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The Influence of the Directors Boaards and Operational Profit and Loss on Tax Avoidance

(Empirical Study of Sub-Oil and Natural Gas Companies Listed on the Indonesia Stock Exchange 2017-2022)

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Abstract
The phenomenon of taxation in Indonesia is Indonesia's low tax ratio in 2021 which is recorded at only 9.11%, a low tax ratio indicates a high level of tax avoidance in a country. This study aims to determine the influence of the Board of Directors and Operational Profit and Loss on Tax Avoidance. Tax avoidance in this study is measured by the Cash Effective Tax Rate. This study used a sample of oil and gas companies listed on the Indonesia Stock Exchange during 2017 – 2022 using a purposive sampling method. The analytical method used is quantitative descriptive analysis. The results of this study indicate that the proxy for the board of directors, operational profit and loss has no effect on tax avoidance.

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Abstrak
Fenomena perpajakan yang ada di Indonesia yaitu rendahnya *tax* rasio Indonesia tahun 2021 yang tercatat hanya sebesar 9,11% rendahnya *tax* rasio menunjukan tingginya tingkat *tax Avoidance* di suatu negara. Penelitian ini bertujuan untuk mengetahui Pengaruh Dewan Direksi dan Laba Rugi Operasional Terhadap *Tax Avoidance*. Penghindaran pajak dalam penelitian ini diukur *dengan Cash* Effective *Tax* Rate. Penelitian ini menggunakan sampel perusahaan minyak dan gas bumi yang terdaftar di Bursa Efek Indonesia selama tahun 2017 – 2022 dengan menggunakan metode purposive sampling. Metode analisis yang digunakan adalah analisis deskriptif kuantitatif. Hasil penelitian ini menunjukkan bahwa proksi Dewan direksi, laba rugi operasional tidak terdapat pengaruh terhadap *tax Avoidance*.

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1. INTRODUCTION

The government is still dependent on tax revenues received but not yet fully supported by taxpayers. To optimize the growth of state development, the government wants to increase state income through taxes. The lack of awareness of taxpayers regarding the awareness of carrying out their obligations by paying taxes will have an impact on reducing state income, especially since tax levies have been implemented with a self-assessment system. This is reinforced by the existence of the tax phenomenon in Indonesia, namely the low tax ratio in Indonesia in 2021 which was recorded at only 9.11% when compared with the average tax ratio for Asia and the Pacific, the OECD (Organization for Economic Cooperation and Development) recorded that the average tax ratio for the 24 Asia and Pacific countries surveyed reached 21% (news.ddtc.co.

The oil and gas sector has a significant role in contributing to state tax revenues, the tax payments made by companies especially those operating in the mining sector are still not correct. The amount of mining production and sales prices reported to the state do not correspond to the situation that actually occurs in the field. The BPK also found that there were inconsistencies in the use of tax rates in calculating oil and gas income tax and oil and gas profit sharing calculations, resulting in the government losing state revenue of at least 2.35 trillion (www.dpr.go.id)

Directors are another word for those holding power in a company. So every memberDirectorscan carry out their duties and authority and can make decisions in accordance with their main duties and functions.

However, it needs to be emphasized that all decisions of members of the board of directors are a shared responsibility. In this research, Directors are measured by proxy for the size of the Board of Directors.

According to Lukviarman, Niki (2016: 131) states that the board of directors is as follows, "The board of directors is a bridge between shareholders as the company's principal and management as the party who will carry out the company's activities."

A taxpayer's action can be said to be tax avoidance if the motive for a transaction or scheme carried out by the taxpayer has no business substance or personal reasons. The occurrence of tax avoidance is caused by weak corporate governance implemented in companies. Where in implementing good corporate governance there is a board of directors. This raises the suspicion that there is a possibility that the Board of Directors can influence whether or not Tax Avoidance exists.

Wulandari (2019:7) stated that there is an influence between the Board of Directors on Tax Avoidance, "The number of board of directors that is appropriate to the size of the company will be more effective in monitoring company performance and creating networks with parties outside the company. The greater the number of directors a company has, the smaller the possibility that the company will carry out tax avoidance."

Operating Profit and Loss is one of several types of profitability ratios that measure successof a company's operational activities in a certain period. Operating profit itself is calculated as a deduction between gross profit and operating expenses. Operational costs here consist of sales costs as well as general and administrative costs. The higher the operating profit margin means the higher the operating profit generated from net sales.

Kasmir (2019:198) stated, "Operational Profit and Loss is a profitability ratio used to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management."

