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THE MODERATING ROLE OF SUSTAINABILITY DISCLOSURE: TAX AVOIDANCE AND FIRM VALUE

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Abstract
A company's performance is very important because it will impact the decision-making of shareholders and investors. As reflected in increased share prices, companies with good performance tend to increase company value. One factor that can influence company value is tax avoidance. This research examines the effect of avoidance on company value with sustainability report disclosure as a moderating variable. This research uses quantitative data from financial and sustainability reports of banking sub-sector companies from 2020 to 2022. Data was obtained from the websites of each company. Using purposive sampling, 41 samples were obtained and tested using multiple regression analysis for cross-section data. This research concludes that tax avoidance has a negative effect on company value. Meanwhile, sustainability disclosures do not mediate. This research contributes to providing capital market-based financial accounting research literature from the perspective of company policy as reflected in the financial information of banking companies in Indonesia.
Keywords: Firm Value, Sustainability Reporting, Tax Avoidance

Abstrak
Kinerja suatu perusahaan menjadi hal yang sangat penting bagi perusahaan, karena akan berdampak pada pengambilan keputusan para pemegang saham dan investor. Perusahaan dengan kinerja yang baik akan cenderung meningkatkan nilai perusahaan yang tercermin dengan adanya kenaikan harga saham. Salah satu faktor yang dapat mempengaruhi nilai perusahaan adalah penghindaran pajak. Penelitian ini bertujuan untuk menguji pengaruh penghindaran terhadap nilai perusahaan dengan pengungkapan laporan keberlanjutan sebagai variabel moderasi. Penelitian ini menggunakan data kuantitatif yang bersumber dari laporan keuangan dan laporan keberlanjutan perusahaan sub sektor perbankan tahun 2020 sampai dengan 2022. Data diperoleh dari website masing-masing perusahaan. Berdasarkan purposive sampling, didapatkan 41 sampel yang diuji menggunakan analisis regresi berganda untuk data cross section. Penelitian ini menyimpulkan bahwa penghindaran pajak berpengaruh negatif terhadap nilai perusahan. Sementara itu, pengungkapan keberlanjutan tidak memiliki peran dalam memoderasi hubungan antara penghindaran pajak dan nilai perusahaan. Penelitian ini memiliki kontribusi dalam menyediakan literatur riset akuntansi keuangan berbasis pasar modal dari sudut pandang kebijakan perusahaan yang tercermin dari informasi keuangan perusahaan perbankan di Indonesia.
Kata Kunci: Laporan Keberlanjutan, Nilai Perusahaan, Penghindaran Pajak

INTRODUCTION

A firm's success is critical for the company since it influences the decisions of shareholders and investors. Companies that perform well tend to grow firm value, as seen by an increase in the share price. The profit created by the company is one metric for judging corporate performance. It triggers the emergence of financial statement manipulation by management to produce financial reports following shareholders' expectations. The Enron case is one case of accounting manipulation in financial statements to increase firm value in the capital market. To achieve this goal, Enron used a special purpose vehicle (SPV), which allowed Enron to use its shares as debt covenants to obtain financing from variousSPV companies. This way, Enron could manipulate its off-balance sheet to improveits performance and obtain additional funds (Segal, 2023). However, this practice of manipulating financial statements caused the resulting information to be misleading for usersof financial statements, ultimately impacting the plunge in Enron's stock price. Accounting data manipulation in financial statements also occurred in Indonesia, as happened at PT Garuda Indonesia in 2018. PT Garuda Indonesia recognized revenue in 2018 for an agreement that had not yet ended (Firmansyah et al., 2020). It means that PT Garuda Indonesia recognized revenue early to boost profits for the current year to cover losses in the previous quarter (Putri & Arkananta, 2020). This manipulation, of course, will mislead users of financial statements and have a negative impact on visible parties.

