ORGANIZATIONAL BEHAVIOR
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CONTEMPORARY EXPLORATION OF SOCIAL SCIENCES IN THE POST PANDEMIC ERA - 1

Editors

Assoc. Prof. Dr. Muhammad Ali Tarar

Assoc Prof. Dr. Sevda Aghamirza Aliyeva (Ahadova)

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CHAPTER 15

The Effect of Tax Avoidance and Capital Structure on Firm Value (Empirical Study of Financial Companies Listed on The IDX For the 2017 – 2021 Period)

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ABSTRACT

The purpose of this study is to estimate and partially examine the effect of tax avoidance and capital structure on firm value. The type of research used is quantitative research. The population of this study is financial companies listed on the Indonesia Stock Exchange during 2017 – 2020, a total of 43 samples with 215 observations obtained through purposive sampling technique. The data analysis method used is panel data regression analysis with the help of Eviews version 12. The results of this study indicate that tax avoidance has a positive but not significant effect on firm value. Capital structure has a negative and significant effect on firm value. The limitations of this study are that there is the possibility of human error during data tabulation and there is also the possibility of using inappropriate formulas.

Keywords: Tax Avoidance, Capital Structure, Firm Values.

INTRODUCTION

The state's largest source of funding is taxes. Based on the current State Revenue and Expenditure Budget, tax revenues have not met the target. This is because there are differences in the interests of the government and taxpayers. Therefore the government continues to strive to optimize tax revenue, compared to companies as corporate taxpayers who seek to minimize corporate tax payments.

This effort is made by the company because tax is a burden that can reduce profits, while the goal of the company is to get maximum profit. The high profit of the company can reflect the prosperity of the shareholders as well as a benchmark for how management's performance increases the value of the company. The value of the company is very important because it can affect the views of investors to invest their capital.

Various attempts were made to increase the value of the company, such as by implementing tax avoidance schemes and also adjusting the proportion of the capital structure. To maximize profit, it is not uncommon for companies to choose to optimize debt as a source of funding. Because, interest expense from debt can be a deduction from taxable income.

Firm value can be defined as investors' understanding of the success of an industry related to the capitalization value of stock prices and profits used to show how much economic size can show the value of shares in the capital market. Tax avoidance is an effort made to legally save and minimize taxes through tax management. The comparison between total debt and total equity is a way of finding a company's capital structure, which can be defined as the method used by a company to pay off debt in order to increase the value of the company so that investors can indicate the level of risk, taking, and company income.

With the existence of tax planning activities, a small tax burden can increase profits after tax so that the value of the company increases. Companies that implement tax avoidance reduce the information contained in their financial reports which is the main trigger for the decline in company value. The greater the tax that must be paid, the less profit to be obtained. Financial companies are companies that are expected to have good opportunities in the future, because the daily activities of Indonesian people are inseparable from finance. Financial companies have a fairly large role in state revenues. Previous empirical studies have examined the effect of tax avoidance and capital structure on firm value. However, research on the effect of tax avoidance and capital structure on firm value has not been widely tested, especially in Indonesia. So, researchers are interested in examining the effect of tax avoidance and capital structure on firm value.

Based on the description above, the authors conducted a study entitled "THE EFFECT OF TAX AVOIDANCE AND CAPITAL STRUCTURE ON COMPANY VALUE (EMPIRICAL STUDY OF FINANCIAL COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2017 - 2021 PERIOD)".

Formulation of the problem

Based on the background of the problems described above, the formulation of the problem that can be used as the basis for the study in the research to be carried out is as follows.

1. Does tax avoidance partially affect firm value?
2. Does the capital structure partially affect the firm value?

Research purposes

Based on the formulation of the problem above, the objectives to be achieved through this research process are as follows.

1. To estimate and test the effect of tax avoidance on firm value.
2. To estimate and test the effect of capital structure on firm value.

1. LITERATURE REVIEW

1.1.Agency Theory

Agency theory is a theory put forward byJensen and Meckling (1976)explains that agency theory describes a contractual bond between the party giving the trust (shareholders) as the principal and the party given the trust (management) as the agent.Devi and Arinta (2021)explains that the purpose of agency theory is to improve the ability of individuals (shareholders and management) when improving the environment to make decisions.

