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The Effect of Corporate Governance on Tax Avoidance Behavior (Study of Manufacturing Companies in the Indonesia Stock Exchange Period

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Abstract*—This study aims to determine the effect of corporate governance as proxied by the board of commissioners, audit committee and institutional ownership on tax avoidance behavior that occurs in manufacturing companies listed on the Indonesia Stock Exchange. Tax avoidance in this study uses the residual method to obtain the value of the normal book tax difference. This study adds control variables namely profitability, leverage and company size. The research method used was panel data regression analysis using eviews 10. The sample was determined based on the purposive sampling method with the number of research samples obtained as many as 115 companies during the period 2014-2018. The results in this study showed that: 1) the board of commissioners had no influence towards tax avoidance behavior with a positive coefficient which means that when the effectiveness of the board of commissioners increases it will increase tax avoidance behavior, 2) the audit committee has a significant effect on tax avoidance behavior with a negative coefficient which means that when the effectiveness of the audit committee increases it will reduce tax avoidance behavior, 3) institutional ownership does not affect the behavior of tax avoidance with a negative coefficient which means that when institutional ownership increases it will reduce tax avoidance behavior. The results of the control variable test show profitability affects the behavior of tax avoidance, leverage does not affect the behavior of tax avoidance and the size of the company does not affect the behavior of tax avoidance.

Keywords—:Tax Avoidance, Corporate Governance, Board of Commissioners, Audit Committee, Institutional Ownership, Profitability, Leverage, Company Size

I.INTRODUCTION

Tax has a very important role in the life of the state, especially in the development of the country because tax as the largest source of state revenue to finance all expenses including state development expenditure. RI Law No. 17 of 2003 concerning State Finance in Article 11 states that "State revenue consists of tax revenue, non-tax revenue, and grants". This explains that tax as a source of income owned by Indonesia. Taxes are used to finance expenditures both on a routine and national development basis.

Table 1.1 Target and realization of taxation revenue for the last 5 years

Year	Target	Realization
2014 : 92,00 percent	1.246,1 triliun	1.146,9 triliun
2015 : 83,30 percent	1.489,3 triliun	1.240,4 triliun
2016 : 83,50 percent	1.539,2 triliun	1.285,0 triliun
2017 : 91,23 percent	1.472,7 triliun	1.343,5 triliun
2018 : 94,02 percent	1.618,0 triliun	1.521,3 triliun

Source: Ministry of Finance

Various efforts have been made in achieving the tax revenue target, but in fact the tax revenue has not yet occurred optimally. Despite an increase in tax realization, it has never been achieved in achieving the annual state budget target. One reason is the awareness of taxpayers who are still not closely watched by taxpayers. Not a few business taxpayers who carry out tax avoidance practices both legally (tax avoidance) and even illegal or tax evasion (Waluyo et al., 2015). Tax avoidance as an effort to minimize the tax burden carried out by the company, because it is still in the applicable tax regulations. The phenomenon of tax avoidance in Indonesia can be seen from the state tax ratio. The tax ratio shows the ability of the government to collect tax revenue or absorb PBD from the public in the form of taxes. The higher the tax ratio of a country, the better the performance of the state tax collection is said (Darmawan and Sukartha, 2014).

The occurrence of corporate tax avoidance behavior is explained by agency theory leading to relationships of principal (principal) to managers (agents). The aggressive tax avoidance behavior can be influenced by agency problems, the management system wants an increase in compensation through high profits, on the other hand shareholders want to reduce tax costs with low profits (Rusydi and Martani, 2014). Including avoiding taxes increases the opportunistic behavior of a company manager, on the other hand shareholders want to reduce tax costs with low profits (Rusydi and Martani, 2014). activities in accordance with desired interests at the expense of investor interests. Risk opportunistic behavior of managers will increase agency costs incurred by the investor (Jensen and Meckling, 1976).

Tax avoidance behavior reflects the manager's personal interests by manipulating earnings which results in incorrect information. These activities certainly have an effect on shareholders resulting in a decrease in the information content of the company's financial statements, so there is the potential for information asymmetry between the company and shareholders. Tax avoidance behavior aims to reduce the tax burden of the company by lowering corporate profits, these activities will adversely affect the value of the company in the eyes of investors (Anggoro and Septiani, 2015).

