EDUCORETAX
Volume 6 No.1, 2026

DETERMINANTS OF TAX AVOIDANCE WITH INDEPENDENT COMMISSIONERS AS A MODERATING VARIABLE

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Abstract
This study aims to determine the influence of leverage and transfer pricing on tax avoidance with independent commissioners as a moderating variable in the study of mining companies listed on the Indonesian Stock Exchange in 2019-2023. The sample selection method used is purposive sampling. The total observations in this study were 95 samples with 5 years of observation consisting of 19 companies. The data analysis technique used in this study is moderation analysis using moderated regression analysis. The results of this study indicate that leverage and transfer pricing have no effect on tax avoidance, independent commissioners are not able to moderate the effect of leverage on tax avoidance. In addition, independent commissioners are able to moderate and strengthen the effect of transfer pricing on tax avoidance.
Keywords: Independent Commissioner; Leverage; Tax Avoidance; Transfer Pricing

INTRODUCTION

The primary goal of tax avoidance is to optimize corporate profits and increase competitiveness. This practice exploits loopholes created by differences in profit calculation rules between Financial Accounting Standards (SAK) and tax regulations. Companies carefully plan this strategy to minimize the amount of tax they owe. In a summary of tax cases involving Indonesian mining companies, PT Freeport Indonesia was fined USD 198,802,287.36 for underpayment of taxes. PT Perusahaan Gas Negara also experienced similar problems due to differences in interpretation of tax regulations. Meanwhile, PT Adaro Energi Tbk was suspected of being involved in tax avoidance practices through transfer pricing carried out by its Singaporean subsidiary, Coaltrade Services International. This practice occurred from 2009 to 2017, causing Adaro to allegedly underpay taxes by approximately USD 125 million.

According to Choi and Park (2022), tax avoidance strategies implemented by companies are unsustainable in the long term because they are only a temporary measure to reduce tax burdens, including as a risky investment option. The study's findings suggest that companies may face higher tax rates in the future, as they seek to reduce current tax expenditures. The Corruption Eradication Commission (KPK) also views the mining sector as vulnerable to corruption, one of which is tax evasion. The KPK once recorded a shortfall in mining tax payments in forest areas of IDR 15.9 trillion per year (DDTCNews, 2019, accessed April 15, 2025).

The following table shows the transfer pricing and Effective Tax Rate (ETR) values for ten mining companies for the 2021-2023 observation period.

Table 1 Transfer pricing value and Effective Tax Rate (ETR)

No	Company name	Issuer Code	TP			ETR		
			2021	2022	2023	2021	2022	2023
1	PT. TBS Energi Utama Tbk	TOBA	0.05	0.06	0.06	0.24	0.18	0.37
2	PT Perusahaan Gas Negara Tbk	PGAS	0.41	0.57	0.40	0.22	0.26	0.28
3	PT Adaro Energy Tbk	ADRO	0.05	0.11	0.15	0.31	0.37	0.19
4	PT Aneka Tambang Tbk	ANTM	0.27	0.45	0.00	0.39	0.27	0.20
5	PT Harum Energy Tbk	HRUM	0.60	0.28	0.06	0.23	0.20	0.26

6	PT Bukit Asam Tbk	PTBA	0.62	0.59	0.58	0.22	0.21	0.20
7	PT Indo Straits Tbk	PTIS	0.53	0.62	0.70	0.93	0.07	0.22
8	PT Vale Indonesia Tbk	INCO	1.00	1.00	1.00	0.25	0.27	0.22
9	PT Baramulti Success means Tbk	BSSR	0.31	0.11	0.15	0.22	0.22	0.26
10	PT Golden Energy Mines Tbk	GEMS	0.08	0.07	0.06	0.23	0.22	0.23

Source: processed data (2025)

The Effective Tax Rate (ETR) is a measure of a company's effectiveness in managing its tax burden. An ETR value lower than the established tax rate indicates a higher level of tax aggressiveness. This means the company's tax burden is lower than its pre-tax profit. According to Muadz Rizki Muzakki (2018), the ETR value ranges from 0 to 1. The lower the value (closer to 0), the higher the level of tax avoidance, and conversely, the higher the value (closer to 1), the lower the level of tax avoidance.

