PENGARUH KARAKTER EKSEKUTIF DAN *LEVERAGE* TERHADAP PENGHINDARAN PAJAK

(Survei Pada Perusahaan *Poperty* dan *Real Estate* yang terdaftar di Bursa Efek Indonesia 2012-2015)

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ABSTRACT

Tax evasion is one way companies manage their tax expenses legally. This study aims to examine the influence of executive character and leverage on tax evasion. The executive character is measured by corporate risk, leverage measured by DER measure and tax evasion measured by ETR size.

The analytical method used is descriptive and verificative analysis with quantitative approach. The population in this research are 25 companies of Poperty and Real Estate which listed in Indonesian Stock Exchange for 4 years (2012-2015). The sample uses purposive sampling method with certain criteria. The analysis method used is multiple linear regression analysis.

The results of hypothesis testing in this study indicate that (1) the executive character has a significant positive effect on tax evasion (2), and leverage has a significant positive effect on tax evasion in Popners and Real Estate firms listed on the Indonesia Stock Exchange.

Keywords: Executive Character, Leverage, and Avoidance of Taxes.

I. INTRODUCTION

1.1. Background

Tax is the most potential source of state revenue and occupies the highest percentage in the State Budget (APBN) compared to other receipts (Agus Martowardojo, 2013). Every taxpayer is required to participate so that the growth rate and implementation of national development can work well for the welfare of the State (I Gusti Ayu and Ketut Alit, 2014). The difference in interests of the taxpayers who want large and sustainable tax revenues is inevitably contrary to the interests of companies that want the minimum tax payments (Hardika, 2007).

Tax evasion is often associated with tax planning, both of which use legal means to reduce or even eliminate tax liabilities. Conceptually, tax planning includes permanent tax reduction as well as possible suspension (Ibnu Wijaya, 2014). The tax savings can be obtained from tax planning by involving several concepts such as: utilization of tax exemption, reduction of overall tax rate, maximization of income reduction, expenditure acceleration, tax object delay, taxable transaction structure becomes taxless, and so on (Ning Rahayu 2010) .

According to a cross-data test of Real Estate Indonesia conducted by Directorate General of Taxes in 2011-2012, there is potential income tax of Rp 30 trillion, but tax collection from property sector in that year is only Rp 9 trillion (Umi Hanafi and Puji Harto, 2014) . Property sector growth, real estate and building construction also increased, with 29% in 2010 increasing to 32% in 2011 and 51% in 2012 (Umi Hanafi and Puji Harto, 2014). However, the growth was not followed by an increase in effective taxes rate, effective taxes rate of 19% in 2011 decreased to 17% in 2012 (Umi Hanafi and Puji Harto, 2014). Tax evasion by companies is not a coincidence (Umi Hanafi and Puji Harto, 2014). Tax evasion practices undertaken by corporate taxpayers (corporations) are often made through policies taken by company leaders (Budiman and Setiyono, 2012). Where corporate leaders as decision makers and policies within the company certainly has a different character (Ni Nyoman and I Ketut Jati, 2014). A corporate leader may have risk taker or risk averse character as reflected by the size of the company's risk (Budiman, 2012). The higher the risk of a company,

the executive tends to be a risk taker (Ni Nyoman Kristiana and I Ketut Jati, 2014). Conversely, the lower the risk of a company, the executive tend to be risk averse (Ni Nyoman Kristiana and I Ketut Jati, 2014). Leaders of risk taker companies will tend to be more courageous in making decisions even if the decision is high risk (Ni Nyoman Kristiana and I Ketut Jati, 2014). In addition, the owner of this character is also not hesitant in doing financing derived from debt for faster corporate growth (Lewellen, 2003). Executives who have risk taker character will have more influence on tax avoidance than the risk averse executive (Umi Hanafi and Puji Harto, 2014).

In addition to the executive character, leverage also affects a company in performing its tax obligations (I Gede Hendi, 2014). The higher the value of leverage, the higher the amount of funding from third party debt used by the company and the higher the interest cost arising from the debt (Kurniasih, 2013). The higher interest cost will influence the decrease of corporate tax burden, the higher the leverage value, the higher tax avoidance of the company, the debt that will result in the interest expense can be the deduction of taxable profit (Kurniasih, 2013). Leverage is a ratio that measures how far a company uses debt in financing, leverage also describes the relationship between total assets with ordinary share capital or shows the use of debt to increase profit (Kurniasih dan Sari, 2013). Another company's financial condition that will affect the company's tax evasion is leverage, the leverage ratio represents the company's ability to pay all its long-term liabilities or short-term liabilities or increases if it continues to be liquidated, leverage can also affect tax avoidance (Kurniasih, 2013) .

