtained value of dl = 1.5632 and the value of du = 1.7164. While the 4-dl value is 2.4368 and the 4-du value is 2.2836. Based on the decision-making

criteria, the Durbin Watson value obtained is 2.066, it shows that the value is between the values of du (1.7164) and 4-du (2.4368) so that it can be concluded that this regression model does not occur auto correlation.

#### Heteroscedasticity

The glejser test will show the presence or absence of heteroscedasticity in the study. The Glejser test can be seen in table 5 to determine whether there is heteroscedasticity.

Tabel 5. The Result of Heteroscedasticity

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.159	.160		-.994	.323
	Independent Commissioner	-.080	.061	-.147	-1.301	.197
	Institutional Ownership	-.008	.074	-.013	-.114	.910
	Audit Committee	.239	.125	.216	1.907	.060

a. Dependent Variable: ABS\_RESS

The table above shows that the sig value in the first independent variable is 0.197, then the second independent variable sig is 0.910, and the last independent variable has a sig value of 0.060. The sig result of the three independent variables is greater than 0.05. The basis for making a data decision does not occur heteroscedasticity problem is if the significant value in the dependent variable is greater than 0.05. The three variables namely Independent Commissioner, Institutional Ownership, Audit Committee have a significance value greater than 0.05, therefore it can be concluded that the regression model in this study does not experience heteroscedasticity problems.

#### Multiple Linear Regression Analysis

Linear regression test has the aim of testing the relationship between the independent variable and the dependent variable. Here are the results of the multiple linear regression test:

Tabel 6. The result of Multiple Linear Regression Analysis

		Coefficients <sup>a</sup>					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1.839	.265		-6.935	.000		
	Independent Commissioner	-.094	.102	-.102	-.925	.358	.961	1.041
	Institutional Ownership	-.297	.122	-.267	-2.422	.018	.965	1.036
	Audit Committee	.283	.208	.151	1.363	.177	.956	1.046

a. Dependent Variable: Tax Avoidance

Based on table 4.6 above, it can be concluded that the multiple linear regression equation is presented as follows:

$$ETR = -1,839 - 0,094 DK I - 0,297 KI + 0,283 KA + e$$

The results of the multiple linear regression equation above can be explained as follows:

1. The constant value of -1.839 means that when all the independent variables in this study (ie: Independent Commissioner, Institutional Ownership, and Audit Committee) are assumed to be equal to 0, the company will have a value of -1.839.

2. The first independent variable is the Independent Commissioner, this variable has a regression coefficient of -0.094. The regression coefficient value means that when the Independent Commissioner increases by 1 unit, it will decrease Tax Avoidance activity by 0.094 assuming all other independent variables are equal to zero.
3. The second independent variable is Institutional Ownership, this variable has a regression coefficient value of -0.297. The value of the regression coefficient is significant when Institutional Ownership increases by 1 unit, it will decrease Tax Avoidance activity by 0.297 assuming all independent variables are equal to zero.
4. The third independent variable is the Audit Committee, this variable has a regression coefficient value of 0.283. The regression coefficient value is significant when the Audit Committee increases by 1 unit, it will increase Tax Avoidance activity by 0.283 assuming all independent variables are equal to zero.

**Hypothesis**

**F Test (Simultaneous)**

This F (simultaneous) test is used to test whether the independent variables jointly affect the dependent variable. The following are the results of the F test (simultaneous) which can be seen from the following table:

Tabel 7. F test results

ANOVA <sup>b</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.432	3	.144	2.689	.052 <sup>a</sup>
	Residual	4.123	77	.054		
	Total	4.555	80			

a. Predictors: (Constant), Independent Commissioner, Institutional Ownership, Audit Committee

b. Dependent Variable: Tax Avoidance

Based on the results of the simultaneous test (F) with calculated F value of 2.689, and F table of 2.72 obtained from  $df_1 = 3$  (number of variables) and  $df_2 = 77$  (number of samples - variable - 1). Which means  $F_{count} 2.689 < 2.72$  from F table and significant value  $f_{count} 0.052 > 0.05$ . So it can be concluded that  $H_0$  is accepted and  $H_1$  is rejected, which means that simultaneously the Independent Commissioner, Institutional Ownership and Audit Committee variables have no effect on Tax Avoidance.

**T test (Partial)**

T test is used to determine whether Independent Commissioner, Institutional Ownership and Audit Committee as independent variables affect the dependent variable of Tax Avoidance. The following is a table of hypothesis testing to find out the results of the study:

Tabel 8. The Result of T test

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1.839	.265		-6.935	.000		
	Independent Commissioner	-.094	.102	-.102	-.925	.358	.961	1.041
	Institutional Ownership	-.297	.122	-.267	-2.422	.018	.965	1.036
	Audit Committee	.283	.208	.151	1.363	.177	.956	1.046

a. Dependent Variable: Tax Avoidance

Based on the table above, it can be seen the value of tcount for each independent variable. In determining the value of the ttable obtained, it is done by looking at the t table through the determination of  $df = N$  (number of samples) -  $K$  (sum of all variables) - 1 or it can also be seen directly on the residual value of the ANOVA table. Obtaining  $df = 77$ , then the table is 1.66488 with a significance level of 5%.

