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| RESEARCH ARTICLE

The Effect of the Proportion of the Independent Board of Commissioners and the Structure of the Board of Directors and Audit Committee on Tax Avoidance and their Impact on Company Value

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| ABSTRACT
Until now, the tax authorities have indicated that there are still tax avoidance practices by companies in Indonesia. The phenomenon shows that government revenues from the tax sector have not been maximized, as can be seen from the realization of tax revenues that have not been achieved from the target from 2009 to 2019. The purpose of this study is to examine the effect of the proportion of independent commissioners, the composition of the board of directors, the audit committee on tax avoidance, and its impact on firm value. The population of this study is all manufacturing companies listed on the Indonesia Stock Exchange for the 2015-2019 period. With the purposive sample method. Samples obtained 61 companies with a span of 5 years, a total of 305 samples. The instrument used to analyze the hypothesis is path analysis. This study concludes that the Audit Committee has a significant effect on Tax Avoidance, while the proportion of the Board of Independent Commissioners and the composition of the Board of Directors has no significant effect on Tax Avoidance. The proportion of Independent Commissioners has a significant influence on Company Value. Other variables The composition of the Board of Directors, the Audit Committee, and Tax Avoidance do not have a significant effect on Company Value.

| KEYWORDS

Tax Avoidance, Company Value, Proportion of the Board of Independent Commissioners, Composition of the Board of Directors, Audit Committee, CETR, Tobin's Q

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1. Introduction

Taxes have a very important role in the life of the state, especially in the implementation of development, because taxes are a source of state income to finance all expenditures, including development expenditures. On the other hand, taxes are also very important in regulating economic growth through tax policies.

Tax is a mandatory contribution paid by the people to the state without direct contra-achievement and will be used for the benefit of the government and the general public (Mardiasmo: 2011). As for the company, tax is a burden that will reduce net income both to be distributed to shareholders (Shareholders) and to be reinvested (Suandy, 2008).

Tax revenue is an illustration of community participation in financing the administration of government and development in their country. If the contribution of tax revenues to the State Budget is greater, it means that the participation of the community is also greater in development in their country because, in essence, taxes come from and for the community.

Efforts to optimize tax revenue are experiencing obstacles, one of which is tax avoidance activities or so-called tax avoidance. Tax evasion has been around for a long time and is still a concern, and remains a hot topic. Tax avoidance is a reduction that is carried

out legally by optimally utilizing provisions in the field of taxation, such as exemptions and deductions, as well as taking advantage of unregulated matters and weaknesses contained in existing tax regulations (Ivan, Nyoman, and Barus, 2019).
Independent Commissioner is a member of the board of commissioners who are not affiliated with the board of directors, other members of the board of commissioners, and the controlling shareholder, and is free from business relationships or other relationships that may affect his ability to act solely in the interests of the company. Thus, independent commissioners have a negative influence on tax avoidance. This conclusion was obtained from the results of previous research conducted by Siti, Hari (2019); Victor et al. (2019); Khoirul, Nanang (2020); Sicily, Eko (2020). While different results are obtained from research conducted by Rachmat, Alfa (2020), which states that the proportion of the Board of Commissioners has a positive effect on Tax Avoidance.

Other empirical facts The board of directors has an effect on tax avoidance efforts. The Board of Directors is a corporate body that is authorized and in accordance with the goals and guidelines of the company, assumes full responsibility for the management of the company for the benefit of the company and represents the company both internally and externally outside the court in accordance with the provisions of the law. So that empirical data should have a negative effect on tax avoidance. This conclusion is in line with previous research conducted by Amneh, Ghassan (2020); Giovan, Mukhlasin (2020); Md. Nazrul, Fathyah (2020). While different results state that the Board of Directors has a positive effect on Tax Avoidance based on research from Dika, Alfa (2020); Francis, Ardi, Udunze, Atang (2021).

