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Analysis of Variables that Affect Tax Avoidance in Banking Sector Companies in Southeast Asia

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ABSTRACT

Tax is one of the largest revenues the state has and it is compulsory for both citizens and companies to pay to the state. The collected funds are used by the state to build state infrastructure and others. However, not all individuals or companies are willing to pay tax voluntarily. Some taxpayers even carry out tax avoidance. There are many factors that may affect tax avoidance practices, such as institutional ownership, gender diversity on board of directors, audit committee, and firm size. This study aims to determine the effect of institutional ownership, gender diversity on board of directors, audit committee and firm size on tax avoidance by using current effective tax rate approach and SPSS test tool version 22. The sample consists of 568 banking sector companies in Southeast Asia and they are listed on Orbis that publish financial statements in English, gain profit, and pay taxes in the research period. Based on the research results, it is found that institutional ownership has a significant effect on tax avoidance. Likewise, audit committee and firm size also have a significant effect on tax avoidance. However, gender diversity on board of directors has no significant effect on tax avoidance.

ABSTRAK

Pajak adalah salah satu pendapatan terbesar yang dimiliki negara dan merupakan kewajiban bagi warga negara dan perusahaan untuk membayar kepada negara. Dana yang terkumpul digunakan oleh negara untuk membangun infrastruktur Negara dan lain-lain. Namun, tidak semua individu atau perusahaan bersedia membayar pajak secara sukarela. Beberapa pembayar pajak bahkan melakukan penghindaran pajak. Ada banyak faktor yang dapat memengaruhi praktik penghindaran pajak, seperti kepemilikan institusional, keragaman gender pada dewan direksi, komite audit, dan ukuran perusahaan. Penelitian ini bertujuan untuk mengetahui pengaruh kepemilikan institusional, keragaman gender pada dewan direksi, komite audit dan ukuran perusahaan terhadap penghindaran pajak dengan menggunakan pendekatan current effective tax rate dan alat uji SPSS versi 22. Total sampel yang digunakan adalah 568 perusahaan sektor perbankan di Asia Tenggara dan terdaftar di Orbis yang mempublikasikan laporan keuangan dalam bahasa Inggris, mendapatkan untung, dan membayar pajak dalam periode penelitian. Berdasarkan hasil penelitian, ditemukan bahwa kepemilikan institusional berpengaruh signifikan terhadap penghindaran pajak. Demikian juga, komite audit dan ukuran perusahaan juga memiliki pengaruh signifikan terhadap penghindaran pajak. Namun, keragaman gender pada dewan direksi tidak berpengaruh signifikan terhadap penghindaran pajak.

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INTRODUCTION

The government needs large funds to develop all the regions in Indonesia. Therefore, the government need to increase the funds along with the increase in the development. In this case, tax is one of the largest sources of funds for the government which accounts for around 70% of all state revenues (Directorate General of Tax, Ministry of Finance, 2012). The tax sector is a source of funds in the government administration, public services, and national development.

Over the past 10 years, there have been a lot of tax frauds committed by corporate and individual taxpayers that are very detrimental to the state. One of them is a case that occurred in 2014 involving Bank Central Asia (BCA). BCA. As the largest private bank in Indonesia, it was busy dealing with the Corruption Eradication Committee *(Indonesia: Komisi Pemberantasan Korupsi / KPK)*, because on Monday, April 21st, 2014, the KPK set Hadi Poernomo (Director General of Taxes) as a suspect in the case of the BCA Non-Performance Loan (NPL) worth IDR 5.7 trillion, resulting in the government experiencing a loss of IDR 375 billion (Sutaya, 2014).

The same case also happened in Toyota Motor Company in Thailand in 2015. Toyota Motor Thailand experienced a very complicated problem related to the hybrid car, Toyota Prius. Thailand's National Anti-Corruption Network (NACN) asked the Thai finance minister to check whether Toyota Motor Thailand had carried out tax manipulation. If it was proven, Toyota Motor Thailand had to be responsible for domestic sales tax of 30 billion Baht, or around IDR 11.9 trillion (Satrio, 2015).

