



THE ROLE OF INSTITUTIONAL OWNERSHIP IN MODERATING FINANCIAL DISTRESS AND SALES GROWTH ON TAX AVOIDANCE

Muhamad Khahil Elvin¹⁾; Rahmasari Fahria²⁾

¹⁾ muhamadkhahilelvin@gmail.com, Universitas Pembangunan Nasional Veteran Jakarta

²⁾ rahmasarifahria@upnvj.ac.id, Universitas Pembangunan Nasional Veteran Jakarta

Abstract

This study uses a quantitative approach with the aim of empirically testing and analyzing the effect of financial distress and sales growth on tax avoidance, with institutional ownership as a moderating variable. A quantitative approach was chosen because it is able to provide an objective picture of the relationship between variables through measurable and systematic statistical testing. The population in this study includes all companies classified in the mining sub-sector and listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024, with a total of 67 companies. The sample was determined using purposive sampling based on specific criteria, resulting in 46 companies that met the research requirements. With an observation period of three years, this study produced a total of 102 observations that were analyzed. The analysis method used was unbalanced panel data regression, which allowed researchers to combine time series and cross-section data to provide more comprehensive analysis results. Data processing was carried out using STATA software, with a significance level of 5 percent. The results show that financial difficulties have a negative effect on tax avoidance, indicating that companies in difficult financial conditions tend to avoid tax avoidance practices. Meanwhile, sales growth was not found to have an effect on tax avoidance. Furthermore, institutional ownership was found to weaken the negative relationship between financial difficulties and tax avoidance, but it did not moderate the relationship between sales growth and tax avoidance.

Keywords: Financial distress; Institutional ownership; Sales growth; Tax avoidance

INTRODUCTION

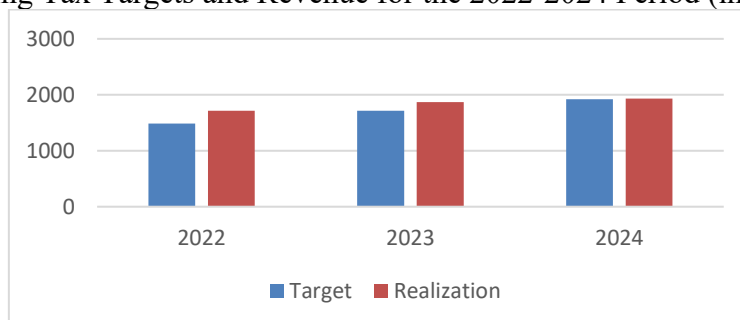
Taxes are one of the main sources of revenue for the government in realizing various strategic programs, ranging from the development of public facilities, community empowerment, and others (Darmayasa et al., 2024). Taxes are compulsory in nature because they are based on laws, so every taxpayer must fulfill this obligation. Indonesia currently derives its largest source of revenue from the taxation sector (Hanifah et al., 2025). According to the 2025 State Budget Report (APBN), approximately 82.9% of Indonesia's total revenue comes from taxation, which includes taxes, duties, and excise.

Based on data from the 2022-2024 Directorate General of Taxes Performance Report as shown in Figure 1, Indonesia's tax revenue continues to show a positive trend in the period 2022 to 2024. However, over time, the ratio of realization to tax targets has slowly begun to decline. In 2022, tax revenue realization reached IDR 1,716 trillion, which is around 115% of the target of IDR 1,484 trillion. This condition indicates an achievement that exceeded the specified projection. Although declining, the positive trend continued in 2023, where tax revenue realization amounted to IDR 1,867 trillion, equivalent to 108% of the target of IDR 1,717 trillion. Then in 2024, this achievement declined again with tax revenue realization of IDR 1,930 trillion or only 100.4% of the target of IDR 1,921 trillion. This condition illustrates that the government needs to continue to strive to increase revenue from the taxation sector, both from corporate and individual taxpayers.



Figure 1.

Graph Comparing Tax Targets and Revenue for the 2022-2024 Period (in Trillion Rupiah)



Source: Directorate General of Taxes Performance Report (2022-2024)

Based on the State of Tax Justice 2024 report published by the Tax Justice Network, Indonesia ranks 6th in Asia as the country with the highest level of tax losses. This condition reflects the prevalence of such practices among Indonesian citizens. These losses have the potential to reduce the state's capacity to collect optimal tax revenues.

