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The Role Of Audit Committee In Moderating Tax Avoidance In Indonesia

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Abstrak:*Tax avoidance practices are practices that cannot be prosecuted legally but are very detrimental to the country. From 2014 to 2022, Indonesia's tax ratio has continued to decline, indicating that tax targets have not been achieved on the one hand and the many tax avoidance practices on the other hand.Through quantitative research uses Eviews 12 analysis tools to build relationships between variables, this study tries to analyze the relationship between Size, ROA and DER on Tax Avoidance with the mediating variable of the Audit Committee. The sample uses purposive sampling technique, with the sample criteria being companies listed on the Indonesia Stock Exchange, while the population is taken according to what has been previously determined.The results of the research show that Size, DER, and ROA have no effect on Tax Avoidance nor do they mediate the Audit Committee variable. The weakness of this relationship proves that there are many factors that affect the process of tax avoidance practices. Furthermore, tax avoidance practices by companies may not be influenced by the company's internal environment, so the biggest factor may be from outside the company. The implication of the results of this study is that analysis of the causes tax avoidance practices by companies in Indonesia must be directed at variables outside of the company.*
Keywords: Tax, ROA, DER, Audit Committee

Introduction

In essence, tax is a means to improve the welfare of the people. Therefore, the state must realize distributive justice for the community. One of the functions of tax is budgetair, functioning as a source of funds for financing government expenditure (Moeljono, 2023) (Moeljono, 2023). It also functions as a regulator of social and economic policies (Waluyo, 2010) (Waluyo et al., 2015).

Although tax revenue continues to increase, the increase is not in accordance with the government's target, so that the tax potential is not maximized. This proves the low tax ratio in Indonesia. Even being the lowest country in Asia Pacific, (Theodora, 2023). The revenue target, which cannot be realized, results in a decrease in the tax ratio, where from 2014 to 2022 the tax ratio continues to decline, as in table 1.

Table 1 Phenomenon of Target and Realization of Tax Revenue in Indonesia 2014-2022

Year	Target	Realization	%	Tax Ratio
2014	1.072,00	981,90	91,60%	10,85%
2015	1.294,30	1.055,61	81,56%	10,76%
2016	1.355,00	1.105,00	81,55%	10,36%
2017	1.283,60	1.147,59	89,40%	9,89%
2018	1.424,00	1.315,90	92,41%	10,24%
2019	1.786,38	1.173,89	65,71%	9,76%
2020	1.198,98	1.069,98	89,25%	8,33%
2021	1.229,60	1.547,80	107,15%	9,11%
2022	1.784,00	2.034,50	114,00%	10,44%

Source: Ministry of Finance of the Republic of Indonesia, 2023

The practice of tax avoidance is an attempt to find legal weaknesses or loopholes. So that the act of practicing tax avoidance does not actually violate the applicable laws or regulations, but these activities are very detrimental to the government because of the reduced revenue from the taxation sector. Tax avoidance is widely practiced by both taxpayers, corporate taxpayers and personal taxpayers. Including in Indonesia, according to the Tax Justice Network report, the state is estimated to lose US$ 4.86 billion per year or equivalent to IDR 68.7 trillion (rupiah exchange rate of IDR 14,149 per US dollar) due to tax avoidance. In the headline entitled The State of Tax Justice 2020: Tax Justice in the time of COVID-19, Tax Justice News reported that in a total of IDR 68.7 trillion, the loss was caused by corporate taxpayers who committed tax evasion in Indonesia. The amount of losses caused reached US$ 4.78 billion or equivalent to IDR 67.6 trillion. Meanwhile, the rest comes from individual taxpayers with an amount of US$ 78.83 million or equivalent to IDR 1.1 trillion (Fatimah, 2021). Thus, many tax avoidance practices are carried out by corporate taxpayers. Even foreign companies that commit "tax evasion" as many as 2000 companies (Fatimah, 2021). Even more phenomena, there is a giant company with a turnover of IDR 1,802 T in 2019 while operating that has never paid taxes, (Setiaji, 2019). So it is not surprising that the tax target has never been achieved. So that the state debt continues to increase by IDR 7,754.98 trillion as of January 2023. (Putri, 2023).

