

DETERMINANTS OF TAX AVOIDANCE: THE MODERATING ROLE OF INDEPENDENT COMMISSIONERS

M. Zaeni Lathif¹

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia
zheni2706@gmail.com



Ira Hapsari^{2*}

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia
irahapsari.feb@gmail.com

Bima Cinintya Pratama³

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia
pratamabima@gmail.com

Tiara Pandansari⁴

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia
tiarapandansari@ump.ac.id

Abstract

This study investigates the effects of leverage, financial distress, and earnings management on tax avoidance and examines whether independent commissioners moderate these relationships. The study is motivated by an anomaly in which the property and real estate sector continues to contribute positively to economic growth while its tax contribution does not increase proportionally, raising questions about firm-level tax behavior and the effectiveness of corporate governance mechanisms. Using panel data from property and real estate companies listed on the Indonesia Stock Exchange during 2019–2022, this study employs a quantitative approach based on secondary data from annual reports and financial statements. The results indicate that leverage is negatively associated with tax avoidance, while financial distress does not exhibit a significant direct effect. Earnings management is found to be significantly associated with tax avoidance. Furthermore, the moderation analysis shows that independent commissioners weaken the relationship between financial distress and tax avoidance but do not moderate the effects of leverage or earnings management. These findings suggest that the effectiveness of governance mechanisms in constraining tax-related opportunistic behavior is conditional and becomes more salient under financial pressure, offering context-specific insights into the role of independent commissioners in corporate tax decisions.

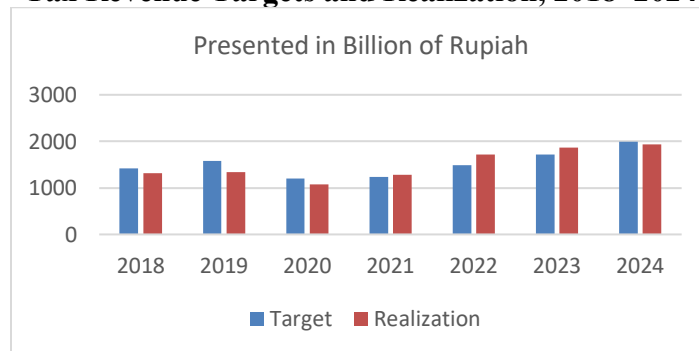
Keywords: Tax Avoidance, Financial Distress, Earnings Management, Leverage, Independent Commissioner

INTRODUCTION

During 2019-2024, the Indonesian government prioritized infrastructure development to enhance national connectivity and stimulate strategic economic sectors (Ministry of Administrative and Bureaucratic Reform, 2022). For achieving this agenda requires sustainable fiscal capacity, with tax revenue as the primary financing source (Sadjiarto et al., 2020). In response, tax reforms through the Law on the Harmonization of Tax Regulations (UU HPP) and the Law on Central–Regional Financial Relations (UU HKPD) aim to improve national tax performance. Data from the Directorate General of Taxes (2018–2024) show a consistent rise in tax revenues, as shown in Figure 1. However, as fiscal pressure increases and strategic sectors benefit from infrastructure development, firms are incentivized to maximize after-tax profits, creating potential conflicts between state fiscal objectives and corporate interests, which may foster tax avoidance practices.

Figure 1.

Tax Revenue Targets and Realization, 2018–2024

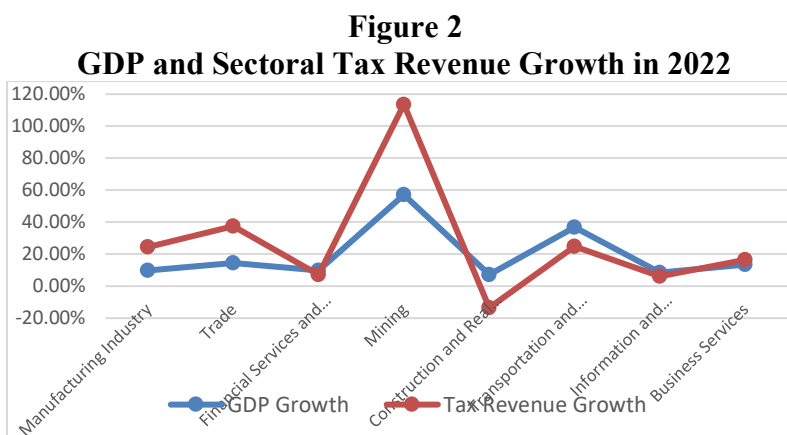


Source: (Dirjen Pajak, 2018-2024)(processed by the authors)

Despite positive growth in the construction and real estate sectors, its tax contributions have not increased proportionally. This sector, which contributed to national GDP expansion (Statistics Indonesia, 2023a; Bank Indonesia, 2023; Indonesia Stock Exchange, 2023), grew by 7.20% in 2022, yet its tax contribution fell by –13.5% (Ministry of Finance of the Republic of Indonesia, 2023a). This discrepancy is not a mere statistical fluctuation but a fiscal–economic anomaly, raising theoretical concerns in accounting and taxation literature. It suggests that firm-level financial mechanisms and corporate governance may significantly influence tax behavior, beyond macroeconomic performance. Therefore, this phenomenon underscores the need to investigate internal corporate factors driving tax avoidance in the construction and real estate sectors (show in figure 2).

Beyond aggregate fiscal outcomes, infrastructure-driven sectoral growth also reshapes firm-level incentives and managerial decision-making. In capital-intensive sectors such as property and real estate, infrastructure expansion increases project scale, financing needs, and performance expectations, while simultaneously raising firms' fiscal visibility as governments become increasingly dependent on tax revenues to finance development (Desai & Dharmapala, 2006; Hanlon & Heitzman, 2010). This dual pressure creates strategic tension at the managerial level, where maintaining profitability, liquidity, and cash flows becomes critical under heightened tax obligations and regulatory scrutiny (Graham et al., 2014). In environments characterized by information asymmetry under self-assessment tax systems,

managers possess discretion over financing, accounting choices, and tax planning, allowing macro-level fiscal pressures to be translated into firm-level tax avoidance behavior (Dyrenge et al., 2008; Armstrong et al., 2015).



Source: Statistics Indonesia (2023b) and the Ministry of Finance of the Republic of Indonesia (2023a), (processed by the authors)

Indonesia's self-assessment tax system grants firms the autonomy to calculate, report, and pay taxes (Law of the Republic of Indonesia No. 28 of 2007), creating information asymmetry between tax authorities (principals) and corporate management (agents). This asymmetry allows firms to exploit regulatory loopholes for tax reduction (Abdullah, 2019; Desai & Dharmapala, 2006; Dyrenge et al., 2008; Gunadi, 2020). The drive for profitability and liquidity further incentivizes aggressive tax planning, particularly under financial pressure (Alharbi, 2022; Kodriyah & Putri, 2019; Swandewi & Noviari, 2020), with earnings management used to manipulate tax liabilities without reflecting real economic changes (Sulistyanto, 2018). Thus, the self-assessment system significantly influences corporate tax behavior through agency mechanisms.

Rooted in agency and positive accounting theories, management is motivated to act opportunistically, including managing tax burdens (Jensen & Meckling, 1976; Watts & Zimmerman, 1986). In capital-intensive sectors like construction and real estate, high leverage increases financial pressure and the risk of distress, encouraging managerial discretion and earnings management to sustain financial performance (Healy & Wahlen, 1999). These factors—leverage, financial distress, and earnings management—interact to influence tax avoidance decisions (Desai & Dharmapala, 2006). Independent commissioners can mitigate managerial discretion in tax decisions through monitoring (Fama & Jensen, 1983).

Empirical studies on leverage's effect on tax avoidance are inconsistent, with positive (Henny, 2019; Santo & Nastiti, 2023), insignificant (Nurcholis, 2021; Octavia & Sari, 2022), and negative effects (Dang & Tran, 2021), indicating that the relationship depends on financial pressure and corporate governance mechanisms. Similarly, the relationship between financial distress and tax avoidance is ambiguous, with mixed findings of insignificant (A. M. Amni & Pratama, 2023; Egiana & Nurdiniah, 2022), negative (Monika & Noviari, 2021; Santo & Nastiti, 2023), and positive effects (Andalia et al., 2023; Dang & Tran, 2021). This

suggests that financial distress's impact on tax avoidance is context-dependent, particularly in capital-intensive sectors.

Earnings management, driven by managerial discretion in financial reporting, also influences tax avoidance, as accounting income adjustments align with tax burden management objectives. However, earnings management can also signal improved performance, creating competing incentives (Emanuel et al., 2023; Manuel, 2022). This relationship varies based on management's incentives and pressures, with findings ranging from insignificant (Emanuel et al., 2023; Manuel, 2022) to negative (Gunawan & Surjandari, 2022; Octavia & Sari, 2022) and positive (Wardani et al., 2020).

