Does Corporate Governance Support Tax Avoidance Practice in Indonesia?

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Abstract

Tax avoidance is an action taken by company management so that corporate tax payments are smaller than they should be. The practice of tax avoidance often occurs in companies in Indonesia related to the tax rate for business entities which is considered too high. This study was conducted to establish if the factors of corporate governance, sales growth and leverage have an impact on the practice of tax avoidance. Corporate governance in this study is divided into five, namely independent board of commissioners, institutional ownership, managerial ownership, audit committee, and audit quality. The sample in this study is mining companies listed on the Indonesia Stock Exchange. The method used to take the sample was purposive sampling. This study used multiple linear regression. The results showed that independent board of commissioners, institutional ownership, audit quality, sales growth, and leverage had no effect on tax avoidance, whereas managerial ownership and audit committee had a positive effect on tax avoidance. This shows the impasse of corporate governance in preventing tax avoidance and even the audit committee actually encourages tax avoidance. The implication of this research is that it is very important to have strict supervision of mining companies in Indonesia in respect of tax avoidance practices by relevant agencies such as the tax office so that it has an impact on the need for technical skills for tax officers to detect tax evasion by companies.

Keywords: Independent board of commissioners, Institutional ownership, Managerial ownership, Audit committee, Audit quality, Sales growth, Leverage, Tax avoidance.

1. Research Background

The dominance of taxes as a source of revenue is a reasonable thing because this source of revenue has unlimited age, especially with the increasing number of people that is growing each year [1]. In Anggaran Pendapatan dan Belanja (APBN) or Indonesia State Revenue and Expenditure Budget, state revenues consist of tax revenues, non-tax state revenues, and grants. Of the three revenues, the largest is tax revenue amounting 1,072.1.Trilion Rupiahs [2].

According to data from the Ministry of Finance of the Republic of Indonesia in 2018, the average realization of tax revenue contributions from 2014 to 2018 was 84.26%. From these data, it can be said that the realization of the state budget has not been maximized. It can be seen that tax revenue, which is the main pillar of state revenue, has not been optimal. This indicates the possibility of tax avoidance by taxpayers. Tax avoidance is a legal strategy to reduce the tax burden because it does not conflict with the law so it is safe for taxpayers [3]. Although tax avoidance does not violate the law, this action is not liked by the state because it reduces state revenue. Tax avoidance is also one of the obstacles in optimizing tax revenue, due to differences in interests between companies and the government. From the government's perspective, taxes are the largest potential state revenue [2]. However, from the company's perspective, taxes are a deduction from net income, which is contrary to one of the company's main goals, namely maximizing the value of the company by getting the highest net profit. This is what motivates companies to manage their taxes more efficiently by doing tax planning with a view to finding loopholes so that they can pay the minimum of taxes.

An example of the phenomenon of tax avoidance in Indonesia is the case of PT. Adr Energy Tbk, the largest coal producer in Indonesia. An international non-governmental organization, Global Witness, which is engaged in environmental issues, reported on July 4, 2019 that there was an allegation that PT. Adr Energy Tbk evaded and or avoided paying tax. The scheme carried out by PT. Adr Energy Tbk to avoid taxes is to conduct transfer pricing through its subsidiary, PT. CSI , which was done from 2009 to 2017 [4]. In addition, there is also the old case of PT. Asn Ag, which is the largest palm oil company in Indonesia. PT. Asn Ag's tax evasion avoidance was diverse, including fixing fictitious fees, transfer pricing, and hedging transactions, the amount of which is more than Rp. 1 Trillion [5].

Various studies on tax avoidance have been carried out. From this research, several factors have been mentioned that can influence companies to engage in tax avoidance. The factors that influence tax avoidance with consistent results are that return on assets has a positive effect on tax avoidance which is stated in the research of Saputra, et al. [6]; Oktagiani [7]; Irawan, et al. [8]; Arinda and Dwimulyani [9] and Masnawaty [10]. Executive characteristics also have a tendency to encourage tax avoidance as stated in the research of Swingly and Sukartha [11]; Saputra, et al. [6]; Meilia and Adnan [12] and Prastiwi and Ratnasari [13]. In addition, it was also found that company which invests more in the intensity of fixed assets than other assets also consistently has no effect on tax avoidance as stated by Jingga and Lina [14]; Maulana, et al. [15] and Riantami and Triyanto [16].

Other inconsistent research results are corporate governance variables, namely independent board of commissioners, institutional ownership, managerial ownership, audit committee, and audit quality. Research conducted by Wibawa and Wilopo [17] and Eksandy [18] suggests that the proportion of independent commissioners has a encourages tax avoidance. Research conducted by Sandy and Lukviarman [19]; Diantari and Ulupui [20] and Maulana, et al. [15] suggests that the greater the number of independent commissioners, the lower the likelihood of tax avoidance. Saputra, et al. [6]; Riantami and Triyanto [16]; Mahanani, et al. [21]; Fadhila, et al. [22]; Jamei [23] and Prasetyo and Scouts [24] suggest that the number of independent commissioners has no effect on tax avoidance.

The institutional ownership factor has been studied by Sandy and Lukviarman [19]; Chen, et al. [25]; Diantari and Ulupui [20]; Irawan, et al. [8] and Jamei [23] with the results that they have no effect on tax avoidance. However, according to Maraya and Yendrawati [26] and Prasetyo and Scouts [24], as institutional ownership increases, the likelihood of tax avoidance will decrease; while according to Mulyani, et al. [2] and Putri and Lawita [27], institutional ownership has a positive effect on tax avoidance.

In managerial ownership, according to Fadhila, et al. [22] said that managerial ownership has a negative effect on tax avoidance. According to Jamei [23] and Prasetyo and Scouts [24], managerial ownership has no effect on tax avoidance, while Putri and Lawita [27] stated that managerial ownership has a positive effect on tax avoidance.

In respect of the audit committee, according to Swingly and Sukartha [11]; Saputra, et al. [6] and Eksandy [18] said that the audit committee had no effect on tax avoidance. Whereas according to Sandy and Lukviarman [19]; Chen, et al. [25]; Diantari and Ulupui [20] and Fadhila, et al. [22] the audit committee has a negative effect on tax avoidance. However, Wibawa and Wilopo [17]; Mahanani, et al. [21] and Mulyani, et al. [2] say that the audit committee has a positive effect on tax avoidance.

Saputra, et al. [6] and Winata [28] suggest that audit quality has no effect on tax avoidance. According to Sandy and Lukviarman [19]; Wibawa and Wilopo [17]; Irawan, et al. [8]; Mulyani, et al. [2] audit quality has a negative effect on tax avoidance, but according to Eksandy [18] and Arinda and Dwimulyani [9] audit quality has a positive effect on tax avoidance.

In addition to corporate governance, there are other factors with inconsistent results, namely sales growth and leverage. In respect of sales growth, Irawan, et al. [8] and Arinda and Dwimulyani [9] say that sales growth has a positive effect on tax avoidance. Meanwhile, according to Swingly and Sukartha [11]; Mahanani, et al. [21] and Riantami and Triyanto [16]; Britel and Cherkaoui [29] sales growth has no effect on tax avoidance.

