OWNERSHIP STRUCTURE ON TAX AVOIDANCE WITH INDEPENDENT COMMISSIONER AS MODERATION

Sudirman[1]
Universitas Katolik Indonesia Atma Jaya, Jakarta, Indonesia
nath.wu@yahoo.com

Almatius Setya Marsudi[2]
Universitas Katolik Indonesia Atma Jaya, Jakarta, Indonesia
Almatius.marsudi@atmajaya.ac.id

Abstract

This study was conducted to examine the effect of ownership structure on tax avoidance, with independent commissioners as a moderating variable. The research objects are mining companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. The analytical technique used is Multiple Linear Regression. The test results show that institutional ownership has a positive effect on tax avoidance, while family ownership and managerial ownership do not affect tax avoidance. Additionally, the proportion of independent commissioners cannot moderate institutional, family, or managerial ownership concerning tax avoidance.

Keywords: Tax Avoidance; Institutional Ownership, Family Ownership, Managerial Ownership, Independent Commissioner

INTRODUCTION

Corporations engage in tax avoidance as a strategy to reduce the amount of tax they are required to pay (Gaaya et al., 2017). The use of tax avoidance strategies can provide several benefits for a company, such as increasing profitability and alleviating its financial obligations (Listiyana et al., 2019). Those who often benefit from tax avoidance activities are shareholders and company management. Shareholders may receive increased dividend payouts, while the main benefit for management lies in the potential for higher performance incentives as a result of increased company profitability.

Companies that employ tax avoidance methods may face various risks. The primary risk is the potential for sanctions and fines imposed by tax authorities (Listiyana et al., 2019). Management faces the potential consequences of job loss and reputational damage, which may pose future challenges for them (Kovermann & Wendt, 2019). Management typically seeks to minimize or avoid risks (Kovermann & Wendt, 2019). They will engage in tax avoidance only if it aligns with their interests or those of the shareholders. Management holds the authority to determine the extent of the company's participation in tax avoidance activities. The company's ownership structure influences management's choice to pursue tax avoidance, which can be categorized as either dispersed or concentrated ownership. Agency conflicts are more likely to occur between management and shareholders in organizations with dispersed ownership (Kovermann & Wendt, 2019).

Corporate governance is a process that influences the decision-making of key shareholders and management in choosing tax avoidance strategies (Kovermann & Wendt, 2019). Corporate governance refers to a set of processes designed to ensure that company management operates in the best interests of one or more stakeholders. A critical factor in corporate governance that affects decisions related to tax avoidance is effective oversight of management and key shareholders (Kovermann & Wendt, 2019). Oversight aimed at improving a company's corporate governance can be conducted both internally and externally. The board of directors and commissioners can perform internal monitoring, involving independent commissioners. External oversight may be conducted by entities such as company owners, external auditors, government, and other stakeholders (Kovermann & Wendt, 2019). According to the Tax Justice Network report, Indonesia faces an estimated

loss of IDR 68.7 trillion due to tax avoidance. In 2021, the Directorate General of Taxes took action against taxpayers who engaged in tax avoidance by manipulating income reports and shifting assets abroad. This effort is part of the government's tax amnesty program, which encourages taxpayers to accurately report their assets. Globally, Indonesia ranks 11th in terms of countries where companies avoid paying taxes to the government. Tax avoidance can lead to tangible consequences such as fines and legal costs, as well as less visible impacts like increased risk and damage to the company's brand. Over the past three years (2021, 2022, and 2023), the Directorate General of Taxes has consistently met its tax revenue targets. However, tax avoidance practices continue to pose a threat to the optimization of Indonesia's tax revenue.

Based on the background described, the title chosen is "OWNERSHIP STRUCTURE AND TAX AVOIDANCE WITH INDEPENDENT COMMISSIONERS AS MODERATORS." The research questions raised include several key inquiries: first, does institutional ownership influence tax avoidance? Second, does family ownership impact tax avoidance? Third, does managerial ownership affect tax avoidance? Furthermore, the study questions whether the proportion of independent commissioners can moderate the influence of institutional, family, and managerial ownership on tax avoidance. This research is limited to energy sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period.