II. LITERATURE REVIEW

A. Research Review

The first study by Jamei (2017) aimed at investigating the relationship between certain corporate governance mechanisms and tax avoidance of 104 companies listed on the Tehran Stock Exchange during 2011-2015, saying that there was no significant relationship between the number of board members and tax avoidance. By increasing the number of board members, it is possible to reduce the amount of corporate control, thus the board will try to reduce taxes. It also said that there was no significant relationship between institutional ownership and tax avoidance. The lack of adequate supervisory performance by institutional owners is due to the fact that institutional owners in Iran are mostly government companies and institutions.

The second study by Mashaieki and Seyyedi (2015) conducted research on corporate governance and tax avoidance on 146 companies listed on the Tehran Stock Exchange during 1992-2012. The relationship between important standards of corporate governance including the ownership structure, the independent board of commissioners and the size of the board of commissioners with tax avoidance shows that there is no significant relationship between corporate governance and tax avoidance.

The third study by Pratama (2017) examined the characteristics of companies and corporate governance with a proxy for the size of the board of commissioners, the proportion of independent commissioners, corporate audits and audit committees against aggressive tax avoidance with the population of all companies listed on the Indonesia Stock Exchange with a total of 533 companies in 2011-2015 states the corporate governance variable shows some interesting results. Board size is a negative sign, meaning that the higher the number of commissioners, the lower the effective tax rate. The board of commissioners is involved in tunneling activities, increasing the wealth of majority shareholders. The audit committee variable also shows a positive sign, which indicates that more members of the audit committee in the company are leading to higher effective tax rates. Shows that the audit committee plays an important role in preventing aggressive tax behavior. However, the proportion of independent directors is insignificant, stating that one possible reason for this is the ineffectiveness of the board structure.

The fourth research by Marselawati et al., (2018) examined the effect of corporate governance with the institutional ownership variable, the independent board of commissioners, the audit committee and audit quality on tax avoidance in consumer goods industry companies in the Indonesia Stock Exchange in 2013-2016 which provided the results of the study that institutional ownership variables influenced tax avoidance, showing that a higher proportion of institutional ownership in a company will lead to lower tax avoidance. This is reflected that companies with high institutional ownership will easily prevent company management from practicing tax avoidance. The independent board of commissioners does not affect tax avoidance, the results of this study indicate that the lower the board of independent commissioners in the company will make higher tax avoidance because the independent commissioner is not involved in making decisions regarding corporate tax obligations. The audit committee variable affects tax avoidance, the results of this study indicate that the more audit committees in the company will make lower tax avoidance. Existing audit committee in a company can prevent the practice of tax avoidance because the audit committee with knowledge in accounting can avoid the practice of tax avoidance so the company will not make tax avoidance.

The fifth study conducted by Maharani and Suardana (2014) conducted a study on corporate governance with a proxy proportion of the board of commissioners, audit quality, and an audit committee on tax avoidance. The study was conducted on manufacturing companies on the Stock Exchange during the 2008-2012 period with a total sample of 159 companies, the results of the study revealed institutional ownership showed no influence on tax avoidance, while the proportion of independent commissioners was effective in their efforts to prevent tax avoidance. The audit committee in this study has a negative effect on tax avoidance which shows that companies that have an audit committee will be more responsible and open in presenting financial statements because they will monitor all activities that take place within the company.

B. Planned Behavior Theory

Tax avoidance by companies cannot be separated from planned behavior theory. This theory helps describe the planned corporate tax avoidance behavior. Theory of planned behavior describes the behavior of taxpayers in complying with tax payment obligations. This is related to taxpayer awareness. Taxpayers who have tax awareness, will have confidence in the importance of paying tax debt that will be used in the implementation of development in a country (Mustikasari, 2007).

C. Agency Theory

Jensen and Meckling (1976) state that an agency relationship is a contract between a manager (agent) and a shareholder (principal). The agency relationship sometimes causes problems between managers and shareholders or is usually called a conflict of interest.

