EFFECT OF GOOD CORPORATE GOVERNANCE ON TAX AGGRESSIVENESS

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ABSTRACT

The purpose of this study is to examine whether tax aggressiveness is influenced by good corporate governance. The sample used in this study was retail companies on the Indonesia Stock Exchange from 2014 to 2017. With separate data samples from 11 companies. And tested using SPSS. The results of research for good corporate governance, institutional ownership, and audit committees and independent commissioners do not affect the ups and downs of aggressive tax actions. Meanwhile, overall test results show that good corporate governance variables together influence an increase in aggressive tax actions.

Keywords: Good Corporate Governance, Tax Aggressiveness

INTRODUCTION

Tax is one of the biggest state income. Maximum tax absorption can optimally help the country's economic growth by implementing infrastructure development optimally. Thus, taxpayer compliance greatly affects the level of tax revenue and is expected to carry out its obligations voluntarily in accordance with applicable tax regulations. In addition, education about tax regulations and the importance of taxes must also be fully disseminated to provide knowledge about the importance of taxes. Lack of knowledge about taxation can be an indicator of the lack of compliance of taxpayers in meeting their obligations.

The company sees that taxes are costs or expenses that must be incurred. Therefore, the company in this case management has a tendency to be aggressive in taxation. This aggressiveness is evident from avoidable / embezzled taxes (CHEN, Shuping CHEN, Xia CHENG, Qiang Shevlin, 2010). So, referring to Chen's statement, the causal factor associated with not achieving the tax revenue target and reducing the percentage of revenue realization from year to year is aggressive tax action on companies.

The definition of tax aggressiveness itself is as stated by (Frank, 2004) is a manipulation activity to reduce taxable income which may or may not be classified as tax evasion. (Slemrod, 2004) adds that tax aggressiveness is a specific activity leading to transactions whose main purpose is to lowering the corporate tax liability. Basically, this tax aggressiveness action is carried out by taxpayers to minimize the tax burden that they must pay and try not to violate applicable laws. Thus, analyzing the causes rather than tax aggressiveness is important given its association with tax revenue.

The tax aggressiveness phenomenon has been carried out by PT Coca Cola Indonesia. PT CCI allegedly outsmarted the tax, causing a tax payment shortfall of Rp.49.24 billion. The result of the Directorate General of Tax's search that the company had carried out tax aggressiveness that caused the tax payments to be reduced by the discovery of large cost overruns on the company. A large cost burden causes reduced taxable income, so the tax payment is small. These costs include, among others, advertisements from 2010-2013 with a total amount of Rp 566.84 billion. As a result there is a decrease in taxable income.

Subsequent tax aggressiveness was also carried out by PT Toyota Motor Manufacturing Indonesia (TMMIN) in 2013 in a tax dispute case. This case occurred because of a correction made by the Directorate General of Taxes on the sale and payment of royalty fees to TMMIN. This dispute originated from the 2008 tax report. At that time TMMIN's shareholders were Toyota Motor Corporation at 95% and the remaining 5% was owned by PT Astra International Tbk. In its tax report, TMMIN stated that the sales value reached Rp 32.9 trillion, but the Directorate General of Taxes corrected the value to Rp34.5 trillion or there was a correction of Rp 1.5 trillion. With a correction value of Rp1.5 trillion, TMMIN must add tax payments of Rp 500 billion. The Directorate General of Taxes corrected TMMIN's business count after comparing TMMIN's business before 2003 with after 2003.

Before 2003, the Toyota Astra car assembly was still combined with the distribution section under the Toyota Astra Motor (TAM) banner. But after 2003, the assembly section was separated by the TMMIN flag while the distribution and marketing section was under the TAM flag. The cars produced by TMMIN are sold first to TAM, then from TAM sold to Auto 2000. From Auto 2000 the cars are sold to consumers. Before being separated, TAM's gross profit margin has increased by 11% to 14% per year. But after being separated, TMMIN's gross margin is only around 1.8% to 35 per year. Whereas in TAM the gross margin reaches 3.85 to 5%. If TAM's gross margin is combined with TMMIN, the percentage is still 7%. This means that 75 is lower than when I joined, which reached 14%. Tax officials suspect that TMMIN's profit before tax decreased after 2003 due to royalty payments and improper raw material purchases. Other causes of car sales to affiliated parties such as TAM (Indonesia) and TAMP (Singapore) are below the cost of production, thereby reducing business circulation.

