

The Possibility Of Tax Avoidance Perspective Of Company Ownership And The Risk Of Loss

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ABSTRACT

The amount of taxes paid by companies to the state is one of the triggers for avoidance behavior, and psychologically this is a natural response, because taxes are seen as a reduction in wealth/welfare. Therefore, various other negative conditions are very likely to be triggers for tax avoidance behavior, for example experiencing losses and voting for companies. Based on these conditions, this research was conducted to examine the possibility of causation between corporate tax avoidance behavior and the risk of loss and company ownership. To answer this goal, the positivism method was determined as a research fundamental. The research object is a manufacturing company in Indonesia, and the research sample is financial reports for 5 years, totaling 100 data. Data is secondary, taken purposively. To reveal the research phenomenon, the data analysis used multiple linear regression techniques, which consisted of hypothesis testing and terminals. The results of the study suggest that there is a tendency for companies to avoid taxes in difficult financial conditions. In addition, it is also possible that ownership of the company can be a trigger for the company to avoid taxes, because it directly feels reduced profits.

Keywords: Tax Avoidance, Financial Condition, Company Ownership, Loss Risk, Manufacturing Company

INTRODUCTION

Tax avoidance, is a step taken by someone to avoid taxes, in tax avoidance or tax avoidance can also be done legally without having to violate the applicable tax laws and regulations, but it will pose risks including the bad reputation of the company in the public eye, tax evasion is a unique and complicated problem because on the one hand tax evasion does not violate regulations, but on the other hand the government does not want tax evasion (Noorica, 2021).

Tax avoidance by the company, of course, through policies taken by the leadership of the company itself where the company leaders as decision makers and policies within the company certainly have different characters. The first indication of a company taking action to avoid tax can be seen from institutional ownership,

institutional ownership is ownership of company shares owned by institutions or institutions such as insurance companies, banks, limited liability companies, government companies, and other institutional ownership (Sari, et al., 2020). Institutional ownership that exists within the company will play an important role in monitoring, disciplining, and influencing managers, institutional ownership generally acts as a party that monitors the company, institutional ownership is share ownership owned by institutions or institutions such as: banks, insurance, investment companies, and other institutions. The existence of institutional ownership in a company will encourage increased supervision so that it is more optimal for management performance. The size of institutional ownership will affect the policy of action to minimize the tax burden by the company.

Indications of the two companies taking tax evasion can be seen from the percentage of managerial ownership, managerial ownership is a situation where there is a dual role between managers and shareholders or in other words a company manager owns shares in the company itself, managerial ownership is the proportion of ordinary shares owned by management as measured by the percentage of common shares owned by management who are actively involved in making decisions in a company.

Managerial shareholding structure is measured as the percentage of common stock and stock options held by directors and employees. The greater the managerial share ownership in the company, the more active management tends to be for the benefit of shareholders because if a wrong decision occurs, management will also bear the consequences.

The next factor that is suspected of influencing tax avoidance is fiscal loss compensation, fiscal loss compensation is a tax incentive in the form of a tax relief facility, namely companies that have made losses in one accounting period are given tax relief. (Sari & Kinasih, 2021) in his research suggested that compensation for fiscal losses related to tax evasion due to company losses can be used as a deduction from taxable income in the previous period.

Much research on tax avoidance has been carried out using different independent variables such as research, Stawati (2020) who found results that institutional ownership has an effect on tax evasion, Arianandini & Ramantha (2018) found results that institutional ownership and managerial ownership have a significant effect on tax

avoidance, Feranika (2017) found results that institutional ownership has a negative effect on tax avoidance.

THEORETICAL BASIS

Tax Theory

Tax according to law number 28 of 2007 concerning general provisions and procedures for taxation is a mandatory contribution to the state owed both by individuals and entities that are coercive by law and by not getting compensation directly and used for the needs of the state for the amount of -the great prosperity of the people. According to Rochmat Soemitro in Mardiasmo (2016: 1) "Taxes are people's contributions to the state treasury based on law (which can be enforced) by not receiving counter-reciprocal services that can be shown directly and used to pay public expenses (Ayu, et al. , 2017). Taxes are the rights and obligations of every individual as a citizen. But taxes are more often interpreted as an obligation that requires citizens to sacrifice some of their assets for the state. This results in taxpayers trying in such a way as to make their tax burden as minimal as possible. Even though it is based on the awareness that taxes are very important for the State where taxes make a major contribution to state revenues which are used for the prosperity of the people.