The purpose of this study is to analyze the impact of various types of ownership on tax avoidance, as well as the role of independent commissioners as a moderating factor. Specifically, this study aims to investigate the effects of institutional, family, and managerial ownership on tax avoidance. Additionally, it seeks to determine whether the proportion of independent commissioners can moderate the influence of each type of ownership on tax avoidance. This study is expected to benefit several stakeholders. For academics, it can expand knowledge on the impact of ownership structure on tax avoidance and serve as a reference for future similar research. For companies, this study can provide insights into managing tax avoidance and advancing financial accounting related to factors that affect tax avoidance. For investors, it offers an understanding that can assist in making managerial

decisions. For the government, the findings of this study may inform policy-making related to ownership structure and tax avoidance.

REVIEW OF LITERATURE

Agency Theory

Agency theory primarily focuses on addressing two issues that may arise in an agency relationship. The first issue is the agency problem, which occurs when there is a misalignment between the desires or objectives of the principal and the agent, and when it is difficult or costly for the principal to monitor the agent's actions. The second issue is the risk-sharing problem, which arises due to differing risk preferences between the principal and the agent (Labro et al., 2023). Agency theory assumes that individuals, known as principals and agents, are rational actors primarily focused on maximizing their wealth. It also assumes that economic outcomes are solely determined by the actions of the principal and the agent, and that both have access to complete information. This theory emphasizes the importance of the principal-agent relationship in creating value and suggests that economic outcomes naturally tend toward equilibrium. Additionally, it recognizes that principals and agents are driven by self-interest and opportunism (Onjewu et al., 2023).

Stakeholder Theory

The application of stakeholder theory in strategic management initially aimed to categorize interactions strategically. Stakeholders are defined as any group or individual affected by or capable of influencing the achievement of organizational objectives. Stakeholder analysis theories are categorized into three distinct types: descriptive, instrumental, and normative. Descriptive stakeholder theory explains the correlation between stakeholders and certain events. Instrumental stakeholder theory focuses on how managers achieve specific goals for their organization. Normative stakeholder theory adopts an ethical perspective on the responsibilities of managers and corporate governance (Miller, 2022).

RESEARCH METHOD

Tax Avoidance

Tax avoidance is more likely to occur when taxpayers have significant profits and a strong inclination to engage in such practices. The higher the profit, the stronger the taxpayer's tendency for tax avoidance. Tax avoidance can be measured using the Effective Tax Rate (ETR), which assesses an entity's effectiveness in managing its tax burden by comparing tax expenses to net income. In this study, a negative sign is added to the ETR calculation to invert the lower ETR, indicating a higher level of tax planning. Thus, the ETR ratio shows that a higher ETR value indicates a higher level of tax planning. The formula is calculated using a ratio scale (Matanari & Sudjiman, 2022):

$$ETR = -\frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

Institutional Ownership

Institutional ownership refers to shared ownership by various entities classified as institutions, including foundations, banks, insurance companies, investment companies, pension funds, and corporations like PT. According to (Prasetyo, 2023), institutional ownership can be measured using a ratio scale:

$$\text{Institutional Ownership} = \frac{\text{Number of Shares Owned by Institutions}}{\text{Number of Shares Owned by Institutions}}$$

Family Ownership

Family ownership refers to situations where the company owner and family members hold shares in the company. Family ownership is represented by a dummy variable: if family ownership information is present in the annual report, it is assigned a value of 1; otherwise, it is assigned a value of 0.

Managerial Ownership

Managerial ownership refers to company shares owned by managers, measured by the proportion of shares held by managers as shown in company reports. The ownership percentage can be determined by examining financial documents. According to (Zalogo et al., 2022), managerial ownership can be measured using a ratio scale:

$$\text{Managerial Ownership} = \frac{\text{Number of Shares Held by Management}}{\text{Total Company Equity Shares}}$$

Proportion of Independent Commissioners

An independent commissioner has no authority or affiliation with shareholders, management, or the board of commissioners. The formula used to calculate the proportion of independent commissioners, as stated by (Putri & Putri, 2022), is as follows:

$$\text{Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Total Board Members}}$$

Data Collection Method

This study uses secondary data, meaning it is publicly accessible and not directly collected from research participants. The data is obtained from the IDX website (www.idx.co.id) and company websites in the form of audited annual reports and financial statements.

