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THE EFFECT OF TAX AVOIDANCE, CAPITAL STRUCTURE, AND SIZE OF COMPANIES TO VALUE OF THE COMPANY
(Empirical Study of Financial Sector Companies Listed on the Indonesia Stock Exchange Period 2011 - 2015)

Lely Suryani

Accounting Department Pamulang Uniiversity
Email: lelysuryani80@yahoo.com

ABSTRACT
The purpose of this research is to determine the effect of tax avoidance, capital structure and company size on the value of the company in financial sector companies listed on the Indonesia Stock Exchange in the period 2011-2015. The population in this study are financial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2011-2015. The number of manufacturing companies that were sampled in this study were 16 companies with observations over 5 years. Based on the purposive sampling method, the total research sample is 80 financial statements. Hypothesis testing in this study uses multiple regression analysis with the application of the SPSS 22 program. The results of this study indicate that tax avoidance and capital structure do not significantly influence the value of the company, but the size of the company has a significant effect on the value of the company.

Keywords: Tax Avoidance, Capital Structure, Size of Companies and Value of The Company.

1. INTRODUCTION

Competition makes each company increasingly improve performance so that its objectives in increasing company value can be achieved. In Indonesia, not a few companies do several strategies to be able to increase the value of the company.

One strategy used by companies is to do tax avoidance. Because the amount of tax paid by the company is able to reduce the amount of net profit that the company will get. Thus affecting the value of the company.

In other cases the capital structure may also affect the value of the company. Namely in terms of decision making funding for companies that are closely related to the determination of capital structure.

Furthermore, in another phenomenon in an effort to increase the value of the company is the influence of the size of the company because the size of the company is able to describe the size of a company.

From the cases and theories described above, the author focuses on "The Effect of Tax Avoidance, Capital Structure and Firm Size on Firm Value (Empirical Study of Financial Sector Companies Listed on the Indonesia Stock Exchange in 2011-2015)".

2. LITERATUR REVIEW

According to Mardiasmo (2003) in Budiman and Setiyono, (2012: 16) Understanding tax avoidance or tax avoidance is an effort to ease the tax burden by not violating existing laws.

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According to Sulistiono (2010: 9) Capital structure is a comparison of the value of debt with the value of its own capital which is reflected in the company's year-end financial statements. Capital structure is measured using Debt to Equity Ratio (DER).

According to Brigham and Houston (1999: 117), company size is the average of total net sales for the year in question until a few years later. In this case sales are greater than variable costs and fixed costs, then the amount of income before tax will be obtained. Conversely, if sales are smaller than variable and fixed costs, the company will suffer losses.

According to Fakhruddin and Hadianto (2001: 6) Company value is the investor's perception of the company, which is often associated with stock prices. A high stock price makes the value of the company is also high. The price of a stock is the price that occurs when a stock is traded on the market.

3. RESEARCH METHOD

The research method can be interpreted as a scientific way to obtain valid data with the aim to be found, developed, and proven, a certain knowledge so that in turn it can be used to understand, solve, and anticipate problems in the business field. Sugiyono (2012).

The scope of this research was conducted on the Indonesia Stock Exchange through the official website www.idx.co.id This research is quantitative, namely the outcome variables from calculations and measurements.

The population in this study were 91 financial sector companies listed on the Indonesia Stock Exchange in 2011-2015 and only 16 financial sector companies could be sampled in this study by using the purposive sampling method.

The data source of this research is secondary data through books, journals, financial reports and theses.

The operational definition of a variable is a definition given to a variable in the form of terms that are tested specifically or by measurement criteria (Ikhsan, 2008: 64). The operational definitions of the variables in this study are as follows.

The dependent variable is the variable that is affected or which is the result due to the presence of independent variables (Sugiyono, 2012: 2). According to James Tobin (1969) hypothesized that the overall market value for all companies at the stock market price would be similar to the cost of the placement of these assets. Tobin's q is an indicator to measure company performance, specifically about the value of the company, which shows a professional management in managing company assets. Tobin's value of q describes a condition of investment opportunities owned by the company or the company's growth potential (Tobin, 1969) so that it can be formulated as follows:

$Q = (EBV + D) / (EMB + D)$

Information :

Q = Value of the company

EBV = The book value of equity (Equity Book Value), which is obtained from the difference between the company's total assets and the total liabilities.

EMV = Equity Market Value, which is obtained from the result of multiplying the closing price at the end of the year with the number of shares outstanding at the end of the year.

D = Book value of total debt

As explained above, the independent variable is a variable that influences or causes the change or the appearance of the dependent variable. And the independent variables in this

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study are Tax Avoidance, Capital Structure and Company Size.