Tax Evasion

In Mardiasmo (2016: 11) says that tax avoidance is an attempt to lighten the tax burden by not violating the law. Tax avoidance is a tax avoidance strategy and technique that is carried out legally and safely for taxpayers because it does not conflict with tax provisions. According to Pohan (2016: 23) tax avoidance is a tax avoidance effort that is carried out legally and safely for taxpayers because it does not conflict with tax provisions, where the methods and techniques used tend to take advantage of the weaknesses contained in tax laws and regulations itself, to minimize the amount of tax payable.

Tax avoidance is a step taken by someone to avoid taxes. In tax avoidance can also be done legally without having to violate the applicable tax laws and regulations, but will pose a risk to the company, including the company's bad reputation in the public eye. (Fadila & Rasuli, 2017) states that tax avoidance is a unique and complicated problem because on the one hand tax avoidance does not violate the law,

but on the other hand tax avoidance is not wanted by the government.

Tax avoidance is collection by taxpayers who are burdened by the government, resulting in reduced state revenue (Dewi, 2019). In addition, taxpayers taking tax avoidance actions is an effective effort to avoid tax imposition or efforts to ease the tax burden without having to violate applicable laws. (Pasaribu & Mulyani, 2019) states that tax avoidance is an attempt to legally reduce the tax burden which is carried out by exploiting weaknesses or loopholes in tax regulations, such as reducing the amount of tax owed.

Institutional Ownership

Institutional ownership is the level of share ownership by institutions in the company, measured by the proportion of shares owned by institutions at the end of the year expressed as a percentage stating that institutional investors generally invest more funds (Hermuningsih & Kusumawardani, 2021), so they have an attitude to monitoring more incentives to companies, institutional ownership has an important role in monitoring, disciplining, and influencing management decisions as evidenced that the greater the share ownership of institutional investors, the stronger it is to urge management to act in accordance with investor objectives without regard to other interests (Zahirah, et al. al., 2017).

Institutional ownership shows the existence of comparative ownership. The existence of institutional ownership in a company will encourage improvement and supervision so that it is more optimal for management performance, because share ownership represents a source of power that can be used to support or otherwise to management (Muzakir, 2022). The more investment value given to an organization, the higher the monitoring system within the organization will be.

Companies whose share ownership is larger are owned by other institutions or the government, the performance of company management in order to be able to obtain profits as desired will tend to be monitored by these institutional investors (Lestari, et al., 2021). This monitoring mechanism will ensure the increase and prosperity of shareholders. If the institutions are dissatisfied with management's performance, they will sell their shares to the capital market. So that management will act more carefully in determining policies.

Managerial Ownership

According to Wijayanti & Merkusiwati (2017) states that managerial ownership is a shareholder from management who actively participates in making decisions. Managerial ownership is the owner/shareholder by company management who actively plays a role in making company decisions. Managerial ownership is the proportion of common shares owned by management as measured by the percentage of common shares owned by management who are actively involved in making decisions in a company. Managerial ownership is a situation where there is a dual role between company managers and shareholders. According to Titisari & Nurlaela (2020), Managerial Ownership Managerial ownership is the number of share ownership owned by company management. Managerial ownership is measured based on the percentage of share ownership by corporate institutions.

Managerial ownership has also succeeded in becoming a mechanism for reducing agency problems from managers by aligning the interests of managers with shareholders (Romadona & Setiyorini, 2020). So it can be assumed that agency problems will disappear if a manager is considered an owner (Maulana, 2020). Company policies and decisions with managerial ownership will certainly be different from companies without managerial ownership. Companies with managerial ownership as shareholders will certainly balance their interests as managers and shareholders.

METHOD

Quantitative research methods can be interpreted as research methods based on positive philosophy, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical in nature, with the aim of producing a conclusion. Types of research used in research this is a quantitative descriptive. Quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection.

To use research instruments, data analysis is quantitative / statistical, with the aim of testing the hypotheses that have been set. While the descriptive method is a method used to describe or analyze a research matter but is not used to make broader conclusions. This study aims to test the hypothesis about the effect of institutional

ownership, managerial ownership, and fiscal loss compensation on tax evasion. Place and Time of Research This research took place at the Indonesia Stock Exchange (IDX). The Indonesia Stock Exchange was used as a research location because it is a place for selling shares that go public, and the Indonesia Stock Exchange is the first exchange in Indonesia, which is considered to have complete and well-organized data. Selection of research locations on the Indonesia Stock Exchange through its official website.

RESULT

Before conducting an analysis of the effect of institutional ownership, managerial ownership and fiscal loss compensation on tax avoidance, the researcher first performed normality, multicollinearity and regression tests.

