Data Panel Regression: Effect of Company Risk, Company Size, and Tax Profitability for Tax Avoidation (Empirical Study on Property and Real Estate Companies listed on the Indonesia Stock Exchange for the period 2013-2017)

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Abstract:

This study aims to obtain empirical evidence about the effect of company risk, firm size and profitability on tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange in 2013-2017. The sample selection method used was purposive sampling. The population in this study was 48 and the sample used was 29 companies. The data processing method used is the panel data regression model using Eviews 9.0. The results of the study show that the company's risk variables, company size and profitability affect tax avoidance.

Keywords: Company Risk, Company Size, Tax Profitability, Tax Avoidation

1. Introduction

National Development is a development that takes place continuously and continuously which aims to improve people's welfare, both materially and spiritually. To be able to realize this goal, the state must explore sources of funds from within the country in the form of taxes.

Tax is a source of income for the country, while for companies tax is a burden that will reduce net income. Differences in interests from tax authorities who want large and continuous tax revenues are certainly in contrast to the interests of companies that want minimum tax payments(Hardika & Sentosa, 2007).

Minimizing the tax is one way that can be used in tax regulations.

Tax avoidance is one of the efforts to minimize the tax burden that is often carried out by companies because there are still applicable tax regulations. Although tax avoidance is legal, from the government side, it still does not want it because the company is one of the taxpayers who provides the largest contribution in state revenues. The desire of taxpayers not to comply with tax regulations makes the tax resistance they provide.

Tax avoidance carried out by companies usually through policies taken by company leaders is not accidental(Budiman, Judi, & Setiyono,

2012). This is in accordance with Khurana and Moser (2009) in (Annisa & Kurniasih, 2012)who stated that tax avoidance activities carried out by the management of a company in an effort solely to minimize corporate tax obligations.

Some previous studies tried to link the factors of the company's financial condition to tax avoidance, including focusing on corporate risk. Corporate risk is a mirror of the policy taken by the company's leadership. Policy taken by company leaders can indicate whether they have a risk taker character or risk averse reflected in the size of the risk of existing companies. The character of risk taker is an executive who is more courageous in making business decisions and usually has a stronger drive to have income, position, welfare, and higher authority. The risk taker character does not hesitate to finance debt (Lewellen & Katharina, 2003).

Unlike the risk taker, the risk averse character tends to dislike risk so it is less courageous in making business decisions. Risk averse if you get a chance, he will choose a lower risk (Low & Lamb, 2000). Usually averse characteristics are carried out by those who have held positions for a long time, and have a dependency on the company and are more focused on decisions that do not result in greater risk.(Dyreng, Hanlon, & Maydew, 2010)examine Top Executive's individual influences on corporate tax avoidance. By taking a sample of 908 company leaders listed at ExecuComp, it was found that individual company leaders had a significant role in the level of corporate tax avoidance.

The next financial condition that is predicted to affect tax avoidance is the size of the company. The size of the company is divided into 3 categories, namely large companies, medium companies, and small companies. Companies that are classified as large usually have large resources compared to small companies to carry out tax management. The company manages taxes maximally to reduce the company's tax burden. According to (Kurniasih, Tommy, & Sari, 2013)company size is significant towards tax avoidance. However (Dewi & Jati, 2014)the size of the company did not influence tax avoidance actions carried out by the company.

Another factor that is estimated to influence tax avoidance is profitability. Profitability is the company's ability to earn profits. Profitability is one of the determinants of tax burden. Companies that have large profits will pay high taxes. Whereas companies that have low profit rates pay less or no tax at all. Research conducted by (Utami, 2013)proves that companies with high profitability will increasingly disclose their tax obligations. .

This study uses the property and real estate sector because this sector can be used as an indicator of a country's long-term economic health and grow in line with economic growth in Indonesia (Schaar, 2015).

Based on existing phenomena, researchers want to integrate some of the research that has been done before regarding the effect of company risk, company size and profitability on tax avoidance

2. Literature Riview

2.1. Agency theory

Agency theory states contractual relations between agents (management of a business) and principals (business owners). Agents carry out certain tasks for principals, principals have an obligation to reward the agent (Hendriksen and Breda, 1992) in (Kurniasih, Tommy, & Sari, 2013). Jensen and Meckling (1976) in (Kurniasih, Tommy, & Sari, 2013)stated that agency relations are contracts between one or several people (employers or principals) who employ other people (agents) to do a number of services and give authority in decision making.

