



THE MODERATING ROLE OF INDEPENDENT COMMISSIONER IN THE RELATIONSHIP BETWEEN TAX AGGRESSIVENESS AND FIRM VALUE

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Abstract

Tax aggressiveness poses agency problems within companies. This is due to the differing interests between managers and principals. Independent commissioners play a crucial role in ensuring that the decisions made by managers align with investor interests. The research further investigates the moderation role of independent commissioners on tax aggressiveness actions undertaken by managers from the investors' perspective. The sample consisted of 185 companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange (BEI) during 2018-2022. This research utilizes a quantitative method with a multiple linear regression model approach. The study's findings indicate that tax aggressiveness positively affects firm value, signaling that tax planning activities by managers are still perceived as not overly aggressive and are in line with investor interests. The study's findings also suggest that independent commissioners cannot weaken the negative impact of tax aggressiveness on firm value. This indicates that the role of independent commissioners has not yet been able to prevent tax aggressiveness actions that are not aligned with investor interests. This research fills a gap in previous studies that did not consider the role of independent commissioners as managers and supervisors in decision-making. This research implies that companies need to enhance the quality of independent commissioners by strengthening the selection process, tightening regulations regarding administrative requirements for independent commissioners by the financial services authority (OJK), and strengthening tax regulations by the tax authority (DJP), which further encourages companies to pay taxes.

Keywords: Firm value, Independent commissioners, Investor perspective, Tax aggressiveness

Abstrak

Agresivitas pajak menimbulkan permasalahan agensi dalam perusahaan. Hal ini disebabkan adanya perbedaan kepentingan antara investor dengan manajemen. Komisaris Independen memegang peranan penting untuk memastikan bahwa keputusan yang diambil oleh manajemen telah sejalan dengan kepentingan investor. Penelitian ditujukan untuk menginvestigasi lebih lanjut bagaimana peran moderasi komisaris independen terhadap tindakan agresivitas pajak yang dilakukan oleh manajemen dari persepsi investor. Sampel yang digunakan sebanyak 185 perusahaan di sektor consumer non-cyclical yang terdaftar di BEI selama tahun 2018-2022. Penelitian ini menggunakan metode kuantitatif dengan pendekatan model regresi linier berganda. Temuan studi menunjukkan bahwa agresivitas pajak berpengaruh positif terhadap nilai perusahaan dan sejalan dengan kepentingan investor. Temuan studi juga menunjukkan komisaris independen tidak mampu memperlemah pengaruh negatif agresivitas pajak terhadap nilai perusahaan. Hal ini mengindikasikan peran komisaris independen masih belum dapat mencegah adanya tindakan agresivitas pajak yang tidak sejalan dengan kepentingan investor. Penelitian ini mengisi celah penelitian sebelumnya yang belum mempertimbangkan peran komisaris independen sebagai pengawas terhadap manajemen dalam pengambilan keputusan. Implikasi penelitian ini yaitu perusahaan perlu meningkatkan kualitas komisaris independen melalui penguatan proses seleksi, pengetatan regulasi mengenai syarat administratif komisaris independen oleh otoritas jasa keuangan (OJK), dan penguatan regulasi perpajakan oleh otoritas pajak (DJP) yang lebih mendorong perusahaan dalam membayar pajak.

Kata Kunci: Agresivitas pajak, Komisaris independen, Nilai perusahaan, Perspektif investor

INTRODUCTION

Increasing the wealth of investors or shareholders is the objective of establishing a company to maximize its value (Lestari & Ningrum, 2018). Highly profitable companies generally determine an increase in share price, which indicates a growth in firm value (Hasibuan & Firmansyah, 2023). The information that investors receive truly determines how valuable a company is. The presence of the capital market facilitates the investors' access to various data about business performance to help them make investment decisions (Firmansyah et al., 2022). Investor reactions can be positive or negative depending on the phenomena experienced by the



company. Investors will be more interested in buying stocks in related companies if the company performs well (Ihsani et al., 2021). The high demand for company shares in the capital market will increase the firm value (Firmansyah et al., 2021). As a result, managers have to maintain the business's credibility with investors. Managing company performance is a big challenge in today's highly competitive industry. To sustain their performance, businesses must employ various tactics, such as preserving revenue, preserving market share, and minimizing costs (Wilson, 2015). In addition to handling internal risks, managers must be prepared to handle external risks, like unpredictable market conditions or regulatory changes that might affect business performance. In early 2020, numerous nations' economies, including Indonesia, suffered due to the COVID-19 pandemic. Based on BPS data, Indonesia experienced a growth downturn in 2020.

Furthermore, the political phenomena that have occurred in recent years, such as the enactment of the Job Creation Law in 2020, resulted in a positive response to the Composite Stock Price Index (IHSG). The IHSG rose by 0.92% or 45 points on October 6, 2020, reaching Rp5,004.39 (Indriani & Mariana, 2021). The occurrence of these two significant events can influence firm value. Various strategies and policies are implemented to fully utilize available opportunities so that companies can continue to grow and maintain their performance during unpredictable conditions (Masitah & Khalifaturafi'ah, 2023).

Aggressive tax planning can be a solution for maintaining company performance while dealing with unexpected situations. Tax aggressiveness is one of the earnings managers' actions to reduce tax burden expenses as much as possible, whether legal or illegal and increase net profit (Anisa & Muid, 2017; Lietz, 2013; Scott, 2015). According to Khan & Nuryanah (2023) and Prastiwi & Walidah (2020), investors may react positively or negatively to tax payment reductions. Investors will react positively if tax payment reduction is seen to maintain the stability of investment returns amidst economic uncertainty. Conversely, investors will react negatively if tax payment reduction is too aggressive and creates differences in interests between principals and agents by exploiting existing loopholes. Thus, testing tax aggressiveness and firm value is intriguing for further investigation.

Tax aggressiveness is one of the behaviors expected to influence investor response regarding firm value. Based on Lietz (2013) and Sugiyarti & Ramadhani (2019), tax aggressiveness is associated with tax avoidance action, including tax planning activities. Tax aggressiveness can be found in companies that aim to reduce taxes extensively through legal methods, such as tax avoidance, or illegal means, such as tax evasion (Nurasiah & Riswandari, 2023). However, tax aggressiveness can be differentiated from tax avoidance by the aggressively pursued attempts to lower income tax payments (Suprihatin, 2020). Thus, We performed a mapping research study on tax aggressiveness, tax avoidance, and tax planning. Previous studies have examined firm value with tax planning (Astuti & Herawati, 2022; Herawati & Ekawati, 2016; Hidayat & Pesudo, 2019; Risna & Haryono, 2023; Romadhina & Andhityara, 2021; Tambahani et al., 2021). Furthermore, previous research has also tested firm value with tax avoidance (Afifah & Sofianty, 2022; Apsari & Setiawan, 2018; Azahra et al., 2023; Ester & Hutabarat, 2020; Lestari & Ningrum, 2018; Noviadewi & Mulyani, 2020; Nugrahanto & Gramatika, 2022; Risna & Haryono, 2023; Surbakti & Sudjiman, 2022), as well as the impact of tax aggressiveness (Anisa & Muid, 2017; Arora & Gill, 2022; Devi & Supadmi, 2018; Dewi & Dewi, 2017; Diatmika & Sukartha, 2019; Prastiwi & Walidah, 2020; Putri et al., 2022; Sugiyarti & Ramadhani, 2019; Suprihatin, 2020) on firm value. We decided to examine the results of studies on tax aggressiveness in contrast to tax planning and tax avoidance because tax aggressiveness includes activities to reduce tax payments that test the limits of the legality of tax regulations. Thus, this tax aggressiveness can provide a positive or negative response from investors. Previous study findings by Arora & Gill (2022), Devi & