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The Influence of Corporate Governance and Covid-19 on Tax Avoidance in Mining Companies Listed on The IDX From 2018 to 2023

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Abstract: This study aims to analyze the effect of corporate governance, share ownership, management compensation, and the Covid-19 pandemic on tax avoidance in mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2023. Corporate governance is measured by the number of independent commissioners and audit committees, while share ownership includes institutional and managerial ownership. This study uses 20 companies as samples with a total of 120 data observations using the purposive sampling method. The research data were analyzed using panel data regression using EViews12 software. The number of independent commissioners and institutional ownership contribute to a decrease in tax avoidance by increasing supervision and compliance. Conversely, the number of audit committees and management compensation are positively related to tax avoidance, indicating weaknesses in the effectiveness of supervision and compensation incentives that encourage tax avoidance. Managerial ownership has a negative but insignificant effect on tax avoidance. The Covid-19 pandemic shows a positive but insignificant effect, with government policies and corporate governance helping to limit its impact. Overall, the low tax ratio in the mining sector could be related to a combination of these factors, including weaknesses in corporate governance, audit committee effectiveness, institutional ownership, and inadequate compensation incentives. This study also found that the low tax ratio in the mining sector is closely related to tax avoidance practices carried out by companies. The implications of this study are the importance of increasing supervision of corporate governance, especially in terms of the effectiveness of independent commissioners and audit committees, as well as transparency in share ownership and management compensation. Government policies and related authorities need to be strengthened to minimize tax avoidance practices, in order to increase state tax revenues from the mining sector.

Keyword: Corporate Governance, Share Ownership, Management Compensation, COVID-19 Pandemic, Tax Avoidance, Tax Ratio, Mining Companies.

INTRODUCTION

According to the Act No. 28 of 2007 on the General Rules and Procedures of Taxation (CUP), taxes are obligatory contributions to the State owed by individuals or bodies of a compulsory nature under the law, without obtaining compensation directly and used for the needs of the State for the greatest prosperity of the people. The tax functions are regulated by the state to support the development and well-being of the people as optimally as possible. State receipts from the tax sector are used to improve public well-being, such as improving the quality of education, building infrastructure, promoting security and regional development.

The Ministry of Finance (Kemenkeu) has that the total receipts of the state in 2023 reached Rs 2.802 trillion. The income received from the tax sector includes tax revenues from two main sources, Domestic Tax and International Trade Tax. Domestic tax includes Income Tax, Value Added Tax, Building Land Tax, Land and Building Procurement Customs, as well as Taxes and other taxes. Meanwhile, International Trade tax consists of Income Tariffs and Taxes Exports. Here's a table of national receipts and taxes received over the last six years :

Table 1
Percentage Of Tax Receipts Against Total State Receivables

Year	Acceptance State (Triliun)		% Tax on State Reception
	Total	Tax Source	
2018	1,894.7	1,315.5	69.43%
2019	1,959.3	1,332.1	67.99%
2020	1,633.6	1,070.0	65.50%
2021	2,011.3	1,277.5	63.52%
2022	2,626.4	1,716.8	65.37%
2023	2,802.0	2,155.4	76.92%

Sumber : www.pajak.co.id

Based on the above tax receipt data, tax receipts are still the primary supporting factor for the state receipt. According to Finance Minister Sri Mulyani, Indonesia gives high priority to taxes because the level of compliance in tax payments is still low. This is proven from the ratio of the amount of taxes collected at one time (tax ratio) in Indonesia is still low, tax ratio is a condition for a country to be able to undertake sustainable development. The simple definition of a tax ratio is the ratio between total tax receipts and gross domestic product (GDP) at the same time. The lower the tax ratios, the lower the compliance with domestic tax obligations. Indonesia's tax ratio for the last six years is still below 11 per cent This is the tax ratio of Indonesia over the last six years:

