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The Effect of Good Corporate Governance on Tax Avoidance in Manufacturing Companies (Idx Empirical Study) Period 2017 –2021

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Abstract

The purpose of this study is to identify and analyze the influence of company characteristics or Good Corporate Governance which is proxied to be institutional ownership, the percentage of independent commissioners, the number of commissioners, the role of audit committees, audit quality, and fiscal loss compensation on tax avoidance in manufacturing sector companies. industries listed on the Indonesia Stock Exchange in 2017-2021. This research uses quantitative methods. The population in this study consists of industrial sector manufacturing companies listed on the IDX for the 2017-2021 period. The sampling method used in this study was purposive sampling of 17 companies. The data collection method uses the documentation method and uses secondary data in the form of company annual reports with samples obtained through the official website of the Indonesia Stock Exchange, namely www.idx.co.id. This study was analyzed using multiple linear regression analysis.

Based on the results of the research that has been done, it can be concluded that institutional ownership, the number of commissioners, fiscal loss compensation has no significant effect on tax evasion, and the percentage of commissioners has no significant effect on tax evasion, while the audit committee, audit quality has a significant effect on tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

Keywords:
Good Corporate Governance, Manufacturing Companies in the industrial sector on the IDX, Tax Avoidance.

1. Introduction

In Indonesia, tax revenue is a sufficient source of income for the State to carry out national development that is beneficial for the welfare of the Indonesian people, but for companies, tax is a burden that will reduce net profit. In this case there are still many companies that do not respond well to tax collection by the government. However, with the existence of the Omnibus Law, Law no. 11 of 2020 concerning Tax Cluster Job Creation can be expected to reform Indonesia's tax system. In the legal context, an omnibus law is a rule of law in which there are several rules that are combined from different regulatory substances to become a reference and basis for the birth of other laws and regulations under the law.

Reporting from Danny Darussalam Tax Center (DDTC) (DDTCNews, t.t.) The government said the tax cluster has the goal of increasing investment funding, encouraging taxpayer compliance and voluntary compliance, increasing legal certainty, creating justice in the domestic business climate. In this case the four goals are in line with the tax problems that exist in Indonesia, as in the indicator score of Indonesia's tax payments in the ease of doing business index which is still 75.8% in 2020, when compared to Singapore which is 91.6%. And also in order to be able to encourage voluntary compliance of taxpayers and taxpayers, one of which is the government rearranging administrative sanctions in Article 9 paragraph (2a) of the Law on General Provisions and Tax Procedures (Tax Cluster Job Creation Law). So, in article 113 of the Job Creation Law, administrative sanctions in the form of interest, which was previously 2% per month, are in accordance with the Minister of Finance's stipulation. In this case it is expected to create a domestic business climate justice that complies with taxpayers and avoids aggressive tax avoidance in companies

2. Theory Review

Theories underlying the discussion of this research theme include agency theory, tax avoidance, good corporate governance, institutional ownership, independent commissioners, audit committees, audit quality, fiscal loss compensation, and research hypothesis development.

Agency theory

According to Tri Sapta Nugroho (2017) agency theory explains that agency relationships occur when the principal employs another person (agent) to provide a service and then delegates decision-making authority to

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the agent. Thus the agent can manipulate reporting regarding the company to be submitted to the principal, this is because every manager has a great economic need, including maximizing his compensation by practicing earnings management. Agency theory is used to understand issues of corporate governance and earnings management. Shareholders delegate their authority to management to regulate, manage and determine company decisions as expected by shareholders and as compensation for their services, shareholders provide compensation to management. But in fact management does not always behave in accordance with the wishes of shareholders. Because company management as company manager knows more internal information so there is a gap in the extent of information held by management and shareholders.

