

**THE EFFECT OF CORPORATE GOVERNANCE,
PROFITABILITY AND CAPITAL INTENSITY ON
TAX AVOIDANCE**

**(Empirical Study of Agricultural Companies Listed on the
Indonesia Stock Exchange Period 2016-2018)**

PUBLICATION MANUSCRIPT

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JAKARTA

2020

ABSTRACT

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ABSTRACT

This study aims to examine the effect of corporate governance that is proxied by audit quality and audit committee, profitability and capital intensity (as independent variables) on tax avoidance (as the dependent variable). This study uses a sample of agricultural sector companies listed on the Indonesia Stock Exchange for the period of 2016-2018. The sample selection uses a purposive sampling method. The total sample used in this study amounted to 9 agricultural companies with a study period of 3 years.

This study uses a causality research strategy that aims to find out two or more variables through research with a quantitative approach, this study was measured using EViews version 1.0 software. The data used in this study are secondary data with the documentation method of data collection through the official website of the Indonesian Stock Index: www.idx.co.id.

The results of this study indicate that corporate governance which is proxied by audit quality has an effect on tax avoidance and the audit committee has not been able to prove the influence of tax avoidance. Profitability affects tax avoidance and capital intensity affects tax avoidance.

Keywords: corporate governance, audit quality, audit committee, profitability, capital intensity and tax avoidance.

I. PRELIMINARY

1.1 Background

Tax is the biggest source of state revenue. The tax collected by the state functioned as a source of funds earmarked for financing government expenditure and functioned as a tool for regulating and implementing policies in the social and economic fields and used for the greatest prosperity of the people. Non-compliance of taxpayers can cause disruption of state finances. One way of non-compliance is done by way of tax avoidance, which is an effort to avoid tax legally that does not violate tax regulations by taxpayers by reducing the amount of tax payable. The Indonesian government has made various rules to prevent tax avoidance. And one of the regulations that has been made by the Government is regarding transfer pricing regulated in Perdirjen No. PER-43/PJ/2010, that is business administration and the principle of fairness in the transactions between taxpayers and those with special relationship.

Several studies related to how the influence of corporate governance on tax avoidance has been conducted by Kanagaretnam et al., (2016), Wibawa, Wilopo and Abdillah (2016), and Richardson, Wang and Zhang (2016). Similarly, Damayanti (2015) examined the effect of audit committees and audit quality on tax avoidance. Company risk and return on assets affect tax avoidance, while audit committee, audit quality, and institutional ownership do not affect tax avoidance (Damayanti, 2015). Wibawa, Wilopo and Abdillah (2016) who examined the effect of good corporate governance on tax avoidance obtained the results that the independent board of commissioners and the audit committee were influential, while the quality of the external auditor had no effect on tax avoidance.

In addition to corporate governance, corporate profitability can also affect tax avoidance. Several studies related to the effect of profitability on ETR have been conducted by Delgado, Fernandez-Rodriguez and Martinez-Arias (2014) and Kraft (2014). In contrast to the results of Kraft's research (2014) and Delgado, Fernandez-Rodriguez and Martinez-Arias (2014) who found that the higher the profitability of the company will have an impact on the lower ETR (Effective Tax Rate) which means the higher tax avoidance is carried out, research Khaoula and Ali (2012) It found that the higher the profitability of the company, the higher the ETR, which means the lower the tax avoidance done.

Another factor that can affect tax avoidance is capital intensity, one of which can be measured by the proportion of fixed assets owned by a company. Several studies related to the effect of capital intensity on tax avoidance have been carried out by Noor, Fadzillah and Mastuki (2010) and Kraft (2014). The results of Noor's research, Fadzillah and Matsuki (2010)

are found that the higher the capital intensity, the lower the ETR. This shows that the higher the capital intensity, the higher the tax avoidance by the company. Whereas Kraft (2014) found that capital intensity has no effect on tax avoidance.

II. LITERATURE REVIEW

2.1 Review of Previous Research Results

Research conducted by Damayanti (2015) namely to analyze and obtain empirical evidence about the influence of the audit committee, audit quality, institutional ownership, company risk and return on assets to tax avoidance. The results of his research show that company risk and return on assets affect tax avoidance. While the audit committee, audit quality and institutional ownership have no effect on tax avoidance.

