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The Role of Institutional Ownership as A Moderating Variable in Determining Disclosure of Tax Avoidance (Mining Sector Companies 2018-2022)

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Abstract

The research objective is to determine how profitability, capital intensity, company size, and tax avoidance are influenced by institutional ownership. Sample for this research is 34 mining companies registered between 2018 and 2022 on the Indonesian Stock Exchange. Random effect model (REM) is the test model chosen, and panel regression data is tested using the Eviews12 program. The results of the profitability research have a significant positive result on tax avoidance. Capital intensity has no effect on tax avoidance. Meanwhile, business size has a significant effect on tax avoidance in a negative direction. Institutional ownership is unable to moderate profitability and capital intensity to prevent tax avoidance. However, institutional ownership is able to moderate company size on tax avoidance practices.

Keywords: Capital intensity, Firm size, Institutional ownership, Profitability, Tax avoidance.

Abstrak

Tujuan penelitian adalah untuk mengetahui bagaimana profitabilitas, intensitas modal, ukuran perusahaan, dan penghindaran pajak dipengaruhi oleh kepemilikan institusional. Sampel survei ini adalah 34 perusahaan pertambangan yang terdaftar antara tahun 2018 dan 2022 di Bursa Efek Indonesia. Random effect model (REM) merupakan model pengujian yang dipilih, dan data regresi panel diuji menggunakan program Eviews 12. Hasil penelitian profitabilitas berpengaruh signifikan terhadap penghindaran pajak dengan arah positif. *Capital intensity* tidak berpengaruh terhadap tax avoidance. Sedangkan ukuran usaha berpengaruh signifikan terhadap penghindaran pajak dengan arah negatif. Kepemilikan institusional tidak mampu memoderasi profitabilitas dan capital intensity untuk mencegah penghindaran pajak. Namun, kepemilikan institusional mampu memoderasi ukuran perusahaan terhadap praktik penghindaran pajak.

Kata kunci: *Capital Intensity*, Ukuran perusahaan, Kepemilikan institusional, Profitabilitas, *Tax Avoidance*.

1. INTRODUCTION

Efforts to optimize profits and reduce the tax burden are commonly called tax avoidance, many companies and individuals are involved in this legal practice (Finley, 2019). This practice, although legal, is often controversial because it can reduce tax revenues that the government should receive, which in turn can affect the sustainability of state finances and the financing of social programs and infrastructure (Abdani, 2020). Tax avoidance is expected to occur in the mining company sector. According to Suwiknyo ((2021)) report from PricewaterhouseCoopers (PwC) Indonesia, as many as 70% of 40 large companies in the mining sector have not adopted transparent tax reporting practices. Tax transparency is one important aspect that is still lacking in monitoring the large financial contributions of mining companies to society.

This fact is supported by data showing that Indonesia is one of the most productive countries in the global coal mining industry and is ranked fifth as the largest coal producer in the world. Indonesia produces around 485 million tons of coal, or around 7.2% of total coal production worldwide (BPS, 2023). In addition, Indonesia is the second largest coal exporter in the world after Australia, where around 80% of all Indonesian coal production is exported. Even though the mining industry produces large economic value, its tax contribution appears to be low as can be seen from the ratio table of national and mining tax revenues (Suwiknyo, 2021). Therefore, the mining sector is an interesting sector to research regarding the gap in tax payments to the state treasury, according to the topic to be researched regarding avoidance of taxes.

The higher the firm's gains, the higher the tax problem, which pushes firms to take out tax avoidance (Handayani, 2018). In addition, Hermawan et al. (2021) find that profitability affects companies' tax avoidance. However, Aulia & Purwasih (2023), Rahmawati & Nani (2021), Prasatya et al. (2020), and Mailia & Apollo (2020) profitability does not affect the company's tendency to carry out avoidance of taxes.

Capital intensity is the level of capital intensity that reflects the degree to which a company relies on physical assets for its operations (Madjid & Akbar, 2023). The better fixed assets a corporation has, the more opportunities it has to avoid taxes in terms of depreciation of its fixed assets. This is consistent with the studies of Ratu and Meiriasari (2021) and Aulia and Purwasih (2023). However, Ristanti (2022) reported that attempts to evade taxes are unaffected by capital intensity.

