International Journal of Business and Management Invention
ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X
www.ijbmi.org || Volume 5 Issue 5 || May. 2016 || PP—63-70

Why Company Does Tax Avoidance? Evidence from a Manufacturing Company in Indonesia Stock Exchange

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ABSTRACT: *The problem of this research is corporate social responsibility, profitability, independent Commissioners, and the ratio of Tobin q effect on tax avoidance. With the goal of obtaining empirical evidence whether corporate social responsibility, profitability, independent Commissioners, and the ratio of Tobin q effect on tax avoidance. The study sample as many as 34 companies manufacturing in the Jakarta Stock Exchange of 141 existing manufacturing companies The results Showed that CSR, profitability, independent Commissioners, and Tobin's q ratio has a significant effect on tax avoidance. While partially, independent directors, and Tobin's q ratio have no significant effect on tax avoidance, and tax avoidance Significantly Affects.*
Keywords: *Corporate Social Responsibility, Profitability, Independent Commissioner, Tax Avoidance.*

I. INTRODUCTION

According to sources in the Ministry of Finance, recorded revenues from the tax sector in 2011 amounted to IDR 872.6 billion of the target of IDR 878.7 billion. This means that the actual revenues reached 99.3%. In 2012 the value realization of tax revenue amounting IDR 980.17 billion from the target IDR 1,011.70 billion to the achievement of 96.88%. And in 2013 realized value decline reached 93.36%. In 2014 realization of tax revenue has decreased again to 91.73%. Until the year 2015 realization of tax revenue continued to decline to 81.5%. of the difference between the actual and the target show that the acceptance and targets tax receipts are not as expected.

Constraints faced by the government in optimizing tax revenue are their treatment of tax avoidance. Released one national newspaper revealed that one of the rich Indonesia Forbes Magazine caught with a horrendous case of HSBC Swiss world related to the practice of tax evasion. Besides Switzerland, has become common knowledge and longstanding that many large companies Indonesia chose headquarters in Singapore when the source of income is in Indonesia. The tax rate in Indonesia has been lowered to 25% in 2010. However, this rate is still relatively high when compared to neighboring countries in ASEAN, such as Thailand with the tax rate of 20%, Vietnam tax rate of 22%, and Singapore, with the tax rate of 17%. Outside of Southeast Asia such as Hong Kong set a tax rate of 16.5%. Moreover, for a country that is often called the Tax Haven Countries, such as Bermuda, Bahamas, Cayman Islands do not levy corporate income tax or in other words the tax rate of 0%.

Britain described the experience of tax avoidance is done by structured. Late in 2012, the British tax agency of HM Revenue and Customs (HMRC) tax reporting darn four global companies. As one case in point is the coffee shop of the Franchisor from the United States (US). British Parliament highlighted the franchisor's financial statements are stated losses of 112 million pounds during 2008-2010 and did not overpaid corporate income tax in 2011. However, in a report to investors, Franchisor declared turnover during 2008-2010 with a value of 1.2 billion pounds, or IDR 18 billion. Franchisor mode by creating a financial statement of income as is done in three ways: 1) pay royalties on offshore licensing the design, recipe and logo to its branches in the Netherlands, 2) pay interest on the debt is very high, where the debt is actually used for expansion of coffee shops in other countries, 3) by buying raw materials from its branches in Switzerland despite the delivery of goods directly from producers and not go to Switzerland.

The link between CSR and tax evasion has been investigated by several researchers in Indonesia with different results among studies conducted Yoehana (2013) and Muzakki (2015) who found that CSR negative effect on tax evasion, which means that the higher the level of disclosure CSR a company, the lower the tax avoidance practices. While the research conducted by Winarsih, Prasetyono, and Kusufi (2014) shows that CSR has no effect on acts of tax avoidance, because the CSR information disclosed in the report do not necessarily correspond with the actual conditions. So that the level of disclosure of social responsibility in the company's annual report is not a guarantee would lower the aggressive tax measures undertaken by the company.

The practice of tax avoidance is also affected by the financial characteristics. Financial characteristics can be seen from the profitability of which is the company's ability to earn a return that is seen from the performance of a company. Profitability is composed of several ratios, one of which is Return on Assets (ROA), which may reflect the company's financial performance. If the value the higher the ROA, the better the performance of the company by using the assets in net profit. Companies that obtain high returns are assumed to tax avoidance.

