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## THE EFFECT OF ACCOUNTING CONSERVATISM, CAPITAL INTENSITY AND INDEPENDENT COMMISSIONERSON TAX AVOIDANCE, WITH INDEPENDENT COMMISSIONERS AS MODERATING VARIABLES (EMPIRICAL STUDY ON BANKING COMPANIES ON THE IDX 2014-2017)

**Nunik Lismiyati<sup>1)</sup>, Yudhi Herliansyah<sup>2)</sup>**

<sup>1)</sup>Universitas Mercu Buana, Jakarta, Indonesia, [nunik\\_lismiyati@yahoo.com](mailto:nunik_lismiyati@yahoo.com)

<sup>2)</sup>Universitas Mercu Buana, Jakarta, Indonesia, [yudi.herliansyah@mercubuana.ac.id](mailto:yudi.herliansyah@mercubuana.ac.id)

**Corresponding Author: Nunik Lismiyati<sup>1)</sup>**

**Abstract:** This study aims to provide empirical evidence that accounting conservatism, capital intensity and Independent Commissioners have an effect on tax avoidance, as well as the existence of an independent board of commissioners as a moderating variable to interact with the relationship between accounting conservatism and capital intensity on tax avoidance. The method used is descriptive quantitative. The sample of this research is on 30 banking companies on the Indonesian Efx Exchange for 2014-2017 and the data analysis technique used is SPSS 22. The results of this study indicate that accounting conservatism, capital intensity has a significant effect on tax avoidance, and independent board of commissioners has no effect on tax avoidance. tax avoidance, and the independent board of commissioners did not moderate accounting conservatism on tax avoidance, while the independent board of commissioners was a variable that moderated capital intensity on tax avoidance.

**Keywords:** accounting conservatism, capital intensity, independent commissioners and tax avoidance.

### INTRODUCTION

Taxes are the largest source of income for the state, especially Indonesia, which is used to finance state expenditures, both routine expenditures and national development expenditures. Taxes are also a burden that must be issued by the company which

automatically reduces the company's income. The company wants a low tax burden that low tax burden affects the amount of profit to be generated. In calculating and paying taxes, the management of the company makes efforts to ensure that the burden arising from taxes can be reduced as little as possible to obtain an increase in net income after being charged to taxes.

The phenomenon of tax collection in Indonesia shows that the revenue from the tax sector is very large. This revenue is used to increase the rate of growth and development of the country so that it must be managed properly by the government. This phenomenon can be explained by the fact that the Directorate General of Taxes of the Ministry of Finance (DJP Kemenkeu) states that as many as 2,000 multinational companies operating in Indonesia do not pay Corporate Income Tax (PPh) Article 25 and Article 29 for reasons of loss, tax avoidance is carried out by transfer pricing mode or transfer profits. or taxable profit from Indonesia to other countries and it was also found that profit reduction modes occurred due to royalty payments and improper purchase of raw materials and sales. Wafiroh (2015) practices transfer pricing results in lower tax payments by taking advantage of lower corporate tax rates.

Tax avoidance practices are commonplace and legal for companies, but this is not what the government wants (Pradipta, 2015). The government wants the company to report its tax costs in real terms without any tax-avoidance planning elements. Active tax avoidance is a series of efforts made by taxpayers to not pay taxes or reduce the amount of taxes that should be paid. Active tax avoidance can be divided into two, namely, tax avoidance is an effort to reduce legally by optimally utilizing provisions in the field of taxation, such as exceptions and deductions that are permitted or utilizing things that are not yet regulated and the weaknesses that exist in the taxation regulations in force and tax evasion is a tax reduction done by violating tax regulations, such as providing false data or hiding data.

Tax avoidance can also have a negative effect on the company, because it reflects the personal interests of management by manipulating profits, resulting in

incorrect information for investors, especially in banks, which are a business sector where trust is the most important thing to hold.

