The Effect of Independent Commissioner, Institutional Ownership, Audit Quality and Audit Committee on Tax Avoidance (Empirical Study on Food and Beverage Sub Sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the Period 2018-2022)

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Abstract. This study aims to find empirical evidence that reduces research gaps, strengthens the model and analyzes the effect of independent commissioners, institutional ownership, audit quality and audit committee on tax avoidance. The sample of this study using purposive sampling technique (judgmental sampling) obtained a sample of 47 samples of manufacturing companies in the food and beverage sub-sector listed on the Indonesia stock exchange (IDX) for the period 2018-2022. The data analysis technique used is multiple linear regression. The test results show that independent commissioners, audit quality and audit committee have no effect on tax avoidance, while institutional ownership has an effects on tax avoidance.

Keywords: tax avoidance, independent commissioner, institutional ownership, audit quality and audit committee.

1 Introduction

Tax Avoidance is an effort made to avoid paying taxes legally with the aim of reducing the amount of tax that must be paid in accordance with applicable tax regulations. Although Tax Avoidance is done legally, the government does not want the practice to exist. The existence of Tax Avoidance has the potential to hinder the tax collection process, which in turn can result in a decrease in state revenue from the tax sector [1]. Efforts to achieve this goal, various actions are taken, namely the establishment of Good Corporate Governance (GCG) which can oversee the company's performance in terms of taxation in a company. Good Corporate Governance refers to a system and framework employed to guide and oversee the operations of a business, with the aim of enhancing the company's impact on society and addressing the needs of its stakeholders [2].
According to an article published on the website by [3] on December 27, the Director of Counseling, Services, and Public Relations, Neilmaldrin Noor revealed the alleged crimes of tax evasion and money laundering. The director of a company that provides security services to companies allegedly deliberately did not remit the tax collected by not submitting a tax return. In addition, they allegedly deliberately failed to remit part of the tax collected by only reporting part of the revenue from the taxable services in their own company tax returns, and only paid part of the tax to the state treasury. In addition, the director of the company is also strongly suspected of committing money laundering. As a result of these actions, the state suffered a loss of 26.9 billion.

Finance Minister Sri Mulyani revealed that the number of corporate taxpayers experiencing business losses and unable to pay taxes has increased every year. Taxpayers reporting losses rose from 5,199 taxpayers in the 2012-2016 period to 9,496 taxpayers in the 2015-2019 period. According to a research report from the Organization for Economic Co-operation and Development (OECD) on global tax avoidance, it was found that around 60% to 80% of world trade is transactions involving affiliated multinational companies. In Indonesia, around 37% to 42% of the Gross Domestic Product (GDP) comes from affiliated transactions recorded in taxpayers' tax returns. This finding indicates the potential for tax base reduction and profit shifting with estimates reaching USD100 to 240 billion per year [4].

Tax Avoidance is influenced by several things such as independent commissioners, institutional ownership, audit quality, and audit committee. Good Corporate Governance (GCG) must be the basis or foundation for these four variables. The first factor, namely the Independent commissioner, is tasked with overseeing management in carrying out company operations so as not to violate the law and verifying that the company has implemented practices that promote transparency, disclosure, independence, and fairness in making decisions related to taxation [5]. The second factor is institutional ownership, which plays a significant role in overseeing the actions of a company's management. This is because it is believed that institutional ownership has the capability and capacity to monitor the various decisions made by the company [6]. The third factor is audit quality. Audit quality refers to the attributes of the practice and results of the examination in accordance with applicable auditing standards. There are several factors that can be used to measure audit quality, one of which is the size of the Public Accounting Firm (KAP) [7]. The fourth factor is the audit committee. In general, the role of the audit committee is to supervise so that management can produce quality information and implement controls to reduce conflicts of interest in the company, including reducing Tax Avoidance practices. Nevertheless, the mere existence of audit committees does not ensure that the company will refrain from participating in Tax Avoidance [8].