Leverage can be defined as the use of assets or funds for which the company must cover fixed costs or pay a fixed expense (Bambang Riyanto, 2010: 375). Leverage can measure how much the company is financed with debt, the excessive use of debt will disrupt the company because the company will enter into the category will enter the category of extream leverage (extreme debt) ie the company stuck in a very high debt levels and difficult to release the debt burden Irham Fahmi, 2014: 62). Leverage can be measured by Debt to Total Assets (Irham Fahmi, 2014: 63).

The phenomenon that occurred decreased leverage value in the period 2010-2014 (Agus Martowardojo, 2013). This is in line with thousands of multinational companies not performing their obligations to the State. Nearly 4,000 companies have not paid their taxes for seven years (Agus Martowardojo, 2013). This is because Indonesian companies are currently experiencing difficulties because they have debt in US dollar (US) (Bambang Brojonegoro, 2015). Along with the weakening of the rupiah against the US dollar is possible to make liabilities rise when assets are not moving (Bambang Brojonegoro, 2015). With this the government has decided DER 4: 1 as a benchmark of leverage due to many companies that do tax evasion by having debt above ratio 4, but every company can still have debt that exceeds the ratio. However, the amount of debt over a ratio of 4 should not be financed, thus reducing the calculation of taxes, with the holding of this study proving that the higher the leverage will increase tax avoidance (Bambang Brodjonegoro, 2015).

Based on previous research the leverage level of manufacturing companies that go public in Indonesia tends to increase, although having high leverage manufacturing companies also experienced an increase in stock sales, this may happen because interest on debt is a fixed expense that will reduce the company's taxable income (Setiawan, 2006). Companies that have high tax liabilities will have high debts too, so the company deliberately owed high to reduce the tax burden (Ozkan, 2001). The higher the amount of funding from third party debt used by the company and the higher the interest arising from the debt that will give effect to the reduction of the company's tax burden does not make the company do the financing with the maximum debt (Ngadiman and Puspitasari, 2014).

II. THEORETICAL, FRAMEWORK FOR THINKING AND HYPOTHESES

2.1. Literature review

2.1.1. Definition of Executive Character

Each company has a leader in the top position of top executives or top managers, where the leadership has certain characters to lead and run the company's business activities toward the goals that the company wants to achieve.

According Sutarjo Adisusilo (2013: 77), by citing the opinion of F.W. Foerster mentions that:

"Character is something that qualifies a person, character becomes identity, becomes characteristic, becomes a fixed trait, which transcends the ever-changing contingent experience".

According to Darmiyati Zuchdi (2008: 11) states that:

"Character is to teach certain traditional values, widely accepted values as a basis of good and responsible behavior".

According to Liandrasari (2010: 33) states that:

"Executive Merupakam corporate strategy to rebuild the legitimacy of corporate enterprises. Legitimacy is a common perception or assumption that explains that an entity's actions are expected, appropriate, and in conformity with the system of norms, values, beliefs and definitions built within society ".

According to Anthony and Govindarajan (2012: 112) the character is:

"The organization is led by a hierarchy of managers, with the chief executive officer (CEO) at the top, where these leaders have varying qualities and styles in decision making. The leader may be a person who is not afraid of risk, or a person who is afraid of risk ".

In addition, according to Lewellen (2003):

"The executive character shows how the actions taken by the company's chairman when faced with a risk. The decisions taken will illustrate whether the executive is a man who dared to take risks or not. "

According to Lestari and Sugiharto (2012: 196)

"ROA is the ratio used to measure net profits derived from the use of assets. In other words, the higher this ratio the better the asset productivity in obtaining net profit. This will further increase the attractiveness of the company to investors. Increased attractiveness of the company makes the company more attractive by investors, because the rate of return or dividend will be greater. This will also affect the stock price of the company in the capital market that will increase so that ROA will affect the stock price of the company. The ROA number is good if> 2% ".

From some of the above opinions, it can be said that the executive in making decisions is influenced by the character of each of the executives, where in carrying out their duties in making decisions, the executive has two characters as risk taker and risk averse.