The occurrence of tax avoidance can be influenced by several factors. First, the application of the principle of accounting conservatism and the second is the capital intensity which is proxied by the ratio of the intensity of fixed assets. Tax management needs to be monitored so that the efforts made do not violate the law by establishing corporate governance in the company. The independent board of commissioners greatly influences decisions in a company because the duty of the independent board of commissioners is to oversee the policy of the board of directors in carrying out company activities. The independent board of commissioners can be used as an intermediary between management and company owners in making policies so as not to violate the law, including determining strategies related to tax payments

Based on the background discussed, it is necessary to conduct research on the Effect of Accounting Conservatism, Capital Intensity and the Independent Board of Commissioners on Tax Avoidance with the Independent Board of Commissioners as Variable Moderating (Empirical Study on Banking Companies on the IDX 2014- 2017).

## **LITERATURE REVIEW, FRAMEWORK AND HYPOTHESIS**

### **Agency Theory**

Agency theory or agency theory explains the relationship between two parties, namely the owner (principal) and management (agent). Villalonga and Amit (2004) in Wistawan, Subroto and Ghofar (2015). Principal-agent relationship occurs when an action taken by one person has an impact on others. Agency theory is to explain the relationship between two parties in a company where one party in the company acts as an agent and the other party acts as a principal.

### **Compliance Theory**

The theory of compliance (compliance theory) is a theory that explains a condition in which a person obeys a given order or rule. According to Tahar and Rachman (2014) compliance with taxation is a responsibility to God, for the government

and the people as taxpayers to fulfill all tax obligation activities and exercise their tax rights. Taxpayer Compliance is a behavior based on the awareness of a Taxpayer of his tax obligations while still based on the stipulated laws and regulations.

### **Accounting Conservatism**

Defining conservatism as the principle of prudence in financial reporting where companies do not rush to recognize and measure assets and profits and immediately recognize losses and debts that may occur. Thus, lenders will receive protection against downside risk from a balance sheet that presents net assets and financial reports that report bad news appropriately. Watts (2003) in Savitri, Enni (2016).

### **Capital Intensity**

According to Nugraha and Wahyu (2015), capital intensity or capital intensity ratio is a company's investment activity that is associated with fixed asset investment and inventory. Capital intensity is a form of financial decision. Capital intensity reflects how much capital the company needs to generate income. Capital intensity is defined as the ratio between fixed assets such as equipment, machinery and various properties to total assets (Noor, et al., 2010: 190) in Mulyani, et al (2014).

