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THE INFLUENCE OF PROFITABILITY, POLITICAL CONNECTIONS, COMPANY SIZE, AND INDEPENDENT COMMISSIONERS ON TAX AVOIDANCE

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Abstract. This research aims to obtain the empirical evidence of the effect of profitability, political connection, firm size, and independent commissioner on tax avoidance. This research applies quantitative approach with a documentation method, involving secondary data from the companies' annual financial reports published on the official website of the Indonesia Stock Exchange. The observable data include 78 samples from property and real estate companies listed on the Indonesia Stock Exchange between 2020 and 2022, selected through purposive sampling, and are analyzed by multiple linear regression. The research results exhibit that profitability, political connection, and firm size have a significant effect on tax avoidance while independent commissioner has no effect on tax avoidance. This research provides an implication for the literature on agency theory and tax management that profitability, political connection, firm size, and independent commissioners are interconnected to affect tax avoidance.

Keywords: Company size, concentration of public ownership, size of the Board of Commissioners, size of Audit Committee, complexity of business, disclosure of intellectual capital

I. INTRODUCTION

Law number 28 of 2007 article 1 says "Taxes are mandatory contributions to the state owed by individuals or entities that are compelling based on law, with no direct reward and are used for state purposes for the greatest prosperity of the people." Taxes have an important role in improving the economy which will support development growth. Taxes are used to finance public and regional facilities that can be enjoyed by the community, such as financing buildings and highways, education, health, and other financing. The government expects self-discipline in the community to pay taxes in accordance with the stipulated provisions.

One of the largest state revenues comes from taxes. According to data from the Cabinet Secretariat of the Republic of Indonesia, government revenue from taxes as of July 2023 amounted to IDR 1,109.1 trillion or 64.6 percent of the State Budget target. Such is the magnitude of the role of taxes that there is an increase in tax revenue growth every year, one of which is by suppressing tax payment non-compliance.

The government has established a number of laws for taxpayers who commit fraud in paying their tax obligations. However, there are still taxpayers, both corporate and individual, who carry out tax avoidance that cannot be reached by legal sanctions, because it is done by looking for loopholes from the applicable law called tax avoidance or tax avoidance. Basically, tax avoidance has a legal nature because it does not violate any tax provisions, but this behavior has a detrimental impact on tax revenue (Catrine, 2020). According to the Tax Justice Network, Indonesia loses US$ 4.86 billion per year, which is equivalent to IDR 68.7 trillion at an exchange rate of IDR 14,149 due to tax avoidance. IDR 68.7 trillion of which was caused by corporate taxpayers and the remaining 1.1 trillion came from individual taxpayers (Fatimah, 2020).

Tax avoidance is still a unique yet complicated problem. It is not illegal but still undesirable for the government. Tax avoidance is carried out by companies in various sectors, including the property and real estate sector. For example, PT Agung Podomoro Land Tbk. in 2016 was recorded as conducting tax avoidance along with the leak of documents related to tax avoidance called Panama Papers as evidence. A total of 4.8 million emails were leaked in which there were 2.1 million PDF documents, 1.1 million photos, 32,000 text documents, and the remaining about 2,000 other files. (Source: https://news.solopos.com).

Another example of the phenomenon carried out by a mining sector company, namely PT Adaro Energi Tbk (ADRO). Allegedly in 2019, PT Adaro Energy conducted tax avoidance with transfer pricing efforts. The company is indicated to have transferred a number of funds to other countries and reduced the cost of paying taxes. PT Adaro transferred some money to its Singapore subsidiary, Coaltrade Services International from 2009 to 2017. The strategy involved coal transactions by selling at low prices to its subsidiary, Coaltrade, for resale in Singapore at inflated selling prices. From these tax avoidance efforts, PT Adaro paid US$ 125 million or Rp 1.75 trillion (at an exchange rate of Rp 14,000) less tax than it should have (Sugianto, 2019).

PT Bumi Resources Tbk (BUMI) in 2003-2008 was suspected of tax evasion, which was researched by Indonesia Corruption Watch (ICW) in collaboration with tax practitioners and coal observers. BUMI's tax avoidance was found to be a lower difference of US$ 1.060 billion in the financial statements. Then there was a tax loss that should have been charged to the government of US$ 477 million in the five-year period. In addition, there was a difference in royalties on coal (BHPB) with an amount of US$ 143 million so that the total loss to the government for BUMI's tax avoidance was US$ 1.680 billion (May, 2010).

