THE FACTORS INFLUENCE TO TAX AVOIDANCE WITH GOOD CORPORATE GOVERNANCE AS MODERATING VARIABLE

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Abstract
This study aims to analyze and test the influence of company size, sales growth and leverage to the tax avoidance of mining companies that listed in Indonesian Stock Exchange (IDX). In this study of Good Corporate Governance (GCG) as the moderating variable of the relationship between company size, sales growth and leverage to tax-avoidance. The population in this study as many as 126 companies. Sampling technique conducted with non-probability sampling using purposive sampling method so that the obtained sample as much as 75 data. The research data was processed with SPSS software with data analysis techniques using the technique of Moderated Regression Analysis (MRA). The results of this study indicate that company size and sales growth does not significantly influence the tax-avoidance while leverage significantly influence the tax-avoidance. Good Corporate Governance proxies by the character of the executive is not able to strengthen the relationship between company size and sales growth to tax-avoidance, but is able to strengthen the relationship between the leverage with tax-avoidance.

Keywords: company size, sales growth, leverage, tax avoidance, the executive character.

INTRODUCTION
Indonesia is a developing country with a source of revenue through the taxation sector. The goal of taxation in this country is to increase the revenue that will be used to fund the needs and activities of the government, reduce the distribution of the region with other regions, as well as to measure the level of economic activity of the private sector. With the fulfillment of the purpose of taxation can be said to be consumption tax and income tax has an important role in government policy (Saputra & Asyik, 2017). Tax is a compulsory contribution in taxes to the state become a liability for those personal or entity that is enforceable under the law, to not get rewarded directly and used for the purposes of the state for maximum prosperity of the people.( Article 1 of the LAW no.16 2009).

Tax as the largest revenue source for the country in addition to revenue from natural resources and revenue non-tax other, which is useful to finance state expenditures, including routine expenditures and expenditures for development. The magnitude of the expectations from the tax sector is expected taxpayer compliance in taxation obligations voluntarily in accordance with the applicable tax laws.
The company is one of the taxpayers who provide the tax income to the state. Income tax deposited companies to the state is the process of transfer of wealth from the company (especially the owners) to the state, so it can be said the payment of income tax this is the cost for the company and the owner of the company. Therefore, the owner of the company suspected if tend to be more like management companies do the tax act aggressive (Wijayani, 2016). Yet optimal tax receipts are used by the state as a source of funds that can be used for financing expenditures of the State, one of which might be due to the absence of contra or direct feedback given by the government to the taxpayer or company.

The taxpayer attempted to pay taxes as small as possible because by paying taxes means reducing the ability of the economy to tax. On the other hand, the government requires funds to finance the implementation of the government most of which comes from tax revenue. The difference in the interests of this cause taxpayers tend to reduce the number of tax payments, both legally and illegally. This is possible if there are opportunities that can be exploited due to the weakness of tax regulations. In such case timbulah resistance to tax. Resistance to tax can be divided into passive resistance and active (Sumarsa, 2010 in Indarti, 2015). On the other hand the government is still trying hard to increase the amount of actual tax receipts.

Table 1. The Realization of the Tax Revenue of Indonesia

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Actual</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.489,3 T</td>
<td>1.235,8 T</td>
<td>82,98 %</td>
</tr>
<tr>
<td>2016</td>
<td>1.539,2 T</td>
<td>1.283,6 T</td>
<td>83,39 %</td>
</tr>
<tr>
<td>2017</td>
<td>1.283,6 T</td>
<td>1.150,1 T</td>
<td>89,60 %</td>
</tr>
</tbody>
</table>

Source: Performance Reports of the Directorate General of Taxes, 2017

Indonesia with a wide variety of business to optimize the revenue from the tax sector better through the efforts of intensification and extensification of tax revenue. The efforts of the government to optimize the revenue from the tax sector lot the face of obstacles. Laws or tax laws have loopholes which can be exploited by taxpayers to minimize the amount of tax payable. Taxpayers with tax planning (tax planning) is able to take steps in order to streamline the tax payment (Suandy, 2011). Tax planning should be done properly, meaning that businesses minimize the tax owed is still within the framework of the applicable rules. A very complicated obstacle faced by the government in order to optimize the revenue from the tax sector is tax-avoidance. Step tax avoidance is a way to minimize the tax payable to be paid and does not violate the rules of taxation.

Tax avoidance is defined as any effort made to reduce the tax burden. Desai and Dharmapala (2006) in Puspita and Harto (2014) describes tax evasion is one way to enlarge the company's profits expected by shareholders, but its implementation is done by the manager. Therefore, Minnick and Noga (2010) in Puspita and Harto (2014) explains also that tax evasion a company opens up opportunities for managers to behave opportunistically by doing tax avoidance for the purpose of short-term profits, not for long-term returns expected by shareholders.

Xynas (2011) said that tax-avoidance is an attempt to reduce the tax debt that is legal (lawful). The standard measurement of a tax-avoidance according to Dyreng, et.al (2010) based on the CETR. The higher the percentage rate CETR approaching the magnitude of the income tax fund by 25%, illustrating the low level of tax-avoidance to the company and conversely the smaller the percentage rate CETR shows the high level of tax-avoidance companies. The higher the level of tax-avoidance which made the manager then the reduced
information content of the financial statements, along with the reduced content of the information presented.

