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Profitability, capital intensity and tax avoidance in Indonesia: The effect board of commissioners' competencies

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Abstract

This study aims to research the impact of profitability and capital intensity on tax avoidance moderating with the competence of the board of commissioners. Focus of the study is manufacturing companies listed on Indonesia Stock Exchange for 2016-2018 period. The sampling technique was purposive sampling procedure, and hypotheses testing with regression panel data analysis using STATA version 13 application. The results indicate that profitability has a significant effect on tax avoidance, however, capital intensity has no significant effect on tax avoidance. This study documented that the competence of the board of commissioners weaken the effect of profitability on tax avoidance, however, the study failed to document the moderating role of the competence of commissioners on the effect of capital intensity on tax avoidance. This study contributes on enhance the empirical evidence that if companies have a competent board of commissioners, it can monitor managers' tax avoidance activities, thus managers will decrease the intensity of tax avoidance based on company profitability.

Introduction

Taxes are the largest source of revenue for the state when compared to other sectors. Taxes to fund the government in carrying out infrastructure development and running company operations. Each revenue, tax revenue is budgeted and realized in the State Revenue and Expenditure Budget of Indonesia. Tax revenue comes from various sectors, one of which is from companies originating from Indonesia. The corporate sector with the largest tax revenue comes from the manufacturing sector, but according to data from the Ministry of Finance in January 2019, tax revenue from the manufacturing or manufacturing sector grew negatively. Tax revenue in 2018 from the manufacturing sector was recorded at Rp. 16.77 trillion or decreased by 16.2% year on year with a contribution of 20.8% of total tax revenue (Kontan.co.id, 2019). In 2017, Indonesia was included in the 11 largest countries for tax evasion with a value of up to US $ 6.48 billion (Tribunnews.com, 2017). In the 2018 Financial Notes and RAPBN during 2013-2017, Indonesia's tax ratio shows a downward trend of up to 11%. Indonesia is also categorized as a lower middle income country that has a low tax ratio on the average of other countries, such as Thailand, Cambodia, Malaysia, the Philippines and Singapore.

The government has made efforts to optimize and support taxpayers by providing intensive and extensive tax revenue (Letter of the director general of taxes No. S-14/PJ.7/2003). The government took the initiative to implement incentives to reduce domestic corporate tax rates with the aim of encouraging business actors to carry out more active businesses. In its implementation, the government experiences security problems such as tax avoidance and tax evasion or the application of company policies such as implementing accounting policies and methods which in recognition of certain accounts can be used to reduce taxable income. General

tax avoidance practices that are used because there are gaps and weaknesses in tax laws and provisions that can be taken from tax planning in financial statements do not violate existing regulations, but these actions tend to be unreasonable by the principal at risk of degrading their image and value economical company (Dwiyanti & Jati, 2019). Tax avoidance is a complex action because on the one hand it is requested, but the government does not want this to be done, so there is an interest between the government and companies where the government wants optimal tax revenue while the company wants to spend on its tax payments.

An attitude towards behaviour is not influenced towards behaviour compliance on taxpayer in Indonesia (Putra & Osman, 2019). The driving factor for companies to obey or not pay taxes is the company's characteristics. Company characteristics are characteristics or factors inherent in the company. One of the characteristics of the company is profitability of the company. Profitability is the company's ability to earn profits by utilizing its assets such as its resources to generate profits. Profitability is a management performance measurement tool in managing company revenue as seen from company profits. The higher the company's profitability, the higher the net profit (Ardyansah & Zulaikha, 2014). Higher company profits will strengthen management actions in tax avoidance because the tax base is high (Maharani & Suardana, 2014). Research conducted by Dwiyanti and Jati (2019) and Arianandini and Ramantha (2018) found that profitability has a negative effect. Other studies conducted by Putra and Jati (2018), Prapitasari and Safrida (2019), and Maulana (2020) show that profitability has a positive effect on tax avoidance. Meanwhile, according to Oktamawati (2017), profitability affects tax avoidance.

