

The Influence Of Corporate Governance, Profitability And Leverage On Tax Management

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ABSTRACT

Tax management is a means of fulfilling tax obligations properly with the lowest amount of tax paid possible to obtain the expected profit and liquidity. Tax management should be administered in a good, efficient, and effective manner for greater profits. In this study, tax management was proxied by the effective tax rate because it describes effective tax planning and tax incentives. This study determined whether corporate governance (institutional ownership variables, audit committee and independent commissioners), profitability, and leverage affect tax management.

This quantitative study regarded secondary data of manufacturing companies listed on the Indonesia Exchange from 2017 to 2019. Purposive sampling technique was employed to select 167 companies as samples. The data were then analyzed using descriptive statistics, panel data regression analysis, while hypotheses of this study were tested using statistical software program Eviews 10.

The hypotheses testing showed that institutional ownership, independent commissioners, profitability and leverage did not have any partial significant influence on tax management. Meanwhile, audit committee was found to positively affect tax management. The determination coefficient of 0.0331 indicated that tax management of manufacturing companies listed on the IDX can be explained institutional ownership, audit committee, independent commissioners, profitability and leverage by 3.31% while the remaining 96.69% is explained by other independent variables that were not examined in this study.

Keywords: Tax management, Institutional ownership, Independent commissioners, Profitability and leverage.

INTRODUCTION

Background

State revenue come from two sources: taxes and non-taxes. Taxes contribute the most to the state's revenue, and tax reinforcement has been the focus of governments in supporting national development. To support the sustainability of national development, taxpayers are obliged to pay their taxes which will increase the current assets of the state which can be allocated to improve the social welfare. Therefore, taxes play strong roles in national development

, and taxes are the most dominant sources of domestic income in Indonesia.

To reinforce the tax compliance, the government continues to run programs that encourage the people to be willing to pay taxes voluntarily, including providing guidance, education, counseling, and supervision for taxpayers. Attempts have been conducted by the government, yet the tax revenue in recent years has not fulfilled the target due to poor tax compliance in Indonesia.

In essence, tax planning can be done in two way; the legal way or called tax avoidance and the illegal way called tax evasion (Pohan, 2016). Tax avoidance does not violate applicable tax regulations, yet it brings negative corporate image which might affect corporate sustainability. Meanwhile, tax evasion violates the rules and may be subject to sanctions for violations.

When a company makes a mistake in managing the taxes, it may be subject to legal sanctions from the government and the company might also have to bear financial losses due to an incorrect implementation.

Corporate governance is a system that aims to protect parties who have certain interests in company's financial statements (Astuti, 2015). Corporate governance is one of the key elements in increasing economic efficiency and it maintains the relationship between company management, the board of commissioners, shareholders and other stakeholders in achieving company goals and improving the management and supervision (Yuniati et al., 2017).

The first factor that can influence tax management is Institutional Ownership, which is part of the characteristics of corporate governance. Institutional Ownership is share ownership by the government, financial institutions, legal entities, foreign institutions, trust funds and other institutions at the end of the year as measured in percentage. Institutional owners have roles in supervising, disciplining and influencing managers (Shleifer & Vishny, 1986).

The second factor is the audit committee. The audit committee is also part of corporate governance that are expected to support company performance and supervision. Audit committee also runs supervision of management performance in relation to tax management. The members of audit committee members who have knowledge in accounting or financial expertise can understand the gaps in tax regulations and ways to avoid detection risks. Thus, they can provide useful advice on how to improve tax burden efficiency.

The third factor that plays a significant role in influencing tax management is the independent commissioner who is a part of corporate governance. Independent commissioners will make the company performance better and more effective. Thus, companies will employ tax management activities to gain an effective tax rate level as it should be.

The fourth factor that affects tax management is the level of profitability as measured by the Return on Assets (ROA).

The last factor that indicates the tax management is leverage. Using the debt has been a way to obtain tax incentives that will improve the tax management. Leverage is measured using the Debt to Equity Ratio (DER), which compares total liabilities to total equity. With relatively low-income tax paid, a company is able to manage tax management as seen from the decline in ETR value.

