The Impact of Shareholders, Intellectual Capital, Auditor Reputation, and Liabilities Level on Tax Evasion in Indonesian Manufacturing Companies

**ABSTRACT**

This research aims to contribute to solving the problem of tax evasion, by examine the impact of shareholders, intellectual capital, auditor reputation, and level of liabilities on tax evasion. The population is taken from manufacturing companies operating in consumer goods from 2017 to 2021. The sample was selected using purposive sampling method. The independent variable of this research is tax evasion. The dependent variable is Earnings Tax Ratio (ETR), which is a proxy for tax evasion. The results found that all types of shareholders seek to avoid taxes, even in state-owned enterprises. Tax avoidance in Indonesia is difficult to eradicate because it is carried out by various parties, specifically tax officers, tax consultants, and taxpayers. The discussion of this research is limited to various factors that influence tax evasion. Subsequent research can identify how much the state loses due to tax evasion, which is carried out by tax officers, consultants, or by taxpayers. This research found that all types of owners avoid taxes. This can be prevented if the Indonesian government can 1) enforce the law, 2) increase the trust of taxpayers, 3) avoid showing off the luxurious life of tax officials and their families, and 4) uphold honesty and avoid corrupt behaviour.

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**INTRODUCTION**

In early 2023, the world of taxation was shocked by the death of Rafael Alun Trisambodo (RAT) as a suspect in receiving gratuities and money laundering. In 2023, Andi Pramono was also named a suspect in receiving gratuities in the customs tax sector. Trisambodo is the former Head of the General Section of the Directorate of Taxes in Jakarta II, while Andi Pramono is the Head of the Makassar Customs tax Office. Both the Trisambodo and Pramono families often flaunt their luxurious lifestyle on social media. Actually, the tax scandal by the tax authorities in Indonesia, has a quite long history. In 2010 Gayus Tambunan was proven to have accepted bribes from Roberto Santonius, a consultant for PT Metropolitan Retailmart, and the tax case for PT Surya Alam Tunggal (SAT) and PT Megah Citra Raya. Handlang Soekarno (2016), was proven to have received Rp 7.9 billion in bribes from PT E-K Prima Ekspor Indonesia. Dhana Widiyatmika was proven to have made three mistakes, namely accepting bribes from PT Multiara Virgo, and receiving Mandiri Traveler (MTC) checks of IDR 750,000 from Batam City Government employees. Dhana as the head of the tax audit team was also accused of forcing the board of directors of PT Kornet Trans Utama to give Rp 1 billion to reduce tax obligations. Tommy Hendratno received bribes related to the processing of restitution or overpayments belonging to PT Bhakti Investama Tbk (Cnnindonesia.com, 2022). Some of the cases above are only a few examples, and there are many other cases of tax officials.

Criminal acts in the field of taxation are not only carried out by tax officers, but also by tax consultants and taxpayers. Aulia Imran Maghibi and Ryan Ahmad Ronas, are tax consultants who were sentenced to 2.5 years and 3.5 years in prison respectively by the Central Jakarta District Court. Maghibi and Ronas are tax consultants at PT Gunung Madu Plantations (GMP). They were both defendants in alleged bribery cases related to tax audits in 2016 and 2017 at the tax directorate (Kompas.com, 2022).  

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Taxpayers who evaded taxes include M Noor and PT Adaro Energy. M. Noor is the President Director of PT Noor Rieka Jaya Mandiri, which operates in the fuel oil sector. Noor engineered fictitious tax invoices in the 2013-2015 period, which resulted in a state loss of IDR 6.5 billion. Noor was sentenced to 2 years in prison and a fine of 8.7 billion on November 17, 2021 by the Samarinda Indonesia District Court. However, in January 2022, the sentence was increased to 3 years in prison (Detiknews, 2022). PT Adaro Energy Tbk manipulates taxes by using transfer pricing. PT Adaro sells coal to a subsidiary of Coaltrade Services International in Singapore at low prices, resulting in lower PT Adaro profits and taxes (Detikfinance, 2019).