Company size can influence their ability to carry out effective tax planning (Handayani, 2018). Larger companies may have more resources to develop complex tax planning strategies (Mailia & Apollo, 2020). As explained in Aulia & Mahpudin (2020), company size can have a significant impact on tax avoidance. However, several studies show that that company size has no effect on efforts to avoid taxes (Hermawan et al. (2021); Erlin et al. (2023).

Institutional investors have the authority to ensure that management takes the interests of shareholders first in any decision they make. Prasetyo & Pramuka (2018) found that institutional ownership affects tax avoidance. However, another study found that either low or high ownership rates in institutions do not affect tax avoidance (Dewi & Oktaviani, 2021).

This research investigates the impact of company size, profitability, and capital intensity on tax avoidance of mining sectors in the Indonesia Stock Exchange (IDX) from 2018-2022 by including institutional ownership as a moderating variable. Since prior studies exhibited mixed results, the inclusion of Institutional ownership variable is predicted to moderate the effects of company size, profitability, capital intensity on tax avoidance. This study contributes to resolving the inconsistent results of previous studies.

2. LITERATURE REVIEW AND HYPOTHESES FORMULATION

Tax avoidance and Profitability

According to Taxation Law No. 7 of 2021, Tax is a payment required by individuals or entities to the state in accordance with legal provisions that is obligatory in nature, without receiving direct benefits, and is used to fulfill the state's needs in order to maximize community welfare. Obligations made to taxpayers, which must be paid to the state in accordance with the requirements and are not returned by the state in accordance with the requirements (Sholikhah & Nurdin, 2022). The results are used to finance general expenses and to achieve several state goals, such as economic, social, political, and others (Aulia & Purwasih, 2023). Tax avoidance is the practice of companies or individuals to reduce or avoid tax obligations legally and in accordance with applicable tax law (Nurdin & Nadia, 2022). The aim of tax avoidance is to optimize finances by minimizing the amount of tax that must be paid without violating applicable tax regulations (Aprianto & Dwimulyani, 2019).

Profitability is a measure of the extent to which a company or business entity can generate positive profits or net income from its operations over a certain period of time (Ratu & Meiriasari, 2021). Profitability is an important factor for assessing business quality. This is how companies can know and measure how far they can generate revenue or profits, and how effectively they utilize the resources they have (Hermawan et al., 2021).

Tax planning is the process of minimizing corporate tax payments. When the profitability is greater than 5%, it exerts a significant impact on tax avoidance (Hermawan et al., 2021). Similarly, Putri & Nurdin (2023) found that a higher level of profitability induces companies to do tax avoidance. The goal is to avoid the amount of tax that must be paid by the company. When the company generates higher earnings within a specific timeframe, management will try to share a larger portion of that profit with a company. The higher the company's profit, the more it encourages management to keep the profit for the company and it will trigger management to engage in tax avoidance. As a result, a portion of the company's tax liability is decreased. The consistent findings have also been reported in Handayani (2018) and Ratu & Meiriasari (2021). The relationship between profitability and tax avoidance is formulated in the following hypothesis.

H1: Profitability has a positive effect on tax avoidance.

Tax avoidance and Capital Intensity

Capital intensity is a term used to describe how a company is dependent on physical capital, such as factories, equipment, and other physical infrastructure in its operations (Mailia & Apollo, 2020). Capital intensity refers to the amount of physical capital required by a company to produce the goods or services it sells. The type of industry, business model, and company strategy can influence how high or low a company's capital intensity is. The capital intensity ratio shows how well a company can use its fixed assets to generate sales or sales. This is a sustainable funding activity carried out by the corporation in either fixed assets or capital intensity (Sinaga & Malau, 2021).

Capital intensity is one of the company characteristics that directly affects the effective tax rate, a reduction in effective tax rates will result in increased discretionary tax reductions. (Sugeng et al., 2020). Ratu and Meiriasari (2021) and Nugrahadi and Rinaldi (2021) reported that capital intensity and avoidance of taxes is significantly correlated. Since fixed assets cause depreciation expense, depreciation expense on ownership of fixed assets will reduce the tax payments the company would pay. The higher the capital intensity of a business, the higher the company's chance of tax avoidance through depreciation expense of its fixed assets, which means business profits decrease, so business tax liabilities also decrease. If the business's profit declines, the company has a lower ETR, which means a higher tax avoidance rate. (Marwah & Wahyudi, 2018). Madjid & Akbar (2023) showed that capital intensity significantly positively affects tax avoidance. The relationship between capital intensity and tax avoidance is formulated in the following hypothesis.