This lack of good corporate governance is still experienced by Indonesian companies today. Because of the above matters, this research will also be followed in the discussion of good corporate governance.(Kristina Minnick, 2010) show that the application of corporate governance mechanisms has a varying direction in relation to tax payments. Thus according to this study, researchers are not biased to equalize the relationship of good corporate governance with tax aggressiveness because there are many things that affect corporate governance itself. In addition, the increase in net income can also be followed by a decrease in
a company's taxable income. This causes the book tax difference (BTD) which is one of the measures of tax aggressiveness to become wider and cause the company's tax aggressiveness to increase.

Meanwhile, good corporate governance uses proxy for institutional ownership, an audit committee and an independent commissioner. So the title to be investigated is

"The Effect of Good Corporate Governance on Tax Aggressiveness (Empirical studies on retail trading companies listed on the Indonesia Stock Exchange for the period 2014-2017”.

THEORETICAL BASIS

Agency Theory

Agency theory according to (Michael C. Jensen, 1976) is "a contract under one or more involving agents to perform some services for them by delegating decision making authority to the agent". Both agents and economic people are assumed to be rational and solely motivated by personal interests. delegate decision making about the company to the manager or agent. However, managers do not always act in accordance with the wishes of shareholders. The main purpose of agency theory is to explain how parties engaged in contractual relations can design contracts that aim to minimize costs as a result of the asymmetric information and uncertainty conditions. Agency theory seeks to address agency problems that occur because parties who cooperate with each other have different goals. Agency theory is emphasized to overcome two problems that can occur in agency relationships (Eisenhardt, 1989).

First is the agency problem that arises when the desires or goals of the principal and agent cooperate with each other have different goals. Agency theory is emphasized to overcome two problems that can occur in agency relationships (Eisenhardt, 1989). First is the agency problem that arises when the desires or goals of the principal and agent conflict with each other and it is difficult for the principal to verify whether the agent has done something right. Second, the problem in taking responsibility for risks arising where the principal and agent have different attitudes towards risk. The essence of an agency relationship is that in the agency relationship there is a separation between ownership (the principal), namely the shareholders and the controlling party (the agent), namely the manager who manages the company according to Forum for Corporate Governance in Indonesia (FCGI, 2001).

Good corporate governance is a set of rules governing the relationship between shareholders, management (manager) of the company, creditors, government, employees and other internal and external stakeholders relating to their rights and obligations, or in other words a system that regulates and controls the company. Whereas the Cadbury Committee declares good corporate governance as a set of rules that formulate relationships between shareholders, managers, creditors, the government, employees, and other interested parties both internally and externally with respect to their rights and responsibilities. Based on the definition of good corporate governance above, it can be concluded that basically good corporate governance is a system, process, and a set of regulations governing relations between various stakeholders, especially in the narrow sense of the relationship between shareholders, board of commissioners, and the board of directors for the achievement of company goals. Based on the Forum for Corporate Governance in Indonesia (FCGI, 2001) good corporate governance has the following benefits:

1. Improve company performance through the creation of a better decision making process, improve operational efficiency of the company and improve service to stakeholders.
2. Facilitate obtaining cheaper funding so that it can increase corporate value.
3. Restore investor confidence to invest in Indonesia.
4. Shareholders will feel satisfied with the company's performance because it will simultaneously increase shareholder value and dividends.

Organization for Economic Co-operation and Development (OECD) in 1999 published and published the OECD Principles of Corporate Governance. These principles are intended to help member countries and other countries with regard to efforts to evaluate and improve the legal, institutional and regulatory framework of corporate governance and provide guidance and suggestions for capital markets, investors, companies and parties other parties who have a role in the development of good corporate governance (DARMAWATI, 2003).