Because the company is able to manage its assets with either one of them to take advantage of depreciation and amortization expenses, as well as take advantage of tax incentives and other tax breaks that the company looks tax avoidance.

II. LITERATURE REVIEW

A company is a resident of that fact that a corporate governance structure rules affecting the way a company to meet its tax obligations, but on the other hand tax planning depends on the dynamics of corporate governance in a company (Friese, Link and Mayer, 2006). Measure tax avoidance difficult and data for payment of taxes in a tax return is hard to come by for the necessary approaches to gauge what the actual taxes paid by the company to the government, therefore, in their study adopts an indirect approach to measuring the dependent variable tax evasion is to start calculate the difference in accounting income with income / taxable income (gap between financial and taxable income), the difference is reported to shareholders or investors, while the tax Office with tax Regulation, this distinction is known as book tax gap (Desai and Dharmaphala, 2008).

Tax avoidance activities conducted by the management of a company solely in an effort to minimize the company's tax liability (Khurana and Moser, 2009). Tax avoidance is an aggressive tax strategy undertaken by the company to minimize tax burden, so this activity raises the risk for companies such as fines and the bad reputation of the company in the eyes of the public.

In recent years the tax authorities seems to have tried as best as possible not only enforce clear boundaries between tax avoidance and tax avoidance in an effort to tax planning, but also to prevent the taxpayer entered into a gap ambiguity posed by tax laws (Bovi, 2005). The aim is to prevent the taxpayer uses the structure of the ratings seem ambiguous legal status so that they can be accepted as a tax planning effort but it turned out to violate the rules themselves. In an effort to achieve that goal then carried out various measures include the holding of an intensive audit, procedural pressure, publicity affecting the reputation, etc. This study is a modification of the research related to the influence of corporate governance on tax avoidance. Using the reference study conducted by researchers earlier researchers. This was done in view of the lack of research related to corporate governance and tax avoidance conducted by researchers in Indonesia.

Tax avoidance is not a violation of tax laws for business taxpayers to reduce, avoid, minimize or alleviate the tax burden carried by means permitted by the Tax Act. The method according Merks (2007) is a) move the subject of taxes and/or tax object to countries that provide preferential tax treatment or tax relief (tax haven country) on a type of income (substantive tax planning), b) attempt evasion taxes to maintain the economic substance of the transaction through a formal selection that gives the tax burden is the lowest (formal tax planning), c) the provisions of the Anti Avoidance of transactions transfer pricing, thin capitalization, treaty shopping, and controlled foreign corporation (Specific Anti Avoidance Rule); as well as transactions that have no business substance (General Anti Avoidance Rule).

Peneitian related to tax avoidance has previously been performed by Desai and Dharmapala (2008); Sartori (2010); Friese, Link and Mayer (2006); Chen and Chu (2010); Bovi (2005); Chai and Liu (2010); Kim, Li and Li (2010); Crocker and Slemrod (2003). Measurements related to tax avoidance is done by using proxy book tax gap as a measuring tool. Book tax gap is the gap or difference between commercial profit reported in the income statement according to the accounting rules with fiscal income or profit reported in the income statement for tax purposes which is based on the tax laws of the country concerned (Bovi, 2005).

Leaders of companies that are risk taker will tend to be more courageous in making decisions even though such decisions at high risk. Furthermore the owner of this character did not hesitate in financing that comes from debt to the company's growth faster (Lewellen, 2003). Dyreng et al., (2010) conducted a study to determine whether the individual top executive has an influence on corporate tax evasion. Samples used as much as 908 leaders of companies listed on ExecuComp result that the executive leadership of the company) individually have a significant role to the level of corporate tax evasion. Head of the company (CEO, CFO, and other top executives) as individual policy makers certainly have a different character.

In addition to executive character and characteristics of the company that has associated with tax evasion, the rules of corporate governance structure also affect the way companies meet their tax obligations. Good corporate governance arises because of the separation between ownership with managers of companies that can give rise to agency problems. The relationship between tax with good corporate governance has been studied by several researchers, one research conducted by Desai and Dharmapala (2006). According to him, the relationship between compensation incentives with tax avoidance actions is negative. This negative relationship is more common in companies that have high levels of governance, which in its management of opportunism manager thought to be the dominant factor. Both the poor corporate governance is reflected in institutional ownership, the proportion of independent board, quality audit, and the audit committee.