Another company characteristic that directly affects the effective level of taxes is the capital intensity ratio. The ratio of capital intensity or fixed asset intensity is how much the company invests its assets in fixed assets. If the investment company is on fixed asset intensity, the company has many opportunities to choose favorable fixed asset funding according to taxes, and the costs that arise from fixed asset investment, for example, depreciation costs are Deduct able Expense, so that it can have an impact on the tax rate. Previous research conducted by Dwiyanti and Jati (2019), Hidayat and Fitria, 2018), Maulana (2020) and Anindyka et al. (2018), Octaviani and Sofie (2018), and Dharma and Noviari (2017) shows that capital intensity has a positive effect on tax avoidance. Research by Apsari and Supadmi (2018) found that capital intensity had a negative effect. Meanwhile, research conducted by Ambarita et al. (2017) and Faradisty et al. (2019) shows that the results of Capital Intensity have no effect on tax avoidance. The same results were also obtained from research by Jamaludin (2020) and Indradi (2018) which found that Capital Intensity had no effect on Tax Avoidance.

Based on the description of the results of previous research, the researcher feels that they can develop these studies to be re-examined by adding the competency variable of the Board of Commissioners as a moderating variable. In general, there are two types of corporate governance systems used in countries around the world. The system, namely the One-tier board system, is adopted by countries such as the UK and the United States. Meanwhile, the two-tier board system is widely used by European countries, such as the Netherlands and Germany. In a two-tier board system, the corporate structure is divided into two groups.

The first group is known as the Supervisory Board or in Indonesia known as the Board of Commissioners. The second group is the Executive Board (executive board). The executive board consists of all managing directors such as the Chief Executive Officer (CEO) who is in charge of leading operations and is responsible for the company's environment; The Chief Financial Officer (CFO) is in charge of managing the financial scope of the corporation; and Chief Operating Officer (COO) as a senior manager and have the responsibility to control the company's environment every day and report it to the CEO and other managers under him.

Based on this research, the formulation of the problem of this research is (1) Does Profitability have a significant effect on Tax Avoidance (2) Does Capital Intensity have a significant effect on Tax Avoidance (3) Does the Competence of the Board of Commissioners can moderate the effect of Profitability and Tax Avoidance (4) What is Competence? The Board

of Commissioners can moderate the relationship between Capital Intensity and Tax Avoidance while the objectives of this study are (1) To determine the Effect of Profitability on Tax Avoidance (2) To determine the effect of Capital Intensity on Tax Avoidance (3) To find empirical evidence regarding Profitability against moderated Tax Avoidance Competence of the Board of Commissioners (4) To find empirical evidence regarding Capital Intensity against Tax Avoidance moderated by the Competence of the Board of Commissioners.

Literature Review

Agency Theory

Agency theory is a theory that explains and describes the working relationship between two parties, namely the principals and the agent. Agency theory is based on the existence of agency problems that arise as a result of differences in the objectives of the parties working together. The relationship between agency theory and tax avoidance is due to the fact that most taxpayers, and especially corporate taxpayers, perceive paying taxes as a burden because financial resources that should be used for quality improvement or investment must be transferred from the business sector to the public sector, thus reducing power. Buy. The result is the emergence of a conflict of interest. Therefore, managers who are responsible for paying corporate taxes will eventually commit to lowering costs, including paying taxes, to optimize benefits. This is in line with human nature according to agency theory, which proposes that most people are born with a tendency to selfish. In accordance with agency theory according to Jensen and Meckling (1976), the manager is responsible for managing shareholder assets in all conditions, including uncertain conditions in a business environment. Therefore, managers are required and expected to maximize the assets and utilities owned by the company in order to survive in these conditions. Based on agency theory, any highly uncertain environment will encourage managers to consider tax planning to manage taxes, namely through tax avoidance (Arieftiara et al., 2019).

Definition of Tax Avoidance

Tax avoidance are method used by taxpayers to reduce tax payments. Tax Avoidance is carried out in a manner that does not conflict with and does not violate the applicable rules and regulations (Permata et al., 2018). Different of interest impact the company to do tax avoidance. The higher the level of awareness owned by the taxpayers running business, the higher their level of compliance (Meidawati & Azmi, 2019).

For multinational companies, tax avoidance efforts can be done by diverting a portion of the subsidiary's profits to companies operating in countries that prefer lower rates. The ratio to measure tax avoidance is by measuring the difference between accounting profit and fiscal profit, namely accounting profit - fiscal profit divided by total assets.