Many factors influence tax avoidance practices (Moeljono, 2020), but the goal remains the same, namely paying the lowest possible tax, because tax payments will reduce the wealth of taxpayers, (Moeljono, 2023). So that taxpayers will try to find loopholes to pay the minimum tax possible. (Pohan, 2013) states that tax avoidance is a tax avoidance effort that is carried out legally and safely, because it is in a gray area and engineering that is still within the framework of tax provisions (lawful) (Suandy, 2016). So that the Government cannot carry out legal prosecution, even though this tax avoidance practice will affect state revenue from the tax (Moeljono, 2023; Moeljono & Holle, 2023). Possible factors include the Audit Committee, Company size, Leverage, and ROA.

Literature Review

The Audit Committee is a committee formed by and responsible to the Board of Commissioners in helping carry out the duties and functions of the Board of Commissioners. (OJK, 2015). The audit committee will provide encouragement for company management to carry out healthy business management through its supervisory role. The existence of the function of the audit committee creates an impetus to try to fulfill the principles of fairness, responsibility, accountability, and transparency. The existence of an audit committee should make the Company carry out the best possible activities, and tax avoidance practices are not carried out by taxpayers, especially corporate taxpayers.

Company size indicates the size of the company seen from assets. Companies with large assets certainly pay a large amount of tax, and vice versa. Company size is the average total net sales for the year in question up to several years, if sales are greater than variable costs and fixed costs, then the amount of income before tax will be obtained. Conversely, if sales are smaller than variable costs and fixed costs, the company will suffer losses (Indarti and Winoto, 2015). When viewed from the phenomenon in the field, companies that practice tax avoidance are carried out by

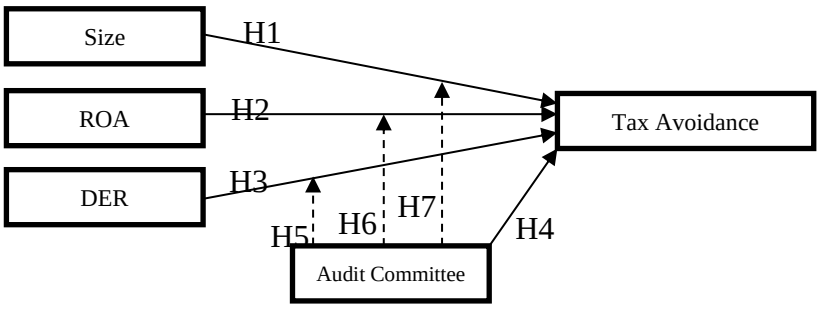
companies with large assets. The opinion (Richardson & Lanis, 2007) on The Political Power Theory explains the relationship between large companies and their resources to manipulate the political process in conducting tax planning to achieve optimal tax savings.

Leverage is a ratio that shows the amount of the company's debt composition, the addition of a company's debt will cause interest expense which reduces the company's tax burden (Kurniasih & Ratna Sari, 2013). The definition of leverage according to (Moeljono et al., 2021; Rachmithasari, 2015) is the use of funds from external parties in the form of debt to finance the company's investment and assets. Companies use debt to meet the company's operational and investment needs. However, debt will cause a fixed burden (interest) (Prakosa, 2014; Waluyo et al., 2015). Interest expense can be utilized as a deduction for taxable income to reduce the tax (Waluyo et al., 2015). The interest expense component will reduce profit before taxable income, so that the tax burden to be paid will be reduced (Darmawan & Sukartha, 2014).

Return on Assets (ROA) is a ratio to see the company in generating profits with the support of its assets (Maharani & Suardana, 2014; Prakosa, 2014). (Moeljono, 2020). ROA is a comparison between net income and total assets at the end of the period, which is used as an indicator of the company's ability to generate profits (Kurniasih & Ratna Sari, 2013). Return on Asset (ROA) is used by investors in predicting profits and predicting risks in investment, thus having an impact on investor confidence in the company. In connection with that, management is motivated to carry out earnings smoothing practices so that reported profits do not fluctuate so as to increase investor confidence and have the opportunity to position themselves in tax planning which reduces the amount of tax liability (Kurniasih & Ratna Sari, 2013).