In principle, agency theory explains how to resolve conflicts of interest between parties and stakeholders in business activities that have a negative impact. To avoid conflicts, losses, the basic principles of good corporate management are needed. The misrepresentation of information by the agent to the principal will affect various things, one of which is in making policy decisions on corporate taxes. The taxation system in Indonesia that uses the self assessment system authorizes the company to calculate and report its own tax. This is felt to benefit the agent, because in addition to the information asymmetry for the principal, the agent can also manipulate the tax burden borne by the company by lowering the company's taxable income.

2.2 Legitimacy Theory

Legitimacy theory is a theory that focuses on interactions between companies and society. Legitimacy theory is one of the theories that are widely mentioned in social and environmental accounting (Tilling, 2004). The concept of legitimacy shows the existence of a social contract in which the company is responsible for the expectations or demands of the community (Kuznetsov & Kuznetsova, 2008)

Legitimacy is important for companies or organizations because of the limitations that are emphasized by social norms and values, and reactions to these constraints can encourage the importance of analyzing organizational behavior with regard to the environment. It can be considered that a company engaged in the social and environmental fields is aware of its survival. Companies that care about their survival will pay attention to their image, because the company's image is related to the community's perspective in perceiving or valuing companies for fulfilling their responsibilities. This shows that in carrying out social contracts, companies must adjust to the values and norms that apply so that

responsibilities can be carried out in harmony. The company's awareness of the relationship with the social environment can indirectly affect the survival of the company.

This legitimacy theory is the basis for companies to pay attention to what is expected by the community and be able to harmonize the values of the company with the prevailing social norms in the place where the company conducts its activities.

2.3 Stakeholder Theory

Stakeholder theory is a theory that focuses on the relationship between an organization or company and stakeholders. Stakeholders themselves are individuals, groups of people, communities or communities as a whole or partially who have relationships and interests in the company. Stakeholders can basically control or have the ability to influence the use of economic resources used by the company. Stakeholder theory says that companies are not active only for the benefit of shareholders, but also for all other stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties). This shows that a company or organization really needs the role of outside parties, such as the community and the surrounding environment so that a company is very dependent on its stakeholder support (Ghozali & Chariri, 2007).

The survival of a company depends on stakeholder support and that support must be sought so that the company's activities are to seek that support. The more powerful stakeholders are, the greater the company's effort to adapt. Social disclosure is considered as part of the dialogue between the company and its stakeholders. In stakeholder theory it is stated that the company must be responsible for all parties affected by its activities. In other words, the company is not only responsible to shareholders, but also responsible to all other

stakeholders who have a stake in the company and who are also affected by the company's operations.

Stakeholder theory also states that companies have a social responsibility that requires them to consider the interests of all parties who feel the impact of its operations. The government as a regulator is one of the company's stakeholders. Therefore the company must pay attention to the interests of the government. One of them is by following all regulations made by the government, obedience to paying taxes, and not doing tax avoidance is one of the responsibilities that must be fulfilled by the company.

2.4 Tax Avoidance

Taxpayers always want a small tax payment. Therefore the taxpayer will try to avoid or minimize the tax burden, both legal, which is called tax avoidance or illegal nature, called tax evasion. According to (Sartika & Widya, 2012), tax evasion is an act that violates tax laws while tax avoidance is a way to reduce taxes that are still within the limits of tax laws and can be justified, especially through tax planning. Tax avoidance is an arrangement to minimize or eliminate the tax burden by considering the resulting tax. Tax avoidance is not a violation of tax laws because the taxpayer's efforts to reduce, avoid, minimize or alleviate the tax burden are carried out in a way that is made possible by the Tax Law (Zain, 2003).

Tax avoidance is a way to avoid paying taxes legally by taxpayers by reducing the amount of tax owed without violating tax regulations or in other terms looking for regulatory weakness (Hutagaol, 2007).

According to (Mardiasmo, 2009), tax avoidance is an effort to alleviate the tax burden by not violating existing laws. In line with Mardiasmo, According to (Heru & Gunarso, 1997), tax avoidance is a tax reduction effort, but still

adheres to the provisions of taxation regulations such as utilizing exceptions and allowable and postponing deductions of taxes that have not been regulated in the applicable tax regulations.

According to (Rahayu & Kurnia, 2010)explained that tax avoidance is a legal action, can be justified because it does not violate the law, in this case there is absolutely no legal violation committed. Tax avoidance carried out by the management of a company is done to minimize corporate tax obligations.