2 Literature Review
2.1 Agency Theory

The concept of agency theory posits that there is a contractual association between a company's management (referred to as the agent) and its shareholders or owners (known as the principal). This theory assumes that each party acts in their own self-interest, which can lead to potential conflicts of interest between the agent running the company and the principal
stakeholders. The agents may prioritize their personal interests associated with the company, while the shareholders' interests revolve around enhancing the value of their shares. One approach to mitigate these conflicts is through the implementation of Corporate Governance practices, which aim to enhance economic efficiency. This involves establishing effective relationships among the board of directors, company management, and investors [9]. An agency conflict emerges within an organization when there is a clash between owners, employees, and managers, with the managers displaying a tendency to prioritize their personal objectives over the goals of the company. This conflict stems from the differing interests of the owners and managers, leading to an information imbalance where managers possess more knowledge about the company compared to the owners [10].

The connection between agency theory and this research lies in the divergence of interests between tax authorities and companies, resulting in non-compliance by taxpayers or company management. This non-compliance ultimately leads to tax avoidance by the company. In the context of tax collection, companies play a significant role, but their objectives as taxpayers are at odds with the government's aim of maximizing tax revenue [33].

2.2 The Influence Of Independent Commissioners On Tax Avoidance

An effective method for overseeing and overseeing agents to ensure they do not harm the principal is by employing an autonomous commissioner. As outlined in Regulation No.57/POJK.04/2017 by the Financial Services Authority, an autonomous commissioner is a board member who is external to the securities company and meets the criteria outlined in this financial services regulation to be considered independent. Securities companies are obligated to appoint independent commissioners, constituting a minimum of 30% (thirty percent) of the total board of commissioners.

According to agency theory, an effective method to address the unequal access to information is through the formation of a board of commissioners, who act as the representatives of the shareholders. In this context, the independent commissioner plays a vital role in supervising the company's activities to ensure compliance with existing regulations and to identify any instances of misconduct or fraudulent behavior [32]. In a study conducted by [11], [12] and [13] concluded that independent commissioners have a negative effect on Tax Avoidance. At least the existence of an independent commissioner has no effect on tax evasion.

H1: The more Independent Commissioners, the lower the Tax Avoidance.

2.3 The Influence of Institutional Ownership on Tax Avoidance

Institutional ownership refers to the ownership of shares held by institutions or organizations operating in Indonesia, including insurance service providers, banks, and similar entities [14]. In the industry, having institutional ownership plays a vital role since it brings about increased oversight over a company's management when combined with ownership by external parties. This heightened level of supervision is crucial. Therefore it will minimize management action in tax
evasion. Institutional ownership can also monitor conflicts that may occur between managers and shareholders [12]. In an agency relationship, institutional shareholders grant authorization to company management for the purpose of overseeing the company's operations. Subsequently, these institutional shareholders will engage in monitoring activities to ensure that management acts in a manner that aligns with their interests [15].

According to the findings of a study conducted by [16] it has been observed that the extent of institutional ownership percentage cannot serve as a comprehensive monitoring mechanism for all managerial decisions. According to [17], their research supports the notion that increased institutional ownership within a company leads to a decrease in Tax Avoidance. This is because companies with higher institutional ownership are more accountable to their shareholders and therefore tend to engage in fewer tax avoidance practices.

H2: The greater the Institutional Ownership, the higher the Tax Avoidance.

2.4 The Influence of Audit Quality on Tax Avoidance

Audit quality refers to the potential for an auditor to identify discrepancies within a client's or company's financial records during the auditing process. These discrepancies, which may arise from irregularities in the client's accounting system, are then disclosed in the audited financial reports. The auditor conducts their duties in accordance with established auditing standards and the applicable code of ethics for public accountants [18]. Having a competent auditor present within the organization can serve as an effective means of monitoring management activities and sends encouraging indications to the company. With qualified financial examiners providing an important role in reducing agency conflicts [16].

Thus, the financial statements audited by KAP The Big Four can reduce the practice of Tax Avoidance. If the nominal tax paid is too high, companies tend to commit tax evasion, so that the higher the quality of a company's audit, the tendency to conduct earnings management for tax purposes can be avoided [5].

H3: The better the audit quality, the higher the Tax Avoidance.

2.5 The Influence Of The Audit Committee On Tax Avoidance

Supervision plays a crucial role within the corporate governance framework as a significant element. According to agency theory, effective supervision diminishes managers' opportunistic actions as agents. To establish a robust monitoring system, an audit committee is implemented within a company [20]. The audit committee is a specialized group made up of the board of commissioners. This committee is composed of independent commissioners who are recognized for their impartiality, along with external professionals who bring their expertise from outside the company. The establishment of an audit committee can increase performance on auditor independence [21].

