Annals of Social Sciences & Management Studies
ISSN: 2641-838X

Juniper Publishers
key to the Researchers

Research article
Volume 8 Issue 4 - May 2023
DOI: 10.19080/ASM.2023.08.555744

Ann Soc Sci Manage Stud
Copyright © All rights are reserved by Mukhtaruddin

Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange

Mukhtaruddin*, Rizka Fadilah, Meita Rahmawati and Rina Tjandrakirana DP

Accounting Department, Faculty of Economics, Universitas Sriwijaya, Indonesia

Submission: April 10, 2023; **Published:** May 19, 2023

***Corresponding author:** Mukhtaruddin, Accounting Department, Faculty of Economics, Universitas Sriwijaya, Indonesia
Email: yuditz@yahoo.com, mukhtaruddin67@unsri.ac.id

Abstract

Costs of debt are the interest rate paid on a company's debt. Cost of debt charges apply to all debt amounts, including the total value of loans and bonds. These costs are an excellent indicator in assessing the financial health of a company. The purpose of this research examined the effect of tax avoidance and good corporate governance (independent commissioners, managerial ownership, institutional ownership, and concentrated ownership) on cost of debt. The object of this research is mining company sub sector coal mining listed on Indonesia Stock Exchange during 2016-2020 which consist of 14 companies that were taken by using purposive sampling method. The data analyzed by multiple regression analysis in version 25 of SPSS application. The research showed that tax avoidance, independent commissioners, and concentrated ownership had an effect on cost of debt. This research also showed that managerial ownership and institutional ownership does not have an effect on cost of debt in companies listed on Indonesia Stock period 2016-2020.

Keywords: Tax Avoidance; Independent Commissioner; Managerial Ownership; Institutional Ownership; Concentrated Ownership; Cost of Debt

Introduction

Research Background

Companies need adjustments in the face of economic and business growth. The aim is to win competition. For such adjustment requires a large cost, it requires large capital for business development, whether it comes from own capital or by issuing debt letters to be sold to creditors. The use of such capital both funds derived from equity capital and external funds in the form of debt will incur costs called capital costs and debt costs. Cost of debt arises when the company makes a return of interest to the creditor as a form of reimbursement of the income on funds given to the company through debt. For the company that issues a debt letter, the interest on the debt must be paid to the creditors, and then the rate of repayment on that debt will be debt costs [1].

Previous research found that the factors that affect the cost of debt are (1) the Good Corporate Governance (GCG) mechanism [2-6], (2) financial performance (Zailastri & Murtando, 2022; Dirman, 2020) [7-9] (3) Asymmetric information and disclosure (Zailastri & Murtando, 2012; Nuryatno, et. al, 2019; and Chen & Jian, 2006), (4) Tax shelters and avoidance [8-13] and (5) Corporate Social Responsibility (Yeh, et. al, 2020; Whait, et. al, 2018; Suto & Takehara, 2017; Lin, et. al, 2019) [5,14]. The results of previous studies found mixed and inconsistent results.

This study repeats previous research by taking GCG mechanism and tax avoidance as variables to determine the cost of debt. The CGC mechanism is proxied by independent commissioners, managerial ownership, institutional ownership and concentrated ownership. Tax avoidance is an act of saving taxes by taking advantage of loopholes in tax law so that they are considered legal and do not violate the law [15]. Tax avoidance is closely related to trade off theory. The trade off theory was introduced by Modigliani & Miller (1959) which states that tax avoidance can be a tool for saving taxes and reducing costs by taking on debt. With interest that can be used to reduce the tax burden as deductible expenses.

Zahro, et al. [16] and Sadjiarto et al. [17] show that tax avoidance has a significant negative effect on debt costs, which means that tax avoidance can reduce debt costs. Meanwhile, Primary, et. al (2017), Suminar, Nadi [18] and Utama, et al. [19] shows the results that tax avoidance has a positive effect on the cost of debt.

GCG is a system that regulates and controls the company so that the company's parties act according to the norms and regulations that apply so that the company's goals can be achieved [20]. GCG is closely related to agency theory which can be used to analyze conflicts of interest that arise as a result of management actions that want to take actions as they wish which can be detrimental to shareholders. Therefore, GCG is needed to overcome conflicts of interest between management and shareholders [21]. Yunita [3] shows empirical evidence that GCG affects the cost of debt.

Nugroho, Meiranto [22] explained that GCG can be proxied by independent commissioners, audit committees, managerial ownership, institutional ownership and concentrated ownership. Independent commissioners are members of the board of commissioners who are not affiliated with the directors, other members of the board of commissioners, shareholders and are free from family and business relationships with directors and shareholders [23]. Nugroho, Meiranto [22] and Andriani, et al. [24] found that independent commissioners have a negative effect on the cost of debt. On the other hand, Arifah, Liana [21] found that independent commissioners have a positive effect on the cost of debt.

Another proxy in assessing GCG is managerial ownership which is an embodiment of the principle of transparency. This transparency is necessary to avoid conflicts between the interests of managers and shareholders. Managers who do not own shares in the company's capital structure are likely only concerned with their own interests [20]. Nugroho, Meiranto [22] explained that managerial ownership has a negative effect on the cost of debt. Other results are shown by Suto, Kitagawa [25] and Septian, Panggabean [2] finding that managerial ownership as measured by the interest rate spread has a positive effect on the cost of debt.

Institutional ownership is the percentage of company share ownership owned by institutional investors such as the government, investment companies, banks, insurance and other companies in the company's stock structure [26]. Ashkhabi, Agustina [27] found that institutional ownership has a negative effect on the cost of debt. Institutional ownership can also reduce debt costs due to the effectiveness of management performance control mechanisms by institutional parties so that creditors view company risk as lower and have an impact on low debt costs as well [27].

Concentrated ownership is ownership that is not limited to companies that place their families in CEO positions or other directors, but can be in the form of share ownership above 51% and can also be identified as companies with concentrated share ownership or family ownership [28]. Arifah, Liana [21] explained that concentrated ownership causes another conflict of interest, namely conflict between majority shareholders and minority shareholders so that creditors charge higher returns or debt costs to protect themselves from losses.

This study replicates the research of Nugroho, Meiranto [22] which analyzes the effect of GCG on the cost of debt. In contrast to previous research, this study adds tax avoidance to see its effect on the cost of debt. This is based on the fact that the phenomenon of tax avoidance and GCG in Indonesia has occurred in the coal sub-sector companies PT Kaltim Prima Coal, PT Bumi Resources Tbk and PT Arutmin Indonesia which are part of the Bakrie Group which are indicated to have committed tax evasion of IDR 2.176 trillion [29]. The Bakrie Group has also been involved in a case related to GCG, where it was indicated that PT Bumi Resources Tbk did not apply GCG principles by not properly using US$ 600 million for company development.

