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Research.

The Effect of Characteristics of the Commissioners, Ownership Structure, and Financial Difficulties on Tax Aggressiveness

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Abstract: Tax aggressiveness is one of the business' aggressive tax practices both legally and illegally through the use of loopholes in tax regulations aimed at reducing taxable income. The purpose of this research is to provide empirical data about the effect of the characteristics of the commissioners, ownership structure, and financial difficulties on tax aggressiveness. The population in this research are manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period. This research used a purposive sampling method in sampling. The results of hypothesis testing show that the variables of gender diversity, managerial ownership, concentration of ownership, and financial difficulties have a significant positive effect on tax aggressiveness.

***Keywords*: tax aggressiveness, characteristics of the commissioners, financial difficulties, ownership structure**

INTRODUCTION

One of the biggest sources of contribution to all countries in the world is taxes. The people are obliged to contribute to the state in the form of taxes. The money paid by taxpayers is used to fund state needs and infrastructure development aimed at increasing people's prosperity, thus the community has an important role in national development by increasing awareness in paying taxes.

The tax revenue obtained by the state from 2010 to 2020 did not reach the target when viewed according tothe target and realization of tax revenue. The tax revenue target is set according tothe State Revenue (APBN) each year. The non-realization of the tax revenue target is caused by the low level of discipline of taxpayers towards tax regulations.

Taxes are a significant expense for taxpayers. Various efforts will be made by taxpayers to reduce the tax burden, one of these efforts is tax aggressiveness. Tax aggressiveness is an effort that is used to reduce tax obligations both legally and illegally through the use of loopholes in tax regulations called gray areas (Dewi & Cynthia, 2018). Generally, companies will look for loopholes and weaknesses in laws or other tax regulations in terms of minimizing the tax liability that will be paid by the company. A company is considered more aggressive if there are more weaknesses in the rules used to reduce tax obligations.

Kamul & Riswandari (2021) state that the level of corporate tax aggressiveness is inseparable from the supervision of the commissioners. The commissioners consists of delegation commissioners and independent commissioners. In companies, the representative and independent commissioners are closely related to the directors, shareholders and other company staff. If the commissioners does not counduct their duties as supervisors properly, the management will have the opportunity to counduct tax aggressiveness.

The next variable is the ownership structure. The ownership structure is the proportion of share ownership between insiders and investors from outside the company. The ownership structure is divided into several types and has a different effect on tax aggressiveness because each has a role in a company. Types of ownership structures in this research include managerial ownership, institutional ownership, and concentration of ownership.

Apart from the independent commissioner and ownership structure, the researcher found that there are other causes that influence tax aggressiveness, namely financial difficulties. Dhamara & Violita's research (2017) states that the financial difficulties experienced by companies are one of the triggers for implementing tax aggressiveness because of financial constraints faced by companies, so companies hope to reduce the company's burden through tax aggressiveness.

According tothe discussion above, researchers are interested in examining the effect of the characteristics of the commissioners, ownership structure, and financial difficulties on tax aggressiveness with references that have been researched by (Boussaidi & Hamed-Sidhom, 2020). This research entitled " The Effect of Characteristics of the Commissioners, Ownership Structure, and Financial Difficulties on Tax Aggressiveness.". The novelty of this research is the addition of financial difficulties as an independent variable that is considered related to tax aggressiveness.

Formulation of the Problem

According tothe background described earlier, the questions in this research are as follows:

1. Does the independent commissioner have a significant effect on tax aggressiveness?
2. Does gender diversity of the commissioners have a significant effect on tax aggressiveness?
3. Does managerial ownership have a significant effect on tax aggressiveness?
4. Does institutional ownership have a significant effect on tax aggressiveness?
5. Does ownership concentration have a significant effect on tax aggressiveness?
6. Does financial difficulty have a significant effect on tax aggressiveness?

LITERATURE REVIEW

Tax Aggressiveness

The company's income is decreasing and not optimal because it is burdened by taxes on company income (Choirul Anwar Pratama et al., 2020). When viewed from the company's perspective, tax obligations are one of the significant expenses that have an impact on the company's lack of income. This causes investors and companies to look for ways and loopholes to reduce the nominal tax to be paid.