Tax evasion can be said to be issue of a complicated and unique because on the one hand is permissible, but not desirable. Budiman and Setiyono (2012) said that the practice of tax-avoidance that is performed by the taxpayer (company) is often done through a policy taken by the leadership of the company. Dyreng et al.,(2010) say that the individual (top executive) in a company has an influence on the strategy of action in order to tax evasion. Tax-Avoidance companies that do both legal and illegal become a severe problem for the government. There are several factors that affect a company in performing the obligations of taxation, among others: the size of the company, growth in sales and leverage.

A financial ratio that is a factor in a company to perform the obligations of taxation is leverage. Muslich (2003:49) argues the leverage ratio is used to describe the use of debt to finance part of the assets of the company. Financing with debt has an influence for the company because of the debt expenses that is fixed. The measurement of leverage is to use a percentage of the total debt on equity company in a period, also called the Debt to Equity Ratio (DER).

Debt to Equity Ratio (DER) is a ratio that compares the amount of debt to equity (Saputra and Groovy, 2017). Financial ratios describe the ability of the company to repay the existing debt by using the existing capital, the higher the value is certainly the more risky finance companies. The higher the DER shows the composition of total debt (short-term and long-term) greater than the total of its own capital, so the impact the greater the load the company to outside parties. In relation to tax, if the company has a tax liability high then the company will have high debt also. Therefore, the company will strive to do the tax-avoidance.

Tax evasion companies are always through a policy taken by the leader of a company (top executive). The type of character the leader (the character of the executive) who sits in the management of the company whether they are risk taking or risk averse is reflected in the size of the company risk (corporate risk) there is a (Budiman and Setiyono,2012). The higher the risk of a company then the character of the executive is a risk taker. However conversely, the lower the risk of the company, then the character of the executive is risk averse.

Factor of good corporate governance that affect firm size, sales growth and leverage against against tax avoidance.a company in performing the obligations of taxation. Good Corporate governance is a corporate governance that explain the relationship between the various partisipandalam companies that determine the direction of the company's performance. The issue of corporate governance began to surface, especially in Indonesia in 1998 when the Indonesian experience the Indonesian crisis is prolonged. The number of companies doing tax avoidance prove that corporate governance is not yet fully carried out by public companies in Indonesia (Haruman, 2008).

Budiman and Setiyono (2012) states that the sales growth (sales growth) is a way to show the development level of sales from year to year. Viewed from the side of the tax effect of sales growth if sales are high then it reflects the increased revenue so that the tax burden increased. Sales growth of the company increases as a result company profits also increased as a result of the tax to be paid be great. These conditions prompted the company to undertake the management of the tax. Budiman and Setiyono (2012) and Mahanani and Titisari (2016) from his research conclude that sales growth significantly influence the tax-avoidance.

Company size can also affect the tax-avoidance. The greater a company will tend to be more clever utilizing the resources of the on the use of the financing comes from debt.
company that is already well-established will be more easy of obtaining capital in the share capital market compared with small companies (Sartono, 2012:249).

Leverage is intended as the ability of a company to pay all its debts (both short term and long term). A company is said to sovabel if the company has assets or assets sufficient to pay all his debts, but does not by itself mean that the company is liquid (Riyanto, 2001:32). The company with the amount of the debt has the tax rates effective better, means less amount of a lot of debt, the motivation of companies to make tax-avoidance will be low (Noor, 2010). Research the results of which support this is done by Mrfiah and the Levant (2016) as well as research Swingly and Sukartha (2015), which states that leverage has a negative effect on tax-avoidance.

The performance of the stock sector mining as well as construction, property, and real estate not so amaze in the year 2017 ago. However, since the beginning of the year to trade Friday (23/1), both sectors ranked the top two sectors of the stock with the highest return. Citing Bloomberg data on trade shares Friday (23/1) at 11.37 PM, the mining sector ranks the top stocks with the highest return. In year to date (ytd), mining stocks have increased to 20.94%. Furthermore, the following sectors construction, property, and real estate ranks second with an increase to 4.30% ytd. Third, there is the sector of consumption goods (consumer goods) with the increase of 3.59 percent ytd. In fact, all the trade exchange 2017 past, the mining sector only experienced an increase of 15.03%. Meanwhile, the construction sector, property, and real estate goes down/minus 4.53% (Kontan.co.id).

The mining sector back excited, that's what concluded results of a survey conducted PricewaterHouseCopper in the report “Mine 2017”. More detailed, BEI explained, as many as 326 of the listed company recorded a net profit, of as much as 247 the company experienced an increase in net profit, 168 company experienced a decrease in net income. On the other hand, 89 the company experienced a net loss and 7 the company posted negative equity. This growth is calculated based on the performance of January-March 2017 compared with the same period last year. BEI also recap the performance of the 415 companies with data.

Of the few companies that has delivered the financial statements within three months, the Director of Assessment IDX Samsul Hidayat view, the two sectors noted an increase in performance is quite high, namely mining and agriculture. Samsul explained, profit improvement cumulative sector mining reach above 100 percent, caused by rising profits of companies recorded on the sub-sector coal mining. For example, PT Bayan Resources Tbk (BYAN) noted a significant performance improvement with a profit of US$55.97 million in the first quarter of 2017 compared to a net loss of US$1.3 million in the same period last year. “A significant increase also was experienced by the company was recorded in the sub-sector coal mining other. It is certainly driven by the increase in the price of coal itself, which rises quite high in the year 2016 (74 percent from the previous year), and the increase starting from Q2 2016,” said Samsul, Thursday, May 18, 2017.
The purpose of the research are to know the influence of company size, sales growth, and leverage on Tax-avoidance with Good Corporate Governance Moderating variable on the mining company listed in Indonesia stock Exchange (BEI) period 2015-2017.

