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The Effect Of Fixed Asset Intensity, Executive Character, Political Connections And Audit Committee On Tax Avoidance With Company Size As A Moderating Variable

Vebrianka Anzani[1], Afrizal[2], Rita Friyani[3]
[1]*(Alumni of the Jambi University Postgraduate Accounting Masters in 2023)*
[2&3]*(Faculty of Economics and Business Jambi University – Indonesia)*

Abstract:
This research was conducted to analyze the effect of Fixed Asset Intensity, Executive Character, Political Connections and Audit Committee on Tax Avoidance with Firm Size as a Moderating Variable. The population used in this study are energy sector companies listed on the Indonesia Stock Exchange in 2018-2021, namely there are 69 companies. Purposive sampling was used as a sampling technique, there were 18 companies that complied so that 72 sample data were obtained in the 2018-2021 period which were used in the study. Data analysis used Moderated Regression Analysis (MRA analysis) with SPSS 26. The results showed that Fixed Asset Intensity, Executive Character, Political Connections and Audit Committees had a significant effect simultaneously on Tax Avoidance. The Audit Committee has a significant effect on tax avoidance while the Intensity of Fixed Assets, Executive Character and Political Connections have no significant effect on Tax Avoidance. Audit Committee which is moderated by company size has a significant effect on tax avoidance while Fixed Asset Intensity, Executive Character and Political Connections which are moderated by company size have no significant effect on tax avoidance.

***Key Word**: Fixed Asset Intensity, Executive Character, Political Connection, Audit Committee, Tax Avoidance, Company Size*

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I. Introduction

Based on the Law on General Provisions and Tax Procedures Number 16 of 2009 Article 1 Paragraph (1) explains that: "Tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the Law, by not getting compensation directly and used for state purposes for the greatest prosperity of the people". Taxes play an important role in a country's financial terms. Therefore, tax regulations are made in such a way that when carrying out these tax obligations by applicable regulations (Marfirah & Syam, 2016). The government noted that the four-year target and the realization of tax revenues could not reach the target because tax collection was not good and there were problems. At the end of 2020, the realization of tax revenues was only IDR 1,069.98 trillion. This amount is far below the target set in Presidential Regulation No. 72 of 2020, which is IDR 1,198.82 trillion. The Directorate General of Taxes announced the realization of the fourth quarter of 2020 which should be 100 percent to 89.25 percent. According to Suryo Utomo, Director General of Taxes at the Ministry of Finance, the Indonesian government loses up to Rp. 68.7 trillion every year due to Tax Avoidance.

This is reinforced by the Tax Justice Network Indonesia report entitled The State of Tax Justice 2020: Tax Justice in the time of Covid-19 which released Indonesia's losses of up to USD 4.86 billion per year, this figure is equivalent to IDR 68.7 trillion on November 22, 2020, when the spot market was at a value of IDR 14,149 per US dollar. Tax Justice Network said that USD 4.78 billion or IDR 67.6 trillion was the result of tax avoidance of companies in Indonesia. Meanwhile, the remaining USD l78.83 million or Rp 1.1 trillion is felt by individual taxpayers (Santoso, 2020)

One example of a Tax Avoidance case that has occurred in Indonesia occurs in an Indonesian mining company that has a shell company such as Arindo Holding, which is a subsidiary of PT Adaro Energy Tbk (ADRO) and is based in Mauritus. The company uses transfer pricing practices to avoid paying taxes on its subsidiary, Coaltrade Service International in Singapore (tirto.id). Tax Avoidance Scheme by PT. Adarol Energy Tbk is done by selling coal to a subsidiary of Coaltrade Service International as a buyer at a lower price. Then Coaltrade Service International sold the coal to other countries at a much higher price. This has been done by PT Adaro since 2009-2017 and has had a direct impact on PT. Adaro's tax payments. Adaro Energy Tbk which became small and lower than the tax that should have been paid to Indonesia was USD 125 million or Rp. 1.75 trillion. This causes state revenues, especially tax revenues, to be reduced (Sugianto, 2019).

Some factors that can influence a company to carry out Tax Avoidance are Fixed Asset Intensity, Executive Character, Political Connections, and Audit Committee. The Variable Intensity of Fixed Assets adapted from research conducted by (Aprilia et al., 2020) the findings state that through the intensity of fixed assets companies can carry out tax avoidance practices. Previous research conducted by stated that the variable intensity of fixed assets has a significant effect on tax avoidance (Purwanti & Sugiyarti, 2017)

The rules of corporate governance of top management state that the company must pay taxes. Top management makes decisions and sets policies differently. Research conducted (by Budiman & Setiyono, 2013) said that the level of risk of a company shows how willing company leaders are to take risks or avoid them. The riskier a business is, the more likely its executives are willing to take risks. Research by Maria et al. (2014) proves executive characteristics positively affect tax avoidance. Top executives can help companies avoid paying taxes. The results of 908 samples of company leaders registered with ExecuComp show that each company leader has a great influence on the amount of Tax Avoidance carried out by the company. Companies are more likely to avoid taxes when executives are willing to take risks (Dyreng et al., 2009).

The next factor is Political Connections. Indonesia is a country with high political authority (Harymawan & Nowland, 2016). Companies use this influence to pursue their corporate goals, therefore the term political connection arises. With these political connections, it is hoped that both parties will get the same benefits. Politically connected companies that do tax evasion have a low risk of inspection because they get protection from politicians. Research related to the influence of political connections on tax avoidance has been carried out by many previous researchers. A study conducted by Prabowo (2022), Munawarol & Ramdany (2020) stated that political relations have a significant positive effect on tax avoidance. Meanwhile, Lestari & Putri (2017) found that there is no influence of political connections on tax avoidance.

The Audit Committee is also another factor that can affect tax avoidance. Audit committees can reduce the possibility of companies avoiding paying taxes. This is because the audit committee can oversee ways to improve the quality of information for the owner and management of the company. According to Fauzan et al. (2019), Audit committee factors affect tax avoidance. This research contradicts the results of the research of Yulistia et al. (2022) which shows that the audit committee has no impact on tax avoidance.

Minimizing tax payments can also arise from the stability and ability of a company to pay taxes which can be seen from the size of the company. Company size is a scale or value that can classify a company in a large or small category with total assets owned by the company. Large companies will consider risks more in managing their taxes. The larger the size of the company, the more it becomes the center of attention from the government and will cause a tendency to comply (compliance) or avoid taxes (tax avoidance) (Kurniasih & Sari, 2013). The size of an enterprise is alleged to moderate the influence of Fixed Asset Intensity, Executive Character, Political Connections, and Audit Committee.

Based on previous research, some research results are inconsistent so researchers are interested in analyzing things that affect Tax Avoidance. Therefore, based on the background explanation of the problem, the researcher is interested in conducting further research. Energy Companies were chosen as the object of Research for two reasons. First, there is still not much research that discusses case studies of companies in the Energy sector. Second, energy is a great source of revenue for the Indonesian government. The management of this sector has not been transparent enough so it is not uncommon to take tax avoidance actions.

II. Literature Review

This study is based on two main theories, namely agency theory, and positive accounting theory. According to Messier et al. (2014), Agency relationships cause two problems including the existence of information asymmetry, namely the situation when the company's management has more information about the state of the company and its actual financial position than the owner of the entity) and the emergence of conflicts of interest, due to differences in interests, where management actions are not always in line with the interests of the principal.

The explanation of tax avoidance starts from the agency theory approach. According to agency theory, the practice of Tax Avoidance is based on the importance of achieving corporate profits that are intertwined between the tax collector (fiscus) and the taxpayer (company manager). The tax authorities demand substantial income from taxes, while the management of the company believes that the company should create profits.

Positive accounting theory answers and explains the reasons for accounting practice and provides predictions about the role of accounting and information in the decision-making process made by companies, either individuals or other related parties. Perspectives Positive accounting theory identifies three agency relationships: management-owner, management-creditor, and management-government (Budiadnyani, 2020)

Tax Avoidance

Tax avoidance is an effort to ease the tax burden by not violating existing laws (Mardiasmo, 2016). According to Pohan (2016), tax avoidance is an effort to avoid taxes that are carried out legally and safely for taxpayers because they do not conflict with tax provisions, where the methods and techniques used tend to take advantage of the weaknesses (gray areas) contained in the tax regulation law itself to reduce the amount of tax owed.