The two cases show how companies carry out tax frauds in various ways, both legally (tax avoidance) and illegally (tax evasion). Tax avoidance that is done legally can be carried out by utilizing loopholes existing in the tax law system in Indonesia and in Asia. According to Mardiasmo (2003), tax avoidance is an effort made by a corporation or individual to alleviate the burden of tax payable by not violating existing tax laws. Another opinion states that tax avoidance is an effort to reduce tax burden legally by utilizing certain provisions (loopholes) in the field of taxation optimally such as the exclusion and allowable deductions, and making use of unregulated things and weaknesses existing in applicable tax regulations (Suandy, 2011)

According to Arifin (2016), the board of directors is one component in corporate governance which consists of several members to determine policy and decision making within the company. The more members of the company's board of directors, the better the management of the company, including in the tax efficiency policy as an alternative for the management to reduce the tax burden which is expected to increase corporate profits.

The role of women is increasingly obvious in the company, especially related to the ability to become corporate leaders (Ferreira, 2009). This tends to be increasingly apparent when the board of directors is under pressure to have female members on board of directors (Ferreira, 2009). Gender diversity on board of directors will have an impact on the decisions taken, particularly in tax avoidance. Gender diversity on board of directors has a significant effect on tax avoidance. This means that gender diversity on board of directors can increase a company's tax avoidance activities (Amri, 2017).

The larger the size of the company, the more the company will consider the risks in managing its tax burden, such as in transactions. In the research by I Gede Hendy Darmawan and I Made Sukartha (2014), it is stated that firm size has a significant effect on tax avoidance. On the contrary, results of the studies conducted by Mella Virgi Amelia, Dudi Pratomo and Kurnia (2017) show the variable of firm size does not have a significant effect on tax avoidance.

Ngadiman and Puspitasari (2014), stated that institutional ownership is share ownership by the government, financial institutions, legal institutions, foreign institutions, trust funds, and other institutions. These institutions have the authority to supervise management performance. The existence of institutional ownership in a company will improve supervision of the company's management performance.

According to the Indonesian Institute of Audit Committee (*Ikatan Komite Audit Indonesia / IKAI*) (2004), the main task of the audit committee is to assist the board of commissioners in carrying out the supervisory function of the company's performance. This is related to reviewing the company's internal control system, ensuring the quality of financial statements, and increasing the effectiveness of the audit function.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Agency theory is the theory underlying the company's business practices. Agency theory is originally the synergy of economic theory, decision theory, sociology, and organizational theory. The main principle of this theory is the existence of working relationship between the parties giving authority, called investors or principal, and the parties receiving the authority, called managers or agent.

In agency theory, agency relations arise when one or more people (principal) employ other people (agent) to provide a service and then delegate decision-making authority to the agent. The relationship between the principal and the agent can lead to the information asymmetry because the agent is in a position that has more information about the company than the principal. With the assumption that both parties try to maximize their own interest, the existence of information asymmetry will encourage agent to hide some information that is not known to the principal. In addition, with the information asymmetry, the agent can influence the accounting numbers presented in the financial statements by conducting earnings management.

Jensen and Meckling (1976) also argued that agency theory is a separation between owners (principal) and managers (agent) who run the company. Agency problems arise because both parties always try to maximize their utility function. In line with the concept, agency theory was also proposed by Anthony and Govindrajan (2005: 269), that is, the relationship between principal and agent. Principal employs agent to carry out tasks for the sake of principal interest. Agency theory appears because of the phenomenon of separation between the owner of the company (shareholders) and the manager who manages the company

Tax Avoidance

Tax is a mandatory contribution to the state for those who have income in accordance with what is required by the state. The tax definition itself has been explained in the Law concerning General Provisions on Taxation (UU KUP, 2013) that tax is a compulsory contribution to the state owed by an individual and an entity that is forced based on the Law, by not getting compensation directly and is used for state needs for the greatest prosperity of the people (UU KUP, 2013).

The explanation of the article states that taxpayers do not receive compensation directly. Business people, therefore, assume that taxes are a burden. The greater the tax burden, the smaller the net profit earned by the company, so it is reasonable when entities and individuals try to carry out tax avoidance in accordance with the applicable provisions on taxation. However, there are some entities or individuals who commit tax evasion by violating the regulations on taxation.

Sumarsan (2013: 16) defines tax avoidance as an act, carried out by taxpayers, that does not clearly violate the law, even though sometimes they clearly interpret the law not in accordance with the intent and purpose of the legislator. Sumarsan explained in his book of *Tax Review and Tax Planning Strategy* that tax avoidance can be carried out and influenced by three factors as follows:
1. Self-control
2. Remote Location
3. The existence of loopholes that can be utilized

Institutional Ownership

According to Jensen and Meckling (1976), institutional ownership has a strategic role in minimizing agency conflicts that occur between managers and shareholders. The existence of institutional investors is considered capable of being an effective monitoring mechanism in every decision taken by the managers. This is because institutional investors are involved in strategic decision making, so it is not easy to believe in earnings manipulation.