Definition of Profitability

Profitability is the ability of management to gain overall benefits through the resources owned by the company, the greater the profitability shows the greater the profits obtained by the company and the optimal utilization of the company's assets. Management performance is one of them seen and assessed by the amount of the company's profitability level obtained in that period. The company's profitability is a benchmark for a company to make a profit using all the resources the company has. High profitability indicates good performance and a stable and promising going-concern company. So that profitability becomes an indicator for companies to increase firm value, but a high profit level also causes a large income tax burden. Previous research conducted by Prapitasari and Safrida (2019), Yulyanah and Kusumastuti (2019), and Permata et al. (2018) found that profitability has a positive effect on Tax Avoidance. Different results were obtained by Rifai and Atiningsih (2019) and Oktamawati (2017) that profitability has a negative effect on Tax

Avoidance. While research conducted by Hidayat and Fitria (2018) stated that profitability has no effect on tax avoidance.

Definition of Capital Intensity

Capital Intensity is a policy in a business environment that is one of the characteristics of the company and is applied to obtain certain objectives of a company. Capital intensity is used by companies as a form of financial policy implemented by company management to support companies in obtaining and increasing company profits. Capital intensity is measured using the ratio between fixed assets (property, plant, and equipment) divided by total assets. One form of application of capital intensity based on the use of fixed assets is depreciation. Depreciation is the depreciation expense for fixed assets which can be recognized as a deduction from profit in the recognition of income. Fixed assets include buildings, factories, equipment, machinery, property. Capital intensity has a positive effect on tax avoidance, which means that the higher the company's capital intensity, the higher corporate tax avoidance. The same results were obtained by Dwiyanti and Jati (2019). Research conducted by Budianti and Curry (2018) and Muzakki and Darsono (2015) found that capital intensity has a negative effect on tax avoidance.

Definition of the Competence of the Board of Commissioners

The board of commissioners is part of corporate governance which has the authority to ensure the implementation of corporate strategy is not deviant, to oversee the performance of management in managing the company and ensure accountability and transparency in corporate management is carried out properly. In its election, the Board of Commissioners must have competent requirements and qualifications and have high standards to be elected to the Board of Commissioners. The responsibility and authority to become a Commissioner require and requires the Commissioner to have a good background from various sides and fields of knowledge, especially in terms of leadership and knowledge of economics and business so that someone who has good competence must serve as a Commissioner. A competent Board of Commissioners should have the following criteria: Having integrity and having high honesty, have knowledge and experience in managing business and/or company finances, can read and understand the contents of financial statements, knowing the development of the business and economic environment, have broad insight and are able to think strategically, committed and consistent in carrying out his profession as a company commissioner. In this study, the competence of the Board of Commissioners is measured according to the background of the Board of Commissioners who has competence in finance and business and the attendance level of the board of commissioners' meetings in each research period. Previous research conducted by Praptitorini (2018) and Sinaga and Suardikha (2019) found that the Board of Commissioners has a significant effect on tax avoidance.

Research Methods

This research design is a quantitative approach and uses secondary data types with the aim to test the influence between variables and prove the hypothesis with the results of the study. The data in this study were obtained from the Annual Report (annual) and the Financial Statements of Manufacturing Companies listed on the Indonesia Stock Exchange. The population in this study were Manufacturing Companies in Sub-Sector 3, 4, 5 which were listed on the Indonesia Stock Exchange in the 2016-2018 period. From this population, the sample was determined using the purposive sampling technique. The criteria for determining the sample in this study are:

1. Companies that always publish financial reports and annual reports in 2016-2018.
2. Companies listed on the Indonesia Stock Exchange during 2016-2018
3. Companies that were not delisted on the Indonesia Stock Exchange during 2016-2018.
4. Companies that have complete data needed in research.

Dependent Variable

The variable used in this study is tax avoidance. This study uses the Book Tax Difference (BTD) measurement method, which is the result of the difference in the calculation between taxable profit according to tax regulations and income before tax according to accounting standards.

Independent Variable

Profitability is an indicator that can measure how much a company is able to use its assets to generate profits. Capital Intensity represents the allocation of capital that the company has used in the form of fixed assets. Measurement of intensity capital in this study uses a fixed asset intensity ratio. A fixed asset intensity ratio is a ratio calculated by dividing fixed assets by total assets. This ratio is used to measure how much fixed assets are used in company activities.