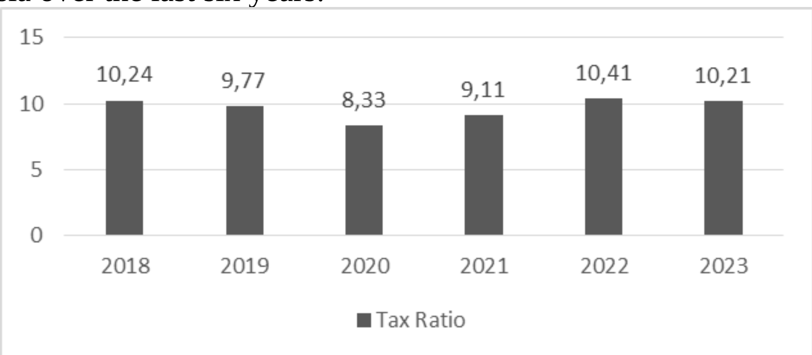

Figure 1.
Tax Ratio Indonesia in 2018 - 2023

Based on the data tax ratio above shows that the tax income of the people in Indonesia is still below the tax standard. So the government still needs to address the aspects that are obstacles in receiving taxes. According to information revealed by the Organisation for Economic Co-operation and Development (OECD) in its Revenue Statistics in Asia and the

Pacific 2021, Indonesia ranks third lowest out of 24 countries in the Asian and Pacific region in terms of tax ratio. According to the OECD, the average ASEAN tax ratio in 2022 was 13.6 per cent. Indonesia and Laos occupied the lowest position with the Indonesia ratio of 10.41 per cent in 2022. It's below the average area.

The low tax ratio of Indonesia indicates the high level of tax avoidance that has occurred in Indonesia Rahayu (2020). According to Skundarian & Hamidi (2021) has not been able to maximize tax receipts due to the fact that there are still many companies doing tax evasion practices. According to the report The State of Tax Justice 2020: Tax Justice in the time of COVID-19, Indonesia ranks fourth in Asia in tax evasion cases by corporate taxpayers and individuals, after China, India, and Japan. Indonesia is estimated to face losses of US$ 4.86 billion per year, or the equivalent of Rs 68.7 trillion as a result of tax evasion. (dengan kurs rupiah senilai Rp 14.149 per dolar Amerika Serikat).

The pandemic of Corona Virus Disease (Covid-19) has had a major impact on Indonesia. On March 2, 2020, President Joko Widodo announced that Covid-19 had entered Indonesia and infected two Depok citizens. I mean, this virus has spread all over the world. The rapid spread of the Covid-19 virus among the world's societies has turned out to have changed the order of life and human relations. People are asked to always wear masks, keep distance and avoid crowds. This directly restricts economic activities in the community, such as the disturbance of the production of goods, the distribution of products, and the marketing of the goods and services worldwide.

According to Zoebar & Miftah (2020), taxes are considered a significant source of revenue for the state, but are often seen as a burden for companies as they can reduce revenue and its impact on corporate profits. There is a conflict of interest between governments trying to get as many tax receipts as possible, while companies tend to want to reduce their tax obligations as much as possible. Because in the accounting context, taxes are seen as a burden that reduces the company's net profit.

This is the main reason why companies are looking for methods, whether legal or illegal, to reduce or avoid the tax burden. This impact prompted some companies to feel dissatisfied with government-run tax collection. The unhappiness of paying these taxes is influenced by the tax nature that does not give counter performance directly to the taxpayer. Tax avoidance is the exploitation of gaps in the tax provisions of a country so it is considered legitimate and does not violate the applicable tax laws Sari & Kinasih (2021).

This study focuses on companies in the mining sector. The selection of this sector is based on information obtained from the Ministry of Finance, in 2021 the tax ratio from the mining sector was recorded at only 5.1%, while the national tax ratio was 9.1%. While in 2022 the mining sector tax ratio was 7.1% where the national tax ratio was 10.41%. In addition to illegal practices in the form of diverting profits to other countries outside Indonesia that have lower tax rates to illegal exports of mining commodities. In addition, in the publication of PricewaterhouseCoopers (PwC) Indonesia entitled Mine 2021: Great Expectation, Seizing Tomorrow, it states that tax transparency reporting in 2020 in mining companies was only adopted by 30% of the 40 largest companies.

METHOD

Quantitative research is a research method that aims to describe and empirically test how independent variables can affect dependent variables. This method relies on numerical and statistical data to understand the relationship between variables and draw generalizable conclusions.

RESULTS AND DISCUSSION

The Influence of Independent Commissioners on Tax Avoidance

This study measures the variable of the percentage of independent commissioners (INDEP) by calculating the percentage of the number of independent commissioners from the entire board of commissioners in the company each year. The average value (mean) of the percentage of the board of commissioners of the sample companies is 0.436757 or 43.67%. These results indicate that the number of members of the board of commissioners of the sample companies is an average of 43.67% of the total number of boards of commissioners in the sample companies with a minimum percentage in the sample of 25% and a maximum of 100%. This shows that on average the sample companies have met the minimum requirement for the percentage of independent commissioners of 30% set by the Indonesia Stock Exchange (IDX) based on IDX Regulation Number Kep-305/BEJ/07-2004.

Based on the results of the regression analysis, it was obtained that the regression coefficient for the proportion of independent board of commissioners is positive 0.0275100. This shows that every one unit increase in the proportion of independent commissioners increases ETR by 0.0275100 units. Since a high Effective Tax Rate (ETR) indicates a low level of tax avoidance, this result indicates that an increase in the proportion of independent commissioners is actually associated with a decrease in tax avoidance.

The statistical test shows that the calculated t value of 2.237228 is greater than the critical value of the t table of 1.98118 at a significance level of 5%, with a probability (p-value) of 0.0277. Therefore, the null hypothesis (H_0) is rejected and the alternative hypothesis (H1) is accepted, which means that the proportion of independent commissioners has a negative and significant effect on tax avoidance. This finding is in accordance with the initial assumption that a higher proportion of independent commissioners will reduce tax avoidance. This finding indicates that the more independent commissioners on the board, the less likely the company is to engage in tax avoidance practices.

Independent commissioners are generally tasked with supervising and ensuring that company policies are implemented properly and in accordance with applicable regulations. This negative impact can be interpreted that the presence of more independent commissioners increases the effectiveness of supervision of company policies, including policies related to tax avoidance.

In mining companies, independent commissioners play an important role in supervising compliance with regulations, including tax regulations. Independent commissioners are tasked with ensuring that company policies are in line with good governance practices and compliance with the law. Independent commissioners are expected to have higher objectivity and openness compared to commissioners who are directly related to the company, which allows them to detect and challenge decisions that can increase legal and reputational risks, such as tax avoidance.

The more independent commissioners on the board of commissioners of a mining company, the stronger the supervision of management, which can limit the room for management to engage in tax avoidance. Independent commissioners can encourage companies to be more compliant with applicable tax regulations, especially in highly regulated industries such as mining. This includes ensuring that companies fulfill their tax obligations without trying to find legal loopholes to reduce their tax burden. With the presence of more independent commissioners, companies tend to be more transparent in their financial reporting, which can reduce the incentive or ability to engage in tax avoidance practices.

The results of the analysis showing a negative and significant effect of the number of independent commissioners on tax avoidance can be interpreted that increasing the number of independent commissioners in mining companies can strengthen corporate governance and reduce tax avoidance practices. Mining companies that want to reduce tax risks may have to consider increasing the number of independent commissioners, in addition to ensuring they have adequate expertise and independence. These results support the results of research conducted by Lanis & Richardson (2018), Aburajab et all (2019) and Skundarian & Hamidi (2021) which found that the existence of independent commissioners as an indicator of good corporate governance successfully minimizes tax aggressiveness. However, these results are not in line with the results of research conducted by Yuniawati (2022) which shows that independent commissioners who are part of the board of commissioners have not carried out their supervisory function over management properly. Chen et al. (2021), Henderson et al. (2022).

The Influence of the Audit Committee on Tax Avoidance

The Audit Committee is a body/committee formed by the Board of Commissioners to assist the Board of Commissioners in ensuring that financial statements are prepared accurately in accordance with applicable accounting principles, overseeing the effectiveness of the company's internal control structure, verifying that internal and external audits are carried out in accordance with applicable audit standards, and monitoring the implementation of audit results by management. In this study, the audit committee variable (COMMITTEE) has a minimum value of 2, a maximum of 6, and an average of 3.21. This shows that on average the sample companies have complied with the Financial Services Authority (OJK) Regulation which stipulates that at least the audit committee must consist of 3 (three) members.

The regression coefficient of the audit committee variable is -0.0863040, meaning that an increase in the number of audit committees by 1 unit will cause a decrease in ETR by -0.0863040 units. The coefficient is negative, meaning that the direction of the relationship between the number of audit committees and tax avoidance is not in the same direction, where if the audit committee increases, the ETR decreases and vice versa.

Based on the results of the t-test, it was found that the calculated t (-5.563771) was smaller than the t table (1.98118), and the p-value (0.0000) was smaller than 0.05. Therefore, the alternative hypothesis (H2) is accepted, which indicates that the number of audit committees has a significant effect on tax avoidance.

However, the direction of this negative influence indicates that an increase in the number of audit committees is actually related to a decrease in ETR. Since a lower ETR means a higher level of tax avoidance, this result contradicts the initial assumption that an increase in the number of audit committees will reduce tax avoidance practices. In other words, although there is a significant relationship, an increase in the number of audit committees is actually related to an increase in tax avoidance practices.

Although theoretically, the audit committee functions as an internal monitoring mechanism that ensures compliance with company policies, regulations, and good accounting practices. The audit committee in mining companies in Indonesia is tasked with overseeing the company's financial practices, ensuring the integrity of financial statements, and monitoring compliance with regulations. They are also responsible for assessing financial risks, including tax avoidance, and ensuring that the company operates transparently and in accordance with good governance principles.

However, the results of the study indicate several weaknesses in corporate governance. There are several factors that can explain this finding. First, although the number of audit committees has increased, their oversight effectiveness may not be optimal. Audit committee members may not have specific expertise in taxation. Second, audit committees may face pressure from management to meet profit targets and satisfy shareholders. Third, large audit committees may experience coordination and communication problems that can reduce their oversight effectiveness. Fourth, audit committees may also be affected by a corporate culture that is permissive of tax avoidance, especially if this practice is considered a legitimate and common way to increase corporate profitability.

Mining companies are often under the spotlight regarding corporate governance practices and regulatory compliance, including in terms of financial management and taxation. The mining industry has high risks and complexities, both in terms of operations and regulations. This makes the oversight function of the audit committee very crucial.

Overall, although audit committees in mining companies in Indonesia have improved in terms of compliance and function, challenges related to independence, competence, and implementation of good corporate governance still remain. A well-functioning audit committee is essential to ensure that mining companies not only meet financial and operational standards, but also meet stakeholder expectations in terms of transparency, ethics, and social responsibility.

This study is in line with the results of research conducted by Chen et al. (2022) who found that audit committees that are less independent and less competent may tend to support tax avoidance practices. They show that in an environment where the pressure to achieve profit targets is high, audit committees may be more permissive of tax avoidance strategies. Liao & Lin (2020), Kim & Zhang found that audit committees with members who have low experience and expertise in taxation tend to be less effective in reducing tax avoidance practices. Huang et al. (2022) in their study emphasized that a larger number of audit committee members does not always mean better supervision. Gallemore & Labro (2023) highlighted the importance of corporate culture in influencing the effectiveness of the audit committee. This study is not in line with Murtina et all (2020) and Dini & Mardiati (2019) who found that the greater the proportion of the audit committee, the greater the impact on tax avoidance practices in the company.

The Effect of Institutional Ownership on Tax Avoidance

Institutional share ownership is the proportion of share ownership owned by government institutions, private institutions, domestic and foreign. The share ownership variable (INO) in this study has an average value of 0.674637 or 67.46% of all shares in circulation. The maximum is 99.16% and the minimum is 4.06%.

The results of the t-test show that the calculated t (2.693775) is greater than the t table (1.98118) in absolute value, and the p-value (0.0084) is less than 0.05. Therefore, the alternative hypothesis (H3) is accepted, which indicates that institutional ownership has a negative and significant effect on tax avoidance.

The regression coefficient for institutional ownership is 0.0346920. A positive coefficient means that an increase in institutional ownership is related to an increase in ETR, which means that tax avoidance decreases. The increasing institutional ownership will increase ETR which indicates a decrease in tax avoidance.

There are several factors that can explain why institutional ownership shows a significant influence on tax avoidance. Institutions that own shares in a company often have great power and resources to influence management decisions. Institutions, such as pension funds, insurance companies, and other financial institutions, often pay close attention to their institutional reputation. They tend to encourage management to comply with strict accounting and reporting standards, which makes companies more transparent in tax matters and reduces the opportunity for tax avoidance. Furthermore, large institutions are often under public and regulatory scrutiny. Institutions often invest for the long term, so they tend to focus more on the stability and sustainability of the company than on short-term profits.

This analysis shows that institutional ownership can be an effective corporate governance mechanism in reducing tax avoidance. Institutional ownership encourages companies to comply with tax regulations and act ethically, which ultimately reduces the risks associated with aggressive tax strategies.