Research conducted by (Uppal J.S, 2005)on cases of tax avoidance in Indonesia, it was stated that in developing countries there were many cases of tax evasion. This is done by not reporting or reporting but not in accordance with the actual conditions of income that can be taxed. This tax avoidance has made the tax base on income tax narrow and has resulted in a huge loss of potential tax revenue that can be used to reduce the burden of the state budget deficit.

Thus in the context of the company, this tax avoidance is intentionally carried out by the company in order to reduce the amount of tax payments that must be made and increase the company's cash flow. As stated by (Sean, 2011), that the benefit of tax avoidance is to enlarge tax saving which has the potential to reduce tax payments so that it will increase cash flow.

The ways to do tax avoidance according to (Merks, P, 2007), namely: (1)Move the subject of tax and / or tax object to countries that provide special tax treatment or tax relief on a type of income; (2) The business of tax avoidance by maintaining the economic substance of transactions through formal elections which provide the lowest tax burden; (3) Provisions on transfer pricing transactions, thin capitalization, treaty shopping, and controlled foreign corporations and transactions that have no business substance.

Based on the description above, it can be concluded that tax avoidance is a legal act carried out by taxpayers to reduce the tax burden that must be borne by utilizing the gap of the tax law to minimize the income tax burden that should be paid.

2.5 Company Risk

Characteristics of a person will influence every decision he takes in solving a problem. Every company has a leader in the top position, namely the top executive or top manager, where the leader has certain characters to lead and run the company's business activities towards the goals to be achieved the company.

According to(Budiman, Judi, & Setiyono, 2012), in carrying out their duties as leaders of the executive company has two characters, namely as a risk taker and risk averse. Risk Taker is an executive who is more courageous in making business decisions and usually has a stronger incentive to have income, position, welfare, and higher authority (Maccrimon & Wehrung, 1990). Executives who have a risk averse character are executives who tend to dislike risk so they are less courageous in making business decisions. The risk averse executive if he gets a chance he will choose a lower risk (Low & Lamb, 2000).

According to (Dewi & Sari, 2015)corporate risk is the volatility of company earnings, which can be measured by standard deviation formulas. Thus it can be interpreted that company risk is a standard deviation or deviation from earnings both deviations that are less than planned (downside risk) or may be more than planned (upside potential), the greater the deviation of company earnings indicates the greater the risk of existing companies . The high and low risk of this company indicates the executive character whether including the risk taker or risk averse.

The types of individual characters who sit in company management both those who are risk taking and risk averse are reflected in the size of the risk of existing companies (Budiman, Judi, & Setiyono, 2012).

2.6 Company Size

The size of the company describes the size of the company. The size of the business is reviewed from the business field that is run. Determination of the scale of the company can be determined based on total sales, total assets, average sales level (Seftianne & Handayani, 2011).

Companies with large sizes have greater and wider access to external sources of funding, so getting loans will be easier because it is said that large-sized companies have a greater chance of winning competition or staying in the industry (Sugiono, Puspitasari, & Jogi, 2013).

According to (Mirawati, 2013)Company size is a scale where the size of the company can be classified in various ways, including the total assets, log size, market capitalization and others. The larger the company, the greater the total assets it has.

2.7 Profitability

Every business activity carried out both individually and in groups aims to prosper the owner or add value to the company with maximum profit and it is expected that the company's profitability can be sustainable. This is not an easy job but requires careful and careful calculation by paying attention to the factors that influence the company both internal and external factors. (Kasmir, 2014)explains that profitability ratios can be used as evaluation tools for management performance, whether they have worked effectively or not. Failure or success can be used as a reference for future profit planning, as well as the possibility to replace new management, especially after the old management has failed. Therefore, this profitability ratio is often referred to as one

measure of management performance. The profitability ratio also has goals and benefits, not only for business owners or management, but also for parties outside the company, especially those who have a relationship or interest with the company. The purpose of using profitability ratios for companies, as well as for parties outside the company is to measure or calculate profits obtained by the company in a given period, assess the position of corporate profits the previous year with the current year, assess the development of profits over time, assess the amount of net income after tax with own capital, and measuring the productivity of all company funds that are used both loan capital and own capital (Kasmir, 2014).