LITERATURE REVIEW

Agency Theory

First introduced by Jensen and Meckling (1976), in the research Suryarama (2009) explains the company is a collection of contracts (nexus of contract) between the owners of economic resources (principals) and managers (agent) who takes care of the use and control of these resources. In an effort to resolve or reduce the agency problem this raises agency costs (agency costs) will be borne by both the principal and the agent.

According to Jensen and Meckling (1976), said that the agency relationship is a contract between the manager (agent) with investors (the owners). A conflict of interest between the owner and the agent occurs because of the possibility of the agent does not always do adjust in with the interests of the owner so that the trigger agency costs (agency cost). as agents, managers are morally responsible to optimize the benefit of the owners and in return it will obtain a compensation in accordance with the contract. According to the theory of agency, the management of the company perform the actions of opportunistic because of the lack of supervision. The steps the government is emphasizing the implementation of Good Corporate Governance to be implemented in the company with the purpose of the actions of opportunistic can be minimized. The company with governance that is ugly, the activities of tax-avoidance does not mean for pemgang stock but will reduce the firm value (Wahab and Holland,2012:4) but companies with good governance turned out to have a tax-avoidance is
high, as it aims to benefit investors is not the objective of opportunistic managers (Desai and Dharmapala, 2006:3).

**Theory Signaling Hypotheses**

Empirical evidence assumes that investments have the same information about the prospects of a company, namely managers who are usually called symmetrical information, but in reality managers often have better information than outside investors. A company with an unfavorable prospect will sell shares, which means attracting new investors to share the losses suffered (Brigham & Houston, 2006: 41).

**Pecking Order Theory**

A company determines the hierarchy of the most preferred source of funds (Myers & Majluf, 1984). Pecking Order Theory is a reference for asymmetric information is a situation where management has more information about the company than the capital owner. Asymmetric information will affect several choices, including the choice of using internal funds or external funds or the choice between adding new debt or issuing new equity. According to Hardiningsih and Oktaviani (2012) that the assumption of the Pecking Order Theory by Brealey & Myers (1996) is:

1. Companies prefer internal funding.
2. The company tries to adjust the dividend payout ratio with investment opportunities and tries not to make changes in dividend payments that are too large.
3. Dividend payments that tend to be constant and fluctuations in profits obtained cause internal funds sometimes over or even less to invest.
4. If external funding is needed, the company will choose to issue the safest security first, namely the issuance of bonds, which in essence will be converted into own capital, then finally issue shares.
5. External funds are preferred in the form of bonds because:
   a. The consideration of the cost of bond issuance is cheaper than the cost of issuing new shares, because the issuance of new shares will reduce the price of old shares (Husnan, 1996).
   b. The manager is worried that if issuing new shares will be interpreted as bad news by investors, the share price will decreased.

**Hypotheses Development**

**The Company Size to Tax Avoidance**

Ferry Fery&jones (1979) say that the size of the company as a big picture the size of a company that looks from total asenya. Basically the company was divided into two groups: large companies (large firm) and small firms (small firm). Large companies will gain the most attention from the government with regard to profits. CETR (Cash Effective Tax Rate) are used as proxies the magnitude of the act of tax-avoidance. The greater the CETR the lower the level of tax avoidance undertaken by the company. Swingly and Sukartha (2015) find that company size has a positive effect of tax-avoidance. Large companies have huge resources are able to be used to be able to manage the tax with better (political power theory), but is not always able to use his ability to administer the tax properly because the larger the size of the company will be the spotlight of attention of the government and encourage the managers of the company to comply with the tax. The size of the company with the amount of assets the greater the greater the capital invested and the greater the turnover of funds in a company that is managed so as to improve the performance of the company, but not necessarily improve the activities of tax-avoidance.

\[ H_1 = \text{Company size has a positive effect on tax-avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017.} \]
Sales Growth to Tax Avoidance

Sales Growth is the growth rate in sales from year to year. Growth increased sales will also improve the operating capacity of the company because with the increase in sales growth as a result the company will gain a huge profit anyway, otherwise sales growth is declining then the company will encounter difficulties in order to increase the capacity of its operations (Budiman and Setiyono, 2012). In this condition if the company wants to increase the capacity of its operation, the company requires substantial funds along with the business development to increase the capacity of the operation, and the company will likely do the tax-avoidance. Kesuma (2009) stated that sales growth is the increase in the number of sales from year to year or from time to time. The increase in corporate profits caused karen the increase in sales reflects the leadership of the company has been trying to maximize the value of the company, which is the task of main of an agent against the principal (Agency Theory). Along with the increasing growth of the sale of the asetpun should be improved (Weston & Brigham, 1991). In an effort to increase its assets, the company is willing to avoid tax because on the other hand, increased profits due to sales growth causes the tax burden borne by the company also increases.