The first hypothesis test ( $H_1$ ) shows the value of  $t_{count} < t_{table}$ , which is  $0.925 < 1.99125$  with a significant value of  $0.358 > 0.05$ , meaning that the Independent Commissioner partially has no effect and is not significant on Tax Avoidance.

The second hypothesis test (H2) shows the value of  $t_{count} < t_{table}$  which is  $2.422 > 1.99125$  with a significant value of  $0.18 < 0.05$ , it means that Institutional Ownership has a partial and significant effect on Tax Avoidance.

Test the third hypothesis (H3) shows the value of  $t_{count} < t_{table}$  which is  $1.363 < 1.99125$ , with a significance of  $0.177 > 0.05$ , it means that the Audit Committee partially has no effect and is not significant on Tax Avoidance.

#### Coefficient of Determination

The determinant coefficient test is used to test how much is the role of the independent variable to explain the dependent variable in this regression model. The following is the result of the determinant coefficient test using adjusted R square:

Tabel 9. Hasil Uji R Square

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.308 <sup>a</sup>	.095	.060	.23140	2.066

a. Predictors: (Constant), Independent Commissioner, Institutional Ownership, Audit Committee

b. Dependent Variable: Tax Avoidance

Based on the table above, it can be seen that the adjusted R value squared in manufacturing companies listed on the Indonesia Stock Exchange for the 2020 period of 0.060, the percentage of the independent variables independent commissioner, institutional ownership and audit committee to explain the dependent variable tax avoidance is 6%. Based on the table above, it can be seen that the adjusted R value squared in manufacturing companies listed on the Indonesia Stock Exchange for the 2020 period of 0.060, the percentage of the independent variables independent commissioner, institutional ownership and audit committee to explain the dependent variable tax avoidance is 6%.

#### *Effect of Independent Commissioner on Tax Avoidance*

The table of test results above shows that the Independent Commissioner has no effect on Tax Avoidance. This is supported and strengthened based on the results of the t test which has a Tcount of -0.925 where the value is smaller than the Ttable of 1.99125 with a significant level of  $0.358 > 0.05$  which means that the relationship between Independent Commissioners does not have a significant effect on Tax Avoidance. Some of the reasons why the Independent Commissioner is unable to have an impact on Tax Avoidance include not all Independent Commissioners being able to demonstrate their independence properly so that the supervisory function does not work properly, in addition to monitoring the open process and the availability of information by the Independent Commissioner will be limited if the party involved affiliated with the company dominates and is able to control the Independent Commissioner.

This research is supported by research conducted by Ginting (2016), Fadhila (2017), Mulyani & Wijayanti (2018), and Jefri & Khoiriyah (2019), which presents the results that Independent Commissioner does not have a significant effect on Tax Avoidance.

#### *Effect of Institutional Ownership on Tax Avoidance*

Based on the table of test results listed above, it is known that Institutional Ownership does not have a significant effect on Tax Avoidance. This is supported by the t-test which has a Tcount value of 2.422 where the value is greater than the Ttable value of 1.99125 with a significance level of  $0.18 < 0.05$ . This shows that the proportion of Institutional Ownership which has a significant effect on Tax Avoidance, means that the size of the proportion of Institutional Ownership is able to make Tax Avoidance practices carried out by the company avoidable.

The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by managers. This is because institutional investors are involved in strategic decisions so they do not easily believe in earnings manipulation. The greater the ownership by financial institutions, the greater the power of voice and encouragement to optimize the value of the company. Institutional ownership has the advantage of having professionalism in analyzing information so that it can test the reliability of information and having a strong motivation to carry out tighter supervision of activities that occur within the company. The results of this study are supported by research by Fadila (2017), Karim (2017), Alviyani (2016), Dewi (2019).

#### *Effect of Audit Committee on Tax Avoidance*

Based on the test results, it is known that the Audit Committee has a negative effect on Tax Avoidance, with a significance value of  $0.177 > 0.05$  and shows a negative value based on Tcount of 1.363 where the value is smaller than the Ttable value of 1, 99125. This shows that the Audit Committee has no effect on Tax Avoidance.

The Audit Committee serves to provide views on issues related to financial policies, accounting and internal control, good financial policies will increase good profit growth for the company as well. This can be explained that there is a possibility that it is due to the lack of regular Audit Committee meetings so that problems related to the company's financial



statements cannot be discussed with the external auditor, internal auditor, board of directors and board of commissioners. The results of this study are supported by the research of Marini et al. (2019), Karim (2017), which shows that the Audit Committee has no effect on corporate avoidance practices carried out by management.

#### 4. Conclusion

Based on the results and discussion of the data that has been tested above, it can be concluded that the Institutional Ownership variable has an effect on Tax Avoidance, while the Independent Commissioner and Audit Committee variables partially have no effect on Tax Avoidance. The intensity of influence represented by the coefficient of determination test (R<sup>2</sup>) shows the ability of the independent variable to explain the dependent variable, which is 6% while the remaining 94% is explained by other variables not included in this study. This study has several limitations as follows which will be described below. This limitation is expected to provide input or direction for further researchers. These limitations include:

1. In this study, only good corporate governance proxies are used, namely Independent Commissioner, Institutional Ownership and Audit Committee
2. The sample used in this study is limited to manufacturing companies.
3. The period in this study only uses one period, namely 2020

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