Research by Richardson, Wang and Zhang (2016) uses ROA and capital intensity as control variables and uses ETR (Effective Tax Rate) and BTG (Book-Tax Gap) as a proxy for tax avoidance. The results of this study indicate a significant non-linear relationship between the concentration of ownership and avoidance of taxes also found a significant positive relationship between the ownership structure of the pyramid and tax avoidance due to the effect of the faction. Found a significant relationship between tax avoidance with capital intensity and return on assets.

2.2 Theoretical Basis

2.2.1 Tax Avoidance

According to Mardiasmo (2016: 11) tax avoidance is an effort made to ease the tax burden by not violating applicable tax laws. But not all taxpayers want to carry out their tax obligations according to what they should. Aumeerun, Jugurnath and Soondrum (2016) stated that tax non-compliance is an act that does not comply with the tax laws and regulations of a country by not paying taxes or not reporting the actual amount of income, which can include avoiding taxes both in a legal way that is tax avoidance and illegal tax evasion.

2.2.2 Corporate Governance

Corporate governance is a system designed to direct professional management of the company based on the principles of transparency, accountability, responsibility, independence, fairness and equality (BEI, 2019). Gajevszky (2014) stated that corporate governance has been considered as an important tool in assessing the health of companies, especially conditions of financial difficulties, such as financial crises.

There is a corporate governance mechanism that can be carried out by companies, some of which are the establishment of an audit committee

and the selection of external auditors where the selection of external auditors in which the selection of external auditors is related to audit quality, and the audit committee and external auditor have a high level of independence.

a) Audit Quality

The main task of the external auditor is to express an opinion on the financial statements. Apart from that, other analyzes and tests conducted by the auditor must report to management on any risks identified both internally and externally and provide suggestions for managing those risks. The audit quality felt by users of financial statements is at least as important as the quality of an effective audit (Adeyemi and Fagbemi, 2010).

b) Audit Committee

In the Decree of the Chairman of BAPEPAM number Kep-29 / PM / 2004 decree no. IX.1.5 concerning the Establishment and Guidelines for the Work Implementation of the Audit Committee, it is stated that the audit committee is a committee formed by the Board of Commissioners in order to help carry out its duties and functions. The main value of the audit committee is independence and objectivity related to management. The main task of the committee is to assist the Board of Commissioners in ensuring that internal control is carried out properly, the implementation of internal and external audits is carried out in accordance with applicable auditing standards, follow-up findings of audits carried out by management and financial statements are presented fairly in accordance with applicable accounting principles (KNKG), 2008).

2.2.3 Profitability

One of the main objectives to be achieved by the company is profit, which can be obtained by utilizing the resources owned by the company. In general, financial ratios are used as a benchmark for the health condition of companies, especially financial conditions. The profitability ratio can see the company's financial performance. In his research, Kabajeh, AL Nu'aimat and Dahmash (2012) stated that financial ratios can be interpreted as the relationship between two individual qualitative financial information connected to each other in several logical ways and this relationship is considered a financial indicator that has meaning that can be used by different financial information companies.

2.2.4 Capital Intensity

Capital intensity (capital intensity) is one form of financial decisions determined by company management to increase company profitability. Capital intensity reflects how much capital a company needs to generate income (Mulyani, Darminto and Endang, 2014). The greater the capital used

to produce the same unit, it can be said that the more intense the company's capital.

2.3 Relationship between Research Variables

2.3.1 Relationship of Corporate Governance with Tax Avoidance

In this research, corporate governance is proxied using audit quality and the audit committee.

1. Relationship of Audit Quality with Tax Avoidance

In a company, the auditing process is very much needed an attitude of transparency, professionalism, accountability and integrity. And of the four attitudes, transparency is one of the important factors for assessing audit quality because of the transparency, the shareholders can find out information related to taxation. So as to guarantee the quality of information in taxation on the company, auditors are required to audit financial statements so that the company can guarantee the reliability of the information.

