

THE INFLUENCE OF AUDIT COMMITTEE, FIRM SIZE, AND SALES GROWTH TOWARD TAX AVOIDANCE IN COAL MINING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Thomson Sitompul^a, Velda Aldora^b

^aUniversitas Pelita Harapan, Lippo Plaza Medan, Jl. Imam Bonjol No.6, Medan, 20112, Indonesia

^bUniversitas Pelita Harapan, Lippo Plaza Medan, Jl. Imam Bonjol No.6, Medan, 20112, Indonesia

ABSTRACT

Coal is valued for its energy content and since the 1880s has been widely used to generate electricity. In Indonesia coal mining sector is one of the drivers of economic development, because of its role as a provider of energy resources indispensable for the economic growth of a country. The research designs used in this research are quantitative. There are 23 companies which are taken as the number of samples with period from 2019-2022. The data analysis method includes: descriptive statistic, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, validity test and hypothesis test. Based on the data analysis, this research reveals that Audit Committees have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange, Firm Size have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange and Sales Growth do not have influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange.

Keywords - **Audit committee, firm size, sales growth, tax avoidance**

INTRODUCTION

Coal mining is the process of extracting coal from the ground or from a mine. Coal is valued for its energy content and since the 1880s has been widely used to generate electricity. Steel and cement industries use coal as a fuel for extraction of iron from iron ore and for cement production. Coal mining sector is one of the drivers of economic development acountries, especially in Indonesia, because of its role as a provider of energy resources indispensable for the economic growth of a country. The potential in Indonesia which is rich in natural resources will be able to foster the opening of companies to conduct mining exploration of these resources. The nature and characteristics of the mining industry are different from other industries. One of them is that the mining industry requires long-term, risk requirements and high uncertainty make funding problems a major issue related to company development (Susilo and Adil, 2023).

Tax avoidance is of great importance because it restricts state's ability to collect money and to put policies into practice as taxpayers find ways to reduce their taxable base. This is the reason why investigating the determinants of tax avoidance has been an important concern in the accounting field for the past two decades (Halioui et al, 2019). Therefore, tax avoidance behavior includes tax planning activities that are legal or approaching the gray area. Indeed, there is no criminal element of tax avoidance behavior because the company deals properly, clearly, and it is accompanied by accurate evidence and does not violate the rules. (Nurhayati, 2022). Tax avoidance in this study was measured using the Effective Tax Rate (ETR).

An audit committee is a sub-group of a company's board of directors responsible for the oversight of the financial reporting and disclosure process. To be successful, the audit committee should be aware of the processes and internal controls in the organization (Baidhani, 2019). The study of the size of a business is important because it significantly affects the efficiency and profitability of the firm (Li, et al, 2022). Firm sizes are more likely to utilize the resources they have than to use financing from debt. Large companies will be in the spotlight of the government

IConEnt

The 4th International Conference on Entrepreneurship

so that there will be a tendency for company managers to act aggressively or obediently (Kurniasih and Sari, 2019). The greater the size of the company, then the company will consider more risks in terms of managing the tax burden.

Sales growth is the increase in sales of a product or service over time. It measures how well a business performs in terms of its revenue from sales. Sales growth can be measured by comparing the year-over-year, quarter-over-quarter, or month-over-month sales (Goh, et al, 2022). Sales have a strategic influence on the company because sales made by companies must be supported by assets in which if sales are increased then assets must be added (Aprianto and Dwimulyani, 2019).

The writer formulates several questions, follows:

1. Does Audit Committees have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange?
2. Does Firm Size have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange?
3. Does Sales Growth have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange?

The reason researchers chose tax avoidance to be a theme in this study because undetected tax avoidance can develop into a major scandal that harms the country. The reason for choosing the audit committee is that the existence of an effective audit committee in the company can improve company performance, competitiveness, and is considered able to reduce agency in preventing management from taking profit maximizing actions. The reason why choosing the size of the company as an independent variable in this study is because the size of the company is a reflection of the total assets owned by a company, and with a large total assets it will make it easier for companies to obtain resources good funding. Sales growth is a parameter used to measure the performance of the sales team to increase revenue over a predetermined period of time. Sales growth can also be used as an important parameter for the survival and financial growth of a company.

