

ABSTRACT

This study aimed to examine the effect of ownership structure and corporate governance mechanisms to Effective Tax Rate (ETR). This research is a replication with modification of the research Mahenthiran (2012), where the difference with previous research is the study was conducted in Indonesia. The dependent variable in this study is the Effective Tax Rate (ETR) and the independent variable is proxied by the ownership structure of institutional ownership and managerial ownership. Corporate governance mechanisms are proxied by the board size, the size of the independent directors, the size of the board of directors.

The population of this research was all companies listed in Indonesia Stock Exchange (ISX) 2010-2013. Sample of this research was all of manufacturing company which listed at Indonesia Stock Exchange (ISX) 2010-2013. The study sample consisted of 30 total samples and 120 total observations of the manufacturing company's financial statements Data Analysis was performed with hypothesis testing used multiple regression analysis. Statistic program in this study used SPSS 20.

The results showed that managerial ownership, size of the board of directors, independent directors and the size of the size of the board of directors did not have effect on the Effective Tax Rate (ETR). Institutional ownership has a significant influence on the Effective Tax Rate (ETR). This study found that the ownership structure and corporate governance mechanism have less effect on the effective tax rate (ETR).

Keywords : *Effective Tax Rate, ownership structure, corporate governance mechanisms, institutional ownership, managerial ownership, size of the board of commissioners, size of the board of independent commissioners, size of the board of directors*