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# *THE EFFECT OF INSTITUTIONAL OWNERSHIP, INDEPENDENT BOARD OF COMMISSIONERS AND PROFITABILITY ON TAX AVOIDANCE IN TECHNOLOGY COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE*

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***ABSTRACT***

*This study aims to analyze the effect of institutional ownership, independent board of commissioners, and profitability on tax avoidance in technology companies listed on the Indonesia Stock Exchange during the 2021-2023 period. The research method used is quantitative with secondary data analysis from financial reports published through the Indonesia Stock Exchange website. Analysis techniques include descriptive statistics and multiple linear regression. The results of the study partially show that Institutional Ownership has a significant but negative effect on tax avoidance with a t-value of -6.350 and a significance of 0.028, which is greater than 0.05. The Independent Board of Commissioners has a significant but negative effect on tax avoidance, reflected in the t-value of -5.395 and a significance of 0.034, which is greater than 0.05. Likewise, profitability has a significant but negative effect on tax avoidance with a t-value of -1.758 and a significance of 0.048 greater than 0.05. Simultaneous analysis shows that the combination of these three variables as a whole has a significant effect on tax avoidance. In conclusion, each variable partially and simultaneously shows a significant influence on tax avoidance, which indicates that these factors need to be considered in the company's strategy related to tax avoidance.*

***Keywords:*** *Independent Board of Commissioners, Institutional Ownership, Profitability, Technology Companies, Tax Avoidance*

## INTRODUCTION

Tax is one of the largest sources of state revenue. The benefits of tax are very large to improve the welfare of the community and national development activities of the Republic of Indonesia, therefore tax collection can be enforced based on the applicable tax laws in Indonesia. Law of the Republic of Indonesia Number 28 of 2007 Article 1 states that "tax is a mandatory contribution to the State owed by individuals or entities that is mandatory based on the Law without receiving direct compensation and is used for the greatest prosperity of the people". Tax is placed as one of the obligations for the community to participate in order to help carry out state duties handled by the government. Efforts to increase or optimize the receipt of this sector are carried out through efforts to intensify and extend tax revenues. The large benefits of tax for national development encourage the government to continue to maximize state revenues by continuing to evaluate and examine taxpayers, especially corporate taxpayers or companies.

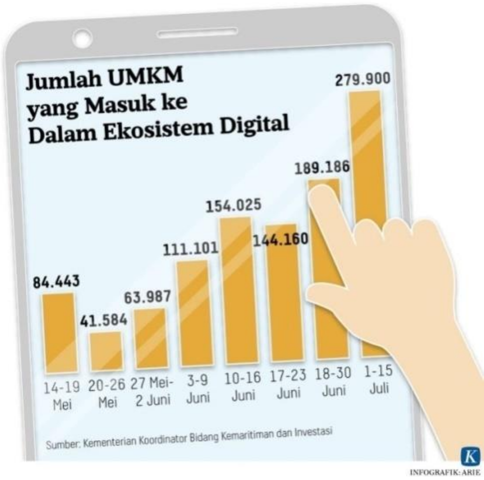


**Figure 1.** Number of MSMEs Entering the Digital Ecosystem 2020

Digital transformation in Indonesia since 2010 has spread to various economic sectors, including e-commerce, online transportation, manufacturing, health, education, retail, hospitality, and transportation. The Covid-19 pandemic since March 2020 has accelerated this change, increasing demand for online transactions and faster and more secure payment solutions. The impacts include the emergence of new business models and significant growth in e-commerce transactions, digital banking, and electronic money transactions in Indonesia. In its development, the role of the digital economy is expected to become increasingly important in driving national economic growth. The movement of economic growth will be more agile and fast by utilizing digital technology and data.

Indonesia as one of the countries with great technological potential, is known as the 5th largest technology producer in the world. In 2017, Indonesia produced around 485 million tons of technology or around 7.2% of total world production. In addition, Indonesia is also known as the second largest technology exporter in the world after Australia. Around 80% of national technology production is directed for export, indicating a significant contribution to international trade. The role of technology is not only limited to being a source of energy for power generation, but is also used as a commodity in other industries. Indonesia is a key player in the technology industry at the global level. The technology industry has become the backbone of the national economy, contributing greatly to Indonesia's economic growth. Even when facing the challenges of the global economic crisis in 2008, the technology industry was able to make a significant contribution to maintaining Indonesia's stable economic growth. However, with a strong position in the technology industry, the need for stricter supervision of industry practices is becoming increasingly important. Cases of environmental damage and unethical practices, such as tax avoidance, are challenges that need to be overcome in order to maintain the sustainability of the technology industry in Indonesia. (Adaptasi dari Katadata.co.id, Februari 2019).

