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Effect Of Profitability, Leverage, Composition of the Board of Commissioners, Audit Committee and Fiscal Loss Compensation on Tax Avoidance in Banking Companies in BEI

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Abstract

This study aims to determine the relationship between profitability, leverage, and composition of the board of commissioners, audit committee, tax loss compensation on tax avoidance in companies banks listed on the Indonesia Stock Exchange in 2017 – 2019 The research method used is a quantitative research method with a descriptive approach. The research population is 39 companies. The sampling technique used is purposive sampling. Based on the results of the study showed that partially profitability has a positive effect on tax avoidance, but leverage, the composition of the board of commissioners, audit committee, and fiscal loss compensation on tax avoidance. The results of the study simultaneously show that the variables of profitability, leverage, composition of the board of commissioners, audit committee and compensation have no simultaneous effect on tax avoidance.

Keywords
market orientation; product innovation; competitive advantage; customer satisfaction

I. Introduction

Tax avoidance has become a major concern in almost all countries, especially for cross-border business transactions carried out by companies that have special relationships. The Indonesian banking industry is also inseparable from the issue of tax avoidance where the potential for tax avoidance in the banking industry in carrying out intermediary functions can occur in the context of: (i) banks as actors of tax avoidance with various schemes; and (ii) banks as channels used by third parties to practice tax avoidance (Darussalam, 2010; Dewi et al., 2019). The results of investigations and studies from the prakasa association team found potential state losses from tax revenues originating from the banking sector and other financial institutions each year approximately Rp 10 Trillion to Rp 12 Trillion (Kusuma, 2014 and Dewi Putranigshi 2019). One of the banking industries known to practice tax avoidance in Indonesia is PT Bank Central Asia Tbk where the Director General of Taxes corrected BCA's profit in 1999, not only Rp 174 billion, but Rp 6.78 trillion. One of the things that boosted the profit figure was the elimination of non-performing debts of Rp. 5.77 trillion which was considered as income for BCA. Therefore, BCA has to pay taxes of IDR 375 billion (Kusuma, 2014 and Dewi et al., 2019). The phenomenon of tax avoidance by companies in Indonesia is quite large in number. Based on tax data submitted by the Director General of Taxes in 2012, there were 4,000 PMA companies that reported zero tax value, it is known that there were companies that suffered losses for 7 consecutive years (DGT, 2013). Meanwhile in America, at least a quarter of the number of companies have avoided tax by paying less than 20% tax even though the average tax paid by the company is close to 30% (Dyreng et al., 2008; Dewi et al., 2019) There are several factors that affect tax avoidance efforts that can be identified from several previous studies, namely profitability, leverage, independent board of commissioners, audit committee, leverage and fiscal loss compensation (Richardson & Lanis, 2007; Annisa & Kurniasih, 2012; Prakosa, 2014; Dewi et al., 2019) In contrast to previous studies. Where in this research the board of commissioners is examined from the total composition of the board of commissioners of a company.

This study tries to examine the factors that are thought to have an effect on avoidance, namely from factors, profitability, leverage, number of commissioners, number of audit committees and fiscal loss compensation. And in this study tax avoidance is proxied by the book tax difference or also called the book tax gap. The use of the book tax difference method is expected to be able to identify tax planning activities and corporate earnings management based on taxable income and net income and comparison with average assets. The profitability of a company describes the ability of a company to generate profits during a certain period at a certain level of sales, assets, and share capital.

One of the profitability ratios is Return on Assets (ROA), where ROA has a relationship with the company's net income and the imposition of income tax for the company. The higher the company's profitability, the higher the company's net profit, where an increase in profit results in a higher amount of taxes to be paid. Thus, the higher the profitability of the company, the more mature tax planning is carried out, resulting in an optimal tax value which is often followed by a tendency to increase tax avoidance activities. (Dewi et al., 2019) Leverage shows a company's financing from debt that reflects the higher the value of the company. Leverage is also an increase in the amount of debt that results in additional cost items in the form of interest and a reduction in the income tax burden of corporate taxpayers. Richardson and Lanis (2007) examined the effect of leverage and size on tax avoidance and stated that the higher the company's debt value (leverage), the lower the company's effective tax rates (ETRs) due to the interest expense which reduces the tax burden. This means that leverage has a negative effect on tax avoidance. Richardson and Lanis (2007) state that the larger the company, the lower its ETRs will be, this is because large companies are better able to use their resources to make a good tax plan. (Dewi et al., 2019) Corporate governance issues began to develop in 1998, when Indonesia experienced a prolonged monetary crisis.