Tax avoidance behavior is related to corporate governance, shareholders may disagree when managers are involved in tax avoidance actions, although it will provide benefits because with this behavior managers can generate additional rent extraction. Aggressive tax avoidance activities are often associated with administrative penalties in the form of tax penalties and the loss of the company's reputation on an ongoing basis (Kurniawan and Syafruddin, 2017).

D. Tax Avoidance

Tax avoidance is an attempt by taxpayers to reduce or completely eliminate tax debt, by not violating the provisions of tax legislation (Zain, 2007: 43). According to Pohan (2016: 23) tax avoidance is a tax avoidance effort because it does not conflict with taxation provisions, where the methods and techniques used tend to exploit the weaknesses (gray area) contained in the laws and tax regulations themselves, to reduce the amount tax payable.

E. Tax Avoidance Measurements

Study adapted the tax avoidance proxy, namely Abnormal BTD referring to Tang and Firth (2012), as popular tax planning as a better predictor and considered more accurate in assessing tax avoidance by considering discretion from temporary or permanent tax avoidance. Tang and Firth (2012) regressed total BTD on non-discretionary items to look for differences in accounting and tax standards explained by changes in sales, changes in fixed assets, intangible assets other than goodwill, and the position of a company's tax loss so that the residual value of the regression results The model is a form of Abnormal BTD (ABTD).

If in Tang and Firth's (2012) research there is a "TAX_DIFF" which states the difference between the consolidated corporate tax rates and the consolidated subsidiaries. However, in this study adapting tax differences from Hanlon and Heitzman (2010) "PERMDIFF" or "ETR differential" reveals tax avoidance that helps companies increase accounting revenue by reducing GAAP ETR.

With the formula looking for ABTD values as follows:

$$BTDit = \beta 0 + \beta 1 \Delta INVit + \beta 2 \Delta REVit + \beta 3 TLit + \beta 4 TLUit + \beta 5 PERMDIFFit + \beta 6 BTDit{-}1 + eit \ldots\ldots\ldots \ldots (1)$$

To meet the elements of the model equation above, we need the BTDt-1 variable, the book tax differences for the previous year (t-1), so in this study it is necessary to add a sample of 2013 that is devoted to completing the above model equation. All variables used in the above model equation are divided by total company assets in year t. BTDit values are obtained by the formula, as follows:

$$BTD = \frac{PretaxIncome - \frac{CurrentTaxExpense}{TaxRate}}{TotalAsset} (2)$$

$$PERMDIFF = StatutoryETR - GAAPETR \ldots\ldots\ldots\ldots (3)$$

Information :

- BTD = Difference between fiscal and profit accounting
- ABTD = Residual value (it) from the results of the regression equation model
- Total Assets = Number of company assets per year

- ∆INVit = Changes in the value of fixed assets in company i from year t-1 to year t,divided by total assets in year t
- ∆REVit = Change in the value of income (sales) at company i from year t-1 to year t, divided by total assets in year t
- TLit. = Total net operating loss of company i in year t, divided by total assets in year t
- TLUit = The amount of tax loss used by company i at year t, divided by total assets in year t
- PERMDIFFit = Difference between effective tax rates according to law and GAAPETR
- BTDit-1 = company BTD value in year t-1 used to control the effect of changing tax and accounting rules every year
- Statutory ETR = Effective tax rates according to law
- GAAP ETR. = Total tax burden divided by profit before tax

To control company size, all variables are divided by total assets in year t, except for PERMDIFFit. Estimated regression models use cross section data annually in industry groups and use residual values the regression model to explain ABTD. The BTD total regression results in this study use the absolute value multiplied by -1 to make the residual value of the different model regression results into one direction to indicate earnings management actions and tax planning, according to Tang and Firth's research (2012) suggesting that negative BTD driven by earnings management and the smaller ABTD value shows improved earnings management and aggressive tax planning.

F. Corporate Governance

According to the Cadbury Committee in FCGI (2000: 1) the notion of corporate governance is a set of rules governing the relationship between shareholders, managers (managers) of the company, creditors, government, employees and other internal and external stakeholders relating to rights and their obligations, or in other words a system that regulates and controls the company. FCGI also explains that the purpose of corporate governance is to create added value for all stakeholders.

