

## **ABSTRACT**

*This study aims to analyze the effect of board compensation, financial sophistication for audit committee, independence board of commissioner, majority shareholding, public shareholding, and board shareholding to tax avoidance measured by effective tax rate. Independent variables used in this study is total compensation that earned by board of directors and board of commissioners, financial sophistication for audit committee, independence board of commissioner, majority shareholding structure, public shareholding structure, and board shareholding structure while the dependent variable is taxavoidance. Several prior studies have showing various results. To obtain valid results, then performed test on each variables based on the hypothesis constructed.*

*The study population was 416 manufacturing companies that listed in Indonesia Stock Exchange during 2012-2014. The sample used were selected by purposive sampling method. After eliminating data with several criteria, 110 companies are identified as samples during observation period 2012-2014. Hypothesis testing is performed by using the Regression Analysis.*

*The result of this study showed that financial sophistication for audit committee and majority shareholding structure are consistent with hypothesis which has positively significant effect on tax avoidance. In the other hand, board compensation, independence board of commissioner, public shareholding structure, and board shareholding structure are not consistent with hypothesis that has not significantly effect on tax avoidance.*

*Keywords: Compensation, financial sophistication, independence board of commissioner, shareholding structure.*