The first factor is leverage. According to Jamaluddin, Hermanto, and Fidiana (2020), leverage is a measure indicating the amount of debt used in the procurement and implementation of a company's activities. In the context of taxation, companies with significant debt tend to engage in tax avoidance efforts.

The next factor used in this study is transfer pricing. As a jurisdiction that relies on taxes for nearly 80% of its revenue, there are a number of regulations governing transfer pricing practices.

According to Syuhada, A., Yusnaini, & Meirawati (2019), corporate governance is a mechanism that refers to the rules stipulated in legal procedures to control a company with the aim of creating value for stakeholders and maximizing company value. In an effort to maximize company value, agents (management) will negotiate with principals (investors) regarding agency issues aimed at prioritizing the interests of each party.

Based on the background described above, the researcher feels motivated to conduct further research with the title "The Effect of Leverage and Transfer Pricing on Tax Avoidance with Independent Commissioners as a Moderating Variable in Mining Companies Listed on the Indonesia Stock Exchange (IDX) in 2019-2023".

The purpose of this study is to examine the effect of leverage and transfer pricing on tax avoidance. Furthermore, this study also aims to determine whether independent commissioners can moderate or strengthen/weaken the relationship between leverage and tax avoidance, as well as between transfer pricing and tax avoidance.

LITERATURE REVIEW

Agency theory describes the relationship between an agent and a principal. The owner is the party who instructs the agent to provide a service on behalf of the principal, while the agent is the party who carries out the order. Therefore, the agent can act as the party with the authority in decision-making, while the principal is the party who assesses information (Antari Yuliana et al., 2023). Agency theory was introduced in 1976 by Jensen and Meckling, who stated that agency theory is a theory that discusses the differences in interests between the principal and agent.

Tax avoidance is a legal or official tax avoidance measure that is safe for taxpayers because it does not violate tax laws (a grey area) with the aim of minimizing the amount of tax owed. There is a conflict of interest between the tax authority (principal) and the company (agent). Companies that report high profits will indirectly increase the tax burden they must pay. Therefore, companies will seek all means to reduce their tax burden. One way to reduce the tax burden is through tax avoidance. Tax avoidance is one way to lower the tax burden.

However, this practice is not in line with the objectives of the tax authority. The tax authority expects companies to pay the taxes owed so that state revenues can increase. The calculation formula for tax avoidance, represented by the ETR, is as follows:

$$\text{ETR} = \frac{\text{Tax Expense}}{\text{Earning Before Tax}}$$

Source: (Sihono, 2023)

Leverage ratio is a key indicator that ensures a company's ability to meet its debt repayment obligations within its capacity. Debt must be repaid using available collateral, such as assets or property. If a company cannot meet these obligations, it risks closure. The amount of debt a company must bear can be compared to the value of its assets. Long-term debt refers to obligations that a company must settle within a period of more than one year.

The higher the DER value, the greater the risk the company faces in facing the possibility of bankruptcy. DER can also be calculated using the following formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Source: Elly Siswanto (2021)

According to Darussalam (2023), transfer pricing is the transfer of taxable income from one entity within a multinational group to another entity within the same multinational group in a country with a low tax rate. In the context of business transactions, this special relationship has the potential to result in prices, costs, or compensation that do not reflect fair market value. The term transfer pricing is often used in relation to transactions between taxpayers with special relationships. In this study, the value of related-party transactions is taken from financial statements, because the transactions involve entities with special relationships. Transfer pricing can be calculated using the following formula:

$$\text{TP} = \frac{\text{Related Party Receivable}}{\text{Total Receivable}}$$

Source: (Kusuma, H., & Wijaya, 2017)

Financial Services Authority Regulation Number 33/POJK.04/2014 concerning the Board of Directors and Supervisory Board of Issuers or Public Companies explains that independent commissioners are members of the Supervisory Board who come from outside the company and meet the criteria set for independent commissioners. The regulation stipulates that the number of independent commissioners must be at least 30% of the total number of existing commissioners. The determination of the number of independent commissioners is done by dividing the number of independent commissioners by the total number of commissioners on the company's board (Nadirsyah and Muharram, 2016). The formula used to calculate the proxy of the independent board of commissioners is as follows:

$$\text{KI} = \frac{\text{Independent Commissioners}}{\text{Board of Commissioners}}$$