Moderating Variable

The Board of commissioners must have the skills and knowledge in carrying out supervisory duties on management performance. To be able to provide advice and analyze the company's work, a company commissioner must be familiar with the company's line of business and understand corporate governance procedures. Experienced commissioners are expected to provide constructive input for the company's going-concern and company policies. "In this case, with many members of the board of commissioners who have competencies in the fields of Economics and Business (educational background and previous work experience), the decision will be made taken for the company would be better because it is managed by a board of commissioners who understands the field it manages to tighten supervision of the board of directors (Octosiva et al., 2018). Measurement of the Competence of the Board of Commissioners in this study is divided into two models which can be formulated as follows:

Model 1 Pengetahuan dan Pengalaman

$$KDK = \frac{\text{Number of Commisioner/s with Economic Background}}{\text{Total Members of The Board of Commissioners}} \times 100\%$$

Model 2 Partisipasi Dewan Komisaris

$$KDK = \frac{\text{Total Attendance of The Board of Commissioners}}{\text{Numbers of Board of Commissioners Meetings in one year}} \times 100\%$$

The results of calculations using these two models will be converted into scoring with three possible ratings: Good, Fair, and Poor. Information that does not exist or is insufficient to be assessed will be considered Poor. The value set for Good is 3, Fair is 2, and Poor is 1 (Sari et al., 2018). This assessment is based on the information disclosed in the company's annual report. The assessment indicators for the first model are: If there are more than 50% of commissioners who have financial and business knowledge and experience in manufacturing, they will be given a Good score if the number of commissioners who meet the criteria between 30% and 50% will be given a Fair value if the number of commissioners who meet the criteria of less than 30% will be given a Poor score. For the second model, the assessment indicators are as follows: If the participation rate of the board of commissioners is more than 80%, it will be given a Good value, if the participation rate of the board of commissioners is between 70% and 80%, it will be given a Fair value, and if the participation rate of the board of commissioners is less than 70% will be given a Poor value. The total score is converted using two limits in the range of values from 1 to 3 for the conversion of the score to a variable with a value of 1, that is when the value obtained is greater than or equal to 2, and 0 if smaller of 2 (Praptitorini, 2018).

Regression Model

The regression model in research is processed using panel data regression analysis method (panel data regression) with the aim to determine the effect of independent variables on the dependent variable and if accompanied by moderating variables Panel data regression analysis is used to test H1, namely Profitability and H2, namely Capital Intensity in Tax Avoidance. The panel data regression equation model formed in this study is as follows:
Model 1
TAit = α + β1PROFit + β2CIit + β3KDKit + eit

The MRA (Moderated Regression Analyze) test is used to test H3 and H4, namely the competence of the board of commissioners in moderating the effect of Profitability and Capital Intensity on tax avoidance. The MRA equation model formed in this study is as follows.
Model 2
TAit = α + β1PROFit + β2CIit + β3KDKit + β4PROF * KDK + β5CI * KDK + eit

Results and Discussion

After going through the data processing, the appropriate sample results for the study were obtained as follows.

Table 1. Research Sample Data

Keterangan	2016 2017 2018 Total
Companies listed in Indonesian Stock Exchange on 2016-2018 period	147 147 166 460
Companies that didn't present completed financial report that needed for research	(42) (42) (58) 142
Companies that*Delisting* in the period of 2016-2018	(2) (3) (5)
Companies that signed up in Indonesian Stock Exchange on 2017/2018	(2) (2) (4)
Samples before *Outlier*	309
Samples after *Outlier*	(6) (6) (6) (18)
Samples that used for research	291

Source: Processed Data

Table 2. Descriptive Statistical Analysis

Variabel	Obs	Mean	Std. Dev.	Min	Max
BTD	291	-0.0076767	0.0303494	-0.1830152	0.903845
PROF	291	0.0530439	0.0622363	-0.1548378	0.3002293
CI	291	0.3960624	0.1819048	0.0338649	0.8403587
KDK	291	0.8419244	0.3654403	0	1

Source: Processed Data

Table 3. Panel Data Regretion Estimated Model

Variabel	CommonEffect (P>t)	FixedEffect (P>t)	RandomEffect (P>z)
Prof	0.000	0.000	0.000
CI	0.650	0.878	0.530
MOD KDK	0.920	0.228	0.528
PROF*KDK	0.070	0.044	0.060
CI*KDK	0.119	0.134	0.127
_Cons	0.000	0.059	0.000

Source: Processed Data

Based on Table 1, samples in accordance with the research criteria were obtained as many as 291 samples. Based on Table 2, it can be seen that the results of descriptive statistics of each

variable in this study with the number of samples for each variable were 291 samples obtained from the annual report and financial reports for 2016-2018.