Furthermore, in line with the above phenomenon, in general, a company will attempt to achieve its goals, both long-term goals, such as increasing the value of a company and increasing shareholder welfare, as well as short-term goals, such as maximizing company profits by using available resources (Suwardika & Mustanda, 2017). Then, Ball & Brown's (1968) research related to the market response to financial information shows that the announcement of earnings information announced by the company triggers a response from investors in a narrow period, namely one month after the earnings announcement. During this period, investors can experience positive abnormal gains in the form of rising stock prices when companies announce good news and negative abnormal losses in the form of falling stock prices when bad news is announced. However, over time, investors' reaction to the announcement of earnings information tends to decrease because there is other information that appears in addition to information related to the stock price at the time of the earnings announcement, especially over a longer period. Furthermore, listed companies will be more likely to attempt to increase firm value to attract investors (Pramana & Mustanda, 2016). For companies that have *gone public*, investors will use firm value to assess the company's performance for the coming period, where this firm value is often linked to the company's stock price. Company performance is an important factor in increasing shareholders' confidence in investing in the company, where the positive reaction from shareholders can be reflected in firm value (Firmansyah, Febrian, et al., 2021). Firm value is an indicator thatcan reflect the quality of the company concerned, and this is an important point of concern forinvestors as company owners (Rahman et al., 2021).

Furthermore, the importance of firm value for users of financial statements is also described by Gitman & Zutter (2015) because of the main principle of the *ten* principles of *financialmanagement* as well as in line with the main objective of forming a company, namely to maximize the welfare of shareholders and the easiest and simplest way to assess its success into measure firm value. It is a very important factor for companies. A decrease in firm value can have a negative impact on the company concerned, and it will impact the loss of trust from investors and creditors. It will also affect the company's ability to obtain the funds needed to develop its business. Therefore, the factors that influence the rise or fall of firm value are very relevant and need to be researched further.

Many prior studies have used numerous variables to conduct research on business value, particularly in Indonesia, including leverage (Dewantari et al., 2019; Mahardikari, 2021; Muharramah & Hakim, 2021; Purnamasari & Baskara, 2019), CEO ownership (Firmansyah, Jadi, et al., 2021), derivative instruments (Firmansyah & Purnama, 2020; Novianti & Firmansyah, 2020), corporate governance (Firmansyah, Febrian, et al., 2021; Toly et al., 2019), profitability (Mahardikari, 2021; Suri et al., 2020; Valensia & Khairani, 2019), firm size (Kusuma & Priantinah, 2018; Mahardikari, 2021; Rizqia et al., 2013), corporate social responsibility or sustainability disclosure (Astuti & Juwenah, 2017; Gaol et al., 2021; Kusuma & Priantinah, 2018; Latifah & Luhur, 2017; Pujiningsih, 2020; Rahman et al., 2021) intellectual capital (Gaol et al., 2021; Josephine et al., 2019; Yusuf, 2019), corporate risk management (Agustina & Baroroh, 2016; Ardianto & Rivandi, 2018; Devi et al., 2017; Ticoalu et al., 2021), and tax avoidance (Alaika et al., 2023; Diatmika & Sukartha, 2019; Dinah & Darsono, 2017; Fadillah, 2019; Irawan & Turwanto, 2020; Jecky & Suparman, 2021; Permatasari et al., 2021; Saka et al., 2021; Sugiono, 2020; Widodo & Firmansyah, 2021; Yusuf, 2019).

One of the decisions management can make to increase firm value is related to taxation activities (Fadillah, 2019). Companies will tend to reduce tax expenses as much as possible because paying optimal taxes will reduce the company's economic ability. It causes many companies to look for ways to minimize tax expenses by still following tax regulations and through ways thatviolate the rules. Tax avoidance carried out by companies is a real practice of reducing tax expenses. Tax avoidance is an act of tax avoidance that is carried out legally and safely by taxpayers because it does not violate the provisions of existing tax laws and regulations by utilizing loopholes or weaknesses *(gray areas)* contained in these tax laws and regulations, where the ultimate goal is to reduce the amount of tax to be paid (Pohan, 2013). According to traditional theory, tax avoidance is an action to increase firm value by transferring wealth from the state to the company (Chen et al., 2014). In practice, the firm value, reflected in the stock price, will respond positively to tax avoidance, so investors will tend to buy the company's shares if the price increases.

Several studies found that tax avoidance positively affects firm value (Irawan & Turwanto, 2020; Permatasari et al., 2021; Saka et al., 2021; Widodo & Firmansyah, 2021). However, this contradicts Alaika et al. (2023), Diatmika & Sukartha (2019), Dinah & Darsono (2017), Fadillah (2019), and Yusuf, 2019), who concluded that tax avoidance has a negative effect on firm value. Furthermore, other results were found by Jecky & Suparman (2021) and Sugiono (2020), who concluded that tax avoidance does not affect firm value. Based on the results of previous studies, it can be seen that there are different findings related to the effect of tax avoidance on firm value. Thus, further research must be conducted to clarify how tax avoidance affects firm value. This also makes research on tax avoidance's effect on firm value still very relevant and interesting.