Literature Study and Hypothesis Development

Agency Theory

Jensen, Meckling [30] defines an agency contract between one or several principals who delegate authority to another person (agent) to make decisions in running the company. Based on agency theory, the so-called principals are shareholders, owners and investors. Furthermore, the agent is the administrator who manages the owner's wealth in the company. Tax avoidance behavior is influenced by the existence of agency theory, in this theory it is explained that tax avoidance and debt costs are used to deal with agency problems. When there are differences in interests between interested parties, where on one side the manager wants to increase compensation, shareholders want to reduce tax costs, creditors want the company to be able to fulfill debt contracts and pay interest on time [31].

Agency theory can also be used in analyzing the effect of GCG on debt costs. The existence of agency problems can lead to conflicts of interest that arise as a result of management actions that want to take action as they wish which can be detrimental to shareholders. Therefore, GCG is needed to overcome conflicts of interest between management and shareholders [21].

Agency theory relates to GCG because the effective implementation of GCG can reduce company risk from management decisions that prioritize personal interests so that GCG becomes an important indicator in determining the level of debt fees charged. The better the GCG, the lower the cost of debt charged to the company because GCG is believed to be a guarantee tool for creditors that the funds provided are properly managed [32].

Tradeoff Theory

The trade off theory was put forward by Modigliani and Miller in 1959. According to this theory, tax avoidance can be a tool for saving taxes and reducing costs, thereby reducing the tax burden. However, companies cannot take advantage of debt costs and tax

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

avoidance simultaneously because it is very risky to be discovered by tax parties, so companies choose to use tax avoidance by reducing the use of debt costs so that they are not too risky [17]. Lim [33] states that tax avoidance can be used to replace the role of using corporate debt. This is because tax avoidance is able to increase financial concessions, improve credit quality, reduce bankruptcy costs, lower default risk and ultimately reduce debt costs caused by these things.

Tax Avoidance

Taxpayers always want the payment of taxes to be as minimal as possible so as to encourage taxpayers, both personal and corporate taxpayers to take several actions that can minimize their taxes, namely by taking tax avoidance or tax evasion. Tax avoidance is an effort that is carried out legally and safely for taxpayers without conflicting with applicable tax provisions, the methods and techniques used tend to take advantage of the weaknesses contained in the laws and tax regulations themselves [34]. Sugiyanto, et al. [31] states that companies tend to practice tax avoidance because the taxes paid by companies are considered a burden. Therefore, companies carry out tax avoidance because this action is considered to be an effort to be able to pay taxes as efficiently as possible. Kurniawan [35] explains that one type of tax avoidance that is often carried out by companies is thin capitalization, which is a situation where the use of debt is greater than the use of capital as an alternative to corporate financing. This action arises because of differences in treatment between the use of debt and capital. Tax regulations allow the payment of interest expenses or those that are still in the form of interest payable to be included as deductible expenses when calculating fiscal profits, in contrast to financing that uses capital, payment of rewards in the form of dividends cannot be deducted when calculating fiscal profits.

Good Corporate Governance

The 2001 Good Corporate Governance in Indonesia Forum (FCGI) explained that GCG is a set of regulations governing the relationship between shareholders, managers, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations or to In other words, GCG is a system that regulates and controls interested parties in a company in order to achieve company goals in accordance with established regulations. The GCG mechanism consists of two mechanisms, namely internal and external mechanisms. Internal GCG is a mechanism that is directly involved in managing the company which consists of the board of commissioners, shareholders, directors and audit committee [36].

Independent commissioners are members of the board of commissioners who are not affiliated with the directors, other members of the board of commissioners, shareholders and are free from family and business relationships with directors and shareholders [23]. Independent commissioners have an important role in the company, namely overseeing the performance of management, with this supervision leading to increased management performance so as to reduce agency problems between management and shareholders. This can happen because the board of independent commissioners also has a role in carrying out company policies [21].

Managerial ownership is a manifestation of the principle of transparency. This transparency is necessary to avoid conflicts between the interests of managers and shareholders. Managers who do not own shares in the company's capital structure are likely only concerned with their own interests [20]. Yunita [3] explains that with managerial ownership, it causes managers to be careful in their actions. Especially in making decisions related to debt policy, so managers suppress the amount of debt in order to minimize risks that impact creditors' decisions in determining the cost of debt. The smaller the company's risk, the smaller the debt costs charged to the company by creditors.

Institutional ownership is the percentage of company share ownership owned by institutional investors such as the government, investment companies, banks, insurance and other companies in the company's stock structure [26]. Institutional ownership can act as a party that can monitor companies [36]. Septian, Panggabean [2] stated that a significant amount of institutional ownership results in tight supervision from parties outside the company so that it can encourage management to carry out management in a transparent manner.

Concentrated ownership is closely related to family ownership which describes how and who controls all or most of the company's ownership in controlling the company's business activities. Concentrated share ownership is measured by an ownership level above 51% indicating control rights by the majority shareholder [37].

Cost of Debt

There are several sources of corporate funding, one of which is debt. This funding alternative is commonly used by companies because it is considered to provide benefits in the form of tax savings due to interest on debt costs which are deductible expenses. Marcelliana, Purwaningsih [1] stated that debt costs arise when companies make returns in the form of interest to creditors as a form of return on funds provided to companies through debt. For companies that are in debt, the interest on the debt must be given to creditors, which then the rate of return on the debt will become the cost of the debt [1].

Companies usually have debts not only to one creditor, but to several parties, where the interest rate determined by each party is different. Therefore, the cost of debt can be calculated using the weighted average interest expense that must be paid by the company by dividing the average long-term and short-term debt [31].

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

Theoritical framework

This study examines and analyzes the effect of tax avoidance and GCG on debt costs. GCG in this study is proxied by independent commissioners, managerial ownership, institutional ownership, and concentrated ownership. Determination of the cost of debt aims to determine the amount of costs incurred by the company in accordance with the expected rate of return of shareholders or creditors. The problem that often occurs in companies is the conflict of interest between principals and agents. This is due to the existence of information asymmetry between management and shareholders.

Based on the trade off theory, it is explained that tax avoidance can be used to deal with agency problems which can be used to replace the role of using corporate debt. This is because tax avoidance is able to increase financial flexibility, improve credit quality, reduce bankruptcy costs, lower default risk and can ultimately reduce debt costs caused by these things [33].