Population and Sample

The population in this study consists of companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023. The sample includes energy sector companies listed on the IDX. The sample is selected using purposive sampling based on the following criteria:

1. Energy sector companies listed on the IDX from 2021 to 2023.
2. Companies providing audited annual reports and financial statements for fiscal years 2021 to 2023.
3. Companies disclose data on managerial, family, and institutional ownership as well as the proportion of independent commissioners.
4. Companies recording positive profits during the study period.

Data Analysis Method

This analysis uses multiple regression analysis to extract relevant information. Data will be analyzed using the Statistical Package for Social Science (SPSS) software version 27.0.

Descriptive Statistical Analysis

Descriptive statistical analysis is conducted to enhance understanding and describe the variables used in the study. This description provides measures of central tendency (mean), variation (standard deviation), maximum values, and minimum values (P. D. Sugiyono, 2019).

Classical Assumption Tests

Normality Test

The purpose of the normality test is to assess whether the residuals or errors in the regression model follow a normal distribution (D. Sugiyono, 2013). The Kolmogorov-Smirnov test is used with the following criteria:

1. If the p-value is greater than 0.05, it indicates that the residuals follow a normal distribution.
2. If the p-value is less than or equal to 0.05, it indicates that the residuals do not follow a normal distribution.

Multicollinearity Test

The purpose of this test is to determine whether there is a correlation between independent variables. (P. D. Sugiyono, 2019) states that an ideal regression model should not show correlations among its independent variables. Two approaches to interpreting multicollinearity tests are the Variance Inflation Factor (VIF) and tolerance values. Multicollinearity is present when the VIF is equal to or greater than 10 or when the tolerance value is equal to or less than 0.1.

Heteroscedasticity Test

This test assesses the variance disparities in residuals among observations in a regression model. The Glejser test is conducted by regressing the independent variables on the residuals. According to (D. Sugiyono, 2013), if the significance value (Sig.) is greater than or equal to 0.05, it indicates the absence of heteroscedasticity in the model. If the Sig. value is less than 0.05, it indicates heteroscedasticity.

Autocorrelation Test

The Durbin-Watson test, often referred to as the Autocorrelation Test, is used to assess the presence of autocorrelation in a dataset. It evaluates the correlation between the current period's (t) disturbance error and the previous period's (t-1) disturbance error.

Multiple Regression Analysis

Multiple regression analysis is used to determine the extent to which the independent factors explain the variation in the dependent variable. By estimating regression coefficients,

we can ascertain the influence of each independent variable on the dependent variable. The multiple regression model used in this study is as follows:

$$ETR = \alpha + \beta 1\ INST + \beta 2\ FAM + \beta 3\ MAN + \beta 4\ BOARD + \beta 5\ (INST \times BOARD) + \beta 6\ (FAM \times BOARD + \beta 7\ (MAN \times BOARD) + \varepsilon$$

Where:

ETR: Tax Avoidance

α: Constant

β: Regression Coefficient

INST: Institutional Ownership

FAM: Family Ownership

MAN: Managerial Ownership

BOARD: Proportion of Independent Commissioners

ε: Random Error

Goodness of Fit Test

F-Test (ANOVA)

The F-statistic test is used to indicate whether the combination of independent variables has a significant effect on the dependent variable. The F-statistic test evaluates the suitability of the regression model for the study. The F-test results are assessed by comparing the Sig-F value with a predetermined significance threshold, typically set at 0.05 or 5%.

T-Test

The t-test is conducted to determine the statistical significance of each independent variable's effect on the dependent variable. It allows us to evaluate the specific impact of each independent variable on the dependent variable. The t-test is used to test hypotheses, and for moderation, it examines the interaction variation of the moderating variable's influence on the relationship between the independent and dependent variables.

RESULTS AND DISCUSSION

Overview of Research Object

The population in this study uses secondary data from companies listed on the Indonesia Stock Exchange in the Energy sector from 2021 to 2023. A total of 87 companies

make up the study population, with 43 companies meeting the criteria, resulting in a sample of 129 over three years.