According to the findings of a study carried out by [11], it is elucidated that the audit committee plays a highly efficient role in deterring instances of tax evasion. This effectiveness
stems from the fact that the audit committee's primary responsibility is to support the board of commissioners in overseeing the performance of the company. Consequently, the presence of an audit committee within an organization can act as a deterrent against engaging in actions aimed at Tax Avoidance. According to research conducted by [22], it has been found that the presence of an audit committee has a beneficial impact on the reduction of Tax Avoidance.

H4: The more Audit Committees, the higher the Tax Avoidance.

3 Methods
3.1 Population and Sample

The subjects of this study include publicly traded manufacturing companies in the food and beverage sector that are listed on the Indonesia Stock Exchange (IDX) from 2018-2022. The technique employed for sampling is purposive sampling (Judgmental Sampling), which is a sampling method using special considerations by researchers in determining samples that are considered representative of the population [23]. With the criteria of food and beverage sub-sector manufacturing companies that present annual financial reports from 2018-2022 and possessing comprehensive information pertaining to the variables utilized in this research. Companies that became samples and met the criteria after selection were 142 data.

3.2 Type of Data

This research employs numerical quantitative data to represent quantities or amounts. Then the data obtained is entered into a statistical measurement scale, so it can be said to be secondary data, because it comes from data that has been processed by other parties or institutions for certain purposes. The data that has been processed is then collected by the researcher as the research data concerned [23]. The information contained within this research is presented as yearly financial statements.

3.3 Data Source

The study acquired its data according to the financial reports available on the website www.idx.co.id, specifically the annual reports of manufacturing companies operating in the Food and Beverage sub-sector, the Indonesia Stock Exchange (IDX) published these reports from 2018-2022.
3.4 Data Collection Technique

There are multiple settings, sources, and methods available for conducting data collection in research. In this particular study, the data collection process involves utilizing documentation techniques. These techniques entail gathering information from historical records, such as written accounts, photographs, or significant achievements of individuals [24]. To conduct this research, the study relied on analyzing documents containing information sourced from the Indonesia Stock Exchange (IDX) released yearly financial statements for manufacturing companies involved in the food and beverage industry sector between 2018-2022.

3.5 Operational Definition And Variable Measurement

3.5.1 Tax Avoidance

Tax Avoidance is a way or effort to reduce the tax burden by not violating existing and applicable laws and regulations in Indonesia [25]. This research employs the Effective Tax Rate (ETR) as a substitute measure for assessing tax avoidance. The ETR is computed by dividing the funds designated for tax expenses by the pre-tax profit. When the monetary value of the ETR is greater, it signifies a reduced extent of tax avoidance carried out by the company [26].

3.5.2 Independent Commissioner

Independent commissioners are individuals who hold positions within a company's management, are major shareholders, officers, or have some form of direct or indirect connection to the majority shareholder. Their primary responsibility is to supervise and monitor the company's management. By acting as representatives of independent (minority) shareholders, these independent commissioners demonstrate their commitment to safeguarding the interests of various stakeholders, including investors [27].

3.5.3 Institutional Ownership

Institutional ownership refers to the ownership of shares held by institutions or organizations operating in Indonesia, including insurance service providers, banks, and other similar entities [14]. In the industry, institutional ownership plays a crucial role as it increases the level of oversight on company management. This, in turn, reduces the likelihood of management engaging in Tax Avoidance practices. Institutional ownership refers to the ownership of a company's shares by external entities, and its presence ensures stricter monitoring of managerial actions to prevent tax evasion [12].
3.5.4 Audit Quality

Audit quality refers to the caliber of an auditor's actions and outcomes, adhering to relevant auditing standards. Various criteria can be employed to gauge audit quality, with one such criterion being the magnitude of the Public Accounting Firm (KAP) [7]. The variable that assesses the quality of the audit is determined through the use of a dummy variable. When a company undergoes an audit conducted by one of the Big Four KAPs, it is assigned a value of 1. On the other hand, if the audit is conducted by a Non Big Four KAP, the company is assigned a value of 0.