The above phenomena prove that tax avoidance still often occurs so that it becomes one of the important things that need to be researched for the purpose of increasing tax revenue. This study uses four references from Junaedi, Sudiartana, & Dicriyani (2020) and Alfarizi (2021) by taking profitability variables. Furthermore, research from Sulaeman (2021) and Prihananto, Sulistyowati, & Nuraina (2018) by taking the company size variable to retest profitability, political connections, company size, and independent commissioners on tax avoidance.

Agency theory explains the relationship between owners and agents in an entity, such as a company, where there is a potential conflict of interest. In the context of taxation, this conflict of interest may encourage managers or agents to use aggressive tax strategies to reduce corporate tax liabilities, which may not always be in line with the long-term interests of the owners. Thus, the legal but controversial practice of tax avoidance may arise as a result of the dynamics of agency theory, where managers may choose to take advantage of loopholes in tax laws for the benefit of the company, even if it is not fully in line with the wishes of the owners (Sidauruk et al., 2023).

Researchers chose the dependent variable tax avoidance to discuss because tax avoidance is one of the loopholes that companies often use to reduce taxes legally, because of the loopholes in the law, tax avoidance is legal. However, in essence, tax avoidance is an unethical act and results in a reduction in state revenue. According to Sulaeman (2021) tax avoidance that occurs in Indonesia is due to low tax morale in society, this tax morale is the determinant of taxpayer compliance and other behaviors carried out by taxpayers. One of the objectives of this study is to find out a few variables that can lead to tax avoidance and aim to provide criticism and suggestions to related parties.

The novelty of this research lies in the variable of political connections on company performance in the property and real estate sector. This variable is still little discussed in research on tax avoidance. Political connections are defined as the relationship between companies and individuals who have political influence and influence access to resources and information that are not available in other companies so that they are considered favorable to the company (Lestari & Putri, 2018). Political connections can influence a company's business decisions including tax practices. In some cases, companies that have strong political ties can gain advantages in tax regulations (Auliya et al., 2021). Therefore, it is important to know the effect of political connections on tax avoidance.

The novelty of further research lies in the independent commissioner variable which is proxied by the number of independent commissioners in a company. Independent commissioners are part of the board of commissioners who have an important role in supervision and decision making in a company. Independent commissioners can influence the company's strategic policies and decisions, including matters relating to taxation practices. Independent commissioners can control managerial and have a role in taking the necessary actions in the event of a violation or inappropriate policy (Sani & Indra, 2021). The requirement for an independent commissioner is someone who has no affiliation or relationship with the interests of the controlling shareholders, the board of directors, and the board of commissioners (Sahrir et al., 2021).

The reason for examining the profitability variable is that profitability and tax avoidance have a relationship in the context of corporate financial decisions. Profitability is an important financial performance in all sectors of the company, including the property and real estate sector. Referring to relevant research by Junaedi, Sudiartana, & Dicriyani (2020) profitability is a way for companies to manage assets / wealth in order to make a profit. The better the company manages assets, the higher the profit generated. High profits result in a high tax burden because profit is the basis of tax imposition.

Furthermore, the reason for examining the firm size variable is that it is one of the variables that is often associated with corporate financial decisions. With respect to tax avoidance, large companies tend to have more resources and flexibility to adopt complex tax strategies.

Therefore, it is necessary to understand the relationship between company size and tax avoidance whether it has an influence on tax practices in the property and real estate sector or not. Referring to the relevance research conducted by Prihananto, Sulistyowati, & Nuraina (2018) company size is a classification of companies into several groups, namely large, medium, and small. The larger the size of the company, the greater the tax burden borne by the company. Researchers chose 2020-2022 where that year was the Covid-19 pandemic period. In this year, in general, all company sectors experienced an overall economic decline. This also has an impact on the economy of the wider community and results in difficulties in fulfilling tax obligations. Not a few people have difficulty or delay paying taxes.

This study makes an important contribution to the understanding of the factors that influence tax avoidance practices in the property and real estate sector listed on the Indonesia Stock Exchange (IDX). By analyzing variables such as profitability, political connections, company size, and the presence of independent commissioners, this study helps identify the main factors that can influence a company's decision to avoid taxes. The results of the study can provide valuable insights for stakeholders, including regulators, investors, and company management, in designing more effective tax policies and understanding their impact on corporate tax practices. In addition, this study can also serve as a foundation for further research in exploring other factors that may affect tax avoidance in the property and real estate sector, as well as in other sectors. Thus, this study has the potential to contribute to a better understanding of the dynamics of corporate taxation and its implications for the various parties involved.

