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Research Paper

IMPACT OF TAX AVOIDANCE, STATE OWNERSHIP, FOREIGN OWNERSHIP AND FIRM SIZE TO FIRM VALUE IN INDONESIA

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ABSTRACT

Purpose - The objectives of the research are to identify and verify the effect of tax avoidance on firm value in Indonesia. State ownership, foreign ownership, company size also influences the value of companies in Indonesia. This study argues that tax avoidance and other elements do not necessarily add value to Indonesian firms.

Research Method - This study uses data from companies registered as LQ45 in the period 2017-2021. Taking the research sample is a purposive sampling method. The population of companies listed on IDX is 810 companies, which 45 companies are included in the LQ45 sample with a total sample data of 225. After conducting outliers, 225 data samples are obtained. This study uses a comparative causal method. Research data processing was executed with the help of the Eviews 10 applications.

Findings - The outcomes of this paper prove that tax avoidance, state ownership and foreign ownership have no significant effect on firm value while firm size has positive effect on firm value.

Implication - This research is expected to contribute to the expansion of knowledge, especially in the field of accounting. The study is intended to provide information about the factors that affect the value of the company and evaluate matters relating to company value.

Keywords: Tax Avoidance, State Ownership, Foreign Ownership, Firm Size, Firm Value.

JEL code: H26, L25, G32

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INTRODUCTION

Firm value is description of the situation of a firm (Noerirawan & Muid, 2012). Firm value is evidence of the attainment of a company in the community after the company has been operational from the time it was founded until now. Company value is the price that can be sold at a price agreement agreed by both parties. So that the company value is the community's assessment of a company from the establishment of the company to its running period. Companies are used to improve welfare and it is necessary for companies to raise company value. In addition, the company must also aim to maximize the wealth of shareholders. High corporate value can generate higher prosperity for shareholders.

Firm value is the primary consideration for investors to view the performance of a company by measuring it through shares, leverage, the company's ability to pay dividends, sales growth, profitability, and company size. An increase in a company's stock price can also indicate that the company has a high company value. In addition, by streamlining the tax costs borne by the company can also be used as an indicator that can raise the company value.

According to Law Number 16 of 2009 in the fourth amendment to Law Number 6 of 1983 about General Provisions and Tax Procedures in Article 1 Paragraph 1 reads: tax is mandatory contribution to the state owed by individuals or entities that are coercive based on law, by not getting compensation directly and used for the needs of the state for the greatest affluence of the people. In accordance with Prof. Dr. Rochmat Soemitro, S.H., argues that, "taxes are people's contributions to the state treasury based on law (which can be enforced by not receiving lead (contra) services that can be shown directly and used to pay general expenditures". It could be deduced as tax is the transfer of public property to the state with mandatory conditions and do not expect rewards to achieve the opulence of the people and the country. Tax is one of the important factors for company decisions both in risk management and forming and restructuring an organization (Dharmapala, 2008). Every manager in a company will be interested in doing tax avoidance as a source of funding. Tax avoidance can help companies to save taxes that will be paid to the government. Funds that are stopped will be reused to be able to become capital for the company in increasing investment opportunities. Based on these opinions, it could be seen tax avoidance can provide many advantages from various perspectives, such as shareholders can raise assets with additional dividends or shares, and companies can obtain more funds to pay company debts and increase capital work. According to the study aspect done by Ha et al. (2021) it is known that BUMN in carrying out tax avoidance would lower the company value while in foreign-owned companies, tax avoidance would raise the firm value.

Investment considerations in stock prices from foreign investors can affect company value (Fitri et al., 2019). The stock price is used as an indicator of company valuation. The good performance of the company will experience a raise in stock prices, whereas if a company has bad performance, there will be investment doubts by investors. The bottom line is that private companies, especially those with foreign ownership, are frequently more efficient and contribute more to local GDP, even though the economic and political environment is more favourable for state-owned enterprises.