Descriptive Analysis

Fam

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tidak	80	86.0	86.0	86.0
	Ya	13	14.0	14.0	100.0
	Total	93	100.0	100.0	

Out of 93 data entries, 13 do not contain information on family share ownership in the annual reports, while 80 entries do.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Inst	93	.37	.99	.7963	.15463
Man	93	.00	.06	.0088	.01634
Board	93	.17	.75	.4231	.11788
TaxAvoidance	93	-.40	.00	-.1922	.10061
Valid N (listwise)	93				

From the table above, it is noted that for Tax Avoidance (Y), the maximum value is 0.00, the minimum is -0.40, the mean is -0.1922, and the standard deviation is 0.10061. Institutional Ownership (X1) shows a maximum value of 0.99, a minimum of 0.37, a mean of 0.7963, and a standard deviation of 0.15463. Managerial Ownership (X3) shows a maximum value of 0.06, a minimum of 0.00, a mean of 0.0088, and a standard deviation of 0.01634. The Proportion of Independent Commissioners as a moderator shows a maximum value of 0.75, a minimum of 0.17, a mean of 0.4231, and a standard deviation of 0.11788.

Classical Assumption Tests

Normality Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			93
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.09265825
Most Extreme Differences	Absolute		.076
	Positive		.076
	Negative		-.057
Test Statistic			.076
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.204
	99% Confidence Interval	Lower Bound	.193
		Upper Bound	.214

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 624387341.

Based on the One-Sample Kolmogorov-Smirnov Test results, the normality test assesses whether the regression model residuals are normally distributed. This test involved 93 sample residuals with a mean of 0 and a standard deviation of 0.09265825. The largest deviation from a normal distribution shows an absolute value of 0.076, with a positive value of 0.076 and a negative value of -0.057. The test statistic is 0.076, with a significance value (Asymp. Sig. 2-tailed) of 0.200. Since the significance value is greater than 0.05, it can be concluded that the residuals are normally distributed, and the model meets the normality assumption.

Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Inst	0.926	1.080
	Fam	0.939	1.065
	Man	0.919	1.088
	Board	0.981	1.020

a. Dependent Variable: TaxAvoidance

Based on the table above, for the dependent, moderating, and independent variables, there is no multicollinearity problem in this model, as the Variance Inflation Factor (VIF) for all variables is below 10, indicating no high correlation between the independent variables.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.034	0.038		0.889	0.376
	Inst	0.045	0.037	0.132	1.215	0.227
	Fam	-0.017	0.016	-0.113	-1.047	0.298
	Man	-0.191	0.350	-0.059	-0.545	0.587
	Board	0.024	0.047	0.054	0.510	0.612

a. Dependent Variable: Abs_RES

Institutional Ownership (X1) has a Sig. value of 0.227, Family Ownership (X2) has a Sig. value of 0.298, Managerial Ownership (X3) has a Sig. value of 0.587, and the Proportion of Independent Commissioners has a Sig. value of 0.612. All variables have a Sig. value greater than 0.05, indicating that these variables do not significantly explain heteroscedasticity, meaning they do not affect the residual variance distribution.

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.333[a]	.111	.070	.08662	1.927

a. Predictors: (Constant), LAG_Board, LAG_Fam, LAG_Inst, LAG_Man

b. Dependent Variable: LAG_TaxAvoid

The autocorrelation test results indicate a Durbin-Watson value of 1.927 for this regression model. From the DW Table for K=4 and N=93, the values are dU = 1.7531 and dL = 1.5471. Since dU = 1.7531 < 1.927 < 2.4259 = (4 - dL), it can be concluded that there is no autocorrelation problem in the equation.

Multiple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.312	0.056		-5.587	0.000
	Inst	0.165	0.067	0.254	2.484	0.015
	Fam	-0.035	0.029	-0.122	-1.200	0.233
	Man	-0.780	0.635	-0.127	-1.228	0.223

a. Dependent Variable: TaxAvoidance

From the table above, the regression model before moderation in this study is as follows:

Tax Avoidance = -0.312 + 0.165 INST - 0.035 FAM - 0.780 MAN + 0.056

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.127	0.180		-0.708	0.481
	Inst	0.018	0.222	0.027	0.079	0.937
	Fam	0.110	0.167	0.381	0.660	0.511
	Man	-5.826	3.839	-0.946	-1.517	0.133
	Board	-0.439	0.395	-0.515	-1.113	0.269
	InstxBoard	0.356	0.499	0.379	0.713	0.478
	FamxBoard	-0.323	0.365	-0.509	-0.885	0.379
	ManxBoard	11.921	9.112	0.813	1.308	0.194

a. Dependent Variable: TaxAvoidance

The test results show that the regression model after moderation by the Proportion of the Board of Commissioners is:

Tax Avoidance = -0,127+ 0,018 $INST$+ 0,110 FAM – 5,826 Man – 0,439 Board + 0,356 ($INST\ X\ BOARD$) - 0,323 ($FAM\ X\ BOARD$ + 11,921 ($MAN\ X\ BOARD$) + 0,18

Goodness of Fit Test

Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.356[a]	.126	.097	.09560	1.154

a. Predictors: (Constant), Man, Fam, Inst

b. Dependent Variable: TaxAvoidance

The Adjusted R^2 value before moderation is 0.097, meaning that all independent variables, including Institutional Ownership, Family Ownership, and Managerial Ownership, explain 9.7% of the variation in the dependent variable (Tax Avoidance), while the remaining 90.3% is explained by other factors not included in the model.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.417[a]	.174	.106	.09512	1.202

a. Predictors: (Constant), ManxBoard, Board, Fam, Inst, InstxBoard, FamxBoard, Man

b. Dependent Variable: TaxAvoidance

After moderation, the Adjusted R^2 value is 0.106, indicating that all independent variables and the moderating variable of the Board of Commissioners' Proportion explain 10.6% of the variation in the dependent variable (Tax Avoidance), with the remaining 89.4% explained by other factors not included in the model.

F-Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.118	3	.039	4.296	.007[b]
	Residual	.813	89	.009		
	Total	.931	92			

a. Dependent Variable: TaxAvoidance

b. Predictors: (Constant), Man, Fam, Inst

From the table above, the Sig-F value of 0.007 < 0.05 indicates that Hₒ is rejected, meaning that Institutional Ownership (X1), Family Ownership (X2), and Managerial Ownership (X3) simultaneously affect Tax Avoidance (Y).

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.162	7	.023	2.559	.019[b]
	Residual	.769	85	.009		
	Total	.931	92			

a. Dependent Variable: TaxAvoidance

b. Predictors: (Constant), ManxBoard, Board, Fam, Inst, InstxBoard, FamxBoard, Man

The Sig-F value of 0.019 < 0.05 indicates that Hₒ is rejected, meaning that Institutional Ownership (X1), Family Ownership (X2), Managerial Ownership (X3), Proportion of Independent Commissioners, Institutional Ownership with moderating Proportion of Independent Commissioners (X4), Family Ownership with moderating Proportion of Independent Commissioners (X5), and Managerial Ownership with moderating Proportion of Independent Commissioners (X6) simultaneously affect Tax Avoidance (Y).

T-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-0.312	0.056		-5.587	0.000
	Inst	0.165	0.067	0.254	2.484	0.015
	Fam	-0.035	0.029	-0.122	-1.200	0.233
	Man	-0.780	0.635	-0.127	-1.228	0.223

a. Dependent Variable: TaxAvoidance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-0.127	0.180		-0.708	0.481
	Inst	0.018	0.222	0.027	0.079	0.937
	Fam	0.110	0.167	0.381	0.660	0.511
	Man	-5.826	3.839	-0.946	-1.517	0.133
	Board	-0.439	0.395	-0.515	-1.113	0.269
	InstxBoard	0.356	0.499	0.379	0.713	0.478
	FamxBoard	-0.323	0.365	-0.509	-0.885	0.379
	ManxBoard	11.921	9.112	0.813	1.308	0.194

a. Dependent Variable: TaxAvoidance

The T-Test is conducted to test the partial impact of each independent variable on the dependent variable, using the Sig. value to determine significance (Sig. < 0.05 indicates an effect; Sig. > 0.05 indicates no effect). The hypothesis test results before and after moderation are as follows:

1. H1: Institutional Ownership affects Tax Avoidance
2. H2: Family Ownership does not affect Tax Avoidance
3. H3: Managerial Ownership does not affect Tax Avoidance
4. H4: Proportion of Independent Commissioners does not moderate the effect of Institutional Ownership on Tax Avoidance
5. H5: Proportion of Independent Commissioners does not moderate the effect of Family Ownership on Tax Avoidance
6. H6: Proportion of Independent Commissioners does not moderate the effect of Managerial Ownership on Tax Avoidance