Source: (Yuliawati, & Sutrisno, 2021)

METHODS

This research is a quantitative study with an associative approach. According to Joko (2020), causal-associative research aims to analyze the relationship between two or more variables. This research was conducted on the Indonesia Stock Exchange website which can be accessed through www.idx.co.id. The financial reports of mining companies that have gone public and are listed on the IDX website were used as data sources for this research. This research was conducted in 2025. The population in this study was 91 mining sectors listed on the Indonesia Stock Exchange (IDX). In this study, the sample was taken using a purposive sampling technique, namely a sampling method based on certain criteria. The sample used in

this study includes 19 mining sector companies listed on the Indonesia Stock Exchange (IDX). Based on predetermined criteria, 19 companies were selected with an observation period of 5 years, so that the total sample of companies obtained was 95 mining companies listed on the Indonesia Stock Exchange (IDX) in the period 2019-2023 as samples for this research.

RESULTS AND DISCUSSION

Descriptive Statistical Test

Table 2 Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Standard Deviation
DER	95	.140	2,089	. 81946	. 445214
TP	95	.000	.603	. 11272	.164557
TA	95	.000	. 584	. 23465	.132046
KI	95	.250	.750	. 41196	.097616
Valid N (listwise)	95				

Source: Processed data (2025)

Based on table 2, the results of the descriptive statistical test can be explained as follows:

Proxied leverage with debt-to-equity ratio (DER), with the number of data 95 has the average value (mean) is 0.81946. The minimum value for DER is 0.14, while mark maximum of 2,089 and standard deviation of 0.445214.

Transfer pricing with the number of data 95 has the average value (mean) is 0.11272. The minimum value for NPM is 0, while mark maximum of 0.603 and standard deviation of 0.164557

Tax avoidance yag proxied with effective tax rate (ETR) with the number of data 95 has The average value (mean) is 0.23465. The minimum value is 0, while mark maximum of 0.584 and standard deviation of 0.132046.

Commissioner independent, with the number of data 95 has The average value (mean) is 0.41196. The minimum value is 0. 250 while mark maximum of 0.750 and standard deviation of 0.097616.

Classical Assumption Test

The classical assumption test is performed to ensure the regression model is free from multicollinearity and heteroscedasticity, and the data is normally distributed. If the classical assumptions are met, the resulting estimator will be obtained.

Normality Test

Table 3 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		95
Normal Parameters [a,b]	Mean	.0000000
	Standard Deviation	.13014802
Most Extreme Differences	Absolute	.071
	Positive	.071
	Negative	-.039
Test Statistics		.071
Asymp. Sig. (2-tailed)		.200 [c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

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

Source: Processed data (2025)

Based on Table 3, the one-sample Kolmogorov-Smirnov test of 95 samples yielded a significance value of 0.200 > 0.05. Therefore, it can be concluded that the mining company data from the study is normally distributed. Therefore, for further testing, the data after outliers were removed was used.

Multicollinearity Test

Table 4 Multicollinearity Test Results

Coefficients [a]							
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.192	.029		6,563	.000		
	DER	.044	.031	.147	1,428	.157	.993	1,007
	TP	.058	.083	.072	.696	.488	.993	1,007

a. Dependent Variable: ETR

Source: Processed data (2025)

Based on Table 4, it can be seen that the tolerance value generated by each variable is greater than 0.1, while the resulting VIF value is less than 10 for the dependent variable, tax avoidance. Therefore, it can be concluded that the multicollinearity test in this regression model is met.

Heteroscedasticity Test

Table 5 Heteroscedasticity Test Results

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.084	.019		4,536	.000
	DER	.021	.019	.114	1,100	.274
	TP	-.023	.053	-.045	-.430	.668

a. Dependent Variable: Abs_Res1

Source: Processed data (2025)

Based on table 5, based on the test results above, the significance value of each variable is > 0.05, so according to the basis for decision making from the Glejser test, it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

Multiple Linear Regression Test

Table 6 Multiple Linear Regression Test Results

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.192	.029		6,563	.000
	DER	.044	.031	.147	1,428	.157
	TP	.058	.083	.072	.696	.488

a. Dependent Variable: ETR

Source: Processed data (2025)

$$\mathbf{Y = 0.192 + 0.044\ (X_{1)} + 0.058\ (X_{2)}}$$

The regression coefficient of the leverage variable is 0.044 indicating a positive direction, meaning that if the leverage variable increases by 1 unit, the ETR will increase by 0.044.