Institutional ownership has an important meaning in monitoring management because the presence of institutional ownership will encourage a more optimal supervision. Such monitoring will certainly guarantee prosperity for shareholders. The influence of institutional ownership, as a supervisory agent, is suppressed through their considerable investment in the capital market. A high level of institutional ownership will lead to greater oversight efforts by institutional investors so that it can hinder the opportunistic behavior of a manager.

Gender Diversity on Board of Directors

Theory of Gendered Organizations explains gender diversity in organizations. According to Acker (1990), organization is a gendered process. The formation of an organization is through gender stages, that is, through a pattern of differences between masculine and feminine. Gendered process occurs through at least five interaction processes: (1) Distribution of constructions along gender lines, (2) Construction of symbols and images that explain, express, strengthen, or sometimes oppose divisions (gender division), (3) Processes that produce social gender structures, including the organization, is the interaction between women and men, women and women, men and men, including all patterns that define dominance (power) and obedience. (4) This process produces a component of individual gender identity, including awareness of the existence of three other aspects of gender in the organization, the choice of suitable work, the use of language, clothing, and the presentation of themselves as gender members of an organization. (5) Gender is involved in the fundamental process, an ongoing process of creating and conceptualizing social structures. Gender is a constitutive element in family and kinship. It helps to frame the relationships that underlie other structures, including complex organizations.

Gender can increase the diversity of executive characteristics so that it is expected to provide an alternative solution to a problem which can ultimately affect tax avoidance. This can be explained by attribution theory which states that every individual action in the executive is influenced by character and motivation so that it can explain a decision of that action. The female president director can provide change in the organization, providing a strict structure through flexible leadership style, trust, teamwork and control. Women tend to listen, motivate, provide support, and do better than men.

Audit Committee

Audit committee is the committee responsible for overseeing external audits and is the main contact between the auditor and the company (Jati, 2014). The board of commissioners must establish an audit committee consisting of at least three members who responsible to the board of commissioners. They are appointed and dismissed by the board of commissioners. The audit committee that has fewer members tends to be able to act more efficiently, but it also has some weaknesses, such as the lack of experience of the members. Each member of the audit committee should have an adequate understanding of the preparation of financial statements and the principles of internal supervision. The most important qualifications of audit committee members are in common sense, intelligence and independency (Pohan, 2008).

The audit committee has the task of controlling the process of preparing the company's financial statements to avoid fraud committed by management. The effectiveness of the audit committee also enables better control of the company and financial statements and support good corporate governance. The presence of audit committee in a company can minimize fraud in financial statements committed by management. The companies that have audit committees allow for effective financial report control and can support corporate governance in the companies.

Firm Size

In general, the size of a company can be seen from equity value and sales value or asset value the company has. In addition, firm size can also be measured using total assets and total sales owned by the company. The firm size can be classified as follows (Law of the Republic of Indonesia, 2008);

1. Micro Company
2. Small Company
3. Medium Company
4. Large Company

Based on the definition above, it can be concluded that firm size is a scale that determines the size of the company which can be seen from the total equity, total sales, total employees, total assets, and others.

Relationship between the Independent Variables and the Dependent Variable

The Effect of Institutional Ownership on Tax Avoidance

Institutional ownership has an important part in monitoring management because the presence of institutional ownership will encourage a more optimal supervision, especially in tax avoidance. It is expected that the higher the institutional ownership, the higher the **Current Effective Tax Rate (CuETR)**. If the CuETR value is high, the company will be more compliant with the existing laws and regulations and will not carry out tax avoidance. This explanation is supported by the results of the research conducted by Fadila (2017) that institutional ownership affects tax avoidance.

Based on the arguments above, the hypothesis can be formulated as follows:

Hypothesis 1 (H1): Institutional ownership has a significant effect on tax avoidance

The Effect of Gender Diversity on Board of Directors on Tax Avoidance

Tax avoidance carried out by companies is directly influenced by executive decisions. Executives play a role in determining the steps taken by the companies. This is also related to decisions in terms of tax avoidance. Gender diversity in the executive structure is recognized as having a role in making these decisions. The role of women in the executive board will influence the perspective and policies of tax avoidance, because women tend to comply with the rules and avoid the risks that might be faced someday. Therefore, it is expected that there will be at least 1 (one) woman in the executive board to realize a company that complies with regulations. The greater the number of women on the executive board, the higher the company's compliance with regulations.

