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EFFECT OF EARNINGS MANAGEMENT, LEVERAGE AND INDEPENDENT COMMISSIONER ON TAX AVOIDANCE

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ABSTRACT

One of the reasons why tax revenue is still relatively below the target is tax avoidance. Taxpayers, especially corporate taxpayers, try to reduce the tax liability to a minimum because it has an impact on the company's after-tax profit. The company's decision to avoid tax is influenced by many factors, including earnings management, corporate financing (leverage) and, the role of independent commissioners.

This study aims to analyze the effect of earnings management, leverage, and independent commissioners on tax avoidance. This study uses a sample of consumer goods industrial companies listed on the Indonesia Stock Exchange for the period 2017-2019. The sample selection procedure uses purposive sampling. This study uses multiple regression with SPSS software. From the results of the study, it is the independent commissioners who have an effect on tax avoidance.

KEYWORDS: ***earning management; leverage; independent commissioners; tax avoidance***

INTRODUCTION

One of the tax functions is the budgetary function, which means that taxes are a source of state revenue that is used to finance all state expenditures. Thus, taxes have a very strategic role in state revenue. Tax revenue comes from tax payments made by taxpayers. The paid tax is a contribution to the state because the state has performed its obligations in accordance with the Social Contract Theory (SCT) which was popularized by Hobbes (1651), Locke (1679), and Rousseau (1762) separately, tracing back Socrates and Plato about the importance of avoiding coercion concerning the relationship between the state and citizens (Snyder et al., 2006)

One of the reasons why tax revenue is not achieved is tax avoidance. The finding was announced by the Tax Justice Network which reported that tax avoidance cost Indonesia an estimated US$ 4.86 billion per year. This figure was equivalent to IDR 68.7 trillion in the rupiah exchange rate at the close of the spot market on Monday, November 22, 2020, which was IDR 14,149 per United States (US) dollar. In the Tax Justice Network report entitled the State of Tax Justice 2020: Tax Justice in the time of Covid-19 stated that the impact of corporate tax avoidance in Indonesia was US$ 4.78 billion or equivalent to IDR 67.6 trillion. While the remaining US$ 78.83 million or around IDR 1.1 trillion came from individual taxpayers' avoidance. (kontan.co.id)

Taxpayers, especially corporate taxpayers, in performing their tax obligations try to pay as little tax as possible because paying taxes will have an impact on the company's after-tax profit. In this case, corporate taxpayers will try to reduce Income Tax (PPh) payable in various ways. This is related to one of the tax collection systems, namely the Self-Assessment System. It is a tax collection system that gives taxpayers the authority to self-calculate, deposit, and self-report. Indirectly, the self-assessment system is a tax system that is very vulnerable to fraud and violations.

The company's decision to avoid tax is influenced by many factors, including earnings management, corporate financing (leverage) and, the role of independent commissioners. The greater the profit, the greater the tax liability. This encourages directors to minimize their tax liabilities. Scoot (2015) stated that the motivation to save taxes is the motivation for companies to conduct earnings management. The results of the study Darma et al., (2019) prove that earnings management has an effect on tax avoidance. The improved tax management behavior of the company's management causes more tax avoidance practices from the company. In other words, tax avoidance is a motivation for management to perform earnings management.Pajriyansyah & Firmansyah, (2017), Tiaras & Wijaya (2017) proved the same research results. While the research conducted by Henny, (2019), Anggraeni (2021) proved that earnings management has no effect on tax avoidance.

Leverage is a company policy concerning company investment and/or sources of funds that will later be related to the cost of debt payable by the company where this cost will affect company taxes. Research results from Wijayanti et al. (2017) show that leverage has an effect on tax avoidance. The greater the leverage within the company, the higher the potential for tax avoidance practices by the company. Murni et al. (2016) also proved that leverage has an effect on tax avoidance. Research conducted by Tiaras & Wijaya (2017) proves that leverage has no effect on tax avoidance because companies do not take advantage of debt in tax avoidance. The research conducted by Listyaningsih & Sutra Tanjung (2019), Sinurat & Jasman (2021), also proves that leverage has no effect on tax avoidance.