Table 1. Annual Tax Losses in Asia in 2024

No	Country	Total Losses (USD)
1	China	30,938,200,000
2	India	21,577,100,000
3	Japan	15,618,400,000
4	Philippines	6,993,600,000
5	Vietnam	5,878,600,000
6	Indonesia	3,041,600,000

Source: Data processed from the State of Tax Justice Report (2024)

According to Government Regulation in Lieu of Law Number 1 of 2017, tax avoidance is a major challenge for countries that depend on tax revenue. This is because most developing countries still rely heavily on direct tax revenue as the main source of their state budgets. In the context of companies, tax avoidance is often seen as a legally valid strategy to minimize tax burdens and improve financial efficiency (Wahyunita et al., 2024). However, on the other hand, tax avoidance practices have a negative impact on the fiscal stability of the country and create inequality among taxpayers (Li et al., 2023). Therefore, the government needs to strengthen regulations so that the risk of losses due to tax avoidance can be minimized.

The mining industry is one of the largest contributors to tax revenue in Indonesia. However, the mining sector is also vulnerable to tax avoidance practices. Based on the 2024 First Quarter Data from the Ministry of Finance, in the Economic, Financial & Fiscal Review (TEKF) II-2024 document, it is stated that the mining sector's contribution to GDP in the 2024 period reached 9.3% year-on-year (yoy). This significant contribution should have a positive impact on state revenue through taxes, considering that GDP is the main basis for calculating the tax ratio. However, in reality, mining companies are often suspected of engaging in tax practices, one of which is tax avoidance. This is confirmed by the statement of Finance Minister Sri Mulyani Indrawati in a 2024 Kontan news report, which revealed that tax payments from the mining sector had decreased significantly, namely by 41.6% gross and 58.4% net.

Tax avoidance practices are often an attractive option for companies, especially when management is in a situation of financial distress. Research by Kamayanti et al. (2023) confirms that there is a positive relationship between financial distress and tax avoidance practices because there is a negative relationship between financial distress and the cash effective tax rate (CETR). This means that companies facing financial pressure tend to increase tax avoidance activities to maintain liquidity and operational continuity. Tax savings not only help increase a



company's internal cash flow, but also provide greater leeway for management to maintain operational activities and avoid the risk of bankruptcy in the short term.

Sales Growth is an important indicator that describes a company's capability to increase revenue over time (Gunariato et al., 2023). Research by Ainniyya et al. (2021) reveals that Sales Growth affects Tax Avoidance because there is a negative relationship with the Effective Tax Rate (ETR) measurement. This means that the higher a company's Sales Growth, the lower its ETR will be, indicating that the company tends to increase its efforts to engage in Tax Avoidance. Companies experiencing Sales Growth will face an increase in taxable income. Companies can reduce the amount of tax they have to pay by implementing Tax Avoidance strategies to minimize their tax payments.

Institutional Ownership has sufficient authority to influence decision-making. Therefore, Institutional Ownership can contribute to a company's tax policy (Putri & Putra, 2017). The existence of Institutional Ownership makes the company's monitoring system more stringent. This situation indirectly puts pressure on companies, thereby limiting management's ability to engage in tax avoidance practices. Oversight by institutional investors is influenced by the size of their shareholdings. Institutions with large shareholdings have greater access to monitor company policies.

LITERATURE REVIEW

Jensen & Meckling's (1976) agency theory explains that the information held by principals and agents in an organization is often different. This theory describes the contractual relationship formed between the principal as the party granting authority or owner of resources, and the agent who is given the responsibility to manage and run the organization or company's operations on behalf of the principal. The principal is the party that has the authority to delegate tasks to another party, namely the agent, while the agent is responsible for carrying out the tasks assigned by the principal (Nadhifah & Arif, 2020). Agency theory explains that company owners and management often have different motivations in decision-making. The rationale is that each party tends to be oriented towards personal interests, so that both owners and management seek to obtain the maximum benefit from the decisions made (Paramitha & Kurnia, 2023). This theory emerged as a response to the potential for conflicting interests between the two parties, caused by information gaps, differences in objectives, and incentives that are not always aligned.

In the context of taxation, agency theory asserts that differences in interests between principals and agents are inevitable. The government, as the principal, has an interest in obtaining optimal tax revenue to support and maintain the country's fiscal stability. On the other hand, companies, as agents, are more focused on maximizing profits and maintaining business continuity (Duhoon & Singh, 2023). This difference in interests can lead to potential conflicts, because the steps taken by companies to maximize profits are often at odds with the interests of the government (Raga et al., 2023). An example is the use of tax avoidance measures that can reduce state revenue from the taxation sector.

Companies in financial distress usually face higher borrowing costs, difficulty in obtaining additional funds from outside sources, and a decline in confidence from lenders (Uliganda & Hermi, 2024). This situation often encourages businesses to take more risks, including increasing practices that can reduce the entity's tax burden. Companies tend to choose to use tax avoidance practices to reduce their tax obligations to the government. These practices aim to minimize cash expenditures. Tax avoidance strategies often involve inflating expenses to reduce tax liabilities, allowing companies to reduce their reported profits (Kamayanti et al., 2023). Although tax avoidance is legal and in accordance with the law, these actions can often



be controversial, especially when done aggressively, which can cause losses in state tax revenue.