Based on the background, problems of this study were formulated to analyze if institutional ownership, audit committee, independent commissioners, profitability and leverage affect tax management.

LITERATURE REVIEW AND HYPOTHESES

Agency Theory

Agency theory in this study illustrates conflicts that arise between the tax

authorities as the tax authority and company management. Conflict of interest occurs because the tax authorities as the regulator expect the maximum source of funds from taxes, while the management will apply the best possible tax management practices to reduce the amount of tax paid to state treasury to gain higher corporate profits.

Theory of Planned Behavior (TPB)

Compliance of taxpayers in carrying out taxation or strategic planning in carrying out tax obligations are determined by taxpayers' intentions. Taxpayers take into consideration a variety of along with the possible implications of their actions before deciding to take these actions. If taxpayers intend to comply with their tax obligations, their tax compliance behavior is stronger. However, if the taxpayer does not comply with their tax obligations, tax evasion will likely occur.

Tax Management

Tax management is a management strategy to plan, implement and control aspects of taxation for effective and efficient application in order to gain optimal profit after tax (Pohan, 2016). Suandy (2011) stated that the objective of tax management is on the need to carry out all tax provisions correctly and the efficiency for proper profit and liquidity. These objectives can be realized if the tax management functions which include tax planning, tax implementation and tax control are implemented effectively.

Institutional Ownership

Institutional Ownership strongly affect the prevention of agency conflicts between managers and shareholders. Institutional investors are effective monitoring mechanism to evaluate every decision made by managers. This is because institutional investors are involved in strategic decisions of the company. Institutional investors play an active role in improving corporate governance. Larger share ownership in certain companies, both domestic and international ones, will further strengthen

their influence on management decisions (Sabli & Rohaya, 2012).

Audit Committee

The audit committee is formed by the board of commissioners, which members are appointed and dismissed by the board of commissioners. According to the Decree of the Chairman of BAPEPAM Number Kep-643 / BL / 2012, the audit committee gives insights to the board of commissioners regarding reports or matters submitted by the board of directors to the board of commissioners, identifies any matters that require attentions and carries out other obligations. The Audit Committee consists of at least 3 (three) members from Independent Commissioners and External Parties.

Independent Commissioner

The independent commissioner mediates management and the principle in making strategic decisions based on the regulations, including decisions in the field of taxation (Ardyansah & Zulaikha, 2014). Based on Financial Services Authority regulation No. 33 / POJK 04/2014 mentions the minimum proportion of 30% for independent commissioners of the total members of the board of commissioners. Therefore, greater percentage of independent commissioners will be followed by better performance supervision toward the board of directors.

Profitability

Kasmir (2014) mentioned four ratios that measure profitability; Profit Margin on Sale, Return on Investment (ROI) or Return on Assets (ROA), Return on Equity (ROE) and Earnings per Share (Earning per Share). However, in this study, researchers used Return on assets (ROA) as a proxy for profitability because the profit of a company can be described by how the company employs its assets to support the company's operational activities in producing products or services. Greater ROA value

shows better effectiveness of a company in generating profits.

Leverage

Debt is a major financial obligation of the company to other parties. Munawir (2011) defined debt as a source of external financing used by companies to finance their activities. Debt is grouped into short-term debt and long-term debt. Short-term debt is an obligation that must be paid by a company within a maximum period of one year. Long-term debt is an obligation that must be paid by the company in more than one year.

Framework and Hypotheses

H₁ : Institutional Ownership affects tax management.

H₂ : Audit Committee affects tax management.

H₃ : Independent Commissioner affects tax management.

H₄ : Profitability affects tax management.

H₅ : Leverage affects tax management.

METHOD

Population and Sample

The population of this study included 504 manufacturing companies listed on Indonesian Exchange from 2017-2019. Samples were selected based on these following criteria.