LITERATURE REVIEW

The audit committee is one of the committees established by the board of commissioners to can carry out their duties and responsibilities related with corporate governance in order to create effectiveness control in the management of management. The firm size is a scale that determines the size companies that can be seen from the value of equity, sales value, number employees and the total value of assets which is a context variable measure the demands of an organization's services or products. Sales growth is a metric that measures the ability of your sales team to increase revenue over a fixed period of time. Sales growth is calculated by comparing percentage showing changes in sales in a particular year compared sales in the previous year, high sales growth will encourage increased profits earned by companies that will also encourage increase in retained earnings and will ultimately affect growth own capital, on the contrary, low sales growth will encourage the decline profit earned which will ultimately affect the amount retained earn and growth of own capital. Tax avoidance is a way to avoid legal tax payments made by taxpayers by reducing the amount of tax owed without violating tax regulations or in other terms looking for regulatory weakness.

In the company the audit committee is tasked to assist the audit committee in controlling and ensuring that the company's financial statements are presented reasonably in accordance with generally accepted accounting principles, in addition the audit committee also supervises and controls related to the process of preparing the company's financial statements so as to minimize

IConEnt

The 4th International Conference on Entrepreneurship

the occurrence of acts of manipulation and tax avoidance (Tahilia, et al 2022). When implementing tax avoidance behavior, the manager considers the benefits achieved, which include the benefits that the manager receives (rewards, promotions) versus the costs that may arise (auditing costs, fines, reputational damage). Thus, the tax avoidance behavior depends mainly on the representatives (i.e. managers) as well as the control system to oversee the manager's decision.

Firm size shows the stability and ability of the company to conduct its economic activity. Company size can be seen of total sales owned by a company. Through total sales of the company can be categorized as large or small based on the scale of production produced by company compared with the costs incurred by the company. The greater the total sales indicate the greater the company's profit. The larger the size of the company. Thus, the company will pay a large amount of tax. Companies can do tax avoidance by charging depreciation fees on assets owned by the company (Khuong, et al, 2022). Sales growth is a comparison of sales levels from previous year to current year. Sales growth has significant effect towards tax avoidance. Increase in sales growth allows the company to earn high profits, resulting in a high tax burden received by the company. Therefore, the company will look for a way to minimize the tax burden. This allows the company to take tax avoidance measures. Increase in sales growth, the company's efforts to practice tax avoidance will be higher (satria and Lunardi, 2023).

METHODOLOGY

The writer employs quantitative research in this study. By using quantitative methods researchers can understand the quantity of a phenomenon that can be used later for comparison. Using inferential statistics, researchers can see patterns of relationships, interactions, and causality over observed phenomena. The population in the study is Coal Mining companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022, whose financial report data can be accessed through www.idx.id. The number of companies that became the population in this study is 82 companies. As for sample selection criteria in this study are: Coal Mining Companies that are listed on the IDX for 4 years consecutive in 2019-2022, Coal Mining Companies that are publish financial reports on the IDX for 4 years consecutive in 2019-2022, Coal Mining Companies that have not suffered loss in 2019-2022. Relationship between variables in the study identified and explained through empirical models which can strengthen hypothesis testing. This study uses multiple linear regression model to test variables that have an influence on the value of the company. Model empirical in this study is formulated as:

$$TA = a + \beta_1 AC + \beta_1 FS + \beta_1 SG + \varepsilon$$

RESULTS

The results of the normality test using the Kolmogorov Smirnov test in table 4.5 show a significant value of $0.200 > 0.05$ so that the results of the Kolmogorov Smirnov test show that data is normally distributed.

TABLE 1.
NORMALITY TEST

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		81
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.11469331
Most Extreme Differences	Absolute	.050
	Positive	.050

IConEnt

The 4th International Conference on Entrepreneurship

Table below that the significant value obtained by $0.219 > 0.05$. It can be concluded that there was no autocorrelation in this study.