2. Relationship of the Audit Committee with Tax Avoidance

The Audit Committee Association explains that the audit committee is a committee that works professionally and independently which is assisted by the board of commissioners to carry out the functions of supervision over the financial reporting process, risk management, audit implementation, and implementation of corporate governance in companies.

2.3.2 Relationship of Profitability with Tax Avoidance

Profitability is a measure in assessing the performance of a company in utilizing its assets efficiently in generating corporate profits in efficiently utilizing its assets in generating company profits from asset management known as Return On Assets (ROA). Positive ROA shows that of the total assets used to operate the company is able to provide profits for the company. ROA is expressed as a percentage, the higher the value of ROA, the better the performance of the company. Profit is the basis of taxation. The higher the profit of a company, the higher the tax burden paid (Arianandini and Ramantha, 2018).

2.3.3 Relationship between Capital Intensity and Tax Avoidance

Other company characteristics that directly affect the effective tax rate are the capital intensity ratio. Delgado, Fernandez-Rodriguez and Martinez-Arias (2014) stated that the company's fixed assets allow the company to withhold taxes due to the depreciation of the company's fixed assets each year. Almost all fixed assets will experience depreciation which will be the cost of depreciation in the company's financial statements. While these depreciation costs are costs that can be deducted from income in the calculation of corporate taxes. This means that the greater the cost of

depreciation, the smaller the tax rate that must be paid by the company. This has an impact on companies with large capital intensity ratios, indicating low effective tax rates.

2.4 Hypothesis Development

As from previous studies, researchers have tried to develop the following hypotheses:

1. The Effect of Corporate Governance is Proxied By Audit Quality on Tax Avoidance

Research conducted by Kerr and Price (2016) states that governance reform will reduce tax avoidance. Auditor quality is a function of the corporate governance mechanism Lin and Liu (2009) and the Big Four KAP auditors provide higher audit quality than non-Big Four KAP auditors (Defond, Erkens and Zhang, 2017).

Research conducted by Sunarsih and Oktaviani (2016) states that audit quality affects tax avoidance. While the results of Wibawa's research, Wilopo and Abdillah (2016) stated that the quality of the external audit had no effect on tax avoidance. Based on previous research, the hypothesis in this study was formulated as follows:

H1: Audit quality affects tax avoidance.

2. The Effect of Corporate Governance Proxied By The Audit Committee on Tax Avoidance

In the Decree of the Chairman of BAPEPAM number Kep-29 / PM / 2004 regulation No. IX.1.5 concerning the Establishment and Guidelines for the Work of the Audit Committee, it is stated that the audit committee consists of at least 1 (one) Independent Commissioner and at least 2 (two) other members coming from outside the Issuer or Public Company. The audit committee is a component of corporate governance. The audit committee has an important role, namely overseeing the financial reporting process under its main task of ensuring the integrity and credibility of financial statements (Gajcvsky, 2014).

Research conducted by Sunarsih & Oktaviani (2016) states that the audit committee has a negative effect on tax avoidance.

While research conducted by Damayanti (2015) shows that the audit committee has no effect on tax avoidance. Based on previous research, the hypothesis in this study was formulated as follows:

H2: Audit committee influences tax avoidance.

3. Effect of Profitability on Tax Avoidance

One of the main goals to be achieved is realized by the company is profit, which can be obtained by utilizing the resources owned by the

company, high profits are certainly a good thing for a company. However, high profits mean the tax burden paid must be high too.

The results of Richardson's research, Wang and Zhang (2016) stated that there is a significant relationship between tax avoidance and profitability. Likewise, the study of Kraft (2014), Delgado, Fernandez-Rodriguez and Martinez-Airas (2014) and (Rizal, 2016) showed the same results. Unlike the research conducted by Cahyono, Andini and Raharjo (2016) which found that profitability had no effect on tax avoidance. Based on previous research, the hypothesis in this study was formulated as follows:

H3: Profitability has an effect on tax avoidance.