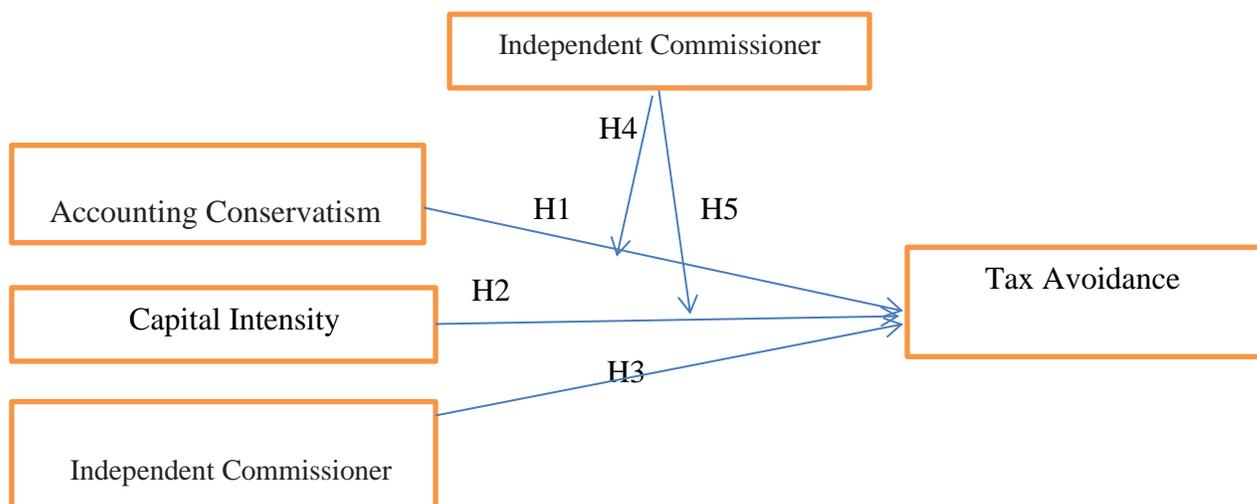
### **Independent Commissioner**

Regulation of the Financial Services Authority (OJK) number 33 / POJK.04 / 2014 issued on December 8, 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, Article 1 paragraph 4 explains that Independent Commissioners are members of the board of commissioners from outside the issuer or company. public and meet the requirements as an independent commissioner as referred to in this Financial Services Authority Regulation. The independent commissioner aims to balance the framework of decision making, especially in the context of protecting minority shareholders and other related parties.

### **Tax**

Taxes are mandatory contributions by the government that must be issued and are forcing to citizens and entities (companies) that taxpayers do not receive direct compensation, but the government uses the tax for state purposes. According to Suandy (2011) in Lestari (2014). In calculating and paying taxes, the management of the company usually makes efforts so that the burden incurred from taxes can be reduced as little as possible to obtain an increase in net income after being charged with taxes which will have an impact on company value.

### Conceptual Framework



### Hipotesys:

- H1 : Accounting conservatism has a significant effect on Tax Avoidance
- H2 : Capital Intensity has a significant effect against tax avoidance
- H3 : The Independent Commissioner has a significant effect on tax avoidance
- H4 : The Independent Commissioner moderates the significant influence Accounting conservatism for tax avoidance
- H5 : The Independent Commissioner moderates the significant influence of Capital Intensity against tax avoidance

### RESEARCH DESIGN AND METHOD

### Types of research

Types and Sources of Data In this study the data used are secondary data in the form of annual financial reports, accessed through the Indonesia Stock Exchange website ([www.idx.co.id](http://www.idx.co.id)) for the period 2014-2017.

### Operational Definition of Variables and Variable Measurement

#### Tax Avoidance

The dependent variable is a form of the dependent variable which is a variable that is influenced or becomes a result, because of the independent variable. The dependent variable in this study is tax avoidance. For the measurement of the Effective Tax Rate (ETR). ETR is an outcome measure based on the income statement that generally measures the effectiveness of tax reduction strategies and leads to high profit after tax. Hustna Dara Sarra (2017) formulated as follows:

$$\text{ETR} = \frac{\text{Payment of taxes}}{\text{Profit before tax}}$$

#### Accounting conservatism

The independent variable used in this study is accounting conservatism. measuring conservatism by subtracting net income from depreciation and cash flow from operating activities and subtracting total assets. The following is the formula for calculating the conservatism index for Nila Sari, Nawang Kalbuana and Agus Jumadi (2016):

$$\text{KNSV} = \frac{\text{Net Income} + \text{Depreciation} - \text{AKO}}{\text{Total Assets}} \times -1$$

#### Capital Intensity

Fixed assets are one of the company's assets which has an impact that can reduce the company's income, where almost all fixed assets can experience depreciation. That the greater the costs incurred due to the depreciation of fixed assets, the lower the tax rate that must be paid or incurred by the company. Dwilopa (2016) Capital Intensity can be

formulated as follows, Poppy Ariyani Sumitha Lestari, Dudi Pratomo, Ardan Gani Asalam (2019):

$$\text{CINT} = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

### Independent Commissioner

The variable of the independent commissioner board is measured by the percentage ratio between the number of independent commissioners and the number of members of the board of commissioners. Where the composition of the board of commissioners is one of the characteristics of the board that is related to the content of existing accounting information. Irwan Prasetyo and Bambang Agus Pramuka (2018) The similarities are as follows:

$$\text{K. IND} = \frac{\text{Number of Independent Commissioners}}{\text{Total Number of Commissioners}}$$

### Moderating Variables

Is a variable that strengthens or weakens the direct relationship between the independent variable and the dependent variable. In this study, using a moderating variable, namely independent commissioners, is the most important risk control mechanism. With the existence of an independent commissioner board in a company, it will minimize the occurrence of fraudulent practices (fraud).

