THE INFLUENCE OF INSTITUTIONAL OWNERSHIP, PROFITABILITY, LEVERAGE AND COMPANY SIZE ON TAX AVOIDANCE

(Empirical Study on Manufacturing Companies Consumer Goods Industry Sector Listed on Indonesia Stock Exchange Year 2014-2018)

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Abstract - *Taxes are one of the largest sources of revenue for the country. But for companies, taxes are an expense that can reduce profits. Based on agency theory, a conflict of interest between the government and the taxpayer is called a conflict of interest that triggers the emergence of tax avoidance practices. Tax avoidance is a strategy to minimize the tax burden that is done legally and does not violate tax regulations. This study aims to provide empirical evidence about the effect of institutional ownership, profitability, leverage, and company size on tax avoidance in manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange (BEI) in 2014-2018. The sampling method used in this study was a purposive sampling method with a sample of 22 companies during the observation period of 5 years in a row so that the total sample was 110. Hypothesis testing was performed using the multiple linear regression method with SPSS 21 software. The results of this study prove that institutional ownership negatively influences tax avoidance. The results also prove profitability and leverage have a positive effect on tax avoidance, while company size has no effect on tax avoidance.*

Keywords: Institutional Ownership, Profitability, Leverage, Company Size, Tax Avoidance

Abstrak– *Pajak merupakan salah satu sumber penerimaan terbesar bagi negara. Namun bagi perusahaan, pajak merupakan beban yang dapat mengurangi laba. Berdasarkan teori agensi adanya benturan kepentingan antara pemerintah dan wajib pajak ini disebut dengan conflict of interest yang memicu timbulnya praktik tax avoidance. Tax avoidance adalah strategi penghindaran*

pajak untuk meminimalkan beban pajak yang dilakukan secara legal dan tidak melanggar peraturan perpajakan. Penelitian ini bertujuan untuk memberikan bukti empiris mengenai pengaruh kepemilikan institusional, profitability, leverage, dan ukuran perusahaan terhadap tax avoidance pada perusahaan manufaktur sektor industri barang konsumsi yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2014-2018. Metode penentuan sampel yang digunakan dalam penelitian ini adalah metode purposive sampling dengan sampel sebanyak 22 perusahaan selama periode pengamatan 5 tahun berturut-turut sehingga total sampel 110. Pengujian hipotesis dilakukan dengan metode regresi linier berganda dengan software SPSS 21. Hasil penelitian ini membuktikan bahwa kepemilikan institusional berpengaruh negatif terhadap tax avoidance. Hasil penelitian juga membuktikan profitability dan leverage berpengaruh positif pada tax avoidance, sedangkan ukuran perusahaan tidak berpengaruh pada tax avoidance.

Kata Kunci: Kepemilikan Institusional, Profitability, Leverage, Ukuran Perusahaan, Tax Avoidance

I. INTRODUCTION

Companies make a large contribution to a country's tax revenues, but it turns out that many companies consider that tax is a component of the burden in financial statements that can reduce their net profit. Most companies identify tax payments as expenses that lower after-tax profits, rate of return, and cash flow. In addition, if reviewed from the other side, the main objective of the company is to achieve maximum profit for the welfare of corporate stakeholders, so that this is the basis of the company in carrying out tax avoidance actions.

Tax avoidance measures are carried out so that the company can achieve its main goal of optimizing profit, which is expected to have an impact on improving the company's competitiveness, and at the same time the company remains able to fulfill its responsibilities as a taxpayer to the government which is one of the company's stakeholders. Tax avoidance is carried out by companies by utilizing different rules to calculate profits according to commercial rules and profits according to taxation rules, because not all income or expenses recognized in SAK can also be recognized by tax regulations. The difference in recognition of expenses and income is what companies often use to find loopholes in regulating the amount of tax in order to be as minimal as possible through such planning (tax planning).

Pohan (2013), revealed that tax avoidance is a strategy and techniques of tax avoidance carried out legally and safely for taxpayers because it does not conflict with the provisions of taxation. Tax avoidance carried out by related parties is said not to be contrary to the regulations of tax avoidance because it is considered that the practice related to tax avoidance is more utilizing loopholes in tax law, so it can be concluded that the tax legislation that is still less stringent can be very supportive and provide opportunities for companies in carrying out tax avoidance actions. Pohan (2013), revealed that tax avoidance is a strategy and techniques of tax avoidance carried out legally and safely for taxpayers because it does not conflict with the provisions of taxation. Tax avoidance carried out by related parties is said not to be contrary to the regulations of tax avoidance because it is considered that the practice related to tax avoidance is more utilizing loopholes in tax law, so it can be concluded that the tax legislation that is still less stringent can be very supportive and provide opportunities for companies in carrying out tax avoidance actions.