The mechanism is the way things work systematically to meet certain requirements. A good corporate governance mechanism is a clear procedure and relationship between the party making decisions and those who control or supervise the decisions. According to Iskander & Chamlou (2000) in Lastanti (2004), the mechanism for monitoring good corporate governance is divided into two groups, namely internal and external mechanisms. Internal mechanisms are a way to control the company by using internal structures and processes such as general meeting of shareholders (GMS), the composition of the board of directors, the composition of the board of commissioners and meetings with the board of directors. While external mechanisms are a way to influence the company other than by using internal mechanisms, such as corporate control and market control. There are several good corporate governance mechanisms that are often used in research to determine their effects on tax aggressiveness, including the concentration of ownership, the proportion of independent boards of commissioners, and audit committees.

The concentration of ownership in the company will make shareholders in a strong position. This shows that shareholders have control over management to demand that they report financial statements accurately. Similar to the role of the board of commissioners in carrying out the supervisory function, the composition of the board can influence management in preparing financial reports so that a quality earnings report can be obtained (Boediono, 2005).

Credibility in preparing the financial statements, strategy and the audit committee's role is very important, the level of corporate control and corporate governance. Effectively functioning audit committee, the company can control the agency conflict because of the desire to improve the welfare management. (Andri and Hanung, 2007). This proves that the mechanism of good corporate
governance can reduce the practice of manipulation of financial statements conducted by managers. This manipulation practice is known as earnings management. The mechanism is the way things work systematically to meet certain requirements. A good corporate governance mechanism is a clear procedure and relationship between the party making decisions and those who control or supervise the decisions. According to Iskander & Chamlong (2000) in Lastanti (2004), there are two groups in the mechanism of corporate governance, namely external and internal mechanisms. Internal mechanism is how the company's management regarding the structure and processes of shareholders, board of directors, board of commissioners. External mechanisms are ways to control the company and control the market. Some studies use good corporate governance whether or not there is an effect on tax aggressiveness, by the audit committee, board of commissioners and ownership.

The strength of shareholders in their position requires serious attention to their ownership. Shareholders control so that management can report their finances accurately. The oversight carried out by the board of commissioners functions, management can be influenced by the board of commissioners in preparing financial reports in order to get quality earnings. (Boediono, 2005).

Has an important and strategic role The audit committee is to increase credibility, the stages of preparing financial statements, maintaining an adequate system of corporate supervision and implementing good corporate governance. Functioning effectively on the audit committee can control the company in improving welfare better than management desires. (Andri and Hanung, 2007). This proves that the mechanism of good corporate governance can reduce the practice of manipulation of financial statements conducted by managers. This manipulation practice is known as earnings management.

**Tax Aggressiveness**

The definition of tax aggressiveness according to (Frank, 2004) is an action that aims to reduce the tax burden through tax planning using a method that is classified or not classified as tax violations. Ridha and Martani (2014) tax aggressiveness is an action that is not only from non-compliance of taxpayers with tax regulations, but also comes from austerity activities in accordance with applicable regulations. Basically these tax aggressiveness actions are not prohibited in legislation, as long as these actions do not conflict with tax laws.

But in practice there are some companies that do use the gap to save tax that must be paid. Whereas Hanlon and Heitzman (2013) Defining tax aggressiveness is a way to save or reduce the tax burden of a company on permitted conditions or take advantage of legal weaknesses in tax regulations or violate the provisions by using existing loopholes but still within the gray area.

In contrast to some of the definitions above, based on the opinion of Frank, et al, Ridha and Martani, and Hanlon and Heitzman it can be concluded that tax aggressiveness is an act or strategy of tax avoidance to reduce corporate tax burden by tax evasion that violates tax regulations or by using legal loopholes or loops -holes. This further confirms that the act of tax aggressiveness is a tax violation and is not justified even though indirectly. These conditions cause differences in perceptions between one party and another. Therefore, the existence of such conditions raises the opportunity for taxpayers to avoid tax by utilizing legal weaknesses as justification arguments for tax evasion. Basically the aggressiveness is not justified, but the loosening of the law makes it rife by companies. According to Hidayanti (2013) there are advantages and disadvantages of tax aggressiveness measures. The advantages of doing tax aggressiveness, namely:

1. Tax savings that will be paid by the company to the state, so that the amount of cash enjoyed by the owner or shareholder in the company becomes larger.
2. Directly or indirectly the manager gets compensation or bonuses from the owner / shareholder for the tax aggressiveness actions carried out.