### Variable Measurement

The measurement scale used is the ratio scale for Accounting Conservatism (X1), Capital Intensity (X2), Independent Commissioner (X3), Independent Commissioner (M) and Tax Avoidance (Y) such as conservatism accounting obtained from net income accounts, operating cash flow, depreciation and total assets. Capital intensity is obtained from total fixed assets divided by total assets, tax avoidance is obtained from income tax

payable divided by profit before tax and independent commissioners are obtained from independent commissioners divided by total board of commissioners.

### **Population and Sample Research**

The population in this study were all banking companies on the Indonesia Stock Exchange (IDX) for the 2014-2017 period. The sample of companies as many as 30 companies with a total data of 120 for 4 years. The sample used a purposive sampling method with the aspects studied were accounting conservatism, capital intensity of the independent board of commissioners, and tax avoidance.

**Data collection techniques** use documentation, namely data collection techniques on the Indonesia Stock Exchange (IDX), company website observations, accessing the official website [www.idx.co.id](http://www.idx.co.id), literature studies used are a method of finding information through documents, books, journals, processed data using SPSS Statistics version 22.0, and using a measurement scale, namely the ratio scale

### **Data analysis method**

With the SPSS Analysis Program Version 22.0, the data analysis techniques used were descriptive statistics, classical assumption tests which consisted of a normality test (one-sample Kolmogorov-Smirnov), multicollinearity test, heteroscedasticity test and autocorrelation test (durbin-watson) and hypothesis test, which consists of Multiple Linear Regression Analysis with the regression equation:  $Y = \alpha + \beta_1X + \beta_2X + \beta_3X + \beta_1X\beta_3X + \beta_2X\beta_3X + e$  Coefficient of determination (R<sup>2</sup>), F statistical test and T test

## **ANALYSIS AND DISCUSSION**

### **Descriptive Analysis**

Descriptive statistics provide an overview or description of data from the average (mean), standard deviation, maximum and minimum. (Sujarweni, 2015: 29).

### **Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Accounting Conservatisme	120	,0003	,3253	,0969	,07519
Capital Intensity	120	,0005	,9412	,1369	,25396
Independent Commissioner	120	,2500	,7500	,4860	,13346
Tax Avoidance	120	,0004	,9689	,1787	,17514
Valid N (listwise)	120				

- a. The lowest conservatism accounting value of 0.0003 is owned by a banking company with the company code BABP in 2016 and the highest conservatism accounting value of 0.3253 is owned by a banking company with the company code DINAR in 2015. The average value of accounting for conservatism is 0.0969 per year with a value The standard deviation is 0.07519, which indicates that the company is increasingly applying the principle of conservatism because the company average value is greater than the standard deviation value. The greater the KNSV value the greater the company applies accounting conservatism.
- b. The lowest capital intensity value of 0.0005 is owned by a banking company with the company code BINA in 2014 and the highest capital intensity value is 0.9412 owned by a banking company with company code BNBA in 2014. The average value of capital intensity is 0.1369, with a standard deviation value of 0.25396 which indicates that the company uses its financial decisions on fixed asset investment because the average value of the table above is smaller than the standard deviation value per year.
- c. The lowest independent commissioner value was 0.2500 owned by a banking company with the company code BBYB in 2015-2017 and BGTG in 2017 and the highest independent commissioner value was 0.7500 owned by a banking company with company code SDRA in 2014-2016 Average value of Independent commissioners are 0.4860 with a standard deviation value of 0.13346. The average value which indicates the size of the board of commissioners' acquisition compared to the standard set means that in the research sample the application of corporate

governance is increasingly being improved by the increasing number of independent commissioners in the company.