4. Effect of Capital Intensity on Tax Avoidance

Kraft (2014) states that companies with capital intensive have greater opportunities in terms of tax planning or tax avoidance strategies than other companies. This shows that companies with large fixed assets (a high proportion of fixed assets owned by companies), tend to have low effective tax rates (Delgado, Fernandez-Rodriguez and Martinez-Arias, 2014).

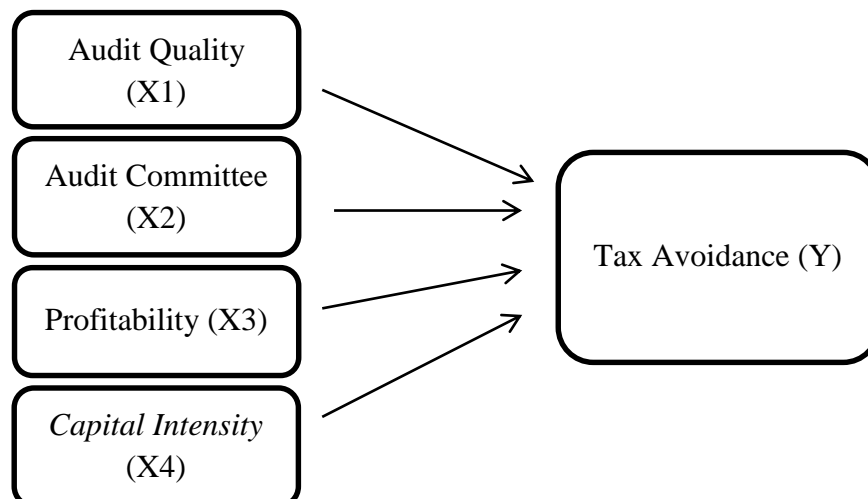
Research by Richardson, Wang and Zhang (2016) shows that there is a significant relationship between tax avoidance and capital intensity. In contrast to Kraft research (2014) and Chiou, Hsieh and Lin (2014) which shows that capital intensity has no effect on tax avoidance. Based on previous research, the hypothesis in this study was formulated as follows:

H4: Capital Intensity affects tax avoidance.

2.5 Framework

The framework of thought in this study is illustrated in Figure 2.1 below.

Picture 2.5-1 Schematic Framework



III. RESEARCH METHOD

The population in this study are agricultural sector companies and those that have been listed on the Indonesia Stock Exchange and the year taken in the study period this is the period 2016-2018 (3 years of research). The sample of this research is a company listed on the Indonesia Stock Exchange (IDX) which is engaged in agriculture which was selected by the purposive sampling method. The number of companies engaged in agriculture registered on the IDX during the 2016-2018 period was 9 companies. The year or research period used is 3 (three) years, namely, 2016, 2017, and 2018. Thus, the total sample studied was 27 data on financial statements of agricultural companies.

IV. RESULTS AND DISCUSSION

4.1 Data Analysis Results

4.1.1 Descriptive Statistics Analysis

The following are the results of descriptive statistical analysis, namely:

Table 4.1 Results of Descriptive Statistics Analysis

	CETR	Audit Quality	Audit Committee	Profitability	Capital Intensity
The mean	-0,49837	0.518519	2.814815	-0,017533	0.587330
Median	-0,1527	1,000000	3.000000	0.018700	0.319400
Maximum	.116000	1,000000	3.000000	0.262100	5.788300
Minimum	-3,9485	0.00 million	1,000000	-0,4363	0.196600
Std. Dev	0.908185	0.509175	0.483341	0.144493	1,055174
Skewness	-2.663393	-0,074125	-2,587342	-1,428807	4,676228
Kurtosis	9,821360	1,005495	8,925937	5,354138	23.58163
Jarque-Bera	84,26880	4.500034	69,63085	15.42141	574,9559
Probability	0.00 million	.105397	0.00 million	0,000448	0.00 million
Sum	-13,456	14,00000	76.00000	-0.4734	15,85790
Sum Sq. Dev	21.444479	6.740741	6.074074	0.542833	28,94820
Observations	27	27	27	27	27

Based on the results of descriptive statistics in table 4.1, it can be explained that the tax avoidance variable (CETR) obtained a maximum value of 0.116000, a minimum value of -3.99485, and an average value (mean) of -0.449837 with a standard deviation 0.908185 which means that

the agricultural companies in Indonesia under study have an average CETR of -0.449837 of the cash paid for the tax burden they have.