H2: Capital intensity has a positive effect on tax avoidance.

The Influence of Company Size on Tax Avoidance

Company size is a dimension that shows how big a company is from various points of view, such as total assets, annual revenue, number of employees, or capitalization (Faradilla & Bhilawa, 2022). Company size can serve as an important indicator in financial and business analysis and can impact various operational and strategic aspects of the company. The larger a company, the more complex the transactions that occur, which allows the company to take advantage of loopholes to avoid tax from each transaction (Saputro et al., 2021).

According to Ayu (2019), The size of the company significantly influences the practice of tax avoidance. Company size is proxied by in logarithms of total assets since this size is seen to be more stable than other indicators. The larger the size of the company, the greater the assets owned, where with good management the company will feel able to pay its tax burden, so that it will reduce the company's desire to take tax avoidance actions (Handayani, 2018). Research by Mailia and Apollo (2020) indicates how a company's size affects avoidance of taxes. The relationship between company size and tax avoidance is formulated in the following hypothesis.

H3: Company size has a negative effect on tax avoidance.

Institutional Ownership as A Moderating Variable

Institutional ownership has a significant role in reducing conflicts that often occur between shareholders and managers. In addition, institutional ownership can be considered as a factor influencing corporate dynamics and has the ability to oversee management decisions. This is because institutional investors are involved in strategic decision making, institutional ownership is difficult to trust because management can take actions to change the profitability of the company.

The company strives to obtain the highest level of profit during its operations. However, companies also have an obligation to pay taxes. The tax burden paid by the company will reduce its profits. To maintain or optimize corporate profits, companies can minimize the tax burden. This is done through tax avoidance practices (Prananjaya et al., 2023). Profitability is measured by Return on Equity (ROE) in this research. Using the Return on Equity (ROE) ratio, you can find out how successfully an organization uses the resources it has (Faradilla & Bhilawa, 2022).

Institutional ownership, as an external party serving as institutional investors, will encourage company management to supervise their activities in generating profits in accordance with applicable regulations. Mainly, institutional investors pay more attention to the extent to which management complies with applicable regulations in achieving profits. Thus, it can be concluded that institutional ownership has a significant role in determining policies related to effective tax levels. Prasatya (2020) research results show that institutional ownership can moderate the profitability of tax avoidance. Businesses that generate large profits must also be prepared to face large tax deferrals as well, where institutional investors can prevent agents from carrying out tax avoidance practices because of the supervision carried out so that management carries out correct tax procedures. The effect of institutional ownership on the relationship between profitability and tax avoidance is formulated in the following hypothesis.

H4: Institutional ownership moderates the effect of profitability variables on tax avoidance.

Capital intensity strength factor indicates the type of asset that affects the effective tax rate, especially fixed assets that affect the tax deduction from the cost deduction resulting from the depreciation expense of its fixed assets. (Widodo et al., 2023). Companies that concentrate on investing in fixed Assets will have lower effective tax rates when investment policies are implemented, suggesting that tax reductions can also be affected (Ratu & Meiriasari, 2021).

Companies that require a lot of capital may need to spend a lot of capital to maintain and develop their physical assets. Institutional ownership can influence a company's decisions about fund allocation, including dividend payments and share repurchases. This can influence whether a company will allocate funds for capital investment or return value to shareholders through dividends or share buybacks. The research results of Wahyuni (2023) show that institutional ownership moderates the influence of capital intensity on tax avoidance. Directly proportional to the supervision of management performance related to reporting an increase in tax burden, which can minimize the company's efforts to avoid tax liabilities by utilizing fixed assets, the company's institutional ownership can also improve operational supervision and corporate governance so as to minimize the company's efforts to avoid tax obligations by utilizing fixed assets. The effect of institutional ownership on the relationship between capital intensity and tax avoidance is formulated in the following hypothesis.

H5: Institutional ownership moderates the effect of the capital intensity variable on tax avoidance.