1. Issuers are manufacturing companies listed on IDX from 2017-2019;
2. The companies published the complete versions of financial statements and yearly report for 2017-2019 period;
3. Having no negative profitability before tax between 2017-2019;
4. All reports and statements are written based on Indonesian Rupiah currency in 2017-2019, preventing from disruptions due to foreign exchange.
5. having institutional ownership from 2017-2019/

Tabel.1.1
Sampling Stages

No.	Description	Number of Company
1.	The numbers of issuers of manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019 (2017, 156 companies; 2018, 166 companies; and in 2019, 182 companies)	504
2.	Companies that are not listed on the IDX for 3 consecutive years	(72)
3.	Companies that did not publish complete annual reports during 2017 - 2019 (Accessed 30 August 2020)	(39)
4.	Manufacturing companies that have had negative profits for three consecutive years	(99)
5.	Companies that did not present their financial statements in rupiah for three consecutive years	(75)
6.	Companies that did not have Institutional Ownership for three consecutive years	(3)
	The Number of Samples between 2017-2019	216

Source : Processed Data, 2020 (accessed on August 30th 2020)

Types of the Data and Data Sources

Quantitative data or numerical data were obtained from secondary data resources. The data were from financial reports and annual reports of manufacturing companies for the 2017-2019 period.

Data Collection Technique

The data of this study were collected through documentation by collecting and analyzing secondary data in two stages. Analysis of the variables was done using panel data regression analysis model on Microsoft Excel and Eviews version 10.0.

Operational Definition and Variable Measurement

The following part explains the dependent and independent variables of this study.

Institutional Ownership

$$\text{Institutional Ownership} = \frac{\text{Total Institutional Shares}}{\text{Total Shares Distributed}}$$

Audit Committee

$$\text{Audit Committee} = \sum \text{All members that join the audit committee}$$

Independent Commissioner

$$\text{Proportion of Independent Commissioner} = \frac{\text{Number of Independent Commissioner}}{\text{Number of Board of Commissioner}}$$

Profitability

$$\text{ROA} = \frac{\text{profit after tax}}{\text{total assets}} \times 100\%$$

Leverage

$$\text{Debt to Equity Ratio} = \frac{\text{debt}}{\text{private capital}} \times 100\%$$

Data Analysis Method

In this study, the influence of each dependent and independent variable was tested using panel data regression analysis. Hypothesis testing was performed using statistical software program Eviews 10. Tests conducted in this study are explained as follows.

Dependent Variable

Tax management is proxied by Effective Tax Rate (ETR). ETR is the indicator that assesses the tax management that is formulated as follows (Dyrenge et al., 2010):

$$\text{ETR} = \frac{\text{Total Tax}}{\text{Earning Before taxes}}$$

Independent Variable

The independent variable is the variable that affects the dependent variable. The following is an explanation of the operational definition and measurement of each independent variable

Descriptive Statistics

Descriptive statistics is basically a transformation of research data in tabulated form to make interpretation easier.

Data Panel Regression Analysis

Panel data regression analysis that was a combination of time series data and cross section data was employed in this study. The data were collected individually (cross section) and followed at a certain time (time series). The regression equation used on Eviews 10 program is:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \epsilon_{it}$$

Remarks:

Y = Tax Management
 α = Constants
 β_1 - β_6 = Coefficient
 X_1 = Institutional Ownership (INST)
 X_2 = Audit Committee (AUDT)
 X_3 = Independent Commissioner (KIND)
 X_4 = Profitability (ROA)
 X_5 = Leverage (DER)
i = Cross Section
t = Time Series
 ϵ_i = Dummy variable

The Determination of Estimation Model

The estimation of the regression model was done using panel data through three approaches as mentioned by (Basuki & Prawoto, 2016:276-277) below.