Company sizes as a scale or value that can classify a company into large or small category based on total assets, log size, and so on. The greater the total assets indicate the greater the size of the company. According to Rego (2003), the larger the size of the company, then the transaction is carried out will be more complex. So it allows

the company to take advantage of the gaps that exist to perform acts of tax avoidance of any transaction. In addition the company to be operating across the country have a tendency to commit acts of tax avoidance which is higher than the companies that operate across domestic, because they were able to transfer profits to companies located in other countries, where these countries levy tax rate is lower than other countries.
Siegfried (1972) in Richardson and Lanis (2007) states that the larger the company the lower the CETR has, this is because the big companies are better able to use its resources to create a good tax planning (political power theory). However, companies are not always able to use its power to tax planning due to limitation in the form of the possibility of the spotlight and the target of regulatory decisions - political cost theory (Watts and Zimmerman, 1986).

III. RESEARCH METHOLOGHY

Sampling

The companies listed on the Indonesian Stock Exchange (BEI) in the period from 2012 to 2014 as many as 141 companies. Samples taken as many as 34 companies with a method purposive sampling with criteria: 1) Companies listed on the Indonesia Stock Exchange for the years 2012 to 2014, 2) the Company publishes financial statements and annual report during the observation period from 2012 to 2014, 3) Company publish the financial statements in Rupiah, 4) company subject to corporate income tax, 5) the company did not have a return of negative / loss during the period 2012 to 2014 in which the company suffered a loss means the tax burden, 6) the company has a complete data needed in the study. CSR activities such as express company, has the independent directors, and its shares are actively traded, 7) Companies that met the study criteria for three consecutive years.

Research variable

1. *Tax Avoidance* in these studies proxies by using effective tax rates (ETR). ETR is the ratio of the tax burden on corporate earnings before income tax. ETR illustrates the profits before tax were sacrificed to pay the corporate tax burden. Likewise, it is assumed that companies that tax evasion will have a low value of ETR.
2. *Corporate Social Responsibility (CSR)* in this study using a proxy for CSR disclosure. CSR variable measurement is done using a checklist with CSR indicators of the Global Reporting Initiative (GRI). CSR indicators used in this study are the index GRI G3.1. Standards of disclosure in the Global Reporting Initiative G3.1 Guidelines includes six categories, namely economic performance, environmental performance, labor practices, human rights, civil society, and product responsibility that has 84 items.
3. *Profitability* in this study using ROA as a proxy of profitability for ROA is an indicator that reflects the company's financial performance that shows a company's success in generating profits.
4. *The Commissioner* is an independent board member who is not affiliated with the directors, commissioners and other controlling shareholders, as well as free of a business relationship or other relationship. This variable is measured by dividing the number of independent directors with the number of commissioners.
5. *Tobin Q ratio* is the ratio between the total stock market price plus the book value of total debt divided by the book value of equity plus the book value of the company's total debt, which is what share of the value of the company on the stock market.

Multiple Regression Analysis

This study used regression analysis model. This study uses four independent variables, corporate social responsibility, profitability, independent commissioners, and Tobin q ratio. And the dependent variable is tax avoidance. The regression model in this study can be formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + €$$

Which:

Y	= Tax Avoidance
α	= Constant
β1, β2, β3, β4	= regression coefficient of Corporate Social Responsibility, Profitability, Independent Commissioner, and Tobin's Q Ratio
X1	= Corporate Social Responsibility
X2	= Profitability
X3	= Independent Commissioner
X4	= Tobin Q ratio
€	= Error

IV. RESULT AND DISCUSSION

The data used in this research is secondary data are derived from the Annual Report and Financial Statements. Here are the Company's total assets, which become the sample in this study:

Table 1. Company Assets

No.	Code	Company Assets		
		Years 2012 (IDR)	Years 2013 (IDR)	Years 2014 (IDR)
1.	ADES	389.094.000.000	441.064.000.000	504.865.000.000
2.	AKPI	1.714.834.430.000	2.084.567.189.000	2.227.042.590.000
3.	ALDO	184.896.742.887	301.479.232.221	356.814.265.668
4.	AMFG	3.115.421.000.000	3.539.393.000.000	3.918.391.000.000
5.	BUDI	2.299.672.000.000	2.382.875.000.000	2.476.982.000.000
6.	CPIN	12.348.627.000.000	15.722.197.000.000	20.862.439.000.000
7.	DLTA	745.306.835.000	867.040.802.000	991.947.134.000
8.	GGRM	41.509.325.000.000	50.770.251.000.000	58.220.600.000.000
9.	HMSP	26.247.527.000.000	27.404.594.000.000	28.380.630.000.000
10.	ICBP	17.753.480.000.000	21.267.470.000.000	24.910.211.000.000
11.	INDF	59.324.207.000.000	78.092.789.000.000	85.938.885.000.000
12.	INTP	22.755.160.000.000	26.607.241.000.000	28.884.973.000.000
13.	JECC	708.955.186.000	1.239.821.716.000	1.062.476.023.000
14.	JPFA	10.961.464.000.000	14.917.590.000.000	15.730.435.000.000
15.	KAEF	2.076.347.580.785	2.471.939.548.890	2.968.184.626.297
16.	KBLM	722.941.339.245	654.296.256.935	647.249.655.440
17.	KDSI	570.564.051.755	850.233.842.186	952.177.443.047
18.	KLBF	9.417.957.180.958	11.315.061.275.026	12.425.032.367.729
19.	LION	433.497.042.140	498.567.897.161	600.102.716.315
20.	LMSH	128.547.715.366	141.697.598.705	139.915.598.255
21.	MBTO	609.494.013.942	611.769.745.328	619.383.082.066
22.	MYOR	8.302.506.241.903	9.710.223.454.000	10.291.108.029.334
23.	SCCO	1.486.921.371.360	1.762.032.300.123	1.656.007.190.010
24.	SIPD	3.298.123.574.771	3.155.680.394.480	2.800.914.553.878
25.	SKLT	249.746.467.756	301.989.488.699	331.574.891.637
26.	SMSM	1.441.204.473.590	1.701.103.245.176	1.749.395.000.000
27.	SRSN	402.108.960.000	420.782.548.000	463.347.124.000
28.	TCID	1.261.572.952.461	1.465.952.460.752	1.853.235.343.636
29.	TRIS	366.248.271.960	449.008.821.261	523.900.642.605
30.	TRST	2.188.129.039.119	3.260.919.505.192	3.261.285.495.052
31.	TSPC	4.632.984.970.719	5.407.957.915.805	5.592.730.492.960
32.	ULTJ	2.420.793.382.029	2.811.620.982.142	2.917.083.567.355
33.	UNIT	379.900.742.389	459.118.935.528	440.727.374.151
34.	UNVR	11.984.979.000.000	13.348.188.000.000	14.280.670.000.000

From the table above, total assets of the company, which is the highest in the sample in this study, is an asset owned by PT Indofood Sukses Makmur Tbk (INDF) of IDR 85.938.885.000.000. The second highest total assets of PT Gudang Garam Tbk (GGRM) of IDR 58.220.600.000.000. While the total assets of the lowest in the sample in this research is PT Lionmesh Prima Tbk (LMSH) of IDR 139.915.598.255. And followed by PT

Sekar Laut Tbk (SKLT) of IDR 331.574.891.637, as well as PT Alkindo Naratama Tbk (ALDO) of IDR 356.814.265.668.