A state ownership takes the form of minority and regional ownership which may underperform. A study on state ownership shows that state ownership greatly influences a company's value both in terms of efficiency and market valuation. State-owned companies represent around 10 % of Global GDP. 20% of the global listed company value. In addition, the ownership of a company also depends on the company size obtained.

The growth that occurs in the company is stated that it has a company with large size and could increase firm value. The size of the total asset and turnover of the company can indicate the company size owned is getting bigger and otherwise. Large company size is said to be good and makes it easier for companies to get investment from internal and external parties. A measure can also reflect how many and how few assets the company acquires.

Based on the factors and problems linked to company value, researchers want to arrange a study on the impact and influence of the factors above and make the title "The Effect of Tax Avoidance on company value in Indonesia". Researchers want to do more details and explanations on the topic.

The stock price is used as a company valuation for investors which is closely related to company value. With a high stock price, companies can get better performance and prospects in the future and are more trusted in the marketing world. Tax avoidance can also be a factor affecting company value. The first phenomenon in Indonesia was PT. Coca Cola Indonesia records advertising costs of IDR 566.84 billion for 5 years which have no direct relationship with the products produced. For this action, the government received a loss of Rp. 49.24 billion from the income of PT. Coca Cola Indonesia, which amounted to IDR 603.48. So that the tax calculations were recorded from PT. Coca Cola Indonesia of IDR 492.59 billion.

The second phenomenon is PT Garuda Metalindo where the value of bank debt in the financial statements as of June 2016 has increased to IDR 200 billion, compared to the end of December 2015 which only amounted to IDR 48 billion. The PT uses capital gained from debt to evade paying taxes that should be issued by the company. The debt financing will bear the payment of interest costs, the greater the debt obtained, the greater the interest costs that will be borne by the company and high interest costs would reduce tax costs. The existence of these two phenomena indicates that tax avoidance often occurs, so it is important to do research to find out what factors can affect company value.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Firm value is the real or potential value that the company can make in the future. Firm value can be calculated in different methods, so it is possible to get different outcomes. According to Ha et al. (2021), company value is the value of total asset, which is determined using a dissimilar method to measure company value based on asset value, using only Tobin’s Q and built upon market value divided by the ratio of book value of asset (MKB).

The company value is painted in the bargaining power of shares. In case companies are seen as having prospects in future, the share value will be high. The assessment of a company's value does not only refer to nominal value. Factors that can affect company value, such as tax avoidance, state ownership, foreign ownership and company size. Tax avoidance can help companies to save on tax costs that will be incurred. With tax savings, companies can use the costs saved as capital to increase investment opportunities and company operations. Thus, the company can increase the value of assets for shareholders and company value. State ownership greatly influences a company's value both in terms of efficiency and market valuation. Foreign ownership can raise a firm value by raising the size of its revenues and profits, as well as increasing a company's efficiency and profitability. An increase in a company's size indicates the company is experiencing growth and can generate interest for investors so that the company value will rise, this will affect the company value.

Study done by Rudyanto and Pirzada (2020) regarding the effect of tax avoidance on firm value with sustainable reporting as moderation relationship. The outcomes show GAAP ETR has negative relationship on firm value in companies that are not environmentally sensitive and has positive relationship with firm value in companies that are sensitive to the environment. As a result, sustainability reports only change the influence of GAAP ETR on firm value in non-environmentally sensitive companies. The outcomes are not the same as for environmentally sensitive companies, non-environmentally sensitive companies need sustainability reporting to minimize the reputational cost of tax avoidance.

Similar research was also conducted by Yee et al. (2018). The paper aims to determine the influence of tax avoidance on firm value moderated by corporate governance. The outcomes of the paper conclude tax avoidance is not appreciated by shareholders and in fact results in a reduction in value. The direct influence of tax avoidance on increasing corporate value is potentially offset by the increased probability of transferring leases within an agency framework.

In addition, Musallam (2020) also conducted research using state ownership to determine its effect on company value. Building upon this research, it can be concluded state ownership as a "continuous measure, dummy variable and after adjusting for outliers" negatively and significantly affects firm value, implying state ownership tends to reduce firm value. In addition, the outcomes show the U-shaped effect of state ownership on firm value, implying shareholder size by country raises.