The use of moderating variables is intended to determine whether the Audit Committee variable is able to strengthen or weaken the independent variable on the dependent variable. Given that the audit committee should be able to become a middle way for information asymmetry between shareholders and directors, so that the purpose of the company being established can be achieved, namely increasing shareholder prosperity, (Moeljono et al., 2021). Or is the audit committee just an empty board in the organizational structure in fulfilling the regulations required by stakeholders so that agency costs continue to occur (Jensen et al., 1976). Because the audit committee is responsible to the board of commissioners and is tasked with overseeing the financial reporting process in the company (Antonia, 2008). Based on this description, this framework is as follows:

Figure 1 Theoretical Framework



Research Method

Based on the formulation of research problems and research objectives that have been described, this research is classified as causal associative research. Descriptive quantitative. In this study, three variables were used, namely Free, Bound and Moderation Variables. The use of moderation variables to see whether the relationship between the independent and dependent variables is influenced by these variables or not, this is because the conclusion of the causal relationship between the independent and dependent variables differs from one researcher to another. A research variable is something in the form of anything that is determined by the researcher to study so as to obtain information about it, then draw conclusions (Sugiyono, 2016). So that this study will explain the effect of Size, leverage (DER) and profitability (ROA) as independent variables on Tax Avoidance Practices as the dependent variable with the Audit Committee as a moderating variable in companies listed on the Indonesia Stock Exchange (IDX) in the 2014-2022 period.

Sampling is done by purposive sampling method, which selects sample members based on criteria or sample categories that are determined to be relevant to the research objectives (Rochmah & Fitria, 2017). The criteria used are: a. All companies that go public and are continuously listed on the IDX for the period 2014-2022; b. Companies that are listed consecutively on the IDX in 2014-2022; c. Companies that publish complete and continuous financial reports on the IDX for the period 2014-2022 and have a financial year ending December 31; d. Companies that present financial statements in rupiah. Companies that present financial reports in rupiah.; e. Companies that have all data related to research; f. Companies with a Cash Effective Tax Rate value of less than 1.5 percent. Companies with a Cash Effective Tax Rate value of less than one, so as not to create problems in model estimation.

The type of data in this study is secondary, taken from the Company's annual financial statements and in complete form that has been finished and does not require further processing, namely financial reports (annual reports). The data collection method used in the study used the literature study method and documentation. While the variable measurement scale in this study is summarized in table 2

Table 2 Operational Definition

Variable (X, Y dan Z)		Indikator Variabel		Scala
Tax Avoidance	Y	Cash ETR =	$\frac{\text{TaxesPaid}}{\text{Profit Before Tax}}$	Ratio
Size	X_1	Size =	Ln (Total Aset)	Ratio
ROA	X_2	ROA =	$\frac{\text{Profit After Tax}}{\text{Total Asset}}$	Ratio Ratio
DER	X_3	DER =	$\frac{\text{Total Liability}}{\text{Total Equity}}$	Ratio Ratio
Audit Committe	Z	KA =	Total Committee Members	Ratio

Hypothesis testing is used to test the effect of Size, ROA, DER on Tax Avoidance with the Audit Committee as a moderating variable. Hypothesis testing and data analysis in this study include descriptive analysis and verification analysis which includes panel data regression models and Moderated Regression Analysis (MRA). In the panel data regression model, the classical assumption test will be tested as a requirement for hypothesis testing. Hypothesis testing techniques and data analysis

using the help of the Eviews version 12 program and the Microsoft Office Excel version 2019 program.

Results And Discussions

The presence of industry in Indonesia has become a primary need to meet the needs of human life, drive the economy and at the same time as an indicator of a country's economic progress. The presence of various industries is able to become a leverage and driving force for the welfare of mankind as well as a leverage for the national economy. Because the industry is able to provide a multiplier effect for the environment, one of which is the tax contribution paid by the industry to the state (Moeljono, 2023; Moeljono & Holle, 2023). Tax is a mandatory contribution for taxpayers to the state (Moeljono, 2020; Soemitra & Bohari, 2013; Suryani Suryanto dan Associate, 2022), because if there is no tax, the continuity of government operations and improving the welfare of the community will be hampered because all operational state activities are financed by debt, (Suryani Suryanto dan Associate, 2022).

This study uses a sample of companies by referring to all companies listed on the Indonesia Stock Exchange for the period 2014-2022 which are determined based on the purposive sampling method. After selecting the sample selection in accordance with the predetermined criteria, 27 companies were obtained that met the sample selection criteria, so the sample in this study was 27 companies, so the total data was 270.