3.5.5 Audit Committee

The audit committee is a panel formed by the company's board of commissioners, comprised of individuals handpicked and dismissed by the same board [8]. The main responsibilities of the audit committee include to aid the board of commissioners by offering impartial expert guidance in order to minimize any irregularities in the control of the company. So, the denser the supervision, the better the quality of the resulting performance [13]. The effectiveness of the audit committee can be evaluated by examining the overall count of members comprising the committee within a company.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Tax avoidance</td>
<td>$Etr = \frac{\text{tax expense}}{\text{profit before tax}}$</td>
<td>Ratio</td>
</tr>
<tr>
<td>2.</td>
<td>Independent commissioner</td>
<td>$\frac{\text{Total independent commissioners}}{\text{total members of the board of commissioners}}$</td>
<td>Ratio</td>
</tr>
<tr>
<td>3.</td>
<td>Institutional ownership</td>
<td>$\frac{\text{Total share owned by the institution}}{\text{total shares outstanding}}$</td>
<td>Ratio</td>
</tr>
<tr>
<td>4.</td>
<td>Audit quality</td>
<td>1 = company audited by kap big four&lt;br&gt;0 = company not audited by kap big four</td>
<td>Scale</td>
</tr>
<tr>
<td>5.</td>
<td>Audit committee</td>
<td>Total audit committee</td>
<td>Scale</td>
</tr>
</tbody>
</table>

4 Results and Discussion

4.1 Descriptive Statistic

The sample in this study was obtained using the Purposive Sampling (Judgmental Sampling) method. Based on the results of the data normality test after outliers as many as 9 samples must be removed, so that only 133 samples can be processed. which is described in TABLE 2.
Table 2. Descriptive Statistics

<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>Etr</td>
<td>133</td>
<td>-.334</td>
<td>.512</td>
<td>.17701</td>
<td>.156344</td>
</tr>
<tr>
<td>Independent</td>
<td>133</td>
<td>.333</td>
<td>.667</td>
<td>.41734</td>
<td>.088796</td>
</tr>
<tr>
<td>commissioner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional ownership</td>
<td>133</td>
<td>.287</td>
<td>1.000</td>
<td>.74766</td>
<td>.174455</td>
</tr>
<tr>
<td>Audit quality</td>
<td>133</td>
<td>0</td>
<td>1</td>
<td>.33</td>
<td>.472</td>
</tr>
<tr>
<td>Audit committee</td>
<td>133</td>
<td>1</td>
<td>3</td>
<td>2.98</td>
<td>.193</td>
</tr>
<tr>
<td>Valid n (listwise)</td>
<td>133</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (2023)

Tax Avoidance is assessed by calculating the Effective Tax Rate (ETR), which recorded a minimum of -0.034 in 2019 for PT Tri Banyan Tirta, Tbk, and a maximum of 0.512 in 2021 for PT FKS Food Sejahtera, Tbk. The average value of Tax Avoidance shows a positive result of 0.17701. The standard deviation value of Tax Avoidance of 0.156344 is greater than the average value. This shows that the Tax Avoidance variable has a higher level of data variation.

The minimum value of independent commissioners is 0.333 and the maximum value is 0.667. The average value of independent commissioners in the test results is 0.41734 with a standard deviation of 0.088796. The standard deviation value is smaller than the average value, meaning that the distribution of independent commissioner data is more evenly distributed. This explains that there is no large data gap in the independent commissioner variable.

The minimum value of institutional ownership of 0.287 is owned by PT Inti Agri Resources, Tbk in 2022 and the maximum value of 1.000 is owned by PT Wahana Interfood Nusantara Tbk in 2018 and PT Era Mandiri Cemerlang Tbk in 2019. The average value of institutional ownership in the test results of 0.74766 is greater than the standard deviation of 0.174455, which means that the data distribution is more evenly distributed. This explains that there is no large data gap in the institutional ownership variable.