2.1.1.1.1. Kinds - Kinds of Executive Characters

According to Angie Low (2009) distinguish the executive character into two kinds, namely:

1. Risk taker: Executives who have risk taker characters are more courageous executives in making business decisions and usually have a strong incentive to have higher income, position, welfare, and authority. Executives who are risk taker will be more daring to take risks in business because of the understanding that the higher the risk taken will be higher profits earned. The many advantages offered such as abundant wealth, high income, promotion and giving authority or power to be a separate motivation for executives become increasingly risk taker.
2. Risk averse: Executives who have risk averse characters are executives who tend not to like the risks so less courageous in taking business decisions. An executive risk averse if you get a chance then he will choose a lower risk, Compared with risk takers, risk averse executives are more focused on decisions that do not result in greater risk

A leader may have risk taker or risk averse character reflected in the size of the risk of the company, The higher the risk of a company, the executive tends to be a risk taker, Conversely, the lower the risk of a company, the executive tend to be risk averse, (executive) who sit in the management of the company whether they are risk taker or risk averse is reflected in the size of existing corporate risk (Budiman and Setiyono, 2012).

To know the character of the executive then used corporate risk (corporate risk) owned company (Paligorova, 2010). The size of corporate risk indicates the tendency of executive characters (Ni Nyoman Kristiana Dewi and I Ketut Jati, 2014). A large risk level indicates that the company's leadership is more of a risk taker. In contrast, a small risk level indicates that the company's management is more risk averse (Ni Nyoman Kristiana Dewi and I Ketut Jati, 2014).

2.1.1.2. Executive Character Measurements

Corporate risk (corporate risk) is a reflection of the policy (policy) taken by the leadership of the company. The types of individual characters (executives) who sit in corporate management whether they are risk-taking or risk averse is reflected in the size of the existing corporate risk. (Coles at al, 2004).
The calculation to get the Executive Character that is Risk Taking or Risk Averse by using the calculation Risko Company (Sugeng Haryanto, 2012)

$$\text{Risiko Perusahaan} = \frac{\text{EBIT}}{\text{TOTAL AKTIVA}}$$

Where: EBIT = Earning Before Interest and Tax

2.1.2. Definition of Leverage

According to Irham Fahmi, (2014: 127) says that Leverage is as follows:

> "Leverage is a measure of how much is financed with debt. Excessive debt usage will endanger the company because the company will fall into the category of going into the category of extream leverage (extreme debt) ie the company stuck in a very high debt level and difficult to release the debt burden.

According to Zulfikar (2015: 151) reveals the following:

> "Leverage is a measure of how much corporate interest is financed by debt compared to existing capital".

According to Cashmere (2013: 155) leverage as follows:

> "Leverage is the ratio used to measure the extent to which a company's activities are financed with debt".

Based on the definition already described, then Leverage is a ratio that describes the relationship between debt to capital to find out the extent to which companies use funding through debt.

2.1.2.1. Measurement of Leverage

According to Irham Fahmi (2014: 127) states in his book that Leverage shaving is:

> "Leverage can generally be measured by Debt to Equity Ratio".

$$\text{Debt to Equity Ratio} = \frac{TOTAL\ LIABILITIES}{TOTAL\ EQUITY}$$

Information:
Debt to Equity Ratio: Debt to Capital
Total Liabilities: Total Debt
Total Equity: Total Capital

According to Arief Sugiyono and Edy Untung (2016: 74-75) stated in his book as follows:

> "Leverage is often also called equity multiplier, describing how much equity or capital is compared to total corporate assets or how much assets are financed by debt".

According to Kashmir (2015: 158) states the measurement of Leverage in his book as follows:

> "Debt to Equity Ratio (DER) for each company is different, depending on the business characteristics and diversity of cash flow. Firms with stable cash flow typically have higher ratios than less stable cash ratios. This ratio may provide general guidance on the feasibility of a company's financial risk. The formula for finding Debt To Equity Ratio (DER) can be used comparison between total debt with total equity ".

2.1.3. Definition of Tax Avoidance

Some notions of Tax Avoidance presented by experts are as follows:

According to Chairil Anwar Pohan (2014: 41) states that:

> "Tax Avoidance is an effort to avoid taxes done legally and safely for the Taxpayer without contradictory to the prevailing tax law (not contrary to the law) where the methods and techniques used tend to utilize the weaknesses (gray area) contained in the Law and the Taxation Regulation itself to minimize the amount of tax payable ".