Corporate governance is a system and structure that regulates the relationship between management and owners who have majority or minority shares in a company that is useful for protecting investors from differences in the interests of shareholders (principle) and management (agent) (Farooque et al. , 2014; Suyono, 2016; Suyono & Farooque, 2018). In this study, corporate governance is measured by two proxies, namely the proxy for the composition of independent commissioners and the proxy for the number of audit committees. The board of commissioners in carrying out the supervisory function can influence the management to prepare quality financial reports (Suyono, 2016; Suyono & Farooque, 2018;(Dewi et al., 2019)). Independent Commissioners can carry out monitoring functions to support good company management and make financial reports more objective (Suyono, 2016; Suyono & Farooque, 2018(Dewi et al., 2019)). The audit committee is in charge of controlling and supervising the process of preparing the company's financial statements to avoid fraud committed by the management. The next factor that can affect tax avoidance in conventional banking companies is fiscal loss compensation. Fiscal loss compensation is a process of transferring losses from one period to another to show that companies that are losing money will not be taxed in accordance with the rules in Income Tax regulated in Article 6 paragraph (2) of Law No. 17 of 2000 concerning income tax.

II. Review of Literature

2.1 Tax Avoidance

According Kurniasih and cider (2013), stating that tax evasion is an arrangement to minimize or eliminate the tax burden by considering the result of the tax caused her, and not as a violation of tax for business taxpayers to reduce, avoid, minimize or take load taxes done in a manner permitted by tax law. As the dependent variable in this study is tax avoidance which in this study is measured using the Book-tax difference (BTD) model which is expected to be able to identify tax planning and earnings management activities within a company (Desai & Dharmapala, 2006; Liao & Fu, 2015) According to Salsabila, Pratomo, and Nurbaiti (2016) Book tax differences are differences in the amount of accounting or commercial profit with fiscal profit or tax income. The formula according to Desai & Dharmapala, 2006; Liao & Fu, 2015: = Total profit income tax expense.

2.2 The Effect of Profitability on Tax Avoidance

Profitability is a picture of the company's financial performance in generating profits from asset management known as Return on Assets (ROA) (Prakosa, 2014). The higher the company's profitability can cause companies to carry out careful tax planning so as to produce optimal taxes, by taking advantage of tax avoidance loopholes. According to Kasmir (2014), companies with high returns on investment use relatively small debt because high returns allow companies to finance most of their internal funding. This formula according to Kasmir (2016): = net profit after tax total assets.

2.3 Effect of Leverage on Tax Avoidance

According to Kasmir (2014), in Wastam Wahyu.H (2017), Leverage is a ratio used to measure the extent to which company assets are financed by debt. This is known as the Debt Equity ratio (DER). According to Adeline in Darmawan and Sukartha (2014), increasing the amount of debt will result in the emergence of interest expenses that must be paid by the company. The interest expense component will reduce the company's profit before tax, so that the tax burden that must be paid by the company will be reduced. According to Irham Fahmi (2012), leverage is a measure used in analyzing the financial statements of guarantees available to creditors. This DER formula according to Kasmir (2018): = Total debt (Debt) Total Equity (Equity).

2.4 The Effect of the Composition of the Board of Commissioners on Tax Avoidance

The board of commissioners as one of the corporate governance instruments in carrying out the supervisory function can influence the management to prepare quality financial reports (Suyono, 2016). Corporate governance is defined as the effectiveness of mechanisms aimed at minimizing agency conflicts, with particular emphasis on legal mechanisms that prevent expropriation of minority shareholders (Farooque et al., 2014; Suyono, 2016).