The practice of tax avoidance can also be seen from its funding policy, namely leverage. Research conducted by Oktagiani [7] and Irawan, et al. [8] states that leverage has no effect on tax avoidance, but research conducted by Swingly

and Sukartha [11] and Arinda and Dwimulyani [9] shows that leverage has a negative effect on tax avoidance. Whereas Jingga and Lina [14] said that leverage has a positive effect on tax avoidance.

By looking at the results of the research above, it is still wide open to conduct similar research with different industrial sectors. Therefore, in this study, research with a similar topic will be carried out but will take the mining sector as the object of research. The reason why this study uses data from 2014 to 2018 is because in those years it was alleged that there was quite a large amount of tax avoidance, especially in the mining sector and the absence of the latest tax regulations related to tax avoidance, namely transfer pricing.

2. Study of Literature

2.1. Tax Avoidance

Of course there are obstacles in optimizing tax revenue, such as the different interests of the government and companies. Where from the government's point of view, tax is income and from the company's point of view tax is a profit deduction. That's why companies are motivated to streamline their tax burden by doing tax planning considering the tax burden that must be borne by the company. There is a legal form of tax planning called tax avoidance and an illegal one called tax evasion.

Tax avoidance is a strategy to reduce the tax burden that is legal because it does not conflict with the law so it is safe for taxpayers [3]. According to Riantami and Triyanto [16] that tax avoidance is one of the tax strategies legally used to avoid taxation and directing it to non-tax object transactions that aim to streamline the tax burden. Irawan, et al. [8] also say, tax avoidance is a legal utilization or legal arrangements of tax payer's affairs, which is a legal act to minimize the tax burden by taking advantage of loopholes in the tax law. Tax avoidance is a unique issue because on the one hand it is allowed, but on the other it is undesirable.

In the Law on General Provisions and Tax Procedures [30], Indonesia adheres to a self-assessment system, namely a collection system that allows taxpayers to calculate, pay, and report their own tax obligations. This opens an opportunity for taxpayers to avoid taxes because the tax authorities are not directly involved in calculating their tax obligations. Measurement of tax avoidance can be done in various ways, one of which is the Effective Tax Rate (ETR). The method used to calculate ETR is to calculate the comparison of the company's tax burden with pre-tax profit.

Tax evasion is illegal. Pohan [3] said that tax evasion is a strategy to reduce the tax burden which is illegal because it violates tax laws and regulations. Tax evasion behavior is not safe for taxpayers to do because it has a high risk where taxpayers can be subject to legal sanctions and fiscal or criminal sanctions. According to Mujiyati, et al. [31] in tax evasion, taxpayers will ignore the formal provisions of taxation that are their obligations, such as concluding documents, or providing incomplete or incorrect data.

2.2. Agency Theory

Jensen and Meckling [32] define agency theory as an agency relationship in which one or more company owners (principals) involve other people (agents) to carry out company activities on their behalf which includes delegation of authority and decision making to agents. The principals in question are those who have an interest, either as creditors or owners (investors). Meanwhile, agents are those who are appointed and trusted by the principal to carry out the mandated tasks so that their goals and objectives can be achieved, namely management.

In agency theory, information asymmetry can occur because the agent is considered to have more knowledge than the principal. Information asymmetry can occur because it is not possible for the principal to monitor his agent continuously so that the agent has the opportunity to carry out work in accordance with his personal interests and neglect his duty to maximize the principal's wealth (agency conflict). The difference in interests between the owner and management lies in maximizing the benefits to the principal with the constraints, benefits, and incentives that will be received by the agent [8].

Anthony and Vijay [33] explain that information asymmetry will cause the agent to misrepresent information to the principal. This information asymmetry can affect various things, one of which is the company's tax policy. Management that has more knowledge about the company because they deal directly with the company can make opportunistic actions that are more concerned with their own side. Management will try to make the company's profits look bigger, so that their performance is considered good by shareholders, so the compensation that will be received is even greater, but on the other hand, shareholders do not want high taxes with large profits [34].

2.3. Trade-Off Theory

In the company's financial structure, there is a financial proportion in the form of equity and debt, this proportion is called the capital structure (Husnan in Mutamimah and Rita [35]). The company's decisions about its capital structure can be sourced from outside or within the company. The company's internal funds come from retained earnings while external funds come from creditors and investors.

Trade-off theory is one of the theories about capital structure which is based on the exchange of profits and losses due to the use of debt by companies with financial distress and agency costs [36]. The trade-off theory was first put forward by Modigliani and Miller in 1958, which in its development includes a tax element so that the capital structure becomes relevant because the interest paid due to debt can reduce taxable income (deductible) [35]. Several factors considered in the application of trade-off theory are sales stability, asset structure, leverage, growth rate, taxes, and management attitude [37].

The use of debt as a source of company capital raises interest expense, where this interest expense can be deducted from gross income so that the profit before tax becomes smaller and the tax payable is also smaller. In this theory the company is allowed to use debt as a source of capital as long as the benefits derived from the use of debt must be greater than the burden of both interest expense, bankruptcy costs and agency costs. Trade-off theory states that the optimal capital structure can occur when there is a balance between benefits and sacrifices that arise due to debt [35].

2.4. Corporate Governance

In agency theory, there is information asymmetry between the principal and the agent, this is because the agent is considered to have more and more comprehensive knowledge about the company, where this causes the agent to provide incorrect information to the principal [32]. Therefore, corporate governance is needed to bridge the agency problem. This is in line with Hanum's statement (in Mulyani, et al. [2]) which suggests that the idea of corporate governance is based on agency theory where management in the company must be monitored and controlled to ensure that management is carried out in compliance with regulations.

According to the Cadbury Report which was later followed by the Organisation for Economic Co-operation and Development (OECD) (in Lukviarman [38]) said that corporate governance is a process where companies are directed and controlled. Corporate governance can be a supervisor in tax avoidance in the company. The proxies used are the board of commissioners, institutional ownership, managerial ownership, audit committee, and auditor quality.

2.5. Independent Board of Commissioners

The definition of an independent commissioner is a person who is not affiliated in any way with the controlling shareholder, board of directors or board of commissioners and does not serve as a director in a company related to the owner company [6]. In the regulation on the requirements for listing shares by the Indonesia Stock Exchange, in the event that the board of commissioners consists of more than 2 members, the number of independent commissioners must be at least 30% of all members of the board of commissioners. The main function of the board of commissioners is to ensure that the corporation is run by the management in an appropriate manner by carrying out the controlling and monitoring functions so that it can achieve the company's goals [38].

According to Riantami and Triyanto [16] supervision of management performance is getting bigger and tighter along with the large number of independent commissioners. One of the controls and supervision carried out by the board of commissioners is to be more careful in the tax avoidance policies and practices carried out by the company. The measurement of the variables used is the percentage of the comparison of independent board of commissioners with all members of the board of commissioners [19].

2.6. Institutional Ownership

According to Jensen and Meckling [32],institutional ownership plays an important role in minimizing agency conflict that occurs. Institutional share ownership is the ratio of shares owned by institutions and blockholder ownership, namely individual ownership above five percent, but not included in the managerial ownership group [19].