G. Board of Commissioners

According to the KNKG (2006: 13), the board of commissioners as the organ of the company is tasked with and is collectively responsible for conducting supervision and giving advice to directors as well as ensuring that the company implements corporate governance. The proportion of independent commissioners is expected to be more effective and more independent in carrying out the oversight function of management. Regular meeting activities conducted by the board of commissioners can conduct early and systematic supervision if there are problems. And the size of the board of commissioners and their competence can be more effective in conducting supervision and improving the company's financial performance (Junaedi and Farina, 2017).

H1: The board of commissioners has a negative influence on the avoidance of taxation

Measurement of the effectiveness of the board of commissioners based on the characteristics that affect the overall measured by using scoring is considered to be able to produce better measurements of the effectiveness of the role of the board of commissioners. The method of assessment is by giving a value of 3 if the statement is included in the category of "good", 2 if "fair" and 1 if "poor".

$$BOCSCORE = \frac{Skor}{Total\ Skor} \dots\dots\dots\dots (4)$$

Information :

- ACSCORE = Index of effectiveness of the audit committee
- Score = The sum of statements from statements 1 to 11
- Total Score = Total score statement

H. Audit Comittee

FCGI (2000: 12) explains the audit committee has responsibilities in three areas, namely:

1. Financial statements
2. Corporate Governance
3. Company Supervision

The effectiveness of the audit committee will increase with the increase in the size of the audit committee, because the committee has more resources to deal with the problems faced by the company. The audit committee can prevent and reduce the possibility of errors in decision making because the company's internal control activities are carried out in a structured manner so that problems can be quickly resolved. The existence of an audit committee that has knowledge in the field of accounting is expected to play a role in controlling

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and supervising better company performance (Hadiprajitno and Nuresa, 2013).

H2: The audit committee has a negative influence on tax avoidance

The role of the audit committee is measured based on its effectiveness by looking at the audit committee's effectiveness score using the checklist method compiled by Hermawan (2009) and calculated based on the value obtained from the list of statements compiled based on characteristics that include activities, number of audit committees and competencies possessed. The valuation method used with the assessment of the board of commissioners, is worth 3 for statements that fall into the category of "good", 2 if "fair" and 1 if "poor".

$$ACSCORE = \frac{Skor}{Total\ Skor} \dots\dots\dots\dots (5)$$

Information :

- ACSCORE = Index of effectiveness of the audit committee
- Score = The sum of statements from statements 1 to 11
- Total Score = Total score statement

I. Institutional Ownership

Jensen and Meckling (1976) state that institutional ownership has an important role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by a manager. This is because institutional investors are involved in strategic decision making so it is not easy to believe in manipulation actions.

H3: Institutional ownership has a negative influence on tax avoidance

Institutional ownership is measured by the percentage of shares of companies owned by other companies both inside and outside the country and at least 5% of the government's shares of total company shares. The percentage of institutional ownership

$$\text{Institutional Ownership} = \frac{\text{umber of shares owned by the institution}}{\text{Number of shares outstanding}} \dots\dots\dots\dots (6)$$

J. Control Variable

Profitability

Profitability ratio is rational to assess the company's ability to seek profits. This ratio also provides a measure of the effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. Profitability is the company's ability to generate profits for a certain period of time, because to be able to carry out his life, a company must be in a favorable condition / profitable (Kasmir, 2008: 196).

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset} x\ 100\% \dots\dots (7)$$

Leverage

According to Kasmir (2014: 150), leverage is a ratio used to measure the extent to which a company's assets are financed by debt, meaning how much debt burden the company bears compared to its assets, or this ratio is to measure the company's ability to pay all of its obligations both short-term and long-term.

$$DER = \frac{Total\ Debt}{Total\ Asset} \dots\dots\dots\dots (8)$$

Company Size

Size is generally defined as a scale that classifies the size of a company. Hartono (2015: 254) said that the size of the company is the size of the company that can be measured by the total large assets of the company's assets by using the logarithm value of total assets. According to Darmawan and Sukartha (2014) the greater the company, the greater the resources owned to manage the corporate tax burden, supported by political power theory which explains that large companies will have large resources to influence the desired political process and benefit the company including in tax avoidance in order to achieve optimal tax savings.

$$Size = Ln(Total\ Asset) \dots\dots\dots\dots (9)$$

III. RESEARCH METHODS

A. Population and Sample

The population in this study was a manufacturing company listed on the Indonesia Stock Exchange 2014-2018. Sampling in this study was conducted by purposive sampling method. The criteria for researchers in taking the research as follows:

1. The sample companies are manufacturing companies listed on the IDX that issue financial and audit reports and annual reports for the period ending December 31 during the 2014-2018 period.