Research conducted by Akbari et al. (2019) uses managerial abilities, earnings quality, income smoothing, and types of stock market to determine the relationship to tax avoidance and firm value. The outcome of the three methods used show the influence of earning quality and income smoothing on the relationship between firm value and tax avoidance is significant.

Research conducted by Sciences and Sciences (2020), which makes tax avoidance an element of influence for company value which is then moderated by corporate governance. research concludes that tax avoidance is negatively related to company value. Agency conflict plays a prominent part in this relationship and is the root cause of the weakening in company value. Corporate governance reduces agency conflict.

Research conducted by Fitri et al. (2019), uses foreign ownership, concentration of ownership and environmental disclosure as research on the influence of company value. Research conducted by Hirdinis (2019) uses capital structure, company size and profitability as elements to determine the influence of each on company value and profitability.

The research conducted by Mangoting et al. (2020) uses board size, audit committee, tax avoidance, board of commissioners, and board diversity as variables to determine the influence on firm value and tax avoidance. The outcomes show the size of the independent commissioner plays an important role in supervising and providing consultancy which has and effect on increasing tax avoidance and company value. Meanwhile, other good corporate governance elements, including audit committee, board size, and board diversity do not affect firm value. Research conducted by Mappadang (2019) the effect of corporate governance and tax avoidance on firm value. The influence from this paper is the better corporate governance as a control and supervision mechanism, the higher the company value, while the lower the governance mechanism, the higher the opportunity for management to do tax avoidance.

Research conducted by Ahmed and Iwasaki (2021) uses foreign ownership as an independent variable and firm value and appointment of independent directors as the dependent variable. The study states that significant foreign ownership is positively related to firm value and the appointment of independent directors, respectively. Using path analysis, that foreign ownership influences firm value through the appointment of independent directors, and concludes foreign ownership is significantly negatively related to benchmarks using both accruals and real earnings management. Overall, this shows even though the size is smaller than the shareholding, foreign investors raise the company values by increasing the monitoring of managers.

Research conducted by Likitwongkajon and Vithessonthi (2020), uses foreign investment as an independent variable, firm value, short-term company performance and long-term company performance as dependent variable. Exercising a panel sample of public companies in Japan for 1990-2016, it concludes that foreign investment is negatively related to company value. Furthermore, foreign investment is negatively related to company performance in the short and long term. Foreign investment reduces income accretion but has no effect on company efficiency, and only increases foreign investment and does not increase company income growth or efficiency.

Research conducted by Tang (2019), used tax avoidance to determine the impact on firm value as the dependent variable and legal institutions that facilitate self-dealing as a moderating variable. The outcomes show tax avoidance makes value for shareholders, and the value of tax avoidance is pushed by heterogeneous agency costs associated with different institutions.

Research conducted by Kirkpatrick and Radicic (2020), which examines the impact of tax avoidance on firm value. The outcomes of the Generalized Moments (GMM) method show significant dynamics on firm value, namely, firm value is positively influenced by past firm value.

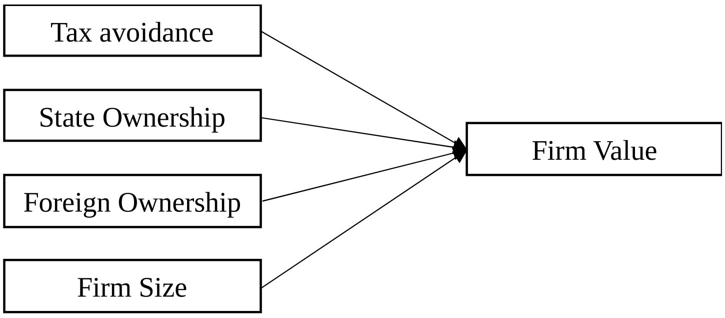
Study done by Khuong et al. (2020), used tax avoidance as independent variable, and firm value as dependent variable. Overall, the outcomes show a mixed relationship between corporate performance and corporate tax avoidance in Vietnam.