Table 2. Foreign Ownership

No.	Code	Company	Foreign Ownership
1.	ADES	PT. Akasha Wira International Tbk	91,94%
2.	AKPI	PT. Argha Karya Prima Industry Tbk	45,41%
3.	ALDO	PT. Alkindo Naratama Tbk	58,46%
4.	AMFG	PT. Asahimas Flat Glass Tbk	43,86%
5.	BUDI	PT. Budi Acid Jaya Tbk	54,00%
6.	CPIN	PT. Charoen Pokphand Indonesia Tbk	55,53%
7.	DLTA	PT. Delta Djakarta Tbk	58,33%
8.	GGRM	PT. Gudang Garam Tbk	75,55%
9.	HMSP	PT. Hanjaya Mandala Sampoerna Tbk	98,18%
10.	ICBP	PT. Indofood CBP Sukses Makmur Tbk	80,00%
11.	INDF	PT. Indofood Sukses Makmur Tbk	50,07%
12.	INTP	PT. Indocement Tunggal Prakasa Tbk	51,00%
13.	JECC	PT. Jembo Cable Company Tbk	20,00%
14.	JPFA	PT. Japfa Comfeed Indonesia Tbk	57,51%
15.	KAEF	PT. Kimia Farma Tbk	9,75%
16.	KBLM	PT. Kabelindo Murni Tbk	33,93%
17.	KDSI	PT. Kedawang Setia Industrial Tbk	75,70%
18.	KLBF	PT. Kalbe Farma Tbk	56,71%
19.	LION	PT. Lion Metal Works Tbk	57,70%
20.	LMSH	PT. Lionmesh Prima Tbk	32,22%
21.	MBTO	PT. Martina Berto Tbk	66,82%
22.	MYOR	PT. Mayora Indah Tbk	32,93%
23.	SCCO	PT. Supreme Cable Manufacturing and Commerce Tbk	11,81%
24.	SIPD	PT. Siearad Produce Tbk	53,03%
25.	SKLT	PT. Sekar Laut Tbk	57,39%
26.	SMSM	PT. Selamat Sempurna Tbk	58,13%
27.	SRSN	PT. Indo Acitama Tbk	32,21%
28.	TCID	PT. Mandom Indonesia Tbk	60,84%
29.	TRIS	PT. Trisula International Tbk	15,11%
30.	TRST	PT. Trias Sentosa Tbk	25,34%
31.	TSPC	PT. Tempo Scan Pasific Tbk	77,53%
32.	ULTJ	PT. Ultrajaya Milk Industry and Trading Company Tbk	9,50%
33.	UNIT	PT. Nusantara Inti Corpora Tbk	54,79%
34.	UNVR	PT. Unilever Indonesia Tbk	84,99%

Furthermore, when seen from the percentage of foreign ownership of companies is the highest in the sample in this research is PT Hanjaya Mandala Sampoerna Tbk (HMSP) amounted to 98.18%. And the second is PT Akasha Wira International Tbk (ADES) amounted to 91.94%. While foreign ownership of the lowest in the sample in this research is PT Ultrajaya Milk Industry and Trading Company Ltd (ULTJ) amounted to 9.50% and the lowest second is PT Kimia Farma Tbk (KAEF) of 9.75%.

Descriptive statistics will give a general description of the variables examined in this study.

Table 3. Descriptive Test Results

	Minimum	Maximum	Mean	Std. Deviation
TX.AVD (Y)	0,05977	2,26309	0,3130449	0,24448506
CSR (X1)	0,02381	0,70238	0,1587299	0,13153901
PROF (X2)	-0,18000	71,51000	11,3657843	11,32405933
KOM.IND (X3)	0,25000	0,80000	0,4039783	0,12638469
R.TOBIN (X4)	0,43563	17,93550	2,6955164	3,13243867

Tax avoidance is calculated by the ETR (Effective Tax Rate) has an average value of 0.3130449 to the lowest value of 0.05877 and a high of 2.26309. CSR shows the number of disclosed information regarding the company's corporate social responsibility has an average value of 0.13153901. The biggest value for the disclosure of CSR information of 0.70238 or as many as 59 items. While the lowest value of 0.02381 or as much as 2 item disclosure. Proxy calculates profitability ROA with 102 samples showed an average value 11.3657843 with the lowest value of -0.18000 and the highest value of 71.51000. This shows that the companies sampled had high levels of profitability. Independent commissioner shows the average value of 0.4039783 to 0.25000 while the lowest value highest value of 0.80000. It shows companies that the sample had a fairly strong independent commissioner. Tobin q ratio that assesses companies on the stock market with 102 samples showed an average value of 2.6955164 to the lowest value of 0.43563, while the highest value of 17.93550. It shows companies that the sample has a value of companies on the stock market are quite high.

This study aims to determine whether the independent variables in this study are CSR, profitability, independent commissioners, and the ratio of Tobin Q effect on tax avoidance. This study was performed on companies listed on the Stock Exchange the period 2012-2014 with a total population of 141 companies and selected according to criteria of a sample of 34 companies.

Judging the value of Adjusted R-Square with the values obtained at 0.173 or 17.3%. This implies that the effect of independent variable: CSR, profitability, independent commissioners, and Tobin Q ratio is able to explain the tax avoidance as the dependent variable was 17.3%. While the remaining 82.7% is influenced by other variables outside the model tested in this study.

Results of testing the effect of CSR, profitability, independent commissioners, and Tobin Q ratio against tax avoidance showed that the variables of CSR, profitability, independent commissioners, Tobin Q ratio and effect together against tax avoidance. The result can be seen that the F-test amounted to 5.340 > 2.49 with a significance level of 0.001 < 0.05.