Profitability influences tax avoidance because companies that have high operating profits mean they are able to run their operations efficiently and the government will reward this by providing a lower effective tax rate compared to companies that run their operations less efficiently (tax subsidies). The greater the Operating Profit and Loss, the more likely it is for the company to avoid tax.

Purwanti (2015:121) stated that there is an influence between Operational Profit and Loss and Tax Avoidance, "companies that have high profitability will be obliged to pay higher taxes so that company management has a tendency to carry out tax avoidance, even reducing the possibility of tax avoidance."

Tax Avoidance is an activity carried out by taxpayers which aims to avoid taxes owed which is carried out legally and safely and does not violate the laws in force in a country because this activity is carried out by taking advantage of the weaknesses that exist in the laws and regulations. tax regulations. Tax Avoidance has become a major concern for almost all countries, especially business transactions that occur across countries carried out by companies that have special relationships. Tax avoidance practices are designed in such a way as not to violate official tax provisions, but to violate the economic substance of a business activity.

According toPohan (2013:23)*Taxes*Avoidance is defined as follows, “Tax Avoidanceor tax avoidance is an effort to avoid taxes that is carried out illegally and is safe for taxpayers because it does not conflict with tax provisions, where the methods and techniques used tend to take advantage of the weaknesses (gray areas) contained in the tax laws and regulations themselves to reduce the amount of tax owed.”

According to Wulandari (2018 "the influence of corporate governance on tax avoidance in property, real estate and construction sector companies on the Indonesian stock exchange) states that the number of board of directors influences tax avoidance, while according to Sandy, Lukviarman (2015" the influence of corporate governance on tax avoidance : empirical study on manufacturing companies) states that the proportion of independent commissioners has a negative and significant effect on tax avoidance" and according to Setiawan (2019 "the influence of corporate governance and profitability on tax avoidance with company size as a moderating variable) states that profitability has a positive effect on tax avoidance. The higher the company's profitability, the higher management's tendency to avoid taxes.

According to Fahmi, Prayoga (2018 "the influence of earnings management on company value with tax avoidance as a mediating variable) states that earnings management has no effect on company value through tax avoidance. "But the tax avoidance variable cannot be used as an intervening variable model." The formulation of the problem in this research is, 1) How big is the influence of the Board of Directors on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021? 2) How big is the influence of Operational Profit and Loss on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021?

2. RESEARCH METHOD

The Approach of this research was a quantitative analysis method. According to Sugiyono (2017:8), quantitative research methods are, "Research method based on the philosophy of positivism, used to research onpopulationor a particular sample. Sampling techniques were generally carried out randomly, data collection uses research instruments, and data analysis was quantitative/statistical with the aim of testing predetermined hypotheses."

The population in this study was 13 Financial statementsat Sub CompanySectorOil and Natural Gas listed on the Indonesian Stock Exchange.

Table .1 Research Instruments

Variable	Sub Variable	Indicator	Data Type
Independent Variable(X1) : Board of Directors	Board of Directors Ratio	Board of Directors data for 2017-2021 calculated using the calculation of the number of members of the Board of Directors from Rohmansyah (2017:54)	Ratio
Independent Variable(X2) : Operational Profit and Loss	Operational Profit and Loss.	Operational Profit and Loss data for 2017-2021 calculated using the Operational Profit and Loss Ratio formula from Kasmir (2019:201).	Ratio
Dependent Variable(Y) *Taxes*Avoidance	Tax Avoidance Ratio.	Tax Avoidance data for 2017-2021 calculated using the Cash formula*ETR*from Rist and Pizzica (2015:54).	Ratio

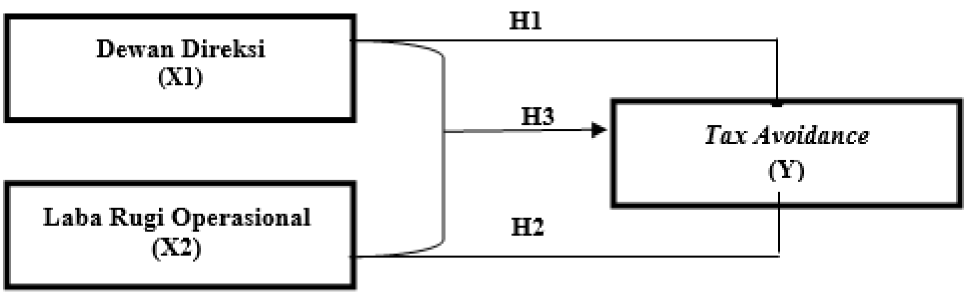

Figure.1 Framework of thought

In this research, the formula for hypothesis testing can be explained as follows:

H0 : ρ = 0 : There is no influence between the Board of Directors on *Tax Avoidance*in Oil and Gas Sub-Sector Companies listed on the Indonesian Stock Exchange

H1: ρ ≠ 0 :There is influence between the Board of Directors on Tax *Avoidance*in Oil and Gas Sub Sector Companies listed on the Indonesian Stock Exchange.