According to Jeni Susyanti (2015: 12) states that the Avoidance of Tax is

> "Resistance is carried out in a variety of ways that can still be justified by law, exploiting loopholes and weaknesses of legislation".

According to Erly Suandy (2014: 21) states that Tax Avoidance as follows:

> "Tax avoidance is a legal reduction by means of utilizing the provisions in the field of taxation in an optimal manner such as, exceptions and cuts that are permitted or utilize the things that have not been set and the weaknesses that exist in applicable tax laws ".

Based on the definition already described, the Tax Avoidance is a tax avoidance strategy and technique that is done legally and safely for the taxpayer because it is not contrary to the taxation provision to minimize the amount of tax payable.

2.1.3.1. Tax Avoidance Measurement

According to (Chen et al. 2010) estimation model of tax avoidance measurement in this research using Effective Tax Rate (ETR) model which is expected to be able to identify aggressiveness of tax evasion of company which is done using fixed difference and temporary difference.

According to Rist and Pizzica (2015: 54) in his book describes as follows:

> "The effective tax rate explains the various rates at which a company's income is taxed as a result of different tax jurisdictions both domestically and internationally. Companies also employ strategies to minimize tax. To compute the effective (or the average for the year) tax rate, the total tax expense is divided by earnings before tax ".

$$\text{ETR} = \frac{\text{PEMBAYARAN PAJAK}}{\text{LABA SEBELUM PAJAK}}$$

Where ETR (Effective Tax Rate) Tax Rate Effective.

Tax avoidance variables are calculated through ETR (effective tax rate) of the company ie cash issued for tax expenses divided by profit before tax, (Judi Budiman and Setiyono, 2012). The greater the ETR indicates the lower the tax avoidance rate of the company, (Judi Budiman and Setiyono, 2012).

2.2. **Framework**

2.2.1. Effect of Executive Character on Tax Avoidance

The executives (directors or directors) as direct or indirect corporate leaders also have an influence on all decisions that occur within the company, including tax avoidance decisions companies, corporate leaders are risk taker or risk-taking then tend to be more daring to take action tax avoidance , compared to risk averse corporate leaders who dare to take risks that include not daring to take tax avoidance measures (Calvin Swingly, 2015: 49).

The research undertaken by Dyreng at al., (2010) is intended to test whether Top Executive individuals have an influence on corporate tax evasion. By taking samples as many as 908 leadership companies listed in Execu Comp obtained the result that the leadership of the company (Executive) individually has a significant role to the level of tax evasion company.

The decision to evade is the result of company policy. The policy adopted by the management of the company is based on the financial statements prepared by the management of the company. Directly, the individual involved in the tax decision is the tax director and also the corporate tax consultant (Umi Hanafi and Puji Harto: 2012).

2.2.2. **The Effect of Leverage Against Tax Avoidance**

According to Eugene F.Brigham and Joel F. Houston (2014: 155)

> "One of the main reasons for the use of debt is because interest on loans is tax deductible, further reducing the cost of effective debt. However, if most of the profits of a company have been protected by taxes derived from depreciation, the interest on the debt that is not currently paid, or the tax loss brought to the next period, will eliminate the low tax rate. As a result, additional debt does not have the same advantages compared to firms with higher tax rates. "

According to Aries P. Ompusunggu (2011: 35) states as follows in his book:

> "Strategies to minimize taxes can be with the use of funds from external parties in the form of debt to finance investment and corporate assets (Leverage). Financing through debt, especially long-term debt, will generate interest expense which will reduce the tax burden to be paid by the company ".

According to the research of Calvin Swingly and I Made Sukartha (2015) based on the results of regression analysis proves that statistically leverage negatively affect tax avoidance. While in research I Made Surya Dharma and Putu Agus (2016) leverage have negative effect to tax avoidance, high level of leverage will decrease tax avoidance level because higher leverage hence company tends to increase profit. And in the study Annisa fadillah (2015) leverage have a positive effect on tax avoidance.

From the above framework of thinking can be made research paradigm. With the paradigm of research, the authors can use it as a guide for research hypotheses which can then be used in collecting data and analysis.