Independent commissioners can provide direction to the board of directors to manage the company and formulate strategies for a better company including establishing tax payment policies (Sinurat & Jasman, 2021). The presence of independent commissioners can reduce the company's tax aggressiveness (Tiaras & Wijaya, 2017). The results of research Waluyo (2019), Sinurat & Jasman (2021) state that independent commissioners have an effect on tax avoidance, while those by Oktavia et al. (2021), Fitria (2018), Itjang D Gunawan (2019) show that the same has no effect on tax avoidance.

The inconsistent results of research on the effect of earnings management, leverage and independent commissioners on tax avoidance that cause the phenomenon of research gaps encourage researchers to re-examine. The aim of this study is to empirically prove the effect of corporate earnings management, leverage and independent commissioners on tax avoidance. The difference between this research and previous research is the object, namely the consumer goods industry using earnings management. Jones's modified model is best at detecting earnings management by applying a discretionary approach to revenue recognition on credit sales rather than discretionary management on revenue recognition from cash sales (Dechow et al., 1995).

LITERATURE REVIEW

Tax Avoidance

According to Garner (2009:1599) in Black's Law Dictionary "Tax avoidance is the act of taking advantage of legally available tax-planning opportunities in order to minimize one's tax liability."

Ernest R. Mortenson in Rahayu (2010:147) states that tax avoidance is an effort to reduce, avoid and alleviate the tax liability in various ways as permitted by the tax law by considering the presence or absence of one tax effect it incurs.

According to Suandi (2016) tax avoidance is a transaction that minimizes tax liability by taking advantage of existing weaknesses in the tax provisions of a country. Meanwhile, according to Pohan (2016) tax avoidance is a legal and safe effort made by taxpayers to avoid tax because it does not conflict with tax provisions and the methods and techniques used tend to take advantage of weaknesses (grey areas) in the tax regulations themselves to reduce tax liability. Hashimzade & Epifantseva (2018:13) argued that “Tax avoidance describes the rearrangement of a person’s affairs, within the law, in order to reduce tax liability.”

According to Mo (2003:12), the widespread existence of tax avoidance in developing countries is associated with a number of factors. The main reasons identified behind the high levels of tax avoidance in these countries include (1) Inadequacy of the relevant laws and transparency. The rapid change and instability of tax laws have become the norm in many developing countries. It confuses tax administrators and taxpayers and creates opportunities for tax avoidance. (2) Lack of tradition of voluntary compliance. The culture of paying taxes has not grown well compared to developed countries. In developing countries, the concept of tax law has not yet been established and taxpayers do not have the habit of paying taxes. Given that the social environment of corporate management in many developing countries condones tax non-compliance and considers it very common and normal, tax avoidance is becoming more widespread in these countries. (3) Lack of efficiency in tax administration. Weak administrative capacity is often associated with limitations that include: a lack of capacity to conduct full field audits, absence of third-party information, and inadequately trained personnel to detect sophisticated tax avoidance techniques. Without adequate resourcing and audit expertise, stronger action is not possible. (4) High level of corruption. In many developing countries, tax laws and regulations are less, they do not differentiate the economic situation of individuals while their application is often subject to the interpretation of tax officials. Moreover, employees in developing countries are usually underpaid. As a result, tax officials have enormous opportunities and incentives to accept bribes to help individuals or companies avoid paying taxes. To prevent such bribery, several governments have imposed restrictions on tax administration activities. For example, individual public officials are not permitted to make field visits to companies and tax officials may be asked to conduct field audits in teams so that this action does not necessarily increase the costs of tax audits and tax collection. (5) Tax holidays. Tax holidays provide a strong incentive to avoid taxes. Tax holidays are widely used as tax incentives by developing countries to attract foreign investment. However, investors can delay entering tax holidays by reporting losses in the pre-holiday period or can extend the duration of tax holidays by closing existing investments and re-starting a new investment project with a different name but with a higher ownership. In addition, after enjoying tax holidays companies can enter into economic relationships with tax-exempt persons to transfer their final profits through transfer pricing. Therefore, tax holidays can increase the opportunity to avoid taxes. (6) Investment competition. Most developing countries do not apply strict tax audit policies on foreign investment companies because they are worried that foreign companies are not willing to invest in these countries. So, this situation encourages tax avoidance. In one country, competition between regions to attract investment has led some local officials to grant tax reductions or exemptions without proper authorization from the central government.