II. LITERATURE REVIEW

A. Agency Theory

According to Jensen and Meckling (1976) agency theory explains the relationship between owners and shareholders (called principals) and managers (called agents). This theory explains how there is a conflict of interest called information asymmetry. The principal authorizes the agent to prepare financial statements, but in practice there will be differences of interest and cause disputes between them.

The treatment of tax avoidance can be influenced by agency problems, one side of management wants to increase compensation through high profits, the other side of shareholders wants to reduce tax costs through low profits. So in order to bridge this agency problem, tax avoidance is used in order to optimize these two interests (Finica, 2019).

B. Profitability

Profitability is one of the references in measuring the amount of profit. Profitability is also used to determine whether a company runs its business efficiently. The efficiency of the company can be known when comparing the profit earned with the capital that generated the profit. So that the ultimate goal of the company is to maximize profits.

According to research conducted by Sidauruk, et al. (2023) profitability is the ability of a company to achieve maximum profit within a certain period of time which is closely related to sales, total assets, and capital owned by the company. Company management has the responsibility to achieve the profit targets that have been set. The measure of profitability is an indicator used to assess the company's ability to achieve profits, and the results of this measurement form the basis for research on management effectiveness in a certain period.

C. Political Connections

Political connection is a condition where a certain party establishes a relationship with a party that has a political portion and is used to achieve a certain thing with indirect or direct agreements that benefit both parties. The company is said to have a political relationship, namely if the company seeks or has ties with the government in various ways carried out by the company (Ubaidillah, 2022).

According to Artiningsih & Wahyudi (2022) political connections are efforts made by a company to obtain preferential treatment. A company is considered to have political connections if one of the largest shareholders (someone who controls around 10% or more of the total shareholders who have voting rights) or one of the company's leaders is a member of parliament, minister, or individual who has a direct relationship with politics. Such preferential treatment includes licensing, capital loan applications, and various types of special privileges that can be obtained by politically-connected companies such as government protection, and easy access to debt for equity.

D. Company Size

Company size is a scale that determines the size or size of a company through the overall asset value or total assets of the company. According to Novari & Lestari (2016) the larger the scale of the company, the easier it is for a company to get sources of funds from both internal and external sources so that company size is considered to affect company value. Even large-scale companies that have a large asset value tend to easily attract investors to invest in the company. Operational activities are also influenced by the scale of company size by looking at total assets.

According to Oktavia et al., (2021) company size is a scale for classifying companies based on various criteria, such as total assets, total sales, stock market value, and so on. The size of this company can affect investors' perceptions of the company's credibility and capabilities.

E. Independent Commissioner

The board of commissioners includes independent commissioners who have independent voting rights. This means that independent commissioners do not have any influence so that the monitoring process is more transparent and their input is impartial to any party. The requirement regarding independent commissioners on the board of commissioners is a form of the importance of the existence of independent commissioners in the company. The existence of independent commissioners is expected to be neutral with the applicable policies so that a successful company can be achieved and can disclose broad information to all stakeholders.

The very important role of independent commissioners in the company is to oversee and provide direction so that the company operates in accordance with applicable legal provisions. As an intermediary between management and company owners, independent commissioners play a role in the process of making strategic or policy decisions with the aim of ensuring that there are no violations of applicable regulations, including tax decisions (Sani & Indra, 2021).

F. Tax Avoidance

Tax avoidance is a tax avoidance strategy and technique that is carried out legally and safely for taxpayers because it does not conflict with tax provisions (Pohan, 2013). According to research conducted by Sidauruk, et. al (2023) tax avoidance is an activity that is legal and does not violate the law in the applicable tax provisions, which aims to reduce or avoid excessive taxes or taxes that are not fully approved, resulting in tax savings that can affect the determination of the tax rate applied, including lower tax rates or not taxed at all.