The role of independent commissioners in moderating tax avoidance decisions remains inconclusive, with some studies reporting no effect (Egiana & Nurdiniah, 2022; Emanuel et al., 2023) and others finding significant moderation (Andalia et al., 2023; Febriyanto & Laurensius, 2022). These divergent results suggest that monitoring mechanisms' effectiveness varies across industries and financial conditions.

Given these inconsistencies, this study addresses the gap by focusing on the property and real estate sector, where a disconnect between GDP growth and tax contributions exists. It highlights the conditional role of independent commissioners in constraining tax avoidance, effective only under financial distress. This study advances theoretical understanding by clarifying when corporate governance can curb tax avoidance in capital-intensive sectors experiencing economic growth but declining tax contributions. By modifying Emanuel et al.'s (2023) model and examining leverage, financial distress, earnings management, and the moderating role of independent commissioners, this research provides valuable insights into corporate governance's role in managing opportunistic tax behavior.

REVIEW OF LITERATURE

Agency Theory

Agency theory asserts that conflicts of interest between principals and agents arise from divergent objectives and information asymmetry, granting management discretion in financial decisions (Jensen & Meckling, 1976; Mahawyaharti & Budiasih, 2017; Pratama et al., 2022). Positive Accounting Theory suggests that managers rationally select accounting and financial policies to maximize utility, especially under economic pressure. In taxation, managerial discretion and reporting flexibility create incentives for aggressive tax planning within legal limits. Thus, corporate governance mechanisms, particularly independent commissioners, are expected to limit managerial discretion and curb opportunistic tax behavior. Within the agency framework, tax avoidance does not arise automatically from managerial opportunism but is mediated through specific financial and accounting decisions. Managers exercise discretion over financing structures, income recognition, expense timing, and tax planning strategies to manage effective tax burdens under information asymmetry (Desai & Dharmapala, 2006; Hanlon & Heitzman, 2010). Positive Accounting Theory further explains that managers select accounting methods that serve their self-interest under contractual, political, and fiscal pressures, including minimizing tax payments, rather than purely reflecting economic performance (Watts & Zimmerman, 1986). Consequently, agency conflicts translate into tax avoidance behavior through discretionary financing and reporting choices rather than opportunism per se.

Leverage and Tax Avoidance

Leverage indicates the extent to which firms use debt to finance assets and is linked to capital structure and financial risk (Rivandi & Petra, 2022; Harris & Raviv, 1991). In capital-intensive sectors like property and real estate, long-term debt is vital for large projects and operational continuity. From an agency perspective, debt acts as a disciplinary mechanism, with fixed interest and principal obligations increasing creditor monitoring and limiting managerial discretion (Hadya, 2019; Hapsari & Purwanti, 2021; Permatasari et al., 2022). While interest expenses are tax-deductible and provide tax shield benefits (Modigliani & Miller, 1963), high leverage also subjects firms to greater scrutiny from creditors and financial institutions, potentially restricting aggressive tax behavior. In the property and real estate sector, creditors prioritize cash flow stability, covenant compliance, and long-term project feasibility, discouraging excessive risk-taking, including aggressive tax avoidance. Thus, the disciplinary and monitoring effects of leverage may outweigh its tax incentives, leading to more conservative tax policies. Empirical evidence supports this view, with studies reporting negative relationships between leverage and tax avoidance (Dang & Tran, 2021), suggesting that higher leverage may reduce firms' capacity or incentive for aggressive tax planning.

H1: Leverage has a negative effect on tax avoidance

Financial Distress and Tax Avoidance

Financial distress refers to a situation where firms face financial difficulties that jeopardize their ability to meet operational and debt obligations (Mas'Ud & Srengga, 2015; Wulansari & Diana, 2017). In the agency theory framework, such pressure exacerbates conflicts of interest, as management is motivated to preserve liquidity and business continuity under limited resources (Jensen & Meckling, 1976; Lauren, 2022). Taxes, being relatively flexible cash outflows, become targets for tax planning during financial distress (Altman, 1968). Empirical findings on the relationship between financial distress and tax avoidance remain inconclusive, with studies reporting insignificant (A. M. Amni & Pratama, 2023; Egiana & Nurdiniah, 2022), negative (Monika & Noviani, 2021; Santo & Nastiti, 2023), and positive effects (Andalia et al., 2023; Dang & Tran, 2021), suggesting that the influence of financial distress on tax avoidance is highly contextual, especially in capital-intensive industries.

H2: Financial distress has a positive effect on tax avoidance.

Earnings Management and Tax Avoidance

Earnings management refers to managerial discretion within accounting standards to influence reported earnings for specific objectives (Healy & Wahlen, 1999; Kurniawati & Ratnaningrum, 2022; Hapsari et al., 2022). In taxation, income-decreasing earnings management, through timing revenue and expense recognition, reduces taxable income without affecting economic performance (Fahmi & Adi, 2020; Sulistyanto, 2018). Agency theory suggests that information asymmetry allows managers to exploit accounting discretion to maximize utility, including minimizing tax burdens (Jensen & Meckling, 1976; Baradja et al., 2017). Empirical studies generally show a positive relationship between income-decreasing earnings management and tax avoidance (Falbo & Firmansyah, 2021; Prismanitra & Sukirman, 2021), though some report insignificant or negative effects depending on managerial incentives and regulatory contexts (Gunawan & Surjandari, 2022; Emanuel et al., 2023).

H3: Earnings management has a positive effect on tax avoidance.

Moderating Effect of Independent Commissioners on the Relationship between Leverage and Tax Avoidance

Independent commissioners are board members unaffiliated with controlling shareholders or management, expected to provide objective oversight (Lindra et al., 2022; OJK). From an agency theory perspective, their role is to mitigate conflicts of interest between management and shareholders by limiting managerial opportunism (Hidayati, 2021). However, their effectiveness in overseeing managerial decisions may vary.

Leverage policies, related to project financing, capital structure, and creditor relationships, are long-term strategic decisions typically made at the managerial level and embedded in complex corporate policies, limiting independent commissioners' direct intervention. Nevertheless, they can still influence leverage outcomes through oversight of transparency, compliance, and debt-related risks.

High leverage incentivizes management to use tax-deductible interest expenses to reduce tax liabilities through tax avoidance. Independent commissioners can mitigate this by ensuring that financing decisions are not driven solely by management's short-term interests. While they may not control leverage decisions, their presence is expected to weaken the effect of leverage on tax avoidance. Rani et al. (2021) provide empirical support for this by showing that independent commissioners attenuate the positive relationship between leverage and tax avoidance. Although independent commissioners are expected to mitigate managerial opportunism, their monitoring effectiveness is not uniform across decision domains. Prior studies suggest that governance mechanisms may function symbolically rather than substantively, particularly when board independence is driven by regulatory compliance rather than expertise (Aguilera et al., 2008). Complex financial and tax-related decisions often involve technical judgment and information that may exceed the board's monitoring capacity, especially in environments characterized by weak enforcement and information asymmetry (Armstrong et al., 2015). As a result, the effectiveness of independent commissioners in constraining tax avoidance is likely to be conditional rather than universal.

H4: Independent commissioners weaken the effect of leverage on tax avoidance.

Moderating Effect of Independent Commissioners on the Relationship between Financial Distress and Tax Avoidance

Independent commissioners are vital in maintaining corporate governance quality, especially during financial distress, which heightens the risk of managerial opportunism (Kamiliya & Aliamin, 2022). Financial distress creates liquidity pressure and uncertainty, motivating management to prioritize short-term decisions, such as using tax avoidance to conserve cash. In such crises, independent commissioners' monitoring function becomes crucial, as their oversight helps protect shareholders' interests and ensure corporate sustainability.

By providing stricter supervision of strategic and tax-related decisions, independent commissioners can limit managerial discretion and prevent financial distress from being used to justify aggressive tax avoidance. In this role, they act as a crisis governance mechanism, reducing managerial opportunism under financial pressure. Empirical studies support this moderating effect, showing that independent commissioners weaken the relationship between financial distress and tax avoidance (Andalia et al., 2023; Lauren, 2022). Thus,

independent commissioners are expected to mitigate the impact of financial distress on tax avoidance.

H5: Independent commissioners weaken the effect of financial distress on tax avoidance.

Moderating Effect of Independent Commissioners on the Relationship between Earnings Management and Tax Avoidance

The board of commissioners ensures that financial statements are reliably presented and free from manipulation that could harm stakeholders (Badoa, 2020). In the agency theory framework, independent commissioners serve as a monitoring mechanism to limit managerial opportunism, including earnings management, which may be used to facilitate tax avoidance. By overseeing financial reporting and strengthening internal controls, independent commissioners can reduce managerial discretion in earnings management.

However, earnings management is technical and often involves accrual-based adjustments that are difficult to detect, limiting the direct oversight effectiveness of independent commissioners. Nonetheless, their presence is expected to indirectly influence the relationship between earnings management and tax avoidance by discouraging aggressive use of accounting discretion for tax purposes. Empirical studies support this, showing that independent commissioners shape earnings management and tax aggressiveness (Anabella & Wijaya, 2022; Erlina, 2021). Thus, independent commissioners are expected to mitigate the impact of earnings management on tax avoidance. Nevertheless, because earnings management involves accrual-based and technical adjustments that are difficult to detect ex ante, independent commissioners may face limitations in effectively constraining its use for tax avoidance purposes, particularly in firms with complex reporting structures.

H6: Independent commissioners weaken the effect of earnings management on tax avoidance

RESEARCH METHOD

Research Design

This study examines the effects of leverage, financial distress, and earnings management on tax avoidance, with independent commissioners as a moderating variable, in property and real estate companies listed on the Indonesia Stock Exchange. This study employs a quantitative explanatory approach to examine the relationships between leverage, financial distress, earnings management, and tax avoidance, with independent commissioners as a moderating variable. While the explanatory design is grounded in theoretically derived hypotheses, the empirical analysis focuses on identifying statistical associations between variables rather than establishing definitive causal relationships.. This approach allows for objective assessment of intervariable relationships and generates empirical findings based on numerical evidence (Febriana & Wulandari, 2022). The explanatory design is suitable for analyzing how firm characteristics and corporate governance mechanisms influence tax avoidance, aligning the study with theoretically derived hypotheses (Simbolon, 2021). Consistent with prior tax avoidance research, this study acknowledges potential endogeneity concerns arising from reverse causality and omitted-variable bias. Variables related to financing decisions, earnings management, and tax avoidance may be jointly determined, as managerial actions in one domain can influence outcomes in others. Although

panel data estimation helps control for unobserved heterogeneity across firms and time, this study does not explicitly employ instrumental variables, lagged specifications, or dynamic panel estimators. Therefore, the empirical findings should be interpreted as indicative of associational relationships rather than definitive causal effects.

Population and Sample

The population of this study consists of all property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2022 period, focusing on firm characteristics and tax behavior within this sector. A purposive sampling technique is used to select firms based on specific criteria to ensure data relevance and suitability for empirical analysis (Sugiyono, 2019). The sample is determined by the following criteria:

1. Property and real estate companies continuously listed on the IDX during 2019–2022 and not subject to delisting.
2. Companies that consistently published annual financial reports during the study period.
3. Companies with sufficient tax-related data to calculate the cash effective tax rate (CETR) as a proxy for tax avoidance.
4. Companies with positive equity values to ensure the economic validity of leverage measurement based on the debt-to-equity ratio (DER).
5. Companies with complete financial data required to calculate financial distress using the KI-score model.

Research Variables and Operational Definitions

This study employs five variables: three independent variables (leverage, financial distress, and earnings management), one dependent variable (tax avoidance), and one moderating variable (independent commissioners). The operational definitions and measurement approaches for each variable are outlined below.

- **Tax Avoidance**

Tax avoidance refers to managerial strategies aimed at legally minimizing tax obligations by exploiting existing tax regulations (Indriani et al., 2022; Fitria & Taufik, 2020). In this study, tax avoidance is measured using the cash effective tax rate (CETR), defined as the ratio of cash income tax payments to pre-tax income. CETR is chosen because it reflects taxes actually paid in cash, making it relevant for capturing cash-based tax planning behavior (Badoa, 2020).

To address extreme CETR values outside the 0–1 range, the study applies 5% trimming, excluding the lowest and highest 5% of observations, to improve the robustness and representativeness of the estimates. Consistent with Badoa (2020), tax avoidance is proxied by CETR, calculated as follows:

$$CETR = \frac{\text{Cash Tax Payments}}{\text{Pre Tax Income}} \quad (1)$$

A lower CETR indicates a higher level of tax avoidance.

- **Leverage**

Leverage reflects the extent to which a firm finances its assets through borrowed funds, creating future interest payment obligations (Hanafi & Halim, 2018; Pandansari, 2022). In this study, leverage is measured using the debt-to-equity ratio (DER), as suggested by Emanuel et al. (2023). DER is chosen because it captures the firm's financing structure

relative to shareholders' equity, making it more relevant for explaining financial risk and agency conflicts than asset-based leverage ratios. The DER indicates the degree of reliance on external financing, which influences interest payment pressure and tax planning incentives.

To ensure the economic validity of the measurement, firms with negative equity are excluded from the sample, ensuring that the DER values used are meaningful and methodologically consistent. Consistent with Emanuel et al. (2023), leverage is measured using the debt-to-equity ratio (DER) as follows:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \quad (2)$$

A higher DER indicates a greater proportion of corporate financing derived from debt.

- **Financial Distress**

Financial distress refers to a condition where a firm struggles to meet its financial obligations due to liquidity constraints, high operating costs, or declining revenues from economic pressure (Amelia, 2022). In this study, financial distress is measured using the Altman Z-score for non-manufacturing firms (KI"-score), as adopted by Santo and Nastiti (2023). The Z"-score is chosen because the property and real estate sector is not a pure manufacturing industry, making this model more suitable for assessing financial distress in non-manufacturing firms in emerging markets like Indonesia.

Although the Z-score is based on accounting data and has inherent limitations, it remains widely used in empirical research for its ability to capture liquidity, profitability, and solvency risks comprehensively. Consistent with Santo and Nastiti (2023), financial distress in this study is measured using the Altman Z-score, calculated as follows:

$$Z - Score = 1,2(X_1) + 1,4(X_2) + 3,3(X_3) + 0,6(X_4) + 1(X_5) \quad (3)$$

- **Earnings Management**

Earnings management refers to intentional managerial actions to influence reported earnings through accounting discretion to achieve specific objectives (Kurniawati & Ratnaningrum, 2022), including facilitating aggressive tax planning by reducing taxable income (Fahmi & Adi, 2020). In this study, earnings management is measured using discretionary accruals (DA) estimated with the performance-adjusted Modified Jones Model (ROA-adjusted), as proposed by Emanuel et al. (2023). This model is selected because it controls for firm performance effects on accruals and is appropriate for the property and real estate sector, which involves long project cycles and flexibility in revenue recognition. The first step involves calculating total accruals as follows:

$$TAC_{it} = NI_{it} - OCF_{it} \quad (4)$$

where:

TAC_{it} = total accruals of firm i in year t

NI_{it} = net income after tax of firm i in year t

$$\frac{OCF_{it}}{TA_{it-1}} = \beta_1 \left(\frac{1}{TA_{it-1}} \right) + \beta_2 \left(\frac{\Delta REV_{it}}{TA_{it-1}} \right) + \beta_3 \left(\frac{PPE_{it}}{TA_{it-1}} \right) + \varepsilon_{it}$$

(5)

Dimana:

TA_{it-1} = total assets of firm i at the end of year $t-1$

ΔREV_{it} = change in total revenue of firm i in year t

PPE_{it} = property, plant, and equipment of firm i in year t

ROA_{it} = return on assets of firm i in year t

ε_{it} = Error item

$\beta_1, \beta_2, \beta_3, \beta_4$ = regression coefficients.

$$NDAC_{it} = \beta_1 \left(\frac{1}{TA_{it-1}} \right) + \beta_2 \left(\frac{\Delta REV_{it} - \Delta REC_{it}}{TA_{it-1}} \right) + \beta_3 \left(\frac{PPE_{it}}{TA_{it-1}} \right) + \varepsilon_{it}$$

(6)

Dimana:

$NDAC_{it}$ = *Nondiscrectinoary Accrual* perusahaan i pada tahun t

$$DAC_{it} = \left(\frac{TAC_{it}}{TA_{it-1}} \right) - NDAC_{it}$$

(7)

Dimana:

DAC_{it} = *Discrectinoary Accrual* perusahaan i pada tahun t

TA_{it-1} = Total asset perusahaan pada akhir tahun $t-1$

• Independent Commissioners

Independent commissioners are board members without affiliation to controlling shareholders, the board of directors, or other parties that could compromise their independence (Lindra et al., 2022). In this study, independent commissioners are measured as the ratio of independent commissioners to the total number of board commissioners, following Prismanitra and Sukirman (2021). This proxy reflects the structural presence of independent oversight within the board.

However, this measurement has limitations, as it does not fully capture the quality of monitoring or the technical competence of independent commissioners. Therefore, the moderating effects should be interpreted with caution. Consistent with Prismanitra and Sukirman (2021), independent commissioners are measured as follows:

$$ICR = \frac{\text{Number of Independent Commissioners}}{\text{Total Number of Commissioners}} \quad (8)$$

Data Analysis Method

This study uses a quantitative approach with secondary panel data, combining cross-sectional and time-series dimensions to analyze temporal dynamics and inter-firm heterogeneity (Baltagi, 2005). Data processing and estimation are performed using Stata with panel data regression techniques. To ensure reliable estimates, robust standard errors are applied to address potential heteroskedasticity and autocorrelation commonly found in panel data (Gujarati & Porter, 2009; Wooldridge, 2010).