The lowest possible level of audit quality is zero, while the highest achievable level is one. The companies audited by Non The Big Four KAPs are 66.917% and the rest of the companies audited by The Big Four KAPs are 33.0828%. The test results reveal an average audit quality value of 0.33, accompanied by a standard deviation of 0.472 for the deviation rate. It is noteworthy that the standard deviation value exceeds the average value, suggesting a significant disparity or deviation in the data. This outcome signifies a substantial gap or distinction that exists within the dataset.

The minimum value of the audit committee of 1 is owned by PT Wahana Inti Makmur Tbk in 2022 and the maximum value of 3 is owned by all companies in the sample except those already mentioned at the minimum value. The average value of the audit committee in the test results is 2.98 and has a standard deviation on the deviation rate of 0.193, meaning that the distribution of audit committee data is more evenly distributed. This explains that there is no large data gap in the audit committee variable.
4.2 Normality Test

The data normality test aims to assess whether the residual variables in the regression model adhere to a normal distribution. A simple statistical test in normality can be done using the Skewness and kurtosis ratio values with a significant value of 5% (0.05) the critical value is ± 1.96 [28]. The findings of the residual normality check are shown in Table 3.

**Table 3. Residual Normality Test Results Before Outlier**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Skewness Statistic</th>
<th>Skewness Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Kurtosis Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized residual</td>
<td>142</td>
<td>8.959</td>
<td>.203</td>
<td>98.343</td>
<td>.404</td>
</tr>
<tr>
<td>Valid n (listwise)</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (2023)

From the skewness and kurtosis values in table 3, the Zskewness and kurtosis values can be calculated as follows:

\[
Z_{\text{SKEWNESS}} = \frac{8.959}{\sqrt{6/133}} = 0.0257 \quad (1)
\]

\[
Z_{\text{KURTOSIS}} = \frac{98.343}{\sqrt{24/133}} = 0.1413 \quad (2)
\]

From the findings of the normality test, it is clear that the Zskewness value, which is 0.0257, is less than 1.96. Similarly, the Zkurtosis value of 0.1413 is also less than 1.96. These comparisons were made with a significance level of 0.05. These results indicate that there are still some outliers present in the data, which suggests the need for removing or handling these extreme values in order to achieve a normal distribution. The results of the normality test after the removal of outliers are presented in Table 4.

**Table 4. Residual Normality Test Results After Outliers**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Skewness Statistic</th>
<th>Skewness Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Kurtosis Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized residual</td>
<td>133</td>
<td>-.463</td>
<td>.210</td>
<td>.607</td>
<td>.417</td>
</tr>
<tr>
<td>Valid n (listwise)</td>
<td>133</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (2023)

From the skewness and kurtosis values in table 4, it can be calculated as follows:

\[
Z_{\text{SKEWNESS}} = \frac{-0.463}{\sqrt{6/133}} = -0.0014 \quad (3)
\]
\[
\begin{align*}
ZKURTOSIS &= \frac{0.417}{\sqrt{24/133}} = 0.0006 \\
\end{align*}
\]  

(4)

Based on the normality test above, it can be seen that the Zskewness and Zkurtosis values are less than 1.96, this indicates that the data has been normally distributed.

### 4.3 Classic Assumption Test

The classical assumption test is employed to determine the viability of analyzing the data or not. The test is carried out as follows:

#### 4.3.1 Multicollinearity Test

The multicollinearity test is utilized to assess whether the regression model has detected associations between the predictor variables. It is desirable for a regression model to have no correlation among its independent variables in order to be considered ideal [28]. The outcomes of the multicollinearity test are presented in **TABLE 5**, as shown below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Collinearity statistics</th>
<th>Tolerance</th>
<th>Vif</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent commissioner</td>
<td>.988</td>
<td>.910</td>
<td>1.012</td>
<td>1.099</td>
</tr>
<tr>
<td>Institutional ownership</td>
<td>.907</td>
<td>.907</td>
<td>1.102</td>
<td>1.102</td>
</tr>
<tr>
<td>Audit quality</td>
<td>.990</td>
<td>.990</td>
<td>1.010</td>
<td>1.010</td>
</tr>
<tr>
<td>Audit committee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (2023)

According to the findings from the test on multicollinearity, it has been determined that the tolerance value exceeds 0.10 for all the independent variables, and the VIF (Variance Inflation Factor) value is below 10.00. These results suggest that the regression model is free from multicollinearity.
4.3.2 Autocorrelation Test

The autocorrelation test serves the purpose of evaluating whether there exists a correlation between the confounding variables at a specific time period (t) and the preceding confounding variable (t-1). An ideal regression model is characterized by its absence of autocorrelation, indicating a lack of correlation between consecutive confounding variables [28]. In this research, the Durbin Watson test method was employed to determine the value of Durbin Watson. The outcomes of the autocorrelation test are presented in **TABLE 6** as indicated below.