Tax avoidance activities lately are expected to be important things that must be considered by the government. According to the Directorate General of Taxation there are allegedly thousands of FDI trying to avoid their taxes (Business Economy, 2017). This indication arises because foreign investment owners despite having been doing business activities for decades have never delivered their profits. The number of tax avoidance cases that occur will have an impact on the reduction of tax receipts that cause losses experienced by Indonesia, as well as lead to optimal national development and uneven welfare and prosperity of the people. This then became one of the backgrounds in this study.

The practice of tax avoidance has occurred in PT. Toyota Motor Manufacturing Indonesia (Tempo Investigation, 2014). Thousands of cars are exported abroad with export value lower than the cost of sales, while PT. Toyota Motor Manufacturing Indonesia sells similar products to buyers in Indonesia at different prices. For overseas sales, Toyota has a policy to make sales to Toyota Motor Asia Pacific Pte., Ltd, a business unit of Toyota based in Singapore.

The tax officer considers PT Toyota Motor Manufacturing Indonesia to transfer pricing outside the principles of fairness and business practices aimed at discouraging its tax payments in Indonesia. The findings of the Directorate General of Taxation from tax inspection SPT 2007, PT Toyota Motor Manufacturing Indonesia recorded exporting 17,181 units of Fortuner to Singapore. From an examination of Toyota's financial statements, the tax officer found that HPP Fortuner amounted to Rp 161 million per unit. Surprisingly, Toyota's internal documents show that all Fortuners were sold 3.49% cheaper than hpp value of Rp 161 million per unit (Tempo Investigation, 2014). Thus, PT Toyota Motor Manufacturing Indonesia bears the losses from the sale of these cars to Singapore.
Based on the case of PT Toyota Motor Manufacturing Indonesia, there are many more cases of tax avoidance practices carried out by well-known companies and Foreign Investors Companies in Indonesia, including PT. RNI, Global Financial Integrity, 2000 multinational companies, Google Indonesia, PT. Asian Agri Group, etc. Based on the case of PT Toyota Motor Manufacturing Indonesia, there are many more cases of tax avoidance practices carried out by well-known companies and Foreign Investors Companies in Indonesia, including PT. RNI, Global Financial Integrity, 2000 multinational companies, Google Indonesia, PT. Asian Agri Group, etc.

Inconsistencies in the results of previous studies are also the basis in the submission of this research, based on research that has been done related to tax avoidance. There are several factors that influence a company in carrying out its tax obligations, among others, institutional ownership, profitability, leverage, and size of the company. This research is intended to test the influence of institutional ownership, profitability, leverage, and the size of the company on tax avoidance. This study uses case studies on consumer goods industry sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2014-2018.

II. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Agency Theory

According to Meckling and Jensen (1976) in his journal entitled Theory of The Firm: Managerial Behavior, Agency Costs, and Ownership Structure Reveal: Agency theory is a cooperative relationship in a contract in which one or more people as the principal and agent, where the principal delegates authority to the agent to manage the company and make decisions. With the separation of authority and differences of interest between the principal as the owner of the company and the agent as the holder of control over the company can trigger the emergence of conflict of interest or commonly referred to as agency problems.

Related to tax avoidance in this study, agency problems can occur between fiskus and company management. The agency's problems occurred due to differences in interests between tax collectors and the management of the company as taxpayers. Management as an agent who is authorized to manage the company and is obliged to provide financial statements, is likely to take advantage of existing opportunities by conducting tax planning as best as possible through tax

avoidance with the aim of reducing corporate tax payments to a minimum, while fiskus as principal wants tax receipts in accordance with the targets set.

Tax Avoidance

One of the company's efforts in obtaining targeted profit is by conducting tax planning, namely through tax avoidance. Tax avoidance is an obstacle that occurs in the tax collection resulting in reduced state cash receipts. Pohan (2013) stated that tax avoidance is an effort made legally and safely for taxpayers because it does not conflict with the provisions of taxation, where the methods and techniques used tend to utilize the grey area contained in the tax law itself to reduce the amount of tax owed.