Based on the explanation above, the hypothesis can be formulated as follows:

Hypothesis 2 (H2): Gender diversity on board of directors has a significant effect on tax avoidance

The Effect of Audit Committee on Tax Avoidance

The audit committee, in accordance with its function, assists the board of commissioners in supervising and providing recommendations to management related to the controls that have been carried out so as to prevent information asymmetry. The more stringent the supervision carried out on a company management, the better the quality of information produced, which in turn will produce effective performance (Zulaikha, 2013). Therefore, the audit committee, with its authority, will be able to prevent any deviant behavior or actions related to the company's financial statements.

Based on the explanation above, the hypothesis can be formulated as follows:

Hypothesis 3 (H3): Audit committee has a significant effect on tax avoidance

The Effect of Firm Size on Tax Avoidance

Firm size is a scale that determines the size of a company which can be seen from the total equity, total sales, total employees, total assets, and others (Ngadiman, 2014). The determination of firm size is based on the company's total assets. The greater the total assets, the better the company's prospects in a relatively long period of time. Companies that have large total assets indicate that the companies are more stable and more able to generate profits than those that have small total assets. Based on the research conducted by Ngadiman (2014), firm size has a significant influence on tax avoidance.

Based on the explanation above, the hypothesis can be formulated as follows (Figure 1).

Hypothesis 4 (H4): Firm size has a significant effect on tax avoidance.

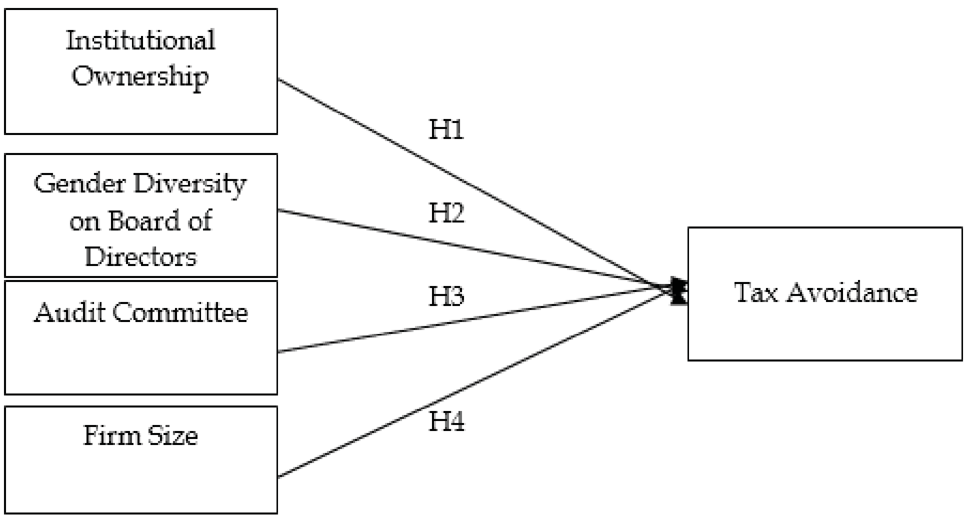

Figure 1
Framework

RESEARCH METHOD

Sample Classification

The population in this study is banking companies in Southeast Asia in the period 2012-2016. The sample was taken by using a purposive sampling method with the criteria for the research sample as follows:

1. Banking sector companies in Southeast Asia listed on Orbis in the period 2012-2016.
2. Companies that had complete financial data and complete annual reports related to the variables needed.
3. Companies that did not experience a loss so that it would not result in a distorted Current Effective Tax Rate (CuETR).
4. Companies that paid taxes in the study period. Excluding compensation for losses, benefits of taxes, and other things that added to the benefits of the tax covered.
5. Companies that reported financial data and annual reports using the international language – English.

Of the total banking companies listed on Orbis, there were 568 companies used as the research sample, based on the selection criteria.

Research Data

The data used in this study were secondary data taken from the third parties. The secondary data used were annual reports of banking companies. The variables are related to the research period 2012-2016. The secondary data were obtained from Orbis official website (www.orbis.com).

Research Variables

The dependent variable is tax avoidance and independent variables are institutional ownership, gender diversity on board of directors, audit committee, and firm size.

Operational Definition of Variables

Tax Avoidance

Tax avoidance in this study is measured using *Current* ETR, that is, the amount of corporate income tax paid by a company in the current year. The function of *Current* ETR is to accommodate the taxes paid by the company so that it can measure tax avoidance in the short term.

$$\text{Current ETR} = \frac{\text{Total Current Income Tax}}{\text{Total Profit before Tax}}$$

Institutional Ownership

Institutional ownership is indicated by the percentage of institutional ownership in a company. The higher the percentage of institutional ownership in a company, the more effective the role of the institution in controlling management performance so that it can increase the value of the company. According to Siregar and Utama (2005), institutional ownership is share ownership by institutions, such as insurance companies, banks, pension funds, and investment banking. Institutional ownership can be calculated using:

$$\frac{\text{The number of shares owned by institution}}{\text{The number of shares outstanding}} \text{ X } 100\%$$

Gender Diversity on Board of Directors

Gender can increase the diversity of executive characteristics so that it is expected to provide an alternative solution to a problem, which can ultimately affect tax avoidance. This can be explained by attribution theory which states that every individual action in the executive is influenced by character and motivation so that it can explain a decision of the action. It is hoped that the increasing number of women in executive boards will be able to suppress tax avoidance in the company.

Audit Committee (AC)

Audit committee is in charge of controlling the process of preparing a company's financial statements to avoid fraudulent management. The effectiveness of audit committee enables better control of the company and financial statements and supports good corporate governance. Therefore, it can be assumed that companies that have audit committees are expected to have very little possibility of tax evasion because there are good supervision and control in the company.

Audit Committee = The Number of Audit Committee Members in Company i in year

Firm Size

Firm size is a scale that determines the size of the company which can be seen from the value of equity, the value of sales, the number of employees, the value of total assets, and others. Firm size can be formulated as follows:

SIZE = Ln (total assets)

Analysis Tool

Multiple linear regression analysis is used to examine the effect of independent variables (institutional ownership, gender diversity on board of directors, audit committee, and firm size) on dependent variable (tax avoidance) in banking sector companies. These banks are in Southeast Asia listed on Orbis for the period of 2012-2016 with the following equation:

$$Y= a +b1X1 + b2X2 + b3X3 + b4X4 + e$$

Where:

a : Constant
b : Regression Coefficient
Y : Tax Avoidance
X1 : Institutional Ownership
X2 : Gender Diversity in Board of Directors
X3 : Audit Committee
X4 : Firm Size
e : error

RESEARCH RESULTS AND DISCUSSION

Descriptive Test

Descriptive analysis is used to provide an overview of the variables in this study, consisting of the variables of tax avoidance, institutional ownership, gender diversity on board of directors, audit committee, and firm size. The results of descriptive test are shown in Table 1.

Based on Table 1, CuETR has a mean value of 0.210646 with a standard deviation of 0.0763058. From the descriptive data, it is found that there are 327 sample company data that have CuETR value above the average and 241 sample company data that have CuETR value below the average. So, it can be concluded that banking sector companies in Southeast Asia tend to be more obedient in paying taxes. This is supported by the fact that the number of companies that have CuETR value above the average is greater than the number of companies that have CuETR value below the average. The greater the CuETR value, the higher the obedience to pay taxes, because the high CuETR value illustrates the company's obedience to pay taxes.

The mean value of the variable of institutional ownership (IO) is 0.629583, which means that most companies in the study are owned by institutional investors. There are 322 sample company data that have institutional ownership value above the average, and the remaining 246 sample company data have institutional ownership value below the average. Judging from the mean value of institutional ownership, it can be concluded that the institution has a control and considerable authority in the companies. It is hoped that the greater number of institutional ownership can supervise company actions and policies so that the company can increase its CuETR value. The higher the CuETR value, the higher the tax burden paid by the company. This condition illustrates that the company is more obedient in paying taxes.

The mean value of gender diversity on board of directors is 0.15965, which means that the average female board of directors in the company is 15,965% of the total members of board of directors owned by the company. There are 259 sample company data that have the values of gender diversity on board of directors above the average and 309 sample company data that have the value of gender diversity on board of directors below the average. For that reason, it can be concluded that banking sector companies in Southeast Asia tend to have more male members of board of directors than female members of board of directors. The increasing number of women in the board of directors is expected to increase the value of CuETR. A high CuETR value illustrates that the company is able to pay taxes according to regulations and can be stated that the company complies with the tax regulations.