The advantages and disadvantages of tax aggressiveness actions make managers as corporate decision makers must take into account the actions taken. If a decision taken by a manager causes a loss, it can cause conflicts between the company owner or shareholders and the manager. The worse the conflict between the two parties has a negative impact on the company, this conflict is known as the agency problem (Alfiyani Nur Hidayanti & J, 2013)

This study uses a component of measuring cash effective tax rate (CETR). Tax aggressiveness measurement using CETR as conducted by (Timothy, 2010),. CETR is used because it is considered to reflect the company's tax aggressiveness actions. CETR measurement using the following formula:

\[
\text{CETR} = \frac{\text{Cash Tax Paid}}{\text{Pretax Income}}
\]

**Figure 2.2: CETR formula**

Information:
1. CETR, is an effective tax rate based on applicable financial accounting reports.
2. Cash Tax Paid, is a tax payment for the company in year t based on the company's financial statements. Pretax Income, is income before tax for company i in the year t based on the company's financial statements.
RESEARCH METHODS

This study uses secondary data by searching data directly from the company's financial statements (documentary data sources) listed on the Indonesia Stock Exchange (IDX), which have been adjusted to the criteria for sample selection through the Indonesia Stock Exchange website (IDX) www.idx.co.id for the period of 2014 - 2017.

The statistical method used to analyze data and test hypotheses is by using descriptive statistics and multiple linear regression using data analysis programs, namely IBM SPSS Statistics Version 24. The analysis conducted is as follows:

RESEARCH RESULT

Descriptive Statistics Test

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Agressiveness</td>
<td>44</td>
<td>-.63</td>
<td>.92</td>
<td>.1557</td>
<td>.29494</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>44</td>
<td>.19</td>
<td>.87</td>
<td>.4809</td>
<td>.19277</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>44</td>
<td>3.00</td>
<td>4.00</td>
<td>3.0909</td>
<td>.29080</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>44</td>
<td>.25</td>
<td>.57</td>
<td>.4169</td>
<td>.07640</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS 24

Based on the calculation results in table 4.3 above, shows the descriptive statistics of the variables used in this study with the amount of data for each variable as follows:

1. Tax Aggressiveness has an average value of 0.15 with a minimum value of -0.63 and a maximum value of 0.92. This shows that the average corporate tax burden is 15% of profit before tax.

2. Good corporate governance through institutional ownership has an average value of 0.48 with a minimum value of 0.19 and a maximum value of 0.87. With the sample used in this study has an institutional ownership of 48% of the number of shares outstanding with a standard deviation smaller than the mean of 0.19, indicating that the mean becomes good when used to represent overall data.

3. Good corporate governance through the audit committee has an average value of 3.09 with a minimum value of 3.00 and a maximum value of 4.00. With an average value of 3.09, it shows that the retail merchant companies that were sampled had 3.09 audit committee members. This refers to the Decree of the Chairman of Bapepam number Kep-29 / PM / 2004 which requires companies to have an audit committee consisting of at least 3 (three) people, with an average value of 3.09, in general retail companies become The sample has followed the provisions of Bapepam, which is now changing its name to the Financial Services Authority (OJK). Furthermore, the audit committee's standard deviation is smaller than the mean of 0.29, indicating that the mean is good when it is used to represent the data as a whole.

4. Good corporate governance through independent commissioners has an average value of 0.41, indicating that the average sample company has a member with a commissioner of 41% of the total members of the company's board of commissioners. Indonesian capital market regulations namely the Decree of the Directors of the Jakarta Stock Exchange No. Kep-305 / BEJ / 07-2004 as amended lastly by the Decree of the Directors of PT Indonesia Stock Exchange No. Kep-00001 / BEJ / 01-2014 concerning Amendment to Regulation Number 1-A concerning Listing Equity-Type Shares and Securities Other than Shares issued by Listed Companies, require Limited Liability Companies to have a minimum number of independent commissioners of at least 30% of the company's board of commissioners. Thus, on average the sample companies have met the requirements of the IDX. Then, the standard deviation of the independent commissioners is 0.07, with a standard deviation smaller than the mean indicating that the mean is good when used to represent the data as a whole..