Results of testing the effect of CSR on tax avoidance CSR indicates that the variable does not affect tax avoidance. The results are consistent with research conducted by Winarsih, Prasetyo, and Kusufi (2014), that it shows the disclosure of CSR can not be a measure of the performance of CSR disclosed by the company in its annual report, or in other words, disclosure statements CSR of the company not necessarily correspond with the actual conditions, and the control of the parties concerned towards CSR reporting as well not exist so that the truth of disclosure statements can not be accounted for. The level of disclosure of CSR activities in their annual reports the company is not a guarantee would lower the tax avoidance practices by the company. But not in line with research conducted by Yoehana (2013) and Muzakki (2015) which states that the CSR effect on tax avoidance, with the result of a negative effect, which means that the higher the level of disclosure of CSR of a company, the lower the practice of tax avoidance.

Based on test results influence the profitability of the tax avoidance that has been done, shows that the profitability of using proxy ROA (Return On Assets) negative effect on tax avoidance. This study is in line with research conducted by the Maharani and Suardana (2014). That it demonstrates the higher the ROA, the lower the tax evasion practices act, not even tax evasion. Because the company makes a profit is higher, it will be the better performance of the company, so the company is able to organize income and tax payments. And conversely the lower ROA value of a company, the higher the level of tax avoidance practices. But not in line with research conducted by Rachmithasari (2015) found no effect on the profitability of tax avoidance. Tax avoidance is a risky activity, so managers will not take risks in minimizing investment risk. Tax avoidance can also impose a significant cost to the companies and their managers, including the fees paid to tax consultants, time spent on the completion of a tax audit, a fine reputation, and fines are paid to the tax authorities.

Based on the results of testing the influence of independent directors against tax avoidance that has been carried out, showing that an independent commissioner has no effect on tax avoidance. This study is in line with research conducted by Meiza (2015) that it demonstrates the results do not correspond with the functions carried out by the independent directors to balance in decision-making, especially in the context of the protection of minority shareholders and other parties concerned. The existence of an independent commissioner looks just as fulfilling the need for regulatory compliance. In contrast to research conducted by the Maharani and Suardana (2014) which states independent commissioner effect on tax avoidance, which means the existence of independent board effective in preventing acts of tax evasion. More number of independent directors, the greater its influence to supervise the performance of management. With increasingly strict supervision, management will be cautious in taking decisions and transparency in running the company.

Based on test results influence the Tobin Q ratio against tax avoidance that has been done, indicating that Tobin Q ratio has no effect on tax avoidance. This means the treatment of tax avoidance does not make the company's market value increased. The company maintains its market value by investors who believe in the company that is free from harassment of tax avoidance. Because investors prefer companies that have good management decisions, for better investment also in the long term. But not in line with research conducted by Pohan (2008) and Pohan (2009) which states that the ratio Tobin Q effect on tax avoidance, that the company's performance and value of companies that are both larger effect of lowering the evasion of taxes than companies that have a relative performance is less good.

V. CONCLUSION AND RECOMMENDATION

CSR does not affect the tax avoidance on manufacturing companies listed in Indonesia Stock Exchange. This means that CSR reporting can not be a measure of the performance of CSR disclosed by the company because the company's CSR disclosure reports are not necessarily correspond with the actual conditions. Profitability (ROA) negative effect on tax avoidance on manufacturing companies listed in Indonesia Stock Exchange. This means that the higher the ROA, the lower the tax avoidance measures. Because companies that obtain the higher profit, the company is able to organize income and tax payments. Conversely the lower ROA value of a company, the higher the level of tax avoidance practices. Independent commissioner has no effect on tax avoidance on manufacturing companies listed in Indonesia Stock Exchange. This means that the presence of independent directors is seen only as provider of the only regulatory compliance. Tobin Q ratio does not affect the tax avoidance on manufacturing companies listed in Indonesia Stock Exchange. This means that the treatment of tax evasion does not make the company's market value increased. Further research is expected to use the sample not only on the type of manufacturing company alone, but on all kinds of public companies listed on the Indonesia Stock Exchange. Besides other proxy models to calculate the variable tax avoidance, profitability and Tobin Q ratio as the value of the company can be an alternative to subsequent researchers. Researchers further can also use other variables that may affect alleged tax avoidance and the use of other proxies on corporate governance in order to illustrate the effectiveness of the corporate governance.

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