The phenomenon of tax violations committed by officials, consultants and taxpayers above raises several questions, namely: why are tax violations so widespread and difficult to eliminate in Indonesia? Does shareholders type provide incentives for tax avoidance? Is intellectual capital, able to reduce tax manipulation? Intellectual abilities are expected to provide awareness and understanding to carry out tax obligations properly. Is audit quality, which guarantees reliable information from financial reports, capable of limiting tax violations? Do high debt levels provide incentives to break tax rules, due to liquidity pressures? These questions will be answered by examining the relationship between the type of shareholders, capital of intellectual, quality of audit, and the level of liabilities on tax evasion.

Research intention to examine the effect of the type of shareholders, capital of intellectual, quality of audit, & level of liabilities on tax evasion. This research is important and still very relevant because tax evasion continues to exist in Indonesia, and it's hard to get rid of. Tax evasion involves various parties, namely tax officers, consultants and taxpayers, so it is difficult to eradicate it. This research is expected to have a contribution in solving the problem of tax evasion in Indonesia. Research that examines the link between shareholders type and tax evasion, by dividing the shareholders type into 4, specifically domestic private institutions, institutions of foreign, institution of government and individuals, is still rarely carried out, especially in Indonesia. Likewise, research examining the effect of auditor reputation on tax evasion is still very limited.

**Literature Review and Hypothesis**

Tax avoidance can be explained using theory of agency. Theory of agency explains the connection between the owners and agent. Both the owners and agents want to get as much profit as possible. The agent wants to maximize its utility by being highly compensated for its performance. High compensation can be obtained by presenting high profits by reducing costs, including low tax costs. If tax problems can be planned and avoided without violating the law, it will increase company profits.

There are several theories that justify tax collection, including the theory of interest and the theory of absolute tax liability. Interest theory states that the more people who enjoy services from the state, the greater the tax. Tax payments are related to government services received by individuals in the country. The absolute tax obligation theory explains that the state has the right to collect taxes and the people are obliged to pay taxes. The people are obliged to show their devotion to the state by paying taxes. The state is also obliged to protect people's rights relating to defense, security, education, public facilities and public welfare. The various theories mentioned above justify tax collection by the government, but the majority of taxpayers consider that tax is a burden that should be avoided as much as possible. A company can be accused of tax avoidance if: 1) Minimize tax costs by looking for loopholes in tax laws. 2) The company's profit is reported to be smaller than it actually is, and 3) delaying tax payments.

**Types of Shareholders and Tax Avoidance.**

There are 2,000 companies owned by institutions of foreign that have not paid taxes in the last 10 years. This was conveyed by Indonesian Minister of Finance, Bambang Brodjonegoro on Monday 21 March 2016. The reason was because the company lost money, even though according to the calculations and audits of the Directorate of Taxes, the company should have paid an average of Rp25 billion in taxes a year (Detik.com, 2016). The three main reasons for foreign investment to commit tax evasion are: 1) through transfer pricing, with overseas affiliated companies. They sell goods abroad at very low prices, and buy goods from abroad at high prices, so that companies in Indonesia experience losses, while affiliated companies abroad earn large profits. 2) by utilizing tax incentive facilities, such as tax holidays and tax allowances, and increasing the cost of purchasing capital goods. When the tax incentives run out, the depreciation costs are high, so you experience a loss. 3) Companies often change names in order to get tax incentives and continue to repeat the first and second mode repeatedly so that they experience continuous losses (Liputan6.com, 2016).

