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The Impact of Leverage, Profitability, Capital Intensity and Corporate Governance on Tax Avoidance

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Abstract

The study analyzed, tested, and empirically proved the effect of profitability, leverage, corporate governance, and capital intensity on tax avoidance. The research population is agricultural and mining sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Data was taken by purposive sampling and obtained from 270 companies. The method of analysis used multiple linear regression. The test results show that the variable profitability, leverage has a positive effect on tax avoidance. The board of commissioners and the audit committee as proxies of corporate governance as well as the capital intensity variable also show a positive influence on tax avoidance.

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1. Introduction

Tax is defined as a compelling contribution addressed to individuals and/or business entities whose benefits are not directly felt. When viewed from the point of view of a business entity or company, taxes are business expenses that will reduce profits. Because this is not by the expectations that will be achieved by a company, namely obtaining high profits. Based on all that, the company will regulate the tax burden so as not to reduce more profits. One of the ways that companies do by implementing tax management is the tax planning mechanism (Campbell at el., 2020); (Chen at el., 2019); (Allingham & Sandmo, 1972). Tax Planning is an effort to pay taxes as little as possible, and avoid immoral acts, only the risk of violating penalties which will limit tax planning activities that may include illegal evasion, such as violations of tax laws (Kirkpatrick & Radicic, 2020); (Allingham & Sandmo, 1972). Tax avoidance is a form of tax avoidance that is not illegal, the use of tax loops by applicable laws, legally valid and has the aim of streamlining the company's tax burden (Oats & Tuck, 2019); (Dyreng, Hanlon, & Maydew, 2019).

Tax avoidance is different from tax evasion (Brink & Porcano, 2016); (De Simone et al., 2020). Possible forms of tax avoidance are withholding assets in financial statements and not reporting SPT (notification letters) on time or not at all. In Indonesia, there are ways to avoid taxes in large industries, one of which is the mining industry. According to the Corruption Eradication Commission, tax evasion is increasing every year. The KPK expert team saw that 'the KPK's annual use of Rp.15.9 trillion in forest areas had no tax payments, as reported in a synthesis note published in the KPK journal in 2018. This incident could be called an illegal financial incident. irregular cash flow.

The agricultural sector in Indonesia is one of the largest contributors to the economy as measured by Gross Domestic Product (GDP). According to a press release published in a public press release on the PPID website of the Ministry of Agriculture in 2019, the agricultural sector experienced positive progress in the second quarter of 2018. According to the same report, almost all agricultural subsidies increased 22.68%, the highest increase was given by cultural subsidies. In terms of gross domestic product, the agricultural sector contributed 13.63% with an annual growth of 7.3%.

Another sector, namely agriculture, is one of the sectors that often applies tax avoidance methods. Articles are written by the KPK and Prof. tax team. Dr. Maria S. W. Sumardjono, SH., MCL., MPA estimates that state revenue could reach 50 trillion from 45 trillion from taxes on the oil palm plantation sector. Meanwhile, the government only received 40% of the stated value. The same site also reveals that the main reason for not collecting taxes is due to a lack of control and supervision, such as inconsistencies in the field requirements for HGU (Hak Guna Usaha) in the notification letters issued.

One of the indicators that shows the success of a company is leverage or solvency. According to Kalbuana et al., (2020); Aprianto & Dwimulyani (2019) leverage reflects the use of debt to fund investments or company fixed assets. Leverage reflects the company's ability to finance its debts by managing assets/capital. The

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greater the leverage that arises, the higher the interest expense. The interest expense component will be able to reduce the profit before tax, so the interest expense that must be paid by the company is reduced.

Return on Asset (ROA) or profitability, is an indicator that can reflect the size of an operating company, in terms of profitability. According to Almira & Wiagustini (2020), ROA measures the effectiveness of a company in the use of resources. The higher the ROA value, the more the company will use its resources to generate profits. According to Istrefi (2020), corporate governance is concerned with maintaining a balance between economic and social goals between company owners and those appointed to manage the company (individual and communal goals), namely the company manager. The corporate governance framework aims to encourage efficient use of resources and accountability in managing these resources. Because the goal is to create harmony between the interests of individuals, companies, and society.

Capital intensity refers to the amount of money that a company receives to generate revenue from increasing fixed assets. Capital concentration is the ratio of fixed assets such as buildings, machinery in the company, this ratio is used for tax avoidance. According to Darsono (2015), the method of use is by investing in fixed assets or tangible goods that have a depreciation value. This depreciation rate is the key to tax avoidance practice. Fixed assets have a depreciation value (exempt) which is tax-deductible, thereby reducing the amount of tax payable.

Several studies have found that there is a significant influence between leverage, ROA, corporate governance and capital intensity on tax avoidance. Research related to ROA was conducted by Annisa (2017); Dewinta & Setiawan (2016); Subagiastra et al., (2016); Maharani & Suardana (2014); Kurniasih & Ratna Sari (2013) showed that ROA has a negative effect on tax avoidance. Meanwhile, research conducted by Darmawan & Sukartha (2014) revealed that ROA has a positive effect on tax avoidance.Furthermore, for leverage research, different results were found in several studies by Dewinta & Setiawan (2016) which found that leverage did not affect tax avoidance, this meant that higher leverage did not affect increasing tax avoidance. Meanwhile, according to Sinaga & Suardikha (2019); Nursari et al., (2017); Pajriansyah et al., (2017); Annisa (2017); Kurniasih & Ratna Sari (2013) the leverage variable has a positive effect on tax avoidance.Several studies on corporate governance have also found different results. Research by Okrayanti et al., (2017); Saputra & Asyik, (2017) stated that corporate governance has no effect on tax avoidance. However, research Chasbiandani et al., (2020); Frisca Tania & Mukhlasin, (2020); Subagiastra et al., (2016) state that the board of commissioners and the audit committee as a proxy for corporate governance has a significant effect on tax avoidance.The fourth variable is capital intensity, research also finds different results, Rima Masrurroch et al., (2021) states that capital intensity does not affect corporate tax avoidance activities. Meanwhile, Najmah, (2020); Pattiasina et al., 2019); Wijayanti et al., (2016) state that capital intensity influences tax avoidance.

During the period this research was conducted, it was known that there were very

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few studies examining tax avoidance, especially on the object of agricultural and mining companies. Therefore, based on that principle, the purpose of this study is to determine the effect of leverage and ROA on tax avoidance practices, namely "The Effect of Leverage, Corporate Governance, Capital Intensity and Return On Assets on Tax Avoidance at Agricultural and Mining Companies Listed on the Indonesia Stock Exchange. In 2015-2019 ".

2. Literature Review

Agency Theory

The agency theory perspective has become the basis for looking at the problems of ROA, corporate governance and leverage. One party (principal) the other party (agent) when the first party thinks it will create good value in the future. The principal may not be aware of the value of the decision the agent will seek in the future. However, the agreement between the agent and the principle is expected to produce value or benefit (Bosse & Phillips, 2016). Agency theory explains that there is information asymmetry between principals and company leaders (agents). The problem of the relationship between principals and agents has been raised in Ross (1973) study and the theological literature put forward by Jensen & Meckling (1976) which states that an agent is a person. who is the leader in the management of the company while the Principal is the owner or owner of the company. (Bosse & Phillips, 2016) argue that the agency problem shows as a choice in corporate governance (principal) and behavior is the result of the actions of corporate leaders (agents) who are corporate organizations (Zogning, 2017). Agency theory also states that a company leader has high motivation to increase company profits. However, the tax associated with that profit will be greater. So, the role of company leaders (agents) is needed in utilizing company resources to suppress and submit corporate taxes.

Balance Theory

The theory of balance prioritizes the idea of how much debt a company has and the capital a company has so that there is a balance between financial costs and profits Brigham & Houston (2016). It is also explained in the balance theory that if the benefits obtained from debt are greater, the share of debt can increase. According to Brigham & Houston (2016). "the balance theory argues that the company will replace the tax benefits obtained from increased debt with the risk of loss". The balance theory assumes that debt can be used as a tool to reduce the tax burden. The theory of equilibrium, reveals the tax profit due to the use of debt, the company will invest so that debt can be profitable at the tax burden. The main substance in equilibrium theory is to balance the benefits and sacrifices arising from the use of debt. So, if the additional debt made by the company can still provide benefits in the form of a reduction in the tax burden, then the addition will continue and vice versa. Leverage refers to the use of debt to finance investment, the higher the company's debt, the higher the investment, the bigger it is (Kalbuana et al., 2020).

Leverage

The leverage ratio or the so-called solvency ratio has a function to calculate the company's total debt in financing the company's operations (Solihin et al., 2020);

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(Anna Christin Silaban, 2020). The goal is to describe the amount of debt a company has that is useful in making decisions about funding its assets. The greater the debt owned, the greater the interest expense that must be paid by the company, this will reduce the profit the company gets before tax. Therefore, this is where companies will use loopholes to carry out tax avoidance activities in reducing the company's tax burden (Ayu et al., 2019) (Sulistiono, 2019).

Return On Assets (ROA)

Return on assets or profitability ratio is the level in measuring the income generated by a company with the company's total assets (Lemiyana & Litriani, 2016). Another understanding ROA represents the success of a company is using assets for profit. The higher the ROA level, the more effective the company is in managing its resources (Cahyono et al., 2016). Akbar & Hakiman Thamrin (2020); Moeljono (2020) states that large-scale companies will manage ROA well because companies tend to have a high tax impact. Therefore, the company will consider doing tax avoidance activities as a solution to minimize tax risk.

Corporate Governance

Independent Commissioner

The board of commissioners carries out a supervisory function over the management of the company in preparing financial reports as part of corporate governance. The independent commissioner is in charge of overseeing effective resource management and supporting the preparation of financial reports (Handriani, 2020). Independent commissioner has a legal position as an independent commissioner on the board of commissioners. Independent commissioners are elected and legalized by the General Meeting of Shareholders' decisions. As stated in the Articles of Association, has no relationship with any parties, especially shareholders, members of the board of directors and / or other committee members. This is one of the requirements to become an independent commissioner.

Audit Committee

The audit committee is the controller of financial reports to prevent fraud (Handriani, 2020). According to Prabowo (2018) the important task of the audit committee is to substantively ensure that the financial statements prepared by the company's management are free from errors that can mislead stakeholders. The role of the audit committee will effectively be the controller in a company so that good corporate governance will be realized. In addition to overseeing the reporting process and system, including reviewing the need for and developing internal audit, assigning and determining auditor fees (Prabowo, 2018).

Capital Intensity

Capital intensity means that the capital of a company in the form of assets can be used to generate income. Capital strength ratio shows that the company has strong capital. The capital intensity ratio is useful for minimizing the company's tax burden (Pattiasina et al., 2019). One of the investment tools that companies use in reducing tax burdens is the acquisition of fixed assets. Investments in assets or equity so that the depreciation expense of assets can be deducted from the component of the

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company's income expense or deductible expenses (Pattiasina et al., 2019).Variable reduction costs require a tax burden on a company, meaning that the company avoids tax evasion. The nature of deductible depreciation costs will have a positive impact on the company because it can reduce the tax burden borne by a company, meaning that the company has taken advantage of a loophole called tax avoidance.

Tax Avoidance

Tax avoidance means making decisions that lead to a smaller tax liability when compared to choosing other options which, if implemented, will cause the company to bear a greater tax burden (Suranta et al., 2021); (Oats & Tuck, 2019). Many tricks can be applied to achieve this goal, but with activities that are not illegal or outside the tax regulations (Kurniasih & Ratna Sari, 2013). Therefore, the application of tax avoidance is an activity that takes advantage of loopholes in the tax law, so it can be called legal by the tax law. Tax avoidance can be measured by the Cash Effective Tax Rate (CETR) formula, which is total cash to finance tax expense divided by profit before tax (Herawati & Ekawati, 2016). Dyreng et al., (2008) revealed that Cash ETR is applied as an estimate of tax avoidance activities carried out by companies because Cash ETR will not be affected by changes in estimates such as valuation allowance or tax protection.

Research Concept

Based on the description of previous research, the concept of this research can be arranged, which can be arranged in the following figure:

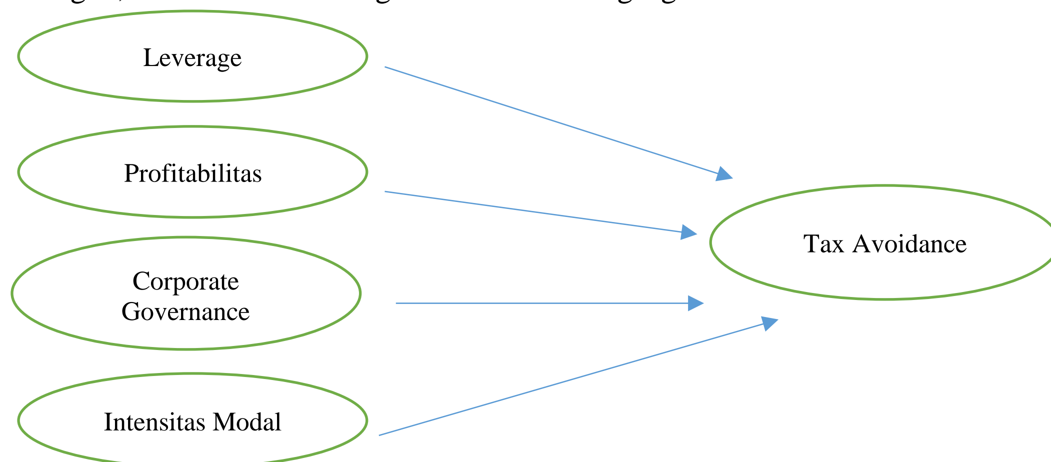

Figure 1. Research Concept Framework

3. Research Methodology

Quantitative methods used by research. The data used is in the form of annual reports of agricultural and mining sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Sources data can be accessed on the site https://www.idx.co.id/. Thus, the research data is categorized as secondary data.The sampling technique used in the study was nonprobability sampling and purposive sampling technique with several categories to determine the research sample, namely:

1. The company is listed and consistently listed on the IDX, and has a complete

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financial report.
2. The company uses the rupiah currency.
3. The sample used must produce good/positive profits so that it does not produce a biased Cash Effective Tax Rate (CETR) value (Annisa, 2017).
4. The value of the company's Cash Effective Tax Rate (CETR) should be less than 1 (one) so as not to cause problems in evaluating the model (Gupta & Newberry, 1997); (Kurniasih & Ratna Sari, 2013).

Data analysis method

The method of analysis in this research is multiple linear regression analysis with the results of multiple linear regression tests which must be BLUE (Best Linear Unisex Estimation), meaning that decisions made on the F test and T-test are not allowed to be biased. Therefore, it is necessary to test for normality, multicollinearity, autocorrelation, and heteroscedasticity. The regression equation model in this study, namely:

$$\text{TAV (Y)} = \propto + \text{x1LEV} + \text{X2ROA} + \text{X3 CAPINT} + \text{X4 GOV} + \text{e}$$

Information:

TAV	= Tax Avoidance
LEV	= Leverage
ROA	= Return On Assets
CAPINT	= Capital Intensity
GOV	= Corporate Governance
α	= Constant
e	= Residual

4. Results

Descriptive Statistical Test

Table 1 is the results of the descriptive statistical test used to determine the value of data regarding the minimum, maximum, average (mean), and standard deviation values. Based on the results of descriptive statistical tests on 270 data that have been observed by mining and agricultural companies for the period 2016-2019, it shows:

1. Leverage (LEV) shows a minimum value of 0.01128172 and a maximum value of 0.6151885 with a sample size of 270 which has an average of 0.550212 and a standard deviation of 0.5383872.
2. Return on Asset (ROA) shows a minimum value of 0.821851 and a maximum value of 0.4555788 with a sample size of 270 which has an average of 0.072334 and a standard deviation of 0.6708113.
3. Corporate Governance shows a minimum value of 0.2500 000 and a maximum value of 0.10000 with a sample size of 270 which has an average of 0.436195 and a standard deviation of 0.1344031.
4. Capital intensity shows a minimum value of 0.1437443 and a maximum value of 0.9219594 with a sample size of 270 which has an average of 0.302566 and a standard deviation of 0.1788628.
5. Tax avoidance shows a minimum value of -0.9717651 and a maximum value of 0.8260818 with a sample size of 270 which has an average of -0.18630 and

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a standard deviation of 0.2958327.

Table 1. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Leverage	270	.01128172	.6151885	.550212	.5383872
ROA	270	.821851	.4555788	.072334	.6708113
Corporate Governance	270	.2500000	.1000000	.436195	.1344031
Capital Intensity	270	.1437443	.9219594	.302566	.1788628
Tax Avoidnace	270	-.9717651	.8260818	-.18630	.2958327

Source: processed data

Classical Assumption Test Results

Normality Test Results

The normality test is used to determine whether the variables are normally distributed or vice versa. The results of the normality test in the study had a significance value of 0.220, which means that > 0.05, the data were normally distributed.

Multicollinearity Test Results

The independent variable in this study has a tolerance value > 0.10 and VIF < 10, so that the regression model used is free from multicollinearity problems..

Result of Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is an inequality of variants and residuals from one observation to another in a model. The heteroscedasticity test is used to ensure that all residuals or errors have the same variance. The results of the heteroscedasticity test in this study show the scatterplots graph display of the dependent variable, namely tax avoidance, that the points spread above and below the number 0 on the Y axis, this means that this research model is free from heteroscedasticity.

Autocorrelation Test

Table 2 is the result of the autocorrelation test which shows the resulting Durbin Watson value is 2.016. This value lies between dU (1.8094) and 4-dU (2.1906). From these results, it can be concluded that the autocorrelation test is fulfilled.

Table 2. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.270[a]	.731	.580	.289489682	2.016

Source: processed data

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Hypothesis Test

Determination Coefficient Test

The coefficient of determination test is used to explain the dependent parameter by calculating the coefficient of determination (R^2). If the adjusted R^2 of the independent variable is greater, it means that the influence of the independent variable on the dependent variable is getting more dominant. R^2 describes the magnitude of the variation of the dependent variable explained by the independent variable. The value of R^2 is between 0 to 1. If $R^2=1$, it means that the variation in the dependent variable can be explained by the independent variable. If the value of R^2 is small, it means that the ability of the independent variable to explain the variation in the dependent variable is low. Many other variables have more influence on the dependent variable. Table 3 shows that the adjusted $R^2 = 0.580$, which means that all the independent variables and control variables that exist confirm the dependent variable by 58%. The results of the calculation of the image explain that there are other factors that influence and are not the factors studied.

Table 3. Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.270[a]	.731	.580	.289489682	2.016

Source: processed data

Simultaneous Regression Test (F-Test)

The F test was conducted to see the significance of the independent variable on the dependent variable with a significance of 0.05. This means that the hypothesis is accepted if the F value < 0.05. The results of statistical tests are as in table 4. The F value of 0.545 with a significance level of 0.000 means that the model in this study simultaneously has no effect on the dependent variable of tax avoidance.

Table 4. Simultaneous Regression Test (F-Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.74480	4	.186	.545	.000[b]
	Residual	8.719	255	.341		
	Total	8.793	259			

Source: processed data

The results of the F test are shown in table 4. The F-test value is 0.545 (Sig 0.000). This significance value < 0.05. Thus, it can be concluded that the four independent variables have a significant effect on the dependent variable (tax avoidance).

Test of Significance of Individual Parameters (T-Test)

The T-Test was used to see the effect of the independent variable partially on the dependent variable. The significance value is set at 0.05. The test results are shown in Table 5 that the four independent variables (profitability, leverage, corporate governance, and capital intensity) each have a significant effect.

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Table 5. T-Test Results

Model	Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
	B	Std Error	Beta		
(Constant)	175014635.4	52186406.06		3.354	<.001
Leverage	.002	.002	.047	.744	.008
Profitability	-.002	.017	-.008	-.120	.005
Corporate Governance	.010	.009	.075	1.188	.006
Capital Intensity	-.002	.007	-.023	-.355	.003

Source: processed data

Discussion of research results

Effect of Leverage on Tax Avoidance

Leverage ratio or solvency is a ratio that aims to determine the amount of debt or liability of a company in financing investment or assets, in the long and short term if the company is deactivated or subject to liquidation (Darmawan & Sukartha, 2014). A company that is in a high DAR (Debt to Total Assets) position indicates that the company has third-party funding. The impact is that the interest expense owned by the company is high so that it will affect the tax burden that is borne by the company. According to Noor et al., (2010) generally companies that have a high amount of debt will have an effective tax rate. According to table 5, the significance value of t <0.05 is 0.008. This explains that leverage has no effect on tax avoidance as the dependent variable, H1 is accepted.

This study explains that the higher the solvency ratio or DAR of a company, it will trigger the company's aggressiveness in carrying out tax avoidance activities (Sinaga & Suardikha (2019); Nursari et al., (2017); Annisa (2017); Kurniasih & Ratna Sari (2013)). Companies will take advantage of the existing loopholes in tax regulations illegally, namely the tax laws and regulations article 6 paragraph 1 of Law number 36 of 2008 in connection with Income Tax (PPh), loan interest because it can be deductible (deductible expense) to taxable income (PKP) body. Its essence is to balance the benefits and sacrifices that arise as a result of the use of debt. The company will add the debt component to the highest point where the company's value will be even greater. Logically, the company will maximize the use of debt instruments to minimize the tax interest expense borne. Logically, the company will maximize the use of debt instruments to minimize the cost of tax interest paid.

Effect of Profitability on Tax Avoidance

Profitability or Return on Assets (ROA) is an indicator measuring how much profit the company gets on assets. ROA provides an overview to managers, investors, and analysts about how efficient or how the company's management is performing in using its assets to generate income as profit (Akbar & Hakiman Thamrin (2020); Moeljono (2020)). ROA is presented as a percentage, the higher the ROA is a positive company achievement.

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Based on table 5 for the profitability variable, the significance value of t <0.05 is 0.005, which means that profitability has an influence on tax avoidance practices and H2 is accepted. This indicates, the greater the detected ROA ratio, the greater the income as profit achieved by the company (Dewinta & Setiawan (2016); Subagiastra et al., (2016); (Darmawan & Sukartha, 2014).; Kurniasih & Ratna Sari (2013)). Then this will make the tax burden borne by large companies.

ROA is the main element whose information is important to know by external parties because ROA serves to show the company's ability to generate profits. The greater the ROA value, the greater the tax burden is borne by the company so that the company carries out tax avoidance practices. Based on what is expressed by agency theory regarding performance compensation, managers who are given the task and trust to manage the company by the principal will try their best to increase profits and manage the company's tax burden. The purpose of managing the tax burden is so that the tax borne by the company is not large so that it obtains tax incentives and tax concessions so that compensation for performance increases.

The Influence of Corporate Governance Against Tax Avoidance

Corporate governance is a form of governance that describes the relationship between corporate owners or shareholders and top management whose purpose is to determine policies within the corporation to minimize agency conflicts or information asymmetry (Kurniasih & Ratna Sari, 2013). The parties involved as interactions in corporate governance are shareholders, managers, customers, suppliers, government, and the community. All those who have these interests have the potential to access tax avoidance practice activities.

Shareholders have a desire for good and positive investment growth from the management of their invested funds. However, this is very different from the interests and actions of management who prioritize large amounts of retained earnings, by not distributing dividends. This difference will affect company policy, including the application of taxation.

Corporate governance is proxied by calculating the ratio of independent commissioners and audit committees. The independent commissioner functions to support the proper use of resources and financial reports. A conflict of interest occurred between the independent commissioner and company management. Company management prioritizes large profits, while independent commissioners prioritize all company activities so that they run in accordance with applicable laws and minimize risk control. Supervision by the audit committee is an effort to prevent information asymmetry between management and stakeholders. Based on table 5, the significant value of t <0.05 is 0.006, which means that corporate governance has an influence on tax avoidance practices and the third hypothesis (H3) is accepted. This means that the independent commissioner has an influence on the management activities of the company which is carried out by the management. Independent commissioners and audit committees are indirectly the parties capable of influencing the determination of company policy (Chasbiandani et al., (2020); Frisca Tania & Mukhlasin, (2020); Haryanti (2019); Subagiastra et al., (2016)).

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Effect of Capital Intensity Against Tax Avoidance

Capital intensity shows the amount of capital needed by the company to earn income from the increase in fixed assets. Capital intensity is the ratio of fixed assets, such as buildings, machinery, and total fixed assets in a company. This ratio is used by the company in terms of tax avoidance.This ratio is what companies use in terms of tax avoidance. The form of utilization of the capital intensity ratio is through investing company funds in the fixed asset component which has a depreciation value. Depreciation expense is used because it is included in deductible expense, which is an expense that can be removed from tax expense. According to Darsono (2015), the depreciation value can be a gap in tax avoidance practices.

Fixed assets have an exempt depreciation amount or a tax expense that can be deducted from them. Thus, the company's activities include actions taken by companies in tax avoidance practices. Table 5 shows a significant value of t <0.05, namely 0.003, which means that capital intensity affects tax avoidance practices, so hypothesis four (H4) is accepted. This shows that capital intensity has a positive effect on tax avoidance according to research conducted by Najmah, (2020); Pattiasina et al., (2019); Wijayanti et al., (2016) prove that the company has made use of the depreciation value of fixed assets. The company takes advantage of the deductible expense gap to reduce the tax burden it incurs by acquiring assets at an affordable tax expense stage. Actions that have been taken by the company can be used as an investment option because they affect the value of taxes borne.

5. Conclusion and Suggestion

Based on the analysis, it can be concluded that the independent variables of leverage, profitability, corporate governance, and capital intensity have a positive effect on tax avoidance. Companies tend to use debt instruments to reduce the portion of the tax is borne and tend to manage debt instruments to reduce the tax burden. The presence of the board of commissioners and the audit committee further encourages the company's activities towards tax avoidance. The company maximally manages fixed asset instruments to minimize the tax burden borne.

Future research is expected to be able to add independent variables because according to the Adjusted R Square value of the four independent variables, it is only 58%. This means that there are still 42% of variables that can explain the practice of tax avoidance. Further research should use a method that can better describe the situation in collecting data on corporate governance variables.

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