The GCG mechanism can also be used to reduce agency problems. Based on agency theory, effective GCG implementation can reduce corporate risk from management decisions that prioritize personal interests. The better the GCG, the lower the cost of debt charged to the company [32] (Figure 1).

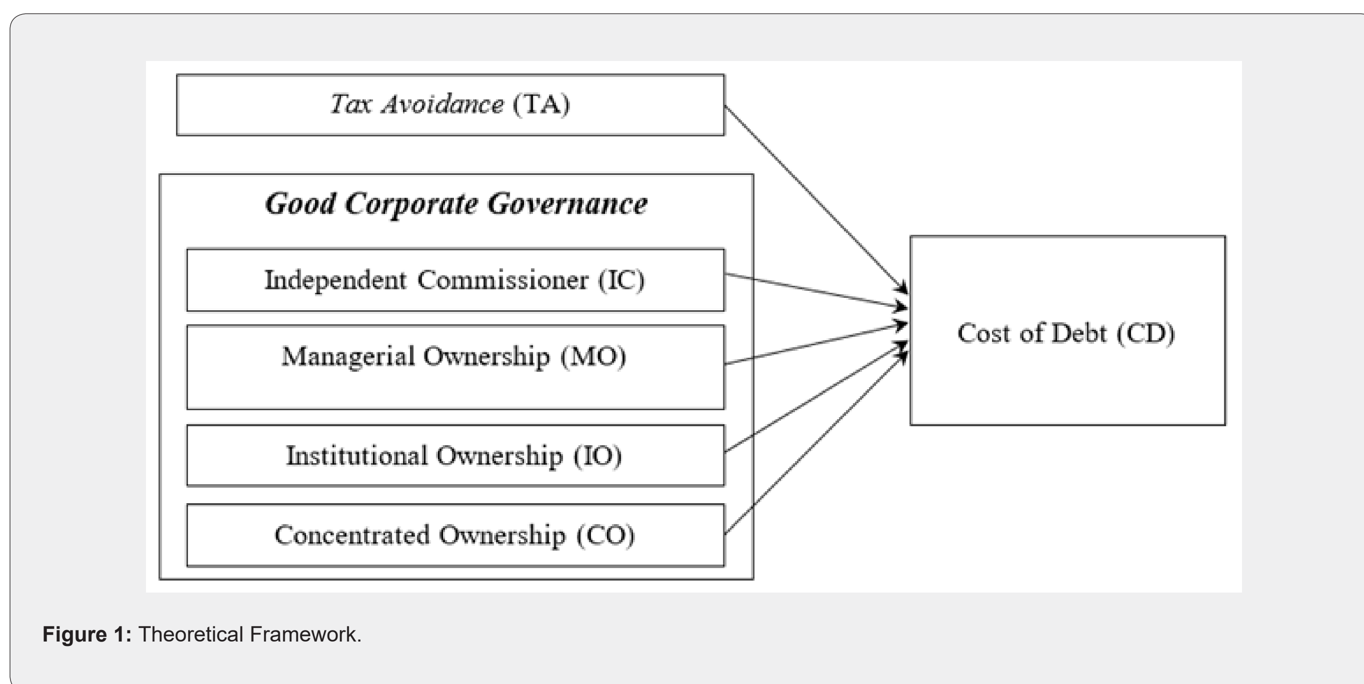

Figure 1: Theoretical Framework.

Based on this, the framework of thought in this study can be described as follows:

Hypothesis Development

The effect of Tax Avoidance to Cost of Debt

Based on the trade off theory, tax avoidance has a negative effect on the cost of debt. The trade off theory explains that companies cannot take advantage of debt costs and tax avoidance simultaneously because it is very risky to be known by tax parties, so that it is not too risky companies choose to use tax avoidance by reducing the use of debt costs. Zahro, et. al [16] and Sadjiarto et al. [17] show empirical evidence that tax avoidance has a negative effect on the cost of debt. Sadjiarto et al. [17] stated that the use of debt will decrease along with the use of tax avoidance because the cost of debt and tax avoidance have a substitution relationship. Based on the description of the previous research, the hypothesis proposed in this study is as follows:

H 1: Tax avoidance has an effect to cost of debt

The effect of Independent Commissioner on Debt Costs

Independent commissioners function as supervisors in a company by ensuring that the company has conducted business activities in accordance with applicable regulations. When viewed using agency theory, companies that have a large proportion of independent commissioners are considered to have superior performance, thereby reducing the information asymmetry between shareholders, creditors and management so that creditors will charge low debt costs.

Nugroho, Meiranto [22] and Andriani, et al. [24] found that the independent commissioner has a negative effect on the cost of debt. Nugroho, Meiranto [22] stated that an independent commissioner can assist shareholders in supervising management so as to reduce the risk of managers to act according to their own wishes without considering risks that could harm shareholders and

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

creditors. This shows that the cost of debt charged to the company is getting smaller along with the large number of independent commissioners. Based on the description of the previous research, the hypothesis proposed in this study is as follows:

H2: Independent commissioners have an effect on debt costs

The effect of Managerial Ownership of Debt Costs

Managerial ownership is an embodiment in the implementation of transparency for the implementation of GCG. According to agency theory, share ownership by managerial parties can reduce the existence of agency conflict because the existence of a proportion of management shares in the share ownership structure causes managers to have a role and can take part in decision making in determining the company's debt policy. Nugroho, Meiranto [22] found that managerial ownership has an effect on the cost of debt. This is because with the existence of share ownership by management in the company, the decisions taken will be able to benefit the shareholders and the manager. Decisions made can be borne and enjoyed together, so that managers will suppress the occurrence of debt transactions to maintain the proportion of ownership in the company. Based on the description of the previous research, the hypothesis proposed in this study is as follows:

H 3: Managerial ownership has affect to the cost of debt

The effect of Institutional Ownership on the Cost of Debt

Based on agency theory, the existence of institutional ownership in the company's share ownership structure is considered as one way to reduce conflicts of interest between shareholders and management. This is due to the existence of institutional ownership from parties outside the company can improve more optimal monitoring of management performance. This causes a reduction in corporate risk which will ultimately reduce the level of debt costs charged by creditors to debtor companies. Ashkhabi, Agustina [27] proved empirically that institutional ownership has a negative effect on the cost of debt. Based on the description of the previous research, the hypothesis proposed in this study is as follows:

H4: Institutional ownership has affect on the cost of debt

The effect of Concentrated Ownership of the Cost of Debt

Based on agency theory, companies with concentrated share ownership are likely to have agency problems between principals, namely owners, shareholders and investors, and agents, namely managers. This is because concentrated ownership will cause another agency problem, namely between the majority shareholders and minority shareholders. The results of research by Nugroho, Meiranto [22] show that concentrated ownership has a positive effect on the cost of debt. This can happen because with concentrated ownership as the majority shareholder will have great control to increase his personal profits so that creditors will view this as a risk that in the end companies with concentrated ownership will be subject to greater debt costs. Based on the description of the previous research, the hypothesis proposed in this study is as follows:

H5: Concentrated ownership has affect on the cost of debt

Research Methodology

Population and Research Sample

The population used in this study is goal sub-sector mining companies listed on the Indonesia Stock Exchange for the period 2016-2020. Data obtained from the Indonesian Stock Exchange website. The sample selection in this study used a purposive sampling method is a sample selection technique with certain assessments or criteria [38]. The following samples were used in this study, namely (Table 1):

Table 1: Research Sample Table.