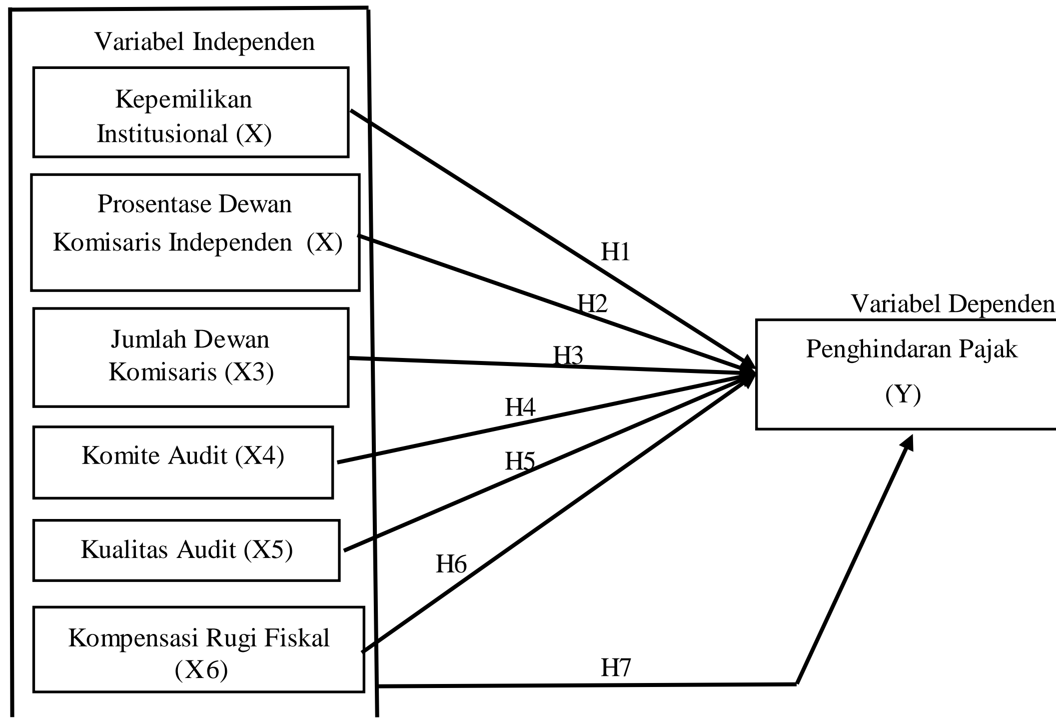

Figure 1. framework of thinking figure

1) Tax evasion

Tax avoidance itself is a practice used by taxpayers to reduce or eliminate the tax burden by exploiting weaknesses in laws and regulations. Usually tax evasion is carried out by exploiting the weaknesses of tax law and tax law acts. According to Erly in (Jasmine, 2017) tax avoidance is a legal reduction effort that is carried out by optimally utilizing provisions in the field of taxation such as exemptions and deductions that are permitted as well as benefits of things that have not been regulated. and weaknesses in the applicable tax regulations. This can lead to corporate tax decisions that reflect management's interests. This is what causes corporate tax avoidance.

2) Good Corporate Governance (GCG)

The Cadbury Committee, as quoted by the Forum for Corporate Governance in Indonesia (FCGI), defines corporate governance as a set of rules governing the relationship between shareholders, management (managers) of companies, creditors, the government, employees, and internal stakeholders. and other external parties related to their rights and obligations, or in other words a system that regulates and controls the company. Good Corporate Governance (GCG) is defined as the structures, systems and processes used by the company's organs as an effort to provide added value to the company on an ongoing basis in the long term. Understanding GCG is a form of acceptance of the importance of a set of rules or good governance to regulate relationships, functions and interests of various parties in business dealings.

3) Institutional Ownership

Institutional ownership is the proportion of share ownership by the founding institutions of the company, not public shareholder institutions as measured by the percentage of the number of shares owned by internal institutional investors (Dita Adhelia 2018). Institutional ownership has a very important influence on the company because it becomes a monitor for management, and with this it can increase supervision which will

affect tax avoidance actions. With institutional ownership, supervision over companies will be better and maximized because institutional investors are very active in overseeing companies.

4) Independent Board of Commissioners

The independent board of commissioners is a group of people who are elected with the task of overseeing the activities of a company and do not come from parties related to business or family with controlling stakeholders, members of the board of directors, other boards of commissioners, and the company itself. Proportional, namely having the same number of shares as the number of shares owned by minority shareholders (non-controlling stakeholders). The minimum number of independent commissioners is 30% of the total number of the board of directors. Independent commissioners aim to balance decision making, especially in the context of protecting minority shareholders and other parties. Thus the existence of an audit committee and independent commissioners in a company is expected to increase the integrity of financial reports (Dita Adhelia 2018).