4.1.2 Panel Data Regression Estimation Method

4.1.2.1 Common Effect Model (CEM)

Table 4.2 Results of Panel Data Regression Common Effect Model (CEM)

Dependent Variable: CETR
 Method: Least Square Panel
 Date: 01/17/20 Time: 10:02
 Samples: 2016 2018
 Periods Included: 3
 Cross-section included: 9
 Total panel (balanced) observations: 27

Variable	Coefficient	Std. Error	t-Statistics	Prob.
AUDIT QUALITY	.342408	.115257	2.970827	0.0071
KOMITE_AUDIT	0.312257	0.346476	0.901236	.3772
PROFITABILITY	-1.933290	0.364472	-5.304351	0.0000
CAPITAL_INTENSITY	0.325749	.154608	2.106936	0.0468
C	1158,489	5919,807	0.195697	.8466
R-squared	0.710336	Mean dependent var		5331,259
Adjusted R-Squared	0.657670	SD dependent var		4910,365
SE of regression	2873,004	Akaike info criterion		18,92968
Sum squared resid	1.82E + 08	Schwarz criterion		19,16965
Log likelihood	-250,5507	Hannan-Quinn criter		19,00104
F-statistics	13.48753	Durbin-Watson stat		1,930926
Prob (f-statistic)	0.000011			

4.1.2.2 Fixed Effect Model (FEM)

Table 4.3 Results of Regression Panel Data Fixed Model (FEM)

Variable dependent: CETR
 Method: Least Square panel
 Date: 01/17/20 Time: 10:04
 Sample: 2016 2018
 Periods included: 3
 Cross-section included: 9
 Total panel (balanced) observations: 27

Variable	Coefficient	Std. Error	t-Statistics	Prob.
AUDIT QUALITY	0.160921	0.365831	0.439877	0.6667
KOMITE_AUDIT	0.545759	0.420918	1.296593	0.2157
PROFITABILITY	-2.073952	0.690220	-3.004769	0.0095

CAPITAL_INTENSITY	0.474287	0.194865	2.433930	0.0289
C	-2436,080	7621,782	-0.319621	0.7540

Effect Specification

Fixed cross-section (Dummy variable)

R-squared	0.808320	Mean dependent var	5331,259
Adjusted R-squared	0.644024	SD dependent var	4910,365
SE of regression	2929,708	Akaike info criterion	19,10938
Sum squared resid	1.20E + 08	Schwarz criterion	19,73330
Log likelihood	-244.9766	Hannan-Quinn criter.	19,29490
F-statistics	4.919882	Durbin-Watson stat	2,878629
Prob (F-statistic)	0.003027		

4.1.2.3 Random Effect Model (REM)

Table 4.4 Results of Panel Random Regression Results (REM)

Dependent Variable: CETR

Method: EGLS (Cross-section random effects) panel

Date: 01/17/20 Time: 10:04

Sample: 2016 2018

Periods included: 3

Cross-sections included: 9

Total panel (balanced) observations: 27

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistics	Prob.
AUDIT QUALITY	0.342134	0.117879	2.902411	0.0083
KOMITE_AUDIT	0.313390	0.353654	0.886149	0.3851
PROFITABILITY	-1.933297	0.372568	-5.189104	0.0000
CAPITAL_INTENSITY	0.326468	0.157845	2.068289	0.0506
C	1136,157	6042,871	0.188016	0.8526

Effects Specification

	Elementary school	Rho
Random cross section	141.5748	0.0023
Idiosyncratic random	2929,708	0.9977

Weighted Statistics

R-squared	0.709809	Mean dependent var	5312,683
Adjusted R-squared	0.657047	SD dependent var	4901,066
SE of regression	2870,170	Sum squared resid	1.81E + 08
F-statistics	13.45305	Durbin-Watson stat	1.934296
Prob (F-statistic)	0.000011		