The larger the size of the company, the more resources there are both human resources and assets, which affects profits and tax payments (Oktaviani & Solikhah, 2019). The amount of assets owned by a company is positively correlated with the size of the company. The size of these assets also affects operational activities, which in turn affects the profits generated by the company. The rate of tax payments for companies that have large assets will also be affected (Oktavia et al., 2021). Strong institutional investors can help monitor company performance and encourage actions that reduce risks related to corporate governance and operations. The research results reveal that there is a significant relationship between company size and tax avoidance disclosure which is moderated by institutional ownership (Lestari et al., 2023). Institutional investors have an important role to play in overseeing, supervising, and influencing managers' decisions. With their abundance of voting rights, they can force managers to concentrate on economic outcomes and avoid opportunities for selfish behavior. Strict supervision of corporate institutional ownership will affect its management policies. Management will be more careful in running business and avoiding taxes by complying with applicable tax regulations to preserve the company's reputation. The effect of institutional ownership on the relationship between company size and tax avoidance is formulated in the following hypothesis.

H6: Institutional ownership moderates the influence of company size variables on tax avoidance.

3. RESEARCH METHODS

Sample

Quantitative method with secondary data is used in this research. Secondary data in this study were derived from the annual financial statements recorded on the Indonesian Stock Exchange (BEI) from 2018 to 2022. The data can be accessed through the BEI website, www.idx.co.id. The study involves 57 mining companies listed on the Indonesian Stock Exchange; of the population, 34 of them were samples of this study. Purposive sampling is used to collect non-track samples whose data is obtained through certain criteria.

The sample criteria are as follows: (1) mining sector companies listed on the Indonesian Stock Exchange (EIB), (2) Publish annual reports from 2018 to 2022, and (3) companies with institutional ownership. Table 1 presents sample selection in more detail.

Table 1. Sample Selection

Sample Criteria	**Total**
Mining Companies for the period of 2018-2022	57
Annual reports are not available from data sources	(8)
Companies that do not have institutional ownership	(15)
Firms available for further analysis	34
Number of observations (34 companies x 5 years)	170

Measure of Variables

The variables in this study consist of three independent variables, namely profitability, capital intensity and company size. While the dependent variable is tax avoidance and the moderation variable is institutional ownership. Table 2 describes operational definitions of each variable and how it is measured:

Table 2. Variable Definitions and Measurements

Variable	Operational definition	Measurement
Profitability	Company capabilities make a profit (Rosandi, 2022)	ROE = Net profit / Total Equity x 100

Capital Intensity	The ratio of fixed assets, such as property, machinery, and equipment, to total assets (Kalbuana et al., 2020)	CAPIN= Total Fixed Assets / Total Assets
Company Size	Big or small wealth (assets). owned by a company (I. Aulia & Mahpudin, 2020)	Firm Size = Ln (Total Assets)
Tax Avoidance	A company's way to legally minimize the tax burden it pays, measured by Effective Tax Rates (ETR) (Ulfa et al., 2021)	ETR = Income Tax Expense / Profit Before Tax x 100
Institutional Ownership	The level of institutional ownership of the number of shares outstanding (Dhypalonika, 2018)	KI= Institutionally Owned Shares / Outstanding Shares

Research Model

The analysis technique for this research uses panel data analysis techniques with the help of the Eview 12 application. For data analysis using descriptive statistics, normality, multicollinearity, heteroscedasticity and autocorrelation tests, model selection tests (Chow test, Hasuman test and Lagrange multiplier (LM) test), Hypothetical testing, coefficient of determination and Moderated Regression Analysis (MRA) test with the following equation:

$$TA = \alpha + \beta 1ROE + \beta 2CI + \beta 3CS + \beta 4ROE*IO + \beta 5CI*IO + \beta 6CS*IO + c$$

Where TA= Tax avoidance; ROE= Profitability; CI= Capital intensity; CS= Company Size; IO=Institutional Ownership; ROE*IO= Moderating Variable.

4. RESULTS AND DISCUSSION

Model Selection

Common Effect Model (CEM), Fixed Effect Models (FEM), and Random Effect models (REM) are suitable models for panel data management, according to Dwi Oktaviani. (2019). The model specification test consists of the Chow, Hausman, and Lagrange tests.

Table 3. Model Selection

Model Specification	Statistics	P-Value	Model
Chow Test	Chi-square Prob	0.0000	Fix Effect
Hausmant test	Prob Random cross-section	0.8272	Random Effects
Test LM Test	Prob Cross-section	0.0003	Random Effects

According to Table 3, the probability value of the Chi-Square intersection is 0.0000 < 0.05, which indicates that in the Chow test the best model is a fixed-effect model; the probability value of a random intersection is 0.8272 > 0.05, indicating that in Hausmant's test the better model is the random effect model; and the probabilities of the random intersector are 0,0003 < 0.05 which indicate that in LM test the very best model was a random effects model.