With this concept, tax avoidance is defined as a practice that does not violate the law and can be said to be legal but not justified and detrimental to the state. Tax avoidance is done by looking for loopholes from the applicable laws so that it cannot be followed up through the law. How to do tax avoidance such as making exceptions and deductions that are allowed or benefits that have not been regulated and also things that are weaknesses in the applicable regulations (Wardani & Mursiyati, 2019). An example of tax avoidance is to establish a subsidiary in a country or location that has a lower tax rate and perform several actions called transfer pricing. Another tax avoidance effort is by depositing a nominal amount of money with a bank located in a country that has lower taxes. Then the funds are channeled to subsidiaries as loans. This results in the subsidiary having to pay a certain amount of interest expense on the loan and make a reduction in the company's liabilities (Lestari & Putri, 2018).

Tax avoidance is not to embezzle taxes or eliminate taxes, but only to minimize the burden of paying taxes. There are bad risks obtained when conducting tax avoidance activities, namely the possibility of paying fines and getting a bad reputation label for the company in the community. However, there are also benefits that are far more tempting than the risks, namely maximizing profits will benefit internal and external investors and raise the name in the community.

Hypothesis Development

The effect of Profitability on Tax Avoidance

Profitability shows the company's financial performance in generating profits from managing assets called ROA or Return on Asset. The more ROA increases, the higher the profit earned by the company and the more ROA decreases, the lower the profit earned. Meanwhile, the higher the profit, the higher the tax charged to the company so that the higher the possibility of the company practicing tax avoidance.

In connection with agency theory, principals or investors avoid a partial reduction in company profits. So what can be done is only to reduce the tax burden deposited without any implications of underpaying taxes. Therefore, agents try to minimize taxes by making tax avoidance planning (Putriningsih et al., 2018).

Based on research by Sulaeman, (2021) and Junaedi et al. (2020) shows that profitability has a positive influence on tax avoidance, but research conducted by Mailia and Apollo (2020) says that profitability has no effect on tax avoidance. Based on this description, the hypothesis for this study can be obtained as follows:

H1: Profitability has a positive effect on tax avoidance

The effect of Political Connection on Tax Avoidance

Companies that have political connections aim to utilize these connections in conducting tax avoidance. In connection with agency theory, the principal wants a large profit in making an investment. Company management will be required to get a large profit from the principal, so management will seek to minimize taxes paid.

Research by Ramadhani (2022) shows that political connections have a positive effect on tax avoidance, this is because companies assume that tax is a barrier to maximizing profits, so they try to minimize taxes by using the power of political connections.

Companies with political ties will receive protection from the government, gain easy access to capital loans, and have lower tax audit risk. This causes companies to be bolder in planning tax strategies that can result in decreased financial transparency (Sahrir, et. al., 2021). With a low risk of tax audits, companies are more aggressive in planning tax strategies to reduce the amount of tax that will be collected by the tax authorities. This makes companies more willing to take risks, including tax avoidance practices to reduce their tax obligations (Fitriyah & Saputra, 2024). Based on this description, the hypothesis for this study can be obtained as follows:

H2: Political connection has a positive effect on tax avoidance.

The effect of Company Size on Tax Avoidance

Company size is a determination of the size or size of the company through total assets. The size of the company can be seen in the financial statements at the end of the period after being audited. The total assets owned by the company are measured based on total sales, total book value of assets, total asset value, and total labor (Handayani & Mildawati, 2018).

In line with agency theory, with the strong influence of management, the bigger the company, the higher the pressure from the principal to the agent so that the higher the tendency of tax avoidance practices.

Research by Aulia & Mahpudin (2020) shows that company size has a positive effect on tax avoidance, this indicates that the greater the total assets, the greater the size of the company so that it is increasingly able to regulate taxation by doing tax avoidance so as to achieve optimal tax savings. The larger the company, the greater the tendency to have better management and funding sources needed in running the company. large companies have more resources to do better tax planning for tax avoidance (Sonia & Suparmun, 2019). Other studies such as Sulaeman (2021) and Junaedi et al (2020) agree that company size has a positive effect on tax avoidance.

Meanwhile, in Handayani & Mildawati's research (2018) it is said that company size has a negative effect on tax avoidance. This is because large companies are better able to use their resources for better planning. Based on this description, the hypothesis for this study can be obtained as follows:

H3: Company size has a positive effect on tax avoidance

The effect of independent commissioners on Tax Avoidance

Independent commissioners are part of the board of commissioners. The entire board of commissioners has a supervisory function in a company. An independent commissioner is someone who has no relationship with the interests of the controlling shareholder, the board of directors, or the board of commissioners. Independent commissioners oversee managerial performance and its ranks by setting policy norms and objectives and selecting adequate resources to help the company fulfill its legal responsibilities related to company operations.