Share ownership represents the power to support or not support management policies, with institutional ownership in a company, the increase in supervision is expected to be more optimal for management performance [20]. Chen et al. (in Chen, et al. [25]) said that there are indications that non-family companies have a higher level of aggressiveness towards tax avoidance compared to family companies. This happens because family companies think more about the company's reputation and good name in the image of the public compared to non-family companies which tend to be more aggressive in carrying out tax avoidance practices. The measurement of the variable used is the number of share ownership by institutional parties to the total number of shares outstanding.

2.7. Managerial ownership

Managerial share ownership is the proportion of ordinary shares owned by management who are actively involved in decision making and is measured by the percentage of ordinary shares owned by the management [24]. Managers have a great responsibility in managing the company. So, with managerial ownership, management will be more active in working for the benefit of the company because if the company is good then they will be good too, and vice versa. If there is a wrong decision, then they also have to bear the consequences. Managers will be more careful in making decisions, one of which is

decisions regarding tax avoidance. With the ownership of shares by management, managers will directly feel the benefits or losses as a consequence of the decisions they make [39].

2.8. Audit Committee

The audit committee is a committee that is formed, appointed and dismissed by the company's board of commissioners, to assist in conducting inspections or research that is deemed necessary on the implementation of the functions of the board of directors in managing the company [28]. In the regulations issued by the Financial Services Authority, the audit committee consists of at least 3 members from independent commissioners and parties outside the company and the audit committee is chaired by an independent commissioner.

In corporate governance, the audit committee is responsible for ensuring that the company is run in accordance with applicable laws and regulations, conducting its business ethically, carrying out effective supervision of interests and fraud committed by company employees [25]. This reveals that the audit committee's job is to act as a bridge between the company and company owners. Thus, the existence of an audit committee can pressure companies to comply with applicable laws, such as tax laws, so as to reduce fraud by management and other unlawful acts.

2.9. Audit Quality

Audit quality is an important element that represents one of the principles of corporate governance, namely transparency. Audit quality is all the possibilities that can occur when the auditor audits financial statements that are likely to find violations and report them in the audited financial statements (Maharani and Suardana in Saputra, et al. [6]). Public sector companies demand more transparency and accurate disclosures, including the company's tax affairs. Sartori (in Sandy and Lukviarman [19]) revealed that shareholders do not want their companies to be too aggressive in terms of tax avoidance and will prevent it if they know beforehand so that transparency to shareholders can be achieved by reporting matters related to taxation on the capital market and meeting of shareholders.

The measurement used is seen from whether or not the company's financial statements are audited by one of the "Big 4" public accounting firms. The Big 4 Accounting Firm is a well-known large public accounting firm that dominates internationally. The Big 4 Accounting Firms are Deloitte Touche Tohmatsu, PricewaterhouseCoopers (PwC), Ernst & Young, and KPMG. According to Riantami and Triyanto [16], the financial statements audited by the KAP auditors of the Big F4 are believed to be of higher quality so that they display the true value of the company.

2.10. Sales Growth

Sales growth, describes the company's success in investing in the past and can be used as a measure of improvement that will occur in the future [9]. Sales growth can describe the company's ability to increase its sales. Sales growth is an indicator of demand and competitiveness of companies in an industry [20]. According to Oktamawati (in Riantami and Triyanto [16]) the success of the sales and marketing strategy of a product in the company reflects a high level of sales growth.

2.11. Leverage

The company's leverage is the ratio used to measure the extent to which the company's assets are financed with debt (Kasmir in Oktagiani [7]). According to Arinda and Dwimulyani [9] leverage is used to analyze the company's ability to pay off all the company's long and short-term debt. Many companies choose the method of funding using debt, because of the interest costs that can be a deduction from taxable income, according to the Income Tax Law no. 36 of 2008 Article 6 Paragraph 1 which states that interest costs can be an element of deducting taxable income.

3. Research Hypothesis

3.1. Influence of the Independent Board of Commissioners on Tax Avoidance

Corporate governance is needed in companies to reduce information asymmetry between management and shareholders. According to Lukviarman [38] the board of commissioners is an element of corporate governance that has accountability to other stakeholders. The board of commissioners has a role in supervising management so that it does not conflict with the laws and regulations that have been set. In the Requirements for Listing Shares on the Indonesia Stock Exchange, the number of independent commissioners is at least 30% of the total members of the board of commissioners.

An independent commissioner is a person who is not affiliated in any way with the controlling shareholder, the board of directors or board of commissioners and does not serve as director in a company related to the owner company [6]. The more companies that have independent commissioners, the higher the level of independence and the lower the level of tax avoidance practices are likely to be. Vice versa, the fewer companies that have independent commissioners, the lower the level of independence and the higher the level of tax avoidance practices. This is because the increasing number of independent commissioners can provide more stringent supervision of the management. Management will act more carefully

in making decisions because of increasingly strict supervision, so that transparency is created in carrying out company management and can minimize tax avoidance practices [20]. This statement is also in line with Saputra, et al. [6] which states that independent commissioners from outside the company are not only symbols, they are expected to demand management to work more effectively in supervising and controlling company management by directors and managers.

This is supported by previous research by Sandy and Lukviarman [19] which states that the proportion of independent commissioners has a negative effect on tax avoidance. Then research by Diantari and Ulupui [20] and Mulyani, et al. [2] with research results showing the proportion of independent commissioners also has a negative effect on tax avoidance, which means that independent commissioners are effective in preventing tax avoidance practices. Therefore, this study has hypothesized that:

H1: The proportion of independent commissioners has a negative effect on tax avoidance.

3.2. The Effect of Institutional Ownership on Tax Avoidance

In every company, it is necessary to have a party that supervises from the outside to avoid conflicts from various parties due to different interests. The outside party in question is institutional ownership. Institutional share ownership is the percentage of shares owned by institutions and blockholder ownership, namely individual ownership above five percent, but not included in the insider or managerial ownership group [19]. According to Tarjo (in Winata [28]) the concentration of institutional ownership is the ownership of company shares by institutions (insurance companies, pension funds, or other companies).

According to Diantari and Ulupui [20] in institutional ownership, share ownership represents a source of power for management to support or not, so with institutional ownership in a company, increased supervision of management performance is expected to be more optimal. In companies that have greater institutional ownership, their management performance will be increasingly monitored because of supervision by these institutions to comply with regulations made by the government because they also think about the reputation and good name of the company in the community.

Previous research conducted by Prasetyo and Scouts [24] suggests that institutional ownership has a negative effect on tax avoidance, which means that the higher the percentage of institutional share ownership, the lower the level of tax avoidance practices. Research by Maraya and Yendrawati [26] also shows that institutional ownership has a negative effect on tax avoidance. Thus, this study proposed that:

H2: Institutional ownership has a negative effect on tax avoidance

3.3. Effect of Managerial Ownership on Tax Avoidance

Managerial share ownership is the proportion of common shares owned by management who are actively involved in decision making and is measured by the percentage of common shares owned by the management [24]. With managerial ownership, managers will be careful in running their business and align their interests with shareholders because of their equal position, so that, managers will act in line with the interests of shareholders by improving performance and maximizing the prosperity of shareholders.

Managers will be more careful in making decisions, one of which is decisions about engaging in tax avoidance. This is because in managerial ownership, managers will directly feel the benefits or losses as a consequence of the decisions they make [39]. The greater the proportion of managerial share ownership in the company, the management tends to be more active in the interests of shareholders because if there is a wrong decision, management will also bear the consequences.