Research conducted by Liljeblom et al. (2020) uses state ownership as the independent variable, and firm value as the dependent variable. State control is negatively linked to firm valuation and the sales/employee ratio. Poor performance is shown when state ownership is in the form of direct, regional or minority ownership. State control through gold stocks usually outperforms other state-controlled companies. The relationship between state ownership and profitability becomes positive in sectors where state firms arise to desire less competition.

Research conducted by Nhan and Ha (2016) uses state ownership as independent variable, and firm value as dependent variable. The outcomes of the study show cash holding has influence on firm value in reversed U shape. The research shows there is a positive but not statistically significant relationship between state ownership and firm value except the advantages of state ownership are used.

Research conducted by Khasawneh and Staytieh (2017), uses foreign ownership as an element of knowing the effect on firm value and capital structure as the dependent variable. The researcher concludes the impact of foreign ownership is at all times statistically significant, even though it has a lower effect for industrial companies.

Figure 1. Research model



The Nexus Between Tax Avoidance and Firm Value

Tax avoidance is a legal activity to lower tax costs and transfer value to shareholders so as to raise the company value. In contrast to tax avoidance, where such evasion is an infringement of the law and not allowed.

Tax avoidance raises agency costs and raises the cost of equity. Tax avoidance is identified through some methods, such as effective cash tax rate (CETR), effective tax rate (ETR), and book tax differences (BTD). The BTD method that will be used in this research is to determine tax avoidance.

In accordance with previous studies, tax avoidance is one of the prominent activities used by companies to determine business value. Companies that implement optimal corporate governance have a significant effect on management policies concerning tax avoidance to raise firm value. In addition, managers have an interest in optimizing taxes to lessen the company's tax burden and optimize profits. Therefore, any changes to company value usually come from corporate income tax expenses and company executives develop strategies to reduce the tax burden and raise profit after tax, thereby the company can raise the value of assets for shareholders and company value (Noerirawan & Muid, 2012).

Tax avoidance lower firm value and agency costs. According to several studies, information transparency can reduce the relationship between tax avoidance and firm value, as is the case with Indonesia. Income tax has a negative impact on firm value since tax avoidance minimizes tax revenue that is used to raise social prosperity.

Tax avoidance helps companies in minimizing the tax burden, but financial distress will still exist because companies cannot predict the expenses of each company. In addition, optimizing taxable income affects stakeholder benefits. Which indicates a negative relationship was found between tax avoidance and firm value and the ability to manage tax avoidance.

H1: Tax avoidance has a significant negative effect on firm value.

The Nexus Between State Ownership and Firm Values

State ownership is ownership of state agencies and owned by state entities. In countries, state ownership is evident when the state engages in many interventions in economic activity. It is assured state ownership could supply business financial resources as well as legal support that can correct company performance (Nguyen et al., 2020),

According to Nguyen et al. (2020), state ownership and book value prices have positive influence on each other. Nevertheless, several recommended state ownership has a negative effect on firm value and firm performance. Moreover, firms with state shareholders employ fewer tax avoidance measures than other firms because the firms frequently do not focus on optimizing profit. But the business focuses on social and political objectives, so the business places less emphasis on tax avoidance strategies.

H2: State ownership has a significant negative effect on firm value.

The Nexus Between Foreign Ownership and Firm Values

Foreign investment can have an impact on firm value through two main channels. First, foreign investment could enlarge a company's customer base, thereby raising revenue (Fitri et al., 2019). By way of the line of customer base or horizontal foreign expansion, can raise the company value with the size of the level of income and profits. Second, foreign investment can increase company efficiency as well as profitability. Through efficiency channels Khasawneh and Staytieh (2017), that foreign investment classified as resource-seeking investment can increase firm value by minimizing costs through vertical expansion or economies of scale.

One prominent financial source for companies in developed countries that cannot be neglected is the inflow of foreign investment, the rising number of foreign capitals in companies needs attention. Chinese private companies have more efficient operations and contribute more to the gross domestic product (GDP), while the economic and political environment is more favourable for state-owned companies.