Uji Normalitas

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th></th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Normal Parameters&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td></td>
<td>Mean: .0000000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Std. Deviation: .18032411</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
<td>Absolute: .082</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Positive: .082</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negative: -.050</td>
</tr>
<tr>
<td>Test Statistic</td>
<td></td>
<td>.082</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td></td>
<td>.200&lt;sup&gt;d&lt;/sup&gt;</td>
</tr>
<tr>
<td>a. Test distribution is Normal.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Kolmogrov-Smirnov One-Sample test results in table 4.4 above show a significance level of 0.200. Because the P value (Asymp.Sig.) is greater than the 0.05 significance level, then it can be concluded that the residual data in this regression model is normally distributed. In other words the regression model used meets the assumption of normality.

![Histogram Graph](image)

Source: Data obtained with SPSS 24

Figure 4.1 Histogram Graph

Test results with a histogram graph in Figure 4.1 above shows that the pattern is normally distributed which can be seen in the graph shows the balance of data distribution on the left with the data on the right histogram, so that the center of the histogram is in balance.
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Tax Agressiveness

Source: Data processed with SPSS 24

Figure 4.2: P-Plot Normality Test

Normality test results based on the graph above illustrate the level of distribution that is close to normal. seen from the graph where the points are spread close to the diagonal. So that the regression equation used is feasible in research.

Uji Multikolinieritas

Test this assumption to find out whether the independent variables are correlated and whether there is multicollinearity in the regression model. The tolerance value and the inflation factor variance are used to determine multicollinearity. If the tolerance value is more than 0.10 from the VIF value less than 10.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.098</td>
<td>.375</td>
<td>-262</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>.362</td>
<td>.195</td>
<td>.237</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>.073</td>
<td>.126</td>
<td>.072</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>-.048</td>
<td>.558</td>
<td>-.012</td>
</tr>
</tbody>
</table>

Based on table 4.5 above it can be seen that the data in this study do not have multicollinearity or there is no relationship between the independent variables in this study.

These results can be seen from the VIF (variance inflation factor) values of all variables in the range of 1 to 10, namely financial distress variables of 1.552, real earning management variables of 9.682, 1.243 and 9.460, and good corporate governance variables respectively amounted to 1.565, 1.486 and 2.013. In addition, the tolerance value of each variable is less than 1, namely the financial distress variable of 0.644, real earning management variables of 0.103, 0.805 and 0.196, and good corporate governance variables respectively of 0.639, 0.673 and 0.497.
Thus it can be concluded that there is no multicollinearity problem in the sample data used in this study

Uji Heteroskedastisitas

According to Ghozali (2016: 134) The purpose of the heteroscedasticity test is to find out whether there is a variance in residual variance in the regression model if observations of variance remain homoscedasticity and heteroscedasticity if different. A good regression model is homoscedasticity or if there is no heteroscedasticity. If the scatterplot graph illustrates a wavy or wide dot pattern and then narrows, it can be concluded that heteroscedasticity has occurred. However, if the image is not clear, then there is no heteroscedasticity.

![Scatterplot](image)

Source: Data processed with SPSS 24

Figure 4.3: Heteroscedasticity Test Results

The heteroscedasticity test results from Figure 4.3 show that the scatterplot graph between SRESID and ZPRED shows the pattern of spread, which shows that the points spread above and below 0 on the Y axis. This shows that there is no heteroscedasticity in the data used.

Uji Autokorelasi

This autocorrelation test aims to test whether in a linear regression model there is a correlation between the interruption error in the t period and the error in the t-1 period (before). If there is a correlation, then there is a problem called autocorrelation. Autocorrelation arises because consecutive observations all the time are related to each other (Ghozali, 2016: 107).

![Table 4.6](image)

Table 4.6: Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.791*</td>
<td>.626</td>
<td>.554</td>
<td>.19708</td>
<td>1.704</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Independent Commissioner, Audit Committee, Institutional Ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: Tax Agressiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS 24
Based on the results of the Durbin-Watson test in table 4.6 above, it can be seen that the autokoleration test on the Durbin-Watson test shows a value of 1.704, where the number is between -2 to +2. So it can be concluded that the data in this study are free from the existence of autokoleration.