- d. The lowest tax avoidance value of 0.0004 is owned by a banking company with company code BJBR in 2016 and the highest tax avoidance value of 0.9689 is owned by a banking company with company code BABP in 2016. The average value of tax avoidance is 0.1787 per year with a value standard deviation of 0.17514 which indicates that the company is indicated to do tax avoidance with a standard deviation but further away in the average value. The size of a company to avoid tax is a company that has a Cash ETR between 0-1 where the lower the ETR value (close to 0), the company is considered to be more tax aggressive.

**Normality test**

<b>One-Sample Kolmogorov-Smirnov Test</b>		
		Unstandardized Residual
N		118
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	,11316399
	Most Extreme Differences	
	Absolute	,110
	Positive	,110
	Negative	-,076
Kolmogorov-Smirnov Z		1,192
Asymp. Sig. (2-tailed)		,116

The Kolmogorov-Smirnov value was 1.192 with a significance of 0.116 above 0.05. This means that HO is accepted, which means that the residual data is normally distributed.

**Multicollinearity Test**

<b>Coefficients<sup>a</sup></b>	
Model	Collinearity Statistics

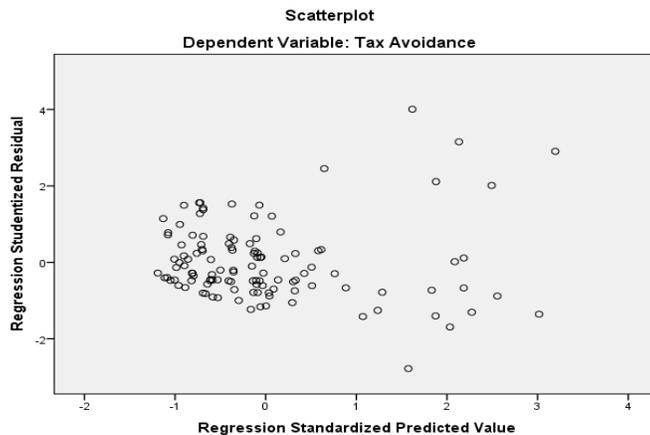
Based on  
of the

	Tolerance	VIF
(Constant)		
Accounting Conservatisme	1,000	1,000
Capital Intensity	1,000	1,000
Independent Commissioner	1,000	1,000

the results

multicollinearity test, it can be seen that the tolerance value for conservatism accounting is 1,000, and capital intensity is 1,000. And the tolerance value for independent commissioners is 1,000, the independent variables and moderation of this study have a tolerance value > 0.1, which means that there is no correlation between variables. The same result is seen from the VIF value of the independent variable and the moderating variable which shows the number <10 (accounting for conservatism 1,000, capital intensity 1,000, and 1,000 independent commissioners, it can be concluded that the regression model is free from multicollinearity between variables.

### Heteroscedasticity Test



The results of the heteroscedasticity test with a scatterplot showed a pattern such as dots that were wavy or widened then narrowed, it can be concluded that heteroscedasticity had occurred.

### Autocorrelation Test

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,672 <sup>a</sup>	,451	,437	,11464	2,074

DW	dU	4dU	dL	4dL	Description
2.074	1.7536	2.2464	1.6513	2.3487	There was no autocorrelation

The Durbin-Watson score is 2,074. This value will be compared with the table value with a significance level of 5%, the number of samples 120 and the number of variables 3 ( $k = 3$ ). Because the DW value of 2.074 is greater than the upper limit ( $d_U$ ) 1.7536 and less than ( $4 - d_U$ ) 2.2464 or  $2.074 > 1.7536 < 2.2464$ , (table 4.5), the conclusion that can be drawn is that there is no autocorrelation.

### Hypothesis testing

The analysis technique used to test this hypothesis uses multiple linear regression analysis by regressing the independent variables (accounting conservatism, capital intensity and independent commissioners) and moderating the dependent variable (tax avoidance), using the SPSS program version 22.