Company	Amount
Mining companies in the coal sub-sector are listed on the Indonesia Stock Exchange in 2016-2020 minus:	25
Companies that did not issue audited financial statements in 2016-2020	4
Companies that experienced losses during 2016-2020	7
Mining companies in the coal sub-sector that do not meet the criteria	0
Mining companies in the coal sub-sector that meet the sample criteria	14
Observation Period 2016-2020	5
Total Observations	70

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

Data analysis Technique

Descriptive statistics

This study uses descriptive statistics with the aim of knowing a descriptive description of the variables studied. Descriptive statistics aim to describe data into information that is easier to understand. Descriptive statistics provide an overview or description of the data seen based on the average value (mean), standard deviation, variance, maximum, minimum, sum , range, kurtosis, and skewness [39].

Classic assumption test

The normality test is used to assess and find out whether the population data used in the study is normal or not. The normality test used in this study is the Kolmog o rov Smirnov test. Kolmog o rov Smirnov is a method that can be used to assess whether the distribution of research data is normal or not by comparing the distribution of research data with the standard normal distribution. The basis for decision making in the Kolmogorov Smirnov test is if the significance is less than 0.05 then the data is not normally distributed, conversely if the significance is greater than 0.05 then the data is normally distributed [39].

The multicholine aritity test aims to test whether there is a correlation or relationship between independent variables in a regression model so that the research does not become biased. The regression model that does not occur multicholine arithmetic can be seen from the tolerance value and the variance inflation factor (VIF) value. If the VIF value is at below 10 or tolerance value at above 0.1, the regression model is free from multicollinearity [39].

The heteroscedasticity test is used to test whether there are differences in error variance from one observation to another using a scatter plot graph by plotting the ZPRED value (predictive value) with SRESID (residual value) [39].

The autocorrelation test is used to test whether in the regression model there is a correlation between the confounding errors in this study and previous studies. Autocorrelation can be tested using the Durbin-Watson (DW) test. The regression model that does not contain autocorrelation is if Dwu < dw < 4 – Dwu [39].

Multiple Regression Analysis

Multiple regression analysis is used to show the direction of the relationship and measure the strength of the relationship between the independent variables and the dependent variable [39]. The multiple regression equation in this study is as follows:

$$CD = a + bTA + cIC + dMO + eIO + fCO \quad \text{.............................. (i)}$$

Where as: CD=Cost of Debt, TA=Tax Avoidance, IC=Idependent Commissioners, MO=Managerial ownership, IO=Institutional ownership, CO=Concentrated ownership, a = Constant and b,c,d,e,f = Regression coefficient

Hypothesis test

Partial Testing (t Test) is used to see whether the independent variables affect the dependent variables individually. The basis for decision making in the T test is to determine the level of significance of 5% or (α) = 0.05.

Simultaneous Testing (Test F) is used to prove the effect of the independent variable on the dependent variable simultaneously or together. If the F value <0.05, then the regression model can be used to predict the independent variable. In testing the hypothesis, the F test has criteria, namely if the significance value of F <0.05, then the alternative hypothesis is accepted, which means that all independent variables simultaneously and significantly influence the dependent variable [39].

Coefficient of Determination (R2)

The coefficient of determination (R2) is used to measure the ability of the independent variables (tax avoidance, independent commissioners, managerial ownership, institutional ownership, and concentrated ownership) in explaining the dependent variable (cost of debt). The test of determination is assessed through R square where the value of the coefficient of determination is between zero and one. If it is close to 1, it is getting stronger the ability of the independent variable can explain the dependent variable. Conversely, if the value of the coefficient of determination gets closer to 0, it means that the ability of the independent variable to explain the dependent variable is weaker [39].

Variable Measurement

Tax Avoidance (TA)

TA in this study using the measurement of the Cash Effective Tax Rate (Cash ETR), namely the tax rate paid by companies from profit before tax [40]. Cash Effective Tax Rate (Cash ETR) is measured through the formula:

$$TA = \frac{\text{Taxes paid}}{\text{Profit before tax}} \quad \text{(ii)}$$

Independent Commissioner (IC)

IC is a member of the board of commissioners who is not affiliated with the directors, other members of the board of commissioners, shareholders and is free from family and business relationships with directors and shareholders [23]. IC in this study is measured by dividing the number of independent commissioners by the total board of commissioners [22].

Managerial Ownership (MO)

Debt owners assume that companies that have a low level of debt costs can be achieved by companies that have a high level

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744.
DOI: 10.19080/ASM.2023.08.555744

of managerial ownership [22]. MO is measured by dividing the number of shares owned by management against all outstanding company shares [22].

Institutional Ownership (IO)

IO in significant numbers will result in tight supervision from parties outside the company so that it can encourage management to carry out management in a transparent manner [2]. IO is the percentage of company shares held by institutional investors such as the government, investment companies, banks, insurance and other companies and are believed to have a better ability to monitor management actions than individual investors [22].

Concentrated Ownership (CO)

CO is concentrated in terms of the level of ownership in of 51% indicating control rights by the majority shareholder. CO is measured by using a dummy variable in which companies that have ownership are concentrated given a value of 1 and if not, given a value of 0 [22].

Cost of Debt

Costs arise when companies make returns in the form of interest to creditors as a form of return on funds provided to companies [1]. The cost of debt can be calculated using the weighted average interest expense that must be paid by the company by dividing the average long-term and short-term debt [22].

Results and Discussion

Descriptive statistics

Descriptive statistical tests of the variable cost of debt, tax avoidance, independent commissioners, managerial ownership, institutional ownership, and concentrated ownership were carried out in 14 coal mining sub-sector companies listed on the Indonesia Stock Exchange consisting of 70 research data during 2016-2020. The following (Table 2) presents the results of statistical tests which include the number of samples (N), minimum value, maximum value, average (mean) and standard deviation for each variable.