2.6 Company Risks to Tax Avoidance

The company conducts tax avoidance to reduce the tax burden in tax provisions so that the profits generated are maximized. The decision to do tax avoidance depends on individual company executives. In carrying out its duties as a leader, the executive company has two characters, namely the risk taker and risk averse. Executives who have a risk taker character are executives who dare to make decisions in business and usually have a strong drive to have income, position, welfare and higher authority (Low & Lamb, 2000). (Dyreng, Hanlon, & Maydew, 2010)examine Top Executive's individual influences on corporate tax avoidance. By taking a sample of 908 company leaders listed at ExecuComp, the results show that individual company leaders have a significant role in the level of corporate tax avoidance. According to the study of (Budiman, Judi, & Setiyono, 2012) the practice of tax avoidance carried out by corporate taxpayers is often carried out through policies taken by company leaders. (Coles, Daniel, & Lalitha, 2004)mentions that corporate risk is a reflection of the policies taken by company leaders so that it can provide an indication of

the character of risk taking or risk averse. Corporate risk is a condition where the possibilities that cause the performance of a company to be lower than what is expected by a company because of a certain condition that is uncertain in the future. Formulation of the hypothesis as follows.

H1: Company risk has an effect on Tax Avoidance.

2.7 Company Size Against Tax Avoidance

Company size as a scale or value of a company can be classified into large or small categories based on total assets, log size, and so on. The greater the total assets indicate the greater the size of the company. The size of the company shows the stability and ability of the company to carry out its economic activities. Large companies certainly have many human resources who are experts in managing their tax burden when compared to small companies. Small-scale companies cannot be optimal in managing their tax burden due to lack of experts in taxation (Darmadi & Hakim, 2013). The large number of resources owned by large-scale companies, the greater the tax costs that can be managed by the company. (Kurniasih, Tommy, & Sari, 2013) state that the larger the company, the lower the cash effective tax ratio (CETR) it has, this is because large companies are better able to use their resources to make a good tax planning (political power theory).

Tax avoidance is an aggressive tax strategy carried out by the company in minimizing the tax burden, so that this activity raises risks for the company such as fines and poor reputation of the company in the public eye. Large companies will be in the spotlight of the government, giving rise to a tendency for company managers to be aggressive or obedient (Kurniasih, Tommy, & Sari, 2013). The larger the size of the company, the more the company will consider risks in terms of managing its tax

burden. The formulation of the hypothesis is as follows.

H2: Company size affects Tax Avoidance

## 2.8 Profitability for Tax Avoidance

Profitability is the company's ability to generate profits from business activities. Companies with high levels of profitability tend to have a conflict of interest between the owner of the company (principal) and the manager (agent) that is low. Because the company is considered to have run well as expected by the company owner. Companies that have the ability to generate high profits must prepare taxes on profits earned. The high profitability indicates the high profit that will be received by the company, this means that the tax paid by the company will increase, so that companies with high profitability are indicated to do tax avoidance. The higher the value of ROA, means the higher the value of the company's net profit and the higher the profitability. Companies that have high profitability have the opportunity to position themselves in tax planning that reduces the amount of tax liability burden (Chen et al. 2010) in (Kurniasih, Tommy, & Sari, 2013). The hypothesis can be formulated as follows.

H3: Profitability influences Tax Avoidance

2.9 Conceptual framework

Figure 2.1
Research Conceptual Framework
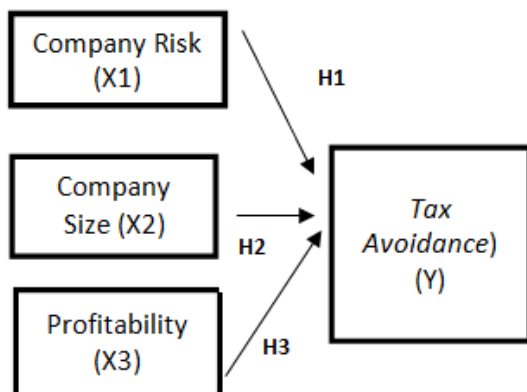
3. Methodology

3.1 Variable Operationalization

3.1.1 Company Risk

The company's risk is measured by calculating the standard deviation from EBITDA (EarningBefore Interest, Tax, Depreciation, and Amortization) divided by the total assets of the company. (Dewi & Sari, 2015)The standard deviation formula in question, namely:

$$\text{RISK} = \sqrt{\sum_{T-1}^{T}(E - 1/T)\sum_{T-1}^{T}E)^{2}/(T - 1)}$$

E = EBITDA / Total Assets

T = Total Samples

3.1.2 Company Size

In this study, company size can be interpreted as a scale where the size of the company can be classified according to various ways, one of which is the size of the assets held, namely total assets. The size of the company is proxied by Ln (total assets). The use of natural log (Ln) in this study is intended to reduce excessive data fluctuations without changing the proportion of the actual value of the origin (Nurfadilah, 2016).