$H_2 = \text{Sales Growth has a negatively effect on tax avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017.}$

Leverage to Tax-avoidance

Leverage is one of the financial ratios that illustrates the source of operating funds used by the company. Leverage can be measured by the debt ratio, which will show the proportion of company funding financed with debt. This ratio is obtained by comparing total debt with total assets. Weston in Kasmir (2011), Brealey & Myers (1996) in Hardiningsih states that, based on Pecking Order Theory, companies like funding sourced from internal or funding from the company's operating results in the form of retained earnings. At the time the company management felt that internal funds were insufficient to finance the needs of the company, and were preferred in the form of debt. Debts that arise will cause debt interest that must be financed. The higher the debt interest of a company makes its taxable income decreases and will automatically minimize the tax burden owed. Finally, the company has indirectly carried out tax avoidance. Another case if the company uses internal funds as a source of funds and debt is only used as an alternative or second choice. Suyanto (2012) states that leverage has a positive effect on tax avoidance, meaning companies that do not use debt as their main source of funds will cause tax-avoidance to increase. As a result, more companies use debt as an alternative source of funds both, it will increase the value of tax-avoidance and small companies are likely to do tax-avoidance

$H_3 = \text{Leverage has a positive effect on tax avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017.}$

The Moderating Variable Hypotheses

$H_4 = \text{Good Corporate Governance is able to strengthen the effect of company size on the tax avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017.}$

$H_5 = \text{Good Corporate Governance is able to weaken the effect of sales growth against tax-avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017}$

$H_6 = \text{Good Corporate Governance is able to strengthen the effect of leverage on tax-avoidance of mining companies that listed in Indonesian Stock Exchange (IDX) in 2015-2017}$
### Table 2. Previous Research

<table>
<thead>
<tr>
<th>No</th>
<th>Researchers (Year)</th>
<th>Variables</th>
<th>Methods of Analysis</th>
<th>Results</th>
</tr>
</thead>
</table>
| 1  | Tristanto and Oktaviani (2016) | Independent variable:  
- Tax Avoidance  
Dependent Variable:  
- Size Growth  
- Character Executive  
- Sales Growth  
Mediating variable: Leverage | Path Analysis | Character executive, company size, sales growth and leverage affect the tax-avoidance. Leverage as a mediating variable is not able to mediate the relationship between the character of the executive against tax-avoidance but is able to mediate the relationship between firm size and sales growth against tax-avoidance |
| 2  | Swingly and Sukartha (2015) | Dependent Variable:  
- Character Executive  
- Audit Committee  
- Size Growth  
- Leverage  
- Sales Growth | Multiple Regression | Character executive has a positive effect on TA  
Audit Committee has no effect on TA  
Size growth, leverage and sales growth has an effect on TA |
| 3  | Handayani (2015) | Independent Variable:  
- Tax Avoidance  
Dependent Variable:  
- Return on Asset  
- Character Executive  
- Dimensions of corporate governance | Multiple Regression | ROA and character executive has an effect on TA;  
Dimensions of corporate governance has no effect TA |
| 4  | Budiman and Setiyono (2011) | Dependent Variable:  
- Character Executive  
Independent Variable:  
- Tax Avoidance | Multiple regression | Character Executive has a positive effect on tax avoidance |

Source: Review Journal, 2019
METHODS

The design used to test the hypothesis in this research is a causal comparative, which is the type of research the data collected after the occurrence of a fact or event (Indriantoro and Supomo, 2002: 27). The purpose of this study to test the effect of corporate governance in moderating the relationship of the size of the company, growth of sales and leverage against tax avoidance in a mining company listed on the stock exchange 2015-2017. The population in this study was 126 and the sample used in this study amounted to 75. The sampling technique used in this research is purposive sampling namely the use of certain criteria which described in Table 3.

<table>
<thead>
<tr>
<th>Criteria Sampling</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>All mining companies in Indonesia Stock Exchange in the period 2015-2017</td>
<td>41</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Mining companies listed in Indonesia Stock Exchange year 2015-2017 does not meet the selection criteria.</td>
<td>16</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Mining companies listed in Indonesia Stock Exchange year 2015-2017 sampled.</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

The type of data used in this research is data documenter in the form of the annual financial statements (annual report) of mining company listed on the stock exchange 2015-2017. While the sources of the data used are secondary data in the form of the annual financial statements (annual report) which are listed on the stock exchange in 2015-2017 as well as data from the literature books and journals related to this research. The following Figure 2 is the conceptual framework used in the study.

![Figure 2. Conceptual Framework of Study](image)

**Definition of Conceptual and Operational
Size Company**

A great company where the shares are dispersed very broadly, any expansion of the capital stock will only have little effect on the probability of loss control and the dominant against the company. On the contrary a company where its shares only spread within a small,
additional number of shares will have a considerable effect on the probability of loss of control dominant against the company concerned.

The size of the companies in this study are projected in the total value of the assets the characteristics of the size of the company has good value, if the value of the total assets of the large company, which means the company has a large scale and have operating more widely.

**SIZE = Logaritma Natural Total**

Indicators of size are: the Total Value of Assets
Characteristics:
The larger the size of the company then the transaction that does the more complex, so things that are used by companies as a loophole to commit tax evasion or tax avoidance. The smaller the size of the company tend to be difficult to perform the avoidance of the tax (tax avoidance).

**Sales Growth**

With the increase in sales means the company's market share increased so that the company can increase sales continuously and can dominate the market. The formula:

\[
\frac{\text{Annual Sales}_t - \text{Annual Sales}_{t-1}}{\text{Annual Sales}_{t-1}}
\]

Indicators of sales growth (sales growth) is as follows:
1. Sales the end of the period in year t (this year)
2. Sales at the end of the period of the previous year
Characteristics:
Sales growth is said to be good if the growth in current year sales is greater than sales a year earlier. So this will have an impact on the sales growth is increasing.