The regression coefficient of the transfer pricing variable of 0.058 indicates a positive direction, meaning that if the transfer pricing variable increases by 1 unit, ETR will increase by 0.058.

Model Feasibility Test

F Test (Simultaneous)

Table 7 F Test Results

ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.047	2	.023	1,351	.264 [b]
	Residual	1,592	92	.017		
	Total	1,639	94			

a. Dependent Variable: ETR

b. Predictors: (Constant), TP, DER

Source: Processed data (2025)

Based on the data source from Table 7, the $_{\text{calculated F value is}} > F_{\text{table}}$ (1.351 < 3.095). Meanwhile, the significance value is 0.264, which is > 0.05 (0.264 > 0.05). This indicates that the regression model in this study is not suitable for predicting tax avoidance.

Coefficient of Determination

Table 8 Results of the Determination Coefficient Test

Model Summary [b]

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.169 [a]	.029	.027	.131555	.941

a. Predictors: (Constant), TP, DER

b. Dependent Variable: ETR

Source: Processed data (2025)

Adjusted r-square (coefficient of determination) value is 0.027, indicating that the independent variable has a 2.7% effect on the dependent variable. Therefore, it can be concluded that the independent variable's ability to explain variation in the dependent variable is very limited.

Hypothesis Testing

Partial Test (t-Test)

Table 9 t-Test Results

Coefficients [a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.192	.029		6,563	.000
	DER	.044	.031	.147	1,428	.157
	TP	.058	.083	.072	.696	.488

a. Dependent Variable: ETR

Source: Processed data (2025)

Based on the results of the hypothesis test in Table 9, the following can be seen:

Hypothesis 1: Leverage has a positive effect on tax avoidance.

Leverage variable with a $_{\text{calculated t value}} < t_{\text{table}}$ (1.428 < 1.986) and a leverage significance value (X1) of 0.157 > 0.05 indicates that leverage has no effect on tax avoidance (Y). Therefore, the leverage hypothesis has no effect on tax avoidance. Therefore, H1 $_{\text{in}}$ this study is rejected.

Hypothesis 2: Transfer pricing has a positive effect on tax avoidance.

Transfer pricing variable with a $_{\text{calculated t value}} < t_{\text{table}}$ (0.696 < 1.986) and a transfer pricing significance value (X2) of 0.488 > 0.05 indicates that transfer pricing has no effect on tax avoidance (Y). Therefore, the transfer pricing hypothesis has no effect on tax avoidance.

Therefore, H2 in this study is rejected.

Moderated Regression Analysis (MRA)

Normality Test

Table 10 Normality Test Results – Moderation

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		95
Normal Parameters [a,b]	Mean	.0000000
	Standard Deviation	.12803558
Most Extreme Differences	Absolute	.082
	Positive	.082
	Negative	-.034
Test Statistics		.082
Asymp. Sig. (2-tailed)		.116 [c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: Processed data (2025)

Based on Table 10, the results of the normality test with One Sample Kolmogorov Smirnov obtained an Asymp Sig value of 0.116 > 0.05, so it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 11 Multicollinearity Test Results – Moderation

Coefficients [a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.292	.064		4,550	.000		
	DER	.045	.030	.151	1,481	.142	.993	1,007
	TP	.119	.089	.148	1,334	.185	.838	1,193
	KI	-.261	.150	-.193	-1,740	.085	.841	1,189

a. Dependent Variable: ETR

Source: Processed data (2025)

Based on Table 11, it can be seen that the tolerance value of all variables is more than 0.1 and the VIF value is less than 10. So, it can be concluded that the multicollinearity test in the regression model is fulfilled.