Tax evasion carries a high risk of fines, resulting in financial losses and the continued investment of shareholders. Tax evasion carries a high risk of fines, resulting in financial loss and threatening the sustainability of shareholder investment. High risk, namely a maximum prison sentence of 6 years, and a monetary fine of four times the amount of tax owed (Indonesian_tax_law, 2007). In an environment with high law enforcement, companies will comply with tax regulations. On the other hand, in an environment where law enforcement is low, the culture of corruption and collusion is high, controlling shareholders can direct company managers to evade or not evade taxes. In Indonesia, in recent years we have faced huge mega corruption scandals, for example the Jiwasraya Corruption case which cost the State IDR 16.8 trillion (Republika, 2023), the Tower Base Transceiver Station (BTS) corruption case, the Ministry of Communication and Information amounting to IDR 8 trillion, which involved many state officials (Cnbicindonesia.com, 2023b), and the Asabri case which cost the State IDR 22 trillion (Cnbicindonesia.com, 2023a), Corruption land grabbing in Riau (2022), which cost the state IDR 39.7 trillion, Corruption of PT Trans-Pacific Petrochemical Indotama (TPPI), with state losses of IDR 37.8 trillion (in 2020), and corruption of Pelindo II, in 2020, which caused state losses of IDR 6 trillion (Kompas.com, 2023).
The results of previous research found inconsistent results on the relationship between the type of shareholders & evasion of tax. Institutional shareholder and managerial shareholder have no significant relationship with tax avoidance on the Tehran Stock Exchange (Jamei, 2018). The higher a country's ownership level, the less taxes they avoid on the Vietnam Stock Exchange. Low state ownership concentration (≤ 30%) has a significant positive effect on tax evasion behavior (Thai Ha & Quyen, 2017). Foreign ownership has a positive effect in increasing tax avoidance strategies in Jordan (Alkurdhi & Mardini, 2020). Ownership concentration has a negative effect on tax avoidance in small and medium enterprises in India (Farooq & Zaher, 2020). Managerial and institutional shareholders have a positive effect on tax evasion. Family shareholder is positively related to tax evasion practices (Gaaya et al., 2021). Government and foreign shareholders have a significant positive effect on tax evasion in Indonesia. The company's ownership structure influences company policies in the sector of tax evasion (Rakayana et al., 2021).

As explained above, that previous research has found inconsistent results, as well as the phenomenon of practice that law enforcement is weak, tax evasion is carried out by various parties (apparatus, consultants and taxpayers), and the level of corruption is high in the life of the nation and state in Indonesia, then this research suspects that various types of shareholders will try to avoid taxes. Therefore, the first hypothesis is:

**H1.** Various types of shareholders have a significant positive impact on tax evasion.

### Capital of Intellectual and Effective Tax Rates

Capital of intellectual is intellectual property owned by a company, in the form of intangible assets, which can be in the form of knowledge, experience, intelligence of employees and leaders, public trust, the good name of the company, and all infrastructure, which can enable the company to carry out its functions and strategies effectively and efficiently (Puspita & Wahyudi, 2021). Intellectual capital is the main component of capital, for companies whose main activities are knowledge-based. IC can be in the form of good relations, networks, professional expertise, technological capabilities and capacities, which can provide added value to the company.

Intellectual capital consists of relational capital, capital of human, & capital of structural (Ali & Anwar, 2021). Intellectual capital is a knowledge-based company which can become wealth and a source of innovation and renewal for the company. IC consists of Capital Employee Efficiency (CE), Human Capital (HC), & Structural Capital (SC) (Palebangan & Majidah, 2021). Human capital consists of network, skills, knowledge, competence, intelligence and motivation possessed by employees. Structural capital includes corporate culture, corporate governance, computer software, internal control, and information technology. Meanwhile, capital employees consist of extensive customer network, customer loyalty, good service to consumers, and extensive network and good relationship with suppliers (Mawaris, 2016).

Previous research on intellectual capital and tax avoidance has not yielded consistent results. Intellectual capital influences the effective tax rate (Tambun, 2018). Efficiency of human capital has a positive impact on tax planning, although structure and employee capital have no impact on tax planning (Meiry & Estralita Trisnawati, 2022). Intellectual capital can increase efficiency and company value by reducing costs including tax burden. Based on the intellectual capital owned by the company, the better the company's tax planning. Companies will be good at finding loopholes and tax incentives, so that the company's tax burden will be lower. Good management business knowledge will be able to minimize income tax burden. The 3rd hypothesis is:

**H2:** Intellectual Capital has a negative impact on tax evasion.

### Quality of Audit

A quality of audit ensures that financial reports are prepared based on applicable accounting standards, so that the profit information produced can be relied on. The tax amount is based on reported profit; therefore, the tax amount will be true. A quality of audit will be able to reduce tax evasion.