H1: Financial Distress has a positive effect on Tax Avoidance

Sales Growth can be a key performance measure that reflects a company's effectiveness in expanding its market reach and increasing revenue generated from product sales (Baehre et al., 2022). A significant increase in sales is usually considered a strong indicator of financial performance. Along with increased profits, a company's tax liabilities also continue to rise. This condition occurs because high sales volumes lead to increased income, resulting in greater tax liabilities (Ainniyya et al., 2021). One tactic that management can use when experiencing rapid sales growth is the practice of tax avoidance.

H2: Sales Growth has a positive effect on Tax Avoidance

Institutional Ownership has the right and authority to supervise companies, including ensuring that the policies taken are in line with the interests of shareholders (Putri & Putra, 2017). Effective Institutional Ownership can influence the financial sustainability of a company. The existence of institutional investors is not only to become shareholders, but also to become supervisors who are able to assess management policies and ensure that every decision taken support long-term performance. Institutional investors can put pressure on companies to comply with applicable regulations. With a significant shareholding, institutional investors can guide companies in making decisions that are in the interests of investors.

H3: Institutional Ownership can weaken the positive relationship between Financial Distress and Tax Avoidance

High sales growth generally increases profit income, so that the tax liabilities that must be borne also increase. To reduce tax liabilities and maintain the company's financial health, this situation may encourage management to participate in tax avoidance activities (Ainniyya et al., 2021). Compared to individual shareholders, institutional investors usually have the ability and incentive to participate in managerial oversight. Institutional investors, as dominant shareholders, tend to want the highest possible profits from the company (Suryatna et al., 2023). The involvement of these external parties can put pressure on companies in their decision-making, one of which is in implementing tax avoidance practices.

H4: Institutional Ownership can weaken the positive relationship between Sales Growth and Tax Avoidance

METHODS

Tax Avoidance in this study is proxied by Book Tax Difference (BTD) (Hanlon, 2005). This proxy is calculated by determining the difference between accounting/commercial profit and reported fiscal profit. This ratio is widely used in accounting and finance literature as an indicator to assess the extent of the difference between a company's accounting profit and fiscal profit. The greater the difference between accounting profit and fiscal profit, the greater the indication that management is using Tax Avoidance practices.

$$BTD = \frac{\text{Commercial Profit-Fiscal Profit}}{\text{Total Assets}}$$

Financial distress in the study is proxied using the 1998 Altman Z-Score (Altman et al., 1998). This proxy was chosen because it can comprehensively evaluate a company's financial health by taking into account a number of significant ratios, including working capital to total assets, retained earnings to total assets, earnings before income tax to total assets, and book value of equity to total liabilities. The 1998 Altman measurement model is one of the most popular proxies in the literature, especially for companies engaged in non-manufacturing.

$$Z = 6.56X_1 + 3.26X_2 + 6.72X_3 + 1.05X_4$$

Explanation:



X1 = Current Assets – Current Liabilities / Total Assets

X2 = Retained earnings / Total assets

X3 = EBIT / Total Assets

X4 = Book Value of Equity / Total Liabilities

If the Z-score is less than 1.1, the company is categorized as being in financial distress. Meanwhile, if the Z-score is between 1.1 and 2.6, the company is considered to be in a gray area, indicating uncertainty in its financial condition. When the Z-score is greater than 2.6, the company can be said to be in a healthy financial condition or not experiencing financial distress. In this study, the Z-score is transformed by multiplying it by -1, so that the transformation results reflect an increase in the level of financial distress (Nugroho & Firmansyah, 2017).

Sales growth in this study is measured by calculating the change in the company's net sales from the previous year to the current year (Mahdiana & Amin, 2020). This indicator is widely used in financial and accounting literature to assess a company's performance in increasing revenue over time. This ratio reflects the company's ability to expand its market, increase sales volume, and maintain its existence amid industry competition.

$$\text{Sales Growth} = \frac{\text{sales}_{it} - \text{sales}_{it-1}}{\text{sales}_{it-1}}$$

Explanation:

sales_{it} = Company i's sales in year t

sales_{it-1} = Company i's sales in year t-1

Institutional Ownership in this study is measured using the proportion of share ownership by institutions relative to the total number of shares in circulation (Safitri & Damayanti, 2021). This indicator is often used in financial literature as a mechanism of corporate governance. Institutional investors are considered to have better authority in monitoring management performance than individual investors (Safitri & Damayanti, 2021). Close supervision from institutions is expected to reduce opportunistic behavior by management, including in terms of tax avoidance practices.