The mean value of audit committee is 3.64, which means that the average audit committee owned by the company is in the numbers from 3 to 4. There are 221 sample company data that have audit committee value above

Table 1
Results of Descriptive Test

	N	Minimum	Maximum	Mean	Std. Deviation
CuETR	568	.0008	.4473	.210646	.0763058
IO	568	0.0000	1.0000	.629583	.2745521
GDD	568	0.0000	.7500	.159655	.1362578
AC	568	2	10	3.64	1.071
SIZE	568	15.1081	28.2100	21.325660	2.5013435

Source: Processed Data

the average and 347 sample company data that have audit committee value below the average, including 12 companies with 2 audit committees. STherefore, it can be concluded that banking sector companies in Southeast Asia tend to have an ideal number of audit committees, that is, 3. Companies that have a large number of audit committees are expected to have higher CuETR values and comply with tax regulations".

The mean value of firm size is 21.33, which means that the average banking companies in Southeast Asia have a total asset value of $ 1.3 million. There are 273 sample company data that have firm size value above the average and 295 sample company data that have firm size value below the average. This indicates that the average companies used as the sample have total assets of less than $ 1.3 million, in other words, the average banking companies in Southeast Asia listed on Orbis are classified as medium companies. Larger companies will likely to rethink the tax burden owned, so it is possible that the larger companies will have smaller value of CuETR, indicating that the companies are doing tax avoidance. This can happen because large companies have complex transactions and have human resources that are capable of managing taxes.

Analysis Results and Discussion

Table 2
Results of Multiple Linear Regression Analysis

Variable	CuETR Model	
	t-count	Sig.
Institutional ownership	2.143	0.033
Gender Diversity on Board of Directors	0.019	0.985
Audit Committee	2.157	0.031
Firm Size	-3.577	0.000
Constant	9.595	0.000
R Square	0.029	
Adj R Square	0.023	
F count	4.269	
Sig F	0.002	

Source: Processed Data

The Effect of Institutional Ownership on Tax Avoidance

According to Siregar and Utama (2005), institutional ownership is share ownership by institution investors, such as insurance companies, banks, pension funds, investment banks, and other than individual stocks. Institutional ownership within the company is used as a supervisor for all actions of the company executive in taking business actions, whether the action benefits the company or not and gives a sense of responsibility to the company to understand that the funds used by the company are not only the funds belonged to one company but can also be owned by more than one company. The funds should be used as well as possible and not used for personal or group goals other than just to develop the company.

Based on this explanation, it can be ascertained that the higher the number of institutional ownership, the higher the current tax burden borne by the company, because the company is considered to be more compliant with the tax regulations and does not want to take actions that harm the company, therefore, the higher the value of institutional ownership within a company, the lower the tax avoidance practice in the company.

The variable of institutional ownership shows significant effect. This supports the research hypothesis 1 (H1) which states that institutional ownership has a significant influence on tax avoidance. Based on the descriptive data, the movement between the variable of institutional ownership and the variable of tax avoidance (CuETR) is in the same direction, meaning that whenever there is an increase in institutional ownership, there will be an increase in the tax burden borne by the company. The greater the tax burden borne by the company in a year, the higher the level of the company's compliance with the applicable tax regulations.

The sample used in this study is banking sector companies in Southeast Asia. As multi-national companies, they have more complex types of transaction, so that there will be many loopholes that can be utilized by the companies to reduce the tax burden they have. Based on this explanation, institutional share ownership is one way that is expected to minimize the loopholes in tax avoidance practices. The shareholders' demands to companies to report their financial statements as actually as possible put pressure on the companies to maintain a reputation in the eyes of shareholders.

Based on Agency Theory, it can be further explained that the relationship between the variable of institutional ownership and the variable of tax avoidance (CuETR) is an example of the relationship between agents and principals, where the agents are company managers and the principals are shareholders. The existence of different interests between the agents and the principals makes the difference in objectives in running the company. This condition is better known as agency problems, where there is a difference in objective between agents and principals.

The agency problem occurs when the company manager, as an agent, wants to get the maximum profit, but the shareholders, as the principal, request that the company always be open, report the real financial condition, and conduct business activities in accordance with applicable regulations. The aim is to maintain the corporate good name and corporate image in the eyes of the public, so that it can be ascertained that institutional ownership influences tax avoidance (CuETR).

The results of this study support the results of the studies conducted by Ngadiman and Christiany (2014), Fadila (2017) which state that the variable of institutional ownership has a significant effect on tax avoidance. The results of this research indicate that shareholders tend to reject the existence of corporate tax avoidance in order to maintain the reputation of the company.