### Table 4.12: Autocorrelation test

<table>
<thead>
<tr>
<th>Durbin-Watson</th>
<th>0.839</th>
</tr>
</thead>
</table>

Source: Results of data processing with SPSS 25 (2018)

Table 4.12 shows the Durbin-Watson value = 0.839 with the DW value between -2 and +2 or -2 <0.839 <+2 so it can be concluded that autocorrelation did not occur. Based on the results of testing the data in this study, there was no violation of the regression assumptions.

### Multiple Linear Regression Analysis

Hypothesis testing in this study was conducted using multiple regression models (multiple regression analysis), which is done through the coefficient of determination test, F statistical test and statistical test t.

This multiple linear regression analysis is used aimed at testing the effect of good corporate governance on tax aggressiveness. The regression model in this study

\[
T_Ait = \alpha + \beta_7KEPINSTit + \beta_6KOMAit + \beta_5KOMit + \varepsilon it
\]

are as follows:

- **$T_Ait$**: Tax Aggressiveness.
- **KEPINST**: institutional ownership.
- **KOMA**: audit committee.
- **KOM**: independent commissioner.
- **$\alpha$**: Constants, i.e. the magnitude of the value of Y when the value of X = 0
- **$\beta$**: The direction of the regression coefficient, which states the change in the value of Y if there is a change in the value of X. If (+) then the direction of the line will go up, and if (-) then the value of the line will go down
- **$\varepsilon$**: It is an error.

With the above statistical equation, alternative hypotheses will be accepted with a significance level of 0.05. If the significance level of the analysis results is less than 0.05, the research hypothesis is accepted.

### Table 4.7: Results of Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.098</td>
<td>.375</td>
<td>.262</td>
<td>.795</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>.362</td>
<td>.195</td>
<td>.237</td>
<td>1.857</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>.073</td>
<td>.126</td>
<td>.072</td>
<td>.576</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>-.048</td>
<td>.558</td>
<td>-.012</td>
<td>-.086</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Agressiveness

Source: Data processed with SPSS 24

Based on the test results in table 4.7 above, then the regression equation can be formulated as follows:

\[
T_Ait = 0.098 + 0.362KEPINSTit + 0.073KOMAit - 0.048KOMit + \varepsilon it
\]

1. **Constants**

When institutional ownership, audit committee, independent commissioner are in a constant or permanent state, the amount of tax aggressiveness is 0.098. Assuming other factors are considered constant or zero. On the other hand, assuming a positive constant value can be said that each increase in the independent variable by 1%, the tax aggressiveness will rise or be fulfilled.
2. Good Corporate Governance through Institutional Ownership
The coefficient value is 0.362 which means the positive influence of institutional ownership variable on the tax aggressiveness variable. If the institutional ownership variable increases by 1%, the tax aggressiveness will increase by 0.362%.

3. Good Corporate Governance through the Audit Committee
The coefficient value is 0.073 which means it shows the positive influence between the audit committee variable and the tax aggressiveness variable. If the audit committee variable increases by 1%, the level of tax aggressiveness will increase by 0.073%.

4. Good Corporate Governance through Independent Commissioners
The coefficient value is -0.048 which means that the independent commissioner variable is negative in the tax aggressiveness variable. If the independent commissioner variable increases by 1%, the level of tax aggressiveness will decrease by 0.048%.

Coefficient of Determination
The coefficient of determination is the contribution of explanatory variables to response variables. The coefficient of determination is a measure that shows the contribution of explanatory variables to the response variable. In multiple regression, the coefficient of determination measures the proportion or percentage of contribution of explanatory variables that enter the model to the variation of the rise and fall of the Y variable simultaneously. (Sugiarto, 2006: 259).

The coefficient of determination lies from 0 to 1 (0 < $R^2$ < 1) where the more the value of the approach $R^2$ is 1, the regression results are getting better. This means that almost all of the information needed to predict varies. Conversely, if $R^2$ approaches 0, it means that the fluctuation ability is weaker (Ghozali, 2016: 83). The test is presented below:

### Table 4.8: Determination Coefficient Test Results

<table>
<thead>
<tr>
<th>Model Summary*</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.791*</td>
<td>.626</td>
<td>.554</td>
<td>19708</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Independent Commissioner, Audit Committee, Institutional Ownership.
b. Dependent Variable: Tax Agressiveness

Source: Data processed with SPSS 24

Table 4.8 shows the coefficient of determination is 0.554 or 55.4%. In this case it means that 55.4% of the variable tax aggressiveness can be influenced by good corporate governance variables. While the remaining 44.6% is influenced by other factors not included in this study.