In this study tax avoidance functions as an independent variable. Tax avoidance is an effort made by a company to reduce its tax burden. Tax avoidance is done by utilizing the existing gaps in the legislation.

Cash ETR = (Σ Cash Tax Paid) / (Σ Pretax Income) X 100%

Information:

Cash_ETR = Effective Tax Rates as an indicator of tax avoidance

Cash Tax Paid = tax expense paid by the company (obtained from the consolidated statement of cash flows)

Pretax Income = Corporate profit before tax (Consolidated Comprehensive Income Statement)

Capital structure is a permanent expenditure which reflects the balance or comparison between long-term debt with own capital. Capital structure is measured by Debt to Equity Ratio (DER). The equation of DER is as follows.

DER = (Total liabilities) / (Shareholder's Equity)

The size of the company in this study is how big the aseet owned by the company. The size of the company here is measured by using a proxy for total assets in the company. The formula used to assess company size is as follows:

Size = Log (total assets)

Data Analysis Techniques

Data analysis techniques used in this study are as follows:

1. Descriptive Statistics Test

Provide a description or descriptive through a data that can be seen from the minimum value, maximum value, mean value and standard deviation

2. Classic assumption test

The classic assumption test is a statistical requirement that must be met in ordinary linear least square (OLS) multiple linear regression analysis. Consists of 4 stages, namely:

1) Normality test

Normality test aims to test whether in the regression model, the dependent variable with the independent variable has a normal distribution or not (Ghozali, 2006: 110).

2) Multicollinearity Test

Multicollinearity test aims to determine whether the regression model found a correlation between independent variables (Ghozali, 2006: 92).

3) Heteriscedasticity Test

Heteroscedasticity test aims to determine whether in the regression model there is an inequality of variance from the residuals of an observation to another observation (Ghozali, 2006: 105).

4) Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the error of the intruder in the period t with the error of the intruder in the period t-1 (previous). Autocorrelation arises from consecutive observations all the time related to one another. Detection of autocorrelation was carried out by the Durbin Watson test (Ghozali, 2006: 95).

The analysis used in the empirical method is multiple regression analysis (multiple regression) used to test Ha1, Ha2, and Ha3 with an interaction approach that aims to meet research expectations regarding the Effect of Tax Avoidance, Capital Structure and Firm Size on Firm Value.

The general form of multiple regression equations using two or more variables is as follows:

$Y = a + \beta1\ X1 + \beta2\ X2 + \beta3\ X3 + e$

Information :

Y = Company Value

a = Constant number

β = Regression coefficient

X_1 = Independent variable Tax avoidance

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X_2 = Independent variable Capital structure
X₃ = Independent variable Company size
e = error

Hypothesis testing aims to interpret the accuracy of the regression with the accrual value statistically. Through 3 stages, namely:
1) Correlation Coefficient Test
Correlation Coefficient Test is done to measure how far the model's ability to explain the variation of independent variables. The coefficient of determination is between zero and one. A small R2 value means that the ability of the independent variable in explaining dependent variation is limited. A value close to one means that the independent variables provide almost all the information needed to predict the dependent variable. With the explanation as follows:
Correlation Coefficient = 0 means that there is no relationship between the independent variable and the dependent variable.
Correlation Coefficient = 1 means that there is a relationship between the independent variable and the dependent variable
2) Simultaneous Test (F Test)
F statistical test is used to see whether all independent or independent variables included in the model have an influence together on the dependent variable

(Ghozali, 2011: 32). Testing is carried out at a significant level of 0.05. Rejection or acceptance based on the following criteria:
If the significance ≤ 0.05, then all the independent variables simultaneously affect the dependent variable.
If the significance is ≥ 0.05, then all the independent variables simultaneously have no effect on the dependent variable.
3) Partial Test (T Test)
According to Ghozali (2011: 71), the purpose of this test is to find out how far the influence of the explanatory variables (independent) individually in explaining the variation of the dependent variable. Criteria for the significance of hypotheses are:
If the significance is> 0.05, partially the independent variable influences the dependent variable.
If the significance is <0.05, partially the independent variable has no effect on the dependent variable

4. DATA ANALYSIS AND DISCUSSION

Descriptive statistical test results
Descriptive statistics are used to view the distribution data used as a sample in the selection. And with this descriptive statistics we can see what is the minimum value, maximum value, average and standard deviation of each variable.