The results of this study do not support the results of previous studies conducted by Amelia, et al (2017) and Pohan (2009) which state that the variable of institutional ownership has no effect on tax avoidance in banking companies. Pohan (2009) argues that tax avoidance is part of management's effort to maximize profits.

The Effect of Gender Diversity on Board of Directors on Tax Avoidance

As a member of board of directors in a company, someone is required to make the best and most appropriate decisions for the company. In such conditions, a man will be easier to make a decision because a man is more likely to be a risk taker than a woman. A man will tend to prioritize the goal of developing the company in various ways, whether it complies or violates the applicable provisions. In contrast, a woman will tend to comply with all provisions that have been set, both the company rules and tax regulations.

This difference will have a big effect when a woman becomes the Chief Executive Officer (CEO) of a company. She will put more pressure on the staff and managers to take action in accordance with the applicable laws and conditions. A woman will tend to be more risk averse than a man. This difference can occur because of differences in mindset between man and woman. For example, a woman is more thoughtful about all the actions that have been taken and how the snowball effect of the actions on the future of the company is. The presence of woman in the board of directors is expected to influence tax avoidance in the company.

The results of this study show that the variable of gender diversity on board of directors has no significant effect on tax avoidance. The results of this study do not support the research hypothesis 2 (H2) which states that gender diversity on board of directors has a significant effect on tax avoidance in banking companies in Southeast Asia. Based on the descriptive data, the movement between the variable of gender diversity on board of directors and the variable of tax avoidance (CuETR) is in the same direction. It means that whenever there is an increase in the gender diversity on board of directors, there will be an increase in the tax burden borne by the company, even though the results of the statistical test show no significant effect. This may be due to the small number of women or even no woman in the board of directors in each company, so that female voices become minority**.** Based on descriptive data, overall the CEO of the companies made as the sample in this study is dominated by men. This condition puts pressure on women to follow the majority or male voices in decision making.

The results of this study support the results of the research conducted by Hanafi and Harto (2014) which states that the variable of gender diversity on board of directors does not have a significant effect on tax avoidance. The results of this study indicate that female executive does not influence corporate decision on tax avoidance. The differences in the principle of looking at problems and making decision between men and women do not affect the decision on tax avoidance practices.

The results of this study do not support the results of previous studies conducted by Winasis, et al (2017) and Amri (2017) that the variable of gender diversity on board of directors has an influence on tax avoidance in banking companies. Winasis et al. (2017) argue that the fundamental reason is that the presence of women in the corporate executive structure provides a more varied alternative for the company in carrying out its tax planning. The existence of women can also improve corporate governance in relation to good corporate governance because the existence of women will provide more mature considerations for executive decisions regarding the impact that will be caused for company decisions from the legal aspect. This is because women are more likely to be law-abiding and risk averse.

The Effect of Audit Committee on Tax Avoidance

The audit committee has the duty to control the process of preparing the company's financial statements to avoid fraudulent management. The effectiveness of the audit committee enables better control of the company and financial statements and supports good corporate governance.

The board of directors, which also serves as an audit committee in the same company, is feared to intervene or give pressure to other independent members of the audit committee to provide flexibility for the management to carry out its role as the maker of the financial statements.

It is expected that with the increasing number of audit committees, companies are more compliant with the applicable rules and regulations so that the companies are willing to pay taxes in accordance with the actual conditions and reduce tax avoidance practices significantly.

The statistical test on the audit committee show significant effect. These results support the research hypothesis 3 (H3) which states that the variable of audit committee has a significant influence on tax avoidance in banking companies. These results are supported by descriptive data which show that the movement between the variable of audit committee and the variable of tax avoidance (CuETR) is in the same direction, meaning that every increase in the audit committee will increase the tax burden borne by the company. The high tax burden borne by the company in one year indicates that the company complies with the applicable tax regulations.

Based on the grand theory used in this study, the audit committee is considered capable of providing a good liaison between company management and outside parties or investors through good financial statements. The audit committee as an independent board is expected to be able to realize good and healthy relationships between agents and principals, so that the company is able to run as it should be and can reduce agency conflicts.

The results of this study support the results of the research conducted by Sabrina and Soepriyanto (2013) which state that the variable of audit committee has a significant influence on tax avoidance. The results of this study indicate that the audit committee influences corporate decision on tax avoidance. The role of the audit committee is able to provide better supervision of the company's activities.

The results of this study do not support the results of previous studies conducted by Cahyono et al (2016) and Saputra and Asyik (2017) that the variable of audit committee does not influence tax avoidance in banking companies.