H3: Foreign ownership has a significant positive effect on firm value.

The Nexus Between Firm Size and Firm Value

One of the prominent factors that could influence the operation of a company and company value is the size of the company. According to Akbari et al. (2019), it is argued that a larger internal cash surplus is linked to company size and better investment chances than companies that have smaller scale. In addition, larger companies have lower bankruptcy risk and are more informed in accessing external capital markets at lower borrowing costs to optimize profits utilizing taxes. With this, larger companies can achieve greater value.

H4: Firm size has a significant positive effect on firm value.

RESEARCH METHODOLOGY

Population and Sample

The object of the paper begins with determining the population which is a company that has been listed on the Indonesia Stock Exchange. For sampling, researcher used a purposive sampling technique, where this research technique took samples by determining the following criteria:

1. Companies listed on the IDX that are counted in LQ45 in the 2017-2021 period that have published annual reports and financial reports.
2. Companies that have complete information data needed for research in the 2017-2021 period.

Variables Operational Definitions

A research variable is something that can be used as an object of observation that can influence a study and become an important role in the research or problem to be studied. With the existence of research variables, it can make it easier for researchers to obtain and understand problems. The variables to be used in this study are divided into two parts, namely the independent variables and the dependent variables. This paper has a dependent variable in the form of firm value, independent variables include tax avoidance, state ownership, foreign ownership, and firm size.

1. Dependent Variables

Firm Value

In this research, firm value is measured by the market to book value ratio (MKB). This MKB measures the financial market's assessment of the company's management and organization as a going concern. MKB can show the magnitude of the book value of shares appreciated by the market. The greater the ratio, the better, meaning that the company's prospects can be trusted. Generally, the MKB ratio will reach above one, which means the market value is greater than the book value.

$$\text{MKB} = \frac{\text{Business market value}}{\text{Business book value}}$$

2. Independent Variables

Tax avoidance

Measurement of tax avoidance can be measured by book tax difference (BTD), which is the difference between tax profit and accounting profit then divided by total assets:

$$\text{BTD} = \frac{\text{Pre Tax Book Income} - \text{Taxable Income}}{\text{Total Asset}}$$

$$\text{Taxable Income} = \frac{\text{Current Tax Expense}}{\text{Tax Rate}}$$

State Ownership

Companies with state ownership as shareholders have a very small possibility of avoiding paying taxes than other businesses. To measure state ownership, researchers will look for data on the percentage of state ownership from the company's annual report.

$$\mathrm{SO_{it}} = \frac{\text{Percentage of State ownership}}{\text{Percentage of company}}$$

Foreign Ownership

Foreign ownership in companies is a party that is considered worried about improving good corporate governance. Foreign ownership can be measured in the same way as state ownership.

$$\mathrm{FO_{it}} = \frac{\text{Percentage of Foreign ownership}}{\text{Percentage of company}}$$

Firm Size

The size of the company in this research is measured by using total asset, the greater the total assets produced by company, the larger the size of the company, and the more capital invested by the company. The following is the firm size calculation formula:

$$\text{Size : Log of Total Assets}$$

In this study using quantitative research methods, where the resulting data is more measurable. Based on the nature of the problem, the research type method used is causal-comparative research. The population on the study is 810 companies listed on IDX (total issuers at the end of 2022). There are no companies that do not meet the criteria as a research sample. After going through the sampling process, 45 companies from the LQ45 index were obtained as research samples. The number of years of research is five years so that the total research data is 225 data. After eliminating the outlier data, the number of observed data is still the same, with a total of 225 data.