According to Li, (2024) that tax avoidance is an act that reflects deliberate behavior, because of the large costs that must be borne by individuals or companies. In the difference of interests between the government that wants large and stable tax revenues, with the interests of companies that want to minimize taxes, taxpayers try to regulate the amount of tax they have to pay. In addition, taxpayer dissatisfaction in paying taxes is also influenced by the nature of taxes that do not provide direct counter-performance to them. Therefore, companies try to make their tax burden more efficient in order to maximize company profits. This difference of interests results in taxpayers' efforts to minimize the tax burden, either in a way that is still within the framework of taxation or in a way that violates tax regulations.

Companies often take steps to reduce their tax burden, either legally (tax avoidance) or illegally (tax evasion). Tax avoidance is a legal way to avoid taxes without violating tax regulations. This practice is based on exploiting loopholes in tax law to reduce the amount of tax that must be paid. However, although legal, this action can pose risks such as sanctions, fines, and a bad reputation for the company. The fundamental difference between tax avoidance and tax evasion is that tax evasion involves a violation of applicable laws or regulations. Basically, companies always try to maximize their profits, and one way to do this is by reducing the tax burden. Tax avoidance is done by exploiting legal loopholes so that companies can reduce or even avoid paying taxes. This is often the cause of failure to achieve tax revenue targets in Indonesia. Tax avoidance can reduce government revenues, this has a significant detrimental impact on the provision of infrastructure, public services and public utilities (Finér & Ylönen, 2017). *Tax avoidance is often associated with tax planning, which is a step in tax management to minimize the amount of tax to be paid. This treatment can have an impact on the company's cash flow; if the company deliberately does tax avoidance to reduce taxes, this can increase cash flow in the company. However, the impact is also felt on state revenues that have the potential to lose tax revenues that should be used to reduce the budget deficit.*

In 2017 the tax revenue target was 1,427.7 trillion (www.pajak.go.id) experienced an increase of 9.9% or around Rp. 1,681.1 trillion as the target in 2018 carried out by the Ministry of Finance in the 2018 State Budget (Ervina & Wulandari, 2019). Every tax entity has an obligation to make a financial contribution to the state through tax payments, but for companies, this obligation is considered a burden because it has the potential to reduce their net profit. In fact, companies do not directly receive benefits or rewards when paying taxes, so compliance with tax obligations is not always done voluntarily. Basically, companies pay taxes because of binding legal obligations, where failure to comply with these regulations can result in sanctions and fines that are detrimental to the company. This phenomenon encourages many companies to find ways to comply with tax obligations in a more efficient way, known as tax avoidance. However, tax avoidance is a complex and unique phenomenon, because although it is permitted within the framework of tax law, it is often not desired by tax law makers. This creates a dilemma for the government, where tax avoidance can be allowed as long as it is within the limits of the law, but this practice can also reduce state revenues from the tax sector as a whole.

In this era of globalization, many companies implement Good Corporate Governance practices to minimize business risks that occur. This Corporate Governance problem began to emerge in Indonesia after the financial crisis in 1992. Investors and the government have paid significant attention to Corporate Governance practices. Good Corporate Governance is a corporate governance that explains the relationship between various company participants that determine the direction of the company's performance. The large number of companies that engage in tax avoidance proves that Corporate Governance has not been fully implemented by public companies in Indonesia. However, not all companies implement Good Corporate Governance optimally, which causes tax avoidance practices. In fact, the implementation of good Corporate Governance should be able to minimize tax avoidance practices. Good Corporate Governance shows the difference in interests between managers and owners of a company related to the good or bad state of a company's governance with its tax decision-making actions. Good Corporate Governance is a mechanism used by shareholders and creditors of the company to control the actions of managers (Oktafiah, 2019). These mechanisms can be internal mechanisms, namely ownership structure, board of commissioners structure, independent board of commissioners, executive compensation, multi-divisional business structure, and external mechanisms, namely control by the market, institutional ownership, and implementation of audits by external auditors (Ariawan & Setiawan, 2017)

The role of Corporate Governance as a mechanism of structure and system in encouraging management of tax payments is considered very necessary. Companies that have implemented Corporate Governance are expected to have good and efficient performance. The implementation of Corporate Governance can provide effective protection for stakeholders. In addition, the implementation of Corporate Governance also aims to minimize agency problems (Diantari & Ulupui, 2016). Agency problems are conflicts that occur due to differences in interests between managers and company owners, so a Corporate Governance system is needed. Companies with good Corporate Governance implementation will bridge the interests of shareholders and managers. Corporate Governance has a role in the decision-making process including tax decisions but on the other hand tax planning depends on the dynamics of Corporate Governance in a company (Villanueva-Villar & Elena Rivo-López, 2016). When the dynamics of Corporate Governance are not in accordance with governance and principles, and there is no adequate supervision, the company can minimize the tax burden that must be paid. The implementation of Corporate Governance in determining the tax policy used by the company is related to the payment of corporate income tax. Income tax payments are based on the amount of profit obtained by the company. Companies certainly always want big profits, but big profits will be subject to big taxes. So that there will be opportunities to practice Tax Avoidance.