This study aims to investigate the effect of tax avoidance on firm value. This study includes sustainability disclosure as a moderating variable in the association between tax avoidance and firm value, which is still limited in previous studies. According to Latifah & Luhur (2017), if a company considers the social, economic, and environmental dimensions, it will positively impact ensuring firm value. In Indonesia, the disclosure of sustainability reports has been regulated by Indonesia Financial Services Authority Regulation Number 51 / POJK.03 / 2017. Based on this regulation, Financial Services Institutions, Issuers, and Public Companies are required to prepare sustainability reports. This regulation was enacted on January 1, 2019, for Financial Services Institutions in the form of commercial banks,followed by companies in other sectors starting in 2020, 2022, 2024, and 2025. Therefore,this research will focus on banking sub-sector companies, especially commercial banks in Indonesia, listed on the Indonesia Stock Exchange from 2020 to 2022. As an overview, banking sub-sector companies in Indonesia are one of the sectors of interest to investors because these sub-sector companies can generate a fairly high totalincome. In 2022, the highest total income in banking sub-sector companies was achievedby Bank BRI, with a nominal income of IDR 51.17 trillion. Of course, this will be a special attraction for investors to invest their assets in banking sub-sector companies, which will impact increasing share prices and firm value.

Sustainability disclosure provides added value to the company because it will increase the trust and interest of investors concerned. The existence of stakeholders means that companies must respond to issues that concern them, one of which is sustainability. Sustainability activities not only consider the company's economic condition but also need to pay attention to the company's environmental and social responsibilities. Companies implementing sustainability activities are considered more ethical in their operations (Firmansyah & Estutik, 2020; Ihsani et al., 2021). Several studies found that sustainability disclosure has a positive influenceon firm value (Astuti & Juwenah, 2017; Kusuma & Priantinah, 2018; Latifah & Luhur, 2017; Pujiningsih, 2020; Rahman et al., 2021). These conditions suggest that implementing sustainability provides a positive response from investors' perspective in the capital market. On the other hand, tax avoidance is considered one of the tax planning efforts carried out by managers to align shareholder interests. Thus, sustainability activities carried out by companies are in line with tax avoidance by managers.

This research is expected to provide benefits as an additional source of knowledge and understanding for users to be used as a reference and literature, especially in financial accounting research in the Indonesian context. In addition, this research is expected to benefit the Indonesian Capital Market Supervision Institution to enhance the policy of effectiveness of sustainability reports disclosure and as a consideration in determining the focus or purpose of developing disclosure of sustainability reports, especially in banking sub-sector companies. For the Indonesia Tax Authority, this research can be used to determine the focus to increase tax awareness, especially related companies.

LITERATURE REVIEW

According to Muth & Donaldson (1998), stewardship theory is based on managers acting as servants rather than people who think economically rational in general and are self-interested. Hernandez (2008) also defined stewardship as referring to attitudes and actions that prioritize the long-term interests of the group rather than personal goals that only serve individual interests. This can occur when organizational actors are personally responsiblefor the impact of actions on the organization for the welfare of stakeholders. Davis et al. (1997) stated that servant behavior is collective because servants have the same goal of achieving organizational goals. A service will protect and maximize profits for shareholders through improved company performance. This theory is closely related to human nature with integrity, responsibility, honesty, and trustworthiness. Podrug (2011) also argued that, presumably, managers will always behave and act to maximize the company's interests, and contemporary business conditions willdrive management towards more profitable, innovative, and ethically responsible businesses. Stewardship management behavior is relevant in creating value and achieving satisfactory results and will positively impact the development of the organization and society as awhole.

Companies prioritizing profit attempt to reduce tax expenses by utilizing weaknesses in tax regulations. According to Tang & Firth (2012), tax avoidance refers to efforts made by companies to take advantage of the uncertainty of tax law to obtain corporate profits. Meanwhile, according to Hanlon & Heitzman (2010), tax avoidance is a series of tax planning activities carried out explicitly for tax reduction. Meanwhile, according to Desai & Dharmapala (2009), tax avoidance refers to corporate planning strategies carried out by management to achieve corporate goals. Therefore,it can be concluded that tax avoidance refers to the process of manipulating business and transactions by taxpayers so that tax liabilities can be minimized but still within the limits of tax law. The difference between accounting standards and tax regulations can affect tax planning.