Tax avoidance can be measured by several proxies, namely GAAP ETR, Cash Effective Tax Rate (CETR), Book Tax Different (BTD). In this study, the proxy used to measure tax avoidance is the Cash Effective Tax Rate (CETR). CETR is expected to be able to identify the aggressiveness of corporate tax planning carried out using fixed and temporary differences (Prakosa, 2014). This measurement with CETR proxy adopted research from Hoi et al. (2013), Kurniasih and Sari (2013), Maesarah et al. (2014), Damayanti and Susanto (2015) and also by Dewinta and Setiawan (2016).

Institutional Ownership

Institutional ownership is a shareholding owned by a government, insurance company, overseas investor, or bank, except individual investor ownership (Damayanti and Susanto, 2015: 195). A certain percentage of shares owned by institutions may affect the process of preparing financial statements that do not close the possibility of accrualization in accordance with the interests of the management (Ruddian, 2017:14). High institutional ownership of a company's shares will lead to greater scrutiny by institutional authorities so as to deter opportunistic behavior from company managers. In this study, institutional ownership was measured by the proportion of shares held institutionally at the end of the year compared to the number of shares outstanding in the company. This measurement was also carried out in the research of Rahmawati et al. (2016).

Profitability

Profitability is a ratio to measure the company's ability to make a profit and also provide a measure of the effectiveness of a company's management. The company's ability to generate profit is the main focus for the company's achievement assessment, profit is an indicator of the company's ability to meet obligations to creditors, investors, even the government and is part of the company's value creation process related to the company's future prospects, (Andriyanto, 2015). The more the company is able to generate high profits, the better the performance of the company that will attract investors to invest its capital and gain the trust of the creditors, and it will also affect the amount of tax to be paid to the government. The company's profitability rate in this study was measured by return on asset (ROA) ratio.

Leverage

Leverage or debt structure is a ratio that indicates the amount of debt held by the company to finance its operating activities (Darmawan and Sukartha, 2014: 147). Pradipta and Supriyadi (2015), explained that companies that have a high level of leverage show that the company relies more on debt funding sources in financing the company's assets. Companies that have a high leverage ratio, then the risk of loss is greater, but the opportunity to earn profit is also great. The company is expected to manage the leverage ratio well and optimally, so that it will be able to minimize costs and maximize the value of the company. Leverage in this study was measured by the Debt to Assets Ratio (DAR) proxy.

Company Size

According to Sari (2014), the size of the company is a scale that can classify a company into large and small companies in various ways such as total company assets, stock market value, average sales rate, and number of sales. Large companies will tend to be in the government spotlight, so it will give rise to a tendency for companies to act aggressively or obediently. The larger the size of the company, the more the company will consider the risks in terms of managing its tax burden (Dewinta and Setiawan, 2016). This study the authors adopted a proxy of the size of the company used darmawan and Sukartha (2014) on the influence of the application of corporate governance, leverage, return on assets, and the size of the company on tax avoidance with the following *formula:*

SIZE = Log (Total Asset)

Hypothesis Development

The Effect of Institutional Ownership on Tax Avoidance

Jensen and Meckling (1976) stated that managerial ownership and institutional ownership are two corporate governance mechanisms that can control agency problems. A certain percentage of shares owned by institutions may affect the process of preparing financial statements that do not close the possibility of accrualization in accordance with the interests of the management (Ruddian, 2017:14). The greater the ownership of the institution, the greater the power of voice and encouragement from the institution to supervise management and consequently will provide a greater encouragement to comply with tax regulations. That way, companies will avoid tax avoidance behavior that deviates from the corresponding tax provisions in the country (Ruddian, 2017:14).

In the study conducted by Rahmawati et al. (2016) and Ruddian (2017) showed there is a negative influence of institutional ownership on tax avoidance. The results of the study are also in line with research conducted by Praditasari and Setiawan (2017) which proves that there is a significant negative influence of institutional ownership on tax avoidance. Based on this, the hypotheses formulated are as follows:

H1: Institutional ownership negatively affects tax avoidance.

The Effect of Profitability on Tax Avoidance

Profitability is a ratio to measure the company's ability to make a profit and also provide a measure of the effectiveness of a company's management. The more the company is able to generate high profits, the better the performance of the company that will attract investors to invest its capital and gain the trust of the creditors, and it will also affect the amount of tax to be paid to the government. The higher the value of the company's net profit and the higher its profitability will give the company the opportunity to position itself in tax avoidance that reduces the amount of tax liability burden (Chen et al., 2010).