Fixed Asset Intensity

This tax avoidance strategy involves the ownership of fixed assets. Companies with large fixed assets can minimize their tax payments because depreciation costs are deductible expenses or can reduce the taxable income of taxpayers (Nasution & Mulyani, 2020). Deductible expense is regulated in article 6 of the income tax law. The amount of tax payable by the company can be reduced by the manager (agent) by utilizing depreciation expenditures associated with fixed assets. The company's management will use idle money to make investments in fixed assets to benefit from depreciation charges, which are deductible from the company's income tax bill (Darmadi, 2013)

Executive Character

It is impossible to separate the executive functions of the company from the formulation of corporate policies, and the same applies to the Tax Avoidance strategy used by the business. This is because company executives have the most power and ability to manage the company's operations, which causes the company's leaders (executives) to have a diverse character in terms of decision-making and company rules (Dyreng et al., 2009).

Political Connections

Purwanti & Sugiyarti (2017) Define political connection as the condition of a relationship between a certain party and an interested party in politics then used to achieve a certain thing to benefit both parties involved. In the presence of political relationships, companies will receive special and special treatment, such as easy access to capital loans and low tax audit risks. With a low tax audit, tax planning will be easier for the company, and will also have certain privileges, such as the ability to create financial reserves in the event of an economic recession (Butje & Tjondro, 2014)

Audit Committee

The audit committee supervises the management in preparing the company's financial statements to minimize the tendency to emphasize the costs that will be incurred by managers, especially the costs incurred to carry out tax obligations. An audit committee with its authority will prevent companies from practicing tax avoidance. The greater the number of audit committees in a company, the higher the quality of corporate governance and the less likely the tax avoidance (Yudhistira & Anggraeni, 2022)

Company Size

The size of the enterprise indicates the stability and ability of the enterprise to carry out its economic activity. The larger the size of the company, the more it becomes the center of attention of the government and will cause a tendency to obey the government (Hutapea & Herawaty, 2020). Based on political theory, the larger the size of the company means the higher the political profit so that it can carry out tax planning to reduce the taxes that must be paid to the state by using existing loopholes (Sugeng et al., 2020).

Research Hypothesis

Based on the literature review and theoretical framework above, the hypothesis proposed in this study is:

H1: Fixed Asset Intensity, Character, Political Connections, and Audit Committee have a significant effect on Tax Avoidance in Energy companies listed on the Indonesia Stock Exchange in 2018-2021.

H2: The intensity of Fixed Assets has a significant effect on Tax Avoidance in Energy companies listed on the Indonesia Stock Exchange in 2018-2021.

H3: Executive Character has a significant effect on Tax Avoidance in Energy companies listed on the Indonesia Stock Exchange in 2018-2021.

H4: Political connections have a significant effect on Tax Avoidance in Energy companies listed on the Indonesia Stock Exchange in 2018-2021.

H5: The Audit Committee has a significant effect on Tax Avoidance on Energy companies registered in Efek Indonesia in 2018-2021.

H6: Company Size can moderate the significant effect of fixed asset intensity on tax avoidance on energy companies listed on the Indonesia Stock Exchange in 2018-2021

H7: Company Size can moderate the significant influence of executive character on tax avoidance on energy companies listed on the Indonesia Stock Exchange in 2018-2021.

H8: Company Size can moderate the significant influence of political connections on tax avoidance on energy companies listed on the Indonesia Stock Exchange in 2018-2021.
H9: Company Size can moderate the Audit Committee's significant influence on Tax Avoidance on Energy companies listed on the Indonesia Stock Exchange in 2018-2021.