2. Companies that have the entire data needed in research, such as disclosure of the board of commissioners, audit committee and institutional ownership as well as data on changes in asset values, changes in income and book tax differences to reduce tax avoidance tax avoidance.

Table 2.1 Distribution of Research Samples

Based on positive sampling methods obtained as follows:

No.	Criteria	Number of Companies
1	Manufacturing companies listed in BEI period 2014-2018	166
2	New manufacturing companies are listed on the BEI period 2014-2018	(27)
3	Incomplete manufacturing companies publish annual reports and financial reports as of 31 Desember period 2014 - 2018	(19)
4	Delisting manufacturing company from BEI	(5)
Number of company samples		115
Year of Observation		5
Number of Observation during 2014 – 2018		575

Source: Data processed by researchers

B. Panel Data Regression

Panel data is a combination of cross section data and time series data, so the regression equation is as follows:

TAVit = α + β1 (BOCSCOREit) + β2 (ACSCOREit) + β3 (KIit) + β4 (ROAit) + β5 (LEVit) + β6 (SIZEit) + eit ………….. (10)

Information :

- TAVit = Tax Avoidance Behavior measured by ABTD
- α = Constant
- β1β2β3β4 β5 β6 = Regression Coefficient
- BSCOREit = Board of Commissioners
- ACSCOREit = Audit Committee
- KIit = Institutional Ownership
- ROAit = Profitability proxied by ROA as a control variable
- LEVit = Leverage proxied by DER as a control variable
- SIZEit = Company size calculated by natural logarithms
- eit = Error term

IV. RESEARCH RESULTS AND DISCUSSION

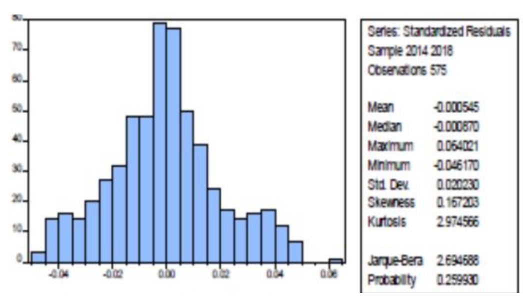
A. Statistics Analysis

Descriptive statistics are used to find out the various variants of research company samples for a long time, research and results were presented in the table below:

Variable Name	Mean	Maximum	Minimum	Std. Dev.
Tax Avoidance	-0.013177	0	-0.11801	0.016221
Board of Commissioners	0.360444	0.58824	0.23529	0.042536
Audit Committee	0.403715	0.48485	0.22727	0.04932
Institutional Ownership	0.699213	0.9977	0	0.234074
Profitability	0.043764	0.71602	-0.39184	0.095312
Leverage	1.270039	94.1	-8.34	4.27428
Company Size	15.21894	21.03389	10.59863	2.280156

The maximum value for avoiding taxes is 0 that is owned by PT. Kertas Basuki Rachmat Indonesia, Tbk during 2014, 2016 and 2017, PT. Multistrada Arah Sarana, Tbk in 2018 and PT. Bentoel International Investama, Tbk in 2014, while the minimum value of -0.11801 is owned by PT.Mandom Indonesia, Tbk in 2015. The mean value of -0.013177 because the BTD total regression results in this study use the absolute value multiplied by -1 to make the residual value of the results of different model regressions in one direction to indicate earnings management actions and tax planning, according Tang and Firth's research (2012) suggested that BTDit negativity was driven by earnings management and the smaller ABTD value showed an increase in earnings management and aggressive tax planning, the results of this study gave a 0.046,221 standard yield.

B. Normality test



Jarque-Bera statistical test (JB-Test) has a probability value of 0.259930 where the probability value is greater than 0.05 ie 0.259930 > 0.05, so it can be said that data is normally distributed.