Research conducted by Dewinta and Setiawan (2016), successfully proved that profitability has a positive effect on tax avoidance. The research is in line with research conducted by Damayanti and Susanto (2015) that profitability affects tax avoidance. Based on the description, the hypothesis formulated is as follows:

H2: Profitability has a positive effect on tax avoidance.

The Effect of Leverage on Tax Avoidance

Leverage is a ratio that indicates the amount of debt held by the company to finance its operating activities (Darmawan and Sukartha, 2014: 147). The agency's theory has implications for the company, with interest charges on the debt lowering the cost of corporate taxes, so in this case managers would prefer to use the debt to fund their company in order to benefit from the interest charge on the debt to reduce the corporate tax burden.

Research conducted by Waluyo et al. (2015), Praditasari and Setiawan (2017), and Lanis and Richardson (2015) provides evidence that leverage has a positively significant effect on tax

avoidance actions. The results were also supported by research conducted by Kholbadalov and Utkir (2012), which concluded that corporate tax avoidance and debt costs have a significant and positive relationship, where corporate tax avoidance can serve as a substitute for debt use. Based on the description, the hypothesis formulated is as follows:
H3: Leverage has a positive effect on tax avoidance.

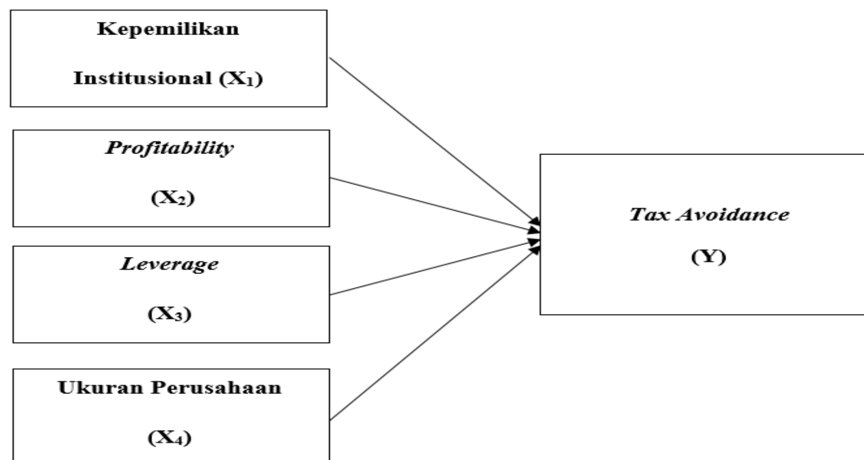
The Effect of Company Size on Tax Avoidance

The size of the company is a picture of the size of a company (Brigham Houston, 2013). Companies that fall into large sizes are likely to have human resources that are experts in taxation. Human resources that are experts in taxation are needed so that the management of taxes carried out by the company can be maximized, thereby reducing the corporate tax burden. Small-scale companies cannot be optimal in managing their tax burden due to a shortage of experts in taxation (Darmadi 2013).

Research conducted by Darmawan and Sukartha (2014) proves that the size of the company affects the occurrence of tax avoidance. The research was supported by dewinta and setiawan research (2016) and Swingly and Sukartha (2015) where the size of the company has a positive effect on tax avoidance. Based on the description, the hypothesis formulated is as follows:
H4: Company size has a positive effect on tax avoidance.

Conceptual Framework of Research

Based on the background, problem formulation, theoretical basis and review of previous research as stated above, the relationship between variables is described through the conceptual framework of research in the picture below:



Picture 2.1.
Conceptual Framework of Research

III. Research Method

Population and Sample

Population is an entire research object that has certain characteristics. The population in this study is all manufacturing companies in the consumer goods industry sector that went public on the Indonesia Stock Exchange (IDX) in 2014-2018. Samples in this study were selected based on purposive sampling method. The following are the criteria for sample selection in this study:

1. Manufacturing companies engaged in the consumer goods industry sector that have gone public or listed on the Indonesia Stock Exchange (IDX) before January 1, 2014. Manufacturing

companies engaged in the consumer goods industry sector that have gone public or listed on the Indonesia Stock Exchange (IDX) before January 1, 2014.
2. Manufacturing companies engaged in the consumer goods industry sector published the full financial statements during 2014-2018.
3. Manufacturing companies engaged in the consumer goods industry sector that publish financial statements in Rupiah, because the use of different currencies can cause exchange rate differences even though they have been converted.
4. It has complete data related to variables in this study during 2014–2018.
5. Manufacturing companies engaged in the consumer goods industry sector that had a positive taxable profit during 2014-2018, so as not to cause distortions in the measurement of tax avoidance due to fiscal compensation if the company has a negative taxable profit.