This study focuses more on two proxies in Good Corporate Governance which are classified into internal mechanisms (institutional ownership) and external mechanisms (independent board of commissioners) and Profitability. There are several measuring instruments to determine the level of tax avoidance, one of which is the company's Cash ETR (Cash Effective Tax Rate), namely cash spent on tax costs divided by profit before tax (Yuniarti, Sherly, & Sari 2021). Theoretically, institutional ownership is expected to play a crucial role in reducing tax avoidance practices. Institutional ownership typically includes shares held by entities such as investment companies, pension funds, and banks, which have significant interests in the company's performance and can provide tighter oversight of management. Corporate governance theory states that high institutional ownership should encourage management to comply with tax regulations in order to maintain reputation and ensure regulatory compliance (Shen et al., 2023). Thus, institutional ownership is expected to suppress tax avoidance practices, contribute to transparency, and optimize supervision.

On the other hand, the independent board of commissioners, which must meet the minimum standard of 30% of the total board of commissioners according to the regulations BAPEPAM No: KEP – 315/BEJ/06 – 2000, should act as an objective supervisor without direct affiliation with management or controlling shareholders.

Within the framework of corporate governance theory, an independent board of commissioners is expected to mitigate tax avoidance by increasing the company's accountability and internal control. This is in line with the Corporate Governance Theory which emphasizes the importance of an independent board of commissioners in ensuring that managerial decisions are in line with the interests of shareholders and compliance with tax regulations. Profitability, which is often measured by ratios such as Return on Assets (ROA), is also seen as an important factor. Theoretically, companies with high profitability should be better able to carry out tax planning effectively and, in turn, can reduce tax avoidance to minimize the risk of sanctions that can harm them. In other words, more profitable companies are expected to be able to adjust their tax strategies in a more transparent and compliant manner.

However, in practice, the influence of institutional ownership, independent board of commissioners, and profitability on tax avoidance shows significant variability. Although high institutional ownership is expected to suppress tax avoidance practices, empirical data often show varying results. Several empirical studies show that even though the proportion of institutional ownership is high, its effect on tax avoidance is not always consistent Chen et al. (2010). There are indications that institutional oversight may not always be sufficient to mitigate tax avoidance strategies, depending on how the institution manages its influence on management. Similarly, independent boards of commissioners, which are supposed to improve oversight and compliance, do not always show results that are in line with theoretical expectations. Research shows that the influence of independent commissioners on tax avoidance can vary. Corporate profitability, which is expected to reduce tax avoidance, also shows mixed results. Although companies with high profitability may have more resources for tax planning, in practice, they may still engage in tax avoidance practices to minimize their tax burden. The intense competitive conditions in the technology industry often affect corporate tax strategies, and high profitability does not always guarantee lower tax avoidance.

## THEORITICAL REVIEW

### *Tax*

Tax according to Law No. 28 of 2007 on General Provisions of Taxation, Article 1 Paragraph 1 is a mandatory contribution to the state owed by individuals or bodies that is mandatory based on the law, without receiving direct compensation and is used for state needs for the greatest prosperity of the people. Tax is the main source of state revenue, especially in the State Budget (APBN) which aims to improve people's welfare by developing and improving public facilities. According to Vusal & Zohrab, (2024) Taxes at the state level are levies imposed by the central government on income or economic activities taking place in the region. This tax is a reliable source of income for the state, the amount of which varies depending on the tax rate set and the per capita income in each state. To achieve effective tax compliance improvement, a careful and comprehensive approach is needed in evaluating all types of audits carried out (Sitkiewicz & Białek-Jaworska, 2024).

One of the efforts to realize the independence of a nation and state in financing development is to explore sources of funds originating from within the country in the form of taxes. Taxes are used to finance development that is useful for the common interest. Taxes are contributions to the government that must be paid by individuals or entities determined by law, without direct compensation given to the payer. This contribution must be paid compulsorily and can be collected directly by the government, and its purpose is to fund general expenditures related to the function of the government in carrying out its duties (Abbasi & Ahmadi Choukolaei, 2023). In this case, it can be concluded that taxes are one of the largest sources of state revenue.