Agency theory is relevant to explain tax avoidance. According to Supriyono (2018:63) agency theory is a contractual relationship between the principal and the agent. This relationship is established for a service where the principal authorizes the agent. This authority relates to determining the best decisions for the principal by prioritizing interests in optimizing the company's profits. Profit optimization is done by reducing or minimizing the expenses that arise. Those expenses may be tax liabilities. By optimizing the company's profit, the company can reduce or minimize the expenses that arise, one example of the expenses in question is the tax liability. The tax liability can be minimized with tax avoidance.

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Earnings Management

According to Hery (2015:50), earnings management is an accounting trick where flexibility in preparing financial statements is used or utilized by managers who are trying to meet profit targets. Earnings management according to Hery is carried out for the reasons (1) to meet internal targets, (2) to meet external expectations, (3) to provide income smoothing. (4) To make the financial statements look good (window dressing). Meanwhile, according to (Scott, 2015:445), earnings management is the selection made by managers to choose accounting policies in making decisions that are considered to be able to achieve the company's goals. This is done by the company's management because of the relationship or contract between the principal and the agent in accordance with agency theory where the principal authorizes the agent to perform obligations in the interests of the principal. The problem in agency relationships is that managers have information asymmetry with parties outside the company including creditors and shareholders. Information asymmetry includes adverse selection and moral hazard. The asymmetric information relationship between the agent and the principal is built because of the information gap between the agent as the party providing information to the principal as the party who will receive and use the information. This asymmetric information condition will encourage the agent to carry out earnings management by influencing the accounting numbers in the financial statements so that it will mislead shareholders who want to know the company's performance (Ermayanti, 2017).

According to (Scott, 2015:447) Scott, there are four earnings management techniques. The first is taking a bath. This pattern occurs when the company is undergoing restructuring or reorganization, where management must report a large number of losses in order to increase profits in the future. (2) Income minimization. If the amount of profit in the future period is predicted to experience a drastic decline, it will be overcome by taking the amount of profit in the previous period. Companies that have a high level of profitability will do this pattern. (3) Income maximization. This pattern is applied when the company experiences a decline in profits. Companies will report large net income in hopes of getting a large annual bonus. (4) Income smoothing. This pattern is used by leveling the profits presented for external reporting purposes and for investors because investors like stable profits.

In addition to the benefit of the board of directors getting bonuses, various earnings management strategies are implemented for the benefit of tax savings. Management's superiority in controlling information provides opportunities and motivates management to carry out earnings management with the aim of increasing opportunities in the context of "fully subscribed" issues (Mufford 2002) related to initial offerings on the capital market. The same can be done for tax savings by reducing profits. On the other hand, for the benefit of the board of directors, earnings management tends to increase profits.

Earnings management is a phenomenon that is difficult to avoid because it is the impact of the use of the accrual basis in the preparation of financial statements. In practice, it is indicated that directors take this action to maximize the utility and market value of the company and to avoid tax (Scott, 2015). The improved tax management behavior of the company's management causes more tax avoidance practices from the company. In other words, tax avoidance is one of the motivations for management to carry out earnings management (Darma et al., 2019)

Leverage

According to Fakhruddin (2008:109), leverage is the amount of debt used to finance/buy company assets. A company with debt that is greater than equity is called a company with a high level of leverage.

Leverage is the level of debt used by the company in financing. The company uses leverage with the aim that the profits earned are greater than the value of the assets and sources of funds, thereby increasing shareholder profits. In addition, high leverage in a company will reduce the tax liability borne by the company, so management prefers the debt option to avoid higher tax liability.

Leverage is a ratio to measure how far the company uses debt to finance investment. Leverage can be measured using several ratios. Companies that use debt in the composition of financing will incur interest expenses. Interest expense is a deductible expense on taxable income, causing the company's taxable profit to be reduced and in the end, it will reduce the amount of tax that must be paid by the company. Meanwhile, if the company uses equity financing in corporate financing, it must pay dividends where dividends cannot reduce taxable income (Puspita & Febrianti, 2017).

