

ABSTRACT

This study aims to examine the effect of executive compensation and board directors' attributes on tax avoidance in manufacturing companies listed on the Indonesia Stock Exchange in 2017-2021. This study uses dependent variable (tax avoidance), independent variables (executive compensation and board of directors attributes), and control variable (leverage).

This study adopts a purposive sampling technique in sample selection that produces 205 research samples from a total of 195 companies for 5 consecutive years (2017-2021) in manufacturing industry sector companies listed on the Indonesia Stock Exchange obtained through Bloomberg data. The research hypothesis in this study uses multiple regression analysis methods. The random effect or generalized least square model is applied in this research model to overcome the problems of autocorrelation and heteroscedasticity.

The findings of this study show that executive compensation has a significant positive effect on tax avoidance strategies. Meanwhile, the personal characteristics of the board of directors that are connoted as attributes of the board of directors do not significantly affect tax avoidance strategies.

Keywords: tax avoidance, executive compensation, attributes of the board directors, accounting expertise of the board directors, tenure of the board directors