5) Audit Committee

The audit committee is a person who assists the board of commissioners in supervising the duties of the directors in managing the company and is responsible for the smooth running of corporate governance in each company. Mulyani (2018) stated that the audit committee is a committee that is responsible for overseeing the company's external audit and is the main contract between the auditor and the company. The audit committee also has an accounting basis so that it knows the gaps in tax regulations, and is expected to improve corporate governance which will influence tax avoidance actions.

6) Audit Quality

Audit quality is a description of the implementation and also the results of the audit on the basis of audit standards which will be the level of good measurement of duties and responsibilities as an auditor. Companies that are audited by The Big Four Public Accounting Firm (KAP) usually produce better audit quality and it will be increasingly difficult to take tax evasion actions, therefore the higher the quality of the company's audit, the more likely it is not to manipulate profits and not to do tax evasion (Mulyani 2018).

7) Fiscal Loss Compensation

Compensation for fiscal losses is a plan of compensation carried out by taxpayers for business entities and taxpayers for individuals when their financial statements experience losses. This will get compensation, but that compensation can only be done in the following year for five consecutive years. According to Sundari and Aprilina (2017) stated that compensation for fiscal losses in income tax is regulated in Article 6 paragraph (2) of the Income Tax Law No. 36 of 2008, namely the gross income of a company or taxpayer after deducting the costs allowed by the tax party to experience losses.

H1: Institutional ownership has an effect on tax avoidance in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period

H2: The percentage of independent commissioners has a negative effect on tax avoidance in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period

H3: The number of independent commissioners has a negative effect on tax avoidance in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period

H4: The audit committee has an effect on tax avoidance in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period

H5: Audit quality has an effect on tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period

H6: Compensation for fiscal losses has an effect on tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

H7 : Institutional ownership, the percentage of independent commissioners, the number of independent commissioners, audit committees, audit quality, fiscal loss compensation have a simultaneous effect on tax avoidance.

3. Research methods

This type of research is quantitative research. Based on the objectives in this study, namely basic research, which means that types of social research that are oriented to the academic field aim to provide solutions to a particular problem or social phenomenon. In this study tested the independent variables, namely good corporate governance proxied to Institutional Ownership, Independent Board of Commissioners, Audit Committee, Audit quality, Fiscal Loss Compensation with the dependent variable, namely Tax Avoidance. The population in this study consists of all corporations operating in the industrial sub-sectors indexed on the IDX

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for the 2017-2021 period. The samples in this study were 17 companies obtained using purposive sampling with the following criteria:

Manufacturing companies operating in the industrial sector which are listed on the Indonesia Stock Exchange in 2017-2021

Companies that publish consecutive annual reports that have been audited on the Indonesia Stock Exchange in 2017-2021

Manufacturing companies in the industrial sector that use rupiah currency units in their financial reports

Companies with complete data or companies that are intended to carry out economic activities with the information needed in this study is information on institutional ownership, independent commissioners, audit committees.

3.1. Descriptive Statistics Test

Descriptive statistics are data analysis to describe data with results in the form of minimum, maximum, mean, and standard deviation. The variables used include the dependent variable (Y), namely tax avoidance, while the independent variable (X), namely institutional ownership ($X1$), percentage of independent commissioners ($X2$), number of commissioners ($X3$), audit committee ($X4$), audit quality ($X5$), fiscal loss compensation ($X6$). The following is a descriptive statistical table for each research variable.

Table 1. Descriptive Statistics Test Table

	N	Mean	Std. Deviation
Y	84	-.1812	.42577
X1	84	69.8756	19.09716
X2	84	38.4900	15.14097
X3	84	3.90	1.209
X4	84	72.8392	15.25204
X5	84	.27	.449
X6	84	.15	.364
Valid N (listwise)	84		

1. Tax Avoidance (Y)

Tax Avoidance has an average value of -0.1812 and a standard deviation value of 0.42577. Based on these results it can be said that the average value is greater than the standardized value. So it can be stated that the quality of the research data obtained is good.

Institutional Ownership (X1)

Institutional Ownership has an average value of 69.8756 and a standard deviation value of 19.09716. Based on these results it can be seen that the average value is greater than the standardized value. So it can be stated that the quality of the research data obtained is of good quality.

Percentage of Independent Commissioners (X2)

The percentage of Independent Commissioners has an average value of 38.4900 and a standard deviation value of 15.14097. Based on these results it can be seen that the average value is greater than the standardized value. So it can be stated that the quality of the research data obtained is of good quality.