1.2.Trade Off Theory

The theory introduced byModigliani and Miller (1963)explained that a company if it does not use debt as a capital structure is a bad company.Sadewo et al. (2017),Sartono and Ratnawati (2020),Fauziah and Sudiyatno (2020), AndMegawati et al. (2021)explained that the use of debt is at an ideal point if the costs of using debt are commensurate with the benefits of using debt obtained when in debt.

1.3.Signaling Theory

The theory introduced by(Spence 1973)later developed byRoss (1977)said that when company management provides certain information about the company that must be conveyed to other parties outside the company, they will send certain signals which can be in the form of company performance, profit or loss reports, expenses or costs incurred by the company, and also the company's financial condition.

1.4.*Tax Avoidance*

Tax Avoidance is the manipulation of tax matters that are still within the framework of tax provisions(Princess and Hudiwinarsih, 2018).Asa and Utomo, (2019)explained that tax avoidance is a practice carried out by companies that shows the transfer of wealth from the government to companies and will increase the value of the company.

1.5.Capital Structure

Irawan and Kusuma (2019)as well asSetiawan et al. (2021)revealed that the capital structure is a combination of debt and equity in the long-term financial structure of the company, whether or not the company's capital structure has an impact on company value.

1.6.The value of the company

Suzulia et al. (2020)explains that the value of the company is the market value or the price that applies to the company's common shares. The understanding of investors, creditors, stakeholders regarding the condition of the company is through the stock market which is useful for measuring the value of the company(Irawan and Kusuma, 2019).

2. Hypothesis Development

2.1.*Tax Avoidance*Partially Against Company Value

*tax avoidance*is an effort to legally save and minimize taxes through tax management.The practice of tax avoidance as a form of tax management is a strategy in minimizing tax payments that are still within the limits of statutory provisions. By doing this tax avoidance the company can minimize the burden paid thereby increasing the company's profit, where if the company's profit increases it is expected to be a positive signal for investors thereby increasing the value of the company.

Research conducted byEskandarlee and Sadri (2017),Apsari and Setiawan (2018),Putri and Hudiwinarsih (2018),Nugraha and Setiawan (2019),Kartika et al. (2019),Oktaviani et al. (2019),Mappadang (2019),Nurfadilah and Rosharlianti (2020),Arfiansyah (2020),Zulfiara and Ismanto (2020), as well asRadina et al. (2021)explains that tax avoidance has a positive and significant effect on firm value. These results explain thatsThe higher the tax avoidance by the company will increase the value of the company.Based on this description, the hypothesis can be formulated as follows:

H1: Tax avoidance partially affects firm value.

2.2.The Effect of Partial Capital Structure on Firm Value

Capital structure is the result of funding decisions to determine whether to use debt or equity to finance company activities(Yanti and Darmayanti, 2019).Sadewo et al. (2017)explained that the use of debt is at an ideal point if the costs of using debt are commensurate with the benefits of using debt obtained when in debt.

Research that has been conducted byAggarwal and Padhan (2017),Hidayat (2018),Israel et al. (2018),Uzliawati et al. (2018),Mujijah et al. (2019),Ramdhonah et al. (2019),Suzulia et al. (2020),Syamsudin et al. (2020),Nurazi et al. (2020),Revi and Anom (2021), as well asSetiawan et al. (2021)explains that capital structure has a positive and significant effect on firm value. The research results show that any increase in a company's capital structure as measured by the debt to equity ratio can increase the value of a company. The company's capital structure is permanent financing consisting of long-term debt, preferred stock and shareholder's capital. Thus, the capital structure of a company is only a part of its financial structure.Based on this description, the hypothesis can be formulated as follows:

H2: Capital structure partially affects firm value.

3. RESEARCH METHODS

This type of research used is quantitative research. The population of this study are financial companies listed on the Indonesia Stock Exchange during 2017 - 2020, totaling 43 samples with 215 observations obtained through a purposive sampling technique. The data analysis method used is panel data regression analysis with the help of Eviews version 12. The details of obtaining the research sample are as follows.

