

INFLUENCE OF CORPORATE GOVERNANCE, LEVERAGE AND RETURN ON ASSETS (ROA) AGAINST TAX AVOIDANCE IN FOOD AND BEVERAGE COMPANIES LISTED ON THE STOCK EXCHANGE

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Abstract: This study aimed to test empirically pengaruh *Governance corporate, leverage* and return on assets (roa) against tax avoidance on food and beverage companies listed on the Stock Exchange. This analysis uses a variable independent audit committee, company size, ownership in institutional, quality audit, leverage and ROA. The population in this study is a food and beverage company listed on the Indonesia Stock Exchange (BEI) in the period 2012-2017. The analytical method used is multiple linear regression analysis. Sampling techniques in this study using purposive sampling, obtained a sample of 66 the number of observations for six years. The results showed that the variables of the audit committee, company size and ROA effect on tax avoidance, while variable kepemilikan institutional, quality audit and leverage no effect on tax avoidance.

Keywords: Audit Committee, Company Size, Ownership In Institutional, Quality Audit, Leverage, ROA And Tax Avoidance.

INTRODUCTION

Tax revenue is still a country of Indonesia's most besaar from other revenues. According Nengsih, SE, & Kurnia, (2018) Tax regulated in Law No. 16 of 2009 states' mandatory contributions to the state tax payable by an individual or entity that is enforceable under the Act, by not getting the rewards directly and used for the purposes of state for the greatest prosperity of the people ". So coercive tax and results from the indirect tax collections usually felt by everyone eg infrastructure, education costs, salaries of civil servants, health care and others.

Mulyani, Kusmuriyanto, & Suryarini (2017) revealed that for negara.adalah backbone tax revenues will be used to finance state expenditures untu. Indonesia adopts a self-assessment in the tax collection system. Taxpayers were given full discretion in calculating, paying and reporting of tax obligations (Astuti & Aryani, 2016). This is why the taxpayer can make tax avoidance. Mardiasmo (2016: 9) to (Nengsih, SE, & Kurnia ,, 2018), self the assessment system is "a

system of taxation which authorizes taxpayers to determine their own big tax payable".

Diantari & Ulupui (2016) the audit committee influence on tax avoidance, he stated that the higher the existence of audit committee of the company will improve the quality of corporate governance within the company and will minimize the occurrence of tax avoidance. Handayani (2017) in his research stating the size of the company is a scale that can clarify the change into small and large companies in a variety of ways. Sari & Devi (2018) institutional ownership has significant importance in monitoring the management for their institutional ownership will improve supervision of a more optimal for being able to monitor effectively the decision of the manager. Putro, Ambongningtyas, & Stout PT (2018) states the audit quality affects the tax avoidance. Companies audited by the Big Four accounting firm tend to be believed by the tax authorities, but if the company can provide benefits and better welfare to the firm that has a good reputation, the KAP

could commit fraud in order to maximize the welfare of KAP (Fadilah, 2014). Leverage of research Sudaryo, Purnamasari, & Kartikawati (2018) suggest there is a relationship which is relevant to tax avoidance, leverage measures how much the assets or capital company financed by debt. ROA describes the financial performance of a company, the higher the ROA, the better the financial value of a company. Above background can pull the problem of how the influence of corporate governance audit committee, company size, institutional ownership, as well as the quality of the audit and the financial ratios that leverage and Return on Assets (ROA) of tax avoidance. The purpose of this study to determine and analyze the influence of corporate governance with the audit committee, company size, institutional ownership, as well as the quality of the audit and the financial ratios that leverage and Return on Assets (ROA) of tax avoidance on food and beverage company listed on the Stock Exchange.

Tax Avoidance, the principle of mutual cooperation is the taxation principle applied in Indonesia. 1984 was a year in which Indonesia in tax matters adopts a self-assessment, which is a system that gives confidence of taxpayers to calculate, memperhitungkan, pay and report their own taxes payable (Astuti & Aryani, 2016). Self-assessment is successful if the application met by the taxpayer as well as the awareness of society (voluntary compliance), the education and training or communication needs to continue to be done.

Audit Committee, Pradasari & Ermawati, (2018) in his study describes the audit committee is a committee that is independent and established by the board of commissioners tasked to assist the function of the board of commissioners in performing oversight over risk management, financial reporting and audit within the company.

Company size, Suwito & Herawaty, (2005) said the size of the company is a scale which can be classified as a great little company in many ways, where the size of the company is only divided into three categories: large companies (large firm), medium (medium firm), and small companies (small firm).

Institutional ownership Institutional ownership is indicated by the percentage of ownership of shares held by investors in the form of business entity or institution (Irawan, Sularso, and Farida, 2017).

Audit Quality, are all possibilities that can occur when auditors audit client's financial statements and found violations or errors that occurred and to report on the audited financial statements (Damayanti & Susanto, 2015)

Financial statements, solvency Ratio or Leverage cashmere, (2014: 113) in Salim, (2015) solvency or leverage to measure the amount of debt used to fund operations when compared with their own capital, as well as how much debt is allocated to finance its assets. The company uses leverage with the aim that the benefits outweigh the cost of the asset and funding sources thereby increasing shareholder return (Irawan, Sularso, and Farida, 2017).

Profitability ratios ROA (Return on Assets) According to Bieber & Sugiharto (2007) in (Marfu'ah, 2015), ROA is a measure of net profits derived from the assets. The higher this ratio, the better the productivity of assets in net profit. Based on a literature review of exposure can be formulated hypothesis of this study: The Audit Committee significant effect on tax avoidance. Company Size significant effect on tax avoidance. Institutional Ownership significant effect on tax avoidance. Audit Quality significant effect on tax avoidance. *leverage* significant effect on tax avoidance. ROA (Return on Assets) signifikaniterhadap affect tax avoidance.

METHODS

Population and sample

The population used in this study are all food and beverage company listed on the Indonesia Stock Exchange. Samples were obtained as many as 66 financial statements and sampling techniques using purposive sampling.

Variables and Measurement

Dependent variables

This study uses the dependent variable tax avoidance. In the measurement using the CETR, a cash payment of taxes on company profits before income tax. CETR used to mengidentifikasi aggressiveness effective tax planning Chen et al, (2010) in (Marfu'ah, 2015).

$$CETR_{it} = \frac{CashTaxPaid}{Pre-taxincome}$$

Independent variables

The Audit Committee

The audit committee is an effective tool to perform supervisory mechanisms, so as to reduce agency costs and improve the quality of corporate disclosures Said et al, (2009) in (Cahyono, Andini, & Raharjo, 2016). Using a measuring instrument (Sari & Devi, 2018):

KA = Σ The Company's Audit Committee Member

Company size

The size of the company demonstrates the stability and the company's ability to conduct economic activity (Nengsih, SE, & Kurnia, 2018). Tools to measure the size of the company, namely (Prihananto, Nuraina, & Sulistyowati, 2017)

$$Company\ Size = Log (Asset)$$

Institutional ownership

The size of institutional ownership will affect the aggressive

policies carried out by the company (Fadhilah, 2014). Institutional ownership (INST) is measured using the ratio:

$$INST = \frac{\text{The proportion of shares owned by an institutioni}}{\text{Number of shares issued}}$$

Quality Audit

Audit quality is measured using a dummy variable equal to 1 if the financial audit conducted by Public Accounting Firm (KAP) The Big Four (Annisa & Pass, 2012).

leverage

Leverage describe the extent of owned capital to cover debts to outside parties (Sudaryo, Purnamasari, & Kartikawati, 2018).

$$DER = \frac{Total\ Liability}{Total\ Equity}$$

Return On Assets

ROA measures the overall effectiveness in generating income through available assets, the power to generate a return of capital invested (Siahaan 2004 in Hand, 2017). ROA according Arinda & Suhartono, (2018) measured by the formula:

$$ROA = \frac{Net\ profit\ after\ tax}{Total\ assets} \times 100\%$$

RESULTS AND DISCUSSION

General Data Descriptive Research

The study was conducted on food and beverage company listed on the Stock Exchange. Sampling using purposive sampling in 2013-2017 to obtain 66 company financial statements of 11 companies.

Test Classical Assumptions

Test Normality

Normality test used to find the data meet the assumption of normal or not. If sig (2-tailed) > 0.05; then the data were normally distributed. If sig (2-tailed) < 0.05; then the data distribution is not normal.

Table 1. Test Result Normality

variables	N	Sig	Std	Information
Residual unstandardized	66	0719	> 0.05	Normal distributed data

Source: processed data (2019)

Normality test results explained the significance (Asymp. Sig) is 0.719, it was concluded that all data is distributed normally.

of symptoms multikolinearitas (Yuli Chomsatu S, 2015). Conclusions drawn based on if the tolerance values > 0.05 and VIF <5, it means that the data does not occur multikolinearitas tested and vice versa.

Multikolinearitas Test

Multicollinearity test was conducted to test whether the data free

Table 2. Test Results Multicollinearity

variables	tolerance	Std	VIF	Std	Ket.
The Audit Committee	.878	> 0.05	1139	<5	Non Multicollinearity
Company size	.709	> 0.05	1,411	<5	Non Multicollinearity
Institutional ownership	.613	> 0.05	1,632	<5	Non Multicollinearity
Quality Audit	.950	> 0.05	1,053	<5	Non Multicollinearity
Leverage	.707	> 0.05	1,415	<5	Non Multicollinearity
ROA	.593	> 0.05	1,686	<5	Non Multicollinearity

Source: processed data (2019)

Results showed no symptoms of multikolinearitas between each independent variable by looking at the VIF. Nilai VIF all variables showed that less than 5.

Autocorrelation Test

Autocorrelation test to determine whether or not the classic assumption deviation autocorrelation. This research autocorrelation test using test Runitest. If the value Asymp. Sig. (2-tailed) <0.05 then there are symptoms of autocorrelation and vice versa.

Table 3. Result Autocorrelation Test

variables	N	Sig	Std	Information
Residual unstandardized	66	0131	> 0.05	No autocorrelation

Source: processed data (2019)

Autocorrelation test results concluded there are no symptoms or problems autocorrelation. Because it is known Asymp value. Sig. (2-tailed) of 0.131 greater than 0.05.

Test Heteroskedasticity

Heteroscedasticity test was used to test the data, is there inequality variants of residuals for all observations in a linear regression model. No symptoms of heteroscedasticity, if significant value > 0.05 and vice versa.

Table 4 . Result Test Heteroskedasticity

Variables	Sig.	Std	Information
The Audit Committee	.089	> 0.05	free Heteroskedasticity
Company size	.943	> 0.05	free Heteroskedasticity
Institutional ownership	.457	> 0.05	free Heteroskedasticity
Quality Audit	.769	> 0.05	free Heteroskedasticity
Leverage	.650	> 0.05	free Heteroskedasticity
ROA	.976	> 0.05	free Heteroskedasticity

The source of all: the processed data (2019)

Results showed no symptoms of heteroskedastisitas variables, because a significant value > 0.05.

Test Regression analysis

Model Multiple Linear Regression

Analysis of the data used in this research is multiple linear regression analysis with the following equation.

$$TA = \alpha + \beta_1KA - \beta_2UK - \beta_3INST + \beta_4KAT + \beta_5DER + \beta_6ROA + e$$

TA : Tax Avoidance

a : Constants

KA : Audit Committee

UK : Company Size

INST : Institutional Ownership

KAT : Quality Audit

DER : leverage

ROA : Return On Assets

e : error

The results of multiple linear regression calculation is as follows:

Table 5. Result Test Linear Equations

variables	B	Sig.
(Constant)	1,929	0205
The Audit Committee	1,351	0003
Company size	-0402	0005
ownership Istitusional	-0127	0072
Quality Audit	0157	0631
Leverage	0065	0285
Liquidity	0031	0604

The source of all: the processed data (2019)

Based on the results table above, multiple linear regression equation can be written as follows:

$$N = 1,929 + 1.351KA - 0,402UK - 0,127INST + 0,157KAT + 0,065DER + 0,031ROA + e$$

Test Feasibility Model (F)

F test to test the effect of all independent variables simultaneously or concurrently with the following requirements: Liquidity, leverage, institutional ownership and firm size is positive or negative views of its Beta coefficient. The significance of the effect will be seen from the p-value at the level

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of significance (α) = 0.05 with the following criteria: If the p-value < 0.05, significant effect on tax avoidance.

If the p-value > 0.05, no significant effect on tax avoidance. The results of F test calculations using SPSS namely:

Table 6. Results Feasibility Model (F)

Fhitung	Ftable	Sig	Std	Information
2,395	2:37	0039	0:05	The model used is worthy or fit

The source of all: the processed data (2019)

The output can be seen that the value of F is 2,395, and the value Ftable 2:37 with significance level 0.05 then H_0 is rejected and H_a accepted. Reinforced with the value $p = 0.039$ which is smaller than 0:05 criticism concluded all

independent variables have a significant effect on the dependent variable, or there is a difference between independent variables and the dependent variable.

Test Hypothesis (t test)

T test to determine the influence of the independent variable on the dependent variable partially.

Table 7. Result Hypothesis Test (T Test)

variables	t	Ttable	Sig	Std	Ket.
The Audit Committee	2,792	2,001	0007	<0.05	Ho accepted
Company size	2,257	2,001	0028	<0.05	Ho accepted
Institutional ownership	1,177	2,001	0244	<0.05	Ho rejected
Quality Audit	0617	2,001	0540	<0.05	Ho rejected
leverage	-0942	2,001	0350	<0.05	Ho rejected
ROA	2266	2,001	0027	<0.05	Ho accepted

The source of all: the processed data (2019)

The table above is known variables institusiona ownership, quality audit and leverage does not affect the tax avoidance, variable audit committee, company size and ROA effect on tax avoidance.

independent variables are the dependent variable. Value contribution coefficient determination between $0 > R^2 > 1$. If there is value min (-) in R^2 then said there is no effect between the independent variables and the dependent variable. The smaller the value of R^2 , the dependent variable is getting weaker and vice versa.

Test The Coefficient Of Determination (R2)

R^2 test to determine how much contribution the influence of the

Table 8. Result Calculation Coefficient Determination

Model	R	R2	adj R2	Information
1	.476	0.226	0.147	The independent variables can explain the dependent variable variation

The source of all: the processed data (2019)

R-square value of 0.314 indicates the proportion of the influence of the entire independent variables to the dependent variable of 31.4%. Means all independent variables affect the dependent variable. The remaining 68.6% is influenced by external variables that are not included in this regression model.

CONCLUSION

This study aims to determine the influence of corporate Governace, leverage and return on assets (roa) against tax avoidance on food and beverage companies listed on the Stock Exchange. The population in this study is a food and beverage company listed on the Indonesia Stock Exchange (BEI) in the period 2012-2017. The analytical method used is multiple linear regression analysis. Sampling techniques in this study using purposive sampling, obtained a sample of 66 the number of observations for six years. The results showed that the variables of the audit committee, company size and ROA effect on tax avoidance, while variable kepemilikan institusional, quality audit and leverage no effect on tax avoidance.

Coefficient of determination on multiple linear regression model indicated by a value of 0.226 which means that the variability of the dependent variable that can be explained by the independent variable was 22.6%. While the remaining 77.4% is influenced by external variables that do not include this regression model.

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