**Leverage**

Measure how much a company uses debt. Some of the analysis uses the term solvency ratio, which means measuring the ability of the company to meet its financial obligations. Leverage ratio in this study is projected in the Debt to Equity Ratio (DER). Meanwhile, the Debt to Equity Ratio (DER) is said to be good if the amount of the obligation is small compared to the amount of total equity, because of the obligation greater than the equity owned by the company then the profit that is produced the lower while the low Debt to Equity Ratio (DER), then the profit of the company higher because of the use of the company's debt is smaller than the equity within the company. The formula of DER is:

\[
\frac{\text{Total Liabilities}}{\text{Total Equity}}
\]

Indicators of Debt to Equity Ratio (DER):
1. Total Liabilities: Total short-term liabilities and obligations
2. Total Equity: the Total capital owned by the company
Characteristics:
\(< 90\% = \text{not good}\)
\(90\% = \text{good}\)
\(>90\% = \text{very good}\)
Source: Kasmir, 2015
Character Executive

Which has a corporate risk (corporate risk) is the volatility of the earnings of the company, which can be measured with the formula of standard deviation. Thus it can be interpreted that the corporate risk (corporate risk) is the deviation or the standard deviation of earning good deviations that are less than planned (downside risk) or may be more than planned (upside potential), the greater the deviation of the earning of the company indicating the greater risk of companies that there are. The high and low risk of this company indicates the character of the executive is risk taker or risk averse. As for the formula of the standard deviation referred to are as follows:

\[
RISK = \sqrt{\frac{1}{T-1} \sum_{t=1}^{T} \left( E_t - \frac{1}{T} \sum_{t=1}^{T} E_t \right)^2}
\]

Source: Poligorov, (2010)

Indicators of the character of the executive is:
1. RISK (the standard deviation of karaker executive)
2. E: Income before taxes, interest, depreciation, and amortization divided total company assets
3. T: The current year

Characteristics:
The greater the deviation of the earning of the company indicating the greater the risk of the company. The high and low risk of this company indicates the character of the executive is risk taker or risk averse.

Tax Avoidance

As a tax strategy is an effort to streamline the tax burden by avoiding taxation by deploying it on transactions that are not taxable objects, where the methods and techniques used tend to exploit the weaknesses (gray areas) contained in the laws and tax regulations themselves, to minimize the amount of tax owed that is usually done by minimizing corporate profits. This variable is calculated through the company's CASH ETR (Cash Effective Tax Rate), that is, cash spent on tax costs divided by profit before tax.

\[
CETR = \frac{\text{Cost of the tax}}{\text{Profit before tax}}
\]

Source: National Symposium on Accounting XIII, Purwokerto

Indicators of tax evasion (Tax Avoidance) is:
1. Cost of the tax: The tax paid by the company in this year.
2. profit before tax: The profit before payment of taxes

Characteristics:
The higher the level of CETR of a company the higher the level of tax evasion (tax avoidance) which was conducted by the firm the lower the level of CETR a company then the smaller the level of tax evasion (tax avoidance).
RESULT

Descriptive Statistical Analysis

Descriptive statistics provide a picture or description of a data seen from the average value (mean), standard deviation, variants, maximum, minimum, which can be describe in Table 4.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Size</td>
<td>75</td>
<td>24.12</td>
<td>31.85</td>
<td>28.752</td>
<td>1.53212</td>
</tr>
<tr>
<td>Growth Sales</td>
<td>75</td>
<td>-9.2</td>
<td>2.50</td>
<td>.0888</td>
<td>.62945</td>
</tr>
<tr>
<td>Leverage</td>
<td>75</td>
<td>.01</td>
<td>7.22</td>
<td>1.1781</td>
<td>1.35049</td>
</tr>
<tr>
<td>Executive Character</td>
<td>75</td>
<td>.00</td>
<td>1.00</td>
<td>.3333</td>
<td>.47458</td>
</tr>
<tr>
<td>Tax Avoidance</td>
<td>75</td>
<td>-.34</td>
<td>.96</td>
<td>.2135</td>
<td>.34992</td>
</tr>
</tbody>
</table>

Valid N (listwise) 75

1. Regression test Direct consists of t test, F test and coefficient of determination ($R^2$)
2. Test of the Moderating regression Analysis (MRA)
3. Conclusion

Classical Assumption Normality, Heteroscedasticity, Multicollinearity and Autocorrelation

In this study, the data analysis technique used in this study is the Moderating Regression Analysis (MRA) using SPSS software version 17. Before data analysis using the MRA then it should meet the stages of analysis as test the classical assumption that normality test, heterokedastisitas, test multikolonieritas and autocorrelation test.

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>75</td>
</tr>
<tr>
<td>Normal Parameters$^a$</td>
<td>Mean</td>
</tr>
<tr>
<td></td>
<td>.0000000</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation</td>
</tr>
<tr>
<td></td>
<td>.30215019</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute</td>
</tr>
<tr>
<td></td>
<td>.067</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>.065</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td>-.067</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>.579</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.891</td>
</tr>
</tbody>
</table>

Based on Table 6, it can be concluded that the magnitude of the value of the Kolmogorov Smirnov is 1.328 and significant at 0.891. This means that the data residuals have normal distribution because of the significant > 0.05 so the regression model meets the assumption of normality.
### Table 6. Heteroscedasticity Test