Agency theory states that the separation between company owners (shareholders) and company managers (management) can create conflicts of interest because management may not always act in accordance with the interests of the owners. To resolve this conflict, supervisory mechanisms such as independent commissioners on the board of directors are used to ensure that management acts in accordance with the interests of the owners. The goal is to ensure that managers (agents) carry out their duties in full compliance with applicable rules and regulations. As part of corporate governance, independent commissioners function to oversee company management behavior including tax avoidance practices (Masrurroch et al., 2021).

According to (Prasatya et al., 2020) concluded that there is an influence between the independent board of commissioners on tax avoidance. The more independent commissioners in a company, the higher the level of independence so that the company can minimize tax avoidance practices. Meanwhile, in the research of Auliya et al. (2021) said that independent commissioners have a positive effect on tax avoidance. Independent commissioners can control management's opportunistic behavior, so they tend to direct it to maximize profits in order to attract investors to invest.

H4 : Independent commissioners have a negative effect on tax avoidance

III. RESEARCH METHODOLOGY

A. Type of Research

This study aims to examine the effect of profitability, political connections, company size, and independent commissioners on tax avoidance. The research was conducted using quantitative methods using numerical numbers.

B. Population and Sample

The population used is all property and real estate companies listed on the Indonesia Stock Exchange in 2020-2022. The population in this study amounted to 93 with 78 samples. The sample data collection technique in this study used purposive sampling with the following criteria:

1. Property & Real Estate sector companies that publish financial reports for 2020-2022.
2. Companies that do not experience losses during the 2020-2022 period because according to Law no. 36 of 2008 article 6 paragraph 2 concerning income tax states that a company that experiences losses in an accounting period will receive tax compensation.
3. Companies that have complete data on the board of directors and commissioners.
4. Companies that have the data needed for research, including information on profitability, total assets, income tax expense and profit before tax.

C. Data Type and Source

This research uses quantitative data. Data collection is done using secondary data. The data source in this study is compiled in the annual report sourced from the Indonesia Stock Exchange and the official website of the company concerned.

D. Data Collection Technique

Data collection techniques in this study used documentation techniques. Documentation data is a method regarding things in the form of written documents, images, or electronics.

IV. RESULTS AND DISCUSSION

Research Sample Selection

The object of research is property and real estate companies listed on the Indonesia Stock Exchange from the period 2020-2022. This study aims to determine how profitability, political connections, company size, and independent commissioners have an impact on tax avoidance. Based on the research sample selection criteria described in chapter 3, this study used 84 samples with 6 outlier data so that the total sample was 78.

No.	Category	Total
1.	*Property* & *real estate* sector companies that publish financial reports in 2020-2022	93
2.	Companies that experience losses during the 2020-2022 period because according to Law no. 36 of 2008 article 6 paragraph 2 concerning income tax states that a company that experiences losses in an accounting period will receive tax compensation.	(58)
3.	Companies that do not have complete data on the board of directors and commissioners.	(7)
Number of companies sampled		28
Number of years studied		3 Years
Total observation sample (number of companies x 3 years)		84
Outlier data		6
Number of observation samples		78

Descriptive Analysis Results

	N	Min	Max	Mean
X1	78	0,00	0,41	0,0424
X2	78	0	1	0,78
X3	78	25,15	31,37	28,4879
X4	78	1	5	1,59
Y	78	0,000	0,440	0,10064

Based on the data table above, it can be seen that the value of the profitability variable (X1) has a minimum value of 0.00 and a maximum value of 0.41 owned by PT Winner Nusantara Jaya Tbk. It was found that 29 of the 78 observation data above the average showed that the profitability of the companies sampled in this study was not large enough. The X1 variable has an average value of 0.0424 and a standard deviation of 0.05499.

The political connection variable (X2) has a minimum value of 0 and a maximum value of 1. The X2 variable has an average of 0.78 which is greater than 0.5 indicating that political connections are quite high. There are 61 out of 78 data observations that have government ownership and 17 out of 78 data observations that do not have government ownership.

The company size variable (X3) has a minimum value of 25.15 and a maximum of 31.37 owned by PT Ciputra Development Tbk. A total of 41 out of 78 observation data are above the average, which is 28.4879. In addition, the standard deviation on the X3 variable is 1.68322.

