TABLE OF CONTENTS

COVER PAGE

TITLE PAGE

FINAL ASSIGNMENT STATEMENT AND UPLOAD AGREEMENT

APPROVAL PAGE BY FINAL PAPER ADVISOR ……... i

APPROVAL PAGE BY FINAL PAPER DEFENSE COMMITTEE ……... ii

ABSTRACT ……... iii

ABSTRAK ……..... iv

PREFACE ……... v

TABLE OF CONTENTS ……. vii

LIST OF FIGURES ……... xi

LIST OF TABLES …… xii

LIST OF APPENDICES ……. xiii

CHAPTER I INTRODUCTION

1.1 Background of the study 1

1.2 Problem Limitation 5

1.3 Problem Formulation 6

1.4 Objective of the Research 6

1.5 Benefit of The Research 7

1.5.1 Theoretical Benefit 7

1.5.2 Practical Benefit 7

CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Background 8

2.1.1 Agency Theory 8

2.1.2 Tax 9

2.1.3 Tax Avoidance 12

2.1.4 Return on Equity 15

2.1.5 Return On Asset 16

2.1.6 Firm Size 17

2.2 Previous Research 18

2.3 Hypothesis Development 20

2.3.1 The effect of Return on Equity on Tax Avoidance 20

2.3.2 The effect of Return on Asset on Tax Avoidance 21

2.3.3 The effect of Firm Size on Tax Avoidance 22

2.3.4 The effect of Return on Equity, Return on Assets and Firm Size on Tax Avoidance 23

2.4 Research Model 23

2.5 Framework of Thinking 25

CHAPTER III RESEARCH METHODOLOGY

3.1 Research Design 26

3.2 Population and Sample 26

3.2.1 Population 26

3.2.2 Sample 27

3.3 Data Collection Method 29

3.4 Operational Variable Definition and Variable Measurement 30
3.4.1 Independent Variable 30
3.4.2 Dependent Variable 32
3.5 Data Analysis Method 34
3.5.1 Descriptive Statistic 34
3.5.2 Classic Assumption Test 34
3.5.3 Multiple Linear Regression Analysis 36
3.5.4 Hypothesis Testing 37

CHAPTER IV RESEARCH RESULT AND DISCUSSION

4.1 General View of Mining Sector Companies at Indonesia Stock Exchange 39
4.2 Research Result 43
4.2.1 Descriptive Statistic 43
4.2.2 Result of Data Quality Testing 45
4.2.3 Result of Hypothesis Testing 52
4.3 Discussion 58
4.3.1 The Effect of Return on Equity toward Tax Avoidance 58
4.3.2 The Effect of Return on Asset toward Tax Avoidance 59
4.3.3 The effect of Ln Total Revenue toward Tax Avoidance 60
4.3.4 The Effect of Ln Total Asset toward Tax Avoidance 60
4.3.5 The Effect of Return on Equity, Return on Asset, Firm Size toward Tax Avoidance 61

CHAPTER V CONCLUSION

5.1 Conclusion 62

5.2 Recommendation 64

BIBLIOGRAPHY 65

LIST OF FIGURES

Figure 1.1 Tax revenue for last 5 years 4

Figure 2.1 Research Model 23

Figure 2.2 Framework of thinking 25

Figure 4.1 Normality Test Histogram Graph 47

Figure 4.2 Normal Probability Plot Graph 48

Figure 4.3 Scatterplot Graph for Heteroscedasticity Test 50

LIST OF TABLES

Table 1.1 State Revenue 2

Table 3.2 List of sample companies 28

Table 3.3 Definition of Variable and Variable Measurement 33

Table 4.1 Descriptive Statistics 44

Table 4.2 Normality Test through One-Sample Kolmogorov Smirnov Test 46

Table 4.3 Multicollinearity Test 49

Table 4.4 Heteroscedasticity Test – Glejser Test 50

Table 4.5 Autocorrelation Test using Durbin-Watson Test 51

Table 4.6 Summary of Classical Assumption Test 52

Table 4.7 Multiple Linear Regression Analysis 53

Table 4.8 Partial Hypothesis Testing (T-Test) 55

Table 4.9 Simultaneous Hypothesis Testing (F-Test) 56

Table 4.10 Coefficient of Determination (Adjusted R Square) 57

LIST OF APPENDICES

APPENDIX A: LIST OF SAMPLES A-1

APPENDIX B: DATA OF SAMPLE COMPANIES B-1

APPENDIX C: SPSS OUTPUT C-1

APPENDIX D: DURBIN-WATSON TABLE D-1

APPENDIX E: T-TEST DISTRIBUTION E-1

APPENDIX F: F-TEST DISTRIBUTION F-1