

ABSTRACT

This research examined the effect of good governance mechanisms that are proxied in executive compensation, company size, executive character, institutional ownership, board of commissioners, audit committee and audit quality on the tax avoidance that are proxied in effective tax rates.

This research population was financial sector companies listed in Indonesia Stock Exchange in 2016-2018. The sampling method used in this research was purposive sampling method with a sample of 62 companies during the observation period of 3 years in a row for a total of 186 samples. Analysis method of this research used multiple regression.

The results of this research showed that executive character, institutional ownership, and audit quality have a significant effect on tax avoidance. While the executive compensation, company size, executive character, board of commissioners, and audit committee have a not significant effect on tax avoidance.

Keywords: Tax, Tax Avoidance, Corporate Governance, Agency Theory