JURNAL AKUNTANSI, EKONOMI DAN MANAJEMEN BISNIS

DOES POLITICAL CONNECTION, SALES GROWTH, AND INSTITUTIONAL OWNERSHIP AFFECT ON TAX AVOIDANCE?

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ABSTRACT

This study aims to determine the effect of political relations, sales growth, and institutional ownership on tax avoidance partially and simultaneously. The method used in this study is a quantitative method. The population in this study were 55 manufacturing companies in the consumer goods industry sector listed on the IDX during the 2017-2019 period. The sample of this research is 99 companies with purposive sampling technique. The data analysis technique of this study uses multiple linear regression analysis with the help of SPSS 25 software. The results of this study indicate that partially the political variable connection and sales growth have no significant effect on tax avoidance, but the institutional ownership variable has a significant effect on tax avoidance. Meanwhile, simultaneously, the variables of political connection, sales growth and institutional ownership has a significant effect on tax avoidance.
Keywords:*Political connections; sales growth; institutional ownership; tax avoidance*

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh dari *political connection*, *sales growth*, dan kepemilikan institusional terhadap *tax avoidance* secara parsial dan simultan. Metode yang digunakan dalam penelitian ini ialah metode kuantitatif. Populasi dalam penelitian ini sebanyak 55 perusahaan manufaktur di sektor industri barang konsumsi yang terdaftar di BEI selama periode 2017-2019. Sampel penelitian ini sebanyak 99 perusahaan dengan teknik *purposive sampling*. Teknik analisis data penelitian ini menggunakan analisis regresi linear berganda dengan bantuan software SPSS 25. Hasil penelitian ini menunjukkan bahwa secara parsial variabel *political connection* dan *sales growth* tidak berpengaruh signifikan terhadap *tax avoidance*, namun variabel kepemilikan institusional berpengaruh signifikan terhadap *tax avoidance*. Sedangkan secara simultan variabel *political connection, sales growth* dan kepemilikan institusional berpengaruh signifikan terhadap *tax avoidance*.

Kata Kunci: *Political connection*; *sales growth*; kepemilikan institusional; *tax avoidance*

1. INTRODUCTION

Tax is a very significant component in supporting state revenue, because taxes have a fairly high contribution to a country's revenue. Income from the tax sector is the highest contributor to other revenues in the APBN. In addition, taxes also play a very important role in the life of the state, especially in the implementation of national development. Taxes are also a necessity or obligation of the people to the state, which is a form of people's participation in state development (Rosa Dewinta & Ery Setiawan, 2016). In practice, tax collection in Indonesia is not an easy matter to implement. This is because there are still obstacles faced, namely the realization of tax revenue in Indonesia in the APBN has never reached the target or targe that has been determined, although in each year the tax revenue has increased (Sandy & Lukviarman, 2015).

The obstacles faced are due to the low compliance of taxpayers in making tax payments and the existence of differences in interests or desires between corporate taxpayers (companies) and the government. From the perspective of corporate taxpayers (companies), taxes are dependents or burdens that can reduce their profit income, so the company wants tax payments to be as minimal as possible. Meanwhile, from the government's point of view, taxes are a source of state revenue used to finance or fund state needs, the government wants large and sustainable tax revenues or revenues (Fadhila, 2017). This distinction of

interest or desire will lead to non-compliance with corporate taxpayers, which will result in or have an impact on their efforts to carry out tax avoidance.

Tax avoidance is an activity that is carried out legally, does not conflict with statutory law or taxation, the technique used is by using the weaknesses contained in it, with the aim of reducing the amount of tax borne (Pohan, 2013, p. 23). The problem of tax avoidance is a unique and complex problem, because on the one hand this practice is allowed (not beyond the rules or laws), but on the other hand the practice of tax evasion is not expected by the government because it can reduce state revenues (Rosa Dewinta & Ery Setiawan, 2016).

The case of tax avoidance is a common phenomenon, which is still common among companies. This case is relatively widely carried out by companies in Indonesia by adopting various methods or various modes, namely in 2016 the DGT of the Ministry of Finance revealed thattwo thousand multinational corporations that work (operate) in Indonesia do not pay Corporate Income Tax Articles 25 and 29 by using the excuse of losing money, these companies avoid their taxes by utilizing transfer pricing and profit reduction modes arising from the purchase of unusual raw materials and royalty payments (Aryanti, 2016). This is done with the aim of outsmarting the company's profit or profit, so that tax payments are low (Aryanti, 2016).

In addition, there is a phenomenon of tax avoidance cases carried out on the object of this research, namely PT Bentoel Internasional Investama. This company is the second largest cigarette company after HM Sampoerna in Indonesia. According to a report from the Tax Justice Network Institute, in 2019 the tobacco company owned by British American Tobacco (BAT) evaded tax through PT Bentoel Internasional Investama by taking a lot of debt from an affiliated company in the Netherlands, namely Rothmans Far East BV to refinance bank debt and pay off debt machinery and equipment (Noviari, 2020). The interest payments paid will reduce taxable income in Indonesia, so that less taxes will be paid as a result, the country could suffer a loss of US$14 million per year (Noviari, 2020).

One of the factors that can trigger tax avoidance in a company is political connection. In general, companies have many relationships or connections in various fields to ensure business continuity, especially in terms of increasing profits. Companies often use political connections to gain tax advantages, namely by taking advantage of their relationship (closeness) through the government to get special or special treatment (Pande Putu Biantari; Ni Ketut Lely Aryani, 2019).With this special treatment, companies that have political connections are braver to work hard in reducing their tax obligations, because the risk of being investigated (examined) will be reduced, moreover they will not be inspected by supervisory institutions or tax inspectors (Sri Mulyani; Darminto, 2014).

Then another factor which one thing that can trigger tax avoidance is sales growth. Sales growth is an increase in the quantity (total) of sales in a company each year. Sales growth can show the capability of the industry (company) from time to time, where the higher the sales growth, it can be said that the industry has succeeded in carrying out its strategy, being in the spotlight of various parties (stakeholders). High sales growth can describe that the income and profit earned by an industry will also increase, which will have an impact on the amount of tax to be deposited (Oktamawati, 2017).

Institutional ownership is another factor that can trigger a company to do tax evasion. Considering that tax avoidance actions are quite a lot carried out on companies in Indonesia and are very detrimental to the government because these companies do not deposit taxes based on facts that occur in company activities, so the implementation of good corporate governance here is very necessary. This is aimed at suppressing tax evasion.In a company, institutional ownership plays a very important role in supervising, controlling and controlling managers, because based on the large percentage of ownership and voting rights owned, the institution can urge managers to eliminate or avoid the possibility of managers to behave opportunistically and suppress the occurrence of tax avoidance actions that can be taken (Zia & Kurnia, 2018).

Researchers chose manufacturing companies in 2017-2019 because based on the International Monetary Fund (IMF) report in 2017, Indonesia ranked 11ththe largest of the thirty countries that practice tax evasion, which is estimated at 6.48 billion US dollars in taxes that companies do not pay to the state

(Noviari 2020). This is what states that tax avoidance actions in Indonesia are very high. In that year, a tax avoidance case was also found in the Kalbe Farma company, namely the issuance of the SKPKB for the Kalbe Farma company by the DGT, so that this company was indicated to carry out tax avoidance actions (trying to minimize the tax paid). Rp 527.85 billion on PPh and VAT in the 2016 fiscal year (Noviari, 2020). In 2019, it was also found that tax revenue in the manufacturing industry fell by 16.2%, even though this sector contributed 20.8% of tax revenue (Hidayat, 2019).

Previous studies have shown mixed results with respect to tax avoidance. This can be seen from research conducted by I Made & Putu Ery (2017), Merslythalia & Mienati (2016) which stated that institutional ownership has an effect on tax avoidance. However, these results are in contrast to research conducted by Azizah Zahirah (2017) which suggests that institutional ownership has no effect on tax avoidance. Meanwhile, the results of research conducted by Shinta Meilina & Listya (2017), Juan & Ida (2019) revealed that sales growth has a significant influence on tax evasion, and political connection has no effect. The results of research conducted by Pande and Ni Ketut (2019) are in line with the results of research conducted by Shinta & Listya (2017) which states that political connections have no effect on tax avoidance. However, the results of this research are inversely proportional to research conducted by Ni Kadek & Ni Luh (2017) and Yopi & Amrie (2016) which proves that political connection has a significant influence on tax evasion activities. The various differences in the results of research on tax avoidance make the discussion of tax avoidance interesting to study. Amrie (2016) proves that political connection has a significant influence on tax evasion activities. The various differences in the results of research on tax avoidance make the discussion of tax avoidance interesting to study. Amrie (2016) proves that political connection has a significant influence on tax evasion activities. The various differences in the results of research on tax avoidance make the discussion of tax avoidance interesting to study.

2.   LITERATURE REVIEW
2.1. Agency Theory

The concept that explains the employment contract relationship between the principal (company owner) and agent (manager). Where the principal employs managers to perform tasks in the interests of the principal based on the agreed work contract, including the delegation of authority in decision making (Meckling, 1976). The principal gives the agent the authority to operate or manage the company in order to produce good performance and returns. The existence of a separation between the owner of the company and the manager and the difference in interests between the two parties, this can cause agency problems, namely the possibility of managers taking actions that are not in accordance with the wishes and interests of the principal (Meckling, 1976).

Broadly speaking, agency theory assumes that each party is motivated by its own interests so that it can lead to conflict between the principal and the agent (agency problem). In tax avoidance activities, the tax authority acts as the principal, while the taxpayer (company) acts as an agent. In terms of tax authorities, taxes are one of the potential sources of income that can increase state revenues. Meanwhile, from the company's perspective, taxes are a burden that can affect the survival of the company (Ferdiawan and Firmansyah 2017). Fiscus as the principal wants the maximum tax revenue, while the company as agent wants the tax payment to be minimal (Ferdiawan & Firmansyah, 2017). From the difference in interests, based on agency theory, it will lead to non-compliance by taxpayers (companies) which will have an impact on efforts to take tax avoidance actions.

2.2 Compliance Theory

This theory explains a situation in which a person obeys, obeys or is disciplined in the orders or provisions of the applicable law (Tyler, 1990). Taxpayer compliance means that taxpayers voluntarily fulfill their tax obligations, as well as contribute (participate) to national development. Given that the Indonesian tax system uses a self-assessment system, taxpayer compliance here is a very significant aspect. Compliance theory can encourage a person to obey (comply) the applicable laws and regulations.

Taxes are contributions that must be paid to the state by individuals or entities (entities) that are required by law, without receiving direct compensation, which are intended for national goals and people's welfare (Article 1 paragraph 1 of Law Number 16 of 2009, 2009). Taxes are a potential source of state revenue that

makes a big contribution. Taxes are a financial obligation (financial) for personal and corporate taxpayers or entities imposed by the state to finance people's expenses (Putri and Lestari, 2017).

2.3 Tax Planning

Tax planning is the initial stage or strategy in managing (management) taxes, at this stage the collection and research on regulations in taxation is carried out, the aim is to choose tax saving actions that will be carried out by the entity or industry (Tarsis, 2012). Tax planning usually refers to the mechanism for engineering taxpayers' business transactions, with the aim of minimizing the tax burden, but is still within the corridor of the tax law (Pohan, 2013).

2.4 Tax Avoidance

Hutagaol (2007) states that tax avoidance is an effort to reduce the company's tax liability (amount of tax payable) which is still within the provisions of the tax law. Adhivinna (2017) stated that tax avoidance is a tactic or strategy to reduce the tax burden, which is carried out legally, namely through or using the gray area of the applicable laws and regulations.

2.5 Political Connection

Political connection is a condition in which there is a bond or relationship between certain parties and parties who have needs in the political field that are useful in achieving certain goals, namely benefiting both parties (Sugiyarti, 2017). Companies that have political connections are companies that have close relationships or ties to the government or politicians.

2.6 Sales Growth

Sales growth is defined as an increase in the quantity of sales from year to year caused by the purchase of goods by consumers (Sugiyarti, 2017). High sales growth can describe that the income and profit earned by an industry will also increase, which will have an impact on the amount of tax that will be paid (Oktamawati, 2017).

2.7 Institutional Ownership

Institutional ownership is shareholding by the government, financial institutions, legal entities, foreign institutions, and other institutions that have the authority to monitor or review management performance (Maraya and Yendrawati, 2016). Meckling (1976) mentions that institutional ownership is one of the corporate governance mechanisms that plays an important role in solving agency problems between owners and managers, because institutional ownership is considered capable of maximizing control and control over management performance as entity managers by reviewing and observing every decision taken. This is done to minimize the occurrence of earnings manipulation by management which can have an impact on tax avoidance actions.

2.8. Hypothesis

Connections owned by an entity in the political field, make the entity or industry get preferential treatment, such as access in terms of obtaining capital loans and low tax audits, thus making the entity (industry) more aggressive in tax planning, namely tax avoidance (Sugiyarti, 2017). With political connections, an industry gets protection from the authorities, which will result in reduced transparency of financial statements, so that entities will be more courageous (work hard) in taking tax evasion actions. This is in line with the research conducted by Yopi & Amrie (2017), Ajili &Hichem (2020) which states that the relationship (relation) in the political field has a significant influence on tax evasion.
H1: Political connection has a significant effect on tax avoidance

Sales growth describes the development of the level of sales in an entity or industry in each year. Sales growth will affect the tax avoidance behavior of an entity or industry. This is due to the higher growth in sales of the entity, the income and profit earned by the entity will also increase, so that it will affect tax payments. This is in line with research conducted by Juan (2019) which conveys the same result, that a high increase in sales will allow the entity to obtain such large income or profits, so that the entity tends to avoid taxes in order to minimize the amount of tax borne (Dewinta and Setiawan, 2016).
H2: Sales growth has a significant effect on tax avoidance

*Institutional ownership*within an entity or industry plays an important role in monitoring or monitoring, and disciplining management performance, which will create more effective and optimal controls to suppress tax avoidance actions that will be carried out by the management (Tandean and Winnie,2016). Because if the percentage of ownership owned by the institution is higher, the voice and pressure of the institution will also be higher in monitoring or supervising the management, and will provide a greater impetus to avoid tax evasion (Maraya and Yendrawati 2016). The same thing was conveyed in research conducted by Ngadiman (2014) and Retta Merslythalia and Mienati Somya (2016) which stated that institutional ownership has a significant influence on tax avoidance. The higher the institutional ownership, the higher the amount of tax burden that must be paid by the entity or industry. This is because the less likely tax avoidance actions will be taken by the entity.

H3: Institutional ownership has a significant effect on tax avoidance

Agent (managers) are required by the principal (company owner) to operate the company as well as possible so that the company makes a profit. In agency theory, there is an agreement between the agent and the principal where management is given the authority to make decisions for the good of the company, not for its own sake. In the research of Sugiyarti (2017) and Winnie Tandean (2016) the three independent variables above have a significant simultaneous effect on tax avoidance, this means that the use or utilization of political connections, sales growth, and institutional ownership in the company will trigger tax avoidance actions.