Unweighted Statistics

R-squared	0.710336	Mean dependent var	5331,259
Sum squared resid	1.82E + 08	Durbin-Watson stat	1.930478

4.1.3 Selection of Panel Data Regression Model

4.1.3.1 Test Lagrange Multiplier (CEM vs REM)

Table 4.5 Lagrange Multiplier Test Results

Lagrange Multiplier Test for Random Effect

Null hypothesis: No effect

Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Hyphotesis Test		
	Cross section	Time	Both
Breusch-Pagan	0.152586 (0.6961)	0.242077 (0.6227)	0.394663 (0.5299)
Honda	-0.390623 -	-0.492013 -	-0,624118 -
King Wu	-0.390623 -	-0.492013 -	-0,614762 -
Standardized Honda	0.173891 (0.4310)	-0,206501 -	-3,385205 -
Standardized King-Wu	0.173891 (0.4310)	-0,206501 -	-2.882716 -
Gourieriou, et.al *	-	-	0.00 million (> = 0.10)

* Mixed chi-square asymptotic critical values:

1%	7,289
5%	4,321
10%	2,952

Based on the results from table 4.5 above, the value of the Breusch-pagan cross section is 0.6961, which means it is greater than the significant value of 0.05 or $0.6961 > 0.05$. Then H_0 is accepted and H_1 is rejected, so the right model is used for testing the next hypothesis is the Common Effect Model (CEM).

4.1.3.2 Chow Test (CEM vs FEM)

Table 4.6 Chow Test Results

Redudant Fixed Effect Test

Equation: Untitled
 Test cross-section fixed effects

Effects Test	Statistics	df	Prob.
Cross-section F	0.894580	(8,14)	0.5458
Chi Square cross section	11,148200	8	0.1934

Cross-section fixed effect test equation:

Dependent Variable: CETR
 Method: Least Squares Panel
 Date: 01/17/20 Time: 10:07
 Sample: 2016 2018
 Periods included: 3
 Cross-section included: 9
 Total panel (balanced) observations: 27

Variable	Coefficient	Std. Error	t-Statistics	Prob.
AUDIT QUALITY	.342408	.115257	2.970827	0.0071
KOMITE_AUDIT	0.312257	0.346476	0.901236	.3772
PROFITABILITY	-1.933290	0.364472	-5,304351	0.0000
CAPITAL_INTENSITY	0.325749	.154608	2.106936	0.0468
C	1158,489	5919,807	0.195697	.8466
R-squared	0.710336	Mean dependent var		5331,259
Adjusted R-squared	0.657670	SD dependent var		4910,365
SE of regression	2873,004	Akaike info criteion		18,92968
Sum squared resid	1.82E + 08	Schwarz criterion		19,16965
Log likelihood	-250,5507	Hannan-Quinn criter.		19,00104
F-statistics	13.48753	Durbin-Watson stat		1,930926
Prob (F-statistic)	0.000011			

Based on the results of table 4.6 above, the probability value (P-value) for cross section F is 0.5458 which means it is greater than the significance value of 0.05 or $0.5458 > 0.05$. Then H0 is accepted and H1 is rejected, so the right model is used for testing the next hypothesis is the Common Effect Model (CEM).

4.1.3.3 Hausman Test (FEM vs REM)

Table 4.7 Hausman Test Results

Correlated Random Effects - Hausman Test
 Equation: Untitled
 Random effects cross-section test

Summary Test	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross section	3.114919	4	0.5388

Random effects cross-section test comparisons:

Variable	Fixed	Random	Var (Diff.)	Prob.
AUDIT QUALITY	0.160921	.342134	.119937	.6008
KOMITE_AUDIT	0.545759	0.313390	0.052101	0.3087
PROFITABILITY	-2,0393952	-1.933297	0.337596	0.8087
CAPITAL_INTENSITY	0.474287	0.326468	0.013057	0.1958

Random effects cross-section test equation:

Dependent Variable: CETR

Method: Least Squares Panel

Date: 01/17/20 Time: 10:08

Sample: 2016 2018

Periods included: 3

Cross-sections included: 9

Total panel (balanced) observations: 27

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	-2436,080	7621,782	-0.319621	0.7540
AUDIT QUALITY	0.160921	.365831	0.439877	0.6667
KOMITE_AUDIT	0.545759	0.420918	1.296593	0.2157
PROFITABILITY	-2,0393952	0.690220	-3.004769	0.0095
CAPITAL_INTENSITY	0.474287	0.194865	2.433930	0.0289

Effects Specification

Fixed cross-section (dummy variables)

R-squared	0.808320	Mean dependent var	5331,259
Adjusted R-squared	0.644024	SD dependent var	4910,365
SE of regression	2929,708	Akaike info criterion	19,10938
Sum squared resid	1.20E + 08	Schwarz criterion	19,73330
Log likelihood	-244.9766	Hannan-Quinn criter.	19,29490
F-statistics	4.919882	Durbin-Watson stat	2,878629
Prob (F-statistic)	0.003027		

Can be seen from table 4.7 above, the results of the hausman test have a probability value (P-value) random cross section of 0.5388 greater than the significance value of 0.05 or $0.5388 > 0.05$ which means that H_0 is accepted so that the right model used for further testing, the Random Effect Model (REM).

4.1.3.4 Model Conclusions

Based on the results of the conclusion, of the three tests conducted and the most widely out is the Common Effect Model (CEM), meaning that the model will be used further in hypothesis testing.

4.1.4 Panel Data Regression Analysis

Table 4.9 Results of Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistics	Prob.
AUDIT QUALITY	.342408	.115257	2.970827	0.0071
KOMITE_AUDIT	0.312257	0.346476	0.901236	.3772
PROFITABILITY	-1.933290	0.364472	-5,304351	0.0000
CAPITAL_INTENSITY	0.325749	.154608	2.106936	0.0468
C	1158,489	5919,807	0.195697	.8466

Source: data processed again, 2020

Based on table 4.9 above, it can be formulated as follows:

$$\text{CETR} = 1158,489 + 0,342408 \text{ Audit Quality} + 0.312257 \text{ Audit Committee} - 1.933290 \text{ Profitability} + 0.325749 \text{ Capital Intensity}$$

4.1.5 Hypothesis Testing

4.1.5.1 Determination Coefficient Test (R²)

Table 4.10 Determination Coefficient Results (R²)

Weighted Statistics			
R-squared	0.710336	Mean dependent var	5331,259
Adjusted R-squared	0.65767	SD Dependent var	4910,365
SE of Regression	2873,004	Sum squared resid	1.82E + 08
F-statistics	13.48753	Durbin-Watson stat	1,930926
Prob (F-statistic)	0.000011		

Source: data processed again, 2020

Based on the results of table 4.10 shows the adjusted R-square value of 0.65767, which means that 65% of tax avoidance variations can be explained by audit quality, audit committee, profitability and capital intensity, while the rest can be explained by factors other than the independent variable.

4.1.5.2 Partial Test (t test)

The first hypothesis in this study is the quality of the audit of tax avoidance and find the results of the partial test (t test) in table 4.9 that the value of t_{count} is greater than the value of t table ($t_{count} > t_{table}$) (2.970827 > 2.073873). While the probability value is smaller than the significant value

(prob <0.05) (0.0071 <0.05). That is, H1 states that audit quality affects the avoidance of received tax. Then the result of X1 is the audit quality affects tax avoidance.

The second hypothesis is the audit committee on tax avoidance and found the results of the partial test (t test) in table 4.9 that the value of t is smaller than the value of t table (tcount <ttable) (0.901236 <2.073873). Whereas the probability value is greater than the significant value (prob> 0.05) (0.3772> 0.05). That is, H2 states that the audit committee has no effect on tax avoidance is rejected. Then the result of X2 is that the audit committee has no effect on tax avoidance.

The third hypothesis is profitability against tax avoidance and finding the results of the partial test (t test) in table 4.9 that the value of t is greater than the value of ttable (tcount> ttable) (-5.304351> 2.073873). And the probability value is smaller than the significant value (prob <0.05) (0.0000 <0.05). That is, H3 from this study states that profitability has a negative effect on accepted tax avoidance. Then the result of X3 is profitability has a negative effect on tax avoidance.