Common Effect Model or Pooled Least Square (PLS)

For panel data models, it is often assumed that $\beta_{it} = \beta$, that is, the effect of the change in *X* is constant in the time of the cross-section category. In general, the linear models used to model panel data were:

$$Y_{it} = c + X_{it}\beta_{it} + e_{it}$$

$i = 1, 2, \dots, N$
 $t = 1, 2, \dots, T$

Fixed Effect Model (FEM)

Dummy variable is known as the least square dummy variables (LSDV). The fixed effect model equation is written as follows:

$$Y_{it} = c + \beta X_{1t} + y_2 W_{2t} + y_3 W_{3t} + \dots + y_N W_{NT} + \sigma_2 Z_{it} + \sigma_T Z_{IT} + \epsilon_{it}$$

Remarks:

Y_{it} = dependent variable for individual number -*i* and time -*t*

X_{it} = independent variable for individual number -*i* and time -*t*

W_{it} = dummy variable, where $W_{it}=1$ for individual *i*, $i = 1, 2, \dots, N$ and 0 for others

Z_{it} = dummy variable, where $Z_{it}=1$ for period *t*, $t = 1, 2, \dots, T$ and weight 0 for others

Random Effect Model (REM)

This model is also known as the Generalized Least Square (GLS) technique. The estimation equation is presented as follows.

$$Y_{it} = c + \beta X_{it} + \epsilon_{it}$$

$$\epsilon_{it} = u_i + v_t + w_{it}$$

Where:

u_i = error cross series

v_t = error time series

w_{it} = Multiple errors

Model Testing

Several tests had to be carried out in finding the right model. The first test was the test on the significance of the fixed effect *F* test (Chow-test) and Hausman test.

Chow Test

The hypotheses were proposed as follows.

H_0 : Model Common Effect

H_a : Model Fixed Effect

Hausman Test

The Hausman test selects the best model between the random effect or the fixed effect. If chow test is done and the fixed effect model appeared as the most appropriate model, the next step is to determine between the fixed effect or random effect model as the most appropriate mode. However, if the results of the chow test showed appropriate fixed effect model as the most appropriate one,

the hausman test is not required (Basuki, 2016)

H_0 : Random Effect Method

H_a : Fixed Effect Method

Classic assumption test

Classic assumption test included normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Normality Test

The normality test was carried out to find out whether in the regression model, confounding variables or residuals were normally distributed (Ghozali, 2018: 161).

Multicollinearity Test

According to Ghozali (2018), the multicollinearity test was carried out to find a correlation between the independent variables in the regression model. The regression model is considered good if no correlation is found between the independent variables.

Heteroscedasticity Test

The heteroscedasticity test analyzed the variance inequality from the residuals of one observation to another in the regression model.

Autocorrelation Test

The autocorrelation test determined the presence of correlation between the confounding error in period t and the confounding error $t-1$ (initial) in the linear regression model (Ghozali, 2018). To determine the presence of autocorrelation in a regression model, the Durbin Watson test (UJI D-W) was carried out, in which

decisions were made regarding the number of samples studied to be compared with the provisions in the Durbin Watson table.

Hypotheses Testing

Determination Coefficient (R^2)

The coefficient of determination test measured the goodness of fit of the regression model, showing the magnitude of the influence of independent variables on the dependent variable (Ghozali, 2018).

Partial Significance Test (t-test)

The t test determined the effect and significance of each independent variable individually (partially) on the dependent variable. Decisions were made based on these following criteria

1. If (P value) < 0.05 , H_a is accepted and H_0 is rejected.
2. If (P value) > 0.05 , H_a is rejected and H_0 is accepted.
3. If $t_{count} > t_{table}$, H_a is accepted and H_0 is rejected
4. If $t_{count} < t_{table}$, H_a is rejected and H_0 is accepted

RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

Descriptive statistical analysis was employed to obtain information, descriptions, and descriptions of the research variables in the form of frequency distribution tables. Using Eviews application version 10. the results of descriptive analysis are shown in Table 4.2.