Total Board of Commissioners (X3)

The number of the Board of Commissioners has an average value of 3.90 and a standard deviation value of 1.209. Based on these results it can be seen that the average value is greater than the standardized value. So it can be stated that the quality of the research data obtained is of good quality.

Audit Committee (X4)

The Audit Committee has an average value of 72.8392 and a standard deviation value of 15.25204. Based on these results it can be seen that the average value is greater than the standardized value. So it can be stated that the quality of the research data obtained is of good quality.

Audit Quality (X5)

Audit Quality has an average value of 0.27 and a standard deviation value of 0.449. Based on these results it can be seen that the average value is smaller than the standardized value. So it can be stated that the quality of the research data obtained is not good.

Fiscal Loss Compensation (X6)

Fiscal Loss Compensation has an average value of 0.15 and a standard deviation value of 0.364. Based on these results it can be seen that the average value is smaller than the standardized value. So it can be stated that the quality of the research data obtained is not good.

2. Classic assumption test

a. Normality test

The normality test in the regression model aims to test whether the independent variable and the dependent variable have a normal distribution or not. In the analysis of Figure 2 it can be seen that the points do not spread far from the diagonal line and follow the direction of the diagonal line. So it can be stated that the regression model in this study is not normally distributed. So that the next outlier is done.

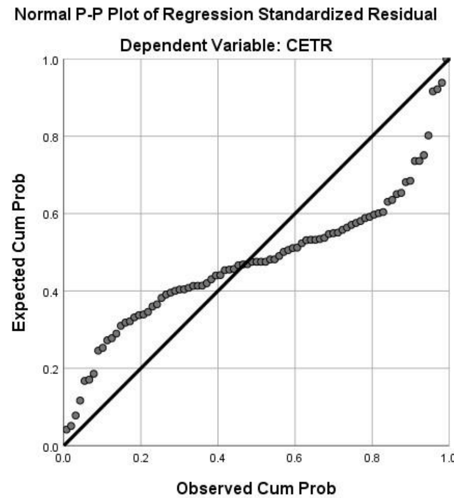

Figure 2. Normality test Figure

Outliers are cases or data that have unique characteristics that look very different from other observations and appear in the form of extreme values for either a single variable or a combination (Ghozzali, 2011). There are four causes of outlier data (1) errors in data entry, (2) failure to specify a missing value in the computer program, (3) outliers are not members of the population that we take as a sample, but (4) outliers come from the population that we take as a sample, but the distribution of variables in the population has extreme values and is not normally distributed.

After calculating it is known that there is 1 sample that has an extreme value which is said to be an outlier, so that 1 sample must be discarded. From the results of the data normality test that was carried out by the ouutlier, it can be seen from Figure 3 that the points have spread close to the line, which means that the data is normally distributed.

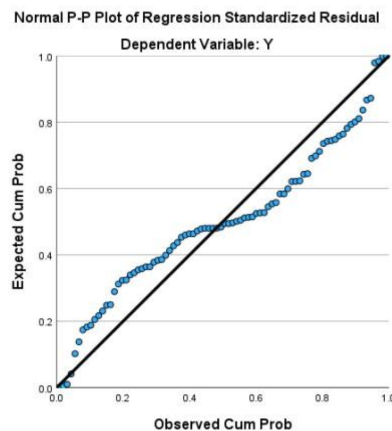

Figure 3. Normality Test Figure

b. Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between the independent variables designated by a significant correlation between the independent variables. To determine the existence of multicollinearity can be seen from the tolerance or the value of the variance infantion factor (VIF). Based on table 2 it can be seen that the tolerance value is > 0.1 and VIF <10, it can be stated that there is no multicollinearity.

Table 2. Uji Multikolinieritas Table

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	.876	1.141
	X2	.929	1.077
	X3	.449	2.228
	X4	.843	1.186
	X5	.551	1.816
	X6	.660	1.514

c. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there are differences or unequal variances and residuals from one observation to another. Based on Figure 4, the points are around the number 0 on the Y axis and spread out, so it can be stated that there is no heteroscedasticity in this regression model.