The audit committee is a committee formed by and responsible to the Board of Commissioners in helping carry out the duties and functions of the Board of Commissioners (OJK Regulation 55/2015). Thus the influence of the audit committee has a negative result on tax avoidance efforts. The same conclusion was obtained from previous research conducted by Indayani Lis (2019); Ivan et al. (2019); Kiswanto, dk (2020). While different results state that the audit committee has a positive effect on Tax Avoidance, from the research of Feren, Mukhlasin (2020); Utami, Yustrida (2020).

Firm value is the investor's perception of the company's level of success which is often associated with stock prices. A high share price makes the value of the company also high and increases market confidence not only in the company's current performance but also in the company's prospects in the future. Maximizing company value is very important for a company because maximizing company value also means maximizing the company's main goal. Several factors that affect the value of the company are the proportion of the Board of Commissioners, the Board of Directors, and also the existence of the Audit Committee.

In relation to Company Value, the proportion of Independent Commissioners has a positive relationship, according to the results of research from Kadek et al. (2019); Adeirla and Oktaviana (2020. Meanwhile, there are different conclusions that the Proportion of Independent Commissioners has a negative effect on Firm Value from the results of research by Eman Sulaeman (2019); Fatimah & Putri (2020); Rusni et al. (2020).

The influence of the Board of Directors on Company Value should have a positive influence on Company Value in line with research conducted by Wafaa et al. (2019); Effrita et al. (2019). While the opposite results were obtained from research conducted by Shaharudin et al. (2019), Tika and Kurniawati (2020); Yaoyao et al. (2020); Wafaa et al. (2019), which stated that the Board of Directors has no effect on Company Value.

Meanwhile, in relation to firm value, the influence of the Audit Committee has a positive effect in accordance with the results of previous research conducted by Shivan Sarpal (2017); Almira et al. (2018); Mohammad et al. (2020); Ana et al. (2020) and Ekawati and Lidya (2020).

In relation to tax avoidance efforts, the effect of firm value should be negative, according to the conclusions of previous research conducted by Chen et al. (2018), Riaty Handayani (2020), Felicia Katrin (2020). Meanwhile, there are different conclusions that state that Tax Avoidance has a positive effect on Firm Value which is the conclusion of previous research by Mohammed and Man (2020); Asy Shura et al. (2020).

The Tax Justice Network reports that due to tax evasion in Indonesia, it is estimated that it will lose up to 4.86 billion US dollars per year. This figure is equivalent to Rp. 68.7 trillion when using the rupiah exchange rate at the close of the spot market on Monday (11/22/2020) of Rp. 14,149 per US dollar. (Kompas.com, 23 November 2020).

One of the tax evasion cases in Indonesia that were carried out by the company was PT Toyota Manufacturing in 2013. The Directorate General of Taxes accused Toyota of tax evasion. Toyota presents sales of Rp 32.9 trillion. After being corrected by the Directorate General of Taxes, it turned out that the value was Rp. 34.9 trillion, so Toyota had to increase the tax payment of Rp. 500 billion. The reduction was because Toyota made sales by setting an unreasonable price below the cost of production to a subsidiary in Singapore where the tax rate in Singapore is much lower than the tax rate in Indonesia (Fadjarenie and Anisah, 2016).

Based on the explanation above, the researcher is interested in conducting research between the relationship between the proportion of independent commissioners, the composition of the board of directors, the audit committee with tax avoidance, and firm value with the title:

"The Influence of the Proportion of the Independent Board of Commissioners and the Composition of the Board of Directors and the Audit Committee on Tax Avoidance and Its Impact on Company Value.

2. Theory Study

2.1 Agency Theory (Agency Theory)

Agency theory explains an agency relationship between two parties in which one or more people (principal) employ another person (agent) to perform services on their behalf, which involves delegating decision-making authority to agents (Jensen and Meckling, 1976). Agency theory is a theory that arises because of a conflict of interest between the principal and the agent. This study defines the company as an agent while the tax authorities as the principal. The tax authorities have an interest in increasing state revenues, especially from taxes, and companies have an interest in increasing company profits. The higher the profit in a company, the higher the tax paid. The difference in interests between the tax authorities and the company eventually led to tax avoidance actions taken by the company in order to maintain profits (Sicily & Eko (2020)).