<table>
<thead>
<tr>
<th>Coefficients&lt;sup&gt;a&lt;/sup&gt;</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>.279</td>
<td>.449</td>
<td>.621</td>
<td>.536</td>
</tr>
<tr>
<td>Company Size</td>
<td>-.001</td>
<td>.015</td>
<td>-.010</td>
<td>-.080</td>
</tr>
<tr>
<td>Growth Sales</td>
<td>.018</td>
<td>.036</td>
<td>.061</td>
<td>.505</td>
</tr>
<tr>
<td>Leverage</td>
<td>.009</td>
<td>.017</td>
<td>.062</td>
<td>.508</td>
</tr>
<tr>
<td>Executive Character</td>
<td>-.061</td>
<td>.051</td>
<td>-.156</td>
<td>-1.194</td>
</tr>
<tr>
<td>Mod_1</td>
<td>-.018</td>
<td>.025</td>
<td>-.091</td>
<td>-.708</td>
</tr>
<tr>
<td>Mod_2</td>
<td>.011</td>
<td>.023</td>
<td>.060</td>
<td>.498</td>
</tr>
<tr>
<td>Mod_3</td>
<td>-.012</td>
<td>.023</td>
<td>-.065</td>
<td>-.521</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Res_2

Based on table 2, it can be seen that there is no independent variable a statistically significant affect the dependent variable value unstandarded Residual. It is seen from the significance level above 5%. So we can conclude the regression model does not contain the presence of heteroscedasticity.

### Table 7. Multicollinierity Test

<table>
<thead>
<tr>
<th>Coefficients&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 Company Size</td>
<td>.869</td>
</tr>
<tr>
<td>Growth Sales</td>
<td>.977</td>
</tr>
<tr>
<td>Leverage</td>
<td>.954</td>
</tr>
<tr>
<td>Executive Character</td>
<td>.834</td>
</tr>
<tr>
<td>Mod_1</td>
<td>.871</td>
</tr>
<tr>
<td>Mod_2</td>
<td>.977</td>
</tr>
<tr>
<td>Mod_3</td>
<td>.919</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Tax Avoidance

Based on table 3, it can be concluded that the results of the calculation of tolerance showed no independent variables that have a value of tolerance less than 0.10. While the results of the calculation of the value of Variance Inflation Factor (VIF) also shows the same thing, namely none of the independent variables that have a value of VIF more than 10, so there is no multikolonieritas between the independent variables in the regression model.
Table 8. Autocorrelation Test

<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>.504a</td>
<td>.254</td>
<td>.176</td>
<td>.31754</td>
<td>2.144</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Mod_3, Leverage, Growth Sales, Mod_2, Karakter Eksekutif, Mod_1, Ukuran Perusahaan
b. Dependent Variable: Tax Avoidance

Based on table 4, it can be concluded that the results of the calculation of the value of Durbin Watson (DW) amounted to 2.144 is greater than the value of the DW table. Where DW table at = 1.709, so that there is no autocorrelation between independent variables in the regression model.

Multiple Linier Regression Analysis

After classical assumption test fulfilled then do the regression directly with the following results in Table 6.

Table 6. Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-697</td>
<td>.736</td>
<td>-.948</td>
<td>.346</td>
</tr>
<tr>
<td>Company Size</td>
<td>.035</td>
<td>.026</td>
<td>.153</td>
<td>1.362</td>
</tr>
<tr>
<td>Growth Sales</td>
<td>-.056</td>
<td>.062</td>
<td>-.101</td>
<td>-.901</td>
</tr>
<tr>
<td>Leverage</td>
<td>-.073</td>
<td>.029</td>
<td>-.281</td>
<td>-2.506</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Avoidance

\[ F = 2.957; \text{Adjusted } R^2 = .074 \]

\[ \hat{Y} = -0.697 + 0.035 X_1 + 0.056 X_2 - 0.073 X_3 \]

Based on Table 6 is the result of a statistical test t that displays the results of hypothesis testing: **First**, that company size has a positive effect on tax avoidance. Based on the test statistics, the results obtained t count equal to 1.362 about and t table at N = 75 of 1.99 with significant in 0.178 ie > 0.05 and t count < t table (1.362 about< 1.99) which means being able to reject Ha, so it can be concluded that the size of the company does not have positive influence on tax avoidance. **Second**, namely, Growth of Sales has a positive effect on tax avoidance. Based on the test statistics, the results obtained t value of -0.901 and the t table at N = 75 of 1.99 with significant 0.370 i.e. > 0.05 and t count < t table (0.901< 1.99) which means being able to reject Ha, so it can be concluded that the growth of sales does not positively influence tax avoidance. **Third**, that Leverage has a positive effect on tax avoidance. Based on the test statistics, the results obtained t count equal to -2.506 and t table at N = 75 of 1.99 with significant at 0.014, i.e. < 0.05 and t count > t table (2.506> 1.99),
which means being able to accept $H_a$, it can be concluded that leverage has a positive effect on tax avoidance.

Based on Table 6, it can be seen that the $F$ count equal to 2.957 and $F$ table at $N = 75$ and $k = 4$ of 2.49 significant at 0.000 which is $< 0.05$ and $F$ count $> F$ table (2.957 $> 2.40$) then $H_0$ is rejected. It means that all the independent variables (firm size, sales growth and leverage) simultaneously and significantly affect the dependent variable (Tax avoidance). Therefore, it can be concluded that the data sample a study has been fit with a regression model that proposed that the regression model can be said to be good and can proceed to the next stage of testing.