Previous research has found that audit quality has an impact on tax evasion. Audit quality proxied by auditor size and audit fees has a negative impact on tax evasion, while audit tenure (the period of time the auditor does the client's work) has a significant positive impact on tax evasion (Lestari & Nedya, 2020). Reputation of auditor has a significant negative impact on tax evasion (Nibars & Hadinata, 2020). Quality of auditor is significant negative impact to the likelihood of tax evasion, across countries, and with various characteristics of the tax system. The negative relationship between quality of auditor and tax evasion is more prominent in countries with stronger investor protection, higher auditor litigation risk, better audit environment, and high capital market pressure (Kanagaretnam et al., 2016). External auditor fees, which are a proxy for audit quality, have a negative impact on tax avoidance indicators (Shabbir et al., 2023). Audit quality in this study is proxied by using the auditor's reputation. Hypothesis 3 of this research is:

**H3:** Quality of audit has a significant negative impact on tax evasion.

### Liabilities Level and Tax Evasion

Liabilities (debt) level is a ratio that explains the size of the company's liabilities to other parties. The liabilities level is the ratio of debt to assets, or debt to equity. Companies that have debt can be used to expand the business which will increase the company's profits, so that taxes increase. Apart from that, creditors will carry out supervision, so that all information presented is in accordance with reality, making it difficult to avoid tax. Therefore, the higher the company's liabilities, the lower the tax evasion.
The liabilities level is the amount of the company's debt, which is used to finance the company's operational activities in order to generate profits and to invest. The debt level is the ratio of debt to assets, or debt to equity. Previous research has been inconsistent in explaining the relationship between leverage and tax evasion. Companies with high leverage tend to avoid taxes more (Dang & Tran, 2021). Meanwhile, Kartadjumena and Muntazhar (2021) found that leverage has no impact on tax evasion (Kurniawati & Prasetyo, 2023). The increase in the amount of debt will result in increased interest costs thereby reducing the company's profits. Companies that have low profits, the tax costs are also low (Putri & Putra, 2017). This research suspects that the level of debt has a negative impact on tax evasion. The hypothesis 4 of this research is:

H4: The level of liabilities has a negative impact on the level of tax evasion.

Research Method

This research was conducted in Indonesia, with an observation period of 2017-2021, in consumer goods manufacturing companies. This quantitative research uses secondary data in the form of financial reports and annual reports. The data is taken from the Indonesia Stock Exchange, and the website of each company. This research sample was selected by method of purposive sampling, based on certain criteria, namely: 1) Manufacturing companies operating in consumer goods at IDX Indonesia from 2017 to 2021, 2) The firms publish financial reports for 2017-2021. 3) firms Publishes complete data related to the variables to be studied.

Operational definition

Operational definition This research uses the dependent variable, namely the effective tax rate. Effective tax rates are often used as a proxy for tax avoidance. The independent variables of this research consist of shareholders type, capital of intellectual, quality of audit, and leverage.

Dependent variable

The dependent variable is tax evasion. Tax evasion is in line with the owner's interests because a small tax burden will increase cash flow and after-tax income. However, tax evasion that is known to the public will have a negative impact on the company's reputation and can reduce share value. Therefore, it is important to examine various factors that influence tax avoidance.

Tax avoidance in this research is proxied by the Earnings Tax Ratio (ETR). ETR is usually used as a proxy for aggressive tax avoidance (Rusydi, 2013). ETR is obtained from income tax expense divided by income before tax.

Shareholders Type

Owners can influence management to report profits which can affect the size or size of taxes. The results of research analysis in Europe with 1689 observations between 2014 and 2020 found that institutional shareholders that cares about sustainability has a negative impact on tax evasion. Institutional investors who care about sustainability encourage responsible tax behavior and are in line with other stakeholders (Velte, 2023). Conversely, in countries with weak law enforcement, high levels of corruption, and little attention to sustainability issues, it is suspected that share ownership will actually have a positive impact on tax evasion. Therefore, this research will examine the relationship between various types of shareholders and tax avoidance.

Types of shareholders in this research are divided into 4, namely domestic shareholder (Dom_Own), foreign shareholder (Forg_Own), owned by the Indonesian government (Gov_Own) and individual or private shareholder (Ind_Own). Shareholder of Domestic Institutions is measured by the percentage of shares owned by domestic institutions divided by the number of shares outstanding, multiplied by 100%. Foreign shareholder is the portion of shares owned by foreign institutional investors (foreign investors) divided by the total outstanding share capital, multiplied by 100%. Government shareholder is the number of shares owned by the Indonesian government divided by the total number of shares outstanding, multiplied by 100% (Surifah & Rofiqoh, 2020). Individual shareholder can be calculated by the number of portions owned by individuals divided by the number of stock outstanding, multiplied by 100%.