Companies tend to be tax aggressive when they receive a large tax burden (Dewi & Cynthia, 2018). According to Chijoke-Mgbame et al. (2018), to reduce taxable income (PKP) management will counduct tax aggressiveness that is legal or illegal with the aim of maximizing income. The management of the company will generally counduct tax planning before making a transaction. If the tax costs to be paid still exceed the company's target, management has the potential to counduct tax aggressiveness.

Viewed from a stakeholder perspective, tax aggressiveness is an action that will bring benefits to the company and ignores other stakeholders such as the government and society (Dewi & Cynthia, 2018). Companies that reduce state revenues by avoiding paying taxes will have an impact on people's prosperity because state revenues in the form of tax revenues will be allocated to increase economic growth and people's prosperity.

Companies that counduct tax aggressiveness have the potential to experience greater losses in the form of fines if they are detected to be carrying out tax aggressiveness.

According to Eragbhe & Igbinoba (2021), tax aggressiveness is more common in developing countries with high tax rates, poor relations between taxpayers and tax authorities, light tax sanctions and a lack of social responsibility.

Independent Commissioner

Independent commissioners are appointed according tothe GMS (General Meeting of Shareholders) with the condition that they come from outside the issuer, do not own shares at the issuer, have no affiliation with the issuer and company management, no business relationship directly or indirectly with the issuer concerned (Budianti et al. al., 2018). The IDX requires listed companies to have at least a 30% proportion of independent commissioners. Independent commissioners play a role in compiling, designing, and evaluating long-term strategies and minimizing tax aggressiveness by observing the performance of company management (Hendi & Fanny, 2022). The increasing size of the board of independent commissioners indicates that it is increasingly difficult for management to commit fraud (Chandra & Cintya, 2021).

Apriyanti & Arifin (2021); Boussaidi & Hamed (2015); Eragbhe & Igbinoba (2021); Nugroho & Rosidy (2019) found that independent commissioners were not effective in reducing the level of tax aggressiveness, in fact the existence of this independent commissioner led to an increase in tax aggressiveness. This is because the independent commissioner has not counducted his duties as a supervisor in providing direction for the preparation of financial reports including tax avoidance.

However, Ogbeide & Obaretin (2018) and Alang & Syahdan (2020) show that independent commissioners counduct their duties as supervisors well, so that management does not dare to exercise excessive tax aggressiveness. Meanwhile, research by Kamul & Riswandari (2021) shows that independent commissioners at companies do not affect tax aggressiveness. This is because the management does not get proper supervision from the independent commissioner, so that the company's management can make tax decisions without obtaining approval from the independent commissioner.

H_1: Independent commissioners have a significant positive relationship to tax aggressiveness.

Gender Diversity

The diversity of the commissioners can be classified in terms of age, gender and ethnicity. The gender of women in the company is believed to have a positive impact on company performance. Women have characteristics that tend to avoid risks and are more careful when making decisions (Kamul & Riswandari, 2021). If women's councils are associated with tax risk taking, then the tax evasion results obtained will be lower.

According to Choirul Anwar Pratama et al. (2020); Eragbhe & Igbinoba (2021); Kamul & Riswandari (2021); Vacca et al. (2020) and Rahman & Cheisviyanny (2020) there is no relationship in the literature which suggests women are more careful when making decisions. Meanwhile, the research by Boussaidi & Hamed-Sidhom (2020) and Lawal et al. (2021) concluded that the involvement of women's boards can reduce the level of tax aggressiveness.

H_2: Gender diversity has no significant relationship to tax aggressiveness.

Managerial Ownership

Managerial ownership acts as a management party as well as part of share ownership that participates in making company decisions including tax decisions (Wijaya & Saebani, 2019). As the management and also the company's shareholders, managerial ownership will prefer to minimize tax payments and maximize profits.

According to Azzahra Suhartonoputri & Mahmudi (2022); Boussaidi & Hamed (2015); Rohmansyah (2017); Shiddiq & Rahmawaty (2018) and Ogbeide & Obaretin (2018), managers tend to be tax aggressive so that companies can get maximum profits. However, research by Boussaidi & Hamed-Sidhom (2020); Ejeh & Salaudeen (2018); Indriastuti et al. (2020) and Wijaya & Saebani (2019) concluded that managerial ownership which acts as company management will be more careful when making decisions so as not to suffer losses if the decisions taken are not right.