H4: Political connection, sales growth, and institutional ownership have a significant effect simultaneously on tax avoidance

3.   METHODS

This research uses a quantitative research type (associative approach), namely a structured and systematic research method which can test a theory; provide statistical descriptions that can be used for sampling from several populations by analyzing quantitative data (statistics) so that the hypothesis to be used can be tested; and shows a relationship or influence between variables (Sugiyono, 2016). Secondary data sources (financial statements and annual reports) are obtained from the IDX's official website and the official websites of each manufacturing company in the consumer goods sector for the 2017-2019 period. The sample selection in this study used purposive sampling with the following criteria: Manufacturing companies in the consumer goods sector listed on the IDX in a row in 2017-2019, companies that publish financial statements (financial statements) and complete annual reports in a row during the year, Companies that use rupiah in presenting financial data in financial statements and annual reports, companies that have all the data needed for research. This study uses multiple linear regression analysis with the help of SPSS software.

Regarding research variables, political connection is a condition in which there is a bond or relationship between certain parties and parties who have needs in the political field that are useful in achieving certain goals, namely benefiting both parties (Sugiyarti, 2017). The measurement of political connection in this research uses a dummy scale, ie if an industry or company has political connections it will be rated 1, if it does not have it will be rated 0. The criteria used are: a. If any of the board of directors or commissioners is a member or former member of parliament, a minister, a government or military official, or a member of a political party (Sudibyo & Jianfu, 2016); b. if one of the large shareholders, having at least 10% of the voting rights (based on the number of shares owned) is a member of parliament, minister, government or military official or related to politics (Faccio, 2006); c. If there is direct ownership by the government in a company, such as a state-owned company (Adhikari, A., Derashid, C., Zhang, 2006).

Sales growth describes the development of the level of sales in an entity or industry in each year. High sales growth can describe that the income and profit earned by an industry will also increase, which will have an impact on the amount of tax to be deposited (Oktamawati, 2017). Sales growth is measured by subtracting the current period's sales from the previous period's sales, then dividing by the previous period's sales.

Institutional ownership is a shareholding held by various institutions within a company that has the authority and plays an important role in monitoring or reviewing management performance in a company (Tandean & Winnie, 2016). With institutional ownership, more effective and optimal control will be created on tax avoidance activities. If the percentage of share ownership owned by the institution is high, the pressure and encouragement that will be obtained by the company's management will also be higher, so

that tax avoidance activities will be smaller to carry out.(Maraya & Yendrawati, 2016). Institutional ownership is measured by dividing the number of institutional shares by the number of shares outstanding.

Tax avoidance namely efforts to reduce the tax burden or tax savings made by exploiting the weaknesses of tax regulations (Pohan, 2013). The measurement of this variable uses the Effective Tax Rate (ETR) proxy, namely the ratio of tax burden to profit before tax. This proxy is used because it can describe the practice of tax evasion or avoidance (Sugiyarti, 2017). If the percentage level of ETR obtained is higher, until it approaches or reaches 25% (corporate income tax rates), it can be interpreted that the level of tax avoidance carried out by a company is getting lower, and vice versa.(Rosa Dewinta & Ery Setiawan, 2016).

This study uses multiple linear regression analysis techniques. The models in this study are as follows:
$$Y = a + \beta 1 Polcon + \beta 2\ Salgrow + \beta 3 Inst + e$$
In this study, before analyzing the hypothesis, the classical assumption test was carried out consisting of normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. Furthermore, regression analysis was carried out, namely t test (partial), f test (simultaneous), coefficient of determination.

4.   RESULTS AND DISCUSSION
This study uses descriptive statistical analysis toanalyze, describe, and present research data, including the average (mean), min and max values, standard deviation.The results of the descriptive statistical analysis for each variable in this research can be observed in Table 1.