### Multiple Linear Regression Analyst

Multiple Linear Regression Analysis by creating a regression equation:

$$Y = \alpha + \beta_1 X + \beta_2 X + \beta_3 X + [\beta_1 X \times \beta_3 X] + [\beta_2 X \times \beta_3 X] + e$$

Model	Coefficient				T	Sig.
	Unstandardized Coefficients		Standardized Coefficients	Beta		
	B	Std. Error				
(Constant)	,121	,043			2,811	,006
Accounting Conervatism	,567	,140	,280		4,035	,000
Capital Intensity	,359	,041	,600		8,642	,000
Independent Commissioner	-,119	,080	-,104		-1,493	,138
X1_M	,472	1,061	,133		,445	,657
X2_M	,650	,256	,561		2,538	,013

can be analyzed the estimation model as follows:

Tax Avoidance = 0.121 + 0.567 X1 + 0.359 X2 - 0.119 X3 + e From the above equation it can be explained that:

- A constant (absolute value of Y) of 0.121 states that if the independent variable is considered constant, tax avoidance is 12.1%.
- The conservatism accounting regression coefficient (X1) of 0.567 states that every 1% increase in the accounting level of conservatism will increase tax avoidance by 0.567 or 56.7%.
- The regression coefficient for capital intensity (X2) of 0.359 states that every time there is an increase in intensity capital of 1%, it will increase tax avoidance by 0.359 or 35.9%
- The regression coefficient for independent commissioners (X3) is -0.119, which states that every 1% increase in the accounting level of conservatism will increase tax avoidance by -0.119 or -11.9%.

### Determination Coefficient Test (R2)

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,672 <sup>a</sup>	,451	,437	,11464

The value of R is 0.672 or 67.2%, this figure shows that accounting conservatism and capital intensity have an effect on tax avoidance. It is known that the R<sup>2</sup> value is 0.451, which means that 45.1% indicates that tax avoidance is influenced by the accounting conservatism variable, and capital intensity. The remaining 54.9% (100% - 45.1%) is influenced by other factors explained by causes of variables outside the model.

### F test

ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1,231	3	,410	31,210	,000 <sup>b</sup>
Residual	1,498	114	,013		
Total	2,729	117			

Based on the table above, it can be seen that the multiple regression testing shows a significance level of 0.000 <0.05, and the value of  $F_{count} > F_{table}$  is 31.210 > 2.68, it means that the variables of accounting conservatism, capital intensity and independent commissioners have a significant effect on tax avoidance.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	,121	,043		2,811	,006
Accounting Conervatism	,567	,140	,280	4,035	,000
Capital Intensity	,359	,041	,600	8,642	,000
Independent Commissioner	-,119	,080	-,104	-1,493	,138
X1_M	,472	1,061	,133	,445	,657
X2_M	,650	,256	,561	2,538	,013

### Partial regression test (t)

**Accounting conservatism has a significant effect on H1 tax avoidance)**

The results of the t-test for H1 obtained a t-count of 4.035 with a significance of 0.000. The significant value for the conservatism accounting variable shows a value of 0.000 <a significant level of 5% ( $\alpha = 0.05$ ) and a t-count value of 4.035> t-table of 1.979 which means that H1 is accepted so that accounting for conservatism has a significant effect on tax avoidance with a positive coefficient value. shows that company management uses accounting conservatism, which is to report higher earnings in the current period to obtain greater profits in future periods. In this case, the application of the principle of accounting conservatism in the financial statements plays an important role for companies to avoid tax.

**Capital intensity has a significant effect on tax avoidance (H2)**

The t-test results for H2 obtained t-count results of 8,642 with a significance of 0,000. The significant value for the intensity capital variable shows a value of 0.000 <a significant level of 5% ( $\alpha = 0.05$ ) and a t-count value of 8,642> t-table of 1.979, which means that H2 is accepted, which states that capital intensity has a significant effect on tax avoidance. That the greater investment in assets in fixed assets will affect companies in tax avoidance

**Independent Commissioner has no significant effect on tax avoidance (H3)**

The t-test results for H3 obtained the t-count of -1.492 with a significance of 0.138. The significant value for the independent commissioner variable shows a value of 0.138 > a significant level of 5% ( $\alpha = 0.05$ ) and the t-count value of -1.492 <t-table is 1.979 which means that H3 is rejected so that the Independent commissioner has no significant effect on tax avoidance by negative direction, the negative coefficient value indicates that the presence of an independent board of commissioners cannot influence company management to make accounting creatives in its financial statements. Whereas the duty of the members of the independent board of commissioners itself is to supervise all actions of all parties within the scope of the company in order to avoid provisions that are

not stipulated. The duty of the independent board of commissioners is to prevent fraud for companies to avoid tax.