Classical assumption tests, including tests for heteroskedasticity, multicollinearity, and autocorrelation, are conducted in a limited manner. Normality testing is not performed, as it is not required in panel data regression with large sample sizes (Wooldridge, 2010). Hypotheses are tested using t-tests and F-tests at the 5% and 10% significance levels, and the explanatory power of the model is assessed using the coefficient of determination (R^2).

RESULTS AND DISCUSSION

This study utilizes panel data derived from corporate financial statements for the 2019–2022 period.

Table 1
Sample Selection Procedure

Sample Selection Stage	Description	Number
Total firms in the property and real estate sector	Companies listed on the Indonesia Stock Exchange (IDX)	92 firms
Total annual reports (firm-year)	92 firms $\times$ 4 years (2019–2022)	368 observations
Annual reports with incomplete numerical data	At least one variable missing numerical values	82 observations
Annual reports after eliminating incomplete data	368 – 82	286 observations
Annual reports identified as outliers	Based on outlier testing	96 observations
Final observations used in the analysis	286 – 96	190 observations

Before estimation, this study applies trimming to extreme values to mitigate the influence of outliers that could bias regression results and violate classical assumptions. Trimming, when applied systematically, is a recognized approach in financial research, as it enhances estimator efficiency and improves the reliability of statistical inference without removing essential information (Gujarati & Porter, 2009; Wooldridge, 2010). From an initial 368 firm-year observations, the final sample consists of 190 observations after excluding firms with incomplete financial data and applying 5% trimming to extreme CETR values. The excluded observations are primarily characterized by negative or very low pre-tax income, exceptionally high cash tax payments relative to earnings, or severe financial instability that produces economically implausible CETR values outside the 0–1 range. Such extreme values may reflect temporary shocks, accounting losses, or one-off tax settlements rather than systematic tax avoidance behavior. Nevertheless, the exclusion of nearly half of the initial observations raises potential concerns regarding sample selection bias. Firms experiencing extreme financial distress or highly volatile tax positions may be underrepresented in the final sample. Given that this study focuses on the interaction between financial pressure and tax behavior, extreme observations may contain economically meaningful information rather than pure statistical noise. Therefore, the empirical results primarily reflect tax avoidance behavior among relatively stable firms and should be interpreted with caution when generalizing to firms under severe financial distress.

Descriptive Statistics

Descriptive statistics are presented to provide an initial overview of the research data, including the mean, minimum and maximum values, and standard deviation, prior to conducting panel data regression analysis.

Table 2.
Descriptive Statistics

Variabel	Observasi	Mean	Std. Dev.	Minimum	Maximum
Tax Avoidance	190	0.1870	0.2014	0.0000	0.9311
Leverage	190	0.6228	0.4997	0.0127	2.2348
Financial Distress	190	1.1906	0.5960	0.2647	2.7246
Earnings Management	190	0.0004	0.0063	-0.0242	0.0190
Komisaris Independen	190	0.4115	0.0882	0.2500	0.6000

Descriptive statistics reveal that the dependent variable, CETR, has a mean of 0.3959 with moderate dispersion. Among the independent variables, leverage (LEV) shows the highest variability, indicating significant differences across firms and periods. The financial distress (FD) variable has fewer observations than the others, confirming the dataset is an unbalanced panel. Earnings management (EM) has a mean close to zero with low variability, suggesting limited dispersion in discretionary accruals. The moderating variable, independent commissioners (IC), measured as a dummy variable, has a mean of 0.4251, indicating that 42.51% of observations fall into the IC = 1 category. This distribution supports the feasibility of analyzing the moderating effect of independent commissioners on the relationships between the independent variables and tax avoidance in the panel regression model.

Panel Regression Model Selection

Table 3.
Panel Regression Model Selection (Hausman Test)

Description	Value
Prob > χ^2	0.1780
Decision	Fail to reject H_0
Selected Model	Random Effects Model

The estimation model was selected using the Hausman test. Based on the test results (Prob > $\chi^2 = 0.178$), the Random Effects Model was chosen as the estimation model for this study.

Classical Assumption Tests

Classical assumption tests in this study include tests for **multicollinearity**, **heteroskedasticity**, and **autocorrelation**. The multicollinearity test ensures there are no high correlations among independent variables that could destabilize regression coefficients. The heteroskedasticity test examines whether the residuals' variance is constant, while the autocorrelation test checks for correlations among residuals across time periods that could affect the model's estimation efficiency.

- **Multikolinearity Test**

Table 4
Pearson Correlation Matrix

	CETR	LEV	FD	EM	KI
CETR	1.000				
LEV	0.0158	1.000			
FD	-0.0177	0.0416	1.000		
EM	0.1073	-0.0075	-0.1121	1.000	
KI	-0.0232	-0.0851	-0.0633	0.0186	1.000

Multicollinearity is assessed by examining the correlation matrix among independent variables. According to the criterion, if correlation coefficients are below **0.80**, the model is considered free from significant multicollinearity issues (Gujarati & Porter, 2009; Ghozali, 2021). The results show that all correlation coefficients among **LEV, FD, EM, and KI** are well below this threshold, with the highest value being **0.1121**, confirming the **absence of multicollinearity** in the research model.

- **Heteroskedastisity Test**

Table 5
Heteroskedastisity Test

H0: $\sigma(i)^2 = \sigma^2$ for all i	
chi2 (71)	= 2303540.52
Prob > chi2	= 0.0000

Heteroskedasticity is tested using the Modified Wald Test for Groupwise Heteroskedasticity to evaluate the equality of residual variances across cross-sectional units. The test results show a Prob > χ^2 value of 0.0000, leading to the rejection of the null hypothesis and indicating the presence of heteroskedasticity in the model. As a result, robust standard errors are used in the regression estimation to ensure consistent and unbiased statistical inference despite the violation of the homoskedasticity assumption.

- **Autocorrelation Test**

Table 6
Autocorrelation Test

H0: no first-order autocorrelation	
F(1, 33) =	0.029
Prob > F =	0.8650

Autocorrelation is tested using the Wooldridge test for autocorrelation in panel data. The null hypothesis (H_0) posits no first-order autocorrelation in the panel regression model. The decision rule states that if the Prob > F value exceeds the 5% significance level, the null hypothesis cannot be rejected, indicating no autocorrelation (Wooldridge, 2010). The test results show an F-statistic of 0.029 with a Prob > F value of 0.8650, which is greater than 0.05. Therefore, the null hypothesis is not rejected, confirming the absence of autocorrelation in the panel regression model.

Estimated Regression Model

Table 7.

Estimated Regression Model (Random Effect Model)

Random-effects GLS regression	Number of obs = 190
Group variable: idfirm	Number of groups = 71
R-squared:	Obs per group:
Within = 0.0530	min = 1
Between = 0.0397	avg = 2.7
Overall = 0.0677	max = 4
	Wald chi2(7) = 12.67
corr(u_i, X) = 0 (assumed)	Prob > chi2 = 0.0130

(Std. err. adjusted for 71 clusters in idfirm)						
CETR	Coefficient	Robust std. err.	z	P>z	[95% conf. interval]	
LEV	0.0913665	0.0522538	1.75	0.080*	-0.011049	0.1937821
FD	-0.0072006	0.0290320	-0.25	0.804	-0.064102	0.0497011
EM	-3.7510010	1.9062260	-1.97	0.049**	-7.487134	-0.014867
KI	-0.0715639	0.1917514	-0.37	0.709	-0.447389	0.3042618
Konstant a	0.1688538	0.0889702	1.90	0.056	-0.005524	0.3432321
sigma_u	.11208859					
sigma_e	.17138097					
rho	.29960094	(fraction of variance due to u_i)				

Based on Estimated Regression Model in Table 7, the partial estimation results show that earnings management (EM) significantly affects CETR at the 5% significance level (coefficient = -3.751; p-value = 0.049). The negative coefficient indicates that managers reduce reported earnings, consistent with income-decreasing behavior. Leverage (LEV) has a positive and statistically significant effect on CETR at the 10% significance level (coefficient = 0.091; p-value = 0.080). In contrast, financial distress (FD) and independent commissioners (IC) do not significantly affect CETR, as their p-values exceed the 5% threshold. The estimated rho value of 0.2996 suggests that approximately 29.96% of the error variance is due to unobserved firm-specific heterogeneity, supporting the use of the Random Effects Model to capture individual heterogeneity across firms.

Panel Regression Estimation with Interaction Variables

The partial moderation test results show that the interaction variable FD*IC (Z2) has a negative and statistically significant effect on CETR at the 5% significance level (coefficient = -0.5865; p-value = 0.050). This suggests that independent commissioners

moderate the relationship between financial distress and CETR, weakening the effect of financial distress on tax avoidance. In contrast, the interaction variables LEV*IC (Z1) and EM*IC (Z3) are not statistically significant, indicating that independent commissioners do not moderate the relationships between leverage and CETR or earnings management and CETR.