Since the Random Effect model has been selected twice in the model estimate, then it can be the best model for the research.

Descriptive Statistics

According to the results of Table 4, the number of observations is 170. Tax avoidance (TA) has a minimum value of 0.49, a maximum value of 0,90, an average of 0.19, and a standard deviation of 0.230. This means that the average indicates that mining companies generally carry out tax avoidance of 19%. Profitability (ROE) has a minimum value of 0.24, a maximum value of 0.081, an average of 0.12 and a standard deviation of 0.174. That is, the average indicates that mining companies generally have a profitability of 12%. Capital intensities (CI) have a minimum of 0.003, a maximum of 0.66, a mean of 0.23, and standard deviations of 0.166. That is, the average shows that mining companies generally have a capital intensity of 23%. The size of the company (CS) has a minimum value of 3,227. Maximum 29.2823 D, mean 19.891 and standard deviation 4.8344. Institutional ownership (IO) has a minimum value of 0.03, a maximum value of 0.97, an average of 0.58 and a standard deviation of 0.232. Institutional ownership variables, capital intensity, and tax avoidance have higher average values than the deviation standard, so it can be said that the distribution of data on these variables is homogeneous. By contrast, the profitability variable, the size of the company, and the avoidance of tax have lower averages than the standard deviation, so we can say that the data distribution in the table is heterogenous.

Table 4. Descriptive Statistical Test Results

	Mean	Median	Maximum	Minimum	Std. Dev.	Observations
ROE	0.127876	0.088377	0.812170	-0.244698	0.174736	170
CI	0.231580	0.198717	0.660220	0.003799	0.166243	170
CS	19.89185	20.42466	29.28233	3.227788	4.834437	170
TA	0.198046	0.228241	0.907778	-0.498024	0.230422	170
IO	0.581765	0.619108	0.977896	0.035422	0.232218	170

Hypothesis Testing

Table 5 shows that probability value for ROE is 0.0482, indicating that ROE positively affect tax avoidance. Capital intensity has a probability value of 0.9357, indicating that CI does not affect tax avoidance. CS has a probability value of 0,0455, indicating that the corporate size negatively affects tax avoidance.

Table 5. Regression results

Variable	Coefficient	Std. Error	Prob.
ROE	0.051265	0.106333	0.0482
CI	0.009991	0.123621	0.9357
CS	-0.000799	0.004095	0.0455
IO	0.557226	0.407695	0.0173
ROE*IO	0.283860	0.366767	0.0640
CI*IO	-0.342534	0.557880	0.0540
CS*IO	-0.022246	0.016622	0.0182

The moderating variable ROE*IO has a probability value of 0.0640, suggesting that it does not affect tax avoidance. The moderating variable CI*IO has a a probability of 0.0540, suggesting that it does not affect tax avoidance. The moderating variable CS*IO has a probability of 0.0182, indicating that it has a negative effect on tax avoidance. In addition, Table 6 reports that the coefficient of determination (Adjusted R-squared) is 0.165510 or 16.55% for unmoderated regression and 0.165632 for moderated regression. The results show that profitability, capital intensity and company size are able to contribute to influencing tax avoidance by 16.55% for unmoderated regression and 16.56% for moderated regression.

Table 6. Coefficient determination

	Panel data regression	MRA
Adjusted R Squared	0.165510	0.165632
Prob (F Statistic)	0.969321	0.749858

Discussion

The Effect of Profitability on Tax Avoidance

The profitability variable positively affects tax avoidance, as seen by the probability value falling below the significance level of 5%. Thus, H1 is accepted. This means that the higher the company's profit, the higher the tax burden, the company tends to do tax avoidance. A higher level of profitability for the company translates into a larger tax burden. Therefore, management will try to distribute profits into the company so as to minimize the burden to be paid, one of which is the tax burden. As a result, the corporation will have to pay less taxes. The findings are consistent with Handayani (2018), Rahmawati (2021), and Hermawan et al. (2021) that profitability affects tax avoidance but contrary to Aulia & Purwasih (2023), Rahmawati & Nani (2021), Prasatya et al. (2020).