$$\text{Institutional Ownership} = \frac{\text{share ownership by institutions}}{\text{shares in circulation}}$$

This study utilizes secondary data obtained from the reports of mining companies listed on the IDX. The sample includes 67 companies in the mining sector, covering coal, oil & gas and refining, gold, iron and steel, diversified metals and minerals, and copper during the period 2022–2024. From all these companies, 102 observations that met the research criteria were obtained. This study uses unbalanced panel data with the following criteria:

Table 2. Sampling Criteria

No	Criteria	2022	2023	2024	Total
1	Mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024	57	65	67	189
2	Mining sector companies that did not publish financial statements in the 2022–2024 period	(1)	(1)	(1)	(3)
3	Mining sector companies that did not experience Accounting Profit and Fiscal Profit in the 2022-2024 period	(24)	(26)	(31)	(81)
4	Mining sector companies that do not have complete data for measuring all research variables during the 2022-2024 period	(1)	(1)	(1)	(3)
Total		31	37	34	102



The data were analyzed using STATA 12. Multiple linear regression analysis of the effect of financial distress and sales growth on tax avoidance with institutional ownership as a moderating variable is a multiple linear regression analysis expressed by the following model:

(1) Direct Regression Model

$$TA = \alpha + \beta_1FD + \beta_2SG + \varepsilon$$

(2) Regression Model with Moderation:

$$TA = \alpha + \beta_1FD + \beta_2SG + \beta_3KI + \beta_4FD * IO + \beta_5SG * IO + \varepsilon$$

Explanation:

- TA = Tax Avoidance
- α = Constant
- β_1 - β_5 = Regression Coefficients
- FD = Financial Distress
- SG = Sales Growth
- IO = Institutional Ownership
- ε = Error

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive analysis is an approach applied so that researchers can better understand the characteristics of the data regarding the research object without drawing conclusions.

Table 3. Descriptive Statistics Results

Variable	Obs	Mean	Std. Dev	Min	Max
Tax Avoidance	102	0.0264335	0.0808918	-0.1247123	0.4486791
Financial Distress	102	-6.292255	5.469797	-29.66766	10.57089
Sales Growth	102	0.438719	1.334884	-0.7364469	10.96565
Institutional Ownership	102	0.6230101	0.248163	0	0.991779

The measurement of tax avoidance using Book Tax Difference (BTD) shows that the average recorded BTD value is 0.0264335. This reveals that, in general, the sample companies have higher accounting or commercial profits than fiscal profits. The standard deviation of 0.0808918 indicates that there is a fairly wide disparity between companies in terms of tax avoidance. This means that the level of tax avoidance among the sample is not homogeneous and varies considerably. The smallest value of -0.1247123 indicates that the fiscal profit of the sample companies is higher than their accounting profit. The highest value of 0.4486791 indicates that the sample companies have higher accounting profit or commercial profit than fiscal profit.

The Altman Z-Score (1998) proxy is used to measure the level of financial distress. The Altman Z-Score calculation result is multiplied by -1 to facilitate reading the tendency of Financial Distress to influence Tax Avoidance, so that a positive value is considered a condition of Financial Distress and a negative value is considered a "Healthy" condition. The average value of -6.292255 reflects that companies in the mining sector generally have a secure financial condition because this value is greater than 2.6. The Std value of 5.469797, which is below the average value, indicates a relatively uniform or not too diverse distribution. The minimum value of -29.66766 indicates that the company is in good financial condition. The maximum value of 10.57089 indicates that the company is experiencing financial difficulties.

The Sales Growth variable proxies the rate of increase in an entity's sales. The average value of 0.438719 indicates that companies in the mining sector generally experience positive sales growth. The standard deviation of 1.334884 indicates that there is considerable variation in sales growth. The smallest value of -0.7364469 indicates that the sample companies are experiencing a decline in sales. Then, the maximum value of 10.96565 indicates that the sample



companies are experiencing a 10-fold or 1,000% increase in sales compared to the previous year.

The institutional ownership variable measures the number of shares owned by institutions. The average figure of 0.6230101 indicates that, on average, companies in the mining sector are owned by institutional investors. The standard deviation value of 0.248163, which is below the average, indicates that the variation tends to be small or the distribution is fairly uniform. The minimum value of 0 indicates that the sample companies have no institutional investors. The maximum value of 0.991779 indicates that the majority of shares of the entities are held by institutional investors.

Hypothesis Test Results

This test was conducted to determine the magnitude of the influence of each independent variable and moderation on the dependent variable. Table 4 and Table 5 show the t-test results of each independent variable on the dependent variable and the role of the moderating variable in the relationship between the independent variable and the dependent variable.