Table 3.1
Details of Obtaining Research Samples

Criteria	Total
Financial company listed on the Indonesia Stock Exchange during 2017 – 2021.	138
Annual financial reports that can be accessed by researchers in full from 2017 – 2021 in rupiah currency units.	121
Companies that earn profits in the financial statements during the year of observation.	76
Companies that issue shares during the period 2017 – 2021.	43
Number of samples	43
Number of observations (43 x 5 years)	215

Source: Data Processing Results (2022)

3.1. Variable Operationalization

Operationalization of variables is an explanation given to the variables studied and then given meaning, so that the variables studied are in accordance with the scope of activity of operational variables(Rukajat, 2018:2). In order to avoid ambiguity in the meaning of the variables used, the following is an operational explanation of these variables.

3.3. Dependent Variable

The dependent variable in this study is firm value. In measuring the value of the company is using Tobin's Q theory developed by (Tobin 1969) by comparing the ratio of the market value of the company's shares to the book value of the company's equity. The core of this theory is the way monetary policy affects the economy through its effect on equity valuation. Firm value calculated using Tobin's Q uses the formula:

$$\boxed{\text{Tobin's}Q = \frac{\text{M}arket\ Capitalization + \text{Total Debt}}{\text{Total Assets}}}$$

Market Capitalization = closing share price multiplied by the number of outstanding shares.

3.4. Independent Variable

Tax Avoidance

Maulana et al. (2021)explained that the Effective Tax Rate (ETR) is used as a reference for measurement because it can consider the difference between book profit and tax profit. The Effective Tax Rate (ETR) can be calculated using a ratio scale by dividing the current income tax expense by pre-tax profit. If the ratio scale shows a percentage of 25%

down to close to zero then it indicates the presence of Tax Avoidance. Calculation of the Effective Tax Rate (ETR) can be done using the following formula:

$$\mathrm{ETR} = \frac{Current\ Tax}{\text{Profit Before Tax}}$$

Capital Structure

Nursolehudin et al. (2019)explained that the capital structure can be calculated using the Debt to Equity Ratio (DER) ratio which is used to measure the amount of capital provided by creditors and to measure how much influence the company's debt has on equity. If the results of the DER ratio are high, it shows that the company's capital is used less compared to the use of debt. Calculation of the Debt to Equity Ratio (DER) can be done using the formula:

$$\mathrm{DER} = \frac{\text{Total Debt}}{\text{Total Equitas}}$$

Panel Data Regression Estimation Model

The panel data regression model in this study can be formulated as:

$$\boldsymbol{Y = \alpha + \beta 1X1it + \beta 2X2it + \varepsilon}$$

Information:

Y = dependent variable

α = Constant (intercept)

X1 = Independent variable

X2 = Independent variable

β1 = Coefficient (slope)

β2 = Coefficient (slope)

ε = error component

i = Time

t = Company

4. RESULTS AND DISCUSSION

4.1. Results of Descriptive Statistical Analysis

Descriptive statistical test is used to describe a data statistically using Eviews 12. The results of data processing in the form of descriptive statistics will display the characteristics of the sample used in this study including: minimum value, maximum value, average value (mean), and standard deviation for each variable. The description in this study includes 3 variables, namely, tax avoidance, capital structure and firm value. Based on the results of data processing using Eviews 12, the results of the descriptive statistical test of the research data can be seen in table 4.1 below:

Table 4.1 Descriptive Statistical Test Results

	X1	X2	Y
Mean	0.236349	3.845912	1.122944
Median	0.238000	3.310000	0.983000
Maximum	0.971000	16.07900	5.094000
Minimum	0.001000	0.003000	0.167000
Std. Dev.	0.117466	2.915922	0.539492
Skewness	2.012349	1.164575	4.085237
Kurtosis	14.27223	4.899116	26.80939
Jarque-Bera	1283.383	80.90791	5676.391
Probability	0.000000	0.000000	0.000000
Sum	50.81500	826.8710	241.4330
Sum Sq. Dev.	2.952833	1819.556	62.28507
Observations	215	215	215