Another study conducted by Fadhila, et al. [22] showed that managerial ownership negatively affects tax avoidance. If the managerial ownership of shares in the company is increasing, the less tax avoidance practices are carried out by the company. Hence, this study anticipated that:

H3: Managerial ownership has a negative effect on tax avoidance.

3.4. The Effect of the Audit Committee on Tax Avoidance

The audit committee is a committee that is formed, appointed and dismissed by the company's board of commissioners, to assist in conducting inspections or research that is deemed necessary on the implementation of the functions of the board of directors in managing the company [28]. The audit committee has become a common component in the corporate governance structure. According to regulations issued by the Financial Services Authority, there are at least 3 members of the audit committee who come from independent commissioners and parties outside the issuer. Pohan (in Swingly and Sukartha [11]) finds that if the number of audit committee members is not in accordance with the regulations issued by the IDX which requires a minimum of three people, it will result in increased management actions in minimizing profits for tax purposes. The audit committee is responsible for ensuring that the company is run in accordance with applicable laws and regulations, conducting its business ethically, carrying out effective supervision of interests and fraud committed by company employees [25]. The audit committee is in charge of controlling the process of preparing the company's financial statements

to avoid fraud by the management [18]. The tighter the supervision carried out on a company's management, the more quality and effective the information conveyed, so as to reduce the deviation of information in the financial statements.

In line with research conducted by Sandy and Lukviarman [19]; Diantari and Ulupui [20]; Fadhila, et al. [22] that the audit committee has a negative effect on tax avoidance, which means that the greater the number of members of the audit committee, the lower practice of the tax avoidance occurs. A similar study by Chen, et al. [25] also suggests that the greater the number of audit committees in the company, the more stringent financial policy controls will be, making it difficult to do tax avoidance. Hence, this study proposed that:

H4: The audit committee has a negative effect on tax avoidance.

3.5. Effect of Audit Quality on Tax Avoidance

Audit quality is all the possibilities that can occur when the auditor audits financial statements that are likely to find violations and report them in the audited financial statements (Maharani and Suardana in Saputra, et al. [6]). Audit quality is one form of an important aspect of corporate governance, namely transparency. The requirement for transparency is accurate disclosure of financial statements that have been audited by a public accounting firm [26]. According to Sartori (in Sandy and Lukviarman [19]) shareholders do not want their companies to be too aggressive in terms of tax avoidance and will prevent it if they know beforehand so that transparency to shareholders can be achieved by reporting matters related to taxation on the capital market and meeting of shareholders. Companies that choose to use the services of a quality auditor can guarantee the accuracy of financial information reported to investors so that investors will have more confidence in the information. According to Annisa and Kurniasih (in Saputra, et al. [6]) if a company is audited by The Big Four Accounting Firm (Price Waterhouse Cooper-PWC, Deloitte Touche Tohmatsu, KPMG, Ernst & Young-E&Y) it will be difficult to implement tax avoidance policies. According to Sandy and Lukviarman [19], the financial statements audited by the Accounting Firm auditors of The Big Four are believed to be of higher quality so that they display the true value of the company. Research conducted by Sandy and Lukviarman [19] explains that the financial statements audited by the Big Four public accounting firms, audit quality has a negative effect on tax avoidance, which means that the audit quality is high and the more aggressive tax avoidance practices are reduced. This is also stated in other studies conducted by Wibawa and Wilopo [17]; Maraya and Yendrawati [26]; Irawan, et al. [8]; Mulyani, et al. [2] which state that the better the quality of the audit, the less tax avoidance practices there will be. Therefore, this study proposed that:

H5: Audit quality has a negative effect on tax avoidance.

3.6. Effect of Sales Growth on Tax Avoidance

According to Arinda and Dwimulyani [9], sales growth illustrates the company's success in investing in the past and can be used as a measure of improvements that will occur in the future. When the company experiences sales growth, the profits earned will also increase taxable income, so the possibility of companies carrying out tax avoidance practices is higher because the company must expect large profits from its operational activities.

This is in line with the results of research conducted by Irawan, et al. [8] and Arinda and Dwimulyani [9] which shows that sales growth has a positive effect on tax avoidance. This means that the higher sales growth by the company, the higher the practice of tax avoidance that occurs. Thus, this study hypothesized:

H6: Sales growth has a positive effect on tax avoidance.

3.7. The Effect of Leverage on Tax Avoidance

The company's funding comes from internal and external sources. Leverage is one way of funding the company from external sources. The company's leverage is the ratio used to measure the extent to which the company's assets are financed with debt (Kasmir in Oktagiani [7]). When the company's funding policy comes from debt, it is required to pay interest. With the interest expense, the company's net profit will be reduced and the tax burden will also be less so that the company does not need to suppress its tax burden anymore. So, the higher the company's leverage, the lower is the possibility of doing tax avoidance. Research conducted by Swingly and Sukartha [11] and Arinda and Dwimulyani [9] shows that leverage has a negative effect on tax avoidance, which means that the higher the leverage, the lower the practice of tax avoidance that occurs. Hence, this study hypothesized that:

H7: Leverage has a negative effect on tax avoidance.

4. Research Methods

4.1. Population and Research Sample

The population of this study is mining sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2014 to 2018 which provide official information either at www.idx.co.id or the official website of each company. The data used is secondary data in the form of financial statements and company annual reports. While the samples used in this study

were taken from mining sector companies listed on the IDX for the period 2014-2018. Sampling of this research was conducted using purposive sampling method.

4.2. Data Collection Technique

The data used in this study are secondary data, namely audited annual financial statements and annual reports that were obtained through the official website of the Indonesia Stock Exchange www.idx.co.id and company official website.

4.3. Definition and Measurement of Research Variables
4.3.1. Tax Avoidance

Measurement of tax avoidance is proxied using the Effective Tax Rate (ETR). ETR describes the total tax burden that must be paid from the total profit before tax. The higher the ETR percentage level indicates that the company's tax avoidance level is lower, conversely the lower ETR percentage level indicates that the higher the company's tax avoidance level (Dewinta and Putu in Purwanti and Sugiyarti [40]).

This measurement was also used by Sandy and Lukviarman [19]; Pramudito and Sari [41]; Diantari and Ulupui [20]; Irawan, et al. [8] Prasetyo and Scouts [24].

$$\text{Effective Tax Rate (ETR)} = (\text{Tax expense}) / (\text{Income before tax})$$

4.4. Independent Board of Commissioners

The measurement of the proportion of independent board of commissioners is measured by the percentage of independent board of commissioners to all members of the company's board of commissioners. This measurement was also used in the research of Sandy and Lukviarman [19] and Diantari and Ulupui [20].

$$\text{Independent Board of Commissioner} = (\text{Members of the independent board of commissioners}) / (\text{All members of the board of commissioners})$$

4.5. Institutional Ownership

In this study, institutional ownership is measured by the total ownership of outstanding shares by the institution compared to the total of all outstanding shares. This measurement is also used by Prasetyo and Scouts [24].

$$\text{Institutional Ownership} = (\text{Share ownership by the institution}) / (\text{Number of outstanding shares})$$

4.6. Managerial Ownership

In this study, managerial ownership is measured by the percentage of share ownership by management to the total outstanding shares. This measurement is also used in research by Fadhila, et al. [22] and Prasetyo and Scouts [24].

$$\text{Managerial Ownership} = (\text{Share ownership by management}) / (\text{Number of outstanding shares})$$

4.7. Audit Committee

The measurement used in this study is to determine the number of members of the audit committee in a company. This measurement is also used in the research of Fadhila, et al. [22]; Sandy and Lukviarman [19] and Chen, et al. [25].

$$\text{Audit Committee} = \text{Number of audit committee member}$$

4.8. Audit Quality

The financial statements of companies audited by the Big Four Accounting Firm (Price Waterhouse Cooper-PWC, Deloitte Touche Tohmatsu, KPMG, Ernst & Young (E&Y)) are assigned a value of 1 and those audited by KAPs other than the Big Four are assigned a value of 0.