2.5 The Influence of the Audit Committee on Tax Avoidance

The audit committee is tasked with controlling and supervising the process of preparing the company's financial statements to avoid fraud committed by the management. The audit committee functions to provide views on issues related to the company's financial, accounting and internal control policies (Suyono, 2016). Based on agency theory, the audit committee is an agent formed by the board of commissioners whose task is to control and supervise the process of preparing the company's financial statements to avoid fraud committed by the management. The effective functioning of the audit committee allows for better control over the company and financial reports and supports corporate governance (Prakosa, 2014).

2.6 Effect of Fiscal Loss Compensation on Tax Avoidance

The process of carrying losses from one tax year to the next is called loss compensation. Kurniasih and Sari (2013) said that fiscal loss compensation has a negative effect on tax avoidance, because the loss can reduce the tax burden in the following year. Companies that have lost in one accounting period are given relief to pay their taxes (Prakosa, 2014). The company will avoid the tax burden, because the taxable profit will be used to reduce the amount of compensation for company losses (Prakosa, 2014). This makes companies that experience fiscal losses are usually not motivated to do tax avoidance because of the fiscal loss compensation obtained by the company so that the greater the fiscal loss compensation, the smaller the company's tax avoidance actions. Fiscal loss compensation, can be measured using a dummy variable, which will be given a value of 1 if there is compensation for fiscal loss at the beginning of year t and a value of 0 if there is no compensation for fiscal loss (Sari and Martani, 2010; (Dewi et al., 2019)) .

III. Research Methods

3.1 Research Design

This research design is descriptive quantitative. According to Sugiyono (2016) descriptive statistics are statistics used to analyze data and how to describe or describe the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Sampling companies in this study using purposive sampling technique.

Population can be interpreted as a whole an object of research that hasproperties certain. In this study, the population is allcompanie conventional bankinglisted on the Indonesia Stock Exchange from the 2017-2019 period.

Table 1. Table Operational

Variable Type	Definition	Indicator	Scale
Profitability **(Return On Asset/ROA)** **(X_1)**	Profitability is the description of the company's financial performance in generating profit from asset management, known as Return on Assets (ROA) (Prakosa, 2014).	$Return\ on\ asset = \frac{Laba\ bersih\ setalah\ pajak}{Total\ Asset}$ (Kasmir,2016)	Ratio
Leverage **(Debt To Equity Ratio/ DER)** **(X_2)**	According to Kasmir (2014), in Wastam Wahyu.H (2017), Leverage is a ratio used to measure the extent to which a company's assets are financed by debt. This is known as the Debt Equity ratio (DER).	$Debt\ to\ Equity\ ratio = \frac{Total\ utang\ (Debt)}{Total\ Ekuitas(Equity)}$ (Kasmir, 2018)	Ratio
Composition of	The board of commissioners as one of the corporate governance instruments in carrying out the supervisory	$Komposisi\ dewan\ komisaris$	

the Board of Commissioners (X$_3$)	function can influence the management to prepare quality financial reports (Suyono, 2016).	$= \textit{Jumlah komposisi dewan komsaris}$ (Dewi et al., 2019)	Nominal
Audit Committee (X$_4$)	The audit committee is in charge of controlling and supervising the process of preparing the company's financial statements to avoid fraud committed by the management. The audit committee functions to provide views on issues related to the company's financial, accounting and internal control policies (Suyono, 2016).	$\textit{Komite Audit} = \textit{Jumlah komite audit}$ (Dewi et al., 2019)	Nominal
Fiscal Loss Compensation (X$_5$)	Kurniasih and Sari (2013) say that fiscal loss compensation has a negative effect on tax avoidance, because the loss can reduce the tax burden in the following year.	Fiscal loss compensation, can be measured using a dummy variable, which will be given a value of 1 if there is compensation for fiscal loss at the beginning of the year and a value of 0 if there is no compensation for fiscal loss (Kurniasih and Sari 2013)	Dummy
Tax Avoidance (Y)	As the dependent variable in this study is tax avoidance which in this study is measured using the Book-tax difference (BTD) model which is expected to be able to identify tax planning and earnings management activities within a company (Desai & Dharmapala, 2006; Liao & Fu, 2015)	$\text{Book tax difference} = \frac{\textit{Total profit} - \textit{income tax expense}}{\textit{Tax rate}}$ (Desai & Dharmapala, 2006; Liao & Fu, 2015)	Variabel independen