**Table 6. Autocorrelation Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted r square</th>
<th>Std. Error of the estimate</th>
<th>Durbin-watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.454a</td>
<td>.206</td>
<td>.181</td>
<td>.14149</td>
<td>1.972</td>
</tr>
</tbody>
</table>

A. Predictors: (constant), audit committee, independent commissioner, institutional ownership, audit quality
B. Dependent variable: etr

Source: Secondary Data Processed (2023)

**Table 7. Durbin Watson Results**

<table>
<thead>
<tr>
<th>Du</th>
<th>Dl</th>
<th>Dw</th>
<th>4-du</th>
<th>4-dl</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7797</td>
<td>1.6554</td>
<td>1.972</td>
<td>2,2209</td>
<td>2,3446</td>
<td>No autocorrelation symptoms</td>
</tr>
</tbody>
</table>

Source: Secondary Data Processed (2023)

The Durbin Watson value in **TABLE 7** reveals, according to the outcomes of the autocorrelation test, a value of 1.972. The conclusion is drawn that the foundation for making decisions is dU < DW < 4-dU = 1.7791 < 1.972 < 2.2209 so that it is said that there is no autocorrelation either positive or negative.

4.3.3 Heteroscedasticity Test

The purpose of the heteroscedasticity test is to determine if the residual variances are equal for all observations in the regression model. In this research, the Glesjer test was utilized to assess heteroscedasticity. If the significance probability is higher than 0.05 or above the 5% confidence level, it indicates that the regression model does not exhibit heteroscedasticity. Conversely, if the significance probability is lower than 0.05, it suggests the presence of heteroscedasticity in the regression model [28]. Table 8 displays the findings of the heteroscedasticity examination as follows:
Table 8. Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized coefficients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(constant)</td>
<td>.073</td>
<td>.164</td>
<td>.442</td>
<td>.659</td>
</tr>
<tr>
<td>Independent commissioner</td>
<td>-.168</td>
<td>.110</td>
<td>-.132</td>
<td>-1.524</td>
</tr>
<tr>
<td>Institutional ownership</td>
<td>-.009</td>
<td>.059</td>
<td>-.014</td>
<td>-.160</td>
</tr>
<tr>
<td>Audit quality</td>
<td>.042</td>
<td>.022</td>
<td>.176</td>
<td>1.951</td>
</tr>
<tr>
<td>Audit committee</td>
<td>.041</td>
<td>.051</td>
<td>.071</td>
<td>.820</td>
</tr>
</tbody>
</table>

A. Dependent variable: abs_res

Source: Secondary Data Processed (2023)

The outcomes of the heteroscedasticity examination suggested that the independent commissioners, institutional ownership, audit quality, and audit committee variables demonstrate levels of significance that exceed 0.05. Consequently, we can deduce that the regression model does not display any signs of heteroscedasticity.

4.4 Model Feasibility Test

4.4.1 Determination Coefficient Test (Adjusted R²)

The primary objective of the Adjusted R² test, also referred to as the coefficient of determination, is to evaluate how well a model can explain the variations in the dependent variable. The coefficient of determination ranges from zero to one. When the R² value is low, it indicates that the independent variables have a limited ability to clarify the dependent variable [28]. The following are the outcomes of the coefficient of determination examination are illustrated in Table 9.

Table 9. Determination Coefficient Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted r square</th>
<th>Std. Error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>.454a</td>
<td>.206</td>
<td>.181</td>
<td>.14149</td>
</tr>
</tbody>
</table>

A. Predictors: (constant), audit committee, independent commissioner, institutional ownership, audit quality

B. Dependent variable: etr

Source: Secondary Data Processed (2023)
The coefficient of determination test results reveal that the Adjusted R Square value is 0.181. This indicates that the Tax Avoidance factor is accounted for by the four variables outlined in the research model, specifically autonomous commissioners, institutional ownership, audit quality, and audit committee, with a significant impact of 18.1% and the remaining 81.9% of Tax Avoidance is explained by other variables that have not been examined in this study.