Table 4. t-Test Results for Model 1

Variable	Coeff	Z	Prob	Hypothesis Prediction	Conclusion
FD	-0.0036354	-2.98	0.0015	H1 = +	H1 Rejected
SG	-0.0050451	-0.75	0.228	H2 = +	H2 Rejected
_cons	0.0035604	0.31	0.3785		
Prob > Chi2	0.0062				
R ² Overall	0.125				

The first hypothesis was proposed to assess whether financial distress has a positive and significant effect on tax avoidance. However, the partial test results show that this hypothesis cannot be accepted. These findings indicate that financial distress has a significant negative relationship with tax avoidance. Financial distress places companies at a high level of risk, making tax avoidance practices considered inappropriate. Tax avoidance practices in unstable financial situations can actually worsen a company's ability to meet its funding needs (Cita & Supadmi, 2019). In addition, the tax compensation provided by the government to companies that suffer losses encourages management to be more compliant in fulfilling their tax obligations. Tax avoidance practices can incur various non-tax costs, including direct costs for tax strategy development, financial reporting costs, agency costs, political costs, and costs related to reputational risk (Park et al., 2015). These costs arise because tax avoidance often requires complex transaction structures, the use of more consultants, and the preparation of more detailed documentation to maintain the company's tax position. In addition, tax authorities are usually more inclined to audit companies with a large difference between accounting profit and taxable profit (Lennox et al., 2015). This condition can increase the possibility of tax audits, litigation, or administrative sanctions. Therefore, companies experiencing financial distress tend to avoid tax avoidance because the benefits are not proportional to the potential costs and risks incurred. This study is in line with Nurlis (2023), Cita & Supadmi (2019), and Nadhifah & Arif (2020), who found that financial distress has a negative effect on tax avoidance. The study revealed that financial distress makes companies less likely to engage in tax avoidance. In conditions of financial distress, companies tend to focus on efforts to maintain operational continuity and financial stability. When companies experience financial pressure, tax avoidance practices are seen as high-risk actions that can have a negative impact on the company's survival. In such situations, management is more cautious in making strategic decisions because any step that increases risk can worsen the company's condition.



The second hypothesis was proposed to assess whether Sales Growth has a positive and significant effect on Tax Avoidance. However, the partial test results show that this hypothesis cannot be accepted. Tax Avoidance practices can lead to stricter supervision from regulators and increase legal risks for companies (Habib et al., 2024). Therefore, managers tend to avoid aggressive actions, especially when the benefits are not proportional to the risks associated with Tax Avoidance. Companies still have the same tax obligations, regardless of whether their sales increase or decrease (Heryana et al., 2023). Increased sales growth is usually followed by an increase in Cost of Goods Sold. This increase in COGS causes production costs to become higher, thereby reducing gross profit margins (Fauzi et al., 2024). Income tax expense is an expense calculated from profit, not sales. This condition indicates that taxes are not only viewed from the sales side, but also from the expense side. Temporary and permanent differences also cause accounting profit and fiscal profit to differ. This study is in line with Ashari et al. (2020), Mahdiana & Amin (2020), Heryana et al. (2023), and Shubita (2024), who found that Sales Growth does not have a significant impact on Tax Avoidance. These findings explain that sales growth cannot yet represent changes in corporate behavior in tax management, so this variable is not a major determinant in explaining tax avoidance tendencies. Sales growth does not appear to be a determining factor in encouraging tax avoidance practices, indicating that tax planning strategies are complex and greatly influenced by the conditions of each company.

Table 5. t-Test Results for Model 2

Variable	Coefficient	Z	Prob	Hypothesis Prediction	Conclusion
FD	-0.0161686	-3.04	0.001		
SG	-0.0063237	-0.27	0.3925		
KI	0.0789543	1.66	0.0485		
FDxKI	0.0170745	2.44	0.0075	H3 = -	H3 Rejected
SGxKI	0.0017053	0.05	0.482	H4 = -	H4 Rejected
_cons	-0.0516267	-1.58	0.057		
Prob > Chi2	0.0067				
R ² Overall	0.1506				

The third hypothesis was proposed to assess whether institutional ownership can weaken the positive relationship between financial distress and tax avoidance. The findings suggest that institutional ownership can weaken the negative relationship between financial distress and tax avoidance, or that institutional ownership encourages the implementation of tax avoidance practices in companies experiencing financial pressure. A large proportion of institutional ownership provides a greater incentive for management to implement tax avoidance practices. Large Institutional Ownership has the authority to regulate company policy, thus opening up opportunities for Tax Avoidance practices (Suryatna et al., 2023). This condition is in line with the objectives of investors who have high profit expectations, so that managers are encouraged to reduce costs, one of which is through Tax Avoidance. The results of the study indicate that the presence of institutional owners has not been proven to play an optimal supervisory role in reducing the tendency of companies to engage in tax avoidance, even when companies are under financial pressure. An increase in institutional ownership actually increases the incentive for management to engage in tax avoidance practices. Not all institutional shareholders are oriented towards long-term goals or focused on implementing a strict supervisory system. Some institutional investors tend to prioritize short-term profits over long-term sustainability (Kusumawardhani et al., 2025).