Tabel.1.2
Hasil Statistik Deskriptif

Keterangan	ETR (Y)	INST (X1)	KIND (X2)	AUDT (X3)	ROA (X4)	DER (X5)
Mean	0.253551	0.688580	0.416922	3.155689	0.096769	0.84551
Median	0.253530	0.740650	0.400000	3.000000	0.067190	0.60851
Maximum	0.341850	0.997110	0.833330	6.000000	0.921000	4.77161
Minimum	0.180580	0.051430	0.200000	3.000000	0.000003	-2.21451
Std. Dev.	0.033865	0.195560	0.118376	0.478150	0.108029	0.74481
Skewness	0.138401	-0.883863	1.172435	3.738795	3.892577	1.22091
Kurtosis	2.971315	3.624602	4.596958	18.81258	24.64259	8.56801
Observations	167	167	167	167	167	167

Sumber : Data Olahan Eviews versi 10, 2020

As seen in the table, the mean value of samples each variable is greater than the standard deviation value, indicating that variable data is well distributed.

The Selection of Panel Data Regression Model

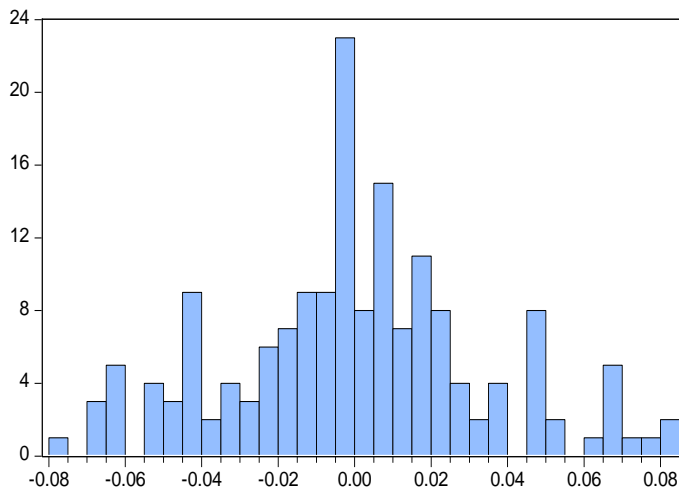
First, the individual effect of the model between the common effect and the fixed effect was measured using the Chow test,

Tabel.1.3
Uji Chow-test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.729957	(71,90)	0.915
Cross-section Chi-square	75.951228	71	0.3221

Sumber: Data Olahan Eviews10, 2020

Table 1.3 shows that probability value of Cross Section F is 0.9158, which is greater than the significance level of 0.05 ($0.915 > 0.05$). Therefore, H_0 for this model is accepted and H_a is rejected, implying that it is best to use the common effect, and no further tests were carried out.



Series: Standardized Residuals	
Sample 2017 2019	
Observations 167	
Mean	2.64e-17
Median	-0.001704
Maximum	0.082925
Minimum	-0.076451
Std. Dev.	0.033300
Skewness	0.127791
Kurtosis	2.966475
Jarque-Bera	0.462352
Probability	0.793600

while the fixed effect and the random effect were compared in the Hausman test.

Chow-Test

The Chow test determined the most appropriate panel data regression estimation model between the common effect model and the fixed effect model.

The Results of Classic Assumption Test

Results of the Normality Test

The panel data regression equation was employed to analyze 167 observations which results are presented in Figure 4.1.

Source : Data Processed on Eviews 10. 2020

Figure.1.1.

Results of Normality Test

Based on Figure 1.1 above, the probability value of Jarque-Bera is greater than 0.05 (5% significance), which is 0.7936 ($0.7936 < 0.05$). Thus, the residual is considered normally distributed, meaning that the classical

assumptions regarding the norm have been fulfilled.

Results of the Multicollinearity Test

The outcomes of the multicollinearity test done using the Eviews 10 program are shown in Table 1.4

Tabel.1.4 Uji Multikolinearitas

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.000626	91.45086	NA
INST	0.000215	16.06300	1.192271
AUDT	0.000341	50.68315	1.130824
KIND	0.000549	15.05843	1.117156
ROA	0.000646	1.976982	1.093921
DER	0.000127	2.351294	1.023886

Source: Processed Data on Eviews 10. 2020

The multicollinearity test results can be seen in the Centered VIF column table. The VIF value of each independent variable is 1.1923; 1,1308; 1,1172; 1.0939 and 1.0239 respectively. Since none of the VIF values of all variables is greater than 10. it is certain that no multicollinearity occurred in the two independent variables.