After determining the research sample, a series of data tests were carried out, starting with descriptive statistical tests. (Sugiyono, 2016) descriptive analysis is a method used to describe or analyze data in research, but the results cannot be used to draw broader conclusions, with the following results:

Table 3 Descriptive Statistics of Research Variablesn

	Size	ROA	DER	Tax Avoidance	Audit Committe
Mean	25.77178	0.243926	0.787296	0.153593	3.018519
Median	27.75000	0.100000	0.590000	0.220000	3.000000
Maximum	33.20000	6.400000	10.30000	5.550000	4.000000
Minimum	2.750000	-0.020000	0.000000	-1.490000	2.000000
Std. Dev.	6.048719	0.767336	0.891828	0.441461	0.235410
Skewness	-1.801791	6.818399	5.726188	6.744894	1.190487
Kurtosis	5.982691	50.22545	53.31650	85.60151	17.81170
Jarque-Bera	246.1754	27182.31	29957.70	78806.07	2531.873
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	6958.380	65.86000	212.5700	41.47000	815.0000
Sum Sq. Dev.	9841.903	158.3884	213.9511	52.42482	14.90741
Observations	270	270	270	270	270

Source : Research data is processed 2023

Descriptive statistical analysis shows that the observations in this study are in accordance with the established population and sample criteria. This study involved 27 companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2022 period, with a total observation of 270 data. The following are details of the results of descriptive statistical analysis.

Tax avoidance is the dependent variable in this study. Based on the data in Table 5.3, the results of descriptive statistical analysis show that the average value (mean) of tax avoidance is 0.153160, while the median value (median) is 0.220000. The range of observed tax avoidance values is 2.827000 with a standard deviation of

tax avoidance of 0.442226. Company size is one of the independent variables (X1) in this study. Based on the data in Table 5.3, the results of descriptive statistical analysis show that the average value (mean) is 27.75000 while the median value (median) is 25.77178. Meanwhile, the standard deviation of Company Size is 6.048719. Profitability is an independent variable (X2) in this study. Based on the descriptive statistical analysis in Table 5.3, the average (mean) profitability value is 0.243926 with a median (median) of 0.100000, with a standard deviation of 0.077212. Leverage is an independent variable (X3) that is relevant in this study. Based on the descriptive statistical analysis in Table 5.3, it is found that the average value (mean) of leverage is 0.787296, with a median (median) of 0.590000. While the standard deviation is 0.891828.

The Audit Committee is a moderating variable (Z) that is able to strengthen or weaken the relationship between the dependent variable and the independent variable, so it can be assumed that the Audit Committee is very relevant in this study. Based on the descriptive statistical analysis in Table 5.3, it is found that the average value (mean) of leverage is 3.018519, with a median (median) of 3.000000. While the standard deviation is 0.235410.

Panel data is the use of time series data and the use of cross section data which provides a large amount of data so that it will produce a greater degree of freedom. Before selecting the panel data regression model estimate, it is necessary to take three approaches, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM). The selection of a panel data regression model involves important considerations to ensure the selection of an appropriate and efficient model. There are three commonly used methods, namely the Chow test, Hausman test, and Lagrange Multiplier test. In summary, the three methods are as follows

Table 4 Test Results of the Three Estimation Models

Model Test	Testing Instruments				Model Selection Decisions
Uji Chow	Effects Test Cross-section F Cross-section Chi-square	Statistic 1.508301 41.022074	d.f. (26,239) 26	Prob. 0.0593 0.0309	Fixed Effect Model (FEM)
Uji hausman	Effects Test Cross-section F Cross-section Chi-square	Statistic 1.508301 41.022074	d.f. (26,239) 26	Prob. 0.0593 0.0309	Random Effect Model (REM)
Uji *Lagrange Multiplier*	Breusch-Pagan	Cross-section 2.288164 (0.1304)	Time 0.266838 (0.6055)	Both 2.555001 (0.1099)	Random Effect Model (REM)

Source : Research data is processed 2023

Based on table 4 chow test results, the cross section F probability value (P-value) of 0.0309 ≤ 0.05 is obtained, meaning that the Fixed Effect Model (FEM) model is a more appropriate model to use. Hausman test results, obtained a chi-square probability value of 0.8411> 0.05, the Random Effect Model (REM) model is a more appropriate model to use. The Lagrange Multiplier test according to (Ghozali, 2016), is used to determine the most appropriate approach and should be used in the panel data model. The method used in the Lagrange multiplier test is the Breush-Pagan method. The chi-square value <0.05, The data shows a result of 0.1304. Then what is used is the random effect model.