Size = Logaritma Natural (total assets)

3.1.3 Profitability

Measurement of profitability by using Return on Assets (ROA) is an indicator that reflects the company's financial performance, the higher the value of ROA that can be achieved by the company, the higher the financial performance of the company. ROA is a comparison between net income and total assets at the end of the period, which is used as an indicator of a company's ability to generate profits (Kurniasih, Tommy, & Sari, 2013).

$$\text{ROA} = \frac{\text{Post-tax profit (loss)}}{\text{Total Assets}} \times 100\%$$

3.1.4 Tax Avoidance

Measurement of tax avoidance uses a measure of cash effective tax rate (CETR). According to (Dyreng, Hanlon, & Maydew, 2008)Cash effective tax rate (CETR) is used to describe tax avoidance activities by companies because the cash effective tax rate (CETR) is not affected by changes in estimates such as valuation allowance or tax protection. In addition, the cash effective tax rate (CETR) also describes all tax avoidance activities that reduce tax enrichment to taxation authorities. Because the cash effective tax rate (CETR) is directly calculated from the cash paid for taxes divided by pre-tax profit.

The calculation of the cash effective tax rate (CETR) can be formulated as follows:

$$CETR = \frac{Cash\ paid\ for\ taxes}{Profit\ before\ tax}$$

3.2 Population and Samples

The population in this study were all property and real estate companies listed on the Indonesia Stock Exchange in the period of 2013-2017, which were 48 companies. Samples were taken using purposive sampling method with the criteria used are: (1) Property and real estate companies listed on the Indonesia Stock Exchange in the 2013-2017 research period; (2) Companies that use Rupiah; (3) The company did not experience any loss reported in the 2013-2017 Profit and Loss report. From these criteria the results of the sample were 29 companies.

3.3 Data Analysis Methods

This study uses a panel data regression model. Data and calculation of samples using the Microsoft Excel and Eviews 9.0 programs as quantitative data processing tools. The Data Panel Regression Model Estimation Method consists of: (1) Chow Test used to determine whether panel data regression techniques with fixed effect approach is better than the common

effect approach by looking at the sum of squared residuals (RSS). 2 The Hausman test is used to select which approach model is more appropriate between fixed effects and random effect approaches in panel data regression; (3) The Lagrange Multiplier (LM) test is a test used to determine whether the random effect approach is better than the common effect approach. If the chi-square table value is greater than the LM-test, then the model with a common effect approach is more appropriate than random effects. Assumption Model Regression Test consists of: (1) Heteroscedasticity Test and (2) Multicollinearity Test. Data Panel Regression Analysis Test consists of: (1) Simultaneous Significance Test (Statistical F Test); (2) Partial Significance Test (t-statistical test); (3) Adjusted R-squared Test

4. Data Analysis

4.1. Descriptive Statistics of Research Variables

Table 4.1
Descriptive statistics

	TA	RSP	UKP	PROFIT
Mean	0.268446	0.630258	29.24732	0.976483
Median	0.148738	0.034893	29.37399	0.060773
Maximum	4.771704	82.65287	31.67007	122.2325
Minimum	3.41E-07	0.000420	22.95309	0.000307
Std. Dev.	0.494174	6.861051	1.395028	10.15748
Skewness	6.015793	11.90552	-1.032788	11.85527
Kurtosis	50.64894	142.8286	5.104733	142.0085
Sum	38.92461	91.38736	4240.861	141.5900
Sum Sq. Dev.	35.16595	6778.658	280.2389	14857.11
Observations	145	145	145	145
Notes : TA = Tax Avoidance ; RSP = company risk; UKP =company risk*; PROFIT=profitability*				

Source: Results of Eviews 9 Output

Based on the descriptive statistics table, it can be seen that the minimum or lowest value on the tax avoidance (TA) dependent variable is

3.41E-07 and the highest or maximum tax avoidance (TA) is 4.771704. The mean and median values of tax avoidance (TA) variables are 0.268446 and 0.148738. The standard deviation of tax avoidance (TA) variables is 0.494174. The mean value obtained is smaller than the standard deviation value, it can be concluded that the average of all data in tax avoidance (TA) variables is not able to properly describe all tax avoidance (TA) variables.

The independent risk variable of the company (RSP) has the minimum or lowest value of 0.000420 and the highest corporate risk variable (RSP) or maximum is 82.65287. The mean and median value of the company risk variable (RSP) are 0.630258 and 0.034893. The standard deviation in the company risk variable (RSP) is 6.861051. The mean value obtained is smaller than the standard deviation value, it can be concluded that the average of all data on the company risk variable (RSP) is not able to properly describe all company risk variable data (RSP).

Company size variable (UKP) has a minimum or lowest value of 22.95309 and the highest or maximum is 31.67007. The mean and median variables of company size (UKP) are 29.24732 and 29.37399. The standard deviation of the independent variable firm size (UKP) is 1.395028. The company size variable (UKP) has a mean value that is smaller than the standard deviation value, so it can be concluded that the average of all data on company size variables (UKP) is not able to properly describe all company size variable data (UKP).

The independent variable profitability (PROFIT) has the minimum value or the lowest of 0.000307 and the highest profitability variable (PROFIT) or the maximum is 122.2325. The mean and median variable profitability (PROFIT) are 0.976483 and 0.060773. The standard deviation of the profitability variable (PROFIT) is 10.15748.

Profitability variable (PROFIT) has a mean value that is smaller than the standard deviation value, so it can be concluded that the average of all data on profitability (PROFIT is not able to describe all profitability variable data (PROFIT) properly.

4.2 Data Analysis
4.2.1 Chow Test

Table 4.2
Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled		d.f	Prob
Test cross-section fixed effects	2.946422	(28,113)	0.0000
Cross-section Chi-square	79.484894	28	0.0000

Source: Results of Eviews 9 Output

Based on the chow test that has been done above shows that the probability of the Chi-square cross section is 0.0000 smaller than alpha (0.05) so that H0 is rejected and H1 is accepted. So the appropriate model in this study is the best technique for conducting regression testing is the fixed effect method.

4.2.2 Hausman Test

Table 4.2
Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	26.756950	3	0.0000

Source: Results of Eviews 9 Output

In the Hausman test above it is known that the probability is 0.0000 smaller than alpha (0.05) so that H0 is rejected and H1 is accepted. then H1 is accepted which means that the right model for panel data regression is the fixed effect model.

4.3 Test of Classical Assumptions
4.3.1 Heteroscedasticity Test

Table 4.3

Heteroscedasticity Test Results

Dependent Variable: RESABS				
Method: Panel Least Squares				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
RSP	0.007845	0.145909	0.053765	0.9572
UKP	14.26094	24.85805	0.573695	0.5673
PROFIT	0.006169	0.024879	0.247963	0.8046
C	-20.31430	36.39554	-0.558154	0.5778

Source: Results of Eviews 9 Output

The results of the tests conducted show that the probability value of the White test on the model shows a value> 0.05 so it can be concluded that the regression model does not experience the problem of heteroscedasticity.

4.3.2 Multicollinearity Test

Table 4.4

Multicollinearity Test Results

	TA	RSP	UKP	PROFT
TA	1	-0.21151	-0.32723	0.03576
RSP	-0.21151	1	-0.13764	0.51125
UKP	-0.32723	-0.13764	1	-0.41450
PROFIT	0.03576	0.51125	-0.41450	1

Source: Results of Eviews 9 Output

The results of the tests conducted show that the correlation coefficient value is not> 0.80, so it can be concluded that the variables in the regression model are used in the absence of multicollinearity.

4.4 Test Panel Data Regression Analysis

Table 4.5

Fixed Effect Model

Dependent Variable: TA
Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	221.7610	40.00193	5.543758	0.0000
RSP	-0.992907	0.273601	-3.629032	0.0004
UKP	-153.0927	27.42101	-5.583044	0.0000
PROFIT	-0.118559	0.026773	-4.428287	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.523003		Mean dependent var	-1.254624
Adjusted R-squared	0.392146		S.D. dependent var	1.262481
S.E. of regression	0.984294		Akaike info criterion	2.998249
R-squared	0.523003		Mean dependent var	-1.254624