Table 1. Summary of variables in the model

Variable	**Abbreviation**	**Measurement**
Firm Value	MKB	Business market value/ Business book value
Tax Avoidance	TA	Book-tax differences
State Ownership	STATE	Percentage of state ownership in the company
Foreign Ownership	FOREIGN	Percentage of foreign ownership in the company
Firm Size	SIZE	Ln (Total assets)

Based on the theories and empirical models, authors suggest the following studies model to test what are the effects of tax avoidance on firm value, the results of the variables in the model are shown in Table 1:

$$\mathrm{MKB_{it}} = \beta_0 + \beta_1\mathrm{TA_{it}} + \beta_2\mathrm{STATE_{it}} + \beta_3\mathrm{FOREIGN_{it}} + \beta_4\mathrm{SIZE_{it}} + \varepsilon_{it}$$

RESULTS AND DISCUSSION

Table 2. Results of descriptive statistics

Variables	N	Min.	Max.	Average	Std. Dev
MKB	225	-659.72	197.97	108.5943	58.90801
TA	225	-1.33	.85	-.0050	.14868
STATE	225	0.00%	92.50%	46.6644%	27.34538%
FOREIGN	225	0.00%	79.51%	11.5857%	21.93093%
SIZE	225	22.58	36.64	31.1101	2.88438

Source: Output Eviews (2022)

The average value of MKB shows a value of 108.5943 or 108.59% which is inclusive in the high category. Thus it can be deduced that the level of book value as assessed by the market is good because it reaches above 1. However, the factors that influence the value of the MKB are not too high so further research is needed. TA, COUNTRY, FOREIGN, and SIZE are independent research variables will affect firm value (MKB). Reposed table 2 shows an independent descriptive statistical analysis. Where is Tax Avoidance with the lowest score of -1.33, namely Sri Rejeki Isman Tbk. and the highest value of 0.85 was obtained from company Matahari Department Store Tbk. State ownership has an average value of 46.6644%, the percentage of state shareholder composition which is less than 50%, is included in the sufficient category. This is because state shareholders have the potential to hinder the development of companies, especially as result of the failure of the separation of public and government ownership and the lack of ability to monitor state assets. Foreign ownership has the lowest value of 0% and is obtained from several companies, one of which is Aneka Tambang Tbk. while the highest score of 79.51% was obtained from Vale Indonesia Tbk. the last variable, namely firm size with an average value of 31.11, is still relatively small and not large, so the capital invested by the company is also not that large.

Table 3. Hasil uji chow

Effects Test	Prob.	Result
Cross-section Chi-square	0,0000	Fixed Effect Model

Source: Output Eviews (2022)

Based on table 3, it is easy to see that the chow test results have probability value of >0.05. It is deduced the common effect model is not the best model for estimation and the best model approach chosen is the fixed effect model.

Table 4. Hasil uji Hausman

Effects Test	Prob.	Result
Cross-section random	0.8763	Random Effect Model

Source: Output Eviews (2022)

Based on table 4, the output of the Hausman test shows the best model estimation results are the random effect model, so a further test is needed called the Lagrange multiplier test. Lagrange multiplier test is a test to choose the most appropriate pooled least squares or random effect model which can certainly be used. The following table presents the Lagrange multiplier test.

Table 5. Hasil uji Lagrange multiplier

Effects Test	Prob.	Result
Cross-section random	0,0000	Random Effect Model

Source: Output Eviews (2022)

The Lagrange multiplier test gives the best model estimation results, namely the random effect model where the probability score shows 0.0000 or <0.05 so that pooled least squares is not the best estimation model result which of course can be used but a random effect model is the best model estimation result.

Table 6. Results of Uji F

Variable	Prob(F-statistic)	Conclusion
MKB	0.184827	No Significant Effect

Source: Output Eviews (2022)

From table 6, it could be seen that the firm value of the F-statistic is 0.184827 or > 0.05, so that it could be interpreted that all independent variables in the research model have no significant effect simultaneously on dependent variable, namely firm value.