Partial Test (t test)
Statistical test t basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable (Ghozali, 2016: 97). This partial test is done by comparing the level of significance $t$ of the test results with the significance value used in this study. The testing criteria used in this study are to compare the variables of $t_{count}$ and $t_{table}$:

1. If $t_{count}$ > $t_{table}$, then $H_0$ is rejected or the independent variable individually influences the dependent variable.
2. If $t_{count}$ < $t_{table}$ then $H_0$ is accepted or the independent variable individually does not affect the dependent variable.

Based on the probability (significance) greater than 0.05 ($α$), the independent variable individually does not affect the dependent variable and vice versa if it is smaller than 0.05 then the independent variable individually influences the dependent variable.

### Table 4.10: Partial Test Results (t test)

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.098</td>
<td>.375</td>
<td></td>
<td>.262</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>.362</td>
<td>.195</td>
<td>.237</td>
<td>1.857</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>.073</td>
<td>.126</td>
<td>.072</td>
<td>.576</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>-.048</td>
<td>.558</td>
<td>-.012</td>
<td>-.086</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Agressiveness

Source: Data processed with SPSS 24

Based on the test results in table 4.10 above can be concluded as follows:

1. Good Corporate Governance towards Tax Agressiveness
   1) Institutional Ownership

In table 4.10 it can be seen that the variable of good corporate governance through institutional ownership has a sig value. 0.072 > 0.05 and tcount 1.857 with a table of 2.028. A positive $t$ value indicates that institutional ownership has a direct
relationship with tax aggressiveness. So it can be said that institutional ownership does not have a significant positive effect on tax aggressiveness.

2) Audit Committee on Tax Aggressiveness
   Meanwhile for good corporate governance through an audit committee the value of sig. obtained by 0.568> 0.05 and tcount 0.576 with a table of 2.028. A positive t value indicates that the audit committee has a direct relationship with tax aggressiveness. It can be concluded that the audit committee does not have a significant positive effect on tax aggressiveness.

3) Independent Commissioner
   And for an independent commissioner, sig. 0.932> 0.05 and -0.086 with t table 2.028. A negative t value indicates the opposite relationship between the independent commissioner and tax aggressiveness. It can be concluded that the independent commissioner has no significant negative effect on tax aggressiveness.

Simultaneous Test (F Test)
   The F test was carried out to test the effect of the independent variables on the dependent variables simultaneously (simultaneously). F statistical test shows that overall the independent variables in the research model significantly influence the dependent variable. With a significance level of 0.05 (5%), the testing criteria are as follows:

   1. If the significance value F <0.05 then H0 is rejected, meaning that there is a significant influence between all independent variables on the dependent variable.
   2. If the significance of F> 0.05 then H0 is accepted, meaning that all independent variables have no effect on the dependent variable.

   Table 4.9: Simultaneous Test Results (Test F)

<table>
<thead>
<tr>
<th>ANOVA*</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>2.342</td>
<td>7</td>
<td>.335</td>
<td>8.616</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1.398</td>
<td>36</td>
<td>.039</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.741</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dependent Variable: Tax Aggressiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Predictors: (Constant), Independent Commissioner, Audit Committee, Institutional Ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Source: Data processed with SPSS 24

   Based on table 4.9 shows that the statistical test results F has a calculated F value of 8.616 with a significance value of 0.000 the level of significance is much smaller than the value of 0.05 or 0.00 <0.05. The value of F table is 2.36 or 8.616> 2.36. Because the value of Fcount> Ftable, it can be concluded that good corporate governance has a significant positive effect simultaneously on tax aggressiveness.