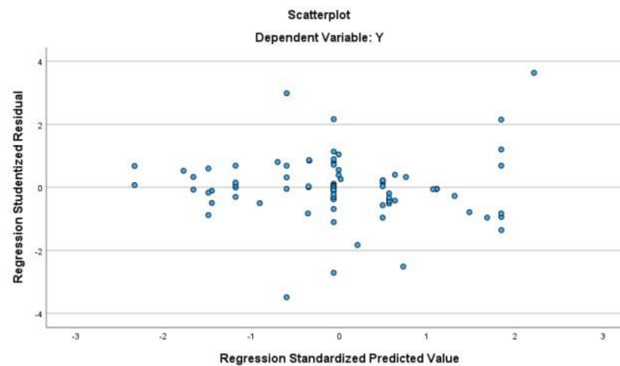

Figure 4. Heteroscedasticity Test Figure Scatterplot

d. Autocorrelation Test

The autocorrelation test aims to determine whether in the regression model there is a correlation between confounding errors in period t and t-1 confounding errors or data based on time sequence. Based on table 3 using the Durbin-Watson method it can be seen that the DW value is above +2, it can be stated that the autocorrelation that occurs is negative.

Table 3. Autocorrelation Test Durbin-Watson Table
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.468a	.219	.159	.39056	2.228

Predictors: (Constant), X6, X2, X1, X4, X5, X3
Dependent Variable: Y

e. Multiple Linear Regression Analysis

Multiple linear analysis techniques are used to determine the effect of the independent (independent) variables on the dependent (dependent) variable and to determine the direction of the relationship between the independent variables and the dependent variable. In table 4 it can be seen that the results with a positive value then the relationship becomes unidirectional, but if the value is negative then the relationship is in the opposite direction.

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Table 4. Multiple Linear Regression Analysis Table

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	.490	.358
	X1	-8.785E-6 (tak terhingga)	.002
	X2	-.005	.003
	X3	-.025	.053
	X4	-.007	.003
	X5	.455	.129
	X6	-.147	.145

Based on table 4 to find the influence between the independent variables and the dependent variable, it can be formulated as follows, Y = 0.490 +(-8.785E-6)X1 + (-0.005)X2 + (-0.025)X3 + (-0.007)X4 + 0.455 X5 + (-0.147)X6 + e. From this equation it can be stated that there is a relationship between institutional ownership variables, the percentage of independent commissioners, the number of commissioners, audit committees, audit quality, and tax loss compensation to the variable tax avoidance.

f. Simultaneous F Test

The F statistical test aims to show whether all the independent variables categorized as a model have a simultaneous effect on the dependent variable. In table F with df (N-k) and k, namely 6 independent variables, it can be seen that the value of f table is 2.22.

Table 5. Simultaneous F test Table

Model		Sum of Squares	Mean Square	F	Sig.
1	Regression	3.300	.550	3.606	.003b
	Residual	11.746	.153		
	Total	15.046			

Based on table 5 it can be seen that simultaneously the significance value is 0.003 <0.05 with f count> f table, namely 3.606 > 2.22. This means that simultaneously the independent variables, namely institutional ownership, the percentage of independent commissioners, the number of commissioners, audit committees, audit quality, and fiscal loss compensation have a significant effect on the dependent variable, namely tax avoidance.

g. Partial Test (t-test)

The partial statistical t test aims to show how far the influence of the independent variables and the dependent variable is. In this study, the significance level used to partially test the hypothesis is 5%.

Table 6. Partial Test (t-test) Table

Model		t_{hitung}	Sig.	Correlations			Collinearity Statistics	
				Zeroorder	Partial	Part	Tolerance	VIF
1	(Constant)	1.367	.176					
	X1	-.004	.997	.129	.000	.000	.876	1.141
	X2	-1.672	.099	-.186	-.187	-.168	.929	1.077
	X3	-.468	.641	.103	-.053	-.047	.449	2.228
	X4	-2.180	.032	-.153	-.241	-.220	.843	1.186
	X5	3.531	<,001	.323	.373	.355	.551	1.816
	X6	-1.011	.315	-.024	-.114	-.102	.660	1.514

Based on table 6 it can be seen that with a sample size of 84 and a significance of 5%, the value of t table is obtained from table t with df (N-1) and a significant value of 0.05 which is equal to 1.66342. The institutional ownership variable has a significance value of 0.997>0.05 and t count>-t table of -0.04>-1.66342 meaning that there is no influence between the institutional ownership variable and the tax avoidance variable. The independent board of commissioners percentage variable has a significance value of 0.099> 0.05 and t count <- t