2.2 Signaling Theory

Lack of information to outsiders about the company causes them to protect themselves by charging a low price for the company. Firms can increase firm value by reducing information asymmetry. One way to reduce information asymmetry is to provide signals to outsiders, one of which is in the form of reliable financial information and will reduce uncertainty about the company's future prospects (Kadek, Rasmini, Dwi (2019)).

2.3 Tax Avoidance

The company always strives to streamline the tax burden that should be paid to the state, with the aim of increasing the profit it receives. The company's effort to be able to obtain the expected amount of profit is to make adjustments to the tax burden that must be paid by the company. The company's strategy to reduce or avoid taxes is indeed beneficial for shareholders but detrimental for the community because the tax contribution used as a tool for the welfare of the community will decrease.

Tax avoidance is an effort to ease the tax burden but does not violate existing laws (Mardiasmo, 2003). Tax avoidance relates to setting an event in such a way as to minimize or eliminate the tax burden by taking into account the presence or absence of tax consequences (Ernest R Mortenson in Zain 2008). Therefore, tax avoidance does not constitute a violation of tax laws or ethically is not considered wrong in the context of the taxpayer's efforts to reduce, avoid, minimize or alleviate the tax burden in a manner that is possible by tax legislation.

3. Research Method

This study uses secondary data, namely data (information) collected from available or published sources (Sekaran & Bougie, 2016: 2). The research data are data (information) obtained from textbooks, previous research reports, online media, and relevant websites (such as the Indonesia Stock Exchange website, the Financial Services Authority website, company websites).

Data for research is collected by conducting visits to libraries (library research) for manual sources and visits to relevant websites (internet research) for electronic sources.
Data analysis was carried out after all data or information needed for research was obtained. This activity consists of grouping data, tabulating data, presenting data, and various calculations to answer problem formulations and hypotheses.

4. Results and Discussion

4.1 The Effect of the Proportion of Independent Commissioners (KOI) on Tax Avoidance (CETR)

The results of hypothesis testing show that the proportion of the Board of Independent Commissioners has no significant effect on Tax Avoidance. This result is an anomalous result. Theoretically, the existence of an Independent Commissioner should be able to carry out effective supervision of the company's operations, including supervising the company's compliance with the provisions of tax laws. However, the fact is that based on data processing, the existence of the Independent Commissioner does not have a significant influence on the practice of Tax Avoidance. This indicates that the existence of the Independent Commissioner does not carry out effective supervision of the company's operations, including in supervising compliance with the Taxation Law.

There are several factors that cause the existence of an Independent Commissioner to have no effect on Tax Avoidance. First, there are still companies that do not have an Independent Commissioner in the structure of the Board of Commissioners. Second, in some cases, the appointment of Independent Commissioners is more for formal provisions regarding the existence of Independent

Commissioners in a Public Company as determined by the authorities (IDX, which requires thirty percent of the total number of Commissioners to be Independent Commissioners). In fact, the recruitment of Independent Commissioners comes from the former management of the company. This is supported by the fact that, although the average Independent Commissioner of 43.6% has exceeded the required provisions, the test results do not show the effect of their existence on the practice of Tax Avoidance.

This should be a concern for shareholders in appointing Independent Commissioners. In the future, the appointment of Independent Commissioners should be based on their competence and expertise so that their presence can make a positive contribution to the company, including in supervising the practice of Tax Avoidance.

The results of this study are in line with research by Siti & Hari (2019), Victor et al. (2019), Koirul & Nanang (2020), Sisilia & Eko (2020), which concluded that independent commissioners had no effect on corporate tax avoidance actions. However, the results of this study are contradictory to the results of research conducted by Rachmat and Alfa (2020), which concluded that the proportion of independent commissioners of companies would tend to avoid tax.

4.2 The Effect of the Composition of the Board of Directors (DDI) on Tax Avoidance (CETR)

The results of hypothesis testing show that the composition of the Board of Directors has no significant effect on Tax Avoidance. However, judging by the path coefficient value of -0.099, it is negative. This shows that the higher the composition of the Board of Directors, the Tax Avoidance will decrease; on the contrary, if the composition of the Board of Directors is lower, will increase the Tax Avoidance.

There are several factors that cause the Independent Board of Directors to have no effect on Tax Avoidance. First, there are still companies that do not have an Independent Board of Directors in the structure of the Board of Directors. Second, in some cases, the appointment of Independent Directors is more for formal provisions regarding the existence of Independent Directors in a Public Company as determined by the authorities (IDX, which requires one Independent Director from the total composition of the Board of Directors). In fact, some of the Independent Directors come from the company's colleagues, and it is also found that the Independent Directors come from former public officials to guard against opportunities and risks that may arise. This is supported by the fact that, although the average Independent Board of Directors is 21.6% or is close to the required provisions, the test results do not show the effect of their existence on the practice of Tax Avoidance.

This should be a concern for shareholders in appointing Independent Directors. In the future, the appointment of Independent Directors should be based on their competence and expertise so that their presence can make a positive contribution to the company, including in supervising the practice of Tax Avoidance.

This is in line with research conducted by Amneh & Ghassan (2020), Giovan and Mukhlasin (2020), Md. Nazrul and Fathyah (2020) which concluded that the Board of Directors has a negative effect on tax avoidance. As the function of the board of directors where he is responsible for representing within the company as well as outside the company, thus trying to improve efficiency and company compliance.

However, the results of this study are contradictory to the results of research conducted by Dika and Alfa (2020); Francis et al. (2021) conclude that the company's independent board of directors will tend to do tax avoidance.

4.3 Influence of the Audit Committee (KomDit) on Tax Avoidance (CETR)

The results of hypothesis testing show that the Audit Committee has a significant effect on Tax Avoidance. As seen from the path coefficient value of 0.130 is positive. This shows that the higher the Audit Committee, the Tax Avoidance will increase; on the contrary, if the Audit Committee is lower, the Tax Avoidance will decrease.

These results are in line with the Agency Theory that one of the objectives of the establishment of the Audit Committee is to reduce the risk that agency problems may arise, in this case, the taxpayer and the tax authorities in the taxation sector. The duties of the Audit Committee are as an extension of the Independent Commissioner to supervise the preparation and process of financial reporting, implementation of risk management, audit implementation, and effective and efficient corporate governance.

In choosing members of the Audit Committee in the future, the company can choose credible members based on their competencies, have qualified abilities, and maintain professionalism in carrying out their duties without the influence and interests of any party.

This research is in line with the results of research conducted by Feren and Mukhlasin (2020), Utami and Yustrida (2020) that the Audit Committee has a positive effect on Tax Avoidance. However, these results contradict the research conducted by Indayani Lis

(2019), Ivan, Agus, Friendkhnta (2019), Kiswanto, Atta, Trisni, Nining, Abdul (2020) that the Audit Committee has a negative effect on Tax Avoidance.

4.4 The Influence of the Proportion of Independent Commissioners (KOI) on Firm Value (Q)

The results of hypothesis testing show that the proportion of Independent Commissioners has a significant effect on firm value. As seen from the path coefficient value of 0.132 is positive. This shows that the higher the proportion of the independent commissioners, the higher the company value; on the other hand, if the proportion of the independent commissioners is lower, the company value will decrease.

Information regarding the existence of the Independent Board of Commissioners is interpreted as a positive signal for the market or investors. The Independent Board of Commissioners is a commissioner who is appointed based on his competence and expertise, which in turn can improve the company's performance. This is a positive response by investors in determining the stock market price and, in turn, will increase the value of the company.

This should be a concern for shareholders in appointing Independent Commissioners. In the future, the appointment of Independent Commissioners should be based on their competence and expertise so that their presence can make a positive contribution to the company, including in improving the company's performance.

The results of this study are in line with Kadek et al. (2019), Adeirla, and Oktaviana (2020), which state that the Independent Commissioner has a positive effect on firm value. However, these results contradict the research conducted by Eman Sulaeman (2019), Fatimah & Putri (2020), Rusni et al. (2020), that Independent Commissioners have a negative effect on firm value.