4.9. Sales Growth

Sales growth is measured by the difference between sales in the first year and the previous year compared to sales in the previous year. This measurement is also used in the research of Riantami and Triyanto [16] and Arinda and Dwimulyani [9].

$$\text{Sales Growth} = (\text{Sales year }_t - \text{Sales year }_{t-1}) / (\text{Sales year }_{t-1})$$

4.10. Leverage

The company's leverage is the ratio used to measure the extent to which the company's assets are financed by debt (Kasmir in Oktagiani [7]). That is, how much debt burden is borne by the company compared to its assets. Similar to research by Oktagiani [7]) and Arinda and Dwimulyani [9], the indicators used to measure the variables in this study are the Debt-to-equity ratio indicators, namely:

$$\text{Debt-to-equity ratio} = \text{Total debt} / \text{Equity}$$

4.11. Analysis Method

The data analysis method used in this study used descriptive statistical analysis, classical assumption test, and multiple linear regression analysis.

4.12. Descriptive Statistical Analysis

In this study, descriptive statistical analysis was used to find out the description of independent commissioners, institutional ownership, managerial ownership, audit committees, audit quality, sales growth, and leverage on tax avoidance in mining sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2014-2018.

4.13. Classic Assumption Test
4.13.1. Normality Test

The normality test is used to test whether the regression modal used is normally distributed or not [42]. To produce relevant data so that the t-test and F-test can be carried out, the data used must be normally distributed. The Kolmogorov-Smirnov test criteria that are used as guidelines in the normality test are if the probability value is less than the significant level used < 0.05 then the data is not normally distributed, and vice versa if the probability value is greater than the significant level used > 0.05 then it is concluded that the data is normally distributed.

4.14. Multicollinearity Test

The multicollinearity test aims to test whether there is a correlation between independent variables or independent variables [42]. A good variable is one that has no correlation so that the variable is orthogonal. To detect the presence or absence of multicollinearity, it can be seen from the Tolerance Value or Variance Inflation Factor (VIF). The multicollinearity-free regression model has a tolerance value > 0.10 or VIF < 10.

4.15. Autocorrelation Test

According to Ghozali [42] the autocorrelation test aims to test whether in the multiple linear regression model used there is a correlation between the residuals based on the time sequence in period t with confounding errors in period t-1 (previous). The autocorrelation test can be done through Run Test. It can be said that there is no autocorrelation between residual values if the probability value is greater than the significance value of 0.05, and vice versa.

4.16. Heteroscedasticity Test

A heteroscedasticity test aims to test whether there is a difference in variance from the residual of one observation to another observation [42]. The heteroscedasticity test can be done with the Glejser test, which is absolute regression of the residual value as the dependent variable with the independent variable (Gujarati in Ghozali [42]). If the probability value of the significance of the variable is > 0.05, then there is no heteroscedasticity.

4.17. Multiple Liner Regression Analysis

This study uses multiple regression equations to analyze the effect of independent commissioners, institutional ownership, managerial ownership, audit committees, audit quality, sales growth and leverage on tax avoidance in mining sector companies listed on the Indonesia Stock Exchange in 2014-2018. The multiple regression equation model is as follows:

$$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + b7X7 + e$$

Where,
Y = Tax Avoidance.
a = constant value (value of Y if X=0).
b1,2,3,4,5,6,7 = Regression coefficient value.
X1 = Independent Board of Commissioners variable.
X2 = Institutional ownership variable.
X3 = Managerial ownership variable.
X4 = Audit committee variable.
X5 = Audit quality variable.
X6 = Sales growth variable.
X7 = Leverage variable.
e = standard error.

4.18. F Test/Model Feasibility Test

The F test aims to test the feasibility of the model whether the empirical data is in accordance with the regression model and is also used to see the effect of the independent variables together on the dependent variable. If the significant value is < 0.05 then the estimated research model is feasible to use and simultaneously there is a significant influence between the independent variables on the dependent variable and if the significant value is > 0.05 then the estimated research model is not feasible to use and simultaneously there is no significant effect.

4.19. Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to measure how far the ability of the independent variable can explain the dependent variable [42]. The value of the coefficient of determination is between zero and one where the value of R^2 which is greater or closer to one indicates the regression results are getting better. This means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

4.20. T-test

The t-test was used to determine the effect of the independent variable on the dependent variable individually. The t-test can be calculated by comparing the calculated t-value with the table. If t count > t table, then Ha is supported and Ho is not supported, in other words that the independent variable has a significant effect on the dependent variable. If the significance probability value < 0.05, then an independent variable significantly affects the dependent variable and vice versa.

5. Results and Discussion

5.1. Research Data

This study aims to determine the effect of the proportion of independent commissioners, institutional ownership, managerial ownership, number of audit committee members, audit quality, sales growth, and leverage on tax avoidance in mining sector companies listed on the Indonesia Stock Exchange.

The research was conducted using data collection methods obtained from financial statements and company annual reports for the 2014-2018 period which revealed them either on the IDX website, or on the official website of each company. The sampling criteria can be seen in the following table:

From Table 1, it can be seen that the number of mining companies listed on IDX is 49. From this number, it turns out that there were 7 mining companies that did not report their financial statements. In addition, there were 25 mining companies that suffered losses as a consequence they were not required to pay taxes so they should not be included as data to be processed. Then there was one mining company that did not have data to be processed in this study so that the number of mining companies that met the criteria as a sample is 16.

Table 1.

Sample selection process based on criteria.

No.	Information	Amount
1.	Mining companies listed on the Indonesia Stock Exchange.	49
2.	Mining companies that were not listed in the 2014-2018 period in a row.	(7)
3.	Companies that suffered losses before tax during 2014-2018.	(25)
4.	Companies that do not have the necessary data for research.	(1)
5.	Number of sample companies	16
Number of observations (16 companies x 5 years)		80

5.2. Descriptive Statistical Analysis

The descriptive statistics of the audit quality variables used in this study are as follows:

Table 2.

Frequency distribution of audit quality.

Audit Quality	Mining Company	
	f	**%**
Big Four	10	62.5
Non-Big Four	6	37.5

Table 2 shows that of the 16 observations of companies in the mining sector, as many as 10 company observations (62.5%) were audited by one of the Big Four audit firms, while those audited by non-Big Four audit firms were 6 companies

(37.5%). The descriptive statistics of the variables of tax avoidance, independent board of commissioners, institutional ownership, managerial ownership, audit committee, sales growth, and leverage are as follows:

Table 3.
Descriptive statistics of research variables.

Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ETR	80	0.07	0.58	0.3035	0.10030
IBC	80	0.20	0.67	0.3806	0.09469
IO	80	0.260000	0.970000	0.67210433	0.189717090
MO	80	0.000000	0.651086	0.02807768	0.084945425
AC	80	2	5	3.14	0.522
AQ	80	-0.91	3.39	0.0960	0.45529
LV	80	0.17	3.56	0.8223	0.62673

From Table 3, the results can be interpreted as follows:

a. Tax avoidance as a proxy for ETR as the dependent variable has a minimum value of 0.07 obtained from the company AR Tbk. 2015 and 2016 show AR Tbk. have the lowest level of tax burden compared to others or, in other words, has the highest level of tax avoidance. ETR variable with a maximum value of 0.58 obtained from RAI Tbk. 2018 shows that RUI Tbk. has the highest level of tax burden or the lowest level of tax avoidance compared to others. The mean value of 80 ETR data is 0.3035 and has a standard deviation of 0.10030. The average value of ETR is greater than the standard deviation, which means that the tax avoidance data is homogeneous.

b. The minimum value possessed by the independent variable the proportion of independent board of commissioners (IBC) is 0.20 which is obtained from TM Tbk data in 2014, 2017, and 2018 which means that the proportion of independent commissioners is at least 1 out of a total of 5 members. Then the maximum value is 0.67 which is obtained from TBS Tbk. 2014, 2015, and 2016 which show TBS Tbk. has the highest proportion of independent commissioners, namely 2 independent commissioners from 3 members. The average of 80 data on the proportion of independent commissioners is 0.3806 with a smaller standard deviation of 0.09469 indicating the data is homogeneous.

c. Institutional ownership (IO) has a minimum value of 0.26 obtained from BS Tbk data. 2014 and 2015 showed that BS Tbk's institutional share ownership was lower than others. For the maximum value has a value of 0.97 obtained from the company GEM Tbk. 2014 to 2018 shows the largest institutional ownership compared to other data. The average owned by the institutional ownership variable is 0.6721043 which is greater than the standard deviation of 0.18971709 which indicates the data is homogeneous.

d. Managerial ownership (MO) has a minimum value of 0.00 obtained from several companies, namely DH Tbk. 2014-2018, El Tbk. 2014, 2015, and 2018, GegM Tbk. 2014-2018, MitA Tbk. in 2014 and 2015, SamR Tbk. 2014-2018, RUt Tbk in 2014-2018, and TBS Tbk. in 2018, which means that there is no share ownership by the company's management. For the maximum value owned by the managerial ownership variable is 0.65109 which is obtained from BSTbk company data. in 2014, which means it has the largest share ownership by management compared to others. Managerial ownership has a mean value of 0.028077 and a standard deviation of 0.08496 which means it is heterogeneous.

e. The minimum value of the audit committee variable (AO) is two which is obtained from the RPE Tbk data. 2014-2017 and BSTbk. year 2014, which means it has two audit committee members. Has a maximum score of five obtained from TM Tbk. 2015, which means, at five, it has the most audit committee members. The audit committee also has homogeneous data because the mean value is greater than the standard deviation, namely 3.14 and 0.522.

f. The minimum value owned by the sales growth variable (SG) is -0.91, obtained from the data of the RUI Tbk company in 2015 which had the most sales decline. The maximum value is 3.39, obtained from company data SEP Tbk. 2018 which means it has the largest increase in sales than the others. The mean owned by the sales growth variable is 0.0960 and the standard deviation is 0.45529 which means it is heterogeneous.

g. The leverage variable (LV) has a minimum value of 0.17 which is obtained from the company data of RAI Tbk. In 2016, this shows that the company has a funding method with the smallest debt compared to others. The maximum value is 3.56 obtained by CT Tbk. In 2014, this shows that the company has a funding method with the largest debt compared to others. The leverage variable shows an average value of 0.8223 and a standard deviation of 0.62673. The mean value which is greater than the standard deviation indicates the data is homogeneous.

Table 4.
Normality test results.

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		80
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.08321163
Most Extreme Differences	Absolute	0.104
	Positive	0.104
	Negative	-0.069
Kolmogorov-Smirnov Z		0.931
Asymp. Sig. (2-tailed)		0.352

Note: a. Test distribution is Normal.
b. Calculated from data.

5.3. Classic Assumption Test Results

5.3.1. Normality Test Results

The normality test is used to test whether the regression model used is normally distributed or not [42]. In this study, the Kolmogorov-Smirnov test was used to test the normality distribution of the data. The results of the normality test can be seen in Table 4 which shows the value of Kolmogorov Smirnov Z to be 0.931 and the probability of Unstandardized Residual is 0.352. It is said to be normal if the probability is above 5% or 0.05. Because 0.352 > 0.05, it can be concluded that the data is normally distributed.

Table 5.
Multicollinearity test results.

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.036	0.119		-0.303	0.763		
	IBC	0.048	0.120	0.046	0.403	0.688	0.749	1.335
	IO	0.040	0.066	0.076	0.612	0.542	0.620	1.612
	MO	0.629	0.143	0.532	4.408	0.000	0.656	1.525
	AC	0.079	0.025	0.409	3.200	0.002	0.584	1.711
	AQ	0.029	0.026	0.141	1.118	0.267	0.600	1.666
	SG	-0.042	0.023	-0.189	-1.784	0.079	0.854	1.170
	LV	0.028	0.016	0.172	1.703	0.093	0.932	1.073

Note: a. Dependent Variable: ETR.

5.4. Multicollinearity Test Results

The multicollinearity test aims to test whether there is a correlation between the independent variables [42]. In a good regression model, there should be no correlation between the independent variables. It is said that there is no correlation between the independent variables, it can be seen from the Tolerance Value or Variance Inflation Factor (VIF). The multicollinearity-free regression model has a tolerance value > 0.10 or VIF < 10. Table 5 shows the results of the multicollinearity test where the tolerance value of all variables has a value of more than 0.10 and has a VIF of less than 10, this indicates that the regression model there is no multicollinearity.

Table 6.
Autocorrelation test results.

Description	Unstandardized Residual
Test Value[a]	-0.00794
Cases < Test Value	40
Cases >= Test Value	40
Total Cases	80
Number of Runs	33
Z	-1.800
Asymp. Sig. (2-tailed)	0.072

Note: a. Median.

5.5. Autocorrelation Test Results

According to Ghozali [42] the autocorrelation test aims to test whether there is a correlation between the nuisance errors based on the time sequence in period t with the nuisance error in the previous period. The autocorrelation test carried out in this study used the Run Test. The Run Test results are as follows:

The results shown in Table 6 show that the probability value is 0.072 which is greater than 0.05. Because the probability value is $0.072 > 0.05$, it can be concluded that the residual is random or there is no autocorrelation symptom.