***Compliance Theory*)**

According to Bahri et al., (2019) a regulation stating that taxpayers exercise tax rights and fulfill tax obligations where the theory explains a situation where a person complies with the orders or rules given. While Andreas & Savitri, (2015) provide an explanation of tax compliance as obedience and awareness of taxpayers by fulfilling matters in their tax obligations, where taxpayers understand and apply the provisions of taxation, then fill out the tax form completely and clearly, and calculate the total tax owed correctly until paying the tax on time. Compliance can be interpreted as the nature of being obedient, obedient, subject to teachings, regulations or laws. Compliance regarding taxation means a must for taxpayers in fulfilling all tax obligation activities and exercising their tax rights. Tax compliance is behavior that is based on taxpayer awareness in carrying out their tax obligations based on the laws and regulations that have been implemented (Lubis et al., 2021).

Tax compliance is divided into two, namely formal compliance and material compliance. Here is an explanation of both: a) Formal compliance is a form of taxpayer compliance by trying to fulfill their tax obligations formally by adjusting the provisions of applicable tax laws. b) Material compliance is a form of taxpayer compliance that is basically in accordance with all material provisions of tax laws, especially in accordance with the content and spirit of tax laws. Tax compliance is a behavior to do or not do certain activities in accordance with applicable rules and regulations. Individual behavior is influenced by two factors, namely: a) Internal factors, namely the way individuals respond to the outside world selectively or the will that arises from within themselves that influences thought patterns and directs behavior. b) External factors, namely conditions outside the individual that are a stimulus to form or change attitudes. The study of compliance theory can be used to estimate the influence of each variable in this study, namely, Institutional Ownership, Independent Board of Commissioners and Profitability on Tax Avoidance. According to the compliance theory, matters relating to taxpayer compliance are influenced by one factor, namely internal norms supported by the level of tax knowledge and taxpayer awareness. Other factors that also influence are normative commitment through morality and normative commitment through legitimacy where taxpayers who have complied with the law exist because the law is considered an obligation and there are tax authority rights that are coercive in terms of tax collection. These factors will affect tax sanctions and tax authorities' services to the level of taxpayer compliance in MSMEs. Thus, it can be concluded that the behavior of taxpayer compliance with tax laws is influenced by two factors, namely internal factors and external factors. Internal factors come from the taxpayer himself, namely the level of tax knowledge and taxpayer awareness and external factors that come from outside the taxpayer which are a stimulus to form or change attitudes, namely all DGT actions that increase taxpayer compliance.

***Tax Avoidance***

Actions taken by companies to minimize tax burdens can be legal or illegal actions. Tax avoidance is one way to avoid taxes legally that does not violate tax regulations. Basically, managers tend to allocate their resources to optimize tax strategies if they are given incentives to avoid taxes and the occurrence of tax avoidance reflects behavior that deliberately tries to avoid taxes (Li, 2024). It can be concluded that tax avoidance is all activities that may be carried out by taxpayers by using loopholes in established tax laws or regulations so that the taxes paid by the company are as minimal as possible.

*It is said that the tax avoidance carried out does not conflict with tax laws and regulations because it is considered that practices related to tax avoidance take advantage of loopholes in tax regulations to avoid paying larger amounts of tax* (Ayuningtyas & Sujana, 2018). *Tax avoidance is an effort to reduce tax debts that is legal and safe for taxpayers, but this action can pose risks to companies, including sanctions, fines and a bad reputation for the company in the eyes of the public. According to* Razen & Kupfer, (2023), Companies often take action to minimize their tax burden, either legally or illegally. Tax avoidance is a legal strategy that takes advantage of loopholes in tax regulations to legally reduce tax payments. However, even though it is legal, tax avoidance can have risks such as sanctions, fines, and damage to the company's reputation.

***Agency Theory***

Agency theory is a concept that explains the contractual relationship between the principal and the agent. In this case, the principal is the owner or shareholder, while the agent is the management that manages the company. Agency theory emphasizes the importance of separating interests between the principal and the agent. Here, the management of the company is transferred from the principal to the agent. The purpose of separating management from company ownership is so that the principal can obtain maximum profit at the most efficient cost when the company is managed by the agent. Agency theory explains the relationship between two parties where one becomes an agent and the other acts as a principal (Hendriksen and Breda, 2000) in Ratnasari (2011). Shareholders as principals are assumed to be only interested in increasing financial results or their investment in the company. While agents are assumed to receive satisfaction in the form of financial compensation and the terms and conditions that accompany the relationship.