Results of Heteroscedasticity Test

Tabel.1.5
Uji Heteroskedastisitas

F-statistic	1.235076	Prob. F(20,146)	0.2341
Obs*R-squared	24.16588	Prob. Chi-Square(20)	0.2352
Scaled explained SS	22.08411	Prob. Chi-Square(20)	0.3360

Sumber: Data Olahan Eviews 10, 2020

Table 1.5 shows no heteroscedasticity problem found in the regression model. The chi-square probability value is 0.2352 which is greater than the alpha level of 0.05.ri Tabel.1.5

Results of Autocorrelation Test

A good regression model does not contain any autocorrelation. The results of the autocorrelation test on the linear regression model for panel data using the Eviews 10 software are presented as follows

Tabel.1.6
Uji Autokorelasi

Durbin-Watson Stat	DI	dU	4-dU
1.9926	1.6857	1.8089	2.1911

Sumber: Data Olahan Eviews10

Table 1.6 indicates no autocorrelation found in the regression model used in the study.

Results of Panel Data Regression Analysis

The Chow test and the Hausman test previously done in showed that the random effect method was the most appropriate for testing the panel data in this study.

Tabel.1.7
Uji Regresi Data Panel Dengan Metode Common Effect
Dependent Variable: ETR

Variable	Coefficien			
	t	Std. Error	t-Statistic	Prob.
C	0.199487	0.025022	7.972506	0.0000
INST	0.017125	0.014653	1.168652	0.2443
AUDT	0.011855	0.005837	2.031070	0.0439
KIND	0.012307	0.023433	0.525209	0.6002
ROA	-0.015741	0.025409	-0.619516	0.5365
DER	0.001484	0.003565	0.416207	0.6778
R-squared	0.033094			
Adjusted R-squared	0.003066			
F-statistic	1.102096			
Prob(F-statistic)	0.361420			

Sumber: Data Olahan Eviews10, 2020

Based on Table 1.7, the regression equation for manufacturing companies listed on the IDX was

$$Y : c + \beta_1 X_{1ti} + \beta_2 X_{2ti} + \beta_3 X_{3ti} + \beta_4 X_{4ti} + \beta_5 X_{5ti} + e$$

$$ETR : 0.1995 + 0.0171INST + 0.0119AUDT + 0.0123KIND - 0.0157ROA + 0.0015DER + e$$

Determination Coefficient (R²)

As seen in Table 1.7, the outcome of analysis done on Eviews10 software showed R-squared value of 0.0331. Thus, it can be concluded that tax management in manufacturing companies on the IDX is affected by several factors including institutional ownership, audit committee, independent commissioners, profitability and leverage by 3.31%, while the remaining 96.69% is affected by other

independent variables that were not examined in this study.

Results of Partial Significance Test

The decision of this test was made based on a criteria; if $t_{count} \leq t_{table}$ then H_0 is accepted, yet if $t_{count} > t_{table}$ then H_a is accepted. In addition, the t test can be done by measuring the p-value. If the p-value is greater than 0.05 (alpha), it indicates that the independent variable partially affects the dependent variable, and vice versa, if the p-value is lower than 0.05, the independent variable does not have partial influence on the dependent variable. The calculation of the t_{table} in this study is presented as follows.

$$t_{tabel} = n - k - 1 : \alpha / 2$$

$$= 167 - 5 - 1 : 0.05 / 2$$

$$= 161 : 0.025$$

$$= 1,9748$$

Discussions

The Influence of Institutional Ownership on Tax Management

As presented in Table 4.10. $t_{\text{count}} < t_{\text{table}}$, in where 1.1687 is smaller than 1.9748, or the p-value of $0.2443 > 0.05$. Therefore, H_0 is accepted and H_a is rejected. This shows that Institutional Ownership has no effect on tax management of manufacturing companies listed on the IDX for the period of 2017 - 2019.