Gitman & Zutter (2015) stated that firm value can be interpreted as the actual value per share that has the potential to be received if the company's assets can be sold at the current share price. On the other hand, Brigham & Houston (2019) defined firm value as the present value of future free cash flow discounted at the weighted average cost of capital. Free cash flow is available to investors (creditors and owners) after considering the company's operating expenses, investment expenditures, and net current assets. The firm value can be identified using the market value or book value ofthe company reflected in the company's equity. A company with good performance tends tohave good firm value, which will be reflected in its share price. If a company is valued high enough in the market, then this also reflects that the company has a fairly good performance. Irawan & Turwanto (2020), Permatasari et al. (2021), Saka et al. (2021), and Widodo & Firmansyah (2021) found that tax avoidance can enhance investor response in the capital market. Investors assume that tax avoidance actions by managers can align their interests in receiving a larger share of profits.

H$_1$: Tax avoidance is positively associated with firm value

Stakeholder theory assumes that companies are responsible to investors, creditors and other parties related to the company (Freeman, 1984). Stakeholders expect companies to be able to respond to global issues related to the company. One of these global issues is sustainability. Sustainable activities encourage companies to be more transparent and ethical in carrying out their business operations (Firmansyah & Estutik, 2020). The company's sustainability information is outlined in the sustainability report.

Based on the Global Reporting Initiatives (2018), a sustainability report, also called sustainability reporting, contains economic, environmental, and social impacts that arise due to a company's or organization's operational activities. Sustainability reports are promoted by an international non-profit organization, the Global Reporting Initiative (GRI), to the international community by creating standards and guidelines for disclosing sustainability reports (Farhana & Adelina, 2019). Preparing this sustainability report is a form of responsibility and concern for companies or organizations regarding environmental issues and the impacts caused by their operational activities.

In Indonesia, the obligation to prepare and disclose sustainability reports is regulated in Financial Services Authority Regulation No. 51/POJK. 03/2017 of 2017 concerning implementing Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. This regulation explains that financial services institutions in the form of commercial banks must prepare their sustainability reports starting January 1, 2019, while companies in other sectors must prepare their sustainability reports starting in 2020,2022, 2024, and 2025. This sustainability report is a form of company transparency to stakeholders and a responsibility for the economic, social, and environmental conditions caused by the existence and operational activities of the company. This is in line with what was stated by (Farhana & Adelina, 2019), which stated that apart from being a signal for investors, disclosure of sustainability reports is also a form of responsibility of companies or organizations to stakeholders according to stakeholder theory. Then, not a few investors usesustainability reports as one of the considerations in making their investment decisions, so managers are encouraged to disclose their sustainability reports. In addition, the large demands from stakeholders, including investors, related to the disclosure of sustainability reports also increase the urgency of managers to prepare sustainability reports for their companies or organizations.

Several studies found that sustainability disclosure is positively associated with firm value (Astuti & Juwenah, 2017; Kusuma & Priantinah, 2018; Latifah & Luhur, 2017; Pujiningsih, 2020; Rahman et al., 2021). Investors consider Sustainability information important in making decisions in the capital market. Companies that implement greater sustainability are considered more transparent in providing information to investors. On the other hand, tax avoidance is an effort to save the tax burden carried out by managers. Companies that implement greater sustainability and tax avoidance measures are considered to further the interests of investors so that investors will respond more positively to these two actions.

H$_2$: Sustainability disclosure strengthens the positive association between tax avoidance and firm value

METHODS

This study employs quantitative data from secondary data derived from financial and sustainability reports of banking sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2022. The reason for choosing 2020 as the base year is that it can describe the research results after COVID-19 hit the world,including Indonesia. Data collection was carried out in April 2023, focusing on the observation period 2020 to 2022, where the obligation to prepare sustainability reports for banking companies has been effectively implemented. The selection of research samples was carried out by *purposive sampling*, resulting in the following research samples:

Table 1. Determination of Research Sample Criteria

Criteria	Total
Banking sub-sector companies listed on the IDX main board from 2020 to 2022	165
Banking subsector companies that have been listed on the IDX as of January 2021	(105)
Banking sector companies that do not disclose sustainability reports	(1)
Companies with negative ETR values	(18)
Companies whose sustainability reports do not use the GRI Standard format	165
Number of samples	41

Source: processed by the author

In this study, firm value is used as the dependent variable. Tobin's Q is a proxyfor firm value, as explained by (Firmansyah & Purnama, 2020). Tobin's Q calculation can be done with the following formula:

$$\text{Tobin's Q} = \frac{\text{Total Market Value} + \text{Total Book Value of Liabilities}}{\text{Total Book Value of Asset}}$$