Intellectual capital

Intellectual capital is obtained from the Intellectual Value-Added Coefficient (VAIC). VAIC is a measure to assess a company's intellectual ability to use tangible and intangible assets efficiently, in order to create added value for the company. Value added is the company's ability to create added value. VA is the most objective indicator to assess business success. VA is obtained from the output minus the input. Output is all revenue from the sale of goods and services, while input is all expenses, excluding employee expenses.

VAIC is obtained from the calculations (Palebangan & Majidah, 2021):
Information:

\[ VAIC = HCE + SCE + CEE \]

\[ VA (Value Added) = OUTP - INF \]

\[ HCE (Human Capital Efficiency) = \frac{VA}{HC} \]

\[ SCE (Structural Capital Efficiency) = \frac{(VA - HC)}{VA} \]

\[ CEE (Capital Employed Efficiency) = \frac{VA}{CE} \]

**Quality of Audit**

Audit quality is a systematic and independent examination of financial statements that enables the discovery of material misstatements and is guided by applicable accounting standards and auditing standards. A quality audit will produce reliable financial reports. A quality audit ensures that profits are presented in accordance with the truth, so that it does not provide an opportunity to avoid taxes. Quality of audit indicators are the ability to detect misstatements, comply with applicable standards, and comply with operational standards. Factors that affect audit quality, namely: auditor competence, time pressure, work experience, independence and adherence to ethics. The audit quality of this research is proxied by a dummy variable. Audit quality will be given a value of 1 if it is audited by a qualified public accounting firm, which is included in the big four public accountant category and a score of 0 if it is not from the big four. Auditors who are members of the big 4 are EY (Ernst & Young), PWC (Price Waterhouse Coopers), DTT (Deloitte Touche Tohmatsu), and KPMG (Klynveld Peat Marwick Goerdeler).

**Level of Debt (Leverage)**

Leverage is a ratio that explains the amount of a company's liabilities to other parties, in order to finance its operations. Leverage has a significant negative impact on tax evasion, because high interest will cause profits to decrease. Conversely, leverage can also have a positive impact on tax evasion due to strict supervision from creditors, encouraging the Company to work optimally, so that the taxable income becomes large.

Leverage in this research is proxied by DAR (Debt or liabilities to Asset Ratio) and DER (Debt or liabilities to Equity Ratio) (Indrasti, 2020). DAR is obtained from total liabilities divided by total assets. While DER is obtained from total liabilities divided by equity. The relationship between the dependent and independent variables (see figure 1).

**Data Analysis Techniques**

The technique of analysis uses linear multiple regression and is tested using Statistical Product and Service Solution (SPSS) software. The dependent variable is proxied by the ETR with the regression equation as follows:

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Figure 1: The relationship between the dependent and independent variables
ETR = α + β₁Dom_Own + β₂Forg_Own + β₃Gov_Own + β₄Ind_Own + β₅HCE + β₆SCE + β₇CEE + β₈Rep_Aud + β₉DAR + β₁₀DER + ε

Information:
ETR : earning tax ratio
Dom_Own : Ownership (shareholder) of domestic institutions
Forg_Own : Foreign Ownership
Gov_Own : Governance Ownership
Ind_Own : Individual Ownership
HCE : Human capital efficiency
SCE : Structural capital efficiency
CEE : Capital employed efficiency
Q_Aud : Quality of audit, which is proxied by the auditor’s reputation
DER : Liabilities to equity ratio.
DAR : Liabilities to assets ratio
β₁,₂,₃,…..n : linear regression coefficient
α : Constant
ε : Standard Error

Results and Discussion

Test of Classic Assumptions

Several assumptions that must be tested before conducting OLS analysis are classical assumptions. Classical assumption tests were also carried out, consisting of data normality, autocorrelation, multicollinearity and heteroscedasticity tests. The results of the classical assumption test show that the data is normally distributed, does not indicate autocorrelation, does not indicate multicollinearity, & does not indicate heteroscedasticity.

Test of Data Normality

Data normality was tested using the Kolmogorov Smirnov test (KS). Based on the test of KS, it is known that Asymptotic Signf. (2-tailed) has a value of more than 0.05, so it indicates that the data is normally distributed (See table 1).

Table 1: Test of Data Normality

<table>
<thead>
<tr>
<th>Unstands. Res</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>245</td>
</tr>
<tr>
<td>Normal Parameters</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Stand. Dev.</td>
</tr>
<tr>
<td>Most Extreme Diff.</td>
<td>Abs.</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>asymptotic Signf. (2-tailed)</td>
</tr>
<tr>
<td>a. Test distribution is Normal.</td>
<td></td>
</tr>
</tbody>
</table>

Test of Autocorrelation

Autocorrelation was tested by Durbin-Watson (DW) test. The data is said to have no positive or negative autocorrelation if the value of dU < dW < (4 - du). Autocorrelation test results explain that the DW value is 1.895. The value is between the table values table value and 4 - du or 1454 < 1895 < 2.546. This Durbin Watson (D.W) value indicates that there is no autocorrelation.

Table 2: Test of Autocorrelation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R. Square</th>
<th>Adj. R. Square</th>
<th>SEE</th>
<th>D.W</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.328*</td>
<td>.108</td>
<td>.081</td>
<td>1,558,356</td>
<td>1.895</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Gov_own, Ind_Own, Dom_Own, Forg_Own, HCE, SCE, CEE, Q_Aud, DER, DAR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Dependent Variable: ETR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Test of Multicollinearity

The multicollinearity test is carried out by comparing the tolerance values obtained from multiple regression calculations. If value of the VIF of each study variable is < 10 and the value of tolerance is > 0.1, then there is no multicollinearity. Test results can be interpreted that there is no multicollinearity (see table 3).
Heteroscedasticity Test

The residual deviation value can be tested using heteroscedasticity test. This test can be seen from the scatter plot diagram display. Based on this test, it can be said that heteroscedasticity does not occur (see figure 2).

Figure 2: Heteroskedasticity Test

Statistics Description

Descriptive statistics show that the number of observations was 245 samples. Descriptive statistical results see table 1. Based on the results of descriptive statistics, it is known that shareholder by domestic private institutions 45.3%, 26.8%, owned by foreign private institutions, 2.7% owned by the government, and 16.3% owned by individuals. Government shareholder is still too small compared to other types of shareholders. Indonesia's population is around 280 million, it would be better if the percentage of government shareholder was increased so that people's consumption needs could be guaranteed. Audit quality as a proxy for auditor reputation shows a figure of 37%, meaning that 37% of companies are audited by reputable public accountants or those who are included in the big four.
Table 4: Statistics of Descriptive

<table>
<thead>
<tr>
<th>Research Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dom_Own</td>
<td>245</td>
<td>.000</td>
<td>1.000</td>
<td>.453</td>
<td>.336</td>
</tr>
<tr>
<td>Forg_Own</td>
<td>245</td>
<td>.000</td>
<td>.998</td>
<td>.268</td>
<td>.339</td>
</tr>
<tr>
<td>Gov_Own</td>
<td>245</td>
<td>.000</td>
<td>.902</td>
<td>.027</td>
<td>.139</td>
</tr>
<tr>
<td>Ind_Own</td>
<td>245</td>
<td>.000</td>
<td>1.000</td>
<td>.163</td>
<td>.233</td>
</tr>
<tr>
<td>HCE</td>
<td>245</td>
<td>.185</td>
<td>355.137</td>
<td>25.902</td>
<td>38.301</td>
</tr>
<tr>
<td>SCE</td>
<td>245</td>
<td>-4.416</td>
<td>.997</td>
<td>.881</td>
<td>.353</td>
</tr>
<tr>
<td>CEE</td>
<td>245</td>
<td>.013</td>
<td>16.737</td>
<td>1.718</td>
<td>1.822</td>
</tr>
<tr>
<td>Q_Aud</td>
<td>245</td>
<td>0</td>
<td>1</td>
<td>.37</td>
<td>.483</td>
</tr>
<tr>
<td>DER</td>
<td>245</td>
<td>-2.127</td>
<td>13.551</td>
<td>.855</td>
<td>1.277</td>
</tr>
<tr>
<td>DAR</td>
<td>245</td>
<td>.060</td>
<td>2.899</td>
<td>.427</td>
<td>.318</td>
</tr>
<tr>
<td>ETR</td>
<td>245</td>
<td>-.662</td>
<td>.333</td>
<td>-.212</td>
<td>.163</td>
</tr>
</tbody>
</table>

Results of Regression Test and Discussion

Regression of multiple linear is used to test the impact of several independent variables on one dependent variable. Using SPSS assistance, the results of the regression test are obtained in Table 5. Based on Table 5, the regression equation is obtained as follows:

$$ ETR = -0.105 - 0.151Dom_Own - 0.144 Forg_Own - 0.324 Gov_Own + 0.233 Ind_Own + 0.000 HCE + 0.010 SCE + 0.019 CEE + 0.002 Rep_Aud + 0.121 DAR + 0.028 DER. $$

Adj. R square shows the number 0.081, indicating that 8.1% of the ETR variable can be affected by the variable shareholder of domestic institutions, foreign institutions, government institutions, individual shareholder, human capital, structural capital, customer capital, and auditor reputation. Meanwhile, the remaining 91.9% is explained by variables outside the model. The F-Probability results show a significance value of 0.000 or <0.05. This indicates that the variables of independent have an impact on ETR.

The effective tax rate as measured by the ETR shows the level of tax evasion, where the higher the ETR means the smaller the level of tax evasion, conversely the smaller the ETR, the greater the level of tax evasion (Thai Ha & Quyen, 2017).

Table 5: Regression Test Results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.105</td>
<td>.074</td>
<td>-.411</td>
<td>.160</td>
<td></td>
</tr>
<tr>
<td>Dom_Own</td>
<td>-.151</td>
<td>.073</td>
<td>-.313</td>
<td>-2.060</td>
<td>.040</td>
</tr>
<tr>
<td>Forg_Own</td>
<td>-.144</td>
<td>.073</td>
<td>-.301</td>
<td>-1.977</td>
<td>.049</td>
</tr>
<tr>
<td>Gov_Own</td>
<td>-.324</td>
<td>.092</td>
<td>-.277</td>
<td>-3.500</td>
<td>.001</td>
</tr>
<tr>
<td>Ind_Own</td>
<td>-.233</td>
<td>.082</td>
<td>-.334</td>
<td>-2.837</td>
<td>.005</td>
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<tr>
<td>Q_Aud</td>
<td>-.002</td>
<td>.025</td>
<td>-.006</td>
<td>-.074</td>
<td>.941</td>
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<tr>
<td>HCE</td>
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<td>.000</td>
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<td>-1.625</td>
<td>.153</td>
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<td>.021</td>
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<td>.735</td>
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<tr>
<td>CEE</td>
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<td>-.208</td>
<td>-1.949</td>
<td>.053</td>
</tr>
<tr>
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<td>.034</td>
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<td>DER</td>
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This research found that domestic private shareholder, the foreign private shareholder, government, and individuals have a negative impact on ETR. This means that each type of shareholder seeks to keep income taxes low; thus all types of shareholders seek to avoid taxes or minimize the tax rate, even in government-owned companies. Thus, hypothesis 1, which assumes that the type of shareholders has a significant positive impact on tax evasion, is accepted. Why is that? First, however, taxes are a burden for the company. Managers whose achievements are measured by their ability to generate profits, of course, will try to minimize taxes so that the company’s profits are greater. Second, law enforcement in the field of taxation in Indonesia is still relatively weak, because many tax officers collude with taxpayers.