4.5 The Influence of the Composition of the Board of Directors (DDI) on firm value (Q)

The results of hypothesis testing indicate that the composition of the Board of Directors has no significant effect on firm value. However, judging from the path coefficient value of -0.032, it is negative. This shows that the higher the composition of the Board of Directors, the value of the company will decrease; on the contrary, if the composition of the Board of Directors is lower, it will increase the value of the company.

The test results do not reflect a positive signal so that it does not affect the willingness of investors to form stock prices. Investors informing stock prices rely more on the analysis they do on the company's performance, both technical analysis and or fundamental analysis.

This should be a concern for shareholders in appointing Independent Directors. In the future, the appointment of Independent Directors must be based on their competence and expertise so that their presence can make a positive contribution to the company, which in turn can improve the company's performance, and in turn, investors can respond positively to the existence of Independent Directors who have qualified capacities so as to improve performance and ultimately improve a good image for investors which in turn can raise the value of the company's shares and ultimately increase the value of the company.

This is in line with the research of Shaharudin et al. (2019), Tika and Kurniawati (2020), Yaoyao et al.(2020), Wafaa et al. (2019), which stated that the Independent Board of Directors had a negative effect on firm value. However, these results contradict the research conducted by Wafaa et al. (2019); Effrita et al. (2019 that the Independent Board of Directors has a positive effect on Company Value.

4.6 Influence of the Audit Committee (KomDit) on Company Value (Q)

The results of hypothesis testing show that the Audit Committee has no significant effect on firm value. However, judging from the path coefficient value of 0.016, it is positive. This shows that the higher the Audit Committee, the Company Value will increase; on the contrary, if the Audit Committee is lower, the Company Value will decrease.

One of the duties of the audit committee is to ensure that the company's internal control structure is carried out properly. The existence of an independent member in the Audit Committee can be an effective tool to carry out a supervisory mechanism so as to reduce agency costs, improve internal control, and will improve the quality of company information disclosure.
In choosing members of the Audit Committee in the future, the company should be able to choose credible members based on their competencies, as well as having qualified abilities and being able to maintain professionalism in carrying out their duties without the influence and interests of any party.

This is in line with the research of Shivan Sarpal (2017), Almira et al. (2018), Mohammad et al. (2020), Ana et al. (2020), and Ekawati and Lidya (2020), which state that the effect of the audit committee on firm value is the effect of positive.

4.7 Effect of Tax Avoidance (CETR) on Firm Value (Q)

The results of hypothesis testing show that Tax Avoidance has no significant effect on firm value. However, judging from the path coefficient value of 0.059, it is positive. This shows that the higher the tax avoidance, the value of the company will increase; on the other hand, if the tax avoidance is lower, it will reduce the value of the company.

The company should present the financial statements in accordance with the applicable accounting standards so that the financial statements reflect the financial condition and performance of the company as they should be. Thus, investors or the market react to the information presented in the Financial Statements, which in turn can affect the Company Value. The proper presentation of Financial Statements can prevent the company from legal consequences that may arise due to the practice of Tax Avoidance.

This is in line with the research of Chen et al. (2018), Riaty Handayani (2020), Felicia Katrin (2020), which states that Tax Avoidance has a negative effect on Company Value. However, these results are contradictory to research conducted by Mohammed and Man (2020) Asy Shura et al. (2020 that Tax Avoidance has a positive effect on firm value.

5. Conclusion

The purpose of this study is to examine the effect of the proportion of independent commissioners, the composition of the board of directors, the audit committee on tax avoidance, and its impact on firm value. Based on the results of data processing and discussions, it can be concluded that the proportion of Independent Commissioners does not have a significant effect on Tax Avoidance. The Independent Board of Directors has no significant influence on Tax Avoidance. The Audit Committee has a significant influence on Tax Avoidance. The proportion of Independent Commissioners has a significant influence on Company Value. The Independent Board of Directors does not have a significant influence on the Company Value. The Audit Committee does not have a significant influence on the Company Value. Tax Avoidance does not have a significant effect on Company Value.

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