Here are some of the goals of companies using the solvency/leverage ratio (Kasmir, 2016): (1) To find out the company's position towards obligations to other parties (creditors). (2) To assess the company's ability to meet fixed obligations (such as loan installments including interest). (3) To assess the balance of values of assets, especially fixed assets and capital. (4) To assess how much the company's assets are financed by debt. (5) To assess how much influence the company's debt has on asset management. (6) To assess or measure how much of each rupiah of own capital is used as collateral for long-term debt. (7) To assess how much loan will immediately be collected, that is several times from the capital owned.

Various investment strategies are used to develop the business, namely debt and equity financings. Equity financing does not have an impact on tax savings, but debt financing has implications for tax savings within a certain limit. So the balance between debt financing and equity financing is called leverage policy (Adler Manurung, 2012).

Leverage can affect the increase and decrease in tax avoidance which can be represented by an increase in the company's debt for funding which will eventually increase the interest expense, where the company uses debt to minimize the company's tax liability (Pajriyansyah & Firmansyah, 2017).

Independent Commissioner

Based on Financial Services Authority Regulation Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, Independent Commissioners are members of the Board of Commissioners from outside an Issuer or a Public Company, who meet the requirements in accordance with prevailing laws and regulations.

Independent Commissioners are members of the Board of Commissioners, who do not own shares, either directly or indirectly, have no affiliation with the Securities Company, the Board of Directors, other members of the Board of Commissioners, and the controlling shareholder, and are free from business relationships or other relationships that may affect their ability to act independently.

Independent Commissioners according to the Elucidation of Article 120 paragraph (2) of Law Number 40 of 2007 concerning Limited Liability Companies (UU PT) are commissioners from external parties: Independent Commissioners in the code of good corporate governance are "commissioners from external parties". Articles of association of the Company may stipulate the presence of 1 (one) or more independent commissioners and 1 (one) delegated commissioner. Independent commissioners are appointed based on the decision of the General Meeting of Shareholders (“GMS”) from parties who are not affiliated with the major shareholders, members of the Board of Directors, and/or other members of the Board of Commissioners.

As one of the important organs in a Limited Liability Company, the existence of an Independent Commissioner is very important and strategic, because it acts as a supervisor who is relatively free compared to other commissioners. An independent position has the meaning of objectivity in carrying out the supervisory function of the policies and operations of board of directors. So that the company is expected to run in accordance with the direction of the General Meeting of Shareholders (GMS).

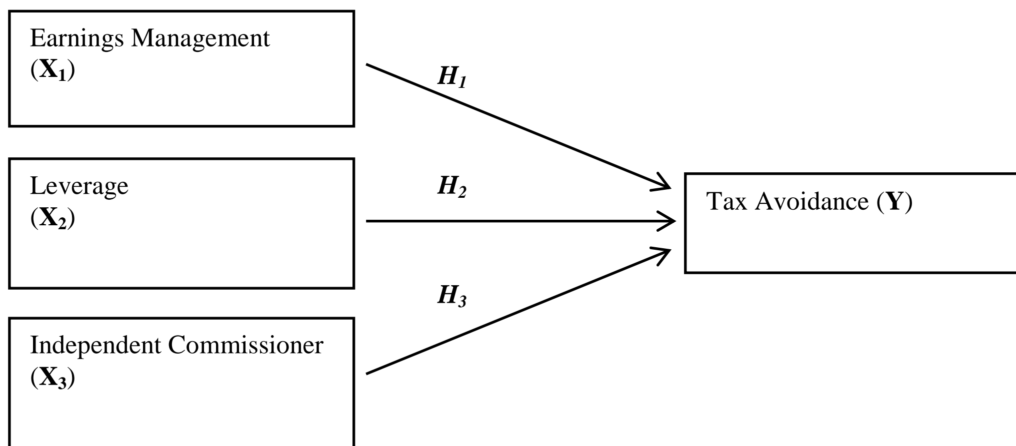
Thus, the effective function of the Independent Commissioner will improve the quality of the company's earnings due to increased efficiency, including efficiency in taxation. So that the remaining retained earnings or dividends for the benefit of shareholders also increases.

Although tax avoidance does not violate tax regulations, the Independent Commissioner oversees the company in minimizing the tax liability. The more number of independent commissioners are in a company, the more parties oversee objective internal actions, so that management will be wiser in taking tax avoidance actions(Deden Tarmidi et al., 2020).

FRAMEWORK AND HYPOTHESIS

Based on the literature, the framework and hypotheses of this research can be seen in Figure 1.

Figure 1
Framework



The hypothesis in this study is:

H1: Earnings Management affects Tax Avoidance
H2: Leverage affects Tax Avoidance
H3: Independent Commissioner affects Tax Avoidance

METHOD

This research is causal, namely to identify the effect of one or more independent variables on the dependent variable. In this study, the independent variables are Earnings Management, Leverage, and Independent Commissioners, while the dependent variable is Tax Avoidance. In this study, the research population is all companies in the consumer goods sector that publish financial reports on the Indonesia Stock Exchange (IDX) during the period from 2015 to 2019. Consumer goods companies are the object of this research because sales of consumer goods are relatively stable and consumer goods are products of public needs and are sectors that are able to survive during recessions and crises so that they are in demand by investors.

The sample selection process in this study used purposive sampling method. The purposive sampling method is the sampling based on the criteria that have been formulated in advance by the researcher. The sampling criteria are manufacturing

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companies in the consumer goods sector that are listed on the Indonesia Stock Exchange during 2015 – 2019, which published complete financial statements, which did not suffer losses, and which presented a deferred tax profit balance. The number of samples is 15 companies with 5 years of research so 75 data are collected.

The measurement of the dependent variable in this study is tax avoidance using the cash effective tax rate (CETR), which is cash issued for tax expenses divided by profit before tax in the year concerned (Nafis, 2018). CETR can assess tax payments from the cash flow statement so that the amount of cash issued by the company can be identified. CETR can be calculated with tax payment divided by profit before taxes. Old management independent variable used Jones's Modified Model. (Dechow et al., 1995) discretionary accruals (DA) as a measure of earnings management. The independent variable leverage was proxied by DER by dividing total debt by total capital. Meanwhile, the independent variable independent commissioner used the proxy of the number of independent commissioners divided by the number of the board of commissioners

Technical analysis of data used multiple regression analysis. The test was a descriptive test, classical assumption test consisting of normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. Furthermore, hypothesis testing and multiple regression analysis were conducted. SPSS was used as a software to process the available data.

RESULTS AND DISCUSSION

Results

Descriptive analysis is used to analyze the data by describing each variable as seen from the minimum value, maximum value, mean value, and the standard value of the variables studied (Bougie & Sekaran, 2016). The results of descriptive statistical tests can be seen in Table 1.

	N	Minimum	Maximum	Mean	Std. Deviation
ML	75	-.0658	.0826	.002324	.0138304
LEV	75	.0761	2.9095	.748659	.6847858
KI	75	.3333	.8000	.438007	.1252079
TA	75	.0873	.7636	.284721	.1422343
Valid N (listwise)	75				

From the table above, the variable has a minimum value of -0.0658 and a maximum value of 0.0826, the mean value of Earnings Management (ML) is 0.002324 and the standard deviation is 0.0138304. The leverage (LEV) variable has a minimum value of 0.0761 and a maximum value of 2.9095. Meanwhile, the mean value of Leverage (LEV) is 0.748659 and the standard deviation is 0.6847858. The Independent Commissioner (KI) variable has a minimum value of 0.3333 and a maximum value of 0.8000. Meanwhile, the mean value of Independent Commissioner (KI) is 0.438007 and the standard deviation is 0.1252079. The Tax Avoidance (TA) variable has a minimum value of 0.0873 and a maximum value of 0.7636. Meanwhile, the mean value of Tax Avoidance (TA) is 0,284721 and the standard deviation is 0.1422343.

Classical assumption test aims to get a model that is worthy of research. The normality test aims to test whether the dependent and independent variables in the regression model are normally distributed (Ghozali, 2016). The results of the normality test with the Kolmogorov Smirnov non-parametric statistical test show that the significant value is still below 0.05, which means that the residual data were not normally distributed. To overcome abnormal data, the researcher issued outlier data with a sample of 54. After the outlier data was removed so that the data was processed, the Kolmogorov Smirnov test was conducted and a significance value of 0.200 was earned. So, it might be said that the residual data were normally distributed and were continued with the classical assumption test. The results of the classical assumption test are summarized in Table 2.