Based on the results of the descriptive statistical test, information was obtained about during the observation period, namely 2016 - 2020; the average value tax avoidance proxied by ETR is equal to 0.3142480 with a standard deviation of 0.13769920. The lowest ETR value is owned by PT Resource Alam Indonesia Tbk of 0.03281 while the highest ETR value is owned by PT Darma Henwa Tbk of 0.80112. The IC has an average of 0.4091532 with a standard deviation of 0.10396790. The highest value of 0.6667 is owned by PT Toba Bara Sejahtera Tbk and PT Delta Dunia Makmur Tbk while the lowest value of 0.2222 is owned by PT Baramulti Suksessarana Tbk.

MO has an average of 0.0937484 and a standard deviation of 0.19403336. The highest value of 0.6629 3 is owned by PT Bayan Resources Tbk. The lowest value of MO is 0. A company with a value of 0 indicates that the company has no MO.

Table 2: Results of Descriptive Analysis of Sub-Sector Coal Mining Companies.

Descriptive Statistics	N	Minimum	Maximum	Means	std. Deviation
Tax Avoidance (TA)	70	0.03281	0.80112	0.314248	0.137699
Independent Commissioner (IC)	70	0.22222	0.66667	0.4091532	0.103968
Managerial Ownership (MO)	70	0	0.66293	0.0937484	0.194033
Institutional Ownership (IO)	70	0	0.90741	0.5222689	0.226028
Concentrated Ownership (CO)	70	0	1	0.66	0.478
Cost of Debt (CD)	70	0.00177	0.09819	0.0211236	0.020304
Valid N (listwise)	70				

Source: Processed secondary data, 2022

IO has an average value of 0.5222689 and a standard deviation of 0.22602801. The highest value is owned by PT Baramulti Suksessarana Tbk of 0.9074 1 and the lowest score of 0 is owned by PT Dian Swastatika Sentosa Tbk.

CO is concentrated using a dummy variable. Companies that have concentrated share ownership, namely ownership above 51% is given a value of 1, otherwise 0. The concentrated ownership variable has a mean value of 0.6 6 and a standard deviation of 0.478.

The CD has an average value of 0.0211236 with a standard deviation of 0.02030448. The lowest CD value is owned by PT Samindo Resources Tbk of 0.0018 and the highest value is owned by PT Toba Bara Sejahtera Tbk with a cost of debt level of 0.09819.

Multiple Regression Analysis

Multiple regression analysis was used to show the direction and size of the relationship as well as the strength between the independent and dependent variables. The results of research data testing can be seen in the following Table 3:

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

Table 3: Research Data Testing Results.

	B	Prob-t value	Significance
Constant	-0.018	-1,090	0.28
Tax Avoidance (TA)	-0.021	- 2 194	. 237
Independence Commissioner (IC)	0.101	-3,837	.000*
Managerial Ownership (MO)	0.016	1.221	0.226
Institutional Ownership (IO)	0.017	1.3	0.198
Concentrated Ownership (CO)	-0.01	-2.901	.062**
Adj R2	0.146		
Prob F Value	0.009*		
*sign 5%			
**sign 10%			
DV: Cost of Debt (COD)			

Sumber: Data processing, 2022

Based on the results of research data testing, the multiple linear regression equation in this study is as follows:

$$CD = \alpha + \beta 1TA + \beta 2IC + \beta 3MO + \beta 4IO + \beta 5CO$$

$$CD = -0.018 - 0.021TA + 0.101TA - 0.0\ 16MO + 0.017IO - 0.010CO$$

The regression equation above can be described as follows:

i. A constant value (a) of -0.018 indicates that without the influence of tax avoidance, independent commissioner, managerial ownership, institutional ownership, concentrated ownership then the value of the cost of debt is -0.018.

ii. The effect of TA on CD is -0.021 or 2.1%. This shows that CD is affected by TA of 2.1%, while the rest is explained by other factors outside the model. However, because the significant value is > 0.05, TA has a partial but not significant effect on CD.

iii. The IC effect is 0.101 or 10.1%. This shows that CD is affected by IC by 10.1%, while the rest is explained by other factors outside the model. Significant value <0.05 indicates that partially IC has a significant effect on CD.

iv. The effect of MO is 0.016 or 1.6%. This shows that CD is affected by MO by 1.6%, while the rest is explained by other factors outside the model. However, because the significant value is > 0.05, partially MO has no significant effect on CD.

v. The effect of IO is 0.017 or 1.7%. This shows that CD is influenced by IO by 1.7%, while the rest is explained by other factors outside the model. However, because the significant value is > 0.05, partially IO has no significant effect on CD.

vi. The effect of CO is -0.010 or 1%. This shows that CD is affected by CO by 1%, while the rest is explained by other factors outside the model. However, because the significant value is > 0.05, partially CO has a negative but not significant effect on CD.

Hypothesis test

Based on the results of the partial test in Table 3, the results obtained regarding the relationship between the independent and dependent variables are as follows:

i. The effect of TA on CD has a T-count value of -2.194 while the T-table at a significance level of t is 0.05, df = nk or 70-6 = 64, the result is 2.00488. This means that the T-count > T-table (-2.194> 2.00488). Furthermore, TA has a significant value of 0.237 which is greater than the significance level of 0.05 (0.462 > 0.05). This shows that TA has a negative but not significant effect on CD.

ii. The effect of IC on CD has a T-count of 3.837 while the T-table at a significance level of t is 0.05, df = nk or 70-6 = 64, the result is 2.00488. This means that the value of T-count > T-table (3.837 > 2.00488). Furthermore, IC has a significance value of 0.000, which is smaller than the significance level of 0.05 (0.003 <0.05). This shows that IC has a negative and significant effect on CD.

iii. The effect of MO on CD has a T-count of 1.221 while the T-table at a significance level of t is 0.05, df = nk or 70-6 = 64, the result is 2.00488. This means that the T-count > T-table (1.221 < 2.00488). Furthermore, MO has a significance value of 0.226 which is greater than the significance level of 0.05 (0.495 > 0.05). This shows that MO has no significant effect on CD.

iv. The effect of IO on CD has a T-count of 1.300 while the T-table at a significance level of t is 0.05, df = nk or 70-6 = 64, the result is 2.00488. This means that the value of T-count < T-table (1.300 <2.00488). Furthermore, IO a significance value of 0.198, which is greater than the significance level of 0.05 (0.433 > 0.05). This shows that IO has no significant effect on CD.

v. The effect of CO on CD has a T-count of -2.901 while the T-table at a significance level of 0.05, df = nk or 70-6 = 54 obtains

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

a result of 2.00488. This means that the T-count > T-table (-2.901> 2.00488). Furthermore, CO has a significance level of 0.064 which is greater than a significance level of 0.05 (0.062 > 0.05). This shows that CO has a negative but not significant effect on CD.