The fourth hypothesis was proposed to assess whether institutional ownership could weaken the positive relationship between sales growth and tax avoidance. However, the partial test results showed that institutional ownership had no effect on the relationship between sales



growth and tax avoidance. According to agency theory (Jensen & Meckling, 1976), this situation can be understood through the asymmetry of information possessed by company owners and management. Institutional investors as principals have expectations for an increase in company profits. However, they do not always have the same preferences regarding operational strategies such as sales management (Anggraini & Indrayani, 2025). Meanwhile, managers responsible for operational activities understand better that an increase in sales does not always have a positive impact on profits if it is not followed by cost control. The low relevance of this information for institutional investors causes them to be passive in influencing corporate tax decisions. The findings of this study are in line with the research by Anggraini & Indrayani (2025), which found that institutional ownership cannot influence sales growth on tax avoidance. These findings indicate that institutional investors do not provide sufficient pressure or supervision in responding to changes in company sales levels. Both increases and decreases in sales are not considered factors that require intervention in decision-making related to taxation strategies. This condition shows that the effectiveness of Institutional Ownership as a control mechanism is not always consistent, especially given the orientation of institutional investors who place more emphasis on short-term profit acquisition.

CONCLUSION

This study was designed to empirically analyze the influence of financial distress and sales growth on tax avoidance practices, along with the moderating role of institutional ownership in financial distress. Mining companies listed on the IDX during 2022–2024 were used as research samples, with a total of 102 observations analyzed. Based on the data processing results, it can be concluded that financial distress has a negative effect on tax avoidance, but sales growth does not have a significant effect on tax avoidance. Furthermore, institutional ownership can significantly weaken the negative direction of financial distress on tax avoidance, but institutional ownership has not been able to significantly weaken or strengthen the relationship between sales growth and tax avoidance.

Recommendations

Although this study has followed scientific principles and applicable methodological standards, there are various limitations that should be noted. These limitations are important to be used as evaluation material and reference for future research development in order to produce more comprehensive findings. In this study, Tax Avoidance (BTD) was measured by dividing the difference between accounting profit and fiscal profit by total consolidated assets. This approach is less than ideal because the accounting profit used only comes from the parent entity, while total assets at the parent entity level are not available separately in the financial statements. The discrepancy between the level of profit and asset data has the potential to affect the accuracy of BTD measurement as an indicator of Tax Avoidance. Future researchers can use other measures, such as the Cash Effective Tax Rate, which better describes the actual amount of tax paid by the Company.

REFERENCES

- Ainniyya, S. M., Sumiati, A., & Susanti, S. (2021). The Effect of Leverage, Sales Growth, and Company Size on Tax Avoidance. *Owner*, 5(2), 525–535. <https://doi.org/10.33395/owner.v5i2.453>
- Altman, E. I., Hartzelu, J., & Peck, M. (1998). Emerging market corporate bonds — a scoring system. https://doi.org/10.1007/978-1-4615-6197-2_25
- Anggraini, M. S., & Indrayani, L. (2025). The Effect of Sales Growth and Thin Capitalization on Tax Avoidance with Institutional Ownership as a Moderating Variable. *Journal of*