Variable	Normality Test	Multicollinearity Test Tolerance	VIF	Autocorrelation Test Durbin Watson	Heterocedastisity Test Sig.(2-tailed)
ML		.865	1.156		0.607
LEV	0,200	.876	1.141	1.736	0.878
KI		.963	1.039		0.879

The results of the multicollinearity test for calculating the Tolerance value show that all variables have a Tolerance Value in the test > 0.10 and all VIF values in the test < 10. The results of the calculation of the Variance Inflation Factor (VIF) value also show the same that there is no one independent variable that has a VIF value of more than 10. So, it can be concluded that there is no multicollinearity between independent variables in the regression model.

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Autocorrelation test used Durbin Watson. The Durbin-Watson value is 1.736, greater than the upper limit (du) of 1.6800 and less than (4-du) 4-1.6800 = 2.32. So, there are no symptoms of auto correlation.

To detect the presence of heteroscedasticity, Spearman's Rho test was used. Sig value (2-tailed) X1 = 0.607 (>0.05). Sig value (2-tailed) X2 = 0.878 (>0.05). Sig value (2-tailed) X3 = 0.879 (>0.05). Because the significance value was greater than 0.05, there was no symptom of heteroscedasticity.

Furthermore, hypothesis testing was conducted to determine whether the hypothesis was accepted or rejected. T test (Partial) was performed. If the significant value was <0.05 then the hypothesis was accepted, so the independent variables had a significant influence on the dependent variable. If the significant value was >0.05 then the hypothesis was rejected, so the independent variables had a significant influence on the dependent variable. The results of the hypothesis testing can be seen in Table 3.

Coefficients[a]

Unstandardized Coefficients		Standardized Coefficients		
B	Std. Error	Beta	t	Sig.
.130	.052		2.530	.015
-4.595	2.394	-.246	-1.919	.061
-.026	.022	-.154	-1.190	.240
.323	.128	.327	2.533	.014

a. Dependent Variable: TA

Based on the results of the t-statistical test, it can be seen that the results between each independent variable on the dependent variable can be explained. The result of testing of the earnings management variable (ML) has a sig value i.e., 0.061 meaning (0.061 > 0.05). It shows that the earnings management variable has no effect on tax avoidance. Thus, it can be concluded that H1 is rejected. The test result of the leverage (LEV) variable has a sig value i.e., 0.240 meaning (0.240 > 0.05). It shows that the leverage variable has no effect on tax avoidance. Thus, it can be concluded that H1 is rejected. The test result of the Independent Commissioner (KI) variable has a sig value i.e., 0.014 meaning (0.014 < 0.05). It shows that the Independent Commissioner variable has no effect on tax avoidance. Thus, it can be concluded that H1 is accepted.

All independent variables can have a joint influence on the dependent variable tested with the F test, if the calculated F-count value is greater than F-table or if the significance value is less than 0.05. The results of F test can be seen in Table 4.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.039	3	.013	3.689	.018[b]
	Residual	.175	50	.004		
	Total	.214	53			

a. Dependent Variable: TA
b. Predictors: (Constant), KI, ML, LEV

The table above shows that the significance level is 0.018 below 0.05. This means that the model in this study is fit and can be used to predict the tax avoidance variable.

Based on the results of the tests conducted, the multiple linear equations in this study are:

TA = 0.130 - 4.595 ML - 0.026 LEV + 0.323 KI + e

From the regression equation above, it can be seen that the constant value is 0.130, meaning that if earnings management, leverage, and independent commissioner are equal to zero, then tax avoidance is 13%. Earnings management has a value of -4.595, meaning that each increase in the earnings management variable is one unit, then tax avoidance will decrease by 4.595. Leverage has a value of -0.026, meaning that each increase in leverage variable is one unit, then tax avoidance will decrease by 0.026 or 2.6%. Independent commissioner has a value of 0.323, meaning that each increase in independent commissioner variable is one unit, then tax avoidance will increase by 0.323 or 32.3%.