The independent commissioner variable (X4) has a minimum value of 1 and a maximum of 5 owned by PT Metropolitan Kentjana Tbk. It was found that 25 of the 78 observation data were above the average of 1.59 and this variable had a standard deviation of 1.050.

The tax avoidance variable (Y) has a minimum value of 0.00 and a maximum value of 0.440 owned by PT Summarecon Agung Tbk. It was found that 47 of the 78 observation data measured using ETR had a tax avoidance value below the average. This shows that most of the companies sampled in this study have indications of tax avoidance because the smaller the ETR, the greater the tax avoidance (Wibisono, 2023). In addition, this variable has an average of 0.10064 and a standard deviation of 0.120684.

Normality Test

	Unstandardized Residual
Asymp. Sig (2-tailed)	0,000

Based on the information above, it can be seen that the significance value is 0.000 <0.05, so these results are classified as abnormal. To overcome this, data transformation can be done.

Data transformation is done by removing outlier data to fulfill a normal distribution. Outliers are cases or data that have unique characteristics that are very different from other observations and appear in the form of extreme values for either a single variable or a combination of variables (Ghozali, 2018). From the test results, it was found that there were six samples that had to be discarded to normalize this data.

Six outlier data found in this study were removed so that they could fulfill normality testing. The six outlier data are Bumi Citra Permai Tbk in 2021, Urban Jakarta Propertindo Tbk in 2022, Pollux Hotels Group Tbk in 2020, PP Properti Tbk in 2021 and 2022, and Repower Asia Indonesia Tbk in 2022. So that after deleting the six data, the data in this study became normal. The results of the normality test after deleting six outlier data are as follows:

	Unstandardized Residual
Asymp. Sig. (2-tailed)	0,200

Multicollinearity Test

Model	Tolerance	VIF
Profitability	0,987	1,014
Political Connections	0,853	1,172
Company Size	0,642	1,558
Independent Commissioner	0,631	1,585

The test results for each independent variable show that it is free from multicollinearity because it shows a tolerance value greater than 0.10. The VIF value can be used to test for multicollinearity. If the VIF value is more than 10, then multicollinearity occurs. Seeing the results of this test, it can be concluded that this research is free from multicolinearity.

Autocorrelation Test

According to (Wibisono, 2023) this autocorrelation test uses the Durbin Watson (DW) test with the criteria:

Positive autocorrelation is characterized by DW < -2; Negative autocorrelation is characterized by DW > 2; No positive or negative autocorrelation is characterized by -2 < DW < 2.

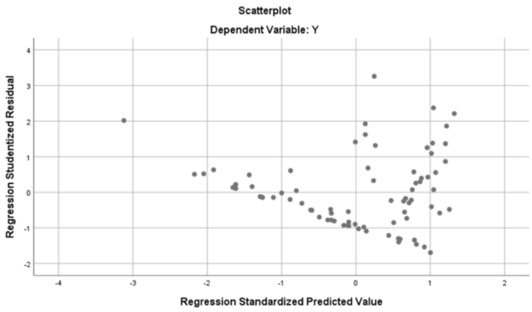
Model	Durbin Watson
1	1,281

The Durbin Watson autocorrelation test results show that this study does not occur autocorrelation and meets the requirements of -2 < DW < 2, seen from the autocorrelation results for n = 78 and k = 4.

Heteroscedasticity Test

This heteroscedasticity test is carried out using a scatterplot graph. A good regression model is free from heteroscedasticity, with the following conditions:

1. Data points spread above and below or around 0
2. Dots are not clustered in certain areas at the top or bottom only
3. The spread of data points should not form a wavy pattern widening then narrowing and widening again.
4. The distribution of points has no pattern



The test results above show that there is no heteroscedasticity because the points on the scatterplot display diagram spread out and do not form a certain pattern.

Hypothesis Test Results

Test	Variables	Sig value	Coefficient value	Decision-san
constant		0,012	0,619	
t	X1->Y	0,001	-0,741	Rejected
	X2->Y	0,002	0,096	Accepted
	X3->Y	0,020	-0,021	Rejected
	X4->Y	0,302	0,014	Rejected
F	X1, X2, X3, X4 -> Y	0,00		

Based on the results of hypothesis testing that has been done, it can be seen that Profitability (X1) gets a significance value of 0.001 which is less than 0.05. The results of multiple linear regression tests produce a coefficient value of -0.741 so that the profitability variable has a significant and negative effect on tax avoidance. The conclusion does not support H1 in this study.