Source: Results of Eviews 9 Output

TA=221.7610-0.992907 RSP - 153.0927 UKP - 0.118559 PROFIT

From the results of panel data regression using the fixed effect method that has been done, it is known that: (1) The constant value of 221.7610 units for the panel data regression model shows an increase in tax avoidance (TA) if the company risk-free variable (RSP), company size (UKP) and profitability (PROFIT) are considered constant. (2) Enterprise risk-free variable (RSP) shows that there is an influence on negative tax avoidance (TA) with a prob value of 0.0004 in other words the company risk variable (RSP) has an influence on tax avoidance (TA) variables.(3) The independent variable size of the company (UKP) shows that there is an influence on tax avoidance (TA) which is negative with a prob value. 0.0004 which is smaller than alpha 0.05 so that the independent variable company size (UKP) has a negative effect on tax avoidance (TA). The results of the regression coefficient of company size (UKP) amounted to -153.0927 which

indicates that each firm size (UKP) increases by 1, the tax avoidance (TA) variable will decrease by -153.0927. (4) From the results of the regression analysis, the independent profitability variable (PROFIT) shows that there is an effect on negative tax avoidance (TA) with a prob value. 0.0000 which is smaller than alpha 0.05 so that the profitability variable (PROFIT) has a significant negative effect on tax avoidance (TA). The regression coefficient of profitability variable (PROFIT) shows a value of 0.118559 which indicates that each profitability value (PROFT) increases by 1%, the tax avoidance (TA) variable will increase by 11.85%.

4.4.1 Hypothesis Test

4.4.1.2 F Test (Model Feasibility Test) Simultaneously

Prob value. F (Statistic) is 0.000000 smaller than the significance level of 0.05 so that it can be concluded that the regression model estimated is able to be used to explain the effect of the relationship of risk-free variable companies (RSP), company size (UKP) and profitability (PROFIT) on tax avoidance (TA) in other words simultaneously the independent variables influence company risk (RSP), company size (UKP) and profitability (PROFT) significantly influence the tax avoidance (TA) dependent variable.

4.4.1.3 Test t (Test in Partial)

Based on table 4.5 above can be interpreted the influence of independent variables on the dependent variable as follows: (1)Prob value. t count from the company risk-free variable (RSP) of 0.0004 which is smaller than 0.05 so that the company's risk-free variable (RSP) has a significant effect on the tax avoidance (TA) dependent variable and the coefficient value of -0.992907 means a negative effect.(2)Prob value. t count from the independent variable firm size (UKP) of 0.0000 which is smaller than 0.05 so

that the independent variable firm size (UKP) has a significant effect on the tax avoidance (TA) dependent variable and the coefficient value -153.0927 means it has a negative influence. (3)Prob value. t count from the independent profitability variable (PROFIT) of 0.0000 which is greater than 0.05 so that the independent profitability variable (PROFIT) has a significant effect on the tax avoidance (TA) dependent variable and the coefficient value of -0.118559 means it has a negative influence.

4.4.1.4 Adjusted R-squared Test

Based on table 4.5 above, the results of panel data regression, the determination coefficient shown by R-squared from the independent variables in this study are 0.523003 or 52.30%. This can be interpreted that tax avoidance can be explained by the risk-free variable of the company, the size of the company, and profitability. While 47.70% are influenced by other variables not examined in this study.

4.5 Discussion of Research Results

In this sub-chapter, we discuss the results of research on the effect of company risk, firm size, company risk on tax avoidance that has been done and is useful to answer the problems and objectives of the research.

4.5.1 Effect of Company Risk on Tax Avoidance

The company risk variable (RSP) shows that there is an influence on tax avoidance (TA) with a prob value of 0.0004, in other words the company risk variable (RSP) has a significant influence on tax avoidance (TA) variables. The results obtained indicate that the company risk variable (RSP) has a coefficient of -0.992907 which indicates that each company risk value (RSP) increases by 1%, the tax avoidance (TA) variable will decrease by 99.29%.

The results of this study are not in line with the research conducted by (Dewi & Jati,

2014)which uses executive character variables, company characteristics and dimensions of corporate governance and dependent tax avoidance variables. The sample used in this study was 144 manufacturing companies listed on the Indonesia Stock Exchange in the period 2009 - 2012. The results of the study showed that the risk of the company, audit quality and audit committee had a positive effect. However, this study is in line with (Dewi & Sari, 2015)which has a variable corporate incentive, corporate risk, corporate governance and dependent variable tax avoidance that company risk has a negative effect.