Simultaneous Test (Test F)

The F test is used to prove the effect of the independent (independent) variable on the dependent variable simultaneously or together. If the F value <0.05, then the regression model can be used to predict the independent variable. In testing the hypothesis, the F test has criteria, namely if the significance value of F <0.05, then the alternative hypothesis is accepted, which means that all independent variables simultaneously and significantly influence the dependent variable. Simultaneous test results in this study have a significant value of 0.0 09 or > 0.05, so it can be concluded that TA, IC, MO, IO, and CO simultaneously had no effect on CD [41-45].

Determination Coefficient Test (R Square)

The coefficient of determination (R Square) is used to measure how far the independent variable is able to explain the dependent variable. Determination test is assessed through R Square where the value of the coefficient of determination is between zero and one. The test results for the coefficient of determination in coal sub-sector mining companies listed on the Indonesia Stock Exchange in 2016-2020 were 0.208. These results indicate that the influence of tax avoidance variables, independent commissioners, managerial ownership, institutional ownership, and concentrated ownership has a contribution of 20.8 % to the cost of debt while the remaining 79.2 % is influenced by factors outside the research [46-48].

Discussion of Results and Discussion

The Effect of Tax Avoidance on the Cost of Debt

Based on the results of data processing that has been done then H1 is accepted, namely tax avoidance has a negative but not significant effect on the cost of debt. This research is in line with the trade off theory which emphasizes that tax avoidance can reduce the cost of debt charged to companies. Tax avoidance can be a tool to save taxes and reduce costs, namely by carrying out debt, because there is interest that can be used to reduce the tax burden as a deductible expenses. The results are in line with Zahro, et al. [16] and Sadjiarto et al. [17]. This can happen because companies cannot take advantage of debt costs and tax avoidance simultaneously because it is very risky to be known by tax parties, so companies choose to use tax avoidance by reducing the use of debt costs so that they are not too risky [17].

This result is not in line with Primary, Suminar, Nadi [18] and Utama, et al. [19]. This can happen because tax avoidance is considered to be used to replace the role of using corporate debt which is able to increase financial concessions, improve credit quality, reduce bankruptcy costs, lower default risk and ultimately reduce debt costs caused by these things [17].

The Influence of the Independent Commissioner on the Cost of Debt

Based on the results of data processing that has been done then H2 is accepted, namely the independent commissioner has a negative and significant effect on the cost of debt. This means that independent commissioners can reduce the amount of debt costs charged to the company. This research is in line with agency theory. Agency theory emphasizes that companies that have a large proportion of independent commissioners are considered to have superior performance, thereby reducing the information asymmetry between shareholders, creditors and management so that creditors will charge low debt costs.

In line with Nugroho, Meiranto [22] and Andriani, et al. [24] shows the results that the independent commissioner has a negative and significant effect on the cost of debt. This can happen because an independent commissioner is considered to be able to assist shareholders in supervising management thereby reducing the risk of managers to act according to their own wishes without considering risks that can harm shareholders and creditors [22].

However, these results are not in line with the research of Arifah, Liana [21]. This can happen because researchers only measure the independent commissioner variable only with the level of ownership where independent ownership in the share ownership structure is only to fulfill the requirements for companies that implement GCG. Based on previous research, independent commissioners have no influence on debt costs because creditors are considered less effective in overseeing management performance so that debt costs will remain large and will not be affected by the existence of an independent commissioner in the company [21].

It is proven that independent commissioners have a negative effect on the cost of debt because the independent commissioners of the sample companies have a high proportion of commissioners, which causes the supervision carried out by independent commissioners to be more effective. The existence of an independent commissioner in a company is important, because an independent commissioner has a role to play in making company decisions. The existence of an independent commissioner can prevent information asymmetry by carrying out routine supervision by an independent commissioner which can make creditors charge lower debt costs [22].

The Effect of Managerial Ownership on the Cost of Debt

Based on the results of data processing that has been done then H3 is rejected, namely managerial ownership has no significant effect on the cost of debt. The results of this study are not in line with agency theory. Agency theory emphasizes that share ownership by managerial parties can reduce agency conflict because with the proportion of management shares in the share

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744.
DOI: 10.19080/ASM.2023.08.555744

ownership structure, managers have a role and can participate in decision making in determining company debt policy [22].

This research is in line with Juniarti, Sentosa [26], showing evidence that managerial ownership has no significant effect on the cost of debt. This can happen because management ownership tends to be a little less encouraging for management to improve performance. In addition, because control in determining debt policy rests with majority share ownership, management does not have much control in determining the company's debt policy. The creditor considers that the company is still at risk because management's actions can still harm the company in determining the debt policy it makes.

The Effect of Institutional Ownership on the Cost of Debt

Based on the results of data processing that has been done then H4 is rejected, namely institutional ownership has no significant effect on the cost of debt. This research is not in line with agency theory. Based on agency theory, the existence of institutional ownership in the company's share ownership structure is considered as one way to reduce conflicts of interest between shareholders and management. This is because, with institutional ownership from parties outside the company, it can improve more optimal monitoring of management performance. Furthermore, it causes a reduction in corporate risk which will ultimately reduce the level of debt costs charged by creditors to debtor companies.

Neither does this research in line Nugroho, Meiranto [22] and Ashkhabi, Agustina [27]. This might happen because in this study many institutional ownership of mining companies in Indonesia came from foreign investors who only monitored occasionally due to distance and time limitations [22]. Institutional ownership has a role in monitoring management performance, the greater the level of institutional ownership, the more effective the control mechanism is. This causes the company to be considered low risk and will have an impact on the low cost of debt that will be charged to the company [27].

This research is in line with research conducted by Nugroho, Meiranto [22] which shows the results that institutional ownership positive but not significant effect on the cost of debt. The effect of institutional ownership on the cost of debt is not proven because institutional investors in Indonesia cannot provide adequate oversight of management actions in companies and institutional investors cannot prevent conflicts of interest that occur between management and creditors because institutional investors do not pay much attention to this problem [22].