Institutional Ownership Affects Tax Avoidance

The results show a Sig. value of 0.015, less than 0.05, with a coefficient of 0.018, indicating that institutional ownership positively affects tax avoidance. Institutional ownership plays a key role in monitoring managerial behavior, resulting in favorable consequences, as it can control tax avoidance strategies. Companies with a high proportion of institutional investors demonstrate a decrease in the Effective Tax Rate (ETR) and an increase in tax avoidance strategies. These findings align with (Nurmawan & Nuritomo, 2022; Pramesti et al., 2022; Ratnasari & Nuswantara, 2020), who state that institutional ownership is significantly related to tax avoidance.

Family Ownership Affects Tax Avoidance

The results show a Sig. value of 0.233, greater than 0.05, indicating that family ownership does not affect tax avoidance. Family-owned companies often prioritize their public reputation, as tax avoidance activities could harm their image and lead to unwanted consequences such as consumer boycotts and increased scrutiny from tax authorities. This result is consistent with (Sujendra et al., 2019), who states that family ownership does not affect tax avoidance due to the potential legal violations and sanctions imposed by tax offices during audits.

Managerial Ownership Affects Tax Avoidance

The results show a Sig. value of 0.223, greater than 0.05, indicating that managerial ownership does not affect tax avoidance. Managers often seek higher compensation by hiding accurate financial records, as these reports serve as indicators of managerial success. Agency arrangements often lead to conflicts between agents and principals due to differing perspectives and interests. The study aligns with (Masripah & Ajengtiyas, 2021), suggesting that managerial ownership does not affect tax avoidance, possibly because managers lack sufficient voting rights in decision-making, especially regarding tax avoidance.

Proportion of Independent Commissioners Moderates the Effect of Institutional Ownership on Tax Avoidance

The results show a Sig. value of 0.478, greater than 0.05, indicating that the proportion of independent commissioners does not moderate the effect of institutional ownership on tax avoidance. Although independent commissioners are tasked with balancing stakeholder interests, their authority is often limited in day-to-day decision-making, as tax avoidance strategy decisions lie with management or major shareholders. This finding aligns with (Marcotte et al., 2020), which states that the proportion of independent commissioners does not moderate the effect of institutional ownership on tax avoidance.

The proportion of Independent Commissioners Moderating the Effect of Family Ownership on Tax Avoidance

The research results show a Sig. value of 0.379, which is greater than 0.05, indicating that the proportion of independent commissioners cannot moderate the effect of family ownership on tax avoidance. This finding is consistent with previous research by (Marfiana

& Andriyanto, 2021), which states that the presence of independent commissioners does not moderate the effect of family ownership on tax avoidance, likely because independent commissioners are appointed primarily to fulfill regulations set by the Financial Services Authority (OJK).

The proportion of Independent Commissioners Moderating the Effect of Managerial Ownership on Tax Avoidance

The research results show a Sig. value of 0.379, which is greater than 0.05, indicating that the proportion of independent commissioners cannot moderate the effect of managerial ownership on tax avoidance. Although independent commissioners are responsible for overseeing management, in the context of tax avoidance, they often rely on reports and data from management, who have a direct interest in tax avoidance decisions. Managerial share ownership may reduce transparency in providing information on tax strategies to independent commissioners, thus limiting their ability to effectively detect or monitor tax avoidance activities.

This result does not align with (Marcotte et al., 2020) findings, which indicate that the proportion of independent commissioners can moderate the effect of managerial ownership on tax avoidance. This difference may be due to (Marcotte et al., 2020) use of control variables in hypothesis testing.

CONCLUSION

The test results show that only institutional ownership affects tax avoidance. Family and managerial ownership, as well as the moderating proportion of independent commissioners, do not influence tax avoidance. However, there are limitations in this study that necessitate further research to introduce novelty, such as using different indicators for family ownership by utilizing the ownership ratio and tax avoidance using GAAP ETR or Cash ETR for hypothesis testing.

REFERENCES

Gaaya, S., Lakhal, N., & Lakhal, F. (2017). Does family ownership reduce corporate tax avoidance? The moderating effect of audit quality. *Managerial Auditing Journal*, *32*(7), 731–744.