2.3. Hypothesis

Sugiyono (2011: 64), explaining the hypothesis as follows:

> "Hypothesis is a temporary answer to the formulation of research problems, where the formulation of research has been expressed in the form of statement sentences,

said temporarily because the answer given new based on relevant theory, not based on empirical facts obtained through data collection, so the hypothesis is also expressed as theoretical answer to the research problem formulation ".

Based on the framework described above, the researcher pulled the hypothesis (temporary suspicion) of research as follows:

H1: Increasing the Executive Character will have an effect on tax evasion.

H2: Increased Leverage will affect tax avoidance.

III. OBJECT AND RESEARCH METHODS

3.1. Research Objects

According Sugiyono (2014: 13), the object of research is a scientific goal to obtain data with the purpose and specific purpose of something object, valid, and reliable about a thing (certain variables). The object of research in this research is the Executive Character as independent variable (X1) and Leverage independent variable (X2) and Tax evasion as dependent variable (Y).

3.2. Research Methods

According Sugiyono (2013: 2), research method is a scientific way to obtain valid data with the purpose of discovery, proof and development of a knowledge so that the results can be used to understand, solve and anticipate problems. The method used in this research is descriptive and verification method. This research is intended to test the hypothesis of each variable using statistical calculation about the influence of Executive Character (X1) and Leverage (X2) on Tax Avoidance (Y).

3.3. Operationalization of Research Variables

According to Iwan Satibi (2013: 71), the operationalization of variables is as a concept that connects between theories or variables that are still abstract to dalah reality. In this study the variables used consist of independent variables and dependent variables.

1) Independent variable (Variable X)

In this case the independent variables to be studied are the Executive Character (variable X1) and Leverage (variable X2). In its operation all variables are measured by measurement instruments in ratio scale.

2) Related Variables / Dependent (Variable Y)

In this case the dependent variable to be studied is the Avoidance of Tax (variable Y). In operation, this variable is measured by measurement instruments in ratio scale. Operationalization of variables can be poured in the form of tables as follows:

3.4. Data Sources and Data Collection Techniques

3.4.1. Data Source

The data used in this study is secondary data, where the data obtained by the author indirectly. According Sugiyono (2012: 193), secondary data is data sources that do not directly provide data to data collectors, for example through others or through documents.

Sources of data used in this study is a secondary data source, where the data used by the author is data obtained indirectly, meaning that data - the data in the form of second data that has been processed further and data presented by other parties. Sources of data used in this study is secondary data in the form of financial statements of poperty and real estate companies in Indonesia Stock Exchange.

3.4.2. Data Collection Techniques

Data collection techniques used in this study are as follows:

1) Library Studies

Data obtained from the data relevant to the problems to be studied by doing other literature studies such as books, journals, articles, previous researchers.

2) Documentation

Data collection is done by reviewing the company's financial statements from each company, the authors obtain data from the official website of Indonesia Stock Exchange.

3.5. Population and Sample Research

3.5.1. Population

According Sugiyono (2013: 115), the population is a generation region consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions.

Based on the author's research at the Indonesian Stock Exchange Representative Office and observation of data on the Indonesia Stock Exchange's website the unit of analysis in this study is Property and Real Estate Company and listed on the Indonesia Stock Exchange with annual financial report during 2012-2015 (4 years) .

3.5.2. Sampling

According to Sugiono (2013: 118), the sample is part of the number and characteristics possessed by that population. Sampling in this research is done by using nonprobability sampling design technique that is taken by using purposive sampling technique.

Determination of the number of samples to be processed from the number of population taken by the authors in this study is the annual financial statements consisting of 28 companies Sub Poperty and Real Estate are eligible to be sampled research period 2012-2015

3.5.3. Place and Time of Research

3.5.3.1. Research Place

The location of the research was conducted at the Representative Office of Indonesia Stock Exchange Jl. PH. H. Mustofa No. 33, Bandung with obtaining secondary data.

3.5.3.2. Research Time

The time of the research began in February 2017 to complete. In this study, researchers create a research plan that begins with the preparation stage to the final stage of reporting research results.

3.6. Data Testing Method

3.6.1. Analysis Method

In this study, data analysis techniques using quantitative methods or statistical analysis. The steps of statistical analysis used in this study are as follows:

1. Multiple Regression Analysis (Multiple Regression)

In this study, multiple linear analysis is used to prove the extent to which relations influence sales and production costs to net income. This analysis is used by involving two or more independent variables, between the dependent variable (Y) and the independent variables (X1 and X2).