H0 : ρ = 0 : There is no influence between Operational Profit and Loss toTax Avoidance in Oil and Gas Sub Sector Companies listed on the Indonesian Stock Exchange

H2: ρ ≠ 0 :There is an influence between Operational Profit and Loss on *Tax Avoidance*in Sub-Oil and Natural Gas Companies listed on the Indonesian Stock Exchange

H0 : ρ = 0 : There is no influence between the Board of Directors and Profit Joint Operational Loss against Tax *Avoidance*in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021.

H3: ρ ≠ 0 :There is influence between the Board of Directors and Profit and Loss Joint operations on Tax Avoidance

in Sub Sector CompaniesOil and Natural Gas
listed on the Indonesian Stock Exchange 2017-2021.

3. RESEARCH RESULTS AND DISCUSSION

Based on the data analysis above, several conclusions can be obtained, including:

A. Based on analysis of the influence of the Board of Directors (X1) on Tax Avoidance (Y).

a. ObtainedThe regression equation that can be used to predict the Tax Avoidance variable through the Board of Directors variable is Y' =70,481 – 10,332 X1. The a value of 70,481 means that, if the Board of Directors remains as it is currently, there will still be Tax Avoidance of 70,481 in the Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange for 2017-2021. Meanwhile, the b value of – 10,332 means that, if there is a one point increase in the Board of Directors, it will result in Tax Avoidance in Oil and Gas Sub Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 will decrease to 60,149. Likewise, if there is a one point decrease in the Board of Directors, Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 will increase to 80,813.

Table 2
X1Y Simple Regression Analysis Table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	70.481	30.500		2.311	.027
	JUMLAH DEWAN DIREKSI	-10.332	7.509	-.224	-1.376	.177

a. Dependent Variable: TAX AVOIDANCE

b. Obtainedr value is – 0.224 So it can be concluded that the Board of Directorsownlow negative influence on Tax Avoidance.

c. The Board of Directors has an influential contribution of 5% to the Tax Avoidance of Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021. Meanwhile, the remaining 95% is influenced by other factors.

d. There is no influence between the Board of Directors on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 because the calculated t value (–1.376) is smaller than the t table value (2.024) so H0 is accepted. Likewise, if you look at the two-party test graph above, the calculated t value is located in the H0 acceptance area, meaning H1 is rejected..

e. This is in accordance with research conducted by Setiawan in his researchtitle(2019 "the influence of corporate governance and profitability on tax avoidance with company size as a moderating variable) concluded that profitability has a positive effect on tax avoidance. The higher the company's profitability, the higher management's tendency to avoid taxes

B. Based on the analysis of the influence of Operational Profit and Loss (X2) on Tax Avoidance (Y).

a. Obtainedregression equation that can be used to predict the Tax Avoidance variable through variablesOperational Profit and Lossnamely Y' =32.046 + 0.035 X2. A value of 32,046 means that, if Operational Profit and Loss remains as it is now, there will still be Tax Avoidance of 32,046 in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange for 2017-2021. Meanwhile, the b value of 0.035 means that, if there is a one point increase in Operational Profit and Loss, it will result in Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange for 2017-2021 increasing to 32,095. Likewise, if there is a one point decrease in Operational Profit and Loss, Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange for 2017-2021 will decrease to 32,025.

Table.3
X2Y Simple Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	32.046	8.009		4.001	.000
	LABA RUGI OPERASIONAL	.035	.022	.255	1.585	.122

a. Dependent Variable: TAX AVOIDANCE

b. Obtainedr value is 0.255. So it can be concluded that Operational Profit and Loss has a low positive influence on Tax Avoidance.
c. Operational Profit and Loss has an influential contribution of 65% to Tax Avoidance of Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021. Meanwhile, the remaining 35% is influenced by other factors.
d. There is no influence between Operational Profit and Loss on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 because the calculated t value (1.585) is smaller than the t table value (2.024) so H0 is accepted. Likewise, if you look at the graph of the two-party test above, the calculated t value is in the area where H0 is accepted, meaning that H2 is rejected.
e. This is in accordance with research conducted by Fahmi, Prayoga in his research entitled (2018 "The influence of earnings management on valuecompanywith tac Avoidance as the mediating variable) it is concluded that From the results of the data analysis and discussion explained in chapter four, the conclusions that can be drawn are as follows:
   1. Earnings management has no effect on company value.
   2. Earnings management has no effect on company value through tax avoidance. However, the tax avoidance variable cannot be used as an intervening variable model.
   3. Tax avoidance cannot be achieved through the relationship between earnings management and company value.

C. Based on analysis of the influence of the Board of Directors (X1) and Operational Profit and Loss (X2) on Tax Avoidance (Y).

a. Obtainedregression equation that can be used to predict the Tax Avoidance variable through the Board of Directors variableand Operational Profit and Losstogethernamely Y' =72,385 – 10,290 X1 + 0.035 X2. A value of 72,385 means that, if the Board of Directors and Operational Profit and Loss together remain as they are now, there will still be Tax Avoidance of 72,385 in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021 the. Meanwhile, the b1 value of – 10.290 and b2 of 0.035 means that, if there is a one point increase in the Board of Directors and Operational Profit and Loss together, it will result in Tax Avoidance in Oil and Gas Sub Sector Companies listed on the Indonesia Stock Exchange In 2017-2021 it will be 62,130. Vice versa,

Table 4
X1X2Y Multiple Regression Analysis Table

Coefficients^a

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	72.385	29.882		2.422	.021
	JUMLAH DEWAN DIREKSI	-10.290	7.351	-.223	-1.400	.170
	LABA RUGI OPERASIONAL	.035	.022	.255	1.601	.118

a. Dependent Variable: TAX AVOIDANCE

b. The R value obtained is - 0.339. So it can be concluded that the Board of Directors and Operational Profit and Loss together have a low negative influence on Tax Avoidance.

c. The Board of Directors and Operational Profit and Loss together have an influential contribution of 11.5% to the Tax Avoidance of Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021. Meanwhile, the remaining 88.5% is influenced by other factors.
d. There is no influence between the Board of Directors and Operational Profit and Loss together on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 because the calculated F value (2.270) is smaller than the table F value (3 .27) so H3 is not accepted. Likewise, if you look at the two-party test graph above, the calculated F value is located in the H0 acceptance area, meaning H3 is rejected.
e. This is in accordance with research conducted by I Gusti Ayu Cahya Maharani and Ketut AlitSuardana in his research entitled "The Influence of Corporate Governance, Profitability and Executive Characteristics on Tax Avoidance in Manufacturing Companies" concluded that it can be concluded that the proportion of the board of commissioners, audit quality, audit committee which is a proxy for Corporate governance and ROA which is a proxy for profitability have an influence negative, company risk which is a proxy for executive characteristics has a positive effect, while the remainder, namely institutional ownership, which is a proxy for corporate governance, has no effect on tax avoidance actions carried out by manufacturing companies on the Indonesia Stock Exchange for the 2008-2012 period.

4. CONCLUSION

Based on the descriptions and explanations that have been put forward in the previous chapters, conclusions can be drawn from this research, namely as follows:

1. There is no influence between the Board of Directors on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 because the calculated t value (– 1.376) is smaller than the t table value (2.024) so H0 is accepted.Then the Board of Directors has a low negative influence (r value of – 0.224) as wellhas an influential contribution of 5% to the Tax Avoidance of Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021. Meanwhile, the remaining 95% is influenced by other factors. Apart from that, it is also known that the regression equation can be used to predict the Mandatory Compliance variable through the Board of Directors variable, namely Y' =70,481 – 10,332 X1.
2. There is no influence between Operational Profit and Loss on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021 because the calculated t value (1.585) is smaller than the t table value (2.024) so H0 is accepted. Then Operational Profit and Loss has a low positive influence (r value of 0.255) as wellhas an influential contribution of 65% to the Tax Avoidance of Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange 2017-2021. Meanwhile, the remaining 35% is influenced by other factors. Apart from that, it is also known that the regression equation can be used to predict the Mandatory Compliance variable through the Operational Profit and Loss variable, namely Y' =32.046 + 0.035 X2.
3. There is no influence between the Board of Directors and Operational Profit and Loss together on Tax Avoidance in Oil and Gas Sub-Sector Companies listed on the Indonesia Stock Exchange in 2017-2021 because the calculated F value (2.270) is smaller than the table F value (3 .27) so H3 is not accepted.Then the Board of Directors and Operational Profit and Loss together have influencelow negative (r value of– 0.339) Andhas an influential contribution of 11.5% to the Tax Avoidance of Oil and Gas Sub-Sector CompaniesWhichlisted on the Indonesian Stock Exchange 2017-2021. Meanwhile, the remaining 88.5% is influenced by other factors. Apart from that, it is also known that the regression equation can be used to predict the Tax Avoidance variable through the Board of Directors variableand Operational Profit and Losstogethernamely Y' =72,385 – 10,290 X1 + 0.035 X2.

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