Based on the results of the Chow test, Hausman test, and Breusch and Pagan Lagrangian multiplier test, the best regression model for this study is the Fixed Effect Model.

Classic Assumption Test

The normality test in this study was carried out using the skewness and kurtosis test. The condition for the normally distributed variables in the skewness and kurtosis test is the maximum skewness value between -2 to +2. all variables have met the requirements for normal distribution according to the Skewness and Kurtosis test and the data in this study have been normally distributed. The multicollinearity test is conducted to determine if there is a correlation between the independent variable and the dependent variable or among the dependent variables. The multicollinearity test in this study was obtained from the tolerance value and the Variance Inflation Factor (VIF) value. If the VIF value is less than 10.00, then multicollinearity does not occur in the regression model, but if the VIF value is greater than 10.00 then multicollinearity occurs in the regression model. All variables in this study have met the requirements to be free from multicollinearity so that there is no multicollinearity problem. This study uses the Breusch pagan test for heteroscedasticity as the test method by deciding if the significance value is more than 0.05, heteroscedasticity does not occur. If the significance value is less than 0.05, heteroscedasticity occurs. After the heteroscedasticity test was carried out, all variables in this study exceeded the significance value so that there was no heteroscedasticity problem.

Determinant Coefficient Test R2

The method for measuring the determinant coefficient test is by looking at the R2 value. If the value of R2 approaches the value of 1, it indicates a strong relationship between the independent and dependent variables. The R Square value obtained is 0.3805 which is 38% as a percentage. This means that the independent variable in model 2 is able to explain the dependent variable by 38%, while the remaining 62% is explained by other variables outside of this study.

Significance Test of T

The t statistical test is a test to see the value of the significant effect of each variable on the dependent variable. The results of the T-test can be seen in the Table 4.

Table 4. Summary of Hypothesis Testing Results

Variable	Standardized Coefficients			
	β	**Std Error**	T Sig	Result
Prof	0.5386	0.0550	0.000***	Significant
CI	- 0.0584	0.0379	0.878	Not Significant
MOD KDK	- 0.0154	0.0127	0.228	(Moderation Variable)
Prof*KDK Moderation	– 0.0889	0.0438	0.044**	Significant
CI*KDKModeration	0.0412	0.0274	0.134	Not Significant
$R_{squared}$: 0.3805				
F count : 23.22				
F sig : 0.000				

Note:
BTD: *Book Tax Difference*
PROF: Profitability
CI: Capital Intensity
KDK: Board of Commissioners Competency
***Significant at 1%; ** Significant at 5%

Source: Processed Data

Discussion

Effect of Profitability on Tax Avoidance

Based on the results of regression tests that have been carried out, it is found that profitability has a significant positive effect on tax avoidance. These results state that the first hypothesis which states that Profitability has a significant positive effect on Tax Avoidance is accepted.

This research is in line with the results obtained by Putriningsih et al. (2018), Angelia and Dwimulyani (2019), Putra and Jati (2018), Oktamawati (2017), Prapitasari and Safrida (2019), and Yulyanah and Kusumastuti (2019) who found that profitability has a positive effect on tax avoidance. Profitability is one of the benchmarks for a company in its ability to earn profits for the company's going concern. Based on the results of this study, companies with high profitability tend to do tax avoidance to avoid high tax burdens. This is because the high profitability ratio is one of the enthusiasts for investors/shareholders to invest in a company. The higher the profitability value, it shows that the income earned by the company will also increase. Meanwhile, the imposition of payable tax is based on the tax rate provisions on taxable income based on the company's net income. So that the way to reduce the burden on the company is to do tax avoidance because this method is neutral and does not violate the law. This action has the potential to create an agency conflict between the agent and the principal, were management as an agent is assigned and given responsibility by the principal to manage the company with the aim that the company gets optimal profit.

Tax avoidance measures reduce the return or income that should be received by the principal through company profits. Meanwhile, management does not bear the risks due to these actions because the profits received by the company cannot be fully enjoyed by management so that management is not fully oriented towards the wishes of the principal and tends to take advantage of costs from other parties to fulfill its interests and get its benefits.