***Theory of Planned Behavior***

Tax avoidance actions carried out by companies cannot be separated from the Theory of Planned Behavior, this theory explains the tendency for tax avoidance by companies that has previously been deliberately planned. Hidayat & Nugroho, (2002) explains that individual behavior does not comply with tax provisions because it is influenced by the intention to behave disobediently. Before individuals do this, individuals will have beliefs about the results that will be obtained from the behavior they have done. Then they will decide whether to do it or not. This is related to taxpayer awareness, because of the belief in the importance of paying taxes to help organize state development. According to Tryana A M Tiraada (2013) The emergence of the intention to behave is determined by three factors, namely:

1) Behavioral Beliefs : is an individual's belief in the results of a behavior and an evaluation of the results of the actions taken;
2) Normative Beliefs : Normative beliefs namely beliefs about the normative expectations of others and the motivation to fulfill

these expectations, or normative beliefs can also be interpreted as beliefs or motivations regarding a desired expectation, and these expectations arise due to the influence of other people;

3) Control Beliefs : is a belief or trust about the existence of things that can support or inhibit the behavior that will be displayed. In addition, a person's perception will emerge, and this perception is also related to how strong the things that support and inhibit the behavior are.

**Behavioral Economic Theory of Taxation**

Behavioral economic theory of taxation is a theory that examines how individuals and firms respond to changes in tax policy based on their economic behavior. It involves analyzing how factors such as preferences, risk perceptions, and information limitations affect decisions about tax avoidance, spending, and investment. This theory helps understand how tax policy can affect the behavior of economic agents and overall economic outcomes. According to Nguyen et al., (2023) The definition of agency theory is "Agency relationships arise when one or more company owners employ company managers who aim to provide services and give the agent the power to make decisions on behalf of the principal". In its business activities, the company owner gives authority or responsibility to the company management in order to make decisions that are expected to maximize the resources owned by the company with the aim of prospering the company owners both in the short and long term. The company manager is a manager of a company who knows more about internal information and even the company's prospects in the future when compared to the company owner.

According to Drobetz & Momtaz, (2021) There are direct ways that shareholders monitor company management, thus helping to resolve agency conflicts. First, shareholders have the right to influence how the company is run through voting at general shareholder meetings, shareholder voting rights are an important part of their financial assets. Second, shareholders make resolutions where a group of shareholders collectively lobby managers (representing the company) regarding issues that are not satisfactory to them. Shareholders also have the option of divestment (selling their shares), divestment represents a failure of the company to retain investors, where divestment is caused by shareholder dissatisfaction with the manager's activities. The implications of agency theory for this study can explain that management cannot be separated from tax avoidance. Management takes tax avoidance actions because they want to maximize company profits to balance the desires of the company's owners, namely to generate maximum profits. In addition, so that management performance can be assessed as good and increasing from year to year.

**Institutional Ownership**

Institutional Ownership shows comparative ownership. The existence of institutional ownership in a company will encourage increased supervision to be more optimal towards management performance, because share ownership represents a source of share power that can be used to support or vice versa against management (Diantari & Ulupui, 2016). It can be concluded that, the more investment value given to an organization, the higher the monitoring system in the organization will be. In practice, institutional ownership has a more effective monitoring function compared to managerial ownership. Institutional ownership as share ownership by financial institutions. Institutional ownership is the proportion of share ownership by the company's founding institutions as measured by the percentage of the number of shares owned by internal institutional investors. According to Vidiyanti, (2010) institutional ownership is the parties that monitor the company with a large percentage of institutional ownership (more than 5%) identifying its ability to supervise/monitor greater management. According to B Setiantp (2016) Institutional Ownership is the percentage of a company's shares owned by institutions such as pension funds, insurance companies, and investment managers. Agency Theory, put forward by Haqi Fadillah (2018) states that institutional shareholders can influence managerial supervision and control by minimizing conflicts of interest between owners (principals) and managers (agents). High institutional ownership can reduce tax avoidance because these institutions tend to focus more on transparency and tax compliance to protect their investments. Institutional ownership in a company will encourage more optimal supervision of management performance. Supervision carried out by investors is highly dependent on the amount of investment made. In maximizing shareholder welfare, institutional owners are obliged to ensure the company's management as the company's responsibility to shareholders. Focusing on voluntary disclosure it is found that companies with greater institutional ownership are more likely to issue, forecast, and estimate something more specific, accurate, and optimistic.

**Independent Board of Commissioners**

The Independent Commissioner is an independent body in supervising the company's management and is independent and comes from outside the company (Intia & Azizah, 2021). This body was formed as a counterweight in decision-making related to the protection of minority shareholders. Companies that have a board of commissioners dominated by management often carry out profit manipulation practices and are often considered to have dual duties carried out by their main directors (Ervina & Wulandari, 2019). An independent board of commissioners will generally limit earnings management activities. According to Kustianti (2013) Independent Board of Commissioners is a group of individuals who have no personal, financial, or direct affiliation with the company other than their role as commissioners. They are responsible for supervising and assessing management performance and ensuring compliance with regulations and principles of good corporate governance. The Theory of Supervision in the context of Corporate Governance, which is often associated with the thoughts of Fama and Jensen (1983) in Ulupui, I. Gusti Ketut Agung (2013) states that independent boards of commissioners play an important role in the supervision and control of the company. More independent commissioners can increase managerial supervision and reduce the possibility of tax avoidance by ensuring compliance with tax regulations and good accounting practices.