Source: Results of data processing with Eviews 12

From table 4.1 above, it can be seen that the tax avoidance variable (X1) which is proxied by the Effective Tax Rate (ETR) has a maximum value of 0.971000 and a minimum value of 0.001000. These results indicate that the value of tax avoidance ranges from 0.971000 to 0.001000, where the largest tax avoidance value is owned by PT. Buana Artha Anugerah Tbk. in 2018, while the smallest tax avoidance value is owned by PT. Panin Financial Tbk. in 2018, 2019 and 2020. Meanwhile, the average value (mean) obtained was 0.236349. These results indicate that the magnitude of the average value (mean) obtained ranges from 0% to 23.6%. The standard deviation value obtained is 0.117466 which has a lower value than the mean (mean).

The capital structure variable (X2) which is proxied by the Debt to Equity Ratio (DER) has a maximum value of 16.07900 and a minimum value of 0.003000. These results indicate that the value of tax avoidance ranges from 16.07900 to 0.003000, where the largest capital structure value is owned by PT. State Savings Bank (Persero) Tbk. in 2020, while the smallest capital structure value is owned by PT. Buana Artha Anugerah Tbk. in 2020. Meanwhile, the average value (mean) obtained was 3.845912. These results indicate that the magnitude of the average value (mean) obtained ranges from 0% to 384.5%. The standard deviation value obtained is 2.915922 which has a lower value than the average value (mean).

The variable (Y) of firm value proxied by Tobins'Q has a maximum value of 5.094000 and a minimum value of 0.167000. These results indicate that the value of the company ranges from 5.094000 to 0.167000, where the largest capital structure value is owned by PT. Batavia Prosperindo Internasional Tbk. in 2018, while the smallest capital structure value is owned by PT. Adira Dinamika Multi Finance Tbk. in 2018. Meanwhile, the average value (mean) obtained was 1.122944. These results indicate that the magnitude of the average value (mean) obtained ranges from 0% to 112.2%. The standard deviation value obtained is 0.539492 which has a lower value than the average value (mean).

4.2. Panel Data Regression Estimation Test Results

Basuki and Prawoto (2017:278-280)explained that there are three panel data regression estimation methods, namely the Common Effect Model, Fixed Effect Model and Random Effect Model to select the panel data model collected, can be seen in the following table:

Table 4.2 Common Effect Model Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.230811	0.062556	3.689654	0.0003
X1	0.092214	0.027247	3.384406	0.0008
X2	-0.038279	0.022685	-1.687443	0.0930

R-squared	0.051325	Mean dependent var	0.046512
Adjusted R-squared	0.042376	S.D. dependent var	0.395860
S.E. of regression	0.387382	Akaike info criterion	0.955043
Sum squared resid	31.81369	Schwarz criterion	1.002075
Log likelihood	-99.66709	Hannan-Quinn criter.	0.974046
F-statistic	5.734842	Durbin-Watson stat	0.834108
Prob(F-statistic)	0.003753		

Source: Results of data processing with Eviews 12

Table 4.3 Fixed Effect Model Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132531	0.074956	1.768125	0.0788
X1	0.003177	0.030002	0.105900	0.9158
X2	-0.090532	0.038811	-2.332619	0.0208

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.667826	Mean dependent var	0.046512
Adjusted R-squared	0.581852	S.D. dependent var	0.395860
S.E. of regression	0.255980	Akaike info criterion	0.296332
Sum squared resid	11.13940	Schwarz criterion	1.001815
Log likelihood	13.14429	Hannan-Quinn criter.	0.581380
F-statistic	7.767743	Durbin-Watson stat	2.234955
Prob(F-statistic)	0.000000		

Source: Results of data processing with Eviews 12

Table 4.4 Regression Results of Panel Data Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.136436	0.075946	1.796472	0.0738
X1	0.023886	0.026561	0.899303	0.3695
X2	-0.057154	0.028786	-1.985501	0.0484

Effects Specification

	S.D.	Rho
Cross-section random	0.283036	0.5501
Idiosyncratic random	0.255980	0.4499

