

CHAPTER V

CONCLUSION

A. Conclusion

1. The variable of institutional ownership does not have any impact on tax avoidance. The study results indicate that there is no significant relationship between institutional ownership towards tax avoidance behavior, as determined by statistical testing.
2. The variable of independent commissioner does not have any impact on tax avoidance. The study results indicate that there is no significant relationship between institutional ownership towards tax avoidance behavior, as determined by statistical testing.
3. The variable of board directors does have positive impact on tax avoidance. The study results indicate that the total amount of board directors has an impact towards tax avoidance behavior, as determined by statistical testing.
4. The variable of profitability does not impact on tax avoidance. The study results indicate that there is significant relationship between profitability towards tax avoidance behavior, as determined by statistical testing.
5. The variable of leverage does not have any impact on tax avoidance. The study results indicate that there is no significant relationship between leverage towards tax avoidance behavior, as determined by statistical testing.

6. The variable of capital intensity does not have any impact on tax avoidance. The study results indicate that there is no significant relationship between institutional ownership towards tax avoidance behavior, as determined by statistical testing.
7. The variable of sales growth does not have any impact on tax avoidance. The study results indicate that there is significant relationship between institutional ownership towards tax avoidance behavior, as determined by statistical testing.

B. Implication

According to the findings of the study, there are several factors that should be taken into account by individuals or organizations involved in the research, especially:

1. Toward Governance

The findings of this study are anticipated to offer valuable insights to the company. Therefore, the company can ensure a balanced representation of board directors to proactively address potential tax avoidance practices to minimizing tax liabilities. Creating a competence matrix for the board of directors is a very effective method for ensuring that each board member have the required skills and expertise. This matrix enables firms to identify areas of shortfall or surplus in the present capabilities of the board and implement measures to restore equilibrium. Furthermore, companies have

become increasingly cognizant of the significance of meeting their tax obligations.

1. Toward Investor

This research provides significant information for investors to take into account tax avoidance strategies when choosing the firms in which they invest. This study may assist investors in evaluating the caliber of a company's board of directors as a possible measure of the efficiency of tax avoidance tactics. Investors may take into account the independence and competency of the board directors that is reflected in the board's size, when making investment choices.

C. Limitations and Suggestions for Future Research

1. Research Limitation

The study findings have significant limitations, which include:

- a. The research use insurance company that listed on Indonesia Stock Exchange (IDX) as sample that has a small quantity that
- b. This research examines the relationship between good corporate governance and financial ratios as independent variables, and tax avoidance as the dependent variable.

2. Suggestion

- a. Further study is advised to examine various industries in order to assess the impact of effective corporate governance and financial ratios on the practice of tax avoidance.
- b. Further study may expand the range of independent variables by using other proxies, as well as utilizing alternative proxies for dependent variables, such as ETR, BTG, and other assessments of tax evasion. This is supported by the coefficient of determination value of 24.87%, indicating that 74.13% of the outcome is still controlled by other factors.