Choirul Anwar Pratama et al. (2020) tidak menemukan pengaruh pada kepemilikan manajerial terhadap agresivitas pajak. Temuan tersebut menjelaskan bahwa kepemilikan manajerial memiliki persentase yang lebih kecil sehingga tidak dapat mempengaruhi keputusan perpajakan dalam suatu perusahaan.

H_3: Managerial ownership has a positive significant relationship to tax aggressiveness

Ownership Concentration

Ownership concentration refers to shareholders who have more than 5% share ownership. The lower the concentration of ownership in a company, the more spread of company ownership to many shareholders, conversely if the concentration of ownership in a company is high, the more centralized the ownership of a company's shares will be (Pratiwi & Ardiyanto, 2019). The more centralized or concentrated the share ownership of a company, the higher the influence of shareholders on decision making in a company (Alang & Syahdan, 2020).

The high concentration of ownership in a company causes the majority shareholder to be able to monitor the behavior of managers, so that they can implement tax planning. Large shareholders can abuse their control rights to pursue personal interests and encroach on minority shares in companies with high concentration of ownership (Ejeh & Salaudeen, 2018).

According to Boussaidi & Hamed-Sidhom (2020); Ogbeide & Obaretin (2018); Ying et al. (2017) and Pratiwi & Ardiyanto (2019) which state that the greater concentration of ownership can control managers to counduct tax aggressiveness. However, research by Alang & Syahdan (2020) concluded that concentration of ownership is believed to reduce tax aggressiveness. Kamul & Riswandari (2021) and Ejeh & Salaudeen (2018) found no significant effect on ownership concentration on tax aggressiveness.

H_4: Ownership concentration has a positive significant relationship to tax aggressiveness.

Institutional Ownership

Institutional ownership are shareholders from mutual funds, companies, securities, banks and other institutions (Yeo & Suparman, 2021). Institutional ownership plays a role in increasing supervision and control over company management. Monitoring and control by institutional investors is expected to minimize tax aggressiveness.

According to Anggraini & Widarjo (2020); Muslim & Agustin (2018); Rachmawati & Fitriana (2021); Saputra et al. (2017); and Yeo & Suparman (2021), institutional ownership is not effective in controlling management, so that management can counduct tax aggressiveness without paying attention to applicable tax laws. However, research by Boussaidi & Hamed-Sidhom (2020); Lawal et al. (2021); Ratnawati et al. (2019) and Pratiwi & Ardiyanto (2019) concluded that high institutional ownership will reduce the opportunity for management to counduct tax aggressiveness because institutional investors will counduct periodic monitoring of management. Choirul Anwar Pratama et al. (2020) institutional ownership has no effect on tax aggressiveness.

H_5: Institutional ownership has a significant positive relationship to tax aggressiveness.

Financial Difficulties

Financial difficulties are a condition where the company is unable to pay current liabilities such as interest expenses and trade payables on time because of hampered company operational cash flow. Generally, financial difficulties occur when the level of income is less than the costs invested (Saputra et al., 2017). According to Putri & Chariri (2017) financial difficulties by a company are caused by declining economic conditions of the company so that the risk of bankruptcy increases.

Companies experiencing financial difficulties will be motivated to take tax aggressive actions and ignore the negative reputation arising from these actions so that the company can continue to operate (Putri & Chariri, 2017). Tax aggressiveness is one of the best choices for companies because the tax burden is a significant cash flow expense for companies that are facing financial difficulties (Dhamara & Violita, 2017). According to RP Nugroho et al. (2020) companies that are experiencing financial difficulties will seek funds in the form of debt because interest expenses will reduce taxable income.

According to SA Nugroho & Firmansyah (2017); Octaviani & Sofie (2019) and Dhamara & Violita (2017), financial difficulties do not significantly affect tax aggressiveness because when financial difficulties occur, investors have the view that carrying out tax aggressiveness is a high-risk action. If the company's poor financial condition is coupled with the risks posed by tax aggressiveness, investors are concerned that this will increase the probability of a company's bankruptcy.

H_6: Financial difficulties have a significant positive relationship to tax aggressiveness.

Company Size

Assessment of company size is counducted according tothe size of the value of the assets owned by the company (Rohmansyah, 2017). The size of a company reflects the profits generated, so it will also affect the tax obligations to be paid. According to Susanto & Veronica (2022), the potential for companies to counduct tax aggressiveness can be seen from the size of the company.

According to Ejeh & Salaudeen (2018); Harjito et al. (2017); Lawal et al. (2021); Rachmawati & Fitriana (2021); Rohmansyah (2017); Yahaya & Yusuf (2020) and Luke & Zulaikha (2016), large companies reflect the many assets owned by these companies to increase productivity. This will be followed by an increase in company profits so that the costs incurred to fulfill tax obligations will also increase. However, research by Alang & Syahdan, (2020); Boussaidi & Hamed-Sidhom (2020) and Budianti et al. (2018) stated that large companies will not harm the state and society because they always try to maintain the good name of the company itself. Dewi & Cynthia (2018) found no effect of company size on tax aggressiveness.

Leverage

Leverage in the form of loans used for investment purposes through financing company assets. Investors tend to expect the maximum return on the company invested. Leverage serves to measure whether the company is effective in using debt to finance the company's operations. A company will be more aggressive in reducing tax obligations if it has a high level of debt (Sari & Tjen, 2016). According to Boussaidi & Hamed-Sidhom (2020) and Sari & Tjen (2016), the level of corporate tax aggressiveness will be lower if it has a higher level of debt. This happens because companies can take advantage of income tax deductions from interest payments (Susanto & Veronica, 2022). However, research by Wijaya & Saebani (2019) reveals that interest expense on leverage cannot be used as a tax deduction.

According tothe description above, the research model in this research is described as follows:

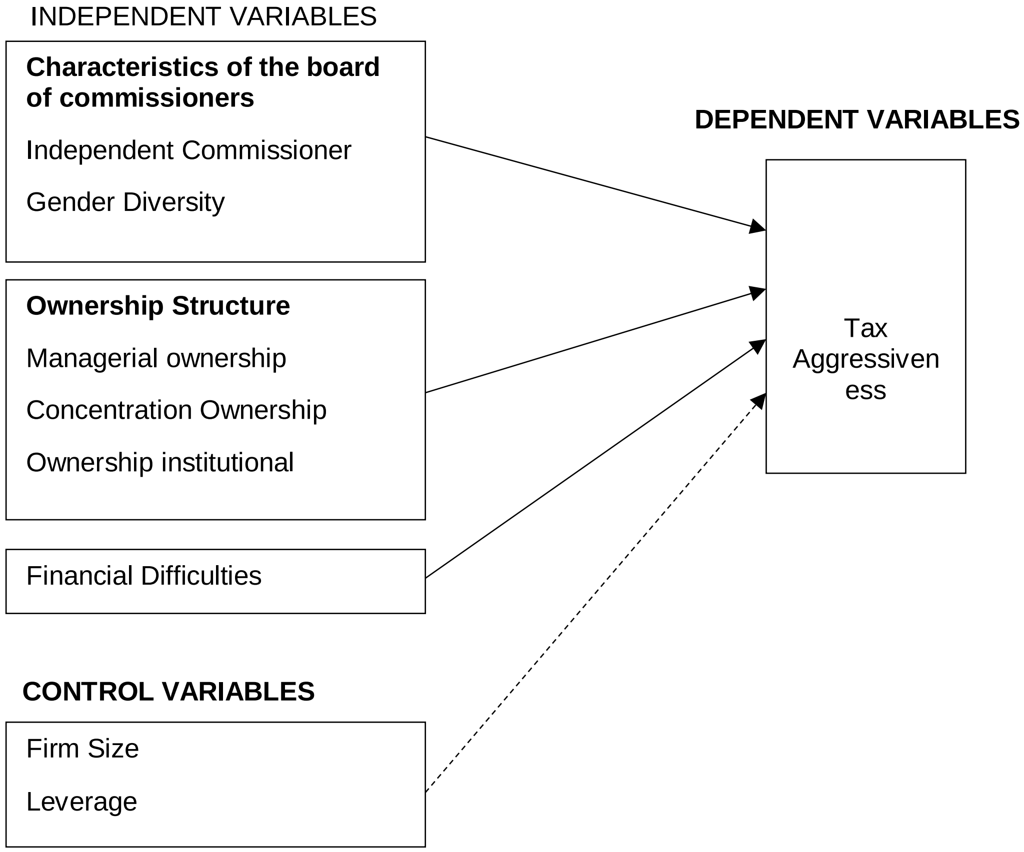

Figure 1. Research Model

RESEARCH METHODS

The sample companies used in this research are manufacturing companies listed on the Indonesia Stock Exchange. The company's financial and annual reports used in this research were obtained through the Indonesian Stock Exchange website starting from 2017 to 2021. The purposive sampling method is the technique used for sampling in this research. The sample criteria that must be owned in this research are manufacturing companies listed on the Indonesia Stock Exchange from 2017 to 2021 and the data needed to measure the dependent, independent, and control variables is available in the complete annual report.

Data Collection Technique

According tothe source of data collection, the type of data used in this research is secondary data, which means that the data can be obtained through intermediary media. Data collection can be done by visiting the IDX's official website or the company's official website, then downloading the annual reports for the period 2017 to 2021 which the company has published on the site. From the downloaded annual report, financial or non-financial information can be retrieved according to the variables to be studied.

Table 1. Variable Identification and Measurement

Variable Type	Variable Name	Symbol	Definition of Operational Variables	Reference
Dependent	Tax Aggressiveness	AP	$\text{ETR} = \frac{\text{Total tax expense}}{\text{Revenue before tax}}$	Boussaidi & Hamed-Sidhom, 2020
Independent	Independent Commissioner	KI	$\text{KI} = \frac{\text{Number of independents commissioners}}{\text{Total board of commissioners}}$	Kamul & Riswandari, 2021
	Gender Diversity	DIV	$\text{DIV} = \frac{\text{Number of female commissioners}}{\text{Total board of commissioners}}$	Kamul & Riswandari, 2021
	Managerial Ownership	MANO	$\text{MANO} = \frac{\text{Number of company board shares}}{\text{Number of outstanding shares}}$	Boussaidi & Hamed-Sidhom, 2020
	Ownership Concentration	CONO	$\text{CONO} = \frac{\text{Number of largest shareholdings}}{\text{Number of outstanding shares}}$	Boussaidi & Hamed-Sidhom, 2020
	Institutional Ownership	INSTO	$\text{INSTO} = \frac{\text{Number of shares owned by the institute}}{\text{Number of outstanding shares}}$	Boussaidi & Hamed-Sidhom, 2020
	Financial Difficulties	S	$\text{S} = 1{,}03\frac{\text{Working Capital}}{\text{Total Assets}} + 3{,}07\frac{\text{Earnings before interest and taxes}}{\text{Total Assets}} + 0{,}66\frac{\text{Earnings before tax}}{\text{Short term liabilities}} + 0{,}4\frac{\text{Sales}}{\text{Total Assets}}$	Edi & Tania, 2018
Control	Company Size	Size	$\text{Size} = \text{Ln (Total Assets)}$	Boussaidi & Hamed-Sidhom, 2020
	Leverage	LEV	$\text{LEV} = \frac{\text{Total Debt}}{\text{Total Assets}}$	Boussaidi & Hamed-Sidhom, 2020

Table 2. Sampling Criteria

Description	Total
Companies listed on the IDX	777
Companies used as research samples	145
Companies that do not fit the criteria	632
Research Year	5
Total research sample data	725
Total data outliers	-226
Total research sample data	499

There are several stages in testing the panel regression model in this research, which are described as follows:

Chow Test

The Chow test is used to understand the best fit between PLS and FEM methods. The value listed in the chi-square determines the results of the chow test. If the probability value generated through the Chow test is below 0.05, then the FEM approach is the best regression model. However, if the probability value is above 0.05, then the PLS approach is the most suitable (Pratama, 2019).

Hausman Test

If the Chow test value is below 0.05, the next step is the Hausman test, which is to determine the best model between FEM and REM. The value shown in the random cross section determines the Hausman test. The probability value of less than 0.05 can be concluded that the most suitable model in this research is FEM. On the other hand, if the probability value is more than 0.05, then the most suitable regression model is REM.

Lagrange Multiplier Test

If the best model results obtained after carrying out the Chow test and the Hausman test are different, then it is necessary to proceed with the lagrange multiplier test. The Lagrange Multiplier test is used to choose between the PLS and REM methods. The probability value at ≥ 0.05 indicates that the PLS test result is the best model. If the probability ≤ 0.05, then use the REM test results.