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table of -1.672 <1.66342 meaning that there is an insignificant effect between the percentage variable of the independent commissioners board and the variable tax avoidance. The variable number of commissioners has a significance value of 0.641>0.05 and t count>-t table of -0.468>-1.66342 meaning that there is no influence between the variable number of commissioners and the variable tax avoidance. The audit committee variable has a significance value of 0.032 <0.05 and t count <-t table of -2.180 <-1.66342 meaning that there is an influence between the audit committee variable and the tax avoidance variable. The audit quality variable has a significance value of 0.01 > 0.05 and t count > t table 3.531 > 1.66342, meaning that there is an influence between the audit quality variable and the tax evasion variable. The fiscal loss compensation variable has a significance value of 0.315 > 0.05 and t count > -t table -1.011 > -1.66342 meaning that there is no influence between the fiscal loss compensation variable and the tax avoidance variable.

Based on the analysis above, it can be seen that there are three variables that do not have a significant effect, 2 variables that have a significant effect on the tax avoidance variable, and 1 variable that has no significant effect

4. Interpretation of Results and Discussion

The Effect of Institutional Ownership on Tax Avoidance

The results of the statistical test in table 6 show that the significance value of institutional ownership is 0.997, which means it is greater than 0.05 and t count>-t table is -0.04>-1.66342 which indicates that there is no significant relationship between ownership institutional response to tax avoidance, which means that H1 is rejected and H0 is accepted. This means that industrial sector manufacturing companies listed on the IDX are research samples on institutional ownership that does not affect tax evasion. Institutional investors are investors who come from outside the company and are not affiliated with the company concerned, so they don't pay much attention to corporate tax evasion. In contrast to Rachyu Purbowati's research (2021), institutional ownership had a significant negative effect on 27 companies in 2016-2019, with institutional ownership encouraging management to increase more optimal monitoring of company performance so that it generates company profits in accordance with applicable regulations. Because institutional ownership as a supervisor from outside the company has an important role in monitoring the company. In Zamrah Mustainah Ramadhani's research (2021) institutional ownership has no effect on tax evasion.

Effect of the Percentage of Independent Commissioners on Tax Avoidance

The results of the statistical test in table 6 show that the significance value of the board of commissioners percentage is 0.099, which means it is greater than 0.05 and t count <- t table is -1.672 <-1.66342 which indicates that there is an insignificant relationship between the percentage board of commissioners on tax avoidance which means H2 is accepted and H0 is rejected. In this case the independent board of commissioners may not be involved in management tasks and may not represent the company in transactions with third parties. The existence of an independent board of commissioners will make management careful in making decisions regarding company policies. The independent board of commissioners will oversee the performance of the board of commissioners and directors in supervising management in managing the company's operational activities. This is in line with Emma Putri Retno's research (2021) which states that the greater the number of independent commissioners, the greater their influence in supervising management performance. So that the more independent commissioners the less excessive tax avoidance activities. In Rachyu Purbowati's research (2021), the percentage of commissioners has no significant relationship to tax evasion.

The Influence of the Number of Board of Commissioners on Tax Avoidance

The results of the statistical test in table 6 show that the significance value of the number of commissioners is 0.641, which means it is greater than 0.05 and t count>-t table is -0.468>-1.66342 which indicates that there is no significant relationship between the number of boards of commissioners commissioners on tax avoidance which means H3 is rejected and H0 is accepted. This is in line with Wendy Sri Murtina's research (2020) which shows that there are a few or many independent commissioners who do not influence management to continue tax evasion. The independent board of commissioners is a part that comes from outside management so that the board of independent commissioners tends not to be influenced by management's actions in tax avoidance, they tend to encourage company management to disclose broader information to shareholders and stakeholders. In Ahmad Bukhori Muslim's research (2020) the number of commissioners has no effect on tax evasion.

The Influence of the Audit Committee on Tax Avoidance

The results of the statistical test in table 6 show that the significance value of the audit committee is 0.032, which means less than 0.05 and t count <-t table is -2.180 <-1.66342 which indicates that there is a significant relationship between the number of audit committees and tax avoidance which means H4 is accepted and H0 is rejected. The formation of the structure and selection of audit committee personnel is the responsibility of the board of commissioners, the researchers assume that if the board of commissioners abuses their authority, then the minimum composition or increasing number of audit committee personnel will also

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exacerbate tax evasion. This is because the audit committee is one of the supports that can directly provide oversight and bridge the reporting of the manager to the owner. This explains that the audit committee in a company can influence the practice of tax avoidance, as their duties are to ensure fair financial reports, the company's internal controls are carried out as they should, conducting audits and implementing follow-up on audit findings. In line with Agung Wibawa's research (2016), namely the audit committee has an effect on tax evasion. And in Zahra's research (2021) the audit committee has an effect on tax evasion.