Table 7. Results hypotesis

Variable	Coeficient	Prob.	Results	Conclusion
C	-39.32517	0,5276		
TA	1.103214	0,9665	+	Not Significant
STATE	-2.916406	0,8747	-	Negatively Not Significant
FOREIGN	-6.992998	0,7603	-	Negatively Not Significant
SIZE	4.824668	0,0147	+	Positively Significant

Source: Output Eviews (2022)

Effect of Tax Avoidance (TA) on Firm Value

Based on a significant value of 0.9665 it could be deduced tax avoidance does not affect firm value, so H1 is rejected. Study done by Dharmapala (2008) shows that with the existence of good governance, action tax avoidance will raise the value of the company. It is consistent with the agency concept in tax avoidance where governance companies have a role in coping information asymmetry linked to taxation. With conducting research on issuers and non-issuers in Tunisia, tax avoidance has a positive impact on company value. In Indonesia, tax avoidance behavior by issuers instead of financial companies has a positive impact on the company value. In addition, conducted in the United States generates the same conclusion: the behavior tax avoidance has a positive influence on company value.

Effect of State Ownership (STATE) on Firm Value

Built upon the outcomes of the panel data regression, it shows the STATE has coefficient value of -2.916406 with probability of 0.8747 shows there is insignificant negative relationship between state ownership and firm value. This shows the influence of state ownership on firm value isn’t very consistent with the hypothesis of the previous paper. The existence of state shareholders in a company will lead to much smaller tax avoidance compared to other companies because they do not carry out activities to maximize profits. However, it pays more attention to political and social goals. So it is lacking in policies for tax avoidance.

Effect of Foreign Ownership (FOREIGN) on Firm Value

The empirical outcomes of the panel data regression show that the FOREIGN has a coefficient value of -6,992998 with probability of 0,7603. The negative coefficient value and significance of >0.05 indicates there is not a significant and negative relationship between foreign ownership and firm value so the hypothesis is rejected. Share ownership by foreign parties produces a significant value. which is greater than 0.05, it shows foreign ownership cannot affect the company value. The research results are not in accordance with the hypothesis, foreign ownership does not have influence on firm value. Foreign ownership variables will have an effect significant if the ownership is concentrated.

Effect of Firm Size (SIZE) on Firm Value

The empirical outcomes of the panel data regression show size has coefficient value of 4,8246 with a probability of 0,0147. The positive coefficient value and significance <0.05 explains firm size has a significant positive effect on firm value. The influence that occurs is positive because the operational costs borne by the company are much smaller so that profits will also rise. A large business will get a much better and bigger cash flow surplus and investment. Business size is considered as a prominent factor in a business so that it has a significant impact on company value. The bigger a company, the lower the level of bankruptcy risk and the more transparency of information to the company compared to a small business. Such companies can have much easier access rights in external capital markets and get lower loans. Making it possible to maximize profits by using tax shelters.

CONCLUSION AND SUGGESTION

Building upon the outcomes of testing and analysis of research data, the researcher draws the following conclusions: (1) Tax avoidance has an insignificant positive effect on firm value, meaning high or low level of tax evasion that has been carried out does not affect the increase in firm value. It shows investors do not pay attention to tax avoidance by companies, but investors are far more concerned with future profits. (2) State ownership variable does not affect company value, meaning that state shareholders have the potential to hinder company development, especially because of the failure of public and government purchases and lack of ability to collect state assets. BUMN companies must take all links to the government to raise company value. (3) The variable of foreign ownership does not influence the value of the company, meaning that private companies, especially those with foreign ownership, will have a significant effect on foreign ownership if their ownership is killed. (4) A raise in firm value could be attributed to the positive effect of the firm size variable, which means that larger firms has better access to external capital markets with lower loan rates and reduced bankruptcy risk than smaller ones. As a result of their reduced probability of bankruptcy and greater exposure to financial data, large companies have easier access to cheaper external capital markets, have more leeway in establishing their own interest rates on borrowed money, and potentially maximize profits. by utilizing tax shelters.

The limitations of this study are the relatively short year of observation and the company's limited LQ45 index. Based on the results and conclusions above, it is suggested for the next research by adding more years of observation and adding more company data, so that the research results can be maximized. Further research can also add other independent variables, such as earning management, profitability, sales and asset growth, capital structure, and others. In addition to the addition of independent variables, further research may also consider moderating variables, such as corporate transparency and good corporate governance.

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