RESULTS AND DISCUSSION

Outlier Test

The program used to test outliers is the SPSS program. The data which is outlier data can be seen from the SDR which is below -1.96 and above 1.96. From the results of the outlier test, there were 226 outlier data from 725 sample population data. Data values above -1.96 and below 1.96 will be further tested using the E-views program.

Descriptive Statistics

According tothe results of the outlier test, it can be seen that from 725 data, there are 226 outlier data that must be removed and the remaining 499 sample data that can be tested further. Descriptive statistics, namely the process of converting observed data into tabular form to facilitate understanding. The results of statistical descriptive data that are converted into table form are as follows:

Table 3. Descriptive Statistics Test Results

Description	Descriptive Statistics			
	Minimum	Maximum	*Mean*	Std.Deviasi
Effective Tax Rate	-0.26273	0.38501	0.22214	0.073795
Independent Commissioner	0.20000	0.83333	0.41355	0.107793
Gender Diversity	0.00000	1.00000	0.13125	0.187487
Managerial Ownership	0.00000	0.89444	0.06148	0.147009
Ownership Concentration	0.16309	1.00000	0.75633	0.153347
Institutional Ownership	0.002319	0.99954	0.79918	0.225473
Financial Difficulties	-18.6926	20.3590	1.15402	1.673396
Company Size	12.5969	30.8938	24.49843	5.185198
Leverage	0.06303	8.20772	0.49292	0.511980

According to Table 3 above, the tax aggressiveness represented by ETR in this research has an average value of 22.21%, which means that the average tax fee paid by manufacturing companies is lower than the rate set by tax regulations, which is 25%. Next is the independent commissioner variable. The average independent commissioner in a manufacturing company is 41.35% of the total commissioners. This indicates that the majority of manufacturing companies have complied with the regulation of Article 6 POJK 55/2015 where the number of independent commissioners is required to be at least 30%

of the total commissioners. The commissioners in manufacturing companies is dominated by men. This can be seen through the average value of gender diversity of 13.12% which reflects the minimum number of female commissioners in a company. The lowest level of gender diversity is 0% and the highest is 100%.

Manufacturing companies on the IDX have the lowest managerial ownership level of 0% and the highest is 89.44%. The average value of managerial ownership is 6.31% which indicates that the majority shareholders are from outside the company or in other words the directors and commissioners only own a small portion of the total shares. The average value of concentration of ownership is 75.87% indicating that most of the company's shares are owned by the concentration of ownership which is the main shareholder of the company. The average shareholder of manufacturing companies on the IDX comes from institutions. Only a small number of companies whose share ownership is dominated by individuals.

The average value of financial difficulties is 1.154 which indicates that most manufacturing companies are in a healthy financial condition or in other words do not have financial difficulties. In the company size variable, it is 12.59692 which is the minimum value found in PT Astra International Tbk in 2017. The maximum value of company size is 30.8938 found in PT Sri Rejeki Isman Tbk in 2020. The average value of company size is 24 ,5124. The explanation obtained from the leverage variable is the maximum value of 8.2077 indicating that there are several companies whose main source of funding still relies on debt.

Chow Test

Table 4. Chow Test Results

Effects Test	***Statistic***	***Prob.***	**Conclusion**
Cross-section F	3.710273	0.0000	-
Cross-section Chi-square	442.115455	0.0000	FEM

The chi-square cross-section value in table 4 illustrates a probability value of 0.0000, which is below 0.05, so the selection of the regression model is a Fixed Effect Model. These observations still cannot prove which panel regression method is the best model because there are still other possibilities to use the Random Effect Model. Then testing the selection of the best model will then be counducted by the Hausman Test.

Hausman Test

Table 5. Hausman Test Results

Test Summary	***Chi-Sq. Statistic***	***Prob.***	**Conclusion**
Cross-section random	19.474105	0.4088	REM

The next test is the Hausman test which pursposes to determine the best model between the Random Effect Model or the Fixed Effect Model. The results of this test can be known from the random cross-section probability value, if the probability results are below 0.05 then the most suitable model to use is the Fixed Effect Model. If the probability value is above 0.05 then the most suitable model to use is the Random Effect Model. If seen from the values listed in table 4.4, the probability value is above 0.05, namely 0.4088, so the regression model used is the Random Effect Model.