Effect of Audit Quality on Tax Avoidance

The results of the statistical test in table 6 show that the significance value of audit quality is 0.001 which means less than 0.05 and t count> t table 3.531> 1.66342 which indicates that there is a significant relationship between audit quality and tax evasion, which means H5 accepted and H0 rejected. The financial statements audited by the big four KAP auditors are considered to be of higher quality because the big four auditors are better able to limit earnings management practices compared to non-big four auditors. Big four auditors can maintain an attitude of independence in fact (in fact) throughout the audit and independence in a professional manner so that it will be more difficult for companies to carry out tax avoidance practices. This is in line with Dyna Maretta's research (2019) Audit quality has a significant effect on tax evasion. In Wendy Sri Murtina's research (2020) audit quality affects tax evasion.

Effect of Fiscal Loss Compensation on Tax Avoidance

The results of the statistical test in table 6 show that the significant value of fiscal loss compensation is 0.315 which means greater than 0.05 and t count> -t table -1.011> -1.66342 which indicates that there is no significant relationship between fiscal loss compensation on tax avoidance which means H6 is rejected and H0 is accepted. The government's policy for taxpayers regarding compensation for fiscal losses is not a loophole that allows companies to avoid the tax burden, but only to ease the burden on companies so that these companies can continue to operate and contribute to the interests of the government, namely as taxpayers. This is in line with Novi Sundari's research (2017) Fiscal loss compensation does not have an impact on companies related to tax evasion and is not a loophole in the law that can reduce the company's tax burden. And in Rinaldi's research, fiscal loss compensation has no effect on tax evasion.

Effect of Institutional Ownership, Percentage of Independent Commissioners, Number of Commissioners, Audit

Committee, Audit Quality, and Simultaneous Fiscal Loss Compensation on Tax Avoidance

The research results based on table 5 can be seen that simultaneously the significance value is 0.003 <0.05 with f count> f table, namely 3.606 > 2.22. This means that simultaneously the independent variables, namely institutional ownership, the percentage of independent commissioners, the number of commissioners, audit committees, audit quality, and fiscal loss compensation have a significant effect on the dependent variable, namely tax evasion, which means H7 is accepted and H0 is rejected. This is in line with Emma Putri Retno Pratitis's research (2021) Good Corporate Governance which is proxied as institutional ownership, the number of commissioners, the percentage of the board of commissioners, the audit committee have a simultaneous effect on tax evasion. And in Wendy Sri Murtina's research (2020) Good Corporate Governance is proxied to institutional ownership, the proportion of independent commissioners, audit committees, audit quality simultaneously influences tax evasion.

5. Conclusion

1. Institutional ownership has no significant relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
2. The percentage of independent commissioners has an insignificant relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
3. The number of commissioners has no significant relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
4. The audit committee has a significant relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
5. Audit quality has a significant relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
6. There is no significant relationship between fiscal loss compensation and tax avoidance in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.
7. Institutional ownership, the percentage of independent commissioners, the number of commissioners, audit committees, audit quality, fiscal loss compensation simultaneously has a relationship to tax evasion in industrial sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

6. Implications, Limitations, Suggestions

In this study theoretically useful information can be generated, which will then be used as a reference or reference by further researchers related to the analysis of the effect of Good Corporate Governance on tax evasion. In addition, this research is expected to provide empirical evidence and explain the theories. Practically the results of this study are expected to be an evaluation for every company so that they can be more thorough and better understand the importance of paying taxes and the risks.

In this study using the independent variables institutional ownership, percentage of commissioners, number of commissioners, audit committees, audit quality, fiscal loss compensation, and the dependent variable of tax avoidance. The object of this research uses manufacturing companies in the industrial sector which are listed on the Indonesia Stock Exchange (IDX). The data used in this study is the 2017-2021 period.

For subsequent research, not only using institutional ownership variables, the percentage of the board of commissioners, the number of commissioners, audit committees, audit quality, fiscal loss compensation but also using other information that is not used or not available in this study and should expand the research sample by using all companies on the Indonesian stock exchange.

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