Many tax officials who have consulting businesses in the tax sector actually take advantage of minimizing the company's tax expense, so that most of the money that should go to the state goes to the consultant company. For example, one of the Heads of the tax office (in Indonesia), Rafael Alun Trisambodo (RAT), is suspected of receiving gratuities from taxpayers. RAT has a business in the field of accounts and tax consulting, namely PT AME. It is suspected that those who consult at PT AME were taxpayers with problems (Melani, 2023). Third, the corrupt behavior of the tax officials is difficult to eliminate. There are many cases of tax authorities receiving gratuities (tribes) from taxpayers. Fourth, the luxurious lifestyle exhibited by the tax official's family through social media raises doubts about taxpayers paying taxes. They think that the taxes that have been paid will be corrupted by the tax authorities.
The level of debt, whether measured by DER or DAR has a positive impact on ETR. The greater the liabilities level, the higher the ETR or the higher the level of liabilities, whether measured by DER or DAR has a positive impact on ETR. Why? First, companies have debt because they want to capture business opportunities, which of course have been calculated in such a way that these opportunities are far higher in value than the cost of debt (interest). Therefore, companies that have high debt are likely to have high profits as well, so that the amount of tax is also higher. Second, companies that have high debt are always under the supervision of creditors, therefore the preparation of their financial reports is also under the supervision of creditors. Therefore, it will be more difficult to manipulate financial statements that reduce profit figures, so that the tax burden is higher. Third, companies that have high levels of debt must maintain their financial condition, maintain a level of profitability so that they are able to pay off their debts. A high level of probability will cause a high tax cost (ETR).

Audit quality has no impact on ETR. This means that a company that is audited by a reputable or less reputable public accountant has no impact on the size of profits or income tax expenses. This means that hypothesis 3 is rejected. Why is that? An audit is an examination of the financial statements of past events. Past events cannot be affected by things that happened in the future. Therefore, it is very reasonable, if the reputation of the auditor cannot affect the size of the taxes paid in the past.

The part of intellectual capital in the form of HCE and SCE have no impact on ETR, but CEE has a negative impact on ETR. Human Capital Efficiency (HEE) which consists of knowledge, expertise, competence and motivation possessed by employees is not used as a tool to avoid taxes. Structural capital efficiency (SCE), which consists of corporate culture, computer software and information technology, is also not used to avoid taxes. Meanwhile, Capital Employee Efficiency (CEE) measures the level of efficiency in the use of tangible assets. CEE is an indicator of the efficient use of company capital. Companies are said to be successful in managing capital employed when this component generates large returns. CEE has a negative impact on ETR, meaning that the higher the efficiency of the company's capital management, the lower the ETR. The better the company's capital management, the better the tax planning will be, so that the tax burden will be smaller. This means that the greater the CEE, the smaller the ETR. The higher the efficiency of the company's use of capital, the more it avoids taxes.

Conclusions and Implications

The conclusion of this research finding shows that various types of shareholders, namely domestic private, foreign private, government, & individuals have a negative impact on ETR. This means that each type of shareholders seeks to keep income taxes low, thus all types of shareholders seek to avoid taxes or minimize the tax rate, even in government-owned companies. The level of debt, whether measured by DER or DAR has a positive impact on ETR. This means that the greater the level of debt, the higher the ETR or the taxes paid, also higher. This means that companies that have high debt do not try to avoid taxes. Audit quality has no impact on ETR. This means that companies audited by reputable or less reputable public accountants have no impact on tax evasion. The components of intellectual capital in the form of HCE and SCE have no impact on ETR, but CEE has a negative impact on ETR. CEE has a negative impact on ETR, meaning that the higher the efficiency of the company's capital management, the lower the ETR. The better the company's capital management, the better the tax planning will be, so that the tax burden will be smaller. This means that the larger the CEE, the more tax avoidance. This research found that all types of shareholders are tax evasive.

The implications of this research for the world of taxation are when law enforcement is low, corruption and collusion are rampant, both carried out by tax officials and tax consultants, sanctions are weak for tax violations, then every taxpayer will try to avoid taxes, both legal and non-legal. Because of legal certainty and law enforcement in the tax sector must be improved. In addition, the percentage of government shareholder in consumer goods sector companies is very low, so in the future, the government's role through share shareholder in consumer goods sector companies must be increased again.

Suggestions for further research are to be able to identify how much the state loses due to tax evasion by tax officials, consultants, and taxpayers. Subsequent research can also record how many tax officials have a tax consulting business. Shareholder of a tax consultant business by tax officials will cause a conflict of interest and is often used as a mode of tax evasion. This research only uses ETR as a proxy for tax avoidance. Further research can use other proxies. Subsequent research can compare how the impact of the type of shareholder on tax evasion, in a country where tax law enforcement is very strong. And the corruption index is low. Do taxpayers also avoid taxes like in Indonesia?

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Institutional Review Board Statement: Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

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Conflicts of Interest: The author declares no conflict of interest.


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