The Effect of Firm Size on Tax Avoidance

Large companies tend to have greater resources than small companies in carrying out their tax management. Large companies also have human resources, expert in taxation so that the tax management carried out by the companies can be maximized to reduce the company's tax burden without violating the law. Small-scale companies cannot be optimal in managing their tax burden due to the lack of experts in taxation. Therefore, small companies tend to be open and compliant in reporting their tax burden.

The results of statistical test on the variable of firm size show significant effect. The results of this study support the research hypothesis 4 (H4) which states that the variable of firm size has a significant influence on the variable of tax avoidance in banking companies. Based on the results, it can be explained that the movement between the variable of firm size and the variable of tax avoidance (CuETR) is not in the same direction, which means that every increase in the firm size will decrease the tax burden borne by the company, thus indicating that the company is doing more tax avoidance practices. On the contrary, any decrease in the firm size will increase the tax burden borne by the company, thus indicating that the company is doing fewer tax avoidance practices.

In connection with the grand theory which is the basis of this research, it can be explained that there is an agency conflict between management and stakeholders, where the management, who knows that companies (large) have complex transactions, tends to choose tax avoidance practice which is contrary to the stakeholders' wishes. The wishes are large profits accompanied by transaction openness and honesty on the company's image, so that there is an agency conflict between the company management and stakeholders.

The results of this study support the those of the studies conducted by Ngadiman and Puspitasari (2014) and Darmawan and Sukartha (2014). They stated that the variable of firm size has a significant influence on tax avoidance. The results of this study indicate that firm size influences corporate decision on tax avoidance. The bigger the company, the more various types of transactions will be handled, and the more gaps in using the transactions.

The results of this study do not support the results of the previous studies conducted by Cahyono et al (2016) and Amelia et al (2017) that the variable of firm size does not affect tax avoidance in banking companies. Cahyono et al (2017) argue that companies must be more careful in carrying out tax avoidance practice because it is very risky, especially relating to tax regulations, because large companies have a tendency to exploit existing gaps.

CONCLUSION, LIMITATION, AND SUGGESTION

The conclusions of the results of statistical test and hypotheses test are as follows:

The result of the first hypothesis test in shows that H0 is rejected and H1 is accepted. Therefore, institutional ownership statistically has a significant positive effect on tax avoidance. It means that the higher the number of shares owned by institutional investors, the higher the CuETR value.

The result of the second hypothesis test shows that H0 is accepted and H2 is rejected. So, gender diversity on board of directors statistically does not have a significant effect on tax avoidance. This means that the high value of gender diversity on board of directors does not affect the CuETR value. In addition, the low value of gender diversity on board of directors also does not affect the CuETR value.

The result of the third hypothesis in this study shows that H0 is rejected and H3 is accepted. So, audit committee statistically has a significant positive effect on tax avoidance. This means that the higher the number of audit committee members owned by the company, the higher the CuETR value.

The result of the fourth hypothesis in this study shows that H0 is rejected and H4 is accepted. So, firm size statistically has a significant positive effect on tax avoidance. This means the higher the firm size or the higher the total assets owned by the company, the lower the CuETR value.

Based on the research that has been done, there are still several limitations as follows: (1) after being analysed, the research data were classified as abnormal in distribution so that they had to be outlier six times using *case wise covariate diagnostics*; (2) There were variables that became heteroscedasticity, such as audit committee and firm size; (3) The value of autocorrelation using the Runs Test in this study showed that the research data experienced symptoms of autocorrelation; (4) There were 5 companies that did not publish financial reports during the study period with a total of 25 financial report data; (5) Researchers generalized taxation regulations for each country in Southeast Asia in accordance with taxation regulations in Indonesia.

The limitations in this study encourage the researchers to provide suggestions for the development of future research. For further researchers, it is recommended: (1) to use another test tool other than *casewise coevariate diagnostics* so that the data can be normally distributed. And if the data after the outlier show abnormal data, then the data used should be the data before outliers, (2) to add more sample companies because the sample represents the population used in the study. For that reason, the more the samples, the higher the generalization, (3) to add other variables that can detect the existence of corporate tax avoidance activities, such as audit quality, political relations, family ownership, and others, (4) to limit the sample companies that do not issue financial statements, which can be given the number 0 at the time of tabulation, (5) to provide research in accordance with the tax rates in each country so that the conclusion can be according to the circumstances of each company in each country.

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