Kovermann, J., & Wendt, M. (2019). Tax avoidance in family firms: Evidence from large private firms. *Journal of Contemporary Accounting & Economics*, *15*(2), 145–157.

Labro, E., Lang, M., & Omartian, J. D. (2023). Predictive analytics and centralization of authority. *Journal of Accounting and Economics*, *75*(1), 101526.

Listiyana, M., Zulfiati, L., & Husen, S. (2019). The Effect of Corporate Governance on Tax Avoidance Behavior. *Indonesian Journal of Business, Accounting and Management*, *2*(01), 38–46.

Marcotte, L. M., Moriates, C., Wolfson, D. B., & Frankel, R. M. (2020). Professionalism as the bedrock of high-value care. *Academic Medicine*, *95*(6), 864–867.

Marfiana, A., & Andriyanto, T. (2021). Pengaruh struktur kepemilikan perusahaan terhadap tax avoidance di indonesia dengan corporate governance sebagai variabel moderasi. *Jurnal Pajak Dan Keuangan Negara (PKN)*, *3*(1), 178–196.

Masripah, M., & Ajengtiyas, A. (2021). Pengaruh kepemilikan manajerial dan kompensasi eksekutif terhadap penghindaran pajak dengan kualitas audit sebagai variabel pemoderasi. *Konferensi Riset Nasional Ekonomi Manajemen Dan Akuntansi*, *2*(1), 701–712.

Matanari, E., & Sudjiman, P. E. (2022). Pengaruh profitabilitas terhadap penghindaran pajak pada perusahaan manufaktur sub-sektor makanan dan minuman yang terdaftar di bei 2018-2020. *Jurnal Ekonomi, Sosial & Humaniora*, *3*(10), 1–12.

Miller, G. J. (2022). Stakeholder roles in artificial intelligence projects. *Project Leadership and Society*, *3*, 100068.

Nurmawan, M., & Nuritomo, N. (2022). Pengaruh struktur kepemilikan terhadap penghindaran pajak. *Proceeding of National Conference on Accounting & Finance*, 5–11.

Onjewu, A.-K. E., Walton, N., & Koliousis, I. (2023). Blockchain agency theory. *Technological Forecasting and Social Change*, *191*, 122482.

Pramesti, I. G. A. A., Endiana, I. D. M., & Adella, M. P. (2022). Pengaruh ukuran perusahaan, kepemilikan institusional, profitabilitas, capital intensity dan kompensasi rugi fiskal terhadap tax avoidance pada perusahaan manufaktur yang terdaftar di bursa efek Indonesia periode 2019-2021. *Jurnal Economina*, *1*(4), 800–814.

Prasetyo, M. S. (2023). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial, Dan Kepemilikan Asing Terhadap Pengungkapan Corporate Social Responsibility. *Jurnal Ekonomi Dan Bisnis*, *15*(2), 61–69.

Putri, B. D., & Putri, E. (2022). Pengaruh Good Corporate Governance (GCG) dan profitabilitas terhadap nilai perusahaan. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *4*(10), 4767–4777.

Ratnasari, D., & Nuswantara, D. A. (2020). Pengaruh kepemilikan institusional dan leverage terhadap penghindaran pajak (tax avoidance). *Jurnal Akuntansi AKUNESA*, *9*(1).

Sugiyono, D. (2013). *Metode penelitian pendidikan pendekatan kuantitatif, kualitatif dan R&D*.

Sugiyono, P. D. (2019). Metode Penelitian Kuantitatif Kualitatif dan R&D (M. Dr. Ir. Sutopo. S. Pd. *ALFABETA, Cv*.

Sujendra, I. M., Ratnadi, N. M. D., Sari, M. M. R., & Rasmini, N. K. (2019). The effect of corporate social responsibility disclosure, family ownership, and good corporate governance in tax avoidance. *Research Journal of Finance and Accounting*, *10*(6), 44–49.

Zalogo, E., Duho, Y. P., & Putri, A. P. (2022). Analisis Pengaruh Kualitas Auditor, Likuditas, Profitabilitas dan Solvabilitas terhadap Opini audit Going Concern pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2020. *Owner: Riset Dan Jurnal Akuntansi*, *6*(1), 1101–1115.