3.2 Data Processing Techniques

a. Multiple Liner Regression

Multiple linear regression is a linear regression model involving more than one independent variable or predictor. In English, this term is called multiple linear regression. This analysis is to determine the direction of the relationship between the independent variable and the dependent variable, whether each independent variable is positively or

negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. Source: Sugiyono (2018: 188)
The Regression Equation Formula According to Sugiyono (2018),

$$PP = \alpha + \beta 1P - \beta 2L - \beta 3KI - \beta 4KA - \beta 5KRF$$

A = Constant
β1- β6 = regression coefficient
PP = Tax Avoidance
P = Profitability of
L = Leverage
KI = Total composition of the board of commissioners
KA = Number of audit committees
KRF = Compensation for fiscal loss

b. The Determinant

Coefficientcoefficient in this study is to find out how much the ability of all independent variables to explain the variance of the dependent variable. In this study the determinant coefficient seen from the value of Adjusted R Square.

c. T Uji Test

T test is used to test how the effect of each independent variable partially on the dependent variable. This test can be done by comparing t count with t table or by looking at the significant value in each t count. The criteria as guidelines for the t test are as follows:

$H_{0\ is}$ accepted if $T_{count} < T_{table}$ and significant > 0.05

$H_{1\ is}$ accepted if $T_{count} > T_{table}$ and significant < 0.05

d. F Uji Test

The f test is used to test to see whether all the variables, whether all the independent variables together have an effect on the dependent variable. The f test can be done by comparing f count with f table with the following criteria:
$H_{0\ is}$ accepted if $F_{count} < F_{table}$ and significant > 0.05
$H_{1\ is}$ accepted if $F_{count} > F_{table}$ and significant < 0.05

IV. Discussion

4.1 Results

a. Descriptive Statistical Analysis

Statistical analysis was used to find out the description or description of each of the variables involved in the study. Below is the measurement of data in descriptive statistical research regarding the minimum, maximum, average and standard deviation of the respondents which can be seen in the following table, namely:

Table 2. Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
Profitability	-3.91	4.23	.1178	1.27353
Leverage	3.81	8.18	6.1528	.69807
BOC Composition	2	10	4.79	2.115
Audit Committee	2	7	3.87	1.013
Compensation Tax loss	0	1	.41	.494
Tax Avoidance	9.52	20.12	13.7022	2.47401
Valid N (listwise)				

Source: processed by SPSS version 25

1. Tax Avoidance as variable Y has a sample of 117, with a minimum value of 9.52, amaximum of 20.12, an average of 13.7022 with a standard deviation of 2.47401.
2. Profitability as the X1 variable has a sample of 117, with a minimum value of -3.91, a maximum of 4.23, an average of 0.1178 with a standard deviation of 1.27353.
3. Leverage as the X2 variable has a sample of 117, with a minimum value of 3.81, a maximum of 8.18, an average of 6.1528 with a standard deviation of 0.69807.
4. The composition of the Board of Commissioners as the X3 variable has a sample of 117, with a minimum value of 2, a maximum of 10, an average of 4.79 with a standard deviation of 2.115.
5. The Audit Committee as the X4 variable has a sample of 117, with a minimum score of 2, a maximum of 7, an average of 3.87 with a standard deviation of 1.013

b. Results of Research Analysis

Research Model

1. Multiple Linear Regression

The analysis model of this research is multiple linear regression analysis. The linear regression analysis method serves to determine the effect of the relationship between the independent variables and dependent variable. The formula for calculating the multiple regression equation is as follows:

$$PP = \alpha + \beta 1P - \beta 2L - \beta 3KI - \beta 4KA - \beta 5KRF + e$$

The regression model used is as follows

Table 3. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	11.537	2.463		4.684	.000