The role of the board of commissioners in creating good corporate governance within the company is expected to be improved with the presence of independent commissioners (Du et al., 2018). *Agency Theory* is a condition that occurs in a company where the management as the implementer, further referred to as the agent, and the capital owner (owner) as the principal, build a cooperation contract called the "nexus of contract", this cooperation contract contains agreements that explain that the company management must work optimally, such as providing high profits to the capital owner. (Moreno & Polit, 2012).

**Profitability**

Every company always strives to improve its company performance to increase productivity and implementing programs to support effectiveness and efficiency is a good step for companies to use to gain profits (Yahya & Fietroh, 2021). Return On Asset (ROA) is an indicator that reflects the financial condition of a company; if a company's ROA value is high, then the company's financial performance is in the good category (Yusuf, 2017). Positive Return On Asset (ROA) indicates that the company's total assets used in operational activities are able to provide profit for the company. If the company has a high return on assets, it can be said that the company has a great opportunity to increase its own capital growth. Conversely, if the total assets used do not provide benefits in the form of profit, then the company can experience losses that will hinder the growth of the company's capital itself. According to Bestivano, (2013) Profitability is a measure of a company's ability to generate profits from its business operations, which is often measured by the ratio of profit to revenue or assets. Capital Structure Theory by Modigliani and Miller (1958) in Rahmadani, I. (2023) states that high profitability reflects good management performance and can accelerate reporting of results, which is positive for the company's reputation. With high profitability, companies may tend to reduce tax avoidance tactics because they are in a better position to meet their tax obligations without significant negative impacts.

## RESEARCH METHOD

The research was conducted on the Indonesia Stock Exchange in 2024 through the BEI website (www.idx.co.id). To obtain the data needed in this thesis research, the researcher limited the scope of the research, namely the research was conducted on the financial statements of the Teknology company for the period 2021-2023. This research was conducted from November 2023 to July 2024. The type of research conducted is quantitative research. Quantitative research is a scientific method because it has met scientific principles, namely, concrete/empirical, objective, measurable, rational and systematic. This method is called quantitative because the research data is in the form of numbers and analysis using statistics. While the object of this research is secondary data obtained from the company either through websites, social media, newspapers, notes or reports, statistical bulletins, government publications, data available from previous research, case studies, library documents, published or unpublished information from within or outside the company. Which means that the data already exists and does not need to be collected by researchers (Sekaran, 2011). Secondary data in this study are in the form of financial reports of Technology companies listed on the IDX for the period 2021-2023 and have been published. Data was obtained from the Indonesia Stock Exchange via the IDX website (www.idx.co.id).

Population refers to the entire group of people, events, or interesting things that researchers want to investigate. A population is a group of people, events, or interesting things about which researchers want to make an opinion (based on sample statistics) (Sekaran, 2011). The population in this study is Technology sector companies listed on the Indonesia Stock Exchange. A sample is part of the number and characteristics of a population (Sekaran, 2011). The sample used in this study was 18 Technology companies that presented annual financial reports for the period 2021-2023. In selecting samples in this study, the purposive sampling method was used by determining certain criteria that must be met by the company to become a sample.

**Simultaneous Significance Test (F Test)**

The F statistical test is used to determine the effect of all independent variables entered into the regression model simultaneously on the dependent variable. The F test is performed by comparing the F-table value with the F-count of the regression run results. If the F-table value <F-count then Ho is rejected, meaning that the independent variables simultaneously affect the dependent variable. If the probability value of significance in the research model is <0.05 then the independent variables simultaneously affect the dependent variable significantly (Ghozali, 2013).

**Partial Significance Test (T Test)**

Used to determine the effect of one independent variable individually on the dependent variable. The T test is performed by comparing the t-table value with the t-count. If the t-table <t-count then Ho is rejected, meaning that the independent variables individually affect the dependent variable. If the significance probability value of p-value < 0.05 then an independent variable significantly influences the dependent variable (Ghozali, 2013).

**Coefficient of Determination**

The Coefficient of Determination (R2) essentially measures how far the independent variable is able to explain the dependent variable.