5.6. Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether there is a difference in variance from the residuals of one observation to another observation [42]. This study uses the Glejser test. The Glejser test is regressing the absolute residual value as the dependent variable with the independent variable (Gujarati in Ghozali [42]). If the probability value of the significance of the variable is > 0.05, then there is no heteroscedasticity. The results of the heteroscedasticity test can be seen in the following table:

Table 7.
Heteroscedasticity test results.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.038	0.072		-0.533	0.596
	IBC	0.120	0.073	0.206	1.659	0.101
	IO	-0.025	0.040	-0.087	-0.634	0.528
	MO	0.118	0.087	0.182	1.366	0.176
	AC	0.016	0.015	0.155	1.101	0.275
	AQ	0.031	0.016	0.275	1.980	0.051
	SG	-0.020	0.014	-0.164	-1.413	0.162
	LV	0.008	0.010	0.093	0.836	0.406

Note: a. Dependent Variable: Abs_RES.

From Table 7 it can be seen that all variables show a significance probability result of more than 0.05 That means there is no heteroscedasticity.

Table 8.
Results of multiple linear regression.

Variable	B (coefficient of Regression)	t count	Sig. t
(Constant)	-0.036	-0.303	0.763
Independent Board of Commissioner (IBC)	0.048	0.403	0.688
Institutional Ownership (IO)	0.040	0.612	0.542
Managerial ownership (MO)	0.629	4.408	0.000
Audit Committee (AC)	0.079	3.200	0.002
Audit Quality (AQ)	0.029	1.118	0.267
Sales Growth (SG)	-0.042	-1.784	0.079
Leverage (LV)	0.028	1.703	0.093

5.7. Multiple Linear Regression Test Results

Based on Table 8 the results of multiple linear regression analysis obtained the following equation:

Tax Avoidance = -0.036 + 0.048IBC + 0.040IO + 0.629MO + 0.079AC + 0.029AQ – 0.042SG + 0.028LV + e

5.8. Simultaneous Significance Test Results (Statistical Test F)

The F-test aims to test the feasibility of the model whether the empirical data is in accordance with the regression model and see the effect of the independent variables together on the dependent variable. If the probability value is significant < 0.05 then the research model is feasible to use and simultaneously there is a significant influence between the independent variables on the dependent variable. If the probability value is significant > 0.05 then the research model is not feasible to

use and simultaneously there is no significant effect between the independent variables on the dependent variable. The results of the F test can be seen in Table 9:

Table 9.
F-Test Results.
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.248	7	0.035	4.660	0.000[b]
	Residual	0.547	72	0.008		
	Total	0.795	79			

Note: a. Dependent Variable: ETR.
b. Predictors: (Constant), LV, IBC, IO, MO, SG, AC, AQ.

Table 9 shows the results of the F test with a significance of 0.000 with a significance level of <0.05. Since the significant level is less than 0.05, it can be concluded that the research model is feasible and the independent variables consisting of independent commissioners, institutional ownership, managerial ownership, audit committee, audit quality, sales growth, and leverage simultaneously or simultaneously have an effect on the dependent variable, namely tax avoidance.

5.9. Coefficient of Determination Test Results (R2)

The coefficient of determination (R^2) is used to measure how far the ability of the independent variable can explain the dependent variable [42]. The results of the coefficient of determination of the independent board of commissioners' variables, institutional ownership, managerial ownership, audit committee, audit quality, sales growth and leverage on tax avoidance can be seen in the following table:

Table 10.
Test results for the coefficient of determination (R2).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.558[a]	0.312	0.245	0.08716

Note: a. Predictors**:** (Constant), LV, IBC, IO, MO, SG, AC, AQ.

Table 10 shows that the results of adjusted R^2 show a value of 0.245 which means that the variable tax avoidance as explained by the independent board of commissioners' variables, institutional ownership, managerial ownership, audit committee, audit quality, sales growth, and leverage is only 0.245 or 24.5%, while the remaining 75.5% is explained by factors other than the model.

5.10. Individual Parameter Significance Test Results (Test Statistics t)

The t-test was used to determine the effect of the independent variable on the dependent variable individually. If t count > t table or significance probability value < 0.05, then Ho is not supported and Ha is supported, in other words that the independent variable has a significant effect on the dependent variable and vice versa. The results of the t test can be seen in Table 11.

Table 11.
Recapitulation of hypothesis test results.

	Hypotheses	B	t count	Sig. t	Result
H1	The proportion of independent board of commissioners has a negative effect on tax avoidance.	0.048	0.403	0.688	Not Supported
H2	Institutional ownership has a negative effect on tax avoidance.	0.040	0.612	0.542	Not Supported
H3	Managerial ownership has a negative effect on tax avoidance.	0.629	4.408	0.000	Not Supported
H4	The audit committee has a negative effect on tax avoidance.	0.079	3.200	0.002	Not Supported
H5	Audit quality has a negative effect on tax avoidance.	0.029	1.118	0.267	Not Supported
H6	Sales growth has a positive effect on tax avoidance.	-0.042	-1.784	0.079	Not Supported
H7	Leverage has a negative effect on tax avoidance.	0.028	1.703	0.093	Not Supported

Based on Table 11 it can be interpreted as follows:

5.11. Independent Board of Commissioners Variables

Based on Table 11, the regression coefficient value is 0.048, t count is 0.403, and sig. t 0.688 which is greater than the significance level of 0.05, which means that the independent board of commissioners do not give any significance to tax avoidance. This means that Ho is supported and H1 is not supported or in other words the first hypothesis which states "H1: The proportion of independent commissioners has a negative effect on tax avoidance" is not supported.

5.12. Institutional Property Variables

Based on Table 11, the regression coefficient value is 0.040, t count is 0.612, and sig. t 0.542, which is greater than the significance level of 0.05, which means that institutional ownership does not give any significance to tax avoidance. This means that Ho is supported and H2 is not supported or in other words the second hypothesis which states "H2: Institutional ownership has a negative effect on tax avoidance" is not supported.

5.13. Managerial Ownership Variables

Based on Table 11, the regression coefficient value is 0.629, t count is 4.408, and sig. t is 0.000, which is smaller than the significance level of 0.05, which means that managerial ownership does not give any significance to tax avoidance. This means that Ho is supported and H3 is not supported or in other words the third hypothesis which states "H3: Managerial ownership has a negative effect on tax avoidance" is not supported.

5.14. Audit Committee Variables

Based on Table 11, the regression coefficient value is 0.079, t count is 3.2 and sig. t 0.002 which is smaller than the significance level of 0.05, which means that the audit committee does not give any significance to tax avoidance. This means that Ho is supported and H4 is not supported or in other words the fourth hypothesis which states "H4: The audit committee has a negative effect on tax avoidance" is not supported.

5.15 Audit Quality Variables

Based on Table 11, the regression coefficient value is 0.029, t count is 1.118 and sig. t 0.267, which is greater than the significance level of 0.05, which means that audit quality partially has no effect on tax avoidance. This means that Ho is supported and H5 is not supported or in other words the fifth hypothesis which states "H5: Audit quality has a negative effect on tax avoidance" is not supported.

5.16. Sales Growth Variable

Based on table 11, the regression coefficient value is -0.042, t count is -1.784 and sig. t 0.079 which is greater than the significance level of 0.05 which means that sales growth does not give any significance to tax avoidance. This means that Ho is supported and H6 is not supported or in other words the sixth hypothesis which states "H6: Sales growth has a positive effect on tax avoidance" is not supported.