Classical assumption testing consists of normality test, multicollinearity test, heterocollinearity test and autocorrelation test. The classic assumption test is used to avoid or reduce bias in the results of the research conducted. Based on the results of the selection of the panel data regression estimation model, this study uses the Random Effect Model (REM) approach in solving the research problem formulation.

In this approach using the Generalized Least Squares (GLS) method so that it can not test classical assumptions. However, the classical assumption test can be carried out with the aim of knowing the fulfillment of the Best Linear Unbiased Estimastor (BLUE) form of requirements. The results of the classical assumption test are as in the table 5

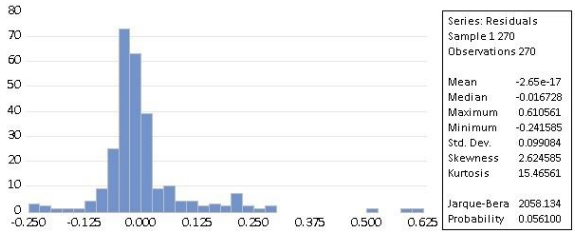
Table 5 Summary of classical assumption test results

Uji		Result	Prob	Decision
Uji Normalitas Data	Uji Jarque Bera Probability	2058.134 0.056100	 0.05 <	Normally Distributed Data
Uji Multikolinieritas	X1 – X2 X1 – X3 X1 - Z X2 – X3 X2 - Z X3 - Z	-0.028432 -0.058901 -0.028832 0.008023 -0.035801 0.056547	< 10	Multicollinearity does not occur
Uji Heteroskedastisitas	Prob. Chi-Square (14)	0.0510	> 0.05	free from heteroscedasticity
Uji korelasi	Prob. Chi Square (2) Durbin Watson	0.0280 1.731569	> 0.05 < 10	no autocorrelation occurs

Source : Research data is processed 2023

The test carried out on the classic assumption for the first time is the data normality test, used to test data that has a normal or abnormal distribution (Mayarina, et al. 2017). Normality test testing uses the jarque-bera test method. In table 1 the JB value is 2058.134 with a significance level of 0.05 <0.056100 so that the data has been assumed to be normal, this is reinforced in the data normality test image as shown in the figure:

Figure 2 Data Normality Test Analysis Results



Source: Eviews Data Processing 12. 2023

In Figure 2 it can be seen that the data has been distributed normally. (Sugiyono, 2016) the normality test aims to determine whether the residuals in the regression model are normally distributed or not. From Figure 2 it can be seen that the probability value is> from 0.05 so it is assumed that the data is normally distributed. The multicollinearity test aims to determine whether there is a correlation between the

independent variables in the regression model (Sugiyono, 2016) A good regression model is if there is no correlation between the independent variables in it or the independent variables are orthogonal. Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another (Setiawan, 2017). (Sugiyono, 2016) a good regression model is homoscedasticity or heteroscedasticity does not occur. Based on the table above, it can be concluded that the Prob value> 0.05, then the regression model is declared free from heteroscedasticity. The correlation test is carried out to determine whether there is a correlation between one confounding factor and another (non-autocorelation). In testing the presence or absence of autocorrelation, the Durbin Watson test can be used. The results of the autocorrelation test obtained the Prob. Chi Square (2) of 0.0280> 0.05 and the Durbin Watson number of 1.731569 < 10, so a conclusion is drawn which H0 is accepted and it is considered that there is no autocorrelation in this regression model.

Nachrowi (2006), hypothesis testing is useful for testing the significance of the regression coefficient obtained. This means that the regression coefficient obtained is statistically not equal to zero, because if it is equal to zero, it can be said that there is not enough evidence to state that the independent variable has an influence on the dependent variable. For this purpose, all regression coefficients must be tested. Results of Panel Data Regression Analysis Random Effect Model Without Moderation Variables. As in the table

Table 6 Panel Data Regression Analysis Random Effect Model Without Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.040280	0.477792	-0.084304	0.9329
Size	0.006226	0.004963	1.254598	0.2107
ROA	-0.068783	0.039514	-1.740708	0.0829
DER	0.011853	0.030759	0.385359	0.7003
Audit Comittee	0.013536	0.141314	0.095789	0.9238

Source: Research data is processed 2023

Based on the selected estimation model, the panel data regression model equation is obtained as follows:

Y = -0.040280 + 0.006226 - 0.068783 + 0.011853 + 0.013536 + Ɛ

(Purnomo & Pasaribu, 2019) It is known that the results of the t test show whether or not the influence of variable X partially on variable Y. The t test is used to determine whether Size partially (individually) has a significant influence or not on Tax Avoidance.