III. Research Methodology

This study used secondary data. The population of this study is Energy Sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The research sampling technique is to use the purposive sampling method. So the research sample was 18 companies. The data analysis technique used in this study is quantitative analysis. Hypothesis Testing consists of Multiple Regression Analysis and Moderated Regression Analysis (MRA) or interaction tests using the SPSS Version 26 program.

Operational Definition of Research Variables
Dependent Variable

The dependent variable commonly referred to as the bound variable in this study is tax avoidance. The model used to estimate tax avoidance measurement in this study is the Cash Effective Tax Rate (CETR). The Cash Effective Tax Rate (CETR) can explain tax avoidance activities by companies since CETR is not affected by estimates such as tax deductions or protections (Dyreng et al., 2009). The result of the calculation using the CETR ratio when showing a value below the corporate income tax rate for 2022, which is 22%, means that the company is indicated to be practicing tax avoidance. CETR is calculated directly from the cash paid for taxes divided by profit before tax (Dewinta & Setiawan, 2016). The CETR formula is as follows:

$$CETR = (Current\ Tax\ Expense)/(Pre - Tax\ Income)$$

Independent Variable

1. **Fixed Asset Intensity (X_1)**

Companies that have large amounts of fixed assets will have an impact on the smaller profit obtained due to the depreciation of these assets. Fixed asset intensity is obtained by comparing total fixed assets with total assets (Purwanti & Sugiyarti, 2017).

$$Fixed\ Asset\ Intensity = (Fixed\ Asset)/(Total\ Assets)$$

2. **Executive Character (X_2)**

Measurement of company characteristics using EBITDA standard deviation (Earning Before Income Tax, Depreciation, and Amortization) divided by the company's total assets (Paligorova, 2011).

$$RISK = EBITDA/(Total\ Assets)$$

3. **Political Connections (X_3)**

This variable is measured by using a dummy variable to express a political connection. A dummy or dummy variable is a variable that has two clear levels or more, which is given a value of 0 (zero) if not or 1 for companies where the government has political connections. The criteria used to define political connections refer to research conducted by Sudibyo & Jianfu, 2016, namely:

a) If one of the commissioners or directors is also a member of the executive cabinet, a member of the DPR, a government official including the military, or a member of a political party.
b) If one of the directors or commissioners is also a former member of the DPR, a former member of the executive cabinet, a former official in a government institution including the military.
c) If one of the shareholders/shareholders at least 10% is a member of a political party, has relations with top politicians, and/or officials or former government officials including the military.

4. **Audit Committee (X_4)**

Following IDX regulations, the number of audit committee members with a minimum of 3 people (Septiani et al., 2019). In this study, the audit committee was measured by a nominal scale using the formula:

AC = Total Number of Committee Members

Moderating Variable

Moderating variables can be used to strengthen the relationship between variables, but it can also weaken the relationship between one or more independent variables and related variables. The purpose of the moderating variable is to measure the strength of the relationship between the independent variable and the dependent variable.

1. **Company Size (Z)**

In this case, company size is assessed by the log of total assets. The log of total assets is used to reduce significant differences between company sizes that are too large and companies that are too small, because it is considered that this measure has a more stable level than other proxies and is continuous between periods (Hartono, 2017)

IV. Result and Discussion

Hypothesis Testing

Table 1

Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.401[a]	.160	.110	.153072008
a. Predictors: (Constant), KA, KE, IAT, KP				

Table 2

Statistical Test F

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.300	4	.075	3.201	.018[b]
	Residual	1.570	53	.023		
	Total	1.870	57			
a. Dependent Variable: CETR						
b. Predictors: (Constant), AC, RISK, IAT, PC						

Effect of Fixed Asset Intensity, Executive Character, Political Connections and Audit Committee on Tax Avoidance

Based on the data analysis that has been carried out in this study, the adjusted value of R Square (coefficient of determination) shows a value of 0.110. This means that the ability to explain independent variables to dependent variables (Tax Avoidance) is 11% while the remaining 89% is explained by other variables. The results of the F test can be seen that the calculated F value is 3,201 and the significance of F is 0.018. So Sig F < 5%. This shows that all independent variables namely Fixed Asset Intensity, Executive Character, Political Connections, and Audit Committee have a simultaneous significant effect on Tax Avoidance.