The Influence of Audit Committee on Tax Management

Table 4.10 shows $t_{\text{count}} > t_{\text{table}}$ where the value of 2.0311 is greater than 1.9748, or p-value of $0.0439 < 0.05$. Hence, H_0 is rejected and H_a is accepted. It implies that audit committee has a partial and positive influence on the tax management of manufacturing companies listed on the IDX for the 2017-2019 period.

The Influence of Independent Commissioners on Tax Management

Table 4.10 shows $t_{\text{count}} < t_{\text{table}}$ where the value of 0.5252 is smaller than 1.9748, or the p-value of 0.6002 is greater than 0.05. Based on this outcome, H_0 is accepted and H_a is rejected. In conclusion, independent commissioner does not affect the tax management of manufacturing companies listed on the IDX for the period 2017 - 2019.

The Influence of Profitability on Tax Management

Based on Table 4.10. $t_{\text{count}} < t_{\text{table}}$ where the value of -0.6195 is smaller than 1.9748, or the p-value of 0.5365 is greater than 0.05. Hence, H_0 is accepted and H_a is rejected. Profitability has no influence on the tax management of manufacturing companies listed on the IDX for the 2017 - 2019 period.

The Influence of Leverage on Tax Management

The value of $t_{\text{count}} < t_{\text{table}}$ (0.4162 is smaller than 1.9748, or the p-value of $0.6778 > 0.05$) accepted the H_0 and rejected the H_a . Thus, it is clear that leverage does not affect the tax management of manufacturing companies listed on the IDX for the 2017 - 2019 period.

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

Conclusions

To empirically determine the influences of institutional ownership, audit committee, independent commissioners, profitability, and leverage on tax management is the aim of this study. Samples of this study were 167 manufacturing companies listed on the Indonesia Stock Exchange from 2017-2019.

Regarding the results of this study, conclusions were drawn as follows.

1. The results of this study do not support hypothesis 1 stating that institutional ownership does not affect tax management.
2. The results of this study support hypothesis 2 which states that the audit committee affect tax management.
3. The results of this study do not support hypothesis 3 stating that independent commissioners have no influence on tax management.
4. The results of this study do not support hypothesis 4 stating that profitability has no influence on tax management.
5. The results of this study do not support hypothesis 5 stating that leverage does not affect tax management.

Limitations

This study suffered from several limitations as follows.

1. The length of observation was relatively short amounting to three years from 2017 - 2019.
2. This study only focuses on the manufacturing companies listed on the IDX. Therefore, the results of this study can only be generalized to companies that were included as samples.
3. This study only examined several variables assumed to have influence on tax management. The inclusion of their variables that also affect tax management might result in coefficient of determination is greater than the current value.
4. The results of this study can be used as a reference and insights for companies listed on the IDX, especially the manufacturing companies to evaluate and regulate the implementation of efficient tax management based on the tax regulations that apply. Hence, the amount of taxes can be minimized, allowing companies to obtain maximum profit after tax. Meanwhile, the government and the tax authorities are encouraged to strengthen their supervision, enforce tax sanctions and provide education to taxpayers about the taxation regulations that apply in order to prevent them from performing tax evasions.

Reccomendations

Regarding the discussions, conclusions and limitation of this study mentioned above, recommendations were proposed for future researchers as follows.

1. Future researchers are expected to expand the period of research observations and use a wider range of research objects to make findings generalizable for all companies listed on the IDX.
2. Other variables that might also affect tax management such as inventory intensity, fixed asset intensity, tax facilities, company size, and others can be involved. In addition, this study only takes data from company financial reports, excluding external aspects such as the economic or political conditions of the Indonesian state. Therefore, it is suggested that future researchers also examine external factors that influence tax management.
3. Other researchers can other indicators of tax management variables other than ETR, for

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