- Economics and Business (JEBS), 5(5), 1032–1040.
<https://doi.org/10.47233/jeps.v5i4.3500>
- Ashari, M. A., Simorangkir, P., & Masripah. (2020). The Effect of Sales Growth, Institutional Ownership, and Managerial Ownership on Tax Avoidance. *Syntax Transformation Journal*, 1(8), 488–498. <https://doi.org/10.46799/jst.v1i8.135>
- Baehre, S., O'Dwyer, M., O'Malley, L., & Lee, N. (2022). The use of Net Promoter Score (NPS) to predict Sales Growth: insights from an empirical investigation. *Journal of the Academy of Marketing Science*, 50(1), 67–84. <https://doi.org/10.1007/s11747-021-00790-2>
- Cita, I. G. A., & Supadmi, N. L. (2019). The Influence of Financial Distress and Good Corporate Governance on Tax Avoidance Practices. *E-Journal of Accounting*, 29(3), 912. <https://doi.org/10.24843/eja.2019.v29.i03.p01>
- Darmayasa, I. N., Hardika, N. S., Arsana, I. M. M., & Putrayasa, I. M. A. (2024). Accountants' perspective on tax amnesty enhances tax compliance dimensions in extended slippery slope framework. *Cogent Business and Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2358161>
- Directorate General of Taxes. (2023). Performance report of the Directorate General of Taxes for 2022. Ministry of Finance of the Republic of Indonesia
- Directorate General of Taxes. (2024). Performance Report of the Directorate General of Taxes for 2023. Ministry of Finance of the Republic of Indonesia
- Directorate General of Taxes. (2025). Performance Report of the Directorate General of Taxes for 2024. Ministry of Finance of the Republic of Indonesia
- Directorate General of Economic and Fiscal Strategy. (2024). Economic, Financial, and Fiscal Policy Review (TEKF), Edition II, 2024. Ministry of Finance of the Republic of Indonesia
- Duhoon, A., & Singh, M. (2023). Corporate Tax Avoidance: a systematic literature review and future research directions. *LBS Journal of Management & Research*, 21(2), 197–217. <https://doi.org/10.1108/lbsjmr-12-2022-0082>
- Fauzi, A. A. A., Rifada, R. M., & Cahyani, D. (2024). Do Sales Volume and Cost of Goods Sold Increase Gross Profit Margin. *AKSY Journal of Accounting and Sharia Business*, 6(2), 208–222. <https://doi.org/10.15575/aksy.v6i2.35753>
- Gunarianto, Puspitosarie, E., & Susilo, S. H. (2023). Company value analysis: Sales, assets, growth opportunities and leverage in LQ-45 companies (Indonesia Stock Exchange). *Investment Management and Financial Innovations*, 20(4), 385–398. [https://doi.org/10.21511/imfi.20\(4\).2023.31](https://doi.org/10.21511/imfi.20(4).2023.31)
- Habib, A., Ranasinghe, D., & Perera, A. (2024). Strategic Deviation and Corporate Tax Avoidance: A Risk Management Perspective. *Journal of Risk and Financial Management*, 17(4). <https://doi.org/10.3390/jrfm17040144>
- Hanifah, N., Setiawan, A., & Hambani, S. (2025). The Effect of Local Tax and Retribution Contributions on Local Revenue in DKI Jakarta Province for the Period 2019-2023. *Journal of Economics, Management, Accounting, and Finance*, 6(3), 16. <https://doi.org/10.53697/emak.v6i3.2820>
- Hanlon, M. (2005). The Persistence and Pricing of Earnings, Accruals, and Cash Flows When Firms Have Large Book-Tax Differences. *The Accounting Review*, 80(1), 137–166.
- Heryana, T., Septiani, D. H., & Nugraha. (2023). Directors Diversity, Business Strategy, Sales Growth On Tax Avoidance. *ASET Journal (Accounting Research)*, 14(1), 145–158. <https://doi.org/10.17509/jaset.v14i1.52900>



- 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)
- Kamayanti, A., Qomariyah, N., Muwidha, M., & Ernawati, W. D. (2023). The Significance of Financial Distress on Tax Avoidance Compared to Gender Diversity and Social Responsibility: A Study from Indonesia. *Management and Accounting Review*, 22(2), 401–419. <https://doi.org/10.24191/mar.v22i02-16>
- Kusumawardhani, A., Jing Ying, A. K., & Yennisa, Y. (2025). Tax Avoidance analysis: The role of institutional ownership and fiscal loss compensation. *Journal of Business and Information Systems* (e-ISSN: 2685-2543), 7(1), 109–126. <https://doi.org/10.31316/jbis.v7i1.295>
- Lennox, C. S., Li, W., Pittman, J., & Wang, Z.-T. (2015). The Determinants and Consequences of Tax Audits: Some Evidence from China. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2585466>
- Li, J., Gamannossi degl’Innocenti, D., & Rablen, M. D. (2023). Marketed Tax Avoidance: an economic analysis. *Scandinavian Journal of Economics*, 125(3), 753–788. <https://doi.org/10.1111/sjoe.12529>
- Mahdiana, M. Q., & Amin, M. N. (2020). The Influence of Profitability, Leverage, Company Size, and Sales Growth on Tax Avoidance. *Trisakti Accounting Journal*, 7(1), 127–138. <https://doi.org/10.25105/jat.v7i1.6289>
- Morgenstern, A. J., & Deane, M. A. (2017). Corporate Tax Avoidance: Addressing the Merits of Preventing Multinational Corporations from Engaging in the Practice and Repatriating Overseas Profits. In *Journal of International Business and Law* (Vol. 16, Issue 2). Alexander J. <https://scholarlycommons.law.hofstra.edu/jibl/vol16/iss2/12>
- Nadhifah, M., & Arif, A. (2020). Transfer Pricing, Thin Capitalization, Financial Distress, Earning Management, and Capital Intensity on Tax Avoidance Moderated by Sales Growth. *Trisakti Master of Accounting Journal*, 7(2), 145–170. <https://doi.org/10.25105/jmat.v7i1.6311>
- Nugroho, S. A., & Firmansyah, A. (2017). The Effect of Financial Distress, Real Earnings Management, and Corporate Governance on Tax Aggressiveness. *Journal of Business Administration*, 1(2), 163–182. <https://doi.org/10.30871/jaba.v1i2.616>
- Nurlis, S. (2023). Interdisciplinary Journal of Educational Practice BUSINESS STRATEGY, FINANCIAL DISTRESS, AND TAX AVOIDANCE: DOES SALES GROWTH PLAY A MODERATING ROLE? *Interdisciplinary Journal of Educational Practice*, 1(10), 11–21. <https://sadipub.com/Journals/index.php/ijep|editorial@sadipub.com>
- Paramitha, N., & Kurnia, K. (2023). Operating Cash Flow, Foreign Ownership, and Solvency on Tax Avoidance. *Accounting Journal*, 15(2), 319–329. <https://doi.org/10.28932/jam.v15i2.6824>
- Park, J., Ko, C. Y., Jung, H., & Lee, Y.-S. (2015). Managerial ability and tax avoidance: evidence from Korea. *Asia-Pacific Journal of Accounting & Economics*, 23(4), 449–477. <https://doi.org/10.1080/16081625.2015.1017590>
- Government of the Republic of Indonesia (2017). Government Regulation in Lieu of Law (Perpu) Number 1 of 2017 concerning Access to Financial Information for Taxation Purposes
- Government of the Republic of Indonesia. (2025). Information on the 2025 State Budget. Ministry of Finance of the Republic of Indonesia