Based on Table 6, it can be seen that the value of Adjusted $R^2$ of 0.111. These results indicate that the ability of the variables (company size, sales growth and leverage) in the accuracy of predicting the variation of the variable Tax Avoidance value 11.1% while the rest equal to 88.9% (100% - 11.1%) is influenced by other variables that are not contained in this study.

After the regression test is directly done then the next stage is to test the MRA. In addition to the interaction between the size of the company and the executive character seen in Table 9 that the moderating variable by $-1.732$ then $t$ count $< t$ table, and based on the significance value of 0.088 mean of 0.088 $> 0.05$, which means the moderating variable of good corporate governance can strengthen the influence of firm size on tax avoidance.

The Table 8 explain that the interaction between growth of sales and the character of executive look and a moderating variable of $1.308$ then $t$ count $< t$ table, and based on the significance value of 0.939 means $0.939 > 0.05$, which means the moderating variable of good corporate governance can strengthen the influence of the growth of sales against tax avoidance.

The Table 9 to explain the interaction between leverage and the character of executive look and a moderating variable of 2.753 then $t$ count $> t$ table, and based on the significance value of 0.007 mean of 0.007 $< 0.05$, which means the moderating variable of good corporate governance can strengthen the effect of leverage on tax avoidance.

**Table 7. First Moderating Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients$^a$</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.678</td>
<td>.799</td>
<td>-.848</td>
<td>.399</td>
</tr>
<tr>
<td>Company Size</td>
<td>.030</td>
<td>.027</td>
<td>.132</td>
<td>1.101</td>
</tr>
<tr>
<td>Executive Character</td>
<td>.003</td>
<td>.091</td>
<td>.004</td>
<td>.030</td>
</tr>
<tr>
<td>Mod_1</td>
<td>-.076</td>
<td>.044</td>
<td>-.205</td>
<td>-1.732</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Avoidance

$$\hat{Y} = -0.678 + 0.030X_1 + 0.003Z - 0.076X_1Z$$
Table 8. Second Moderating Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.223</td>
<td>.050</td>
<td>4.413</td>
<td>.000</td>
</tr>
<tr>
<td>Growth Sales</td>
<td>-.062</td>
<td>.065</td>
<td>-.112</td>
<td>-.954</td>
</tr>
<tr>
<td>Executive Character</td>
<td>.007</td>
<td>.087</td>
<td>.009</td>
<td>.076</td>
</tr>
<tr>
<td>Mod_2</td>
<td>.054</td>
<td>.042</td>
<td>.153</td>
<td>1.308</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Avoidance

\[ \hat{y} = 0.223 - 0.062X_2 + 0.007Z + 0.054X_2Z \]

Table 9. Third Moderating Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.292</td>
<td>.056</td>
<td>5.235</td>
<td>.000</td>
</tr>
<tr>
<td>Leverage</td>
<td>-.075</td>
<td>.028</td>
<td>-.290</td>
<td>-2.676</td>
</tr>
<tr>
<td>Executive Character</td>
<td>.011</td>
<td>.080</td>
<td>.014</td>
<td>.133</td>
</tr>
<tr>
<td>Mod_3</td>
<td>.104</td>
<td>.038</td>
<td>.299</td>
<td>2.753</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Tax Avoidance

DISCUSSION

The First hypothesis: the effect of company size on tax avoidance

Based on Table 6 is the result of a statistical test t that displays the results of testing the first hypothesis, i.e. the size of the company significant positive effect on tax avoidance. Based on the test statistics, the results obtained t count equal to 1.362 about t table for 1.99 on n=75 with a significant value of 0.178 > \( \alpha \) value of 0.05 which means being able to reject \( H_a \), so it can be concluded that company size is not significant positive effect on tax avoidance. This gives an idea that the larger the size of the company it will not affect the company to perform acts of tax avoidance. Companies that have large assets is able to make a good tax planning and also big companies are able to adopt accounting practices that are effective to lower the ETR of the company. The goddess and Teak (2014) states that the tax authorities can conduct surveillance of large companies to be subject to the payment of taxes in accordance with applicable regulations.
The second hypothesis: the effect of sales growth against tax avoidance

Based on the table 6 statistical testing, the results obtained t count equal to -0.901 < t table for 1.99 on N= 75, with a significant value of 0.370 > α value of 0.05 which means being able to reject Ha, so it can be concluded that sales growth is not significant positive effect on tax avoidance. Tax evasion will not be done if the management is able to increase sales every year. The management in order to obtain the bonus or award is high will be more motivated in improving the sales of the company so that the bonus or reward that is obtained will be more increased. Based on the theory of tax compliance where there is no an individual who voluntarily do something without any reciprocal of what is sacrificed.

The third hypothesis: the effect of leverage on tax avoidance

Based on the table 6 statistical testing, the results obtained t count equal to -2.506 > t table 1.99 on N= 75 with a significant value of 0.014 < α value of 0.05 which means being able to accept Ha, it can be concluded that leverage significant positive effect on tax avoidance. Base on Pecking Order Theory, the company will be more interested in using internal funds, if resorted to external funds needed the company more love in the form of debt. This suggests the company may use debt to meet the operational needs and investment companies. However, the debt will cause the fixed load (fixed rate of return) is called with flowers. Interest expense borne by the vendor can be utilized as a deduction to taxable income companies to reduce the burden of the tax. So the higher the leverage the lower the tax paid by the company due to the onset of the cost of interest. The cost of flowers can reduce the end result of a company's profit impact is when the company will pay the tax, the tax paid will be reduced because there is the addition of the cost of the interest.