#### **The interaction between independent commissioners and accounting conservatism has no significant effect on tax avoidance (H4)**

From the results of the t test, the value shown in the table shows that the moderating variable X1\_M has a t count of 0.445 <t table 1.979 with a significance level of 0.657> from 0.05, meaning that the independent commissioner variable is not a moderating variable that strengthens or weakens the relationship between the conservatism variable tax avoidance. The fourth hypothesis (H4) which states that independent commissioners moderate accounting conservatism on tax avoidance is neither proven nor rejected.

#### **The interaction between independent commissioners and intensity capital has a significant effect on tax avoidance (H5)**

From the results of the t test, the value shown in table 4:12 shows that the moderating variable X2\_M has a t count of 2.538 > t table 1.979 with a significance level of 0.013 <of 0.05, this means that the independent commissioner variable is a moderating variable that strengthens or weakens the relationship between variables. capital insensity against tax evasion. So the fifth hypothesis (H5) which states that independent commissioners moderate capital insensity on tax avoidance is proven or accepted.

## **DISCUSSION**

### **1. Significant effect of accounting conservatism on tax avoidance**

Accounting for conservatism has a significant effect on tax avoidance, a significant value of 0,000 which is less than 0.05 and the regression coefficient (B) is negative, namely 0.567, so that the first hypothesis (H1) conservatism accounting has a significant effect on tax avoidance. Conservative accounting has the effect of decreasing company profits / profits which are used as the basis for calculating the company's tax obligations. With the minimum profit, the tax obligations that must be paid are also lower, thus making the

managers of profitable companies reduce the present value of their taxes and increase the value of the company. The results of this study are reinforced by the results of research by Novi Sundari and Vita Aprilina (2017), which state that accounting conservancy has an effect on accepted tax avoidance. Conservative accounting has an impact in the form of a decrease in the company's profit / profit which is used as the basis for calculating the company's tax obligations.

## **2. The significant effect of capital intensity on tax avoidance**

Capital intensity has a significant effect in a positive direction on tax avoidance, a significant value of 0,000 which is less than 0.05 and the regression coefficient B is positive, namely 0.359, so that the second hypothesis of capital intensity has a significant positive effect on tax avoidance is accepted. That the greater investment in assets in fixed assets will affect companies in tax avoidance. The intensity capital variable has a significant effect on tax avoidance in a positive direction. A positive coefficient value indicates that companies that invest more of their capital in fixed assets (capital intensive) will have a low effective tax rate. If the effective tax rate decreases, discretionary tax avoidance will improve.

## **3. Significant effect of independent commissioners on tax avoidance**

Independent commissioners have no significant effect in a negative direction on tax avoidance, the significant value is 0.138 where  $> 0.05$  and the regression coefficient B is negative, namely -0.119, so the third hypothesis of independent commissioners has no significant negative effect on tax avoidance / rejection. The results of the study state that independent commissioners do not have a significant negative effect on tax avoidance practices. This is evident from the increasing number of outside interests that make independent commissioners inconsiderate, resulting in the board of commissioners not being independent or not objective which makes the supervisory function on the performance of the board of directors not run well. and their lack of competence in

decision making and in overcoming problems, thus causing independent commissioners to pay less attention to tax issues.

This is also stated by the research of Afri Astrian, Dwi Fitria Puspa and Ethika (2015) which states that there is no significant effect between the independent board variable on the tax avoidance variable. This is because the larger percentage of independent commissioners requires management to work more effectively in supervising.