Furthermore, the coefficient of determination was used to measure the variable contributions of tax planning, deferred tax expense, and bonus compensation to earnings management. The results of coefficient test can be seen in Table 5.

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Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.426[a]	.181	.132	.0591647

a. Predictors: (Constant), KI, ML, LEV
b. Dependent Variable: TA

Based on the table above, it is identified that the coefficient of determination (R Square) is 0.132 or 13.2%, meaning that 13.2% of tax avoidance can be explained by the variables of Earnings Management, Leverage and Independent Commissioner, while the remaining 86.8% is explained by the other variables that are not included in the model.

Discussion

1. Effect of Earnings Management on Tax Avoidance

In this study, earnings management has no effect on tax avoidance. Earnings management in companies listed on the Stock Exchange is profit in accounting (commercial profit) which is intended to increase earnings per share (Earnings per Share). If Earnings per Share are higher, then the Price per Share is also higher. The calculation of accounting profit was based on Financial Accounting Standards (SAK), while the calculation of corporate income tax was based on fiscal profit according to the Income Tax Law (UU PPh) which is not the same as SAK. Thus, earnings management has no effect on tax avoidance.

The result of this study is in line with Henny (2019), Revian (2021). However, this research is not in line with that of Ridwan (2017), Rizky (2018), Dewi K (2019).

2. Effect of Leverage on Tax Avoidance

In this study, leverage has no effect on tax avoidance. In theory, the greater the leverage (debt), the greater the interest expense, which results in smaller profits, so that the company's income tax is also smaller. This does not apply because of the Regulation of the Minister of Finance of the Republic of Indonesia Number 169/PMK.010/2015 concerning the determination of the highest ratio between debt and company capital of four to one (4:1). The amount of interest expense that can be calculated as deductible expense is limited. Thus, even though the company's leverage is high, the interest expense cannot be fully charged fiscally so it has no effect on tax avoidance.

The result of the study is the same as that of Yetty Murni (2016), Maya (2021). While the result of this study is not in line with Yoanis (2017), Listyaningsih & Sutra Tanjung (2019) , R Rosiana (2019), Jean (2021), Revian (2021).

3. Effect of Independent Commissioner on Tax Avoidance

The Independent commissioner in this study affects tax avoidance. An independent commissioner is a commissioner who oversees an audit committee consisting of professionals with accounting and financial competence backgrounds including tax. The tax avoidance strategy is loaded with accounting and finance as well as tax competencies. Thus, the ability of independent commissioners to supervise and advise related to taxes will have an impact on savings on all lines, including tax savings.

The result of this study is in line with Yoanis (2017), Waluyo (2021), Jean (2021). While the result is not in line with Rizky (2018), Fitria (2018), Deden (2020).

CONCLUSION

This study shows that earnings management has no effect on tax avoidance. Earnings management in companies listed on the Stock Exchange is profit in accounting (commercial profit) which is intended to increase earnings per share (Earnings per Share). If Earnings per Share are higher, then the Price per Share is also higher. The calculation of accounting profit was based on Financial Accounting Standards (SAK), while the calculation of corporate income tax was based on fiscal profit according to the Income Tax Law (UU PPh) which is not the same as SAK. Leverage has no effect on Tax Avoidance. This does not apply because of the Regulation of the Minister of Finance of the Republic of Indonesia Number 169/PMK.010/2015 concerning the determination of the highest ratio between debt and company capital of four to one (4:1). The amount of interest expense that can be calculated as deductible expense is limited. Thus, even though the company's leverage is high, the interest expense cannot be fully charged fiscally. Independent Commissioner affects Tax Avoidance. An independent commissioner supervises an audit committee consisting of professionals with accounting and financial competence backgrounds including tax. The tax avoidance strategy is loaded with accounting and finance as well as tax competencies. Thus, the ability of independent commissioners to supervise and advise related to taxes will have an impact on savings on all lines, including tax savings.

The suggestion is that companies should synchronize accounting treatment with tax treatment, especially that related to expenses, namely expenses that can be recognized in both accounting and finance. Further researchers are advised to add other variables such as asset structure variables that will have an impact on the quality of earnings and expenses fiscally.

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