Lagrange Multiplier Test

Table 6. Lagrange Multiplier Test Results

Null (no rand. effect) Alternative	***Both***	***Prob.***	**Conclusion**
Breusch-Pagan	67.78358	(0.0000)	REM

The Chow test and the Hausman test show different best model results, so it is necessary to proceed with the Lagrange Multiplier test. The lagrange multiplier test pursposes to determine the most appropriate model between the Random Effect Model or Pooled Least Square. From the test results according to table 4.5 above, it can be concluded that the results obtained for testing the selection of the best regression model on the dependent variable of tax aggressiveness is REM. The test value shown at Breusch-Pagan is 0.0000 which does not exceed the test criteria, which is equal to 0.05.

F Test

Table 7. F Test Results

Dependent Variable	**Prob (F-Statistic) Sig**	**Conclusion**
Tax Aggressiveness	0.000000	Significant

According to the table above for testing the hypothesis, it shows a significant value that is smaller than the number 0.05, which is 0.000000. These results indicate that the independent variables (independent commissioners, gender diversity, managerial ownership, concentration of ownership, institutional ownership, and financial difficulties) simultaneously have a significant effect on the dependent variable (tax aggressiveness).

t Test

Table 8. t Test Results

Variabel	***Coefficient***	**Prob.**	**Remarks**	**Hypothesis**
Independent Commissioner	0.025710	0.3825	Not Significant	Not proven
Gender Diversity	0.050762	0.0086	Significant Positive	Proven
Managerial Ownership	0.081508	0.0205	Significant Positive	Proven
Ownership Concentration	0.056001	0.0215	Significant Positive	Proven
Institutional Ownership	0.040182	0.0809	Not Significant	Not proven
Financial Difficulties	0.014454	0.0000	Significant Positive	Proven i
Company Size	-0.000355	0.6500	Not Significant	Not proven
Leverage	-0.063114	0.0000	Significant Positive	Not proven

From the results of the above research, the panel regression equation for the dependent variable of tax aggressiveness is as follows:

$$AP = \alpha + 0.051031KI + 0.043662DIV + 0.023275MANO + 0.021536CONO + 0.001437INSTO + 0.017863S - 0.000385SIZE - 0.071692LEV$$

Description:

α : Constant

KI : Independent Commissioner

DIV : Gender Diversity

MANO : Managerial Ownership

CONO : Ownership Concentration

INSTO : Institutional Ownership

S : Financial Difficulties

SIZE : Company Size

LEV : Leverage

H_1: Independent commissioners have no significant relationship to tax aggressiveness.

The results of the t test show that the independent commissioner variable has no significant effect on tax aggressiveness where the probability value is 0.3825 which is greater than 0.05. The results of this research are not proven by research conducted by Alang & Syahdan (2020); Apriyanti & Arifin (2021); Boussaidi & Hamed (2015); Eragbhe & Igbinoba (2021); R. Nugroho & Rosidy (2019) and Ogbeide & Obaretin (2018).

This research is proven by the research of Kamul & Riswandari (2021) which states that independent commissioners in companies do not influence tax aggressiveness because management does not get proper supervision from independent commissioners, so company management can make tax decisions without

H_2: Gender diversity has a positive significant relationship to tax aggressiveness.

The results of the t test show that the variable gender diversity has a significant positive effect on tax aggressiveness where the probability value is 0.0086 which is less than 0.05. The results of this research were not proven by the research conducted by Vacca et al. (2020); Choirul Anwar Pratama et al. (2020); (Eragbhe & Igbinoba, 2021); (Kamul & Riswandari, 2021); (Rahman & Cheisviyanny, 2020); Boussaidi & Hamed-Sidhom (2020) and Lawal et al. (2021). The results of this research are inversely proportional to previous studies which state that female councils tend to avoid risks and are more careful when making decisions.

H_3: Managerial ownership has a significant positive relationship to tax aggressiveness.