Furthermore, the factor affecting the firm value, or the independent variable, is tax avoidance. Tax avoidance can be measured using the effective tax rate proxy multipliedby -1 (ETR*-1), as used in previous studies by Firmansyah & Ardiansyah (2020). ETR is calculated using the following formula:

$$\text{ETR} = \frac{\text{Total Tax Expense}}{\text{Pretax Income}}$$

Then, this study uses the disclosure of sustainability reports as a moderating variable. This variable is proxied by the company's Sustainability Report Disclosure Index (SRDI) as Hutabarat & Firmansyah (2022) and Rahma & Firmansyah (2022). The formula for calculating SRDI is as follows:

$$\text{SRDI} = \frac{\text{Number of items disclosed by the company}}{\text{Expected Number of Items}}$$

This study also uses *control* variables such as profitability and firm size. Profitability is proxied using *Return On Asset* (ROA), as Annida & Firmansyah (2022) and Jecky & Suparman (2021). The ROA formula is as follows:

$$\text{ROA} = \frac{\text{Net Profit (Loss)}}{\text{Total Assets}}$$

Firm size can be proxied using the natural logarithm proxy of the total assets owned by a company, as described by Jecky & Suparman (2021).

$$SIZE = Ln\ \text{(Total Aset)}$$

Furthermore, this study uses multiple linear regression analysis methods with cross-section data. This study uses two regression equation models, and the first model is intended to examine the relationship between tax avoidance and firm value. Then, the second model is intended to test the moderating role of sustainability report disclosure in the relationship between tax avoidance and firm value. The equation model of this research is as follows:

Model 1

$$\text{TOBINSQi} = \beta 0 + \beta 1\text{TAVi} + \beta 2\text{ROAi} + \beta 3\text{SIZEi} + \varepsilon\text{i}$$

Model 2

$$\text{TOBINSQi} = \beta 0 + \beta 1\text{TAVi} + \beta 2\text{SRDIi} + \beta 3\text{TAVi} * \text{SRDIi} + \beta 4\text{ROAi} + \beta 5\text{SIZEi} + \varepsilon\text{i}$$

Where:

TOBINSQ : Enterprise Value

TA : Tax Avoidance (ETR*-1)
SRDI : Sustainability Report Disclosure Index
ROA : Return on Assets
SIZE : Firm Size

RESULTS AND DISCUSSIONS

A summary of the statistical analysis of each variable in this study is as follows:

Table 2. Descriptive Statistics

Variables	Mean	Med	Std. Dev.	Min.	Max.	Obs.
TAV	-0,23087	-0,21969	-0,12540	-0,55329	0,06445	41
SRDI	0,54547	0,53097	0,84071	0,27083	0,15044	41
SIZE	33,18538	33,17273	35,22819	30,28142	1,42506	41
ROA	0,02021	0,01395	0,08409	0,00365	0,01723	41
TOBIN_S_Q	1,09434	0,97851	2,10464	0,43556	0,31793	41

Source: data processed

Furthermore, the results of hypothesis testing based on the classical assumption are presented in Table 3 below.

Table 3. Summary of Hypothesis Test Results

Variables	Model 1				Model 2			
	Coefficient	t-Statistic	Prob.		Coefficient	t-Statistic	Prob.	
C	-0,4442	-1,1833	0,1260		-0,8021	-2,2621	0,0185	**
TAV	-1,1087	-5,3578	0,0000	***	-2,0219	-1,7934	0,0453	**
ROA	18,9359	15,4286	0,0000	***	15,9785	12,7732	0,0000	***
SIZE	0,0284	2,5008	0,0111	**	0,0428	6,1105	0,0000	***
SRDI					0,0491	0,0948	0,4627	
TAV*SRDI					2,2715	0,9636	0,1743	
R2		0,9376				0,8799		
Adj. R2		0,9272				0,8446		
F-stat.		90,2551				54,1451		
Prob(F-stat)		0,0000				0,0000		

Source: data processed
Notes: ***) significant at 1% level, **) significant at 5% level

The effect of tax avoidance on firm value

The results of the hypothesis testing above show that tax avoidance has a negative effect onfirm value, so H_1 is rejected. It indicates that when the company increases tax avoidance activities, it will reduce the value of the related company. The result is in line with and supports the results of research conducted by Alaika et al. (2023), Diatmika & Sukartha (2019), Dinah & Darsono (2017), Fadillah (2019) and Yusuf (2019). However, this result is not in line with (Irawan & Turwanto, 2020; Jecky & Suparman, 2021; Permatasari et al., 2021; Saka et al., 2021; Sugiono, 2020; Widodo & Firmansyah, 2021).