The results of this study support the results of research conducted by Ying et al (2017) which investigated the impact of institutional ownership on tax avoidance practices. They found that companies with high levels of institutional ownership tend to use fewer tax avoidance techniques. These institutional shareholders focus on gaining further benefits by avoiding potential costs from tax authorities Alkurdi & Mardini (2020). This finding is consistent with research conducted by Anissa Dakhli (2022), which shows that the higher the percentage of institutional ownership, the lower the likelihood of adopting tax avoidance practices. This confirms the important role of governance mechanisms in reducing the level of tax aggressiveness Boussaidi & Sidhom (2020). However, different results were found in research conducted by Utami (2023) and Zainuddin & Anfas (2021) where institutional ownership did not have a significant effect on tax avoidance. Institutional ownership as a corporate control body may not be in a good position to be able to direct management's opportunistic actions in implementing tax avoidance practices.

The Effect of Managerial Ownership on Tax Avoidance

Managerial share ownership refers to the number of common shares owned by management in a company. The average value of the variable of share ownership by the board of commissioners and directors (MANO) is 3.98%, the minimum is 0.0000004% and the maximum is 67.54%. The average value of managerial share ownership describes the ownership of shares by the board of commissioners and directors in low sample companies. Not all members of the board of commissioners and directors own shares in the company.

The regression coefficient of managerial ownership is 0.0000301, meaning that an increase in managerial ownership of 1 unit will cause an increase in ETR of 0.0000301 units. The coefficient is positive, meaning that the direction of the relationship between managerial ownership and ETR is not in the same direction, where if managerial ownership increases, ETR will increase, which means that tax avoidance decreases and vice versa.

The t-test results show that the calculated t (0.044874) is greater than the t table (1.98118) in absolute value, and the p-value (0.9643) is greater than 0.05. Therefore, the null hypothesis (H_0) is accepted and the alternative hypothesis (H4) is rejected, which means that managerial ownership has a negative and insignificant effect on tax avoidance.

The regression coefficient for managerial ownership is 0.0000301. This positive coefficient indicates that increasing managerial ownership is actually related to increasing ETR. Since increasing ETR means a lower level of tax avoidance, this result is in accordance with the initial assumption that increasing managerial ownership will reduce tax avoidance practices. In other words, although there is a positive relationship to ETR, there is a negative relationship to tax avoidance, but the relationship is not significant.

Agency theory discusses the conflict between shareholders (principals) and management (agents) that arises due to differences in interests and asymmetric information. In the context of managerial ownership, managers who own shares in the company tend to have stronger incentives to act in accordance with the interests of shareholders, because they also have the same financial interests.

However, when the results of the study show that managerial ownership has a negative and insignificant effect on tax avoidance, this can be interpreted that even though managerial ownership exists, the incentive to reduce tax avoidance is not strong enough. In the mining industry, which is known for its high risk and complex operational challenges, managerial share ownership can also have a more ambiguous impact. On the one hand, managers who own shares may be more committed to maintaining company performance and implementing good governance practices. On the other hand, if managerial share ownership is large enough, managers can have greater power in strategic decision-making, which may lead to more aggressive or risky actions, such as tax avoidance or high-risk investments to increase stock value in the short term. Other factors, such as market pressure, shareholder expectations, or even internal company policies, may be more dominant in influencing decisions related to tax avoidance.

In the context of mining companies in Indonesia, this industry is tightly regulated and often under close scrutiny from the government and the public. This may limit the ability of managers to engage in tax avoidance activities. In addition, mining companies may focus more on other aspects such as sustainability and social responsibility, which makes tax avoidance a lower priority.

The results of this study support previous studies by Alkurdi & Mardini (2020) and Boussaidi & Sidhom (2020) which show that a manager who owns a large number of shares in a company tends to engage in complicated tax avoidance techniques less often. This relationship can be explained that the greater the management's share ownership, the greater the risk avoidance, so that the company's tax avoidance decreases.

However, Chen et al. (2019) and Marzuki & Syukur (2021) found different results. Where these studies show that management share ownership continues to play a significant role in encouraging tax avoidance practices, with consistent findings that managers with larger share ownership have an incentive to reduce the company's tax burden in order to improve the company's short-term financial performance and market value. Higher board ownership leads to higher tax aggressiveness.

The Effect of Managerial Compensation on Tax Avoidance

In this study, management compensation is the amount of compensation received, both honorarium, bonuses, allowances and other facilities for one year which is calculated using the natural logarithm of the amount of compensation. The average value of management compensation (CEO_COMP) is 23.90; the minimum value is 21.14 and the maximum is 27.94. From this description, it shows that the amount of compensation between companies varies greatly depending on the number of commissioners and directors in the company.