Table1. Descriptive statistical test results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TAX AVOIDANCE'	80	.00	4.55	.3778	.69481
STRUKTUR MODAL	80	.85	9.81	4.3855	3.01583
UKURAN PERUSAHAAN	80	1.18	9.82	7.0411	1.90073
NILAI PERUSAHAAN	80	.01	9.80	3.3714	2.41948
Valid N (listwise)	80				

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Multiple Linear Regression Analysis Test Results

Table 2. Multiple Regression Analysis Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	ig.
(Constant)	-.412	.951		-.434	.666
TAX AVOIDANCE'	-.445	.358	-.128	-1.244	.217
STRUKTUR MODAL	.148	.086	.185	1.725	.089
UKURAN PERUSAHAAN	.469	.135	.368	3.462	.001

a. Dependent Variable: NILAI PERUSAHAAN

Source : data processed with spss 22

Based on the results of the data analysis above, the regression model equation is obtained as follows:

CETR = - 0,412 – 0,445X1 + 0,148X2 + 0,469X3

It is known that the variable tax avoidance has a value of B -0,445 and has a standard error of 0,951, and the capital structure variable has a value of B 0,148 and has a standard error of 0,086, and the company size variable has a value of B 0,469 and has a standard error of 0,135.

Correlation Coefficient Test Results

Table 3 Correlation Coefficient Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463[a]	.214	.183	2.18666

a. Predictors: (Constant), ukuran perusahaan, tax avoidance', struktur modal

b. Dependent Variable: NILAI PERUSAHAAN

Source : data processed with spss 22

Based on table 3 above, the relationship coefficient number 0.463 is obtained, which indicates the relationship between the independent variable and the dependent variable is moderate, because it has a value of R> 0.46.

The adj R2 value of 0.214 shows that only 21.4% influence the variable tax avoidance, capital structure, and firm size on firm value. While the remaining 78.6% is influenced by other variables not included in the study that might affect the value of the company.

Partial Test (t Test)

t test aims to determine how far the influence of independent and individual variables (partial), namely tax avoidance, capital structure and company size in explaining the dependent variable, namely the value of the company. The

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significance of the regression model in this study is in table 4 below:

Table 4 Partial Test Results (T Test)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	ig.
	B	Std. ror	Beta		
(Constant)	-.412	.951		-.434	.666
TAX AVOIDANCE'	-.445	.358	-.128	-1.244	.217
STRUKTUR MODAL	.148	.086	.185	1.725	.089
UKURAN PERUSAHAAN	.469	.135	.368	3.462	.001

a. Dependent Variable: NILAI PERUSAHAAN

Based on the table above that the t test is the influence of the variable tax avoidance which has a calculated value of 1,244 with a significant value of 0.217 thus that the tax avoidance variable does not have a significant effect on firm value. Then, H1 was refused. The results of this study support research conducted by Kristantina Wahyu Pasiwi (2015: 6) which states that tax avoidance has no significant effect on firm value. However, this result is contrary to research conducted by Dedy Ghozim Herdiyanto (2015) which states that tax avoidance has a significant effect on firm value.

Based on the table above that the t test is the influence of the capital structure variable which has a calculated value of 1.725 with a significant value of 0.089 thus that the capital structure variable has no significant effect on the firm's value. Then, H2 was rejected. The results of this study support research conducted by Meythi, S.E., M.Sc., Ak. (2012: 4) which states that capital

structure has no significant effect on firm value. However, this result is contrary to research conducted by Regina Rumondor (2015) which states that capital structure has a significant effect on firm value.

Based on the table above that the t test is the influence of company size variables that have a calculated t value of 3,462 with a significant value of 0.001 thus that the company size variable has a significant effect on firm value. Then, H3 is accepted. The results of this study support research conducted by I Gusti Bagus Angga Pratama (2016: 1361) which states that company size has a significant effect on firm value.

5. CONCLUSION

Based on the results of the study, obtained and concluded as follows:

1. Tax avoidance has no significant effect on company value. Judging from the results of the t test the effect of the variable tax avoidance has a value of -1.244 with a significant value

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of 0.217. This indicates that tax avoidance has an inverse relationship with the value of the company.

2. Capital structure has no significant effect on firm value. Judging from the results of the t test the effect of variable capital structure has a value of 1,725 with a significant value of 0.089. This shows that the capital structure has an opposite direction to the value of the company.

3. 3. The size of the company has a significant effect on the value of the company in the financial sector companies listed on the Indonesia Stock Exchange in the 2011-2015 period. Judging from the results of the t test the influence of company size variables has a value of 3.462 with a significant value of 0.001. So it can be concluded that company size has a significant influence on firm value. A positive t value indicates that company size has a one-way relationship with company value. Because the greater the size of the company of a company, the value of the company increases.

4. The results of this study also prove that simultaneous tax avoidance (X1), capital structure (X2) and company size (X3) affect the value of the company (Y). This can be seen from the results of the F test above, which obtained an F value of 6.906 and a significance of 0.000 less than 0.05, meaning that tax avoidance, capital structure and company size simultaneously have a significant effect on firm value.

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