Hypothesis Four: the effect of the Size of the Company influence on tax avoidance with good corporate governance as a moderating variable.

The size of the company is the expansion of the capital stock which will only have little effect on the probability of loss or tergesernya control of the dominant party against the company concerned. On the contrary a company where its shares only spread in the environment small. The size of the companies in this study are projected in the total value of the assets. The characteristics of the size of the company has good value, if the value of the total assets of the large company, which means the company has a large scale and have operating more widely. This gives an idea that the higher the size of the company, the higher the level of tax avoidance that is obtained by the company. And vice versa the lower the level of the size of the company it will be, the lower the level of tax avoidance that the acquired company is. In Agency Theory there is a conflict of interest between principal and agent. In this case, the principal is the Government (the Tax Directorate) and the agent is the company. The government (Directorate general of Taxation) is a holder of the highest authority in regulating or determining the taxation policy as well as overseeing the taxation in Indonesia. Therefore, the task of the company, as the agent is me matuhi all the tax regulations that have been set by the Directorate general of Taxes included obey in paying taxes. Basically the company is divided in two categories: large companies (large firm) and small firms (small firm). A company large will get more attention also of the government related to profit earned. In this research, CETR (Cash Effective Tax Rate) is used as a proxy to determine the actions of the evaders an tax. The greater the value of the CETR which is owned by a company then indicate the lower level of tax evasion by the companies. In this research governance (good corporate governance) which in this case is in proxy through with the character of the executive is not able to strengthen the relationship between the size of the company against tax avoidance. This happens because whether or not the character of the executive will not have an impact on the size of the company. Due to the major milestones in the success of the company is the management and governance therein.
Hypothesis Five: The effect of Growth of Sales influence on tax avoidance with good corporate governance as a moderating variable.

With the increase in sales means the company's market share increased so that the company can increase sales continuously and can dominate the market. According to Kesuma (2009) in a study (Abstract 2016) explains that the sales growth (sales growth) is the increase in the number of sales from year to year or from time to time. With the increase in corporate profits derived from the results of sales growth indicates that the company's leadership has tried to maximize the value of the company where it is the duty of an agent to the principal in Agency Theory. Along with the increase cer sales growth, then assets must also be coupled (Weston & Brigham, 1991). In an effort to increase its assets, the company is willing to do tax evasion because on the other hand, profit increased due to sales growth caused the tax burden borne by the company also increases. In this research, CETR (Cash Effective Tax Rate) is used as a proxy to determine the action tax avoidance. Good corporate governance which in this case is in proxy through with the character of the executive is not able to strengthen the relationship between the growth of sales against tax avoidance. This happens because whether or not the character of the executive will not give impact toward increase of sales. Because the executive character does not directly have an effect on the management of the marketing department in improving its performance. Another thing that causes the executive character is an external party of the company that provides oversight of whether or not the normal activities of the company.

Hypothesis Six: The effect of Leverage effect on tax avoidance with corporate governance as moderating variable

Measure how much a company uses debt. Some of the analysis use the term solvency ratio, which means measuring the ability of the company to meet its financial obligations. Leverage ratio in this study is projected in the Debt to Equity Ratio (DER). Meanwhile, the Debt to Equity Ratio (DER) is said to be good if the amount of the obligation is small compared to the amount of total equity, because of the its duty greater than the equity owned by the company then the profit that is produced the lower while the low Debt to Equity Ratio (DER), then the profit of the company higher because of the use of the company's debt is smaller than the equity within the company. (Kasmir, 2015). Based on Pecking Order Theory Brealey & Myers (1996) in Hardiningsih (2012), companies love the funding from internal or funding of the company's operating results in the form of retained earnings. External funding is needed if the management feels the use of internal funds are insufficient to finance the needs of the company. External funding is preferred company in the form of debt. However, the debt taken by the company would cause interest payable to be paid. The high interest debt that is owned by a company made after tax also decreased and it will automatically minimize the tax burden owed the company. So indirectly the company has been doing tax evasion. Different with the company to prioritize internal funding as a source of funds so that debt only be used as an alternative or second choice course (Tristianto, 2016). Good corporate governance in this regard in the proxy through the character of the executive is able to strengthen the relationship between leverage against tax avoidance. This occurs because the additional capital of the company which is done by increasing the amount of the debt, will be assisted by the leadership-the leadership of the company as a capital contribution to the company. So when the leaders of the company of this brave and able to give injections of funds to the company will give impact on the amount of debt decreased and tax evasion are also getting smaller.
CONCLUSION AND RECOMMENDATION

Conclusion
Based on the results of this study about the factors that influence tax avoidance with good corporate governance as a moderating variable in mining companies listed on the Indonesia Stock Exchange in 2015-2017 the conclusions are as follows: company size, growth sales, and leverage have a significant positive effect on tax. Furthermore, the leverage have effect on tax avoidance with good corporate governance as a moderating variable, but moderating good corporate governance variables cannot strengthen the effect of growth sales and company size on tax avoidance.

Recomendation
The government should determine new tax policies or regulations or improve existing ones to obtain information from taxation actors as well as taking into account the important factors that influence tax avoidance such as executive character, company size, sales growth and leverage in order to optimize government revenue from the taxation sector. In addition, for further research, it can add years of research or change the company's categorization as well as add other variables, such as profitability, liquidity, and corporate social responsibility. The tax avoidance meter does not use CETR but can use average cash.

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