Table 1. Descriptive Statistical Results

Variable	N	Min	Max	mean	Std. Deviation
X1_PoliticalConnection	99	0	1	.30	.462
X2_SalesGrowth	99	-.313	.378	.06986	.109749
X3_Institutional Ownership	99	.391	.946	.76388	.129238
Y_TaxAvoidance	99	.099	.815	.26916	.078197
Valid N (listwise)	99				

Source: SPSS 25 data processing results, 2021

Based on Table 1 the results of descriptive statistics, it can be seen that the political connection variable has a minimum value of 0 and a maximum value of 1 caused by a dummy variable with a mean value and standard deviation value of 0.30 and 0.462. Then for the sales growth variable, the minimum value is -0.313 and the maximum value is 0.378. With the mean and standard deviation values of 0.6986 and0.109749. Furthermore, for the institutional ownership variable, the minimum value is 0.391 and the maximum value is 0.946. The mean and standard deviation values are 0.76388 and 0.129238. Meanwhile, for the variable tax avoidance as the dependent variable, the minimum value is 0.099 and the maximum value is 0.815, with the mean and standard deviation values of 0.26916 and 0.078197.

Before testing the hypothesis, the classical assumption test is carried out first. This classical assumption test consists of normality, multicolonearity, autocorrelation, and heteroscedasticity tests. The normality test aims to test the normality of the residual data distributed in a regression model using the Kolmogorov Smirnov test.Test results on Table 2 of the multiple linear regression equation shows that the Asymp value. Sig (2-tailed) 0.153 Where the value of sig> 0.05 which means the normality test conditions are met. So it can be concluded that the regression model used is normally distributed.

The multicolonearity test aims to test whether there is a significant relationship between the independent variables or not in regression model by looking at the tolerance value and the VIF value. Each test*independent variable*in this testhas a VIF value <10, and a tolerance value > 0.1. This shows that there is no multicollinearity, so it can be said that this research has passed the multicollinearity test.

The autocorrelation test is useful in knowing whether there is a correlation (relationship) between the error in periodt and the error in periodt-1 (previous) with the Durbin Watson (DW) Test. From the results of the

autocorrelation test, the value of DU<DW<4-DU = 1.7355 < 1.804 < 2.2645. From the results obtained, it can be concluded that there is no autocorrelation in the regression model.

The heteroscedasticity test aims to determine whether the variance inequality is found from one observation residual to another observation or not, using a scatterplot. The results of the heteroscedasticity test obtained in this study do not describe a certain pattern with points that spread above and below the number 0, so it can be concluded that the regression model is free from heteroscedasticity.

Table 2. Multiple Linear Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std.Error	Beta	t	Sig.
1 (Constant)	.054	.010		5.411	.000
X1_PoliticalConnection	.004	.003	.126	1.149	.254
X2_SalesGrowth	.019	.020	.106	.992	.324
X3_Institutional Ownership	-.053	.013	-.443	-4.094	.000
Adjusted R Square	0.160				
F	5.839				
asymp. Sig. (2-tailed)	0.153				

Source: SPSS 25 data processing results, 2021

The test results in Table 2 can be seen the value of Adj. The R-square (coefficient of determination) obtained is 0.160.This states that 16% of the tax avoidance variables are influenced by the independent variables political connection, sales growth, and institutional ownership. Meanwhile, the remaining 84% is influenced by other variables that are not explained or explained in this study.

The results of the F test show that the calculated F value obtained is 5.839 with a significance value of 0.001, where the value of sig <0.05,So it can be concluded that the three independent variables political connection, sales growth, and institutional ownership have a significant simultaneous effect on tax avoidance.

Based on the regression results in Table 2, it can be seen that the value of sig. The political connection variable is 0.254 (sig.> 0.05), which means that the political connection variable has no significant effect on tax avoidance.. The results of this research are in line with research conducted by Shinta Meilina and Sugiyarti (2017) which states that political connection has no significant (partial) effect on tax avoidance in the manufacturing industry listed on the IDX as a whole.It meansThe closeness that the company has in the political field will trigger the company to be more careful or vigilant in making policies or decisions, so that they always get appreciation from the authorities (government) as obedient taxpayers. Obedient (obedient) companies often receive various awards from the government, so that they can increase the image (reputation) of the company. Therefore, a company that has a relationship (relationship) will not abuse its authority in carrying out tax evasion and the company will always follow various regulatory policies, because the company will not damage its good name (reputation) in the eyes of the public.(Lestari, Gusti Ayu Widya; Putri, 2017). This illustrates that there is no preferential treatment from the relevant government in terms of taxes such as low tax audits on companies that have relations or closeness in the political field.(Kim & Im, 2017).