Agency theory describes that management knows more about the actual state of the financial company while other interested parties do not. Furthermore, many parties and company management allocate their asset investments in the form of fixed assets so that depreciation expenses will affect the company's profits which leads to tax avoidance practices. (Rahma et al., 2022). The practice of tax avoidance carried out by the company is of course through policies taken by the head of the company itself, where the company's leaders are decision-makers and leaders who have a character who dare to take risks to influence tax avoidance activities (Feranika, 2017). Among the influences that companies have, of them is the existence of political connections with the government. The connection is intended to make it easier for companies to cooperate with the government, such as in terms of lending funds to financial institutions carried out following existing regulations or agreements that have been made (Purwanti & Sugiyarti, 2017).

Table 3

Statistical Test T

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.061	.139		-.437	.664
	IAT	-.044	.089	-.058	-.498	.620
	KE	.004	.072	.007	.059	.953
	KP	-.067	.052	-.155	-1.287	.203
	KA	.117	.038	.348	3.064	.003
a. Dependent Variable: CETR						

Effect of Fixed Asset Intensity on Tax Avoidance

The Asset Intensity variable obtained a significance value (p-value) of 0.620 and a regression coefficient value of -0.044. Because the significance of the α value is greater than 5% (0.620 > 0.05), the variable Fixed Asset Intensity does not have a significant effect on Tax avoidance. Thus H2 is rejected.

The results of this study are in line with those conducted by Yanti and Yasa (2022) which prove that high fixed asset intensity and low fixed asset intensity are not factors in influencing tax avoidance management. This is because the high-intensity value of fixed assets is not only used for tax avoidance but also to run company operations.

The Effect of Executive Character on Tax Avoidance

Based on the summary of hypothesis testing results, for the Executive Character variable, a significance value (p-value) of 0.953 and a regression coefficient value of 0.004. Because the significance of the α value is greater than 5% (0.953 > 0.05) the Executive Character variable partially does not have a significant effect on Tax. Thus H3 is rejected. This illustrates that the role of the executive in formulating a policy does not change the applicable tax regulations and tends to apply risk averse. Executives tend to follow existing regulations, this is because in order to maintain the good name of the company they lead in the community and the benefits obtained are not proportional to the amount of tax evasion that occurs (Pujiastuti & Subkhan, 2023). The results of this study are in line with previous studies conducted by Djolafo (2022), Amalia & Ferdiansyah (2019) and Praptidewi & Sukartha (2016) which state that executive character has no effect on tax avoidance

The Effect of Political Connections on Tax Avoidance

The political Connection Variable, obtained a significance value (p-value) of 0.203 and a regression coefficient value of -0.067 Because the significance of the α value is greater than 5% (0.465 > 0.05) then partially the Political Connection variable has no effect on Tax avoidance. Thus H4 is rejected. Proximity to political parties or governments does provide some benefits for companies but companies must think about the long-term impacts they will have. The poor image of the company will have a long-term impact so public trust will decrease and cause losses. This is what makes companies that have political connections more cautious in making policies or company decisions (Sari & Somoprawiro, 2020). The results of this study are in line with the research of Ngabdillah et al. (2022) found empirical evidence that political connections do not affect tax avoidance. This research shows that even if the company has political connections reflected in the main shareholders, the board of commissioners, the audit committee, or the board of directors who have important positions or roles in government agencies or political parties, it is not used by the company to carry out tax avoidance actions.

Effect of Audit Committee on Tax Avoidance

The results of hypothesis testing, for the Audit Committee variables, obtained a significance value (p-value) of 0.003 and a regression coefficient value of 0.117. Because the significance of the α value is lower than 5% (0.003 > 0.05), the Audit Committee variable partially has significant effect on Tax avoidance. Thus H5 was accepted. Audit committees with fewer members tend to act more efficiently, but they also have a weakness, namely the lack of experience of members. This shows that the company pays attention to the audit committee's financial report decisions (Alfandia & Putri, 2023). This is in line with the results of previous research which stated that the size of the audit committee can reduce the effectiveness of the audit committee and therefore reduce their role in limiting tax avoidance. This is because the large size makes the audit committee more complex and reduces its effectiveness in decision making (Dang & Nguyen, 2022).

Table 4

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.953	.389		2.452	.017
	IAT	-.075	1.307	-.118	-.057	.954
	SIZE	-.024	.014	-.324	-1.784	.080
	IAT.SIZE	-.001	.045	-.055	-.027	.979

a. Dependent Variable: CETR

Company Size Moderates the Effect of Fixed Asset Intensity on Tax Avoidance

Variable Interactions of Fixed Assets and Company Size (FAI. SIZE) has a test t value - 0.027 with a significance value of 0.979 > 0.05. Thus the sixth hypothesis (H6) proposed was rejected. The intensity of fixed assets moderated by the company has no significant effect on tax avoidance. In other words, the company size variable in this equation model is not a moderating variable. The results of this study show that the size of the company weakens or cannot moderate the relationship of fixed asset intensity to tax avoidance. This is because the company's management as an agent makes a policy of depreciation of fixed assets following applicable tax regulations so that the company does not need fiscal corrections related to the depreciation of fixed assets in calculating taxes for the tax year. This is because these fixed assets are solely used for the company's operational purposes, not to carry out tax avoidance actions (A. A. Asri & Mahfudin, 2021). The results of this study are following research conducted by Aminah et al. 2018 which shows that the intensity of fixed assets does not affect tax avoidance.

Table 5

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.048	.296		3.544	.001
	KE	-.050	.068	-.102	-.731	.468
	SIZE	-.028	.010	-.376	-2.797	.007
	KE.SIZE	3.039E-5	.001	.005	.036	.972

a. Dependent Variable: CETR

Company Size Moderates the Influence of Executive Character on Tax Avoidance

Executive Character and Company Size Interaction Variables (RISK. SIZE) has a t-test value of 0.036 with a significance value of 0.972 > 0.05. thus the seventh hypothesis (H7) proposed was rejected. This means that the character of executives moderated by the size of the company has no significant effect on tax avoidance. In other words, the company size variable in this equation model is not a moderating variable. The character of the executive has no effect on tax avoidance practices which indicates that the character of leaders who dare to take risks cannot be used as a benchmark in decision-making related to governance. This result is reinforced by the theory of stewardship which considers the executive as a person who can be trusted in carrying out his duties and responsibilities following the rules set by the government and in paying taxes (Amalia & Ferdiansyah, 2019)

Table 6

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.865	.294		2.946	.005
	KP	-.067	.107	-.157	-.627	.533
	SIZE	-.020	.011	-.273	-1.843	.071
	KP.SIZE	.000	.003	.018	.072	.943

a. Dependent Variable: CETR

Company Size Moderates the Effect of Political Connections on Tax Avoidance

Hypothesis testing results, for the Interaction of Politik Connections and Company Size (PC. SIZE), has a t-test value of 0.072 with a significance value of 0.943< 0.05. Thus all eight (H8) submitted are rejected. This means that political connections moderated by the size of the company does not have a significant effect on tax avoidance. In other words, the company size variable in this equation is not a moderating variable. This means that the political connection variable is not an important factor affecting the level of tax avoidance of energy sector companies listed on the Indonesia Stock Exchange. Management and company owners do not have a strong political network so companies are more careful in tax practices. This relates to the level of risk that must be borne by the company. There are at least two risks that may arise from tax avoidance practices, namely litigation risk and the risk of worsening the company's image (Widarjo et al., 2021)