Profitability	.670	.231	.332	2.896	.005
Leverage	.279	.406	.079	.688	.493
Composition of the Board of Commissioners	.039	.132	.035	.297	.767
Audit Committee	-.041	.274	-.018	-.149	.882
Tax loss compensation	.922	.537	.181	1.717	.090
a. Dependent Variable: Tax Avoidance					

Source: processed by SPSS version 25

$$PP= 11.537 + 0.670\ X_1 - 0.279\ X_2 – 0.039\ X_3 – (-0.4\ 1)\ X_4 – 0.922\ X_{5.} + e$$

Explanation of the results of the regression table above:

1. From the table above, the profitability coefficient has a positive effect on tax avoidance of 0.670.
2. From the table above, the leverage coefficient has a positive effect on tax avoidance of 0.279.
3. From the table above, the coefficient of the composition of the board of commissioners has a positive effect on tax avoidance of 0.039.
4. From the table above, the audit committee coefficient has a negative effect on tax avoidance of -0.041.
5. From the table above, the coefficient of fiscal loss compensation has a positive effect on tax avoidance of 0.922.

2. Coefficient of Determination Hypothesis

Adjusted R Square with R^2 that the coefficient of determination (R^2) is used to measure how far the model's ability to explain the variation of the dependent variable.

Table 4. Determinant Coefficient Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.330[a]	.109	.059	2.40232

a. Predictors: (Constant), Fiscal Loss Compensation, Composition of the Board of Commissioners, Leverage, Profitability, Audit Committee

Source: processed by SPSS version 25

Based on the output above, it is known that the R Square value is 0.109, this implies that the influence of the profitability variables (X1), leverage (X2), the composition of the board of commissioners (X3), audit committee (X4), fiscal loss compensation (X5) simultaneously on tax avoidance (Y) 10.9%.

3. Testing Hypothesis Partial (T)

Sample t test is used to determine whether the difference in the mean of two unpaired samples. And the terms of this partial statistical test are Normal and Homogeneous.

The results of the t-test can be seen in the table below.

Table 5. T-test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	11.537	2.463		4.684	.000
	Profitability	.670	.231	.332	2.896	.005
	Leverage	.279	.406	.079	.688	.493
	Composition of the Board of Commissioners	.039	.132	.035	.297	.767
	Audit Committee	-.041	.274	-.018	-.149	.882
	Tax loss compensation	.922	.537	.181	1.717	.090

a. Dependent Variable: Tax Avoidance

Source: processed by SPSS version 25

From the data above, it can be concluded:

1. X_1 : $t_{arithmetic} > t_{table}$ that is 2.896 > 1.65870 and the value of Sig0.05 0.05 which means that the Profitability variable has a positive effect and Sig on Tax Avoidance in banking companies.
2. X_2 : $t_{arithmetic} < t_{table}$ that is 0.688 < 1.65870 and the value of Sig 0.493 > 0.05 which means that the Leverage variable has no effect and does not Sig on Tax Avoidance in banking companies.
3. X_3 : $t_{arithmetic} < t_{table}$ that is 0.297 < 1.65870 and the value of Sig 0.767 > 0.05 which means, the variable composition of the Board of Commissioners has no effect and does not sig on Tax Avoidance in banking companies.
4. X_4 : $t_{arithmetic} < t_{table}$ is 0.149 < 1.65870 and the value of Sig is 0.882 > 0.05 which means that the Audit Committee variable has no effect and no sig on Tax Avoidance in banking companies.
5. X_5 : $t_{arithmetic} < t_{table}$ that is 0.181 < 1.65870 and sig value 0.090 > 0.05 which means, Fiscal Loss Compensation variable has no effect and no sig on Tax Avoidance in banking companies.

4. Simultaneous Hypothesis Testing (F)

F test is used to test the hypothesis simultaneously. The F test is carried out by comparing the calculated F value with the F table and seeing a significance value of 0.05.