5.17. Variable Leverage

Based on Table 11, the regression coefficient value is 0.028, t count is 1.703 and sig. t 0.093 which is greater than the significance level of 0.05 which means that leverage does not give any significance to tax avoidance. This means that Ho is supported and H7 is not supported or in other words the seventh hypothesis which states "H7: Leverage has a negative effect on tax avoidance" is not supported.

6. Discussion

Based on Table 11, the regression coefficient value for the independent board of commissioners' variable is 0.048 and the probability is 0.688. Because 0.688 > 0.05, it can be concluded that H1 is not supported, meaning that there is no significant effect between the proportion of independent commissioners and tax avoidance. This means that the proportion of independent commissioners has no significant effect on making decisions about tax avoidance.

The absence of an independent board of commissioners' influence on tax avoidance may be due to the fact that although the number of members is large, it depends on the performance of each member. Members of the board of commissioners may not carry out the controlling and monitoring functions properly so that they cannot influence management actions in making decisions about tax avoidance. This is in line with the statement of Mahanani, et al. [21] who said the board of commissioners did not carry out its supervisory function properly in making decisions about taxes. Another assumption, according to Prasetyo and Scouts [24], is that independent commissioners have no effect on tax avoidance because members

of independent commissioners are outsiders of the company, so they are not too affected by management actions, and even tend to ask management to disclose more information. The results of this study support the results of research by Saputra, et al. [6]; Riantami and Triyanto [16]; Mahanani, et al. [21]; Fadhila, et al. [22]; Jamei [23] and Prasetyo and Scouts [24] which states that the proportion of independent commissioners has no significant effect on tax avoidance.

The institutional ownership variable has a regression coefficient of 0.040 and a probability of 0.542. Because $0.542 > 0.05$, it can be concluded that H2 is not supported, which means that institutional ownership has no effect on tax avoidance. That is, the size of share ownership by institutional parties has no effect on tax avoidance. The absence of the influence of institutional ownership on tax avoidance may be due to the lack of institutional control over maximizing supervision to monitor or influence management actions. Another assumption related to this, according to Chen, et al. [25], suggests that institutional owners are more concerned with the profits they will earn, so that at least the ownership of shares by the institution has no effect on tax avoidance. The results of this study support the results of research by Sandy and Lukviarman [19]; Chen, et al. [25]; Irawan, et al. [8] and Jamei [23] which say that institutional ownership has no significant effect on tax avoidance.

Based on Table 11, managerial ownership variables show a regression coefficient value of 0.629 and a probability of 0.000. Because $0.000 < 0.05$ means managerial ownership has a significant positive effect on tax avoidance and this does not support H3. Managerial ownership can have a significant positive effect on tax avoidance, possibly because the management is also concerned with the profits they earn. High profits will cause the dividends paid to be bigger. Because management is also a shareholder, management also benefits from an increase in the amount of dividends. The results of this study support the results of research by Putri and Lawita [27].

The audit committee variable shows a regression coefficient of 0.079 and a probability of 0.002. Because $0.002 < 0.05$, it can be concluded that the audit committee has a significant positive effect on tax avoidance and does not support H4. This means that the higher the number of audit committees, the higher the tax avoidance incidence. The audit committee can have a significant positive effect on tax avoidance, possibly because, according to Mulyani, et al. [2], the selection of the audit committee member structure is carried out by the board of commissioners, if there is a board of commissioners who abuse their authority, this will further increase tax avoidance practices because it is the audit committee that links reporting between management and owners. Thus, H4 is not supported because research shows that the audit committee has a significant positive effect on tax avoidance, meaning that the more members of the audit committee, the more aggressive the company is in avoiding taxes, which means the smaller the ETR value is. The results of this study support the results of research by Wibawa and Wilopo [17]; Mahanani, et al. [21]; Mulyani, et al. [2] which suggests that the audit committee has a significant positive effect on tax avoidance.

The test results of the audit quality variable show that 10 mining sector companies (62.5%) were audited by Big Four Accounting Firms and 6 companies (37.5%) were audited by non-Big Four Accounting Firm. Table 11 shows the test results between audit quality variables and tax avoidance shows a regression coefficient of 0.029 and a probability of 0.267. Because $0.267 > 0.05$, it can be concluded that H5 is not supported, which means audit quality has no effect on tax avoidance. This means that companies audited by both Big Four and Non-Big Four have no effect on tax avoidance.

The absence of an effect of audit quality on tax avoidance may be due to the fact that every KAP in carrying out its duties must follow the applicable standards. This statement is supported by Winata [28] which said that KAP audits financial statements based on the standards set by the Professional Standards Board of Public Accountants of the Indonesian Institute of Certified Public Accountants and the ethics set by the Indonesian Institute of Certified Public Accountants. The results of this study support the results of research by Saputra, et al. [6] which indicates that audit quality has no effect on tax avoidance.

Based on Table 11, the sales growth variable shows a regression coefficient value of -0.042 and a probability of 0.079. Because $0.079 > 0.05$, it can be concluded that H6 is not supported, which means that sales growth has no effect on tax avoidance. That is, a decrease or increase in sales does not have a significant effect on tax avoidance. The absence of an effect of sales growth on tax avoidance may be due to the fact that sales are the target of sales management, while tax avoidance is a policy carried out by top management, so that sales growth does not affect the policy on tax avoidance carried out by top management. The results of this study support the results of research by Irawan, et al. [8] and Arinda and Dwimulyani [9] which suggest that sales growth has no effect on tax avoidance.

The leverage variable shows a regression coefficient of 0.028 and a probability of 0.093. Because $0.093 > 0.05$, it can be concluded that H7 is not supported, which means that leverage has no effect on tax avoidance. The absence of leverage effect on tax avoidance may be due to the fact that based on Table 3, the average leverage value is 0.8223, while according to regulations issued by the Minister of Finance, the highest DER value allowed is 4. This shows that the average level of corporate leverage in the sample is low, which means that the company's capital structure does not come from much debt, so the debt owned by the company does not affect tax avoidance. The use of large debt is also very risky in the future, so management will be careful in choosing the use of high debt as a way to avoid taxes. The results of this study support the results of research by Oktagiani [7] and Irawan, et al. [8] which say that leverage has no effect on tax avoidance.

7. Conclusion

Tax avoidance is one of the management's endeavors to diminish the instalment of the charge burden by exchanging the charge burden to other burdens which in turn can diminish the company's charge burden. From the results of this study, it is evident that almost all elements of the corporate governance mechanism are not proven to affect tax avoidance, except for the role of the audit committee and managerial ownership which actually have a positive and significant effect on tax avoidance. In addition, other factors such as audit quality, sales growth and leverage are also not proven to affect tax avoidance efforts. This proves that the implementation of corporate governance related to tax avoidance practices in Indonesia has not been carried out properly.

8. Suggestion

This study takes variables related to corporate governance and other variables so that the results obtained are very likely to be different from only taking variables related to corporate governance. For future research, researchers should focus more on variables related to corporate governance by taking more data samples.

9. Implications

Because tax avoidance is more due to the intention of management and is difficult to prevent using a system, it is necessary to carry out strict supervision of companies from tax avoidance practices by relevant agencies such as the tax office, which it has an impact on the need for technical skills for tax officers in investigating out tax evasion to identify the existence of tax evasion by the company.

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