The regression coefficient of management compensation is -0.0023030, meaning that an increase in management compensation of 1 unit will cause a decrease in ETR of -0.0023030 units. The coefficient is negative, meaning that the direction of the relationship between management compensation and tax avoidance is not in the same direction, where if management compensation increases, tax avoidance decreases and vice versa.

The t-test results show that the calculated t value of -2.16885 is smaller than the critical value of the t table of 1.98118 at a significance level of 5%, with a probability (p-value) of 0.0145. Therefore, the null hypothesis (H_0) is rejected and the alternative hypothesis (H5) is accepted in terms of significance, which means that management compensation has a significant effect on tax avoidance.

However, the direction of the influence found is negative, which means that an increase in management compensation is related to an increase in tax avoidance (decrease in ETR). This contradicts the initial assumption that an increase in management compensation will reduce tax avoidance.

Compensation given to the board of commissioners and directors can reduce the agency conflict problem that occurs between management and shareholders. This is in accordance with agency theory. However, this compensation structure can also trigger incentives for management to engage in tax avoidance. When management compensation, especially bonuses and incentives, is closely related to short-term financial performance such as net income, there is a strong incentive for management to increase profits. One way that can be used is through tax avoidance, so that management takes aggressive steps in tax avoidance. This is because reducing the tax burden will directly increase net income, which in turn increases the bonuses and incentives received by management.

In addition, if management feels pressure from shareholders to continue to increase profitability, they may be more likely to use tax avoidance strategies to meet these expectations.

Weak corporate governance can amplify the negative impact of high management compensation on tax avoidance. If there is no strong oversight mechanism, management can easily take actions that are not in accordance with the long-term interests of the company or shareholders, including tax avoidance.

In this context, improving corporate governance through tighter supervision and better transparency can help mitigate this risk. Mining companies in Indonesia, in particular, need to strengthen governance mechanisms to ensure that the company's long-term interests and regulatory compliance are prioritized, and there are no incentives that encourage unethical behavior.

The results of this study are not in line with the research conducted by Jbir et al. (2021) and Arora & Gill (2022) revealed that managers tend to reduce opportunistic behavior when they are given high compensation incentives, so that their interests are in line with the interests of shareholders. However, in line with research conducted by Yuniawati (2022) with the results of compensation provision can motivate manager performance to minimize the company's effective tax rate. So that it has a positive influence between management compensation and tax avoidance.

The Impact of the Covid-19 Pandemic on Tax Avoidance

The Covid-19 regression coefficient is -0.0191630, meaning that an increase in Covid-19 by 1 unit will cause a decrease in ETR by -0.009398 units. The coefficient is negative, meaning that the direction of the relationship between Covid-19 and ETR is not in the same direction, where if Covid-19 increases, ETR decreases and vice versa.

The results of the t-test show that the calculated t value of -1.599671 is smaller than the critical t-table value of 1.98118 at a significance level of 5%, with a probability (p-value) of 0.1131. Therefore, the null hypothesis (H_0) cannot be rejected and the alternative hypothesis (H5) is not accepted in terms of significance, meaning that the Covid-19 pandemic has no significant effect on tax avoidance. Although the negative coefficient (-0.009398) indicates that the increase in the impact of the Covid-19 pandemic is related to an increase in tax avoidance (decrease in ETR), this relationship is not significant.

These results suggest that in the context of a pandemic, companies may be more likely to engage in tax avoidance practices in response to the financial and operational pressures they face. An economic crisis can encourage companies to be more active in reducing their tax burden. In a crisis situation, such as a pandemic, companies' priorities may be more focused on business continuity and meeting short-term liquidity needs than compliance with tax regulations. This can encourage more aggressive behavior in tax management.

However, because the effect is not significant, this could indicate that despite the urge to avoid taxes, many companies are not aggressively or successfully doing so. This could be due to the limitations of tax avoidance strategies. Not all companies have the resources or capacity to engage in aggressive tax avoidance, especially in a sudden crisis. Then there is stricter regulatory supervision. During a pandemic, regulators and governments may be more vigilant about tax avoidance practices, which can limit companies' ability to avoid taxes.
Tax incentives provided by the government to help companies during the pandemic may also reduce the need or desire for companies to avoid taxes. With incentives and regulations during the pandemic, management can focus on increasing the company's productivity and competitiveness and continue to carry out its obligations to pay taxes properly without having to take tax avoidance actions.