Management carries out tax avoidance by utilizing loopholes and weaknesses in existing tax regulations in a country (Alaika et al., 2023). This activity is legal and considered not to violate existing laws and regulations. This tax avoidance aims to reduce the tax burden the company must pay the state. With this tax savings, the company can increase its corporate profits. However, if traced deeper, this taxavoidance behavior can impact the emergence of asymmetric information because the financial statements presented do not match the actual situation. It can misleadusers of financial statements, especially investors, in making decisions. Then, with tax planning, will pose an even greater risk of tax payment if the government knows about tax avoidance activities. In addition, administrative, interest, and even criminal sanctions are risks from tax avoidance activities.

Moreover, the imposition of sanctions on the company will impact the decline in the company's reputation (Alaika et al., 2023). The decline in the company's reputation risks decreasing investors' interest in investing in the company. Lack of investment interest will cause the company's stock price to fall, which will reduce firm value. Tax avoidance actions in banking companies are considered not to be in line with investors because investors expect business strategies to be carried out well, which will result in banking companies gaining more optimal profits. Although tax avoidance does not violate regulatory provisions, this action is considered inconsistent with the implementation of corporate governance and can potentially reduce the company's reputation.

The moderating role of sustainability disclosure in the association between tax avoidance and firm value

The hypothesis testing results suggest that sustainability disclosure failed to enhance the positive effect of tax avoidance on firm value, so H_2 is also rejected. The result of this study is in line with Jecky & Suparman (2021). Also, this study's result confirms the previous studies' finding that sustainability disclosure is not associated with firm value (Amalia et al., 2021; Firmansyah, Febrian, et al., 2021; Gaol et al., 2021). This study suggests that sustainability information, comprising economic, environmental, and social responsibility information, is not an important consideration for investors in making investment decisions.

Investors consider the information in the sustainability report on environmental management to increase efficiency unimportant (Firmansyah, Febrian, et al., 2021). In addition, information related to social responsibility carried out by the company does not provide direct and significant economic benefits to the company. Meanwhile, information related to the economy that is considered important and needed by investors has been presented in the annual financial statements. Investors assume that the company's annual financial statements are sufficient to represent the information they need in making decisions, so the information in its sustainability report is considered only as additional information that does not affect firm value. In addition, sustainability disclosure provides discretionary space for companies to evaluate the implementation of the guidelines recommended by the Financial Services Authority based on their interpretations. Therefore, sustainability disclosure only fulfills administrative requirements and does not reflect the company's performance (Firmansyah, Febrian, et al., 2021).

CONCLUSIONS AND SUGGESTIONS

Tax avoidance has a negative impact on firm value, so if the company carries out massive tax avoidance activities, it can have a negative impact on the company in the form of a decrease in firm value. Although tax avoidance activities in the short term can increase company profits, this activity is less attractive to investors because it creates asymmetric information in the company's financial statements. In addition, tax avoidance activities also pose a fairly high risk in the future, such as sanctioning the company if the government knows about this activity. This also has an impact on reducing the company's reputation, which in turn will reduce the value of shares, which is a reflection of the company's value.

Then, the disclosure of sustainability reports has no moderating effect on the relationship between tax avoidance and firm value. This shows that investors have not fully used the information disclosed in the sustainability report. Investors consider that this information is not yet important in decision-making considerations. Therefore, the informationin the sustainability report is only used as additional information in making investment decisions, so it does not significantly affect firm value.

This study has several limitations. First, the research sample is limited to banking sub-sector companies listed on the IDX for 2020-2022, so the results cannot describe general conditions in Indonesia. Second, the limited number of banking sub-sector companies that have disclosed sustainability reports has caused the sample studied to decrease. In addition, the existence of companies with a negative ETR value also causes the sample studied to decrease, so the study's conclusion does not fully represent the company's condition. Future research can extend the research period and expand the sample to produce more comprehensive and accurate conclusions.This research is expected to be an evaluation and consideration for the Indonesian Tax Authority in making policies, especially those related to tax avoidance. For the Financial Services Authority, it is expected that the results of this study will be used as evaluation material for existing policies, especially regarding sustainability disclosure, considering that more companies will disclose their sustainability activities.

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