Table 7 Results of the t test

Variable	**t-Statistic**	**T Tabel**	**Prob.**	Sig	**Decision**
Size	1.254598	1.650581	0.2107	0.05	rejected
ROA	-1.740708	1.650581	0.0829	0.05	rejected
DER	0.385359	1.650581	0.7003	0.05	rejected
Audit Comittee	0.095789	1.650581	0.9238	0.05	rejected

Source: Research data is processed 2023

The F statistical test is carried out to test whether the independent variables (X) simultaneously have a significant influence or not on the dependent variable (Y), while

the coefficient of determination is to find out how much the variable contribution is used as a research model, with the following results:

Table 8 F Test Results and Coefficient of Determination

	F-statistic	F Tabel	Prob (F-statistic)	Sig.	Decision	R-squared	Adjusted R-squared
Before Outlier	1.641	2,638	0.164141	0.05	ditolak	0.024178	0.009449
After Outlier	405.46	2,638	0.000000	0.05	diterima	0.925528	0.923246

Source: Research data is processed 2023

The results of the F test before outliers had no effect because F 1.641491 < 2.638 with a significant level of 0.164141> 0.05. because it has no simultaneous and significant effect on tax avoidance. Then the second test is carried out. After doing outliers, the F test results obtained 405.4601 < 2.638 with a significant level of 0.00> 0.05. Based on these results, all variables simultaneously and significantly affect tax avoidance.

The R-Square value is to see how the variation in the value of the dependent variable is influenced by the variation in the value of the independent variable. This coefficient of determination serves to determine the percentage of the influence of the independent variable with the dependent variable, namely by squaring the coefficient found. Table 8 shows that the contribution of the Size, ROA and DER variables and the Audit Committee is only 0.9 % of tax avoidance, and the remaining 91.1 % is influenced outside the model. After the second test, the contribution of the Size, ROA and DER variables and the Audit Committee increased significantly to 92.3 % of tax avoidance, and the remaining 7.7 % was influenced outside the model.

Moderated Regression Analysis (MRA) is used as a panel data regression model equation on moderation variables, where the regression equation has a multiplication interaction between two or more independent variables. The MRA test results are as follows:

Table 9 Moderated Regression Analysis Result Test

Variabel	Coificient	Standart Error	T statistic	Probability
C	-1.766301	0.807753	-2.186683	0.0297
Size	0.000718	0.000269	2.672373	0.0080
ROA	-0.041544	0.285756	-0.145383	0.8845
DER	-0.017795	0.207786	-0.085639	0.9318
Audit Comittee	0.693436	0.266714	2.599923	0.0099
Size_Audit Comittee	-0.000247	8.87E-05	-2.784628	0.0058
ROA_Audit Comittee	0.015149	0.095298	0.158960	0.8738
DER_Audit Comittee	0.008138	0.069131	0.117718	0.9064

Source: Research data is processed 2023

Based on the results of the Moderated Regression Analysis (MRA) test, the following equation is obtained:

$$Yit = -1.766301 + 0.000718X1it - 0.041544X2it - 0.0177950X3it - 0.0002471itZ - 0.0151492itZ + 0.0081383itZ + \varepsilon it$$

Based on the statistical results, the presence of low size in Indonesia, which is less than 5%, has no effect on decision making related to tax avoidance. The presence of the audit committee greatly influences the size of the Company to practice tax avoidance, or in other words that the larger the size of the Company, the higher it will be to practice tax avoidance, it is possible that a large company will have large assets and issue large taxes as well. The amount of this tax will burden the company because it disrupts the company's cash flow. The presence of the audit committee initially to maintain the Company's operational standards, so that the Company can run according to the established standards, but how also the audit committee receives, salary / commission from the Company, so that its presence will still benefit the Company, including companies that practice tax avoidance.