## RESEARCH RESULTS

**Table 1.**
**F-test**

| Model | | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| 1 | Regression | 3 | ,034 | 4.036 | .014 |
| | Residual | 50 | ,049 | | |
| | Total | 53 | | | |

Based on the table above, the calculated F value is 4.036 and the F table value is 2.79. The calculated F value is greater than the F table value and the sig. value is 0.014. The sig. value obtained is smaller than the significance level = 0.05. So, it can be concluded that together the Institutional Ownership Variable (X1), Independent Board of Commissioners (X2), Profitability (X3) have a simultaneous effect on Tax Avoidance (Y). These results indicate that the increasing Institutional Ownership (X1), Independent Board of Commissioners (X2), Profitability (X3) will simultaneously decrease Tax Avoidance (Y), and vice versa if the opposite occurs.

**Table 2.**
**T-test**

| Model | | Unstandardized Coefficients | | | |
|---|---|---|---|---|---|
| 1 | | B | Std. Error | t | Sig. |
| | (Constant) | ,019 | ,069 | 1,296 | ,115 |
| | Kepemilikan Institusional | -,089 | ,255 | -6,350 | ,028 |
| | Dewan Komisaris | -,040 | ,218 | -5,395 | ,034 |

| | | | | |
|---|---|---|---|---|
| Independen | | | | |
| Profitabilitas | -,012 | ,293 | -1,758 | ,048 |

Table 2 above shows that Institutional Ownership partially has a significant effect but with a negative direction (opposite) on Tax Avoidance (Y) based on the t-test value which is greater than the t-table and the Sig. value is smaller than the value of 0.05. This means that the increasing value of Institutional Ownership will decrease the value of Tax Avoidance, and vice versa if there is a decrease in Institutional Ownership, it will increase the occurrence of Tax Avoidance.

Likewise, the Independent Board of Commissioners variable has a t-test value of (-5.395) which is greater than the t-table and Sig. 0.034 which is smaller than 0.05. This value shows that there is a significant but negative (not in the same direction) influence on the value of the Independent Board of Commissioners variable on Tax Avoidance, which means that the increasing value of the Independent Board of Commissioners has a significant effect on reducing the occurrence of Tax Avoidance. Similarly, the Profitability variable has a t-test value of -1.758 which is greater than the t-table of 1.676 and a Sig.0.048 value which is smaller than 0.05, which indicates that there is a significant partial influence of Profitability on Tax Avoidance.

**Table 3.**
**Determination Coefficient**

| Model | R | R Square |
|---|---|---|
| 1 | .784 | .614 |

Based on the results of the SPSS 16 test above, the coefficient of determination (R2) value is 0.614. This shows that the Tax Avoidance variable is influenced by the three independent variables studied in this study by 61.4%. This means that there is 38.6% influence from other variables not tested in this study.

## DISCUSSION

Based on the results of the research data analysis, it can be interpreted that there is a significant influence of the variables of Institutional Ownership and Independent Board of Commissioners partially on the Tax Avoidance variable. This is because basically Institutions participate in the supervision and management of companies that are the owners of a company and are not directly involved in running the company. Institutional Owners entrust the management and supervision of their companies to the company's management, the board of directors and commissioners in managing the company because it is their job. and institutional owners prioritize their own profits so that if tax avoidance can provide benefits to the company then it is considered good, because company owners definitely want to get big profits from the companies they own. so that whether or not there is institutional ownership, Tax avoidance can still occur. The results of the Institutional Ownership variable test have a significant effect on tax avoidance. This is based on the calculated t value of -6.350 which is smaller than the t table value of -1.996, and the significance value of 0.028 which is smaller than the significance level of 0.05. On the other hand, the Independent Board of Commissioners also shows a significant effect on tax avoidance, with a calculated t value of -5.395 which is smaller than the t table value and a significance value of 0.034 which is smaller than 0.05. Meanwhile, the Profitability variable does not have a significant effect on tax avoidance. This can be seen from the calculated t value of -1.758 which is greater than the t table value and a significance value of 0.052 which is slightly greater than the significance level of 0.05. Thus, Institutional Ownership and the Independent Board of Commissioners have a significant effect on tax avoidance, while Profitability does not show a significant effect. The reason why the size of institutional ownership has a significant and negative effect on Tax Avoidance is because, although institutional owners are not directly involved in the day-to-day management of the company, they have a long-term interest in the company's performance. Large institutional ownership often leads to strict supervision of company policies, including tax policies. Institutional owners usually entrust day-to-day operations to management and commissioners, but they still pay attention to the company's compliance with regulations and reputational risk. With significant institutional ownership, companies are more likely to avoid tax avoidance practices that can harm their reputation and increase legal risks, so that tax avoidance becomes lower.