C. Multicollinearity Test

	Board of Commissioners	Audit Committee	Institutional Ownership	Profitability (ROA)	*Leverage* (DER)	Company Size
Board of Commissioners	1	0.258435	0.065495	0.161054	-0.025669	0.265948
Audit Committee	0.258435	1	-0.026995	0.047231	-0.017852	0.178187
Institusional Ownership	0.065495	-0.026995	1	0.071625	-0.054255	0.010377
Profitability	0.161054	0.047231	0.071625	1	-0.038133	0.002206
Leverage	-0.025669	-0.017852	-0.054255	-0.038133	1	0.045895
Company Size	0.265948	0.178187	0.010377	0.002206	0.045895	1

The independent variable consisting of the board of commissioners, the audit committee, ownership of the company includes the profitability, leverage, and the size of the company as a control variable that is free from the multicollinearity test because it has an equity of under 0.80.

D. Heteroscedasticity Test

Heteroskedasticity Test: White			
F-statistic	1.152589	Prob. F(27,535)	0.2732
Obs*R-squared	30.94839	Prob. Chi-Square(27)	**0.2733**
Scaled explained SS	166.3586	Prob. Chi-Square(27)	0

characters are heteroscedastically.

E. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.605202	Prob. F(2,554)	0.2018
Obs*R-squared	3.243761	Prob. Chi-Square(2)	**0.1975**

The autocorrelation test results with breusch-godfrey give prob results chi-square of 0.1975 is greater than 0.05, it can be concluded that autocorrelation did not

F. Hausman Test

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	21.50985	6	0.0015

The results of the hausman test, the random effect model vs. the fixed effect model above, obtained a chi-square probability value of 0.0015 ≤ 0.05 then the H0 hypothesis is rejected and H1 is accepted, which means the Fixed Effect Model (FEM) model is the more appropriate model to be used.

G. Hypothesis Testing

Tax Avoidance Behavior	Prediction	Coefisien	Prob	t-stat
Constanta		-0.040191	0.3000	
Board of Commissioners	-	0.005293	0.8612	
Audit Committee	-	-0.080826	0.0269	*
Institutional Ownership	-	-0.005133	0.4057	
Profitability	+/-	-0.068455	0.0000	*
Leverage	+/-	2.61E-05	0.8826	
Company Size	+/-	-6.39E-05	0.9799	
N = 575		Fixed Effect Model		
Adjusted R Square = 0.126796				
P F(stat) = 0.084562				

T Test

Based on the results of hypothesis testing shows that the t-value value is between the real 5%

df = n-k-1

df = 575-4-1

df = 570

Then the t-table with a real level of 5% = 1.964135

Board of commissioners has a t-count of 0.17497 which is 0.17497 < 1.964135 so that the t-count < t-table with a probability of 0.8612 > 0.05 which means that the board of commissioners has no effect on tax avoidance behavior. This is because the appointment of an independent board of commissioners may only be carried out to meet regulations but is not intended to enforce good corporate governance and the minimum requirement of an independent board of commissioners of 30% may not be sufficiently high to dominate the company's policies and policies in Junedi (2017). the board of commissioners and the frequency of meetings conducted by the board of commissioners as a supervisory function is not enough to reduce the existence of tax avoidance behavior.

Audit committee has a t-count of 2.220162 ie 2.220162 > 1.964135 so that the t-count > t-tab with the probability of 0.0269 < 0.05 which means the audit committee has a negative influence on the avoidance of tax avoidance, if the effectiveness of the audit committee increases, it will cause a decrease in tax avoidance behavior, this indicates that the audit committee has a negative influence on the avoidance of taxation, if the effectiveness of the audit committee increases answer in the form of a review of financial information that will be issued in the form of financial reports, projections and other reports related to financial information, reviewing the provisions of legislation, reviewing the implementation of risk management activities. The effectiveness of audit committees has a negative and significant effect on aggressive taxation, so it can be said that aggressive taxation that can cause the avoidance of auditing taxes will be avoided if the company has an effective audit committee report. all operational activities that take place within the company.