The results of the t test show that the managerial ownership variable has a significant positive effect on tax aggressiveness where the probability value is 0.0205 which is less than 0.05. The results of this research were proven by research conducted by Ogbeide & Obaretin (2018); Rohmansyah (2017); Shiddiq & Rahmawaty (2018) which states that managers tend to be tax aggressive so that companies can get maximum profits.

The results of research conducted by Boussaidi & Hamed-Sidhom (2020); Ejeh & Salaudeen (2018); Indriastuti et al. (2020); and Wijaya & Saebani (2019) are inversely proportional to the results of this research which state that managerial ownership has a negative effect on tax aggressiveness.

H_4: Ownership concentration has a positive significant relationship to tax aggressiveness.

The results of the t test show that the ownership concentration variable has a significant positive effect on tax aggressiveness where the probability value is 0.0215 which is less than 0.05. The results of this research are proven by research conducted by Boussaidi & Hamed-Sidhom (2020); Ogbeide & Obaretin (2018); Ying et al. (2017); and Pratiwi & Ardiyanto (2019) which state that the greater concentration of ownership can control managers to counduct tax aggressiveness.

H_5: Institutional ownership has no significant relationship to tax aggressiveness.

The results of the t test show that the institutional ownership variable has no significant effect on tax aggressiveness where the probability value is 0.0809 which is greater than 0.05. The results of this research are not proven by research conducted by Anggraini & Widarjo (2020); Boussaidi & Hamed-Sidhom (2020); Lawal et al. (2021); Muslim & Agustin (2018); Pratiwi & Ardiyanto (2019); Rachmawati & Fitriana (2021); Ratnawati et al. (2019) and Ying et al. (2017).

This research is proven by the research of Choirul Anwar Pratama et al. (2020) which states that institutional ownership of manufacturing companies does not encourage companies to be tax aggressive in getting the maximum profit. This is because the company wants to maintain its reputation in the eyes of investors and potential investors.

H_6: Financial difficulties have a positive significant relationship to tax aggressiveness.

The results of the t test show that the institutional ownership variable has a significant positive effect on tax aggressiveness where the probability value is 0.0000 which is smaller than 0.05 and the coefficient value is 0.017863. The results of this research were not proven by research conducted by Dhamara & Violita (2017); RP Nugroho et al. (2020); SA Nugroho & Firmansyah (2017) and Octaviani & Sofie (2019).

Coefficient of Determination Test

Table 9. Test Results for the Coefficient of Determination

Dependent Variable	R-squared test	Sig
Tax Aggressiveness	Adjusted R-squared	0.275984

According tothe results of testing the coefficient of determination using the REM model, it can be seen that the adjusted R-squared value is 0.275984. From the test results, it shows that the independent variable can explain the dependent of 27.59%, the remaining 72.41% is explained by other variables not included in the model.

CONCLUSIONS AND SUGGESTIONS

If viewed from the results of this research test, institutional ownership and independent commissioners do not affect tax aggressiveness. There is no relationship between institutional ownership and tax aggressiveness because the shareholders only make investments but do not play an active role in decision making. Actions of tax aggressiveness are not influenced by independent commissioners because company management does not receive proper supervision by independent commissioners, so that tax decisions can be taken without obtaining approval from independent commissioners.

The findings above show that gender diversity, managerial ownership, concentration of ownership, and financial difficulties affect tax aggressiveness. The results of research on gender diversity in this research are not in line with previous research which stated that female councils are more likely to be trustworthy, avoid risks and be more vigilant when making decisions. Managerial ownership is believed to influence tax aggressiveness by reducing the amount of tax that must be paid because profits will grow as the number of taxes decreases. Ownership concentration is considered to influence tax aggressiveness because major shareholders can abuse their control rights for personal gain in reducing the tax burden. This can cause agency problems between the majority shareholder and the management in carrying out tax aggressive actions. Tax aggressiveness is also one of the best choices for companies that are facing financial difficulties by seeking funds in the form of debt. The interest expense of the debt will reduce the taxable income followed by a reduction in the tax burden.

Through the results of the research above, policy makers must consider the risk consequences of tax aggressiveness. Emphasis on aggressive tax practices can be done through improved performance and good tax management. For investors, it is expected to be careful in investing. Avoid companies that counduct aggressive tax practices because this action is a high-risk action. It is recommended for further research to expand the scope of the company under research and include company characteristic variables such as ROA, sales growth, and so on.

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