The Random Effects regression with interaction terms demonstrates statistical fit, as indicated by a Wald chi² value of 21.97 and a Prob > chi² of 0.0026, confirming that the model is jointly significant in explaining the relationships among the variables. The overall R-squared value of 0.1040 shows that the model explains 10.40% of the variation in the dependent variable. This level of explanatory power is considered acceptable, as the study's primary objective is to test causal relationships, not maximize predictive accuracy (show in table 8).

Table 8

Panel Regression Estimation with Interaction Variables

Random-effects GLS regression	Number of obs = 190
Group variable: idfirm	Number of groups = 71
R-squared:	Obs per group:
Within = 0.0530	min = 1
Between = 0.0849	avg = 2.7
Overall = 0.1040	max = 4
corr(u_i, X) = 0 (assumed)	Wald chi2(7) = 21.97
	Prob > chi2 = 0.0026

(Std. err. adjusted for 71 clusters in idfirm)

CETR	Coefficient	Robust std. err.	KI	P>z	[95% conf. interval]
LEV	.0349564	.1925131	0.18	0.856	-.3423622 .4122751
FD	.2218123	.1149401	1.93	0.054	-.0034661 .4470907
EM	-1.068.877	9.247.782	1.16	0.248	-2.881.409 7.436.546
KI	.5444699	.5611067	0.97	0.332	-.555279 1.644.219
LEV*KI	.1079193	.4277885	0.25	0.801	-.7305307 .9463694
FD*KI	-.5865204	.2987021	1.96	0.050 **	-1.171.966 -.0010751
EM*KI	1.655.336	2.098.638	0.79	0.430	-2.457.918 576.859
_cons	-.0669434	.2259391	0.30	0.767	-.509776 .3758892

Discussion

Effect of Leverage on Tax Avoidance

The results show that leverage is negatively and significantly associated with tax avoidance, suggesting that firms with higher debt levels tend to engage less in aggressive tax practices. This negative relationship implies that increased reliance on debt financing leads to more conservative tax behavior, as higher leverage restricts managerial flexibility in

pursuing tax planning strategies. Therefore, the empirical evidence supports Hypothesis 1, which posits a negative effect of leverage on tax avoidance.

From an Agency Theory perspective, higher leverage increases creditor monitoring and strengthens contractual discipline on management, limiting opportunities for opportunistic behavior, including aggressive tax avoidance. This mechanism is particularly relevant in the capital-intensive property and real estate sector, where firms rely heavily on long-term debt to finance large projects. Ensuring creditor confidence and stable cash flows becomes a priority for management, reducing the appeal of aggressive tax strategies despite the availability of interest-related tax shields. These findings align with prior studies (Putri & Kliakik, 2023; Hidayat et al., 2022; Kim & Im, 2021) and support the view that leverage can serve as an effective governance mechanism to constrain tax-related managerial opportunism.

Effect of Financial Distress on Tax Avoidance

The results do not provide empirical support for Hypothesis 2, indicating that financial distress does not significantly affect tax avoidance. This finding suggests that financial difficulties do not automatically motivate management to intensify tax avoidance practices. Within the Agency Theory framework, financial distress may instead limit managerial discretion due to increased monitoring by principals and external stakeholders, thus reducing the potential for opportunistic behavior, including tax avoidance.

Beyond monitoring mechanisms, Agency Theory also highlights the capacity constraints of agents under high pressure. During financial distress, managerial focus tends to shift toward maintaining operational continuity and meeting contractual obligations, which are the principal's primary concerns in crisis situations. This shift restricts management's ability to implement complex and risky tax planning strategies. Consequently, despite cash-saving incentives, tax avoidance may not become a dominant strategy as it requires resources, risk tolerance, and discretion, all of which are typically diminished during financial distress.

These findings align with prior studies by Sari and Nugroho (2021), Rahmawati and Putra (2022), and Chen et al. (2020), which report no significant relationship between financial distress and tax avoidance. The results support the theoretical argument that, from an Agency Theory perspective, managerial opportunism is influenced not only by economic incentives but also by the level of discretion and organizational capacity, both of which are constrained under financial pressure.

Effect of Earnings Management on Tax Avoidance

The results show that earnings management (EM) significantly affects tax avoidance. Despite the negative regression coefficient, this finding reflects the dominance of income-decreasing earnings management, a strategy that reduces reported earnings, lowering taxable income and cash tax outflows. In this context, earnings management serves as a tax planning tool, with tax avoidance as its outcome. These findings provide empirical support for Hypothesis 3, confirming that earnings management is significantly associated with tax avoidance, consistent with the view that accounting discretion is used for tax planning.

The prevalence of income-decreasing earnings management suggests that cash-based tax considerations outweigh capital market incentives among the sampled firms. Unlike income-increasing earnings management, which seeks to enhance performance perceptions in capital markets, income-decreasing strategies align more closely with tax minimization goals. From an Agency Theory perspective, this reflects opportunistic behavior by agents

who exploit information asymmetry and accounting discretion to reduce tax liabilities, consistent with findings by Falbo and Firmansyah (2021) and Prismanitra and Sukirman (2021).

Role of Independent Commissioners in the Relationship between Leverage and Tax Avoidance

The results show that independent commissioners do not moderate the relationship between leverage and tax avoidance, meaning Hypothesis 4 is not supported. This suggests that independent commissioners have not been effective in influencing the tax implications of debt-based financing policies adopted by firms. This finding is consistent with prior studies by Ngabdillah et al. (2022), Rahman and Nugroho (2021), and Putri et al. (2023).

From an Agency Theory perspective, the insignificant moderating effect can be explained by the structural limitations of board oversight. Independent commissioners are typically not involved in highly technical financing decisions, such as determining debt structure and its tax consequences, as these decisions primarily fall under executive management's domain (Fama & Jensen, 1983). Additionally, the board of commissioners' governance role focuses more on regulatory compliance and risk control than on evaluating complex, legally permissible tax strategies (Hidayati, 2021). Therefore, the absence of a moderating effect reflects inherent constraints in corporate governance mechanisms, rather than a limitation of the empirical model. This finding is theoretically meaningful, suggesting that independent oversight has limited influence over tax outcomes arising from financing decisions.

Role of Independent Commissioners in the Relationship between Financial Distress and Tax Avoidance

The results show that independent commissioners effectively moderate the relationship between financial distress and tax avoidance by weakening this relationship. This suggests that independent commissioners are more effective in restraining firms under financial pressure from engaging in aggressive tax avoidance practices. Therefore, Hypothesis 5 is supported, indicating that the effectiveness of independent commissioners is conditional on firms' financial conditions.

From an Agency Theory perspective, financial distress amplifies conflicts of interest, as management faces pressure to maintain business continuity and financial stability, increasing incentives for opportunistic behavior, including tax avoidance. In such circumstances, independent commissioners act as a crisis governance mechanism, strengthening monitoring and constraining managerial discretion, thereby reducing aggressive tax avoidance.

This finding aligns with prior studies by Sari and Nugroho (2021), Pratama et al. (2022), and Wijaya and Lestari (2024), which demonstrate that corporate governance mechanisms, particularly independent commissioners, become more effective in mitigating managerial opportunism during financial distress.

Role of Independent Commissioners in the Relationship between Earnings Management and Tax Avoidance

The results show that independent commissioners do not moderate the relationship between earnings management and tax avoidance, meaning Hypothesis 6 is not supported. This suggests that the presence of independent commissioners has not been effective in

constraining the use of earnings management as a mechanism for supporting corporate tax avoidance decisions.

From an Agency Theory perspective, earnings management represents opportunistic behavior carried out through accrual-based accounting discretion, which is inherently complex and not directly observable. These characteristics make earnings management difficult to detect through conventional board monitoring mechanisms. Moreover, independent commissioners may lack sufficient technical expertise in accounting and taxation to identify sophisticated accrual manipulations, while board oversight typically focuses on aggregate financial reporting compliance rather than detailed evaluations of accrual policies related to tax strategies.

This finding is consistent with Wulandari (2021) and Putra et al. (2024), who report that independent commissioners have limited effectiveness in constraining earnings management practices with tax implications. Thus, the insignificant moderating role of independent commissioners reflects structural and technical limitations in monitoring accrual-based earnings management rather than a weakness in the empirical model.