Weighted Statistics

R-squared	0.017610	Mean dependent var	0.017440
Adjusted R-squared	0.008342	S.D. dependent var	0.261947
S.E. of regression	0.260852	Sum squared resid	14.42528
F-statistic	1.900143	Durbin-Watson stat	1.745843
Prob(F-statistic)	0.152085		

Unweighted Statistics

R-squared	0.000298	Mean dependent var	0.046512
Sum squared resid	33.52487	Durbin-Watson stat	0.751211

Source: Results of data processing with Eviews 12

4.3. Model Selection Test Results

Basuki and Prawoto (2017:277)explains to choose the most appropriate model to use in managing panel data, includes several tests as follows:

1. Chow test

Is a test to determine the most appropriate fixed effect or common effect model used in estimating panel data. Determination of the model is done by statistical test F or chi-square with the hypothesis:

H0 = The common effect model is better than the fixed effect model.
H1 = The fixed effect model is better than the common effect model.

- If the probability value of the F test or chi-square > 0.05, then H0 is accepted so that the common effect model is used.
- If the probability value of the F test or chi-square <0.05, then H0 is rejected, so the fixed effect model is used.

The results of the chow test with Eviews 12 from the research data can be seen in table 4.6 as follows:

Table 4.5 Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.512221	(42,170)	0.0000
Cross-section Chi-square	225.622771	42	0.0000

Source: Results of data processing with Eviews 12

The results of the chow test in table 4.5 show that the probability value of the chi-square cross-section is 0.0000. The probability value of the chi-square cross-section <0.05, then H0 is rejected. Therefore the selected model is the fixed effect model, it is necessary to do the Hausman test.

2. Hausman test

Is a statistical test to choose whether the fixed effect or random effect model is the most appropriate to use. The hypothesis used in the Hausman test is as follows:

H0 = The random effect model is better than the fixed effect.
H1 = Fixed effect model is better than random effect.

- If the p-value > 0.05, then H0 is accepted so that the random effect model is used.
- If the p-value <0.05, then H0 is rejected, thus the fixed effect model is used.

The results of the Hausman test with Eviews 12 from this research data can be seen in table 4.5 as follows:

Table 4.6 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	10.146225	2	0.0063

Source: Results of data processing with Eviews 12

The test results in table 4.6 can be seen that the random cross section probability value is 0.0063. The random cross section probability value is <0.05, which means that the fixed effect model is more appropriate. Because at this stage the selected effect model is the fixed effect, there is no need to do a lagrange multiplier test.

3. Classical Assumption Test Results

Multicollinearity Test

Basuki and Prawoto (2017:62)states that the multicollinearity test aims to test whether in the regression model a high or perfect correlation is found between the independent variables.

- If the Centered VIF value < 10 then multicollinearity does not occur.
- If the Centered VIF value > 10, multicollinearity occurs.

The results of the multicollinearity test with Eviews 12 can be seen in table 4.9 as follows:

Table 4.7
Multicollinearity Test Results

Variance Inflation Factors
Date: 06/21/22 Time: 04:43
Sample: 1 215
Included observations: 215

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.004287	2.764373	NA
X1	0.086178	1.033813	1.014580
X2	0.000181	2.716344	1.014580

Source: Results of data processing with Eviews 12

Based on table 4.7 it can be seen that the Centered VIF value above shows that there is no VIF value greater than 10. Where the VIF value for the tax avoidance variable (X1) and the capital structure variable (X2) is 1.014580, thus this regression model is proven multicollinearity does not occur.

Heteroscedasticity Test

The heteroscedasticity test in this study used the white heteroscedasticity test with the following hypotheses:

H0 : There is no heteroscedasticity.

H1 : There is heteroscedasticity.

- If Prob. Chi-square < 0.05, then H0 is rejected, H1 is accepted so there is no heteroscedasticity in the model.
- If Prob. Chi-square > 0.05, then H1 is rejected, H0 is accepted so there is heteroscedasticity in the model.