Table 7

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.504	1.971		2.285	.026
	KA	-1.023	.547	-2.395	-1.869	.067
	SIZE	-.160	.070	-2.132	-2.289	.026
	KA.SIZE	.039	.020	2.562	2.001	.050

a. Dependent Variable: CETR

Company Size Moderates Audit Committee's Effect on Tax Avoidance

Audit Committee Interaction Variables and Company Size (AC. SIZE) has a t-test value of 2.001 with a significance value of 0.050 > 0.05. Thus the proposed ninth hypothesis (H9) was accepted. This means that the Audit Committee, which is moderated by the size of the company, has a significant effect on tax avoidance. In other words, the company size variable in this equation is a moderating variable. These results indicate that the higher the existence of an audit committee in a company will improve the quality of good company performance, so that it will minimize the possibility of tax evasion activities. The audit committee in charge of overseeing the preparation of the company's financial statements can prevent management fraud from occurring. Companies that have an audit committee will be more responsible and open in presenting financial reports because the audit committee will monitor all activities that take place within the company (Novita & Herliansyah, 2019)

Based on agency theory, the number of audit committee members is able to influence the policies that will be taken by a company in improving the quality of company performance (Riani et al., 2022). This finding is in line with the results of Frisca Tania & Mukhlasin's research (2020), namely, the number of audit committee members has a positive effect on tax evasion by companies.

V. Conclusion

Based on the results of multiple linear regression analysis of Fixed Asset Intensity, Executive Character, Political Connections, and Audit Committee on Tax Avoidance with Company Size as a moderating variable in energy sector companies listed on the Indonesia Stock Exchange (IDX) 2016-2021, it can be concluded that namely, Fixed Asset Intensity, Executive Character, Political Connections, and Audit Committee, simultaneously significant effect on Tax Avoidance. The intensity of fixed assets has no significant effect on tax avoidance. The high fixed intensity and low fixed asset intensity are not factors influencing tax avoidance management. This is because the high-intensity value of fixed assets is not only used for tax avoidance but also to run company operations. The executive character has no significant effect on tax avoidance. This means that the role of the executive in formulating a policy does not change the applicable tax regulations and tends to apply risk averse. Executives tend to follow existing regulations, this is due to maintaining the good name of the company.

Political connections has no significant effect on tax avoidance. Proximity to political parties or the government does provide some benefits for the company but companies must think about the long-term impact it will have. The Audit Committee has significant effect on Tax avoidance. This is due to the existence of an audit committee with fewer members which tends to act more efficiently, but it also has a weakness, namely the lack of experience of the members. This shows that the company pays attention to the audit committee's financial report decisions. The intensity of fixed assets moderated by the size of the company does not have a significant effect on tax avoidance, meaning that the intensity of fixed assets does not affect tax avoidance. This is because the company's management as an agent makes a policy on the method of depreciation of fixed assets following applicable tax regulations so that the company does not need fiscal corrections related to the depreciation of fixed assets in calculating taxes for the tax year.

Executive character moderated by company size has no significant effect on tax avoidance, meaning that executive character has no effect on tax avoidance practices which indicates that the character of leaders who dare to take risks cannot be used as a benchmark in decision-making related to government. Political connections moderated by company size do not have a significant effect on tax avoidance, meaning that management and company owners do not have a strong political network so companies are more careful in tax practices. This relates to the level of risk that must be borne by the company. Company size strengthens or can moderate the Audit Committee's relationship with tax avoidance, meaning that the number of audit committee members is able to influence the policies to be taken by a company in improving the quality of company performance.

VI. Limitations and Suggestions

Limitations

Some of the things that become limitations in this study are as follows:

1. The use of the sample is limited only to companies in the energy sector so that the research results cannot be used as a reference to represent all companies listed on the Indonesia Stock Exchange.
2. The research period is limited to the last 4 years from 2018-2021 and the independent variables used in the research are limited to Fixed Asset Intensity, Executive Character, Political Connections and Audit Committee.

Suggestions

Based on the results of the research and the conclusions presented, the suggestions that can be given by the researcher are:

1. For further research, it is expected to expand the research sample to other sector companies, so that they can see tax avoidance activities in each type of other company sectors in Indonesia.
2. Future research is expected to add a longer period of research time, so that it can see the trend of tax avoidance activity.
3. Future researchers are expected to add or exchange variables that have no effect on this study so that they can improve the picture of research on actual tax avoidance activities.
4. For the government, it is hoped that it can reduce the opportunity for companies to carry out tax avoidance by increasing monitoring and supervision of the implementation of corporate tax obligations

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