Political connection (X2) has a significance value of 0.002 which is less than 0.05. The results of the multiple linear regression test produce a coefficient value of 0.096, the result is that the political connection variable has a significant and positive effect on tax avoidance. The results support H2 in this study.

Company size (X3) has a significance value of 0.020 which is less than 0.05. The multiple linear regression test results produce a coefficient value of -0.021. Then the results of the company size variable have a significant and negative effect on tax avoidance. The results do not support H3 in this study.

Independent commissioners (X4) have a significance value of 0.302 which is not less or greater than 0.05. The multiple linear regression test results produced a coefficient value of 0.014. So the results of the independent commissioner variable have no significant effect and do not support H4 in this study.

In addition, based on the results of the F test, it is known that the significance value obtained is 0.00 <0.05. Therefore, it can be concluded that this multiple linear regression model is feasible to use and variables including profitability, political connections, company size, and independent commissioners have a simultaneous influence on the dependent variable Tax Avoidance.

Determination Coefficient Test

Model	R	R Square	Adj R Square	Std. Error of the Estimate
1	0,571	0,325	0,289	0,101795

Based on the table above, it can be seen that the Adjusted R Square value obtained is 0.289. Thus it can be concluded that the variables of profitability, political connections, company size, and independent commissioners have an explanatory influence on Tax Avoidance of 0.289 or 28.9%. While the remaining 71.1% is explained or influenced by other variables that are not taken into account in this study.

Discussion

The effect of Profitability on Tax Avoidance

Based on the results of the research that has been done, it can be seen that profitability has a negative influence on tax avoidance. This shows that the higher the profitability, the lower the tax avoidance behavior and the lower the profitability, the higher the tax avoidance action.

According to Ariawan & Setiawan (2018), companies with high profitability will have good financial performance so that they can pay their tax burden. Profitability as measured by the ROA ratio, reflects the ability of a company to generate profits from its assets. The higher the ROA value, the greater the company's profit and the possibility that the tax burden will increase, indicating that this company has good performance. Companies with high ROA have the ability to pay high taxes will maintain a reputation in the eyes of shareholders and comply with applicable tax regulations. Thus, corporate tax avoidance tends to decrease. This study shows that profitability has a negative influence on tax avoidance practices.

The results of this study are not in line with agency theory which states that there is influence from the principal to the agent (management). Company management is often encouraged to increase company profits in order to obtain additional rewards, such as bonuses or other incentives. Therefore, when profitability increases, management may be less motivated to engage in aggressive tax avoidance practices.

The effect of Political Connection on Tax Avoidance

Based on the results of the research that has been done, it can be seen that political connections have a positive influence on Tax Avoidance. This shows that the greater the influence of political connections on a company, the greater the tendency of a company to do tax avoidance. Companies that have political connections tend to aim to utilize these connections in conducting tax avoidance. Companies that have political connections tend to get benefits such as information, networking, work parts, and others.

The results of this study are in line with agency theory which states that shareholders or principals want large profits in making investments. Company management will be required to get a large profit from the principal, so management will try to minimize the taxes paid. One option to get a large profit is to make several parties related to politics become shareholders. So that the course of the company, such as the possibility of getting projects, doing tax avoidance, and getting other benefits can be realized.

The effect of Company Size on Tax Avoidance

Based on the results of the research that has been done, it can be seen that company size has a negative influence on Tax Avoidance. It can be concluded from these results that the smaller the company, the greater the tendency of tax avoidance behavior. Companies that are still pioneering or relatively small tend to focus on profit generation so that it is possible to take tax avoidance actions.

Conversely, the larger the company size scale, the smaller the tax avoidance. Many things support large companies to avoid tax avoidance treatment, namely maintaining the company's good name to avoid mass media propaganda. In addition, large companies tend to keep investors who invest in the company concerned so as to avoid bad behavior.

In line with research conducted by (Windaryani & Jati, 2020) that company size has a negative effect on tax avoidance. The size of a company is determined based on its total balance sheet. The larger the total balance sheet of a company, the more likely the company has relatively good long-term prospects. When a company can manage its assets well, the company will increase its ability to generate profits and stability, and be better able to fulfill its tax obligations (Sembiring & Sa'adah, 2021).