2. Classic Assumption Test

To obtain more accurate results in multiple linear regression it is necessary to test the classical assumption. In this study, the classical assumption test consisted of normality test, multicolonierity test, heteroscedasticity test and auto correlation test.

3. Correlation Coefficient Analysis

Correlation analysis is used to measure the presence or absence of linear relationship between independent variables (X) and related variables (Y). The correlation analysis used also shows the direction between the dependent variable and the independent variable in addition to measuring the strength of the relation.

4. Coefficient of Determination

The coefficient of determination (KD) analysis is used to see how much independent variables (X1 and X2) have an impact on the dependent variable (Y) expressed in percentage. The magnitude of the coefficient of determination is calculated by using the following formula:

$$Kd = r \times 100\%$$

Information:

Kd: Coefficient of Determination

r: Correlation Coefficient

3.6.2. Hypothesis Testing

Hypothesis Testing by Partial (t test)

According to Singgih Santoso (2012: 168), t test is sourced from one-sample test output, t test is used to test the influence of independent variables partially to the dependent variable. Decision-making hypothesis test is also partially based on the value of probability obtained from the data processing through SPSS Parametric Statistics program. The purpose of partial test is to know how far the influence of the independent variable (X) to the dependent variable (Y) partially.
H0: β1 = 0: The Executive Character has no effect on Tax Avoidance.
Ha: β1 ≠ 0: The Executive Character Affects Tax Avoidance.
H0: β2 = 0: Leverage has no effect on Tax Avoidance.
Hi: β2 ≠ 0: Leverage affects Tax Avoidance

IV. RESEARCH RESULT AND DISCUSSION

4.1. Research result

4.1.1. Descriptive Analysis

4.1.1.1. Executive Character

The executive character of property and real estate firms in 2012-2014 demonstrates the growth of an increasingly executive character. According to Lestari and Sugiharto (2012: 196) ROA figures can be said good if> 2% (0.02). In 2012 the average value of executive characters is 8.2%, in 2013 by 8.8%, by 2014 by 9.8%, and by 2015 by 7.6% means property and real estate firms are in good condition as they exceed the standard> 2%. According to (Low, 2009, MacCrimmon and Wehrung 1990) Executive Character that is risk taker will be more daring in taking risks in business because of the understanding that the higher the risk taken will semaking high profit earned. It can be concluded that executive characters in property and real estate companies tend to have risk taker properties.

41.1.2. Leverage (DER)

Leverage on property and real estate firms listed on Indonesia Stock Exchange in 2012-2015 shows the growth of leverage. According to Cashmere (2008: 164) the standard value of the average leverage that must be below 90%. In 2012 the average value of leverage of 82%, the year 2013 by 87%, 2014 and 2015 by 84%, means that the use of corporate debt in normal conditions because the use of debt is still below 90%. This means that the average assets held by the company for the period 2012-2015 is greater than the amount of debt the company or most of the company's assets are not financed by debt.

4.1.1.3. Tax evasion

Tax evasion on property and real estate firms listed on the Indonesia Stock Exchange in 2012-2015 tends to avoid tax evasion. According to Waluyo (2011: 12) if an ETR of less than 25% means the company identifies tax evasion, and more than 25% indicates the company does not avoid tax evasion. In 2012 the average of tax avoidance by 17%, 2014 by 19%, and by 2015 by 3% means the company is identified tax avoidance because the average tax evasion is less than 25% while the average of tax avoidance in 2013 is 28% meaning that the company is not identified as tax evasion.

4.1.2. Results of Verifikatif Analysis

4.1.2.1 Classical Assumption Test

Classic assumption test is intended to obtain more accurate results in multiple regression analysis then tested the classical assumption so that the results obtained is a regression equation that has properties Best Linear Unbiased Estimator (BLUE).

4.1.2.1. Normality test

It is known that the data distribution is normal if Asymp.Sig value is above 0.05. There is also a result of the normality test seen in graphical form, that is as follows:

4.1.2.2. Multicolinearity Test

Multicollinearity test is a condition where the regression model found a perfect or near perfect correlation between independent variables. In a good regression model there should be no perfect or near perfect correlation between the independent variables (correlation 1 or near 1). To know a free regression model of multicolinearity, that is by looking at the VIF (Variance Inflation Factor) number should be <10 and tolerance> 0.1.