Dependent Variable (Y)

In this study, the dependent variable used was tax avoidance. The tax avoidance measurement used in this study uses cash effective tax rate (CETR) model. CETR is the payment of tax in cash on the company's profit before tax. The reason for using this measurement is to better describe tax avoidance activities because CETR is not affected by changes in estimates such as assessment allowances or tax protection. CETR is measured by the following formula:

$$CETR = \frac{Cash\ Tax\ Paid}{Pretax\ Income}$$

In calculating CETR, cash tax paid is the amount of cash paid for taxes derived from the income tax payment figure in the cash flow statement, while pretax income is the profit before tax obtained from the income statement. The higher the CETR value of a company, the lower the level of the company's tendency to practice tax avoidance.

Independent Variables (X)
Institutional Ownership (X1)

Institutional ownership (KI) is the amount of share ownership by the institution. The small amount of institutional ownership will affect the aggressive policies carried out by the company. In this study institutional ownership was measured using percentages (Khurana, 2009). Institutional ownership can be measured using the following formula:

$$\mathrm{KI} = \frac{\sum Saham\ yang\ dimiliki\ institusional}{\sum Saham\ yang\ beredar}$$

Profitability (X2)

In this study, the indicator used to measure profitability is Return on Asset (ROA). Return on Assets is a comparison between net income and total assets at the end of the period, which is used as an indicator of the company's ability to generate profit (Kurniasih and Sari, 2013). ROA is measured with the following formula:

$$\mathrm{ROA} = \frac{\text{Laba bersih}}{\text{Total aset}}$$

Leverage (X3)

According to Kurniasih and Sari (2013) the leverage ratio indicates the financing of a company from debt that reflects how high the value of the company is. Leverage is also an increase in the amount of debt resulting in the emergence of additional costs in the form of interest or interest and a reduction in the income tax burden of corporate taxpayers. The leverage ratio used in this study was

Debt to Asset Ratio (DAR). DAR is one of the ratios used to measure the solvency level of the company. This ratio is measured by comparing the total debt with the total assets. The formula for calculating a DAR is as follows:

$$DAR = \frac{\textbf{Total kewajiban}}{\textbf{Total aset}}$$

Company Size (X4)

The company's variable size research was measured by the logarithm of total assets (Nur and Priantinah, 2012). The size of the company is formulated as follows:

$$\text{SIZE} = Log\ (Total\ Aset)$$

Data Analysis Method

Data analysis techniques used to test the hypothesis of this research are descriptive statistics, classic assumption tests that include normality testing, multicolloremity test, autocorrelation test and heterocedastisity test. Hypothetical testing is carried out using multiple regression analysis models using the following regression equations:

CETR= β_0+ β_1 KI+β_2 ROA+β_3 DAR+β_4 SIZE+ε

Keterangan:

CETR	= Cash Effective Tax Rate (Proxy of tax avoidance)
KI	= Institutional Ownership
ROA	= Profitability
DAR	= Leverage
SIZE	= Company Size
β	= Constant regression coefficient
β1, β2, β3, β4	= Regression coefficient each proxy
ε	= Error Term

IV. RESULTS OF ANALYSIS AND DISCUSSION

This research will look at the influence of institutional ownership, profitability, leverage, and company size on tax avoidance as measured by the Cash Effective Tax Rate (CETR). The population of data obtained as many as 46 companies. The samples selected in accordance with the predetermined criteria are 22 companies. The observation period in the study was 5 years, so the total number of samples in the study was 110 annual reports.

Descriptive Statistical Analysis of Research Results

Descriptive statistical tests are conducted with the aim of providing an overview of each research variable regarding the mean or average value of the sample, maximum value, minimum value, and standard deviation. The table below is a descriptive statistical result of research data used during the analysis period of 2014 - 2018:

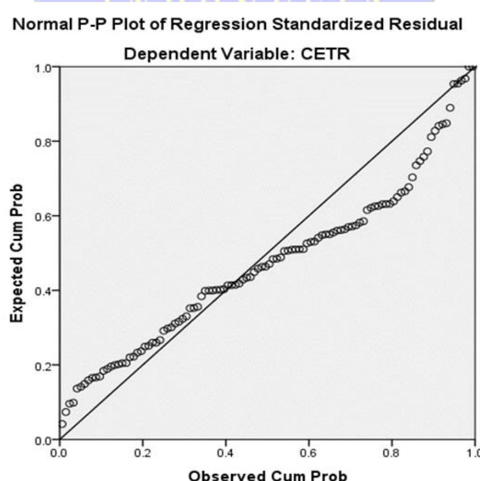
Table 4.1 Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
KI	110	0.051	0.982	0.72258	0.20605
ROA	110	0.009	0.921	0.14181	0.13664
DAR	110	0.141	0.752	0.39732	0.1637
SIZE	110	11.203	13.985	12.5633	0.71836
CETR	110	0.087	1.364	0.29725	0.16586
Valid N (listwise)	110				

Source: Processed data, 2020

From the table above can be explained the following:
a. N or the amount of valid data and used for processing as much as 110 data.
b. Independent variable of institutional ownership (KI), based on the data obtained shows that the minimum institutional ownership value is 0.051, maximum is 0.982 with an average value of 0.72258 and a standard deviation of 0.206049. This shows that the institutional ownership of the company's shares is at least 5.1% owned by PT Wismilak Inti Makmur Tbk (WIIM) in 2017 and the highest is 98.2% owned by PT Hanjaya Mandala Sampoerna Tbk (HMSP) in 2014, and from the entire sample has institutional ownership with an average value of 72,258%.
c. Independent variable profitability proxyed with Return on Asset (ROA), based on data obtained minimum ROA value 0.009, maximum 0.921, average value 0.14181 and standard deviation 0.136644. It appears that the lowest ROA value of the sample was 0.9% owned by PT Sekar Bumi Tbk (SKBM) in 2018 while the highest was 92.1% owned by PT Merck Tbk (MERK) in 2018, and from the entire sample there was an average ROA value of 14,181%.
d. Independent variable leverage proxyed with Debt to Assets Ratio (DAR), based on the data obtained shows that the lowest DAR value (minimum) of the sample of 0.141 is owned by PT Ultrajaya Milk Industry & Trading Company Tbk (ULTJ) in 2018, while the highest DAR value (maximum) was 0.752 owned by PT Multi Bintang Indonesia Tbk (MLBI) in 2014, and from the entire sample has an average DAR value of 0.39732 with a standard deviation of 0.163697.
E. Independent variable size of the company proxyed with (SIZE), based on the data obtained shows that the lowest SIZE value (minimum) of the sample of 11,203 was owned by PT Pyridam Farma Tbk (PYFA) in 2017 and the highest SIZE value (maximum) was 13,985 owned by PT Indofood Sukses Makmur Tbk (INDF) in 2018, and from the entire sample has an average SIZE value of 12.56333 with a standard deviation of 0.718364.
F. Dependent variable (CETR) as a proxy for tax avoidance, based on the data obtained shows that the lowest CETR value (minimum) of 0.087 is owned by PT Akasha Wira International Tbk (ADES) in 2018 while the highest value (maximum) of 1,364 is owned by PT Merck Tbk (MERK). Of the entire sample, the average value of CETR is 0.29725 with a standard deviation of 0.165858.

Classic Assumption Test Results
Normality Test Results



Picture 4.1 Normality Test Results

Source: Processed data, 2020

Based on the picture above, shows that the data of each variable has been distributed normally. This can be proven by the spread of data around the diagonal line and following the direction of the diagonal line.

Multicolinearity Test Results

Table 4.2 Multicolinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.609	0.278		2.187	0.031		
	KI	-0.236	0.078	-0.293	-3.033	0.003	0.879	1.138
	ROA	0.314	0.117	0.259	2.675	0.009	0.876	1.141
	DAR	0.199	0.095	0.197	2.089	0.039	0.925	1.081
	SIZE	-0.021	0.021	-0.091	-0.982	0.328	0.952	1.050

a. Dependent Variable: CETR

Source: Processed data, 2020

Based on the table above, shows that all independent variables in this study have a tolerance value of more than 0.1 and Inflaction Factor (VIF) less than 10, which means there is no correlation between independent variables.

Autocorrelation Test Results

Table 4.3 Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.372[a]	0.138	0.105	0.156881	1.876

a. Predictors: (Constant), SIZE, DAR, KI, ROA

b. Dependent Variable: CETR

Source: Processed data, 2020

Based on table 4.9 above, shows that Durbin Watson value is 1876 where this value will be compared with table value using significant value 5%. From the table obtained values du = 1.7651 and 4 – du = 2.2349. Therefore the value du < d < 4-du or 1.7651 < 1.876 < 2.2349, it can be concluded that there is no autocorrelation in this study both positive and negative.