CONCLUSION

This study provides evidence that leverage and earnings management are statistically associated with tax avoidance in Indonesian property and real estate firms, although the magnitude of these relationships is relatively modest. Financial distress does not show a significant direct effect on tax avoidance, but the moderating role of independent commissioners suggests that governance mechanisms become more relevant under conditions of financial pressure. The finding that independent commissioners do not moderate the effects of leverage and earnings management indicates that formal governance structures may have limited influence over complex financing strategies and accrual-based accounting practices. These findings are consistent with Agency Theory by suggesting that monitoring effectiveness is conditional on firms' financial circumstances rather than uniformly applied across all managerial decisions. Rather than acting as dominant drivers, financing structure and accounting discretion represent context-dependent factors that help explain variations in corporate tax behavior within the scope of this model. Accordingly, these results offer context-specific insights into how agency relationships and governance mechanisms interact with financial conditions in shaping tax avoidance, while acknowledging that a substantial portion of tax behavior is influenced by factors beyond those captured in this study.

REFERENCES

- Abdullah, A. (2019). *Kamus pajak* (Edisi 1). Andi Offset.
- Alharbi, S., et al. (2022). Local culture and *Tax Avoidance*: Evidence from gambling preference behavior. *Global Finance Journal*, 52, Article (May 2022). <https://doi.org/10.1016/j.gfj.2020.100585>
- Amelia, P. (2022). Predicting *financial distress* using DEA and multivariate discriminant for tourism, restaurant, and hotel sector in Indonesia. *Journal of International Conference Proceedings*, 5(4). <https://doi.org/10.32535/jicp.v5i4.1936>

- Amni, A. M., & Pratama, A. A. N. (2023). Pengaruh *financial distress*, ROA dan *leverage* terhadap *Tax Avoidance* dengan komite audit sebagai pemoderasi pada bank umum syariah di Indonesia periode 2016–2021. *J-ESA (Jurnal Ekonomi Syariah)*, 6(1), 68–87. <https://ejournal.iaimbima.ac.id/index.php/jesa/article/download/1333/866>
- Amni, S., Fitrios, R., & Silfi, A. (2023). The influence of thin capitalization, capital intensity, and earnings management on *Tax Avoidance* with tax havens country as moderator. *International Journal of Science and Business*. <https://doi.org/10.58970/ijsb.2059>
- Anabella, C. N., & Wijaya, H. (2022). Pengaruh komisaris independen dan demografi komisaris terhadap manajemen laba pada perusahaan IPO pada tahun 2015–2019. *Forum Ekonomi*. <https://doi.org/10.30872/jfor.v24i1.10730>
- Andalia, A., Nuryadin, A. A., & Swandani, S. (2023). Pengaruh kompensasi eksekutif, sales growth, *financial distress*, dan kompensasi rugi fiskal terhadap *Tax Avoidance* dengan komisaris independen sebagai pemoderasi. *POINT: Jurnal Ekonomi dan Manajemen*, 5(2), 172–185. <https://doi.org/10.46918/point.v5i2.2076>
- Aprianti, D., et al. (2022). Pengaruh profitabilitas, kebijakan dividen, dewan komisaris independen dan corporate social responsibility terhadap nilai perusahaan. *Jurnal Ekonomi Bisnis dan Manajemen*. <https://doi.org/10.58192/ebismen.v1i4.151>
- Ariesta, P. G., & Purwaningsih, E. (2022). Pengaruh pertumbuhan penjualan, *leverage*, dan kompetensi komisaris independen terhadap penghindaran pajak. *Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan*. <https://doi.org/10.32670/fairvalue.v5i3.2665>
- Aris, M. A., Nabila, A., & Puspawati, D. (2023). The impact of corporate social responsibility, profitability, capital intensity, size company and *financial distress* on tax aggressivity (Empirical study of manufacturing companies listed on the IDX in 2017–2019). *Riset Akuntansi dan Keuangan Indonesia*, 7(3), 386–393. <https://doi.org/10.23917/reaksi.v7i3.22159>
- Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. (2015). Corporate governance, incentives, and tax avoidance. *Journal of Accounting and Economics*, 60(1), 1–17.
- Badan Pusat Statistik. (2023a). *Jumlah penduduk pertengahan tahun (ribu jiwa), 2022–2023*. Retrieved April 11, 2024, from <https://www.bps.go.id/id/statistics-table/2/MTk3NSMy/jumlah-penduduk-pertengahan-tahun--ribu-jiwa-.html>
- Badan Pusat Statistik. (2023b). *Produk Domestik Bruto Atas Dasar Harga Berlaku Menurut Lapangan Usaha (miliar rupiah), 2021–2022*. Retrieved April 11, 2024, from <https://www.bps.go.id/id/statistics-table/3/VWtsTFNuRlpabk16TWxKaVNXcE1PRXhKT0RJcIFUMDkjMyMwMDAw/produk-domestik-bruto-atas-dasar-harga-konstan-2010-menurut-lapangan-usaha--miliar-rupiah-.html>
- Badoa, M. E. C. (2020). Pengaruh *leverage* dan profitabilitas terhadap penghindaran pajak dengan proporsi komisaris independen sebagai variabel moderasi. In *Prosiding Seminar Nasional Pakar* (pp. 2–55).
- Baltagi, B. H. (2005). *Econometric Analysis of Panel Data*. Wiley.
- Bank Indonesia. (2023). *Perkembangan properti komersial* (Triwulan III 2023). Retrieved April 11, 2024, from https://www.bi.go.id/id/publikasi/laporan/Pages/PPKom_Triwulan_III_2023.aspx

- Baradja, L. M., Basri, CETR. KI., & Sasmi, V. (2017). Pengaruh beban pajak tangguhan, perencanaan pajak dan aktiva pajak tangguhan terhadap manajemen laba. *Jurnal Akuntansi Trisakti*, 4(2), 191–206. <https://doi.org/10.25105/jat.v4i2.4853>
- Box, G. E. P., & Jenkins, G. M. (1976). *Time Series Analysis: Forecasting and Control*. Holden-Day.
- Bursa Efek Indonesia. (2023). *Daftar saham*. Retrieved April 11, 2024, from <https://www.idx.co.id/id/data-pasar/data-saham/daftar-saham/>
- Chen, S., Chen, X., Cheng, Q., & Shevlin, T. (2021). Are family firms more tax aggressive than non-family firms? *Journal of Financial Economics*, 139(1), 143–167. <https://doi.org/10.1016/j.jfineco.2020.07.003>
- Dang, V. A., & Nguyen, L. (2023). Financial distress, risk-taking, and corporate tax behavior. *Journal of Corporate Finance*, 79, 102365. <https://doi.org/10.1016/j.jcorpfin.2022.102365>
- Dang, V. C., & Tran, X. H. (2021). The impact of financial distress on Tax Avoidance: An empirical analysis of the Vietnamese listed companies. *Cogent Business & Management*, 8(1). <https://doi.org/10.1080/23311975.2021.1953678>
- Davidson, R., & MacKinnon, J. G. (2004). *Econometric Theory and Methods*. Oxford University Press.
- DDTCNews. (2024). *Tidak setor PPh final, pengembang ditetapkan sebagai tersangka pajak*
- Desai, M. A., & Dharmapala, D. (2006). Corporate Tax Avoidance and high-powered incentives. *Journal of Financial Economics*, 79(1), 145–179. <https://doi.org/10.1016/j.jfineco.2005.02.002>
- Desai, M. A., & Dharmapala, D. (2006). Corporate tax avoidance and high-powered incentives. *Journal of Financial Economics*, 79(1), 145–179.
- Direktorat Jenderal Pajak. (2018). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2018*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2019). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2019*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2020). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2020*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2021). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2021*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2022). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2022*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2023). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2023*. Direktorat Jenderal Pajak.
- Direktorat Jenderal Pajak. (2024). *Laporan tahunan Direktorat Jenderal Pajak Kementerian Keuangan Tahun 2024*. Direktorat Jenderal Pajak.
- Dyreng, S. D., Hanlon, M., & Maydew, E. L. (2008). Long-run corporate Tax Avoidance. *The Accounting Review*, 83(1), 61–82. <https://doi.org/10.2308/accr.2008.83.1.61>
- Dyreng, S. D., Hanlon, M., & Maydew, E. L. (2008). Long-run corporate tax avoidance. *The Accounting Review*, 83(1), 61–82.
- E. Janrosl, V. S., & Lim, J. (2019). Analisis pengaruh good corporate governance terhadap manajemen laba pada perusahaan perbankan yang terdaftar di BEI. *Owner*, 3(2), 226. <https://doi.org/10.33395/owner.v3i2.144>

- Egiana, F., & Nurdiniah, D. (2022). Pengaruh profitabilitas dan *financial distress* terhadap *Tax Avoidance* dengan corporate governance sebagai variabel pemoderasi. *Kalbisiana: Jurnal Mahasiswa Institut Teknologi dan Bisnis Kalbis*, 8(4), 3879–3895.
- Emanuel, R., Trisnawati, E., & Firmansyah, A. (2023). Manajemen laba, *leverage*, pertumbuhan penjualan, penghindaran pajak: Peran moderasi komisaris independen. *E-Jurnal Akuntansi*, 33(3), 756. <https://doi.org/10.24843/eja.2023.v33.i03.p13>
- Erlina, M. (2021). Pengaruh likuiditas, profitabilitas, ukuran perusahaan, komisaris independen terhadap agresivitas pajak dan pengungkapan CSR sebagai moderasi. *Jurnal Administrasi Bisnis*. <https://doi.org/10.26593/jab.v17i1.4523.24-39>
- Fadhilah, S. F., & Kusumawati, E. (2024). Pengaruh *financial distress*, good corporate governance, *leverage*, dan institutional ownership terhadap *Tax Avoidance*. *Jurnal Akuntansi dan Pajak*, 24(2), 1–15. <http://jurnal.stie-aas.ac.id/index.php/jap>
- Fahmi, A. A., & Adi, P. H. (2020). Pengaruh kepemilikan keluarga dan likuiditas terhadap agresivitas pajak dengan pemoderasi corporate governance. *Perspektif Akuntansi*. <https://doi.org/10.24246/persi.v3i2.p85-107>
- Falbo, T. D., & Firmansyah, A. (2021). Penghindaran pajak di Indonesia: Multinationality dan manajemen laba. *Bisnis-Net Jurnal Ekonomi dan Bisnis*, 4(1), 94–110. <https://doi.org/10.46576/bn.v4i1.1325>
- Fauzan, et al. (2021). The effect of *financial distress*, good corporate governance, and institutional ownership on *Tax Avoidance* (Empirical study of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2016–2019 period). *Jurnal Riset Akuntansi dan Keuangan Indonesia*, 6(2), 154–165. <https://journals.ums.ac.id/index.php/reaksi/article/view/16126>
- Febriana, N. CETR., & Wulandari, M. (2022). Sikap siswa terhadap pembelajaran fisika di SMAN 2 Kota Sungai Penuh. *Jurnal Educatio FKIP Unma*. <https://doi.org/10.31949/educatio.v8i1.1939>
- Febriyanti, N. (2023). Pengaruh manajemen laba terhadap penghindaran pajak yang dimoderasi oleh pertumbuhan penjualan. *Diponegoro Journal of Accounting*, 12(1), 2337–3806.
- Febriyanto, F. C., & Laurensius, L. (2022). Pengaruh *financial distress* dan prudence terhadap penghindaran pajak dengan good corporate governance sebagai variabel moderasi. *Fortunate Business Review*, 2(1), 1–19.
- Firmansyah, A., et al. (2023). Corporate governance and *Tax Avoidance* in emerging markets. *Journal of Asian Business and Economic Studies*.
- Fitria, G. N., & Taufik, A. (2020). *Tax Avoidance* level: Executive characteristic, independent commissioner and profitability in Indonesia manufacture company. In *EAI* (Conference paper). <https://doi.org/10.4108/eai.26-3-2019.2290694>
- Gian, G. A. P., Herianti, E., & Sabaruddin. (2022). Property dan real estate: Pengaruh *financial distress* dan intensitas aset tetap terhadap *Tax Avoidance*, peran good corporate governance sebagai pemoderasi. *JRB-Jurnal Riset Bisnis*, 5(2), 190–207. <https://doi.org/10.35814/jrb.v5i2.2327>
- Graham, J. R., Hanlon, M., Shevlin, T., & Shroff, N. (2014). Incentives for tax planning and avoidance: Evidence from the field. *The Accounting Review*, 89(3), 991–1023.

- Greene, W. H. (2018). *Econometric Analysis*. Pearson.
- Gujarati, D. N., & Porter, D. C. (2009). *Basic Econometrics*. McGraw-Hill.
- Gunadi. (2020). *Pemeriksaan, investigasi, dan penyidikan pajak* (1st ed.; A. Kurniawan, Ed.). Koperasi Pegawai Kantor Pusat Direktorat Jenderal Pajak.
- Gunawan, C. T., & Surjandari, D. A. (2022). Effect of transfer pricing, capital intensity and earnings management on *Tax Avoidance*. *Journal of Economics, Finance and Accounting Studies*, 4(2), 184–190. <https://doi.org/10.32996/jefas.2022.4.2.14>
- Habib, A., Hasan, M. M., & Al-Hadi, A. (2022). Financial distress, earnings management, and corporate governance. *International Review of Financial Analysis*, 82, 102191. <https://doi.org/10.1016/j.irfa.2022.102191>
- Hadya, R. (2019). Profitability, firm age, and leverage: Estimation of panel data models in the emerging Indonesian market. *Jurnal Apresiasi Ekonomi*. <https://doi.org/10.31846/jae.v7i3.239>
- Hanafi, M. M., & Halim, A. (2018). *Analisis laporan keuangan*. UPP STIM YKPN.
- Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2–3), 127–178. <https://doi.org/10.1016/j.jacceco.2010.09.002>
- Hapsari, I., Inayati, N. I., & Hartikasari, A. I. (2022). *Intellectual capital dan earnings management pada perusahaan perbankan di Indonesia*. *Edunomika*, 6(1), 1–13.
- Harris, M., & Raviv, A. (1991). The theory of capital structure. *The Journal of Finance*. <https://doi.org/10.2307/2328697>
- Henny, H. (2019). Pengaruh manajemen laba dan karakteristik perusahaan terhadap *Tax Avoidance*. *Jurnal Muara Ilmu Ekonomi dan Bisnis*, 3(1), 36. <https://doi.org/10.24912/jmieb.v3i1.4021>
- Hidayati, F., Kusbandiyah, A., Pramono, H., & Pandansari, T. (2021). *Pengaruh leverage, likuiditas, ukuran perusahaan, dan capital intensity terhadap agresivitas pajak (studi empiris pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2016–2019)*. *Ratio : Reviu Akuntansi Kontemporer Indonesia*, 2(1), 25–35.. <https://doi.org/10.30595/ratio.v2i1.10370>
- <https://doi.org/10.1016/j.jacceco.2015.02.003>
- <https://doi.org/10.1016/j.jfineco.2005.02.002>
- <https://doi.org/10.2308/accr.2008.83.1.61>
- <https://doi.org/10.2308/accr-50678>
- Indriani, R., Dipa, M., & udha, C. K. (2022). Effects of transfer pricing, tax haven, and thin capitalization on *Tax Avoidance*. *Jurnal Ekonomi dan Bisnis Jagaditha*, 9(2), 193–198. <https://doi.org/10.22225/jj.9.2.2022.193-198>
- Isbahi, M. B., Zuana, M. M. M. ., & Mariana, E. R. . (2022). The Technology Strategy in Website Communication Media in Improving Business Activities. *Majapahit Journal of Islamic Finance and Management*, 1(2), 126–138. <https://doi.org/10.31538/mjifm.v1i2.17>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Julianty, I., Ulupui, I. G. K. A., & Nasution, H. (2023). Pengaruh *financial distress* dan capital intensity terhadap *Tax Avoidance* dengan ukuran perusahaan sebagai

- pemoderasi. *Jurnal Informasi, Perpajakan, Akuntansi, dan Keuangan Publik*, 18(2), 257–280. <https://doi.org/10.25105/jipak.v18i2.17171>
- Kementerian Keuangan RI. (2023a). *APBN Kita edisi Januari 2023* (pp. 1–146). Retrieved from <https://media.kemenkeu.go.id/getmedia/1a28b5ae-91df-44f0-8e40-5e21056a974e/V-1-Final-Publikasi-APBN-KiTa-Edisi-Januari-2023.pdf>
- Kementerian Keuangan RI. (2023b). *Peta jalan kebijakan perpajakan*. Retrieved April 11, 2024, from <https://fiskal.kemenkeu.go.id/kajian/2023/12/27/2457-peta-jalan-kebijakan-perpajakan>
- Kim, J. B., & Im, J. (2022). Leverage, debt covenants, and corporate *Tax Avoidance*. *Accounting & Finance*, 62(2), 2351–2384. <https://doi.org/10.1111/acfi.12889>
- Kim, J., & Im, C. (2022). Leverage and corporate *Tax Avoidance*. *Sustainability*.
- Kodriyah, & Putri, R. F. (2019). Pengaruh perencanaan pajak dan kecakapan manajerial terhadap manajemen laba. *Jurnal Akuntansi (JAK)*, 6(1), 55–68. <https://doi.org/10.30656/jak.v6i1.930>
- Kovermann, J., & Velte, P. (2022). The impact of corporate governance on corporate *Tax Avoidance*—A literature review. *Journal of International Accounting, Auditing and Taxation*, 46, 100439. <https://doi.org/10.1016/j.intaccaudtax.2022.100439>
- Lanis, R., Richardson, G., & Taylor, G. (2021). Corporate governance and tax aggressiveness. *Journal of Accounting and Public Policy*.
- Lauren, G. E., et al. (2022). Financial distress terhadap *Tax Avoidance*. *Jurnal Ilmiah Akuntansi Peradaban*, 8(2), 285–304. <https://doi.org/10.24252/jiap.v8i1.32015>
- Liputan6.com. (2024). *Rugikan negara Rp2,9 miliar, PT BAPI resmi jadi tersangka penyelewengan pajak*.
- Manuel, D., et al. (2022). Manajemen laba, *leverage* dan penghindaran pajak: Peran moderasi tanggung jawab sosial perusahaan. *Jurnal Pajak Indonesia (Indonesian Tax Review)*, 6(2S), 550–560. <https://doi.org/10.31092/jpi.v6i2s.1832>
- Monika, C. M., & Noviani, N. (2021). The effects of *financial distress*, capital intensity, and audit quality on *Tax Avoidance*. *American Journal of Humanities and Social Sciences Research*, 5, 282–287. <https://www.ajhssr.com/wp-content/uploads/2021/06/KIL2156282287.pdf>
- Muslim, A. B., Wulandari, D. S., & Firmansyah, E. (2023). Analisis aspek yang mempengaruhi penghindaran pajak dengan parameter ukuran perusahaan, *leverage*, intensitas modal, komisaris independen dan komite audit. *Journal of Trends Economics and Accounting Research*, 3(4), 529–540. <https://doi.org/10.47065/jtear.v3i4.646>
- Nadhifah, M., & Arif, A. (2020). Transfer pricing, thin capitalization, *financial distress*, earning management, dan capital intensity terhadap *Tax Avoidance* dimoderasi oleh sales growth. *Jurnal Magister Akuntansi Trisakti*, 7(2), 145–170. <https://doi.org/10.25105/jmat.v7i2.7731>
- Ngabdillah, F. R., Pratama, B. C., Dirgantari, N., & Wibowo, H. (2022). *Pengaruh koneksi politik, komisaris independen, kualitas audit dan komite audit terhadap tax avoidance*. *Jurnal Manajemen*, 16(1).
- Nugraha, M. I., & Mulyani, S. D. (2019). Peran *leverage* sebagai pemediasi pengaruh karakter eksekutif, kompensasi eksekutif, capital intensity, dan sales growth terhadap *Tax Avoidance*. *Jurnal Akuntansi Trisakti*, 6(2), 301–324.

- Nugraha, N., & Meiranto, W. (2020). Komisaris independen dan penghindaran pajak. *Jurnal Akuntansi dan Keuangan*.
- Nugroho, A. C., Mulyanto, M., & Afifi, KI. (2022). Pengaruh *financial distress*, *leverage*, sales growth, manajemen laba, dan intensitas aset tetap terhadap penghindaran pajak (Studi empiris pada perusahaan manufaktur yang terdaftar di BEI selama tahun 2018–2021). *Jurnal Economina*, 1(2), 140–151. <https://doi.org/10.55681/economina.v1i2.27>
- Nurcholis, H., et al. (2021). The effect of *financial distress* and accounting conservatism on *Tax Avoidance* with *leverage* as moderating variable. *Russian Journal of Agricultural and Socio-Economic Sciences*, 119(11), 81–86. <https://doi.org/10.18551/rjoas.2021-11.09>
- Octavia, T. R., & Sari, D. P. (2022). Pengaruh manajemen laba, *leverage* dan fasilitas penurunan tarif pajak penghasilan terhadap penghindaran pajak. *Jurnal Pajak dan Keuangan Negara (PKN)*, 4(1), 72–82. <https://doi.org/10.31092/jpkn.v4i1.1717>
- Oktarina, CETR. (2023). Pengaruh tata kelola, kesulitan keuangan, pengungkapan CSR terhadap penghindaran pajak dengan diversitas gender sebagai pemoderasi. *Educoretax*, 3(2), 72–88. <https://doi.org/10.54957/educoretax.v3i2.384>
- Oktaviani, R. M., Wahyuni, E. D., & Sunarto. (2020). Corporate governance mechanisms and *Tax Avoidance*: Evidence from Indonesia. *Jurnal Akuntansi dan Keuangan Indonesia*, 17(2), 177–195. <https://doi.org/10.21002/jaki.2020.10>
- Otoritas Jasa Keuangan. (2016). *Peraturan Otoritas Jasa Keuangan Nomor 55/POJK.03/2016 tentang penerapan tata kelola bagi bank umum*. OJK.
- Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*, 10(1), 74–95. <https://doi.org/10.1177/0974686217701467>
- Pandansari, T. (2022). Auditor reputation and sharia bond ratings: Evidence from Indonesia. *Journal of Islamic Finance and Accounting*, 5(2), 121–129. <https://doi.org/10.22515/jifa.v5i2.6393>
- Permatasari, I., Hasanah, N., & Khairunnisa, H. (2022). Analisis pengaruh *financial distress*, debt default, dan profitabilitas terhadap opini audit going concern. *Jurnal Akuntansi Perpajakan dan Auditing*. <https://doi.org/10.21009/japa.0302.14>
- Prasiwi, K. W. (2015). *Pengaruh penghindaran pajak terhadap nilai perusahaan: Transparansi informasi sebagai variabel pemoderasi* [Skripsi, Universitas Diponegoro]. <http://eprints.undip.ac.id/45842/>
- Pratama, B. C., Kamaluddin, A., & Saad, S. (2022). *Social performance of Indonesian Islamic banks: The role of board of directors*. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 12(1), 201–211. <https://doi.org/10.6007/IJARAFMS/v12-i1/12140>
- Prismanitra, K., & Sukirman. (2021). The determinants of *Tax Avoidance* with good corporate governance as a moderating variable. *Accounting Analysis Journal*, 10(2), 101–107. <https://doi.org/10.15294/aaaj.v10i2.47342>
- Putri, R. A., & Klakaria, M. (2021). Leverage, profitability, and *Tax Avoidance*: Evidence from emerging markets. *Journal of Asian Finance, Economics and Business*, 8(2), 103–112. <https://doi.org/10.13106/jafeb.2021.vol8.no2.0103>

- Rachmawati, N. A., & Martani, D. (2021). Earnings management, *Tax Avoidance*, and corporate governance: Evidence from Indonesia. *Asian Journal of Accounting Research*, 6(1), 28–41. <https://doi.org/10.1108/AJAR-06-2020-0049>
- Rachmawati, N. A., & Martani, D. (2022). Financial distress and *Tax Avoidance*. *Asian Journal of Accounting Research*.
- Sadjiarto, A., et al. (2020). Analysis of the effect of business strategy and *financial distress* on *Tax Avoidance*. *Journal of Economics and Business*, 3(1). <https://doi.org/10.31014/aior.1992.03.01.193>
- Safitri, E., & Arifin, A. (2024). Pengaruh kepemilikan institusional, komisaris independen, *financial distress* terhadap *Tax Avoidance* dengan ukuran perusahaan sebagai variabel moderasi (Studi kasus pada perusahaan makanan dan minuman yang terdaftar di Bursa Efek Indonesia tahun 2020–2022). *Economics and Digital Business Review*, 5(1), 340–357.
- Saleh, A. R., & Utomo, H. (2018). Pengaruh disiplin kerja, motivasi kerja, etos kerja dan lingkungan kerja terhadap produktivitas kerja karyawan bagian produksi di PT Inko Java Semarang. *Among Makarti*, 11(1), 28–50. <https://doi.org/10.52353/ama.v11i1.160>
- Santo, V. A., & Nastiti, C. D. (2023). Pengaruh *financial distress*, *leverage* dan capital intensity terhadap *Tax Avoidance*. *AKURASI: Jurnal Riset Akuntansi dan Keuangan*, 5(1), 1–10. <https://doi.org/10.36407/akurasi.v5i1.848>
- Sugiyono. (2019). *Metode penelitian kuantitatif, kualitatif, dan R&D*. Alfabeta.
- Sulistiyanto, S. (2018). *Manajemen laba: Teori dan model empiris* (2nd ed.). PT Grasindo.
- Surya, B. A. A., Aditya, & Firmansyah, A. (2023). Is earnings management related to *Tax Avoidance* activity? The moderating role of independent commissioners. *Jurnal Pajak Indonesia (Indonesian Tax Journal)*, 7(1), 1–7.
- Undang-Undang Republik Indonesia. (2007). *Undang-Undang Republik Indonesia Nomor 28 Tahun 2007 tentang perubahan ketiga atas Undang-Undang Nomor 6 Tahun 1983 tentang ketentuan umum dan tata cara perpajakan*.
- Velte, P. (2023). Board characteristics and *Tax Avoidance*: A meta-analysis. *Corporate Governance: The International Journal of Business in Society*, 23(4), 748–770. <https://doi.org/10.1108/CG-09-2021-0336>
- Wang, F., Campbell, K., & Johnson, D. (2023). Earnings management and corporate tax aggressiveness: International evidence. *International Review of Financial Analysis*, 86, 102538. <https://doi.org/10.1016/j.irfa.2023.102538>
- Wooldridge, J. M. (2010). *Econometric Analysis of Cross Section and Panel Data*. MIT Press.