TABLE 4.
AUTOCORRELATION TEST

	Unstandardized Residual
Test Value ^a	-.00153
Cases < Test Value	40
Cases \geq Test Value	41
Total Cases	81
Number of Runs	36
Z	-1.229
Asymp. Sig. (2-tailed)	.219
a. Median	

Source: Prepared by the Writer (SPSS 27, 2023)

Anova is used to determine whether the independent variables simultaneously have a significant effect on the dependent variable. Table 5, the results of the simultaneous test can be explained that significant value $0.000 < 0.05$, then Audit Committees, Firm Size and Sales Growth have a significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange.

TABLE 5.
F VALUE ANOVA^A

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.394	3	.131	9.602	.000 ^b
	Residual	1.052	77	.014		
	Total	1.446	80			

a. Dependent Variable: Y

b. Predictors: (Constant), x3, x2, X1

Source: Prepared by the Writer (SPSS 27, 2023)

Determination test results obtained adjusted R square value of 0.244, this means 10.8% of the Tax Avoidance which can be explained by the Audit Committees, Firm Size and Sales Growth variable while the remaining 75.6% is explained by other variables which was not used in this study.

TABLE 6.
DETERMINATION TEST

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.522 ^a	.272	.244	.1169062
a. Predictors: (Constant), x3, x2, X1				
b. Dependent Variable: Y				

Source: Prepared by the Writer (SPSS 27, 2023)

Testing of the hypothesis of this study was given to the coefficients β_1 . This study predicts that the coefficient of β_1 is positive which means that the audit committees have a positive influence on tax avoidance. From the table 4.10 above, it can be seen that β_1 shows a positive number of 0.065 and is significant. Thus, the hypothesis proposed in this study accepted. Testing of the hypothesis of this study is given in the coefficient β_2 . This study predicts that the coefficients of β_2 is positive, which means that Firm Size has a positive effect on tax avoidance. From the table 4.10 above, it can be seen that β_2 shows a positive number of 0.020 and is significant. Thus, the

IConEnt

The 4th International Conference on Entrepreneurship

hypothesis proposed in this study was accepted. Testing of the hypothesis of this study is given in the coefficient β_3 . This study predicts that the coefficient of β_3 is negative, which means that Sales Growth has a negative effect on tax avoidance. From the table 4.10 above, it can be seen that β_3 shows a negative number of 0.006 and is not significant. Thus, the hypothesis proposed in this study was rejected.

TABLE 7.
PARTIAL TEST COEFFICIENTS^A

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.388	.137		-2.843	.006
	X1	.065	.027	.268	2.432	.017
	x2	.020	.004	.560	5.223	.000
	x3	-.006	.007	-.084	-.821	.414

a. Dependent Variable: Y

Source: Prepared by the Writer (SPSS 27, 2023)

The results of the partial test can be explained that $t_{\text{count}} (2.432) < t_{\text{table}} (1.991)$ and significant value $0.017 > 0.05$, then H_1 is accepted, namely: Audit Committees have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange. This result is in line with Diantari and Ulupui (2019) also did similar research and the results support that the audit Committee and tax avoidance by companies is mutually influential and positive. However, different results obtained by Fadhillah, et al (2023) showed a negative influence between the audit Committee and tax avoidance by the company. The results of the partial test can be explained that $t_{\text{count}} (5.223) < t_{\text{table}} (1.991)$ and significant value $0.000 < 0.05$, then H_2 is accepted, namely: Firm Size have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange. This result is in line with Badriyah (2019), large companies have resources with superior quality compared to small companies. Getting bigger company then the transaction will be more complex. That thing allows companies to take advantage of existing gaps to perform tax avoidance from any transaction. However, different results obtained by Barli (2019), sales growth does not influence tax avoidance. The results of the partial test can be explained that $t_{\text{count}} (-0.821) < t_{\text{table}} (1.991)$ and significant value $0.414 > 0.05$, then H_3 is rejected, namely: Sales Growth do not have influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange. This result is in line with Titisari and Mahanani (2019), research that sales growth does not influence tax avoidance. However, different results obtained by Puspita and Febrianti (2018)), sales growth has an influence impact on tax avoidance. This shows sales growth that can present the success of investment from the previous period and can be used forecast of growth in the future.