The Independent Board of Commissioners also shows a significant and negative influence on tax avoidance. This may be due to the role of independent commissioners who are tasked with ensuring that company management complies with regulations and implements ethical policies, including in terms of taxation. Effective independent commissioners can pressure management to avoid tax avoidance and focus more on compliance and transparency. Therefore, strong supervision from independent commissioners helps reduce tax avoidance practices in companies. Meanwhile, the Profitability Variable also shows a significant influence on tax avoidance. This shows that the level of company profit is directly related to the decision to carry out tax avoidance. High profitability illustrates good management performance. This will affect how quickly or slowly management reports its performance. Good performance is good news for the company's reputation in the eyes of the public, so management will immediately report the good news. With high profitability, companies may tend to reduce tax avoidance tactics because they are in a better position to meet their tax obligations without significant negative impacts.

This study confirms that internal company factors such as institutional ownership and independent commissioner supervision play a greater role in influencing tax policy than the company's own profit level. Institutional ownership and supervision of independent commissioners can function as a control mechanism that reduces tax avoidance practices, although companies continue to look for ways to increase profits. In line with research conducted by Yuniarti et al (2021) that institutional ownership and independent boards of commissioners have a significant effect on tax avoidance. This means that large institutional ownership can reduce tax avoidance practices because financial institutions have the power to supervise management and encourage compliance with tax regulations. In addition, a larger percentage of independent boards of commissioners are able to carry out effective supervision of directors and management, ensuring that their existence is not just a formality. This indicates that the existence of an independent board of commissioners has been able to prevent companies from avoiding taxes. This is suspected because the existence of independent commissioners is still considered a formality or a demand to comply with existing regulations has not been able to act effectively in accordance with their duties and functions, when viewed from descriptive statistical data the average value of the independent board of commissioners variable is 0.4683 or 46.83% which means that the rules set have been met According to Otoritas Jasa Keuangan Republik Indonesia (2014) No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, in the event that the board of commissioners consists of more than 2 (two) members of the board of commissioners, the number of independent commissioners must be at least 30% (thirty percent) of the total number of members of the board of commissioners.

Supported by research Handayani (2017) which results that the Independent Board of Commissioners has a significant but negative effect on tax avoidance, it is suspected that this occurs because not all members of the independent board of commissioners can demonstrate their independence so that the supervisory function does not run well and has an impact on the lack of supervision of management in carrying out tax avoidance. In the research of Husna & Fajriana (2018) that Profitability has a significant effect on tax avoidance, meaning that the company's decision to practice tax avoidance depends on the high or low profit generated by the company. Higher profitability reduces the company's desire to carry out tax avoidance. Tax Avoidance requires large costs, so companies must evaluate whether the benefits obtained from tax avoidance are comparable to the costs incurred.

This finding shows that factors other than profitability play a greater role in the company's decision to carry out tax avoidance. It can be said that the size of the company's profit is not a benchmark for tax avoidance because tax avoidance actions are related to the character of the decision maker in this case the company's management, management always wants to achieve the greatest possible profit in managing the company, so that management will consider and not want things that will cause cash outflows for the company and cause a decrease in profits for the company, regardless of whether the profit that has been generated is large or small. Not in line with research conducted by research Marfu'ah, (2015) it is known that return on assets (profitability) does not affect the tax avoidance of manufacturing companies listed on the Indonesia Stock Exchange. ROA is an indicator of a company's ability to generate profits so that ROA is an important factor in imposing income tax on companies. Thus, the high ROA value will be carried out with mature tax planning so that it produces optimal taxes and tends to decrease tax avoidance activities. Companies that operate with high efficiency will get tax subsidies in the form of lower effective tax rates compared to companies that operate with low efficiency.

## SIMPULAN

That 1) Partially, there is a significant and negative influence of Institutional Ownership on tax avoidance practices in technology companies. This means that the greater the Institutional Ownership in a technology company, the lower the level of tax avoidance practices carried out by the company. 2) Partially, there is a significant and negative influence of the Existence of an Independent Board of Commissioners on tax avoidance practices in technology companies. This shows that the more Independent Board of Commissioners there are in a technology company, the lower the level of tax avoidance practices carried out by the company. 3) Likewise, Profitability, partially there is a significant and negative influence on tax avoidance practices in technology companies. This means that the higher the profitability of the company, the lower the level of tax avoidance carried out. 4) Institutional Ownership, Independent Board of Commissioners, and Profitability simultaneously have a significant effect on tax avoidance in technology companies. This indicates that these three factors together contribute to a decrease in tax avoidance practices. In other words, when technology companies have high institutional ownership, more Independent Board of Commissioners, and high profitability levels simultaneously, technology companies tend to engage in less tax avoidance.

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