DISCUSSION

Effects of Good Corporate Governance on Tax Aggressiveness
   The result of institutional ownership proxy regression t value of 1.857 with a significance level of 0.072> 0.05. Positive t results indicate that institutional ownership has a direct relationship with tax aggressiveness. It can also be concluded that H1 is rejected and H0 is accepted, namely institutional ownership does not have a significant positive effect on tax aggressiveness. In this case it shows that the company with institutional ownership cannot reduce the tax aggressiveness of the company.

   The results of this study are not in line with (Nugroho & Firmansyah, 2017) which concludes that companies with high institutional ownership have been able to reduce the company's aggressiveness. Research (Khurana and Moser, 2009) results in the conclusion that the higher the long-term institutional ownership in a dining company, the lower the practice of tax aggressiveness. Nevertheless there are the same results as the results of the study as concluded by (Damayanti and Susanto, 2015) which results in the conclusion that there is no significant relationship between institutional ownership of tax aggressiveness. The difference in the results of this study can be due to the use of different samples and also the regression model used.

   The results of the audit committee regression t value of 0.576 with a significance level of 0.568> 0.05. These results indicate that H2 is rejected and H0 is accepted, namely the audit committee does not have a significant positive effect on tax aggressiveness, meaning that the increase in corporate audit committees does not trigger an increase in corporate tax aggressiveness. It can be concluded that the large number of audit committees in a company does not guarantee the low tax aggressiveness of the company. This result is not in line with (Nugroho & Firmansyah, 2017) which has the conclusion that the audit committee has a significant negative effect on corporate tax aggressiveness. But it is different from (Fenny, 2014), (Swingly and Sukarta, 2015) which concluded that there is no significant relationship between the audit committee and tax aggressiveness. The difference in the results of these studies may be caused by the different samples used, the study period and also the regression models used.
The results of the independent commissioner regression t value of -0.086 with a significance level of 0.932> 0.05. These results indicate that H3 is rejected and H0 is accepted, namely that the independent commissioner has no significant negative effect on tax aggressiveness. It can be concluded that the high value of the percentage of independent commissioners does not trigger a decline in the value of tax aggressiveness, and vice versa the low percentage of independent commissioners does not result in an increase in the value of corporate tax aggressiveness. It can also be said that the presence of an independent commissioner in a company whose function of overseeing management does not affect management to manipulate or tax evasion.

The results of this study are not in line with (Chou, 2010) in (Nugroho & Firmansyah, 2017) which explains that the increase in the percentage of independent directors actually has a significant positive effect on tax aggressiveness. This can happen at certain times, like when companies have financial difficulties, instead, independent commissioners who rarely attend meetings provide management opportunities to embezzle or avoid taxes.

The results of this study can also be strengthened by statements (Annisa and Kurnaisih, 2011), which states that the placement or addition of independent commissioners is only possible to meet formal requirements, while the majority shareholder still holds important control so that the performance of the board of commissioners does not improve. In other words the presence of an independent commissioner in a company does not determine whether the company is taking tax aggressive actions.

CONCLUSION

This study aims to see how much influence the good corporate governance on tax aggressiveness in retail trading companies listed on the Indonesia Stock Exchange in the 2014-2017 period. Based on the results of research and hypothesis testing that has been done, the following conclusions are obtained:

1. Institutional ownership variable does not have a significant positive effect on tax aggressiveness. The results of this study are not in line with (Nugroho & Firmansyah, 2017) which concludes that companies that have high institutional ownership have been able to reduce the company's aggressiveness towards taxes. Research (Khurana and Moser, 2009) results in the conclusion that the higher the long-term institutional ownership in a dining company, the lower the practice of tax aggressiveness.

2. Audit committee variables have no effect on tax aggressiveness. Not in line with (Nugroho & Firmansyah, 2017) which has the conclusion that the audit committee has a significant negative effect on corporate tax aggressiveness. But in contrast to (Winata, 2014), (Sukartha, I. M., & Swingly, 2015) which concludes there is no significant relationship between the audit committee and tax aggressiveness.

3. The independent commissioner variable has no negative effect on tax aggressiveness. These results are not in line with the results of the study (Dridi and Boubaker, 2015) and (Geraldina, 2014), which says there is a positive relationship between independent commissioners on the tax aggressiveness of a company.

4. The institutional ownership variable of a good independent audit committee has a significant and positive influence on the tax aggressiveness variable.

REFERENCES


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