The results of the heteroscedasticity test with Eviews 12 can be seen in table 4.8 as follows:

Table 4.8 Heteroscedasticity Test Results

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	1.955721	Prob. F(2,212)	0.1440
Obs*R-squared	3.894931	Prob. Chi-Square(2)	0.1426
Scaled explained SS	36.60213	Prob. Chi-Square(2)	0.0000

Source: Results of data processing with Eviews 12

Based on the results of the heteroscedasticity test above, the Prob. Chi-Square 0.1426 > 0.05 so it can be concluded that H0 is accepted, meaning that there is no heteroscedasticity in this study.

4. Panel Data Regression Test Results

Based on the series of tests that have been carried out, the final regression model of this study uses the fixed effect model. The following is a summary of the fixed effect models used in the research model.

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Table 4.9 Panel Data Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132531	0.074956	1.768125	0.0788
X1	0.003177	0.030002	0.105900	0.9158
X2	-0.090532	0.038811	-2.332619	0.0208

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.667826	Mean dependent var	0.046512
Adjusted R-squared	0.581852	S.D. dependent var	0.395860
S.E. of regression	0.255980	Akaike info criterion	0.296332
Sum squared resid	11.13940	Schwarz criterion	1.001815
Log likelihood	13.14429	Hannan-Quinn criter.	0.581380
F-statistic	7.767743	Durbin-Watson stat	2.234955
Prob(F-statistic)	0.000000		

Source: Results of data processing with Eviews 12

Table 4.9 shows the results of panel data regression analysis with the fixed effect model approach. From the table above, it can be seen that the regression equation is as follows:

$$\boxed{\mathbf{Y = 0.132531 + 0.003177X1 - 0.090532X2 + \varepsilon}}$$

The regression equation is as follows:

Constant (a)

The constant value in the panel data regression model is known to be 0.132531, meaning that if the independent variable consisting of tax avoidance (X1) and capital structure (X2) is equal to (zero), the firm value with the Tobins'Q proxy is equal to 0.132531 units .

Tax Avoidance(X1)

The coefficient value for the tax avoidance variable (X1) which is proxied by the effective tax rate (ETR) is known to be 0.003177 which has a positive or unidirectional direction. This means that every increase in the value of the tax avoidance variable (X1) by one unit or an increase of 1% will be followed by a decrease in the company value variable (Y) by 0.003177 units.

Capital Structure (X2)

The coefficient value for the capital structure variable (X2) which is proxied by the debt to equity ratio (DER) is known to be -0.090532 which has a negative or not unidirectional direction. This means that every increase in the value of the capital structure variable (X2) by one unit or an increase of 1% will be followed by a decrease in the company value variable (Y) of -0.090532 units.

5. Hypothesis Test Results

Determination Coefficient Test (R2)

The coefficient of determination (R2) is a test that explains the effect of the independent variables on the dependent variable. If there are other independent variables, R squared will be very sensitive. If the R squared value has more independent variables, the squared will be higher(Krisyadi and Triana, 2021).

The results of the test for the coefficient of determination (R2) with Eviews 12 from the research data can be seen in table 4.9 as follows:

Table 4.10 Results of the R2 Determination Test

R-squared	0.667826
Adjusted R-squared	0.581852

Source: Results of data processing with Eviews 12

Based on table 4.10 above, it can be seen that the R^2 value is 0.667826 or 66%. That is, the ability of the independent variables in this study, namely tax avoidance and capital structure, can explain the dependent variable, namely firm value of 66.7%, while the rest (100% - 66.7% = 33.3%) is explained by other variables outside the model.

F Test (Simultaneous)

Krisyadi and Triana (2021)explains that the f test is used to test the effect of the independent variables on the dependent variable simultaneously. The significance value shows <0.05, meaning the model used is appropriate. The significance value shows > 0.05 meaning that the independent variable has no effect on the dependent variable simultaneously.

The results of the F test with Eviews 12 from this research data can be seen in table 4.10 as follows:

Table 4.11 F Test Results

F-statistic	7.767743
Prob(F-statistic)	0.000000

Source: Results of data processing with Eviews 12

Based on table 4.11, the F-statistic value is 7.767743 with a probability (Prob F-Statistic) of 0.000000 <0.05.

T Test (Partial)

Krisyadi and Triana (2021)explains that the t test is used to test the dependent variable that is affected by each independent variable.