Based on the regression results in Table 2, it can be seen that the value of sig. sales growth variable that is equal to0.324(sig.> 0.05) which means variabledoes not have a significant (partial) effect on tax avoidance. The results of this research are in line with research conducted bySwingly and Sukartha (2015)who said that sales growth did not have a significant effect on tax avoidance in the manufacturing industry listed on the Indonesia Stock Exchange in 2011-2013 who found the fact that the size of sales growth will not affect the company's steps in carrying out tax evasion, because companies with large sales growth or Smallholders have commensurate obligations in terms of paying taxes(Swingly & Sukartha, 2015). Companies that have a high sales growth value will be monitored by the tax apparatus, so the company will always follow various regulatory policies. This can make the manager as the manager of the company more careful (alert) in making policies or decisions, the company will also maintain its image or good name in the eyes of the

public and investors, so that the company will deposit the amount of tax payments in accordance with the provisions.

Based on the regression results in Table 2, it can be seen that the value of sig. institutional ownership variable that is equal to 0.000 (sig value <0.05) which means that institutional ownership variable has a significant effect on tax avoidancewith a negative relationship. The results of this research are in line with research conducted by Ngadiman (2014) and Amila Dyan (2016) which states that institutional ownership has a significant (negative) effect on tax avoidance. The higher the percentage of institutional ownership in a company, it will suppress agency conflict and will encourage increased supervision or more optimal control of manager performance, namely by monitoring and reviewing every decision to be taken, thereby reducing tax avoidance actions taken. However, the lower the percentage of institutional ownership in a company, the greater the opportunity for tax avoidance actions taken by the company's management. This is because there is no optimal supervision and control related to decisions taken by management (Maraya & Yendrawati, 2016).

5.   CONCLUSION
Based on the results of the research and discussion that have been described previously, it can be concluded that political connection and sales growth have no significant effect on tax avoidance. This is because companies that have relationships (relationships) will not abuse their authority in carrying out tax evasion and these companies will always follow various regulatory policies, because the company will not damage its good name (reputation) in the eyes of the public, as well as the size of sales growth in a company. the company will not affect the company's steps in carrying out tax evasion, because companies with large and small sales growth have commensurate obligations in terms of paying taxes, while institutional ownership has a significant (negative) effect on tax avoidance. This happens because the size of the percentage of ownership owned by the institution is able to influence the tax avoidance action to be taken. The higher the percentage of institutional ownership in a company, it will suppress agency conflict and will encourage increased supervision or more optimal control of manager performance, namely by monitoring and reviewing every decision to be taken, thereby reducing tax avoidance actions taken and vice versa. The three independent variables political connection, sales growth, and institutional ownership based on the results of the F test have a significant effect simultaneously on tax avoidance.

This research is expected to be able to provide input (contribution) for the government to further improve tax regulations by clarifying and tightening tax provisions related to gray areas in order to minimize the gaps carried out by industry in suppressing tax obligations which result in not achieving the realization of tax revenue targets and for industry it is expected that do not use the practice of tax avoidance in tax suppression, because this practice can reduce state revenues, and can make the entity's good name less good in the eyes of the public, which will have an impact on the long-term sustainability of the company.
This study only has Adj. R-square of 16% the effect of three independent variables on tax avoidance in this research. While the remaining 84% is influenced by other variables that are not described in the study, it is hoped that further researchers will use other independent variables, other proxies such as BTD, CETR, and use other research objects other than the consumer goods manufacturing industry, by increasing the number of samples and period. research so that the results obtained are broad and can have a significant overall effect.

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