4.4.2 Model Test (F-Test)

The F test is utilized to assess the impact of the independent variable on the dependent variable by examining the significance value of F. If the significant probability value <0.05, it can be said that the model is feasible and vice versa [28]. The results of the F test are presented in table 10 as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.664</td>
<td>4</td>
<td>.166</td>
<td>8.293</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>2.562</td>
<td>128</td>
<td>.020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.227</td>
<td>132</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. Dependent variable: etr
B. Predictors: (constant), audit committee, independent commissioner, institutional ownership, audit quality

Source: Secondary Data Processed (2023)

According to the F test findings provided, it is evident that the computed F statistic is 8.293, yielding a significance level of 0.000. This indicates that the regression model holds predictive capability for the dependent variable, as the significance value is less than 0.05. Consequently, it can be inferred that the regression model employed in this investigation is deemed appropriate.

4.4.3 Hypothesis Test (T-Test)

The t statistical test essentially demonstrates the extent to which an independent variable has a noteworthy impact on the dependent variable on its own. If the probability value of significance is less than 0.05, it indicates that the independent variable has an effect on the dependent variable [28]. The findings of the t-test hypothesis test can be observed in the TABLE 11.
Table 11. Results of T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(constant)</td>
<td>.002</td>
<td>.208</td>
</tr>
<tr>
<td>Independent commissioner</td>
<td>-.012</td>
<td>.140</td>
</tr>
<tr>
<td>Institutional ownership</td>
<td>.349</td>
<td>.074</td>
</tr>
<tr>
<td>Audit quality</td>
<td>.049</td>
<td>.027</td>
</tr>
<tr>
<td>Audit committee</td>
<td>-.033</td>
<td>.064</td>
</tr>
</tbody>
</table>

A. Dependent variable: etr

Source: Secondary Data Processed (2023)

According to the outcomes of the hypothesis testing above, it can be seen that the variables whose significance is > 0.05 are independent commissioners and audit committees, while the variables whose significance is < 0.05 are institutional ownership and audit quality. This means:

1. First hypothesis (H1): Independent Commissioner variable shows a significance value of 0.993 greater than 0.05 with a negative direction. This implies that the Independent Commissioner does not have any impact on Tax Avoidance. Therefore, we can deduce that the initial hypothesis, which suggests a negative influence of the Independent Commissioner on Tax Avoidance, is valid. Then H1 is rejected.

2. Second hypothesis (H2): Institutional Ownership variable shows a significance value of 0.000 less than 0.05 with a positive direction. This implies that the presence of Institutional Ownership has a favorable impact on the practice of Tax Avoidance. Thus, we can infer that the second hypothesis, which posits that Institutional Ownership contributes positively to Tax Avoidance, holds true. Then H2 is accepted.

3. The third hypothesis (H3): The Audit Quality variable shows a significance value of 0.044 less than 0.05 with a positive direction. This implies that the quality of audits has a favorable impact on minimizing tax avoidance. Consequently, we can infer that the third hypothesis, which suggests that the quality of audits has an adverse influence on tax avoidance, is incorrect. Then H3 is rejected.

4. Fourth hypothesis (H4): The Audit Committee variable shows a significance value of 0.612 greater than 0.05 with a negative direction. This implies that the presence of the Audit Committee does not influence Tax Avoidance, leading to the conclusion that the fourth hypothesis, suggesting a positive impact of the Audit Committee on Tax Avoidance, is not supported. Then H4 is rejected.
4.5 Discussion
4.5.1 The Impact Of Independent Commissioners On Tax Avoidance

This study proves that independent commissioners have a negative and insignificant effect on Tax Avoidance. This means that the more the number of independent commissioners, the lower the Tax Avoidance. Independent Commissioners are individuals who serve on the board of commissioners and are not affiliated with the Securities Company. They must fulfill the criteria set by the Financial Services Authority (OJK) Regulation in order to qualify as independent commissioners.