- If the significance value shows <0.05, it indicates that the independent variable has a significant influence on the dependent variable.
- If the significance value shows > 0.05, it indicates that the independent variable has no significant effect on the dependent variable.

The results of the T test with Eviews 12 from this research data can be seen in table 4.13 as follows:

Table 4. 11 T test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.132531	0.074956	1.768125	0.0788
X1	0.003177	0.030002	0.105900	0.9158
X2	-0.090532	0.038811	-2.332619	0.0208

Source: Results of data processing with Eviews 12

From table 4.11 above, it shows the decision to test the t statistic or partial test that the t-statistic value is 0.105900 and shows the probability value of X1 is 0.9158 > 0.05 so H0 is accepted, which means that the tax avoidance variable (X1) has no effect significant to the firm value variable. Thus H1 which states that tax avoidance partially affects firm value is rejected.

While the t-statistic value is -2.332619 and shows the probability value of capital structure (X2) of 0.0208 <0.05 so that H0 is accepted, which means that the capital structure variable (X2) has a significant effect on firm value. Thus H2 which states that capital structure partially influences firm value is accepted.

Effect of Tax Avoidance on Firm Value

Based on the results of statistical tests it is known that the significance value is 0.9158 > 0.05, it can be concluded that tax avoidance partially has no effect on firm value. While the coefficient value of the tax avoidance variable which is proxied by the Effective Tax Rate (ETR) shows a value of 0.003177, these results indicate that the tax avoidance variable has a positive or unidirectional direction. This means that if the tax avoidance variable increases by one unit, it will increase the firm value by 0.003177 assuming the independent variable remains constant.

The results of statistical tests show that tax avoidance has a positive but not significant effect on firm value. That is, the average research data in financial companies is 23.6% that implement tax avoidance or very small so that tax avoidance has a positive but not significant effect on firm value.

The results of this study are in line with research conducted byAsa and Utomo (2019),Holiawati and Murwaningsari (2019),Wirianto et al. (2021), as well asKrisyadi and Triana (2021)explains that tax avoidance has a positive but not significant effect on firm value.

Effect of Capital Structure on Firm Value

Based on the results of statistical tests it is known that the significance value is 0.0208 <0.05, it can be concluded that capital structure partially affects firm value. While the coefficient value of the capital structure variable proxied by the Debt to Equity Ratio (DER) shows a value of -0.090532, these results indicate that the tax avoidance variable has a negative direction or not in the same direction. This means that if the capital structure variable increases by one unit, it will reduce the company's value by -0.090532 by assuming the independent variables are fixed.

The results of statistical tests show that capital structure has a negative and significant effect on firm value. This is because, the addition of debt can increase the possibility of experiencing the risk of financial distress (financial distress) because the company continues to bear interest expenses.

However, if the capital structure assumption is not optimal, then any increase in debt below the optimal limit will increase the value of the company. In addition, Lenders as well as investors on the Stock Exchange generally consider companies with low DER. Consideration of these reasons so that their investment interests are better protected from the potential decline in business for the company concerned. The results of this study are in line with research conducted bySiregar et al. (2019)states that capital structure has a negative and significant effect on firm value.

CONCLUSION

Based on the results of research and discussion regarding the effect of financial decisions and ownership structure on company value in financial companies listed on the Indonesia Stock Exchange for the period 2017 - 2021 the following conclusions can be drawn:

*Tax Avoidance*as measured by the ETR ratio has a positive but not significant effect on company value as measured by the Tobins'Q ratio in financial companies listed on the Indonesia Stock Exchange for the period 2017 - 2021. This is because the average research data in financial companies is 23.6% those who carry out tax avoidance or very small so that tax avoidance has a positive but not significant effect on firm value.

Capital structure as measured by the DER ratio has a negative and significant effect on company value as measured by the Tobins'Q ratio for financial companies listed on the Indonesia Stock Exchange for the period 2017 – 2021. This is because additional debt can increase the likelihood of experiencing the risk of financial difficulties (financial distress) because the company continues to bear the interest expense. Because it is indicated that the capital structure is no longer optimum, any increase in debt above the optimum limit will reduce the value of the company.

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