Normality Test

Normality Test According to Ghazali (2018: 161) the normality test is a test that aims to find out whether the independent or dependent variables have a normal distribution or not. A good regression model is a regression with a normal distribution or close to normal. In this study, the number of samples of manufacturing companies in 2016-2021 was 34 companies. This research was conducted for 5 years. the results of the normality test in this study the normality test shows a probability result of 0.374 which has a significant value greater than the value of 0.05, thus it can be concluded that the data used is normally distributed because the Asymp Sig value produced in this study is $0.374 > 0.05$ after carrying out the normality test with a total amount of data used as many as 101, it can be concluded that the data is normally distributed.

Multicollinearity Test

According to Ghazali (2018: 107) states that the multicollinearity test aims to test whether the regression model found a correlation between independent (independent) variables. A good regression model should not have a correlation between the independent variables. The multicollinearity test aims to identify the relationship between variables in the regression. A good regression model is a regression in which there are no correlation symptoms between the independent variables, this test uses a correlation matrix between independent variables to see the magnitude of the correlation between the independent variables. If there is a fairly high correlation between the independent variables, generally 0.90 or above 90%, then this is an indication of

multicollinearity symptoms, the results of the multicollinearity test. the correlation value of each independent variable consisting of Institutional Ownership, (0.1248). Managerial Ownership, (0.0438) and Fiscal Loss Compensation (-0.97943), neither is greater than (0.90), so it can be concluded that the model in this study does not have multicollinearity problems.

Heteroscedasticity Test

According to Ghozali (2018: 137) the heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from the residuals of one observation to another. The heteroscedasticity test has the objective of knowing whether in a regression model there is an inequality of variance from the residual of one observation to another. A good regression model is a regression modelb homoscedasticity or not happen heteroscedasticity. The problem of heteroscedasticity in the regression equation model is carried out using the White Test method. the prob value can be known. Chi-square of 0.064 exceeds 0.05 so it can be concluded that the model in this study is free from heteroscedasticity symptoms.

Partial Test

Table 1. Partial Test

	Beta	Error Standard	t count	Significance
Constant	0.236	0.005	40.369	0.000
X1	0.002	0.002	0.930	0.354
X2	0.035	0.032	1.071	0.286
X3	-0.447	0.009	-47.829	0.000

Sumber: Output Eview, 2022

The basis for decision making is used in the t test using a significant level, that is, if the probability value is significant > 0.05 , it is said that the independent variable has no influence on the dependent variable. Meanwhile, if the probability value is significant < 0.05 , it can be said that the independent variables have an influence on the dependent variable. Based on the results of the t test in table 4.13 above, it can be seen that the value of t_{count} and the significant value generated on each variable. With $t_{value_{table}}$ ($df = 101 - k = 101 - 3 = 98$) at $\alpha = 0.05$ ($0.05 : 2 = 0.025$) is 1.98. it can be concluded that the results of the t test on each independent variable. Institutional ownership variable has t_{count} of 0.93 while t_{table} of 1.98 and a significance value of 0.35,

it can be seen that $t_{\text{count}} 0.93$ is smaller than $t_{\text{table}} 1.98$ ($0.93 < 1.98$) and a significant value of 0.35 is greater than 0.05 ($0.35 > 0.05$). So it can be concluded that the institutional ownership variable has no effect on tax evasion, which means that the hypothesis H_0 is accepted and H_1 is rejected.

The managerial ownership variable has a t_{count} of 1.07 while a t_{table} of 1.98 and a significance value of 0.28. So it can be seen that t_{count} is 1.07 less than $t_{\text{table}} 1.98$ ($1.07 < 1.98$) and a significant value of 0.28 is greater than 0.05 ($0.28 > 0.05$). So it can be concluded that the managerial ownership variable has no effect on tax evasion.

The fiscal loss compensation variable has a t_{count} of -47.82 while the t_{table} is 1.98 and a significance value of 0.00. So it can be seen that $t_{\text{count}} -47.82$ is greater than $t_{\text{table}} 1.98$ and a significant value of 0.00 is less than 0.05 ($0.00 < 0.05$). So it can be concluded that the fiscal loss compensation variable affects tax evasion. Which means that the hypothesis H_0 is rejected and H_3 is accepted.

CONCLUSION

Based on the formulation of the problem and the discussion of analysis, the results of the research that have been presented in the previous chapters, the conclusions obtained from this study are that institutional ownership variables do not affect tax avoidance, managerial ownership variables do not affect tax avoidance, fiscal loss compensation variables effect on tax avoidance. As well as institutional ownership, managerial ownership and compensation variables fiscal losses together have the same effect on tax avoidance.

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