Heteroscedasticity Test

Table 12 Heteroscedasticity Test Results – Moderation

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.067	.039		1,698	.093
	DER	.024	.019	.135	1,295	.198
	TP	-.001	.055	-.002	-.013	.989
	KI	.033	.092	.041	.364	.717

a. Dependent Variable: Abs_Res2

Source: Processed data (2025)

Based on Table 12. Based on the significance value of the variables above > 0.05, then according to the basis for decision making in the Glejser test, it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

Partial Test (t-Test) Moderation

Table 13 t- Test Results – Moderation

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.314	.131		2,392	.019
	DER	.144	.124	.484	1,157	.250
	TP	-.565	.327	-.705	-1,729	.087
	KI	-.298	.322	-.220	-.926	.357
	Interaction_ X1	-.251	.301	-.401	-.834	.407
	Interaction_ X2	1,427	.657	.980	2,172	.033

a. Dependent Variable: ETR

Source: Processed data (2025)

Based on Table 13, based on the results of the third hypothesis test (H3), it explains that independent commissioners cannot moderate the influence between leverage on tax avoidance, this refers to the calculated t value of the interaction variable X1 < t table (-0.834 < 1.986) with a significance value of the interaction variable X1 > 0.05 (0.404 > 0.05). This means that independent commissioners cannot moderate the influence between leverage on tax avoidance. Based on these results, H3 is rejected.

Based on the results of the fourth hypothesis test (H4), it explains that independent commissioners cannot moderate the influence between transfer pricing on tax avoidance, this refers to the calculated t value of the interaction variable X2 < t table (2.172 > 1.986) with a significance value of the interaction variable X2 > 0.05 (0.033 < 0.05). This means that independent commissioners moderate the influence between transfer pricing on tax avoidance. Based on these results, H2 is accepted.

The effect of leverage on tax avoidance

The results of the first hypothesis test (H1) explain that it explains that leverage No influential to tax avoidance, thing This referring to with mark t count < t table (1.428 < 1.986) with mark significance leverage (X 2) > 0.05 (0.157 > 0.05). This means that, in general, partial leverage No influential to tax avoidance. Based on results then H 1 rejected.

In perspective theory agency, indifference leverage to tax avoidance can explained by dynamics conflict different interests. Managers (agents) may own incentive For involved in avoidance taxes to increase profit clean company and in general No direct, compensation or reputation them. However, the use of high leverage introduce other agents namely creditors.

Creditors as principal additionally, have interest in ensure stability finance company and capabilities company For fulfil obligation his debt. Therefore that, the company with leverage tall tend be under more supervision strict from creditors, who will demand transparency and practice prudent finances. In this condition this, manager Possible more be careful in do practice avoidance aggressive taxation or risky tall Because matter That can threaten trust creditors, increasing cost future loans or even trigger violation debt covenant.

The results of this study align with those of Gultom (2021) and Dewi & Oktaviani, (2021), which found that leverage had no effect on tax avoidance. However, this study disagrees with the findings of Muid (2022) and (Prihatini & Amin, 2022), which found that leverage had a positive effect on tax avoidance.

The effect of transfer pricing on tax avoidance

The results of the second hypothesis test (H2) explain that the transfer pricing variable has an effect on tax avoidance, this refers to the $_{\text{calculated t value}} < t_{\text{table}}$ (0.696 < 1.986) with a significance value > 0.05 (0.488 > 0.05). This means that transfer pricing has no effect on tax avoidance. Based on these results, $H2_{\text{is}}$ accepted.

In context theory agency, transfer pricing may be No always influential significant to avoidance tax If focus main agent (management) is maximize profit company in a way overall and avoid conflict interest with principal (holder) shares) which can arise from practice aggressive transfer pricing.

Agency theory shows existence potential conflict between manager (agent) and owner (principal). If the owner own strong control or There is governance mechanisms effective company, manager Possible more tend For act in a way ethical and appropriate with regulations taxation, rather than take risk practice extreme transfer pricing that has the potential cause sanctions or damage reputation company.

Research result This in line with research by Laila et al. (2021) and Julianai & Stiawan (2022) which obtained results that transfer pricing does not influential to tax avoidance. However, research This No in line with results research conducted by Irawati Sianturi & Aris Sanulika (2023) and Lestari et al., (2023) which found that transfer pricing has an impact to tax avoidance.