The Effect of Capital Intensity on Tax Avoidance

The probability value suggests that the capital intensity does not have a noticeable effect on tax avoidance. This means that the larger or smaller the company's assets do not affect tax avoidance. Thus, H2 is rejected. The assets owned by the company are used for business purposes, including maximum operational and investment support so that the company is able to pay its taxes and does not need to do tax avoidance. The finding is consistent with previous studies (Ristanti, 2022; Nugrahadi & Rinaldi, 2021; Sulistiyanti & Nugraha, 2019) that capital intensity has no effect on tax avoidance. However, the results of this study are contrary to research by Ratu & Meiriasari (2021).

The Effect of Company Size on Tax Avoidance

The company size negatively affects tax avoidance. This means that H3 is accepted. that the larger the size of the company, the greater the fixed assets it holds, so that the company feels better prepared to bear the tax burden. Besides, the size of the company is also associated with more professional human resources, which allows less tax avoidance. The results of this study are in line with previous findings (Mailia & Apollo, 2020; Faradilla & Bhilawa, 2022; Handayani, 2018; I. Aulia & Mahpudin, 2020) that the size of the company positively affects tax avoidance. However, the finding is contrary to those reported in Hermawan et al. (2021) and Erlin et al. (2023) which states that the size of the company has no effect on tax avoidance.

Moderating Effect of Institutional Ownership on the Relationship Between Profitability and Tax Avoidance.

Based on the results of the analysis, it is found that there is no interaction effect of institutional ownership and profitability on tax avoidance. Thus, the fourth hypothesis is rejected that institutional property cannot moderate profitability over tax avoidance. The finding indicates that the existence of an institutional ownership does not affect the relationship between profitability and tax avoidance because institutional ownership is not actively involved in company activities, so the presence or absence of institutional ownership has no effect on tax avoidance efforts through profitability. The results are consistent with Rosandi (2022), Adelia (2023) and Oktaviani. (2019) that institutional ownership cannot moderate profitability against tax avoidance.

Moderating Effect of Institutional Ownership on the Relationship Between Capital Intensity and Tax Avoidance.

Based on the results of the analysis, it is known that the significance value between institutional ownership and capital intensity towards tax avoidance is 0.540 higher than 0.05. This suggests that there is no interaction effect of institutional ownership and capital intensity on tax avoidance. Thus, the fifth hypothesis is rejected. Institutional ownership cannot moderate the relationship between capital intensity and tax avoidance. The finding suggests that the existence of institutional ownership does not affect the use depreciation expenses as an effort to avoid taxes. A manager should manage fixed assets efficiently for operational purposes regardless the amount of taxes that a company paid. The results of this study are consistent with the findings reported in Ristanti (2022), Widodo (2023), and Adelia (2023) institutional ownership cannot moderate the effect of capital intensity on tax avoidance.

Moderating Effect of Institutional Ownership on the Relationship Between Company Size and Tax Avoidance.

Based on the results of the analysis, it is known that the significance value between institutional ownership and company size towards tax avoidance has a negative influence on tax avoidance because the probability value is less than the 5% significance level. Thus, it can be said that the sixth hypothesis—that institutional ownership can mitigate the impact of corporate size on tax avoidance—is accepted. Here, institutional ownership weakens the influence of company size on tax avoidance. This can be seen by the coefficient value being negative. This can show that the existence of an institutional ownership relationship in a company can weaken the influence of the relationship between company size and tax avoidance. The findings are consistent with those of Lestari's research (2023) which states that institutional ownership can moderate the size of the company against tax avoidance.

5. CONCLUSIONS AND SUGGESTIONS

This study focuses on factors that influence tax avoidance actions, namely profitability, capital intensity and company size moderated by institutional ownership in the mining sector listed on the Indonesia Stock Exchange in 2018-2022. The results of the study explain that profitability has a significant positive influence on tax avoidance. At the same time, capital intensity cannot affect tax avoidance. And the size of the company has a significant negative effect on tax avoidance. Institutional ownership cannot moderate profitability and capital intensity on tax avoidance. However, institutional ownership can weaken the size of the company against tax avoidance.

In carrying out the test, problems occurred because the annual report published by the company was still incomplete and did not contain the required data. In several company annual reports, the amount of ownership by foreign institutions in certain years is not clearly stated. These conditions cause the amount of research sample data to decrease because the data must be eliminated. The recommendation for more study is to expand the study sample by extending the observation year and adding other variables such as good government variables, CSR, inventory intensity, leverage, sales growth, and others.

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