Mining companies often face complex governance challenges, including environmental, social, and governance (ESG) issues. The increased focus on these issues during the pandemic may divert attention from tax avoidance strategies, or at least make tax avoidance efforts more careful and controlled.

Thus, although the effect of the Covid-19 pandemic on tax avoidance is not statistically significant, the negative direction of the effect on ETR found indicates that companies may be more likely to engage in tax avoidance practices in response to financial and operational pressures during the pandemic.

This study is in line with the results of research conducted by Suhaidar et al (2020) which found that tax avoidance increased during the Covid-19 pandemic and Fakhfakh & Bougacha (2023) which showed that the Covid-19 pandemic had a positive but insignificant effect on tax avoidance, measured by the effective tax rate (ETR). The COVID-19 pandemic caused many companies to experience a decline in revenue due to market closures and quarantines. As a result, companies with lower profits tend to be less motivated to engage in tax avoidance, despite financial pressures. This decline in profits makes the benefits of tax avoidance less significant, so that overall it does not show a significant effect on ETR. However, other results in the study by Azzahra & Kiryanto (2022) stated that during the Covid-19 pandemic, agents continued to work to maintain business performance in order to ensure that they would continue to generate large profits and refrain from tax avoidance. Because during the pandemic, many companies experienced financial difficulties and even went bankrupt. At this time, the company management will make every effort to protect the company from bankruptcy Zhu et al (2023).

CONCLUSION

Based on previous discussions, the conclusion of this study is:

1. The more independent commissioners a company has, the less likely it is to be involved in tax evasion practices. These results show that independent commissioners play an important role in overseeing corporate governance, especially in ensuring compliance with tax regulations. In the context of mining companies in Indonesia, faced with complex operational and regulatory risks, the presence of more independent commissioners can strengthen supervision and reduce the tendency to do tax avoidance. Thus, mining firms that want to improve corporate governance and reduce tax-related risks should consider increasing the number and role of independent Commissioners in their board structure.
2. The number of audit committees has a positive and significant impact on tax avoidance. This contradicts the primary functions of the audit committees and indicates a weakness in their oversight effectiveness. Factors such as a lack of specialized expertise in taxation, pressure from management, as well as problems of corporate coordination and culture allowing tax avoidance, could be the reason why the audit committee failed to reduce tax evasion practices. In the context of mining companies in Indonesia, where regulatory and operational risks are very high, the role of the audit committee is becoming increasingly crucial. However, if the audit committee fails to perform its functions properly, it may indicate problems in corporate governance in the sector, which need to be addressed through enhanced competence and independence of the audit Committee.
3. Institutional ownership has a negative and significant influence on tax avoidance, which means the larger the institutional holding in a company, the lower the rate of tax evasion. This is due to the strict supervision carried out by the institutions over corporate management, the institution's desire to preserve their reputation, and pressure from regulators as well as the public. In the Indonesian mining sector, significant institutional ownership can strengthen transparency, accountability, and compliance with regulations, including tax regulation, thereby reducing the tendency of companies to do tax avoidance.
4. Managerial ownership in a company has a negative but insignificant influence on tax avoidance. Although equity ownership by management tends to be in line with

shareholder interests, these results suggest that low management ownership does not provide a strong incentive to reduce tax avoidance. In the context of the Indonesian mining industry, strict regulation and government supervision as well as a focus on business sustainability may be more dominant, so the influence of managerial ownership on tax avoidance becomes less significant.

5. Management compensation has a positive and significant impact on tax avoidance. These findings indicate that management compensation, especially those associated with short-term financial performance, can trigger incentives for tax avoidance, as increased compensation can encourage management to reduce the tax burden as a strategy to increase profits and bonuses. In the Indonesian mining sector, where regulatory and tax challenges are more complex, high compensation can provide additional impetus for tax evasion. It is therefore important for companies, especially in the mining sector, to strengthen corporate governance with stricter supervision and better transparency in order to reduce the risk of tax evasion caused by improper compensation incentives.
6. The Covid-19 pandemic has a positive and insignificant impact on tax avoidance. Although there is an urge for companies to avoid taxes during pandemics in response to financial and operational pressures, factors such as government tax incentives, strict regulatory oversight, and good corporate governance, especially in the mining sector, may have limited this influence. With supportive government policies, companies can focus more on recovery and compliance without having to engage in aggressive tax avoidance practices.

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