

ABSTRACT

Tax payments are an embodiment of state obligations and the role of taxpayers to directly and jointly carry out tax obligations for state financing and national development. The government maximizes taxation in the context of increasing tax revenue, through improving the tax database as a result of the tax amnesty program.

Tax avoidance (tax avoidance) is part of tax planning that is done legally, tax avoidance aims to ease the tax burden by not violating applicable laws. There are various factors that are suspected to have an influence on tax avoidance including audit quality and management compensation.

Through this study, researchers wanted to find out how the influence of audit quality and management compensation on tax avoidance in the trade, services and investment sector companies in the 2016-2017 Period.

This research uses a quantitative approach with a descriptive verification method, while the data collection method used is to use secondary data, namely the financial statements of the Trade, Services and Investment Sector Period 2016-2017. Technical analysis in this study uses panel data regression which was done using the help of Eviews software.

Based on the results of data processing using panel data regression analysis, it can be seen, audit quality and management compensation have a significant simultaneous effect on tax avoidance in the 2016-2017 trade, service and investment sector companies. While the audit quality and management compensation partially do not affect the tax avoidance in the trade, service and investment sectors in 2016-2017.

Based on the results of the study, trying to corporate management look for other factors besides audit quality and management compensation that can influence corporate tax avoidance. So companies can do tax avoidance and maximize corporate profits.

Keywords: *Audit Quality and Management Compensation and Tax Avoidance.*