The results of the F test can be seen in the table below:

Table 6. F Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.959	5	12.592	2.182	.063[b]
	Residual	513.631	89	5.771		
	Total	576.590	94			

a. Dependent Variable: Tax Avoidance
b. Predictors: (Constant), Fiscal Loss Compensation, Composition of the Board of Commissioners, Leverage, Profitability, Audit Committee

From the table above it can be concluded as follows:

1. X_1 : $f_{count} < f_{table}$ that is 2.182 < 2.30 and the value of Sig0.063 > 0.05 which means that the Profitability variable has no positive and no Sig effect on Tax Avoidance in banking companies.
2. X_2 : $f_{count} < f_{table}$ that is 2.182 < 2.30 and Sig value 0.063 > 0.05 which means, Leverage variable has no effect and does not Sig on Tax Avoidance in banking companies.
3. X_3 : $f_{count} < f_{table}$ that is 2.182 < 2.30 and the value of Sig 0.063 > 0.05 which means, the variable composition of the Board of Commissioners has no effect and no sig on Tax Avoidance in banking companies.
4. X_4 : $f_{count} < f_{table}$ ie 2.182 < 2.30 and the value of Sig 0.063 > 0.05 which means, the Audit Committee variable has no effect and does not sig on Tax Avoidance in banking companies.
5. X_5 :$f_{count} < f_{table}$ that is 2.182 < 2.30 and sig value 0.063 > 0.05 which means, Fiscal Loss Compensation variable has no effect and no sig on Tax Avoidance in banking companies.

4.2 Discussion

a. The Effect of Profitability on Tax Avoidance

The first hypothesis in this study states that profitability has a positive and significant effect on tax avoidance. in the results of the partial test (T test) found that profitability has a positive effect on tax avoidance so that the first hypothesis is supported. This shows that profitability is a determining factor for the level of tax avoidance. Positive influence means that the higher the profitability of a banking company, the higher the tax avoidance by a banking company.

This researcher is in line with what was stated by (Dewi et al., 2019) which states that ROA has a positive effect on tax avoidance. The higher the profitability obtained by a company, the greater the possibility of tax avoidance efforts carried out by the company.

Comparing the two things above, we can conclude that profitability does not have a simultaneous / negative effect on tax avoidance.

H1. Profitability has a positive effect on tax avoidance in banking companies.

b. The Effect of Leverage on Tax Avoidance

The second hypothesis in this study states that leverage has a negative and no significant effect on tax avoidance. Where the results of the partial test (T test) show that leverage has a negative effect on tax avoidance so that the second hypothesis is supported. this means that leverage is a factor that can determine the level of tax avoidance in banking companies. A negative effect means that the higher the leverage of a banking company, the lower the value of tax avoidance by the company, this is because the amount of taxes owed is reduced by the higher interest obligations that must be paid, which also results in company profits. Thus, when the company's profit decreases due to the high interest expense that must be paid, the company's opportunity to make tax avoidance efforts will also decrease. The research agrees with the argument that the high value of debt owned by the company must pay a high interest expense which will ultimately reduce the tax liability for the year concerned.

This is in line with what was stated by (Dewi et al., 2019) which states that leverage has a negative effect on tax avoidance which means that those who have high tax obligations will choose to borrow in order to reduce taxes.

Comparing the two things above, we can conclude that leverage does not have a simultaneous or negative effect on tax avoidance.

H2. Leverange has a negative effect on tax avoidance in banking companies.

c. Effect of Composition of the Board of Commissioners on Tax Avoidance

The third hypothesis in this study states that the composition of the Board of Commissioners has a negative and no significant effect on tax avoidance. Where the results of the partial test (T test) show that the composition of the Board of Commissioners has a negative effect on tax avoidance so that the third hypothesis is supported. This means that the composition of the board of commissioners in banking companies has not been able to prevent management from avoiding tax. The size of the proportion of the composition of the board of commissioners in the bank's board of commissioners in this study is the same, that is, it cannot hinder the decision to avoid corporate tax.