Heteroskedastisity Test Results

Table 4.4 Park Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.028	3.874		.782	.436
	KI	-.552	1.083	-.051	-.510	.611
	ROA	-.863	1.635	-.053	-.528	.599
	DAR	2.574	1.328	.190	1.938	.055
	SIZE	-.559	.298	-.181	-1.872	.064

a. Dependent Variable: Lnei2

Source: Processed data, 2020

From the table above, showing that all variables have significant values above 0.05 then it can be concluded that this model is homoskedastisitas or does not occur heterosexedastiity in the data used in this regression model. So that the spread of data over time is always consistent.

Hypothesis Test

Determinant Coefficient Test (R2)

From the R test results known R Square value of 0.138 with Adjusted R Square value of 0.105 < 0.5, this indicates that the independent variables in this study namely institutional ownership, profitability, leverage, and company size can explain dependent variables that are tax avoidance of 10.5%, while the remaining 89.5% is influenced by other variables outside of the study.

Simultaneous Regression Coefficient Test (F-Test)

Based on the F test results, it can be explained that there is a simultaneous influence of institutional ownership variables, profitability, leverage, and company size on tax avoidance. This can be indicated by the test sig value F 0.003 < 0.05 with the provision that Fhitung > Ftabel, which is 4,208 > 2,458.

Partial Regression Coefficient Test (t-test)

Table 4.5 Hypothesis Test Results

Model	Unstandardized Coefficients		Beta	T	Sig.
	B	Std. Error			
(Constant)	0.609	0.278		2.187	0.031
KI	-0.236	0.078	-0.293	-3.033	0.003
ROA	0.314	0.117	0.259	2.675	0.009
DAR	0.199	0.095	0.197	2.089	0.039
SIZE	-0.021	0.021	-0.091	-0.982	0.328

a. Dependent Variable: CETR

Source: Processed data, 2020

The Effect of Institutional Ownership on Tax Avoidance

Based on the test results showed that institutional ownership has a significant negative influence on tax avoidance, then the hypothesis is accepted. So it can be concluded that the higher the institutional ownership, the tendency of management to do tax avoidance will be lower.

With institutional ownership in a company, the level of compliance and management performance will be increased. The greater the ownership of the institution, the greater the power of voice and encouragement from the institution to supervise management and consequently will provide a greater encouragement to comply with tax regulations. With the large share ownership of institutional investors can also reduce agency problems, so that there will also be less chance of tax avoidance actions carried out by the company, because institutions are easier to supervise managerial performance.

The results of this study are in accordance with the research of Rahmawati et al. (2016), Ruddian (2017) and Praditasari and Setiawan (2017) which proves that there is a significant negative influence of institutional ownership on tax avoidance. In contrast to research conducted by Damayanti and Susanto (2015) which showed that institutional ownership does not affect tax

avoidance. Research conducted by Khan et al. (2017) also showed different results, there is a significant positive relationship between institutional ownership and corporate income tax avoidance.

The Effect of Profitability on Tax Avoidance

Based on the test results showed that profitability has a significant positive influence on tax avoidance, then the hypothesis is accepted. So it can be concluded that the higher the value of profitability, the tendency of management to do tax avoidance will be higher.

Based on the agency's theory, shareholders have an interest in obtaining the maximum profit, so it will spur the management (agents) to increase the company's profit. Profitability is one of the ratios that can be used by shareholders and management to measure the company's ability to generate profit. On the other hand, the increase in corporate profits will make the tax paid by the company will be higher, the increase in taxes that will be paid by the company will certainly reduce the profit that will be generated so that the company positions itself in tax avoidance that reduces the amount of tax liability burden (Chen et al., 2010).

The results of this research are in line with research conducted by Dewinta and Setiawan (2016) successfully proved that profitability has a positive effect on tax avoidance and supported by research conducted by Damayanti and Susanto (2015) that profitability affects tax avoidance. While the results of research conducted by Maharani and Suardana (2014) showed different results, where the results showed that roa variables negatively affect tax avoidance.

The Effect of Leverage on Tax Avoidance

Based on the test results showed that leverage has a significant positive influence on tax avoidance, then the hypothesis is accepted. So it can be concluded that the higher the leverage value, the tendency of management to do tax avoidance the higher.