This is not in line with agency theory, as large companies often have stronger governance structures, including audit committees and stricter oversight of tax policies. This may cause large companies to be more compliant with tax regulations. Contrary to agency theory, which states that there is a potential conflict of interest between management and shareholders. The higher the percentage of principals in the company, the higher the level of supervision on managers (agents) so that it can minimize conflicts of interest between management so that agency conflicts will be reduced. In addition, it tends to reduce the opportunity for tax avoidance (Prihatini & Amin, 2022).

The effect of independent commissioners on tax avoidance

Based on the results of the research conducted, it can be seen that independent commissioners have no effect on tax avoidance. This means that whatever the number of independent commissioners in a company does not affect whether a company does tax avoidance or not. Referring to the hypothesis proposed, the hypothesis is rejected.

A company has many employees so there are many patterns and characters of employees it has. Independent commissioners have a strong influence, but cannot control the movements of each worker. Independent commissioners have no effect on tax avoidance because the supervisory function and authority of independent commissioners do not function optimally. The existence of affiliated parties such as controlling shareholders can influence and control the independence of commissioners which results in obstruction of supervision of independent commissioners (Prasatya et al., 2020). This can also occur if the company has not paid attention to the complexity of the company in the formation of independent commissioners so that it can make the performance of independent commissioners less effective in carrying out their supervisory functions (Triyanti et al., 2020).

This is justified by the research of Sahrir et al. (2021) which states that the role of independent commissioners has not been able to carry out its supervisory role function optimally because it has not been able to overcome conflicts of interest between the board of commissioners so that management is still likely to take risky actions such as tax avoidance. In addition, increasing the number of independent commissioners may only fulfill the provisions set by the IDX, but in terms of decision making it remains with the board of directors so that independent commissioners cannot directly influence the behavior of the directors in making decisions.

The results of this study are not in line with the agency theory perspective. This is reasonable because management often takes advantage of the failure of the role of independent commissioners in supervision to oversee management performance. Independent commissioners, who are supposed to act as supervisors, often fail to fulfill their supervisory functions properly, resulting in potential exploitation and imbalance of interests in the company.

V. CONCLUSION

Based on the results of the analysis and testing conducted in this study, the conclusion is that profitability has a negative effect on tax avoidance. This means that the smaller the profitability, the higher the tax avoidance in a company. Political connections have a positive effect on tax avoidance. This means that the greater the political connection in a company, the greater the tax avoidance in the company. Company size has a negative effect on tax avoidance. It can be concluded from these results that the smaller the company, the greater the tendency of tax avoidance behavior. Independent commissioners have no effect on tax avoidance. This means that the size of the number of independent commissioners in a company cannot ensure that the related company does tax avoidance or not. Simultaneously, profitability, political connections, company size, and independent commissioners affect tax avoidance. This means that the variables of profitability, political connections, company size, and independent commissioners when analyzed simultaneously will affect tax avoidance.

Practically, this research can help company managers to improve their tax policies by focusing on organically increasing profitability as a strategy to reduce the need for risky tax avoidance practices. In this study, the existence of political connections will be used to maintain the company's good name so as to avoid tax avoidance. Small, medium, and large companies are expected to maintain a good image of the company name by avoiding things that harm the country such as tax avoidance. Independent commissioners are expected to expand their knowledge of tax practice information in order to avoid tax avoidance practices.

Theoretically, this study enriches readers' understanding of the factors that influence the level of tax avoidance, by highlighting the role of profitability, political connections, firm size, and independent commissioners in corporate taxation decisions. It makes an important contribution to the literature on agency theory and tax management by illustrating how these interconnected factors affect tax avoidance practices.

The limitations of researchers in conducting this research on political connections that use dummy variables where the calculation uses numbers 0 and 1. Furthermore, the variables used in this study consist of profitability, political connections, company size, and independent commissioners which may have little effect on the facts that occur in the field because there are still many variables that can explain the effect on tax avoidance but are not explained in this study.

Based on the results of the research conducted, suggestions for future researchers are expected to expand the industry studied, not only from the property and real estate sector but using sectors that were previously rarely discussed. In addition, future researchers use different years and different time levels. It is hoped that future researchers will use other variables that are rarely or have never been discussed before, for example the gender diversity of the audit committee. In addition, it is suggested that there is an appropriate ratio for political connections other than using dummy variables.

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