4.1.2.3. Heteroscedasticity Test

In multiple regression equations need to be tested about the same or not variant of the residual from one observation with another observation. The analysis of heteroscedasticity assay result of SPSS output through scatterplot graph between Z prediction (ZPRED) which is independent variable (X = Y axis predicted result) and its residual value (SRESID) is dependent variable (Y = Y axis Y real prediction). Homoscedasticity occurs when the scatterplot of data processing points between ZPRED and SRESID spreads below or above the origin point (number 0) on the Y axis and does not have a regular pattern. Heteroskedastisitas occur when the scatterplot dots have a regular pattern either narrowed, widened, or waves (Danang Sunyoto, 2013: 90).

4.1.2.4. Automation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period t-1 (previous). If there is a correlation, then there is called an autocorrelation problem. In the autocorrelation test used Durbin-Watson test to determine the presence or absence of autocorrelation in the regression model and following the Durbin-Watson value obtained through the estimation of the regression model.

4.2. Discussion result

4.2.1. Effect of Executive Character on Tax Avoidance

From research that has been done got correlation value between executive character to tax avoidance (ETR) that is equal to 0,615 which belong to category strong enough. A positive relationship means any increase in executive character will increase tax avoidance (ETR). The influence of the executive character against tax evasion (ETR) is 37.9%, meaning that 37.9% tax evasion (ETR) is influenced by the executive character, while the rest of 62.1% is influenced by other factors such as taxpayer compliance, collection, taxpayer awareness, tax administration implementation, and others.

4.2.2. The Effect of Leverage on Tax Avoidance

From the research that has been done got correlation value between leverage (DER) to tax avoidance (ETR) that is equal to 0,599 which belong to medium category. A positive relationship means any increase in leverage (DER) will increase tax avoidance (ETR). The influence of leverage (DER) on tax evasion (ETR) is 35.9%, 35.9% meaning tax avoidance (ETR) is affected by leverage (DER), while the rest of 64.1% is influenced by other factors such as letters forced, tax evasion, tax collection, tax assessment letters, and so on.

V. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

1. The result of hypothesis testing for the influence of Executive Character against tax evasion (ETR) shows that the Executive Character has an effect on Tax Avoidance. If the Executive Character that has the nature of risk taker then tend to make tax avoidance (ETR). Leaders of a risk taker company will tend to be more courageous in decision making even if the decision is high risk.

2. The result of hypothesis testing for Leverage (DER) against Avoidance of Tax (ETR), that Leverage influence to Avoidance of Tax where if amount of leverage (DER) increase then tax evasion (ETR) also will increase. Semaking high values of Leverage, means the higher the amount of funding from third party debt used by the company and the higher the cost of the bungga that arises from the debt. The higher interest cost will give the effect of decreasing the company's tax burden, the higher the Leverage value, the higher Tax Avoidance will be higher, the debts that result in the interest expense can be the deductible of taxable income.

5.2. Suggestion

A. **Practical Tips:**

1. In order to reduce tax avoidance (ETR) through the executive character, the Directorate General of Taxes should further develop the tax system, especially on tax laws and a clean tax audit system in order for the state revenue from taxes to be optimized. In addition, making corporate governance an independent oversight of the executive's character as well as the company should be careful in making decisions so that the risks posed do not trigger bankruptcy or losses thereby reducing tax evasion (ETR).
2. In order to reduce tax evasion (ETR) through leverage (DER) should increase the supervision or monitoring of companies reporting their tax obligations. Especially companies that report losses in two consecutive years, as it is feared that companies reporting losses can take advantage of existing loopholes, such as utilizing fiscal loss compensation to reduce corporate tax burden in the coming period. reporting and also in depositing taxes. In addition, the company should improve the company's performance in order to generate revenue, and reduce the company's debt, so that leverage (DER) is low and tax avoidance decreases.

B. Academic Suggestions:

1. For the Development of Accounting Science

It is expected that the results of this study can add knowledge and understanding of the influence of executive character, and leverage to tax avoidance, as well as input and additional reference of accounting science for readers.

2. For Other Researchers

It is expected that further research can examine executive and leverage characters with different measurement standards from this study, and is expected to examine other variables other than executive character and leverage as there are other factors that influence tax evasion such as tax planning, return on assets, debt to assest ratio, etc.

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