Institutional ownership has a t-count of -0.832324 ie -0.832324 < 1.964135 so that t-count < t-table with a probability of 0.4057 > 0.05 which means that institutional ownership has no effect on the tax avoidance. Institutional ownership has an important role in monitoring, disciplining and influencing managers. This can force management to avoid selfish behavior, but institutional owners also have an incentive to ensure management makes decisions to maximize the welfare of institutional shareholders, because with the real ownership structure, it has not been able to control well in terms of management actions to take advantage of opportunistic behavior in managing profit management (Yunanda, 2016).

Profitability has a t-count of -5.297056 ie -5.297056 > 1.964135 so that t count > t-table with probability 0.0000 < 0.05 which means that profitability has a negative effect on tax avoidance behavior which means that, if profitability has increased then tax avoidance will decrease, it indicates the high profitability of the company will be done careful tax planning so as to produce an optimal tax and tendency (Prakosa, 2014) .This This is because profitability is a measure of the ability of companies to generate profits based on assets owned by the company. The greater the profitability, the greater the profits of the company. When the company's profits are getting bigger, then the amount of income tax will simultaneously increase according to the increase that occurs in the company's profit. The Agent will try to manage its tax burden so as not to reduce the agent's performance compensation as a result of the company's reduced profits due to the tax burden.

Leverage has a t-test of 0.147812 that is 0.147812 < 1.964135 so that t-count < t-table with a probability of 0.882 6> 0.05 which means that leverage has no effect on tax avoidance behavior. Corporate funding decisions can be an illustration of tax avoidance related to effective tax rates, due to tax regulations related to corporate funding structure policies. Funding decisions related to funding from internal and external parties, where interest expense arises as a result of third party loans owned by the company can reduce, taxable income, while dividends derived from retained earnings cannot be a deduction from taxable profits. It is likely that the sample companies in this study use more funding from capital loans to shareholders or relations, so that the interest expense incurred cannot be used as a deduction from the company's taxable income.

The size of the company has a t-count of -0.02525 < 1.964135 so the t-count < t-table with a probability of 0.9799 > 0.05 which means that the size of the company has no effect on tax avoidance behavior. The company does not do tax planning because there are restrictions when the company becomes the focus and target of the decisions of the regulators as the company's policy decision maker. Because in general large-scale companies with cash and capital as part of large assets are sufficient to be used to fund the company's operational activities (Prakosa, 2014).

Determination Coefficient Test R2

The adjusted R2 value aims to measure how much the model's ability to explain the variation of the dependent variable. Based on the above results obtained by the coefficient of determination of R-squared Adjuster 0.126796 or 12.67% while the remaining 87.33% (100% -2.67%) is explained by other factors not included in this research model.

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

This research was conducted to determine the effect of the Board of Commissioners, Audit Committee and Institutional Ownership on Tax Avoidance Behavior. Based on the results of statistical tests that have been carried out it can be concluded the following results:

1. The board of directors has no influence on tax avoidance behavior. The coefficient of the board of commissioners is positive, which means that when the effectiveness of the board of commissioners increases, the tax avoidance behavior will also increase, which means that the effectiveness of the board of commissioners has increased following the increase in tax avoidance.
2. The audit committee influences tax avoidance behavior. The audit committee coefficient is negative, which means that when the effectiveness of the audit committee increases, tax avoidance behavior decreases, which means an increase in the effectiveness of the audit committee will be followed by a decrease in tax avoidance behavior.
3. Institutional ownership does not affect tax avoidance behavior. The coefficient of institutional ownership is negative, which

means when institutional ownership increases, tax avoidance behavior will decrease, which means an increase in institutional ownership is higher than the decrease in tax avoidance behavior.

B. Suggestion

After concluding the test results of research conducted on the influence of the Board of Commissioners, the Audit Committee and Institutional Ownership on Tax

Avoidance Behavior in Manufacturing Companies on the Indonesia Stock Exchange for the period 2014-2018, then suggestions that can be given can be tested for other independent variables that affect the occurrence of tax avoidance behavior such as the characteristics of the board of directors of the 2014-2018 period. Considering that Indonesia adopted a two-tier system in which the board of commissioners was separated from the board of directors, managerial ownership, fiscal loss compensation, etc., choosing research objects other than manufacturing companies and using other tax avoidance proxies to make comparisons.

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