The findings of this study align with the research carried out by [8], which indicates The existence of independent commissioners does not affect the extent of Tax Avoidance. In simpler terms, the presence of a larger or smaller proportion of independent commissioners within a company's board does not exert a substantial influence on its inclination towards Tax Avoidance. This is because independent commissioners only oversee management performance, while decision making remains the authority of management. The findings of this study are additionally corroborated by the research carried out by [29].

4.5.2 The Impact of Institutional Ownership on Tax Avoidance

Considering the results obtained institutional ownership has a significant positive effect on Tax Avoidance. This shows that the greater the institutional ownership, the higher the Tax Avoidance. Institutional investors possess more substantial assets compared to other shareholders, which positions them as capable of establishing an effective oversight system. The presence of an independent commissioner has a noteworthy and meaningful impact on the reduction of tax evasion. This indicates that the company's board of commissioners, who operate independently, play a crucial role in overseeing the decision-making process of company managers, thereby minimizing the occurrence of tax avoidance practices [31].

The findings of this study are corroborated by the research carried out by [30], which suggests that there is a notable and beneficial impact of institutional ownership on Tax Avoidance. As the proportion of institutional ownership rises, the company is confronted with an augmented duty to meet its tax responsibilities. This is due to the stronger control exercised by external parties to the company so as to prevent the potential for abuse of power, one of which is Tax Avoidance.

4.5.3 The Impact of Audit Quality on Tax Avoidance

Based on the results of this study prove that audit quality has a negative and significant effect on Tax Avoidance. The better the audit quality the company has, the lower the Tax Avoidance. The findings of this study align with the research carried out by [16], which affirms that Tax Avoidance remains unaffected by audit quality. This study shows that the entity does not have the ability to influence the independence of auditors by providing greater benefits. Regardless of
whether a business selects a Big Four or a non-Big Four Public Accounting Firm (KAP), the choice of KAP does not have an impact on tax avoidance.

This study supports the findings conducted by [26] who concluded that audit quality has no effect on tax avoidance practices. This demonstrates that the degree of audit quality, regardless of whether it is high or low, does not have a notable influence on tax avoidance. The practices of tax avoidance do not significantly differ between companies that undergo audits conducted by the prominent auditing firms known as the Big Four and those audited by other non-Big Four auditing firms. This is due to the fact that when KAP conducts audits of financial statements, they refer to the audit quality control standards set by the Indonesian Public Accountants Professional Standards Board (DSPAPI) and the ethical rules of public accountants that have been established by the IAIP. Therefore, the conduct of the audit is based on existing regulations.

4.5.4 The Impact of Audit Committee on Tax Avoidance

This study proves that the audit committee has a negative and insignificant effect on Tax Avoidance. It is analyzed that the more the number of audit committees, the lower the Tax Avoidance. This study is backed by the research carried out by [8], which affirms that the audit committee has a responsibility of overseeing and aiding the board of commissioners, so management will produce quality information and can carry out controls to minimize conflicts of interest in the company, one of which is Tax Avoidance. The neutrality of the audit committee typically doesn't guarantee that a company isn't engaged in Tax Avoidance, thus the presence of multiple audit committees within the company doesn't serve as a definite indicator.

The findings of this study align with the research carried out by the authors mentioned in reference [26], which states that the high and low presence of the audit committee has no effect on Tax Avoidance. The audit committee is tasked with supervising and evaluating operational performance that is not running properly, because the authority of the audit committee is still limited by the board of commissioners, allowing the audit committee to assist management in conducting Tax Avoidance. The findings of this study are further corroborated by investigations carried out by researchers [30], [12], [16], and [29].

5 Conclusion

Based on the research results described above, the findings suggest that Independent Commissioners, Audit Quality, and Audit Committee do not influence Tax Avoidance. However, it is evident that Tax Avoidance is affected by Institutional Ownership. This study has limitations on tax avoidance proxies and the sample only focuses on the food and beverage sector. Recommendations for further research are expected to use Tax Avoidance proxies other than Effective Tax Rate (ETR), for example the Cash Effective Tax Rate (CETR) or Box Tax Defference (BTD) method, and increase the number of samples by expanding the company sector or fields other than manufacturing, so as to obtain more accurate research results.
References