This is in line with what was stated by (Dewi et al., 2019) which states that the composition of the board of commissioners has a negative effect on tax avoidance, which means that the board of commissioners in banking companies has not been able to prevent tax avoidance.

Comparing the two things above, we can conclude that the composition of the board of commissioners does not have a simultaneous or negative effect on tax avoidance.

H3. The composition of the Board of Commissioners has a negative effect on tax avoidance in banking companies.

d. The Effect of the Audit Committee on Tax Avoidance

The fourth hypothesis in this study states that the audit committee has a negative and no significant effect on tax avoidance. Where the results of the partial test (T test) show the audit committee has a negative effect on tax avoidance so that the fourth hypothesis is not supported. These results indicate that the audit committee is not a factor in tax avoidance in banking companies. This can be interpreted that the number of audit committees in bank companies, whether large or small, is not able to prevent tax evasion. Thus, the findings in this study prove the existence of the number of audit committees in banking companies that have not been able to carry out their duties properly according to the provisions of the audit and assist the board of commissioners in carrying out their responsibilities and providing continuous supervision. This means that the existence of an audit committee whose function is to improve the integrity and credibility of financial reporting cannot run properly if there is no support from all elements from within the company.

This is in line with what was stated by (Dewi et al., 2019) which states that the audit committee has a negative effect on tax avoidance which means that the existence of an audit committee in banking companies in Indonesia has not been able to carry out its role optimally where the role of the audit committee helps the board of commissioners to fulfill responsibility for providing oversight.

Comparing the two things above, we can conclude that the audit committee has no simultaneous or negative effect on tax avoidance.

H4 . The Audit Committee has a negative effect on tax avoidance in banking companies

e. The Effect of Fiscal Loss Compensation on Tax Avoidance

The sixth hypothesis in this study states that fiscal loss compensation has a negative and no significant effect on tax avoidance. Where the results of the partial test (T test) show that fiscal loss compensation has a negative effect on tax avoidance. This shows that the fiscal loss compensation is a factor in the size of the tax avoidance of the banking companies studied. This can happen because tax evasion is still carried out both in companies that have fiscal loss compensation and those that do not have fiscal loss compensation. Income Tax is a type of subjective tax whose tax obligations are attached to the relevant Tax Subject (Hendayana, 2021). Tax is a requirement that has been established by the state as a civic duty (Marpaung, 2020). . Tax is a compulsory levy paid by the people to the state and will be used for the benefit of the government and the general public (Siregar, 2019).

This is in line with what was stated by (Dewi et al., 2019) which states that fiscal loss compensation has a negative effect on tax avoidance, which means that the higher the fiscal loss compensation of a bank, the lower the tax avoidance value.

Comparison of the two things above, it can be concluded that the tax loss compensation has no simultaneous or negative effect on tax avoidance.

H5 . Fiscal Loss Compensation has a negative effect on tax avoidance in banking companies.

V. Conclusion

This study intends to analyze the effect of profitability, leverage, composition of the board of commissioners, audit committee, and fiscal loss compensation on tax avoidance in banking companies listed on the Indonesian stock exchange. By using the purposive sampling method, this study obtained 39 companies as samples during 2017-2019, so the total observations were 117 observations. The results of the analysis in this study conclude that profitability has a positive effect on tax avoidance. leverage, composition of the board of commissioners, audit committee, fiscal loss compensation have a negative effect on tax avoidance in banking companies listed on the Indonesian stock exchange for the period 2017-2019.

The theoretical implication that can be obtained from this research is that the results of this study areable to add insight and knowledge for the development of science in the field of financial accounting related to the scope of banking companies. Meanwhile, practically, this research can be used as a basis for the Indonesian Stock Exchange to re-evaluate the existence of independent commissioners and audit committees as a framework for good corporate governance which has not been able to carry out their roles optimally so that the existence of these two instruments has not been able to reduce tax avoidance practices in listed banking companies. on the Indonesia Stock Exchange.

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