The last hypothesis in this study is the capital intensity of tax avoidance and found the results of the partial test (t test) in table 4.9 that the value of t is greater than the value of t table (tcount> t table) (2.106936> 2.073873). While the probability value is smaller than the significant value (prob <0.05) (0.0468 <0.05). That is, H4 from this study states that capital intensity affects the tax avoidance received. Then the result of X4 is capital intensity effect on tax avoidance.

4.1.5.3 Simultaneous Test (F Test)

Based on table 4.10 above, the statistical F value is 13.48753> 2.816708. Significant value <0.05 (0.000011 <0.05), thus indicating that corporate governance is proxied by audit quality and audit committee, profitability (ROA) and capital intensity simultaneously influencing tax avoidance (CETR). Because all independent variables have a simultaneous influence on the dependent variable, the regression equation model falls into the fit or fit criteria.

4.2 Interpretation of Partial Research Results

4.2.1 The Effect of Audit Quality on Tax Avoidance

The results of this study use EViews version 1.0 which can be seen in table 4.9 that the tcount> ttable or 2.970827> 2.073873. Whereas the probability value is smaller than the significant value or 0.0071 <0.05. Thus, H1 states that audit quality affects the avoidance of received taxes, the results of these calculations succeed in fulfilling the proposed H1.

4.2.2 The Influence of the Audit Committee on Tax Avoidance

The results of this study can be seen in table 4.9 that the value of t_{count} is $0.901236 < 2.073873$ and the probability value is $0.3772 > 0.05$. Thus, H2 states that the audit committee has no effect on tax avoidance being rejected. The results of these calculations have not been able to meet the proposed H2.

4.2.3 Effect of Profitability Against Tax Avoidance

The results of this study can be seen from table 4.9 that t_{count} is $-5.304351 > 2.073873$ and the probability value is $0.0000 < 0.05$. So, H3 in this study states that profitability has a negative effect on tax avoidance received. The results of these calculations were successful in meeting the proposed H3.

4.2.4 Effect of Capital Intensity Against Tax Avoidance

The results of this study can be seen in table 4.9 that t_{count} is 2.106936 while the probability value is $0.0468 < 0.05$. So H4 in this study states that capital intensity affects the tax avoidance received. And the results of calculations from this study were able to meet the proposed H4.

4.3 Interpretation of Simultaneous Research Results

After conducting research on independent variables, it states that corporate governance which is proxied by audit quality and audit committee, profitability and capital intensity together (simultaneously) affects tax avoidance. This is based on a statistical f value of $13.48753 > 2.816708$ with a significant value of $0.000011 < 0.05$.

V. CONCLUSIONS AND SUGGESTION

5.1 Conclusion

Based on the analysis of the data that has been done, several conclusions can be drawn, which are as follows:

1. The results of research hypotheses on corporate governance that are proxied by audit quality partially affect tax avoidance. Corporate governance partially proxied by the audit committee has no effect on tax avoidance. Profitability which is measured using ROA partially influences tax avoidance. And capital intensity partially influences tax avoidance.
2. Taken together (simultaneously) all independent variables namely audit quality, audit committee, profitability and capital intensity affect tax avoidance on agricultural companies listed on the Stock Exchange in 2016-2018.

5.2 Suggestion

1. Future researchers are expected to use more recent periods.

2. Future researchers should use different variables from this study. And it is also hoped to take other broader sectors in his research.

5.3 Research Limitations

1. The research period is only 3 years, 2016-2018, so it is expected that further researchers can use a research period of more than 3 years.
2. In this study, researchers only use corporate governance that is proxied by audit quality and the profitability and capital intensity audit committee as an independent variable in order to determine the factors that can influence tax avoidance. It is hoped that further researchers can use more diverse independent variables. And in this study, researchers use the Cash Effective Tax Rate (CETR) as a measurement for tax avoidance, so it is also expected for subsequent researchers to be able to use the Book Tax Difference, Effective Tax Rate and so on.
3. This study only uses a sample of agricultural companies listed on the IDX, therefore researchers can then use the broader company sector.

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