The influence of independent commissioners in moderating leverage on tax avoidance

The results of the third hypothesis test (H3) explain that independent commissioners cannot moderate the influence between leverage on tax avoidance, this refers to the $_{\text{calculated t value}}$ of the interaction variable $X1 < t_{\text{table}}$ (-0.834 < 1.986) with a significance value of the interaction variable X1 > 0.05 (0.407 > 0.05). This means that independent commissioners cannot moderate the influence between leverage on tax avoidance. Based on these results, $H3_{\text{is}}$ rejected.

In the context of agency theory, independent commissioners may not always moderate the effect of leverage on tax avoidance due to differing priorities between managers and creditors, as well as inherent limitations within the independent commissioner mechanism itself. While high leverage can increase oversight from creditors, which should be a form of external independent commissioner, the creditors' primary focus is on the company's ability to repay its debts, not on optimizing the company's tax burden.

Managers (agents) may still have strong incentives to engage in aggressive tax avoidance to increase net income after tax, which in turn can increase the value of the company's equity or their personal compensation, even if such actions are not fully aligned with the long-term interests of creditors or principals (shareholders) who demand full compliance. Furthermore, information asymmetry between managers and supervisors (both the board of commissioners and creditors) can allow managers to conceal or justify aggressive tax avoidance practices, so that independent commissioners, even if present, cannot fully suppress such incentives.

The results of this study align with those of Yulyani et al., (2022) and (Saputri & Febyansyah, 2023), who found that independent commissioners cannot moderate the effect of leverage on tax avoidance. However, this study disagrees with the results of research conducted by Octaviani & Trishananto (2022) and Lestari et al. (2023), who found that independent commissioners can moderate the effect of profitability on tax avoidance.

The influence of independent commissioners in moderating transfer pricing on tax avoidance

The results of the fourth hypothesis test (H4) explain that independent commissioners cannot moderate the influence between transfer pricing on tax avoidance, this refers to the $_{\text{calculated t value}}$ of the interaction variable $X2 < t_{\text{table}}$ (2.172 > 1.986) with a significance value of the interaction variable X2 > 0.05 (0.033 < 0.05). This means that independent commissioners

moderate the influence between transfer pricing on tax avoidance. Based on these results, H4 is accepted.

In the context of agency theory, independent commissioners may not always be able to moderate the effect of transfer pricing on tax avoidance due to the complexity and nature of transfer pricing itself, as well as the presence of strong managerial incentives. Although independent commissioners are designed to ensure goal alignment between agents (management) and principals (shareholders), transfer pricing often involves highly technical and complex decisions, where managers have far superior information compared to board members or shareholders. This creates significant information asymmetry, making it difficult for independent commissioner mechanisms to effectively monitor and control transfer pricing practices aimed at tax avoidance.

Managers may be motivated to use aggressive transfer pricing to shift profits to low-tax jurisdictions to increase consolidated net income or achieve specific performance targets, even if such practices pose risks or harm the company's long-term reputation. Independent directors' limitations in moderating this relationship may also arise if there are weaknesses in internal oversight or if board members lack specialized expertise in assessing transfer pricing strategies, allowing agents to act in self-interest that is not fully aligned with ethical and sustainable tax optimization.

The results of this study are in line with the research of Ramita & Susanti (2023) and Oktania & Putra (2023) which found that independent commissioners can moderate the effect of transfer pricing on tax avoidance. However, this study is inconsistent with the results of research conducted by Yohana et al., (2022) and Lestari et al. (2023), which found that independent commissioners cannot moderate the effect of transfer pricing on tax avoidance.

CONCLUSION

Based on the results of the research and discussion in the previous chapter, it can be concluded that leverage does not affect tax avoidance in mining companies listed on the IDX in 2019-2023. Transfer pricing does not affect tax avoidance in mining companies listed on the IDX in 2019-2023. Independent commissioners cannot moderate the relationship between leverage and tax avoidance in mining companies listed on the IDX in 2019-2023. Independent commissioners can moderate the relationship between transfer pricing and tax avoidance in mining companies listed on the IDX in 2019-2023.

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