CONCLUSION

The following are the conclusion drawn on this research:

1. The results of the partial test can be explained that $t_{\text{count}} (2.432) < t_{\text{table}} (1.991)$ and significant value $0.017 > 0.05$, then H_1 is accepted, namely: Audit Committees have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange.
2. The results of the partial test can be explained that $t_{\text{count}} (5.223) < t_{\text{table}} (1.991)$ and significant value $0.000 < 0.05$, then H_2 is accepted, namely: Firm Size have a positive and significant influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock

IConEnt

The 4th International Conference on Entrepreneurship

Exchange.

3. The results of the partial test can be explained that $t_{count} (-0.821) < t_{table} (1.991)$ and significant value $0.414 > 0.05$, then H_3 is rejected, namely: Sales Growth do not have influence towards Tax Avoidance in Coal Mining Companies Listed on The Indonesia Stock Exchange.

REFERENCES

- Aprianto, M., & Dwimulyan, S. (2019). Pengaruh Sales Growth Dan Leverage Terhadap Tax Avoidance Dengan Kepemilikan Institusional Sebagai Variabel Moderasi. Prosiding Seminar Nasional Pakar ke 2 Tahun 2019 <https://core.ac.uk/download/pdf/276279205.pdf>
- Budiman, Raymond. (2020). *Rahasia Analisis Fundamental Saham: Memahami Laporan Keuangan*. Jakarta: Elex Media Komputindo.
- Christy, J., & Subagyo. (2019). Pengaruh Firm Size, Sales Growth, dan Roa Terhadap Penghindaran Pajak Dengan Komite Audit Sebagai Variabel Moderasi. *Akuntansi Krida Wacana* VOL. 19, NO. 2. <https://garuda.kemdikbud.go.id/documents/detail/1600852>
- Darmawan, I G. H., & Sukartha, I Made. (2020). Pengaruh penerapan corporate governance, leverage, roa, dan ukuran perusahaan pada penghindaran pajak. *E-Jurnal Akuntansi*, Vol. 9, No. 1, p. 143-161.
- Dewianawati, D. (2022). *Faktor - Faktor Nilai Penentu Perusahaan Transportasi*. Cipayang: Pascal Book.
- Dewinta, R. Ida A., & Putu, E.S. (2019) Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Leverage, Dan Pertumbuhan Penjualan Terhadap Tax Avoidance. *E-Jurnal Akuntansi*, Vol. 14, No. 3, p.1584-1615.
- Diantari, Putu Rista; ULUPUI, IGK Agung. Pengaruh Komite Audit, Proporsi Komisaris Independen, Dan Proporsi Kepemilikan Institusional Terhadap Tax Avoidance. *E-Jurnal Akuntansi*, Vol.6, No. 1, p. 702-732. <https://ojs.unud.ac.id/index.php/akuntansi/article/view/20664>
- Edisi 10. Badan Penerbit Universitas Diponegoro.
- Fadhilah, K., Dwi P. D., & Ahmar, N. (2023). Determinan Financial Distress Dengan Komite Audit Sebagai Pemoderasi. *Jurnal Ilmu Manajemen Retail (JIMAT)*, 2023 Vol. 4, No. 1. <https://jurnal.ummi.ac.id/index.php/jimat/article/view/1926/1013>
- Fauzan, F. Dyah A.A., & Nurharjanti, N. N. (2019). The Effect of Audit Committee, Leverage, Return on Assets, Company Size, and Sales Growth on Tax Avoidance. *Jurnal riset akuntansi dan keuangan indonesia*. <https://journals.ums.ac.id/index.php/reaksi/article/view/9338/5084>.
- Firmansyah, A., & Triastie, G.A. (2020). Bagaimana Peran Tata Kelola Perusahaan Dalam Penghindaran Pajak, Pengungkapan Tanggung Jawab Sosial Perusahaan, Pengungkapan Risiko, Efisiensi Investasi?. Indramayu: Adab.
- Ghozali, I. (2018). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26*.
- Handayani, A. (2018) pengaruh karakter eksekutif, komite audit, ukuran perusahaan, leverage, sales growth dan kualitas audit terhadap penghindaran pajak. S1 thesis, Universitas Muhammadiyah Yogyakarta. <https://etd.umy.ac.id/id/eprint/25477/>
- Hidayat, H. & Wijaya, S. (2020). *Penghindaran Pajak: Manajemen Laba Dan Transfer Pricing*. Jakarta: Guepedia.
- Hitijahubessy, William I., & Rusli, Sulistyowati, D. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan terhadap Tax Avoidance pada Perusahaan Manufaktur yang Terdaftar