- Purba, N. M. B., & Effendi, S. (2019). The Influence of Managerial Ownership and Institutional Ownership on Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange. *Barelang Accounting Journal*, 3(2), 64–74. <https://doi.org/10.33884/jab.v3i2.1013>
- Putri, V. R., & Putra, B. I. (2017). The Effect of Leverage, Profitability, Company Size, and Institutional Ownership Proportion on Tax Avoidance. *Journal of Competitive Management*, 19(1), 1–11. <https://doi.org/10.23917/dayasaing.v19i1.5100>
- Raga, R. A., Andayani, W., Pertiwi, H. P., Julaeha, & Harjo, D. (2023). The Influence of Profitability and Company Size on Tax Avoidance (A Case Study of Mining Companies Listed on the Indonesia Stock Exchange in 2018-2022). *Ilomata International Journal of Tax and Accounting*, 4(4), 878–894. <https://doi.org/10.52728/ijtc.v4i4.921>
- Safitri, N., & Damayanti, T. W. (2021). Sales Growth and Tax Avoidance with Institutional Ownership as a Moderating Variable. *Accounting Perspectives*, 4(2), 2623–0186. <https://doi.org/10.24246/persi.vXiX.p175-216>
- Shubita, M. F. (2024). The relationship between Sales Growth, profitability, and Tax Avoidance. *Innovative Marketing*, 20(1), 113–121. [https://doi.org/10.21511/im.20\(1\).2024.10](https://doi.org/10.21511/im.20(1).2024.10)
- Suryatna, I. K. D., Werastuti, D. N. S., & Yuniarta, G. A. (2023). The Effect of Institutional Ownership, Sales Growth, Firm Size on Tax Avoidance with Corporate Social Responsibility as a Moderating Variable. *International Journal of Social Science and Business*, 7(3), 618–629. <https://doi.org/10.23887/ijssb.v7i3.55757>
- Uliganda, R. M., & Hermi, H. (2024). The Effect of Financial Distress, Fixed Asset Intensity, and Sales Growth on Tax Avoidance in Consumer Non-Cyclicals Companies in the Food and Beverage Sub-Sector. *AKADEMIK: Journal of Economics & Business Students*, 4(3), 1523–1536. <https://doi.org/10.37481/jmneb.v4i3.953>
- Usman, R. (2024, July 9). Mining Tax Payments Sluggish, Sri Mulyani Provides Explanation. *Kontan.co.id*; *Kontan*. <https://nasional.kontan.co.id/news/setoran-pajak-pertambangan-lesu-sri-mulyani-beri-penjelasan>
- Wahyunita, T., Eky Pambudi, J., & Galuh Febrianto, H. (2024). The Urgency Of Tax Avoidance Moderated By The Utilization Of Tax Havens Country. *Jurnal Akuntansi Bisnis*, 17(1), 53–69. <https://doi.org/10.30813/jab.v17>