The existence of the audit committee does not have a significant effect on tax avoidance practices. The Audit Committee weakens tax avoidance practices. It is possible that the audit committee is competent people as professional auditors, so that their presence can maintain independence as an auditor even though they are paid by the company that pays them.

Companies with high or low ROA levels must consider the costs and benefits of practicing tax avoidance. The Audit Committee variable as a moderating variable is unable to strengthen or weaken the influence of ROA on tax avoidance. The Company's management will think hard because with a high or low ROA level it must consider the costs and benefits of practicing tax avoidance, especially with the existence of an audit committee that audits the Company's operational standards at any time, whether it is in accordance with the rules that have been set both regulations from within the Company and outside the Company. So that the Company applies work standards in accordance with the criteria that have been agreed upon.

This research is in line with the tradeoff theory which states that the use of debt by companies can be used for tax savings by obtaining intensive in the form of interest expense which will be a reduction in taxable income. Debt that results in interest expense can be a deduction from taxable income while dividends from retained earnings cannot be a deduction from taxable income.

The presence of the Audit Committee as a Moderating Variable is unable to strengthen or weaken the effect of DER on tax avoidance practices.

DER has no effect on tax avoidance. This means that the size of the debt owned by the company does not affect its tendency to apply tax avoidance. DER has no effect on tax avoidance, which means that the level of debt used by the company in financing is not effective in preventing tax avoidance. To avoid the use of 100% debt, the cost of debt or financial and bankruptcy is also taken into account which causes the company to not be able to achieve optimal profits from 100% debt financing and companies that use a lot of debt from outside the company, the company's profits will not be optimal.

The agent does not use and utilize its debt efficiently and effectively in financing the company's assets, so that the company's operational activities cannot be maximized and cause the opportunity to generate large profits to be smaller. And if the company has a small profit, the tax burden borne is also small, so the company does not need to take tax avoidance action.

The Audit Committee (Z) as a direct variable has a significant effect on tax avoidance. IDX and OJK regulations require that every company listed on the IDX must have an audit committee, whose members consist of one independent

commissioner as chairman and at least 2 independent external parties as members. The board of commissioners must form an audit committee of at least three people who are appointed and dismissed and are responsible to the board of commissioners. The audit committee is able to be a direct influence on tax avoidance practices carried out by companies listed on the IDX. The existence of an audit committee can be a showcase that the Company has implemented the financial accounting standards set by the Company.

The audit committee is a committee formed by the company's board of commissioners whose members are appointed and dismissed by the board of commissioners. In addition, the audit committee is an additional committee that aims to supervise the process of preparing the company's financial statements to avoid fraud by management (Kep. 29 / PM / 2004).

Based on agency theory, the higher the presence of an audit committee in the company, the better the supervision of the company's activities and the agency conflict that occurs due to management's desire to avoid taxes can be minimized. This shows that companies that have an audit committee will be more responsible and open in presenting financial reports because the audit committee will always oversee all activities within the company (Dewi & Jati, 2014).

The presence of an audit committee greatly affects the size of the company to carry out tax avoidance practices, or in other words, the larger the size of the company, the higher the tax avoidance practices, it is possible that a large company will have large assets and issue large taxes as well. The amount of this tax will burden the company because it disrupts the company's cash flow. The presence of the audit committee initially to maintain the Company's operational standards, so that the Company can run according to the established standards, but how also the audit committee receives, salary / commission from the Company, so that its presence will still benefit the Company, including companies that practice tax avoidance.

Conclusions

The results of this study indicate that the Prob (F-Statistic) value> 0.05 and the f Statistic value of 405.4601 which means that together the ownership structure, profitability and leverage variables have no effect on tax avoidance. The results of this study only apply to the sample and research methods used in this study, the variables studied may have different effects in the context of different industries and countries. In addition, each study has methodological limitations and data limitations that may affect the interpretation of the results. Therefore, further research with better designs and the use of more representative samples may provide a more accurate understanding of the relationship between these variables and tax avoidance.

It is also important to note that the phenomenon of tax avoidance is a complex topic and is influenced by many interacting factors. The variables examined in this study may only be a portion of the factors that influence the level of tax avoidance. Therefore, future research can expand the scope of other relevant variables, such as tax regulations, corporate policies, and broader economic factors, to gain a more comprehensive understanding of tax avoidance as a whole.

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