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ANALYSIS OF THE INFLUENCE OF CORPORATE GOVERNANCE ON CORPORATE TAX ELIMINATION ACTIVITIES FINANCE IN INDONESIA

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ABSTRACT

The study was conducted to determine tax avoidance activities on financial companies listed in the Indonesia Stock Exchange. The study was conducted by involving corporate governance (executive compensation, executive characteristics, company scope, institutional ownership, the proportion of the board of commissioners, membership of women on the board of directors, audit committee, and audit quality) as an independent variable. Tax avoidance activity as the dependent variable was measured using the Effective Tax Rates indicator.

The study analyzed secondary data in the form of financial statements published by the Indonesia Stock Exchange from 2014 to 2018. The research sample consisted of 91 companies engaged in finance but only 58 companies met the criteria of researchers to proceed to the testing phase. The amount of data declared worthy of testing after outlier testing is 248 data. After collecting data, researchers processed the data using the SPSS and eViews applications.

The results showed that only 4 of the 8 independent variables gave significant results. Executive characteristics, company size, female membership in the board of directors, and audit quality are variables that provide significant results. While the 4 other variables that have influence but are not significant are executive compensation, institutional ownership, independent commissioners, and audit committees. Thus, regulators in setting or increasing state revenue targets can consider the variables in this study, especially those that have a significant influence.

Keywords: *tax, tax avoidance, corporate governance, executive characteristics, company size, female membership on the board, audit quality*