The Effect of Capital Intensity on Tax Avoidance

Based on the results of the regression test that has been conducted, it is found that Capital Intensity does not have a significant effect on tax avoidance. This result states that the second hypothesis which states that Capital Intensity has a positive effect on tax avoidance is rejected. This research is in line with the results obtained by Ambarita et al. (2017), Indradi (2018), Apsari and Supadmi (2018), and Jamaludin (2020) which found that the results of Capital Intensity did not have a significant effect on tax avoidance. Fixed assets are an important element for manufacturing companies to support the company's operational and production activities. Manufacturing companies make the most of their profits from producing finished products.

The average manufacturing company in this study has a high fixed asset intensity ratio of 39.6%. These results indicate that manufacturing companies invest quite a lot of capital in the production sector, to increase the productivity and operations of the company and for investment rather than using these fixed assets to estimate the depreciation expense of fixed assets to reduce taxable income. Some companies have fixed assets that have expired their economic useful lives according to fiscal, but the depreciation is not stopped because the company has its own policies regarding the length of useful life. If the asset is a movable asset, such as a vehicle that the user takes home, then the depreciation fee that can be charged is only 50%. These differences in calculations can cause differences in the final result of the amount of tax paid by companies to the government. This can be overcome if the company makes a policy against asset depreciation in accordance with applicable tax regulations. This policy causes companies to no longer need to make fiscal corrections to fixed assets in calculating the company's tax payable. Management can take advantage of the existing capital intensity to manage the company as optimally as possible to obtain maximum profit. The principal's desire can be fulfilled with management performance in accordance with the principal's expectations.

This is in accordance with the principle of agency between the principal and the agent which aligns the interests of the agent and the principal so as to prevent agency conflicts from occurring. This policy resulted in capital intensity not influencing management to take tax avoidance measures.

Effect of Competence of the Board of Commissioners on Capital Intensity in its Interactions against Tax Avoidance

Based on the results of the regression test that has been carried out, it is found that the competence of the Board of Commissioners does not have a significant effect on the value of the company's Capital Intensity ratio which affects tax avoidance in manufacturing companies. These results state that the third hypothesis which states that the competence of the Board of Commissioners weakens capital intensity against tax avoidance is rejected. The results of this study are consistent with research conducted by Ambarita et al. (2017). The use of fixed assets that is more focused on the production and operational activities of the company makes tax avoidance practices more difficult to detect, especially when viewed from a financial statement perspective alone. The Board of Commissioners must see and observe directly the production location to the distribution of products to ensure that tax evasion is present or not by utilizing the intensity of the company's fixed assets. The high intensity of fixed assets can be utilized by managers as a medium for tax avoidance, by selecting tax favored sources of fixed asset investment which can lead to tax savings.

Based on the results of the independent variable test, capital intensity, which states that capital intensity does not affect tax avoidance due to the motives of manufacturing companies that use fixed assets to support company productivity rather than using amortization for tax avoidance. The capital intensity used by management to support company productivity and obtain optimal profits makes the purpose of capital intensity utilization itself in line with the principal's desire for high returns and profits to minimize conflicts of interest because the company's goals and the principal's goals are both fulfilled so that the role of the board of commissioners is less efficient in this factor.

Conclusion

Based on the results of data analysis and hypothesis testing that have been presented in the previous chapter, the conclusion that can be drawn is that profitability has a significant effect on tax avoidance. These results suggest that the level of profitability motivates management to do tax avoidance, then Capital Intensity has no significant effect on tax avoidance. These results indicate that the level of Capital Intensity does not motivate management to do tax avoidance, then the competence of the Board of Commissioners is significantly able to moderate the effect of profitability and tax avoidance.

This result states that if the Board of Commissioners in this study can monitor the profitability of the company effectively, it will make it more difficult for management to do tax avoidance, while the competence of the Board of Commissioners does not significantly moderate the effect of profitability and tax avoidance. These results state that the Board of Commissioners has not been able to effectively oversee the company's capital intensity so that management has more opportunities for tax evasion. This study has several limitations that can be further developed by further researchers, including the measurement of BTD in this study using the current tax burden, while there are still some companies that are late in reporting their SPT so they do not include their current tax burden, the indicators used in measuring the competence of the board of commissioners are limited to the background Commissioners and the number of attendance at the board of commissioners' meetings and independent variables are still on a small scale to explain the dependent variable, which is 38%, while suggestions that researchers can

provide for subsequent research are using other measurement methods for tax avoidance such as BTD measurement with permanent differences based on accrual before tax that is not deductible such as impairment of goodwill and Using GCG components outside the board of commissioners such as the audit committee or the board of directors.

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