#### **4. Significant effect of independent board of commissioners in moderating accounting conservatism on tax avoidance**

Independent commissioners are unable to moderate accounting conservatism on tax avoidance, a significant value of  $0.445 > 0.05$  and the regression coefficient (B) is positive, namely 0.472, meaning that the fourth hypothesis (H4), independent commissioners do not moderate the effect of accounting conservatism on tax avoidance is rejected. . That the independent board of commissioners weakens the relationship between accounting conservatism and tax avoidance. This is because the duty of the independent board of commissioners is to carry out general and / or specific supervision in accordance with the articles of association and provide advice to the board of directors. Weakening the relationship because the duties of a board of commissioners are to supervise and advise, and control the activities carried out by the management, while those who carry out the activities and operational activities of the company directly are the management

#### **5. Significant influence of independent board of commissioners in moderating capital intensity on tax avoidance**

Independent commissioner is a variable that moderates capital intensity on tax avoidance, a significant value of  $0.013 < 0.05$  and the regression coefficient (B) is positive, namely 0.050. That the fifth hypothesis (H5), independent commissioners moderate the effect of capital intensity on tax avoidance is accepted. The independent board of commissioners strengthens the relationship between capital intensity and tax avoidance because the

independent board of commissioners can exercise strict supervision of management so as to minimize dysfunctional behavior that occurs in companies related to fixed asset investment to reduce the company's tax burden. So that with information asymmetry, management will allocate investment in the form of fixed assets so that depreciation expense will affect company profits which will lead to tax avoidance practices. The presence of independent commissioners in the company can increase and tighten supervision of management, so that management is more careful in making decisions in carrying out company activities.

## **CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

Based on the results of research and discussion, it can be concluded in this study as follows:

1. Accounting conservatism has a significant effect on tax avoidance, giving an impact in the form of a decrease in earnings to calculate tax obligations. The less profit, the lower the tax obligations paid, and this will increase the value of the company's profits.
2. Capital intensity has a significant effect on tax avoidance. Companies invest a lot of their capital in fixed assets and have a low effective tax rate. If the effective tax rate decreases, discretionary tax avoidance will increase. Because the depreciation expense of the assets is greater, so the company's expenses will increase.
3. Independent commissioners have no significant effect on tax avoidance. Independent commissioners do not function properly because of the large number of external interests that make independent commissioners not concentrate, resulting in not being independent or objective, which makes the supervisory function of the management board's performance ineffective and their inadequate competence in decision making in overcoming problems, thus making independent commissioners pay less attention to tax issues.
4. Independent commissioners do not moderate the effect of accounting conservatism on tax avoidance (tax avoidance). It is denied that the independent board of

commissioners weakens the relationship between accounting conservatism and tax avoidance. This is because the duties of an independent board of commissioners are to carry out general and / or specific supervision in accordance with the articles of association as well as to provide advice to the directors, and to control or advise the activities carried out by management.

5. Independent commissioners moderate the effect of capital intensity on tax avoidance. It is accepted that the independent board of commissioners strengthens the relationship between capital intensity and tax avoidance because the independent board of commissioners can exercise strict supervision of management so that it can minimize dysfunctional behavior that occurs in companies related to investment. fixed assets to reduce the company's tax burden.

### **Limitations and Suggestions**

Based on the results of the discussion and conclusions above, this study still has several shortcomings, so the suggestions in this study are as follows:

1. For the influential accounting conservatism variable, it is suggested for companies to increase profits so that the tendency to do tax avoidance will be lower.
2. For the influential Capital Intensity variable, it is suggested that the company should be able to increase supervision of the existing tax-related policies in the company so that the company's tendency to do tax avoidance will be smaller.
3. For the independent commissioner variable that has no effect, it is suggested for researchers to add other variables that affect tax avoidance, so that the ability of research results is getting better.
4. For further researchers, it is necessary to use a sample of companies in other fields to generalize and obtain more valid results and enhance the power of empirical testing.

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