

ABSTRACT

This study aim to obtain empirical evidence about the influence of executive compensation, executive ownership, risk preference of executive, executive tenure and multiple directorship to corporate tax avoidane. To measure corporate tax avoidance used tax effective tax rates that calculated based on tax payment in cash divided by pretax income. This study combines the research of Budiman(2012) and Armstrong et al. (2012). This study also adds executive tenure and multiple directorship as independent variables according to McClelland et al. (2012) and Lei and Deng (2012) research's.

The population of this study was al companies listed in Indonesian Stock Exchange in 2010-2012. Sample consists of companies in property, real estate and building construction. This sector chosen because of high growth in that sector than any business sector such as plantation and mining.According to cross-test data of Real Estate Indonesia (REI) conducted by DirektoratJenderalPajak in 2011-2012, there is potential income tax up to 30 trillion rupiah. However, tax payments in that year were only about 9 trillion rupiah. The growth of property, real estate and building construction industry also increases, 29% in 2010 increased to 32% in 2011 and 51% in 2012. But the growth is not followed by increased effective taxes rate. Effective taxes rate amounting to 29% in 2010 decreased to 27% in 2012. This study examines the characteristics of executive, as a leader in the company, to corporate tax avoidance in property, real estate and building construction companies.Hypothesis testing used multiple regression analysis with dummy variables.

The result of this study show that executive compensation and executive ownership have significant and posisitive effect on tax avoidance. Executive who have the risk preference of risk taker also have significantly positive on tax avoidance. Meanwhile, executive tenure and multiple directorship had no significant effect to corporate tax avoidance. Implication of this research show that the level of effective tax rates for property, real estate and building companies in Indonesia is quite high.

Keyword : executive characteristic, executive compensation, executive ownership, risk preference of exekutive, executive tenure, multiple directorship, tax avoidance