IConEnt

The 4th International Conference on Entrepreneurship

- di BEI periode 2017-2020. *Jurnal STEI Ekonomi (JEMI) Volume 31 Number 02*.
<https://ejournal.stei.ac.id/index.php/JEMI/article/download/676/408/>
- Indraini, S. (2019). Nilai Perusahaan Melalui Kualitas Laba: (Good Governance Dan Kebijakan Perusahaan). Surabaya: Scopindo Media Pustaka.
- Indriansih, D. (2020). Kompetensi Auditor Internal & Karakter Komite Audit: (Terhadap Fraudulent Financial Reporting). Bandung: Cendekia Press.
- Kasmir. (2018). Analisis Laporan Keuangan. Edisi Pertama. Cetakan Keduabelas. PT Raja Grafindo Persada. Jakarta.
- Krisyadi, Robby and Novilim. (2020). Analisis Faktor-Faktor yang Mempengaruhi Penghindaran Pajak pada Perusahaan yang Terdaftar di Bursa Efek Indonesia. *Conference on Management, Business, Innovation, Education and Social Science Vol.1(1)*.
<https://journal.uib.ac.id/index.php/combinas/article/download/4572/1286/>
- Lukamn, L. (2023). Menyingkap Misteri Pasar Keuangan dan Keberhasilan Bisnis. Yogyakarta: Deepublish.
- Margareta, M., & Jenni. (2019). Pengaruh Profitabilitas, Sales Growth Dan Leverage Terhadap Tax Avoidance (Studi Empiris Pada Perusahaan Sub Sektor Farmasi Yang Terdaftar di Bursa Efek Indonesia Periode 2013- 2017). *Akuntoteknologi : Jurnal Ilmiah Akuntansi Dan Teknologi* - Vol. 11. No. 2.
https://jurnalekonomi.unisla.ac.id/index.php/jpensi/article/view/1117/pdf_7_2
- Pranoto, Sulaksono S. (2021). Pengaruh Karakteristik CEO Terhadap Penghindaran Pajak Dengan CSR Sebagai Variabel Mediasi (Pada perusahaan manufaktur Go Publik di BEI). Thesis thesis, Universitas Airlangga. <https://repository.unair.ac.id/110060/>
- Puspita, Deanna, & Meiriska Febrianti. (2018). Faktor-faktor yang Memengaruhi Penghindaran Pajak pada Perusahaan Manufaktur di Bursa Efek Indonesia. *Jurnal Bisnis dan Akuntansi*, vol. 19, no. 1, pp. 38-46, doi:[10.34208/jba.v19i1.63](https://doi.org/10.34208/jba.v19i1.63).
- Putra, Cahyadi I., & Merkusiwati, N. (2020). Pengaruh Komisaris Independen, Leverage, Size Dan Capital Intensity Ratio Pada Tax Avoidance. *E-Jurnal Akuntansi*, 17(1), 690–714.
- Sari, Maydiani Putri Herlina. (2022). Pengaruh Profitabilitas, Leverage, Sales Growth, dan Komite Audit terhadap Tax Avoidance pada Perusahaan Manufaktur Sektor Industri yang terdaftar di Bursa Efek Indonesia tahun 2017-2021. *Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan* Vol. 5 No. 3.
- Sinambela. (2022). Pengaruh ukuran perusahaan, pertumbuhan penjualan, dan komite audit terhadap tax avoidance. *Online jurnal UNJA*. <https://online-journal.unja.ac.id/paradigma/article/view/15253>
- Sudirman, G. (2018). Pengaruh Komite Audit Komisaris Independen Dan Ukuran Kap Terhadap Manajemen Laba Pada Perusahaan Manufaktur Sektor Aneka Industri Yang Terdaftar Pada Bei Tahun 2012-2015. *Jurnal Harian Resgional*.
- Sugiyono. (2019). Metodologi Penelitian Kuantitatif dan Kualitatif Dan R&D. Bandung: Alfabeta.