4.5.2 Effect of Company Size on Tax Avoidance

The independent variable firm size (UKP) shows that there is an influence on tax avoidance (TA) with prob value. 0.0004 which is smaller than alpha 0.05 so that the independent variable company size (UKP) has a significant effect on tax avoidance (TA). The company size regression coefficient (UKP) is -153.0927 which indicates that each company size value (UKP) increases by 1 then the tax avoidance (TA) variable will decrease by 15.309.27%

The results of this study are also in line with the research conducted by (Kurniasih, Tommy, & Sari, 2013)which uses the return on assets, leverage, corporate governance, firm size and fiscal loss compensation as well as the tax avoidance dependent variable. The sample used in this study are 72 manufacturing companies listed on the Indonesia Stock Exchange in the period 2007 - 2010. The results of this study show that return on assets, company size, and compensation for fiscal losses have a partially significant effect on tax avoidance.

According to (Kurniasih, Tommy, & Sari, 2013)company size has a negative effect on tax avoidance. The stage of maturity of the company is determined based on total assets, the greater the total assets indicate that the company has good prospects in a relatively long period of time. This illustrates that companies are more stable and more capable of generating profits than companies with small total assets. According to (Lanis Robert, 2011)the company does not always use its power to carry out tax planning because the limitation in the form of the possibility of being highlighted and the target of the regulator's decision.

4.5.3 Effect of Profitability on Tax Avoidance

Profitability variable (PROFIT) shows that there is an influence on tax avoidance (TA) with prob value. 0.0000 which is smaller than alpha 0.05 so that the profitability variable (PROFT) has a significant effect on tax avoidance (TA). The regression coefficient of profitability variable (PROFT) shows a value of 0.118559 which indicates that each profitability value (PROFT) increases by 1%, the tax avoidance (TA) variable will increase by 11.85%.

The results of this research are in line with the research conducted by (Kurniasih, Tommy, & Sari, 2013)which uses the return on assets, leverage, corporate governance, firm size and fiscal loss compensation as well as the tax avoidance dependent variable. The sample used in this study are 72 manufacturing companies listed on the Indonesia Stock Exchange in the period 2007 - 2010. The results of this study show that return on assets, company size, and compensation for fiscal losses have a partially significant effect on tax avoidance.

According to (Kurniasih, Tommy, & Sari, 2013)profitability by using the measurement of Return On Assets has a significant effect on tax avoidance. The higher the value of Return On Assets, means the higher the value of the company's net profit and the higher the profitability. Companies that have high

profitability have the opportunity to carry out tax planning with tax avoidance.

5. Conclusions, Limitations of Writing, Recommendations

5.1 Conclusions

Based on the results of the analysis carried out, there are several conclusions that can be taken in this study, including the following:

a) Corporate risk has an effect on tax avoidance variables, which shows that the higher the company's risk that tax avoidance actions carried out by executives will be lower.
b) The size of the company influences tax avoidance so that it can be concluded that the size of the company has an effect on tax avoidance for a company doing tax avoidance, because the company is likely to be the spotlight and target of government decisions so that the company has a lot of tax avoidance.
c) Profitability affects tax avoidance so that the results can be concluded that the higher or lower the value of profitability proxies through Return On Assets (ROA) affects the level of tax avoidance.

5.2 Limitations of Writing

This research can not be separated from several limitations faced by the author. The limitations referred to are as follows:

a) This research uses 1 (one) industrial sector of property and real estate companies.
b) The model in explaining the independent variable has only reached 52.30%, which means there are still other factors outside the company's risk variables, company size, and profitability which is equal to 47.70% which can affect tax avoidance.
c) Measurement of tax avoidance chosen using the cash effective tax ratio (CETR).

5.3 Recommendations

Based on the limitations above, the recommendations that can be given include:

a) For leaders and policy makers in companies, related to the determination of policies regarding information transparency, companies must be able to produce reliable and reliable financial reports.
b) For the government, it can better monitor corporate behavior and create policies that limit tax avoidance behavior.
c) For further researchers it is recommended to use different industrial sectors such as manufacturing, mining, plantations, and financial services which are targeted by the Directorate General of Taxes for strict supervision.
d) For the next researcher can enter different variables and have a greater contribution in influencing the practice of tax avoidance that occurs in a company.
e) For further researchers, measurement of tax avoidance can use other measurements such as Effective Tax Ratio (ETR), Effective Tax Rate GAAP (GAAP ETR), Current Effective Tax Ratio (CETR).

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