Leverage (debt structure) is a ratio that indicates the amount of debt held by the company to finance its operating activities (Darmawan and Sukartha, 2014: 147). Companies that prefer to use external funding such as debt will result in the appearance of interest expenses that can be a deduction for taxable profits. The interest charge on the debt to the company will reduce the cost of corporate tax, so in this case the manager will prefer to use the debt to fund their company in order to benefit from the interest expense on the debt to reduce the corporate tax burden. The decrease in the corporate tax burden will result in an increase in the company's profit. The increased profit can be said that the company's performance also increased.

The results of this study are in line with research conducted by Waluyo et al. (2015), Lanis and Richardson (2015), and Praditasari and Setiawan (2017) which showed that leverage has a positive effect on tax avoidance actions. However, the results of this study are not in line with Darmawan and Sukartha's research (2014) which showed that leverage measured by DAR proxies has no effect on tax avoidance.

The Effect Company Size on Tax Avoidance

Based on the test results showed that the size of the company did not have a significant influence on tax avoidance. From the results of the test, it can be concluded that the hypothesis was rejected.

The size of the company is a picture of the size of a company (Brigham Houston, 2013). From the hypothetical test results indicate that the small size of a company does not affect the desire of the company to do tax avoidance because the company can not always use the power it has to do tax avoidance. Large companies will tend to be in the government spotlight, so it will give rise to a tendency for companies to act obediently. The larger the size of the company, the more the company will consider the risks in terms of managing its tax burden (Dewinta and Setiawan, 2013). Therefore, the phenomenon of tax avoidance can not only be done by large companies, but even medium and small scale companies will be able to do tax avoidance. So it can be concluded that tax avoidance is not influenced by the size of a company, this is because tax avoidance on the company is more driven on the financial condition and control (shareholder and management) of the company itself.

The results of this study are in line with research conducted by Merslythalia and Lasmana (2016) where the results showed that the size of the company has no significant effect on tax avoidance. In contrast to research conducted by Darmawan and Sukartha (2014) which showed that the size of the company affects the occurrence of tax avoidance.

V. CONCLUSIONS, SUGGESTIONS AND LIMITATION

Conclusions

Based on the results of the analysis and discussion described in the previous chapter, it can be concluded:

1. From the test results can be concluded the hypothesis is accepted, which means the higher the institutional ownership, the tendency of management to do tax avoidance will be lower. With the large share ownership of institutional investors can reduce agency problems, so there will also be less chance of tax avoidance actions carried out by the company, because institutions are easier to supervise managerial performance.
2. From the test results can be concluded the hypothesis is accepted, which means the higher the value of profitability, the tendency of management to do tax avoidance will be higher. An increase in the company's profit will make the tax paid by the company will be higher, the increase in the tax to be paid by the company will certainly reduce the profit that will be generated thus making the company position itself in tax avoidance that reduces the amount of tax liability burden (Chen et al., 2010).
3. From the test results can be concluded the hypothesis is accepted, which means the higher the leverage value, the tendency of management to do tax avoidance the higher. Companies with high levels of profitability will certainly try to reduce their taxes by increasing their debt ratio, so that the additional debt will reduce taxes. In other words, the higher the leverage of the company, the higher the tax avoidance efforts made by the company.
4. From the test results can be concluded the hypothesis is rejected. Tax avoidance is not influenced by the size of a company, this is because tax avoidance on the company is more driven on the financial condition and control (shareholder and management) of the company itself.

Suggestions

Based on the test results and conclusions, some suggestions can be made for subsequent researchers and interested parties. Furthermore, researchers are expected to use a sample of companies that have suffered losses, because there is a possibility that companies that suffered losses can do tax avoidance by utilizing existing regulatory loopholes, such as utilizing fiscal loss compensating to reduce the corporate tax burden in the coming period. For the management of the company, it is expected to pay more attention to every action that will be taken as well as the risks borne related to its tax burden obligations. As well as for the government and fiskus as tax collectors are expected to further improve supervision and monitoring of the implementation of corporate tax obligations so that the opportunity of companies to do tax avoidance can be reduced.

Limitation

In this study, there are several limitations and constraints that limit the scope of research, including:

1. Independent variables used in this study use only four variables, namely institutional ownership, profitability, leverage, and company size.
2. This research is still limited to one sector, namely the consumer goods industry listed on the Indonesia Stock Exchange with a total of 5 years of observations, namely in 2014-2018.

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