The Effect of Concentrated Ownership on the Cost of Debt

Based on the results of data processing that has been done then H5 is accepted, namely concentrated ownership has a negative but not significant effect on the cost of debt. This research is in line with Meiriasari's [32] which states that concentrated ownership in companies can reduce agency problems between managers and shareholders. Companies managed by CEOs who still have family ties or with concentrated share ownership can minimize conflicts between shareholders, managers and creditors. This is because to protect their own profits, concentrated shareholders will try to improve the company's performance so as to minimize the company's risk.

In contrast to agency theory. Based on agency theory, companies with concentrated share ownership are likely to have agency problems between principals, namely owners, shareholders and investors, and agents, namely managers. This is because concentrated ownership will cause another agency problem, namely between the majority shareholders and minority shareholders.

This research is not in line with Nugroho, Meiranto [22]. This can happen because with concentrated ownership as the majority shareholder will have great control to increase his personal profits so that creditors will view this as a risk that in the end companies with concentrated ownership will enjoy greater debt costs.

Conclusion and Remarks

Conclusion

Based on the results of research on the effect of tax avoidance and GCG on the cost of debt using samples from 14 coal sub-sector mining companies listed on the IDX for 2016-2020. Based on the discussion conducted, it can be concluded that:

i. Tax avoidance has a negative effect on the cost of debt. This indicates that tax avoidance measures can be used to replace the role of using company debt and can ultimately reduce the cost of debt.

ii. Independent commissioners have a negative effect on the cost of debt. This shows that Independent commissioners have a major role in supervising management so as to reduce debt costs.

iii. Managerial ownership has no effect on the cost of debt. This shows that the proportion of managerial ownership in the share structure has no impact on improving management performance and reducing company risk because management ownership tends to have little effect on corporate debt policies controlled by majority share ownership.

iv. Institutional ownership has no effect on the cost of debt. This shows that institutional investors cannot provide sufficient oversight of management actions in companies so they cannot reduce agency conflicts.

v. Concentrated ownership has a negative effect on the cost of debt. This shows that the concentrated shareholders will try to improve the company's performance so as to minimize the company's risk for their own benefit.

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744.
DOI: 10.19080/ASM.2023.08.555744

Limitations

This research has limitations including the following:

i. This study only uses mining companies in the coal sub-sector, so that the results cannot be drawn conclusions for each industrial sector.

ii. This research cannot properly describe the phenomenon of institutional ownership variables, because the information in the financial statements contains companies with very small ownership so that they are combined with public ownership.

Suggestion

Based on the limitations of the research, the authors propose several suggestions for research development, namely as follows:

i. Future research should broaden the scope of the company sample so that the research results can describe the overall situation and the research results become more reliable.

Future research should add a good corporate governance proxy in the form of foreign share ownership to see its effect on debt costs.

References

1. Marcelliana E, Purwaningsih A (2014) The Effect of Tax Avoidance on the Cost of Debt of Manufacturing Companies Listed on the Indonesia Stock Exchange 2010-2012 Period. Journal of Accounting and Finance 7(5): 1-11.
2. Septian M, Panggabean RR (2017) Factors Affecting the Cost of Debt to Companies in Kompas 100. Journal of Economics 22(1): 37-51.
3. Yunita N (2012) The Influence of Corporate Governance on Voluntary Disclosure and Debt Costs. Scientific Journal of Accounting Students 1(1): 90-96.
4. Bhoraj S, Sengupta P (2003) Effect of corporate governance on bond ratings and yields: The role of institutional investors and outside directors. Journal of Business 76: 455-475.
5. Firmansyah A, Andriani AF, Mahrus ML (2021) The cost of corporate capital in Indonesia: social responsibility and corporate governance. Journal of Economics 26(3): 361-378.
6. AlHares A (2020) Corporate governance and cost of capital in OECD countries. International Journal of Accounting and Information Management 28(1): 1-21.
7. Kim J, Charlie B (2013) Real earnings management and cost of capital. Journal of Accounting and Public Policy 32(6): 518-543.
8. Kubick TR, Lockhart GB (2017) Corporate tax aggressiveness and the maturity structure of debt. Advances in Accounting 36: 50-57.
9. Febriyanto AS, Firmansyah A (2018) The effects of tax avoidance, accrual earnings management, real earnings management, and capital intensity on the cost of equity. Journal of Accounting Dynamics 10(1): 40-50.
10. Hutchens M, Rego S (2017) Tax risks and costs of equity capital. Journal of Chemical Information and Modeling 53(9): 1689-1699.
11. Graham, Tucker (2006) Tax Shelters and Corporate Debt Policy. Journal of Financial Economics 81(3): 563-594.
12. Simanjuntak, Dian Francis, Dahlia Sari (2014) The Role of Tax Avoidance in Reducing the Cost of Debt with the Effectiveness of the Audit Committee as a Moderating Variable, National Symposium on Accounting 17, Mataram, Lombok, Indonesia.
13. Goh BW, Lee J, Lim CY, Shevlin T (2016) The effect of corporate tax avoidance on the cost of equity. The Accounting Review 91(6): 1647-1670.
14. Gunawan J (2017) Pengaruh corporate social responsibility dan corporate governance terhadap agresivitas pajak. Jurnal Akuntansi 21(3): 425-436.
15. Wardani SL, Ruslim H (2020) Effect of DAR, Firm Size, and Tax Avoidance on Cost of Debt. Journal of Managerial and Entrepreneurship 2(2): 469-478.
16. Zahro F, Afifudin Mawardi MC (2018) The Effect of Tax Avoidance and Good Corporate Governance on the Cost of Debt . E-Journal of Accounting Research 7(6): 62-76.
17. Sadjiarto A, Mustofa DA, Putra WA, Winston W (2019) The Effect of Tax Avoidance on the Cost of Debt for IDX Issuers in 2014-2017. Assets: Journal of Accounting and Education 8(1): 57-69.
18. Suminar D, Nadi L (2018) Effect of Tax Avoidance, Earnings Management, and Managerial Ownership on the Cost of Debt. Scientific Journal of Wahana Accounting 15(2): 95-109.
19. Utama F, Kirana DJ & Sitanggang K (2019) The Effect of Tax Avoidance on the Cost of Institutional Debt and Ownership as a Moderator. Journal of Business and Accounting 21(1): 47-60.
20. Adam M, Mukhtaruddin, Soraya N, Yusrianti Hn(2015) Good Corporate Governance And Cost Of Debt: Listed Companies On Indonesian Institute For Corporate Governance. Asian Social Science 11(25): 58-77.
21. Arifah DA, Liana VE (2018) Good Corporate Governance on the Cost of Equity and the Cost of Debt. Journal of Business and Economics 25(2): 160-172.
22. Nugroho D, Meiranto W (2014) The Effect of Good Corporate Governance on the Cost of Equity and the Cost of Debt (Study of Manufacturing Companies Listed on the IDX in 2010-2012). Journal of Accounting 3(3): 316-327.
23. Hasnati (2014) Independent Commissioner and Audit Committee: Corporate Organs with a Role to Realize Good Corporate Governance in Indonesia : Yogyakarta: Absolute Media.
24. Andriani DP, Syafitri Y, Sunreni (2019) The Influence of Good Corporate Governance and Voluntary Disclosure on Debt Costs (Empirical Study of the Top 10 Go Public Companies Ranked registered at i C GPI Year (2012 - 2016). Journal of Development of Accounting and Finance Science 2(3): 1-13.
25. Shuto A, Kitagawa N (2011) The Effect of Managerial Ownership on The Cost of Debt: Evidence from Japan. Journal of Accounting, Auditing and Finance 26(3): 590620.
26. Juniarti, Sentosa AA (2009) Effect of Good Corporate Governance, Voluntary Disclosure on Costs of Debt. Journal of Accounting and Finance 11(2): 88-100.
27. Ashkhabi IR, Agustina L (2015) Effect of Corporate Governance, Ownership Structure and company size to the cost of debt. Accounting Analysis Journal 4(3): 1-8.
28. Masri I, Dwi M (2012) The Effect of Tax Avoidance on the Cost of Debt. XV National Symposium on Accounting Banjarmasin, 1-23.
29. Syuhada A, Yusnaini Y, Meirawati E (2019) The Effect of Good Corporate Governance and Profitability on Tax Avoidance (Empirical Study of the Mining Sector Registered on BEI) . Accounting Research and Development 13(2): 127-140.

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744

30. Jensen MC, Meckling WH (1976) Theory of The Firm: Managerial Behavior, Agency Cost and Ownership Structure. Journal of Financial Economics 3(4): 305-360.
31. Sugiyanto S, Febrianti FD, Suripto S (2020) Good Corporate Governance And Tax Avoidance To Cost Of Debt With Growth Opportunity As Moderating (Empirical Study on Manufacturing Companies and Finance Services Listed in IDX 2015-2019). The Accounting Journal of Binaniaga 5(2): 123-140.
32. Meiriasari V (2017) The Influence of Corporate Governance, Family Ownership, Institutional Ownership and Firm Size on Debt Costs. Scientific Journal of Today's Global Economy 8(01): 28-34.
33. Lim Youngdeok (2011) Tax Avoidance, Cost of debt and Shareholder Activism: Evidence from Korea. Journal of Banking & Finance 35(2): 456-470
34. Pohan C (2017) Tax Management. Jakarta: PT. Gramedia Pustaka Utama, Indonesia.
35. Kurniawan AM (2018) Interest Charging Arrangements to Prevent Tax Avoidance. National Symposium on Finance Country. 1(1): 285-303.
36. Juarsa J, Abukosim, Meirawati E (2019) The Effect of Investment Opportunity (IOS) and Corporate Governance Mechanisms on Corporate Values LQ45. Accountability 13(1): 83-98.
37. Saputra Dewa, Mukhtaruddin, Meirawati E, Ardiansyah MH (2014) Ownership Structure and Management, Emperical Study on Listed Company in Indonesian Stock Exchange Period 2008-2012. Asian Academic Research Journal of Sciences and Humanities 1(24): 24-40.
38. Sugiyono (2017) Quantitative, Qualitative and R&D, Alphabet Publishers, Branford, United States.
39. Ghozali I (2018) Applications of Multivariate Analysis with IBM Programs and SPSS 25. (9th edition.), Semarang: Diponegoro University Publishing Agency, Indonesia.
40. Herawati H, Ekawati D (2016) The Influence of Tax Planning on Firm Value (The Effect of Tax Planning on Firm Value). Journal of Accounting and Finance Research 4(1): 873-884.
41. Boediono Gideon (2005) Profit Quality: A Study of the Influence of Corporate Governance Mechanisms and the Impact of Profit Management Using Path Analysis. National Symposium on Accounting VIII Surakarta, 172-194.
42. Governance Policy National Committee (2006) Guidelines for Establishing an Effective Audit Committee. Jakarta: National Committee on Governance Policy, Indonesia.
43. Midiastuty PP, Suranata E, Kristina (2017) Effect of Tax Avoidance on Company Capital Structure. XX Jember National Accounting Symposium, p. 1-15.
44. Regulation of the Minister of State Finance Number 169/PMK.010/2015 regarding the Determination of the Amount of Comparison between Company's Debt and Capital for the Purpose of Income Tax Calculation.
45. Pratama N, Djaddang S, Masri I (2017) Testing Tax Avoidance and Bankruptcy Risk on the Cost of Debt and Tax Incentives as Moderators. Scientific Conference on Accounting IV 1(2-3): 203-285 .
46. Purwanti N (2016) The Effect of Tax Avoidance on Debt Costs After Changes in Corporate Tax Rates for Manufacturing Companies Listed on the Indonesia Stock Exchange. Indonesian Journal of Accounting 3(2): 113-128.
47. Santosa JE, Kurniawan H(2016) Analysis of the Influence of Tax Avoidance on the Cost of Debt of Manufacturing Companies Registered on the IDX During the 2010–2014 Period. Journal Mode 28(2): 137-154.
48. Syahwier CA, Fitriani SA (2018) Effect of Tax Avoidance, Size of The Company, Leverage, Age of The Company On Cost Of Debt In Manufacturing Companies Listed. In Proceedings of the 1st Economics and Business International Conference. Paris, France: Atlantis Press, 46(1): 64-67.

This work is licensed under Creative Commons Attribution 4.0 License
DOI: 10.19080/ASM.2023.08.555744

Your next submission with Juniper Publishers will reach you the below assets

- Quality Editorial service
- Swift Peer Review
- Reprints availability
- E-prints Service
- Manuscript Podcast for convenient understanding
- Global attainment for your research
- Manuscript accessibility in different formats
  (Pdf, E-pub, Full Text, Audio)
- Unceasing customer service

Track the below URL for one-step submission
https://juniperpublishers.com/online-submission.php

How to cite this article: Mukhtaruddin, Rizka F, Meita R, Rina Tjandrakirana DP. Cost of Debt: The Effect of Tax Avoidance and Good Corporate Governance Mechanism (Empirical Study at Mining Companies Listed in Indonesia Stock Exchange. Ann Soc Sci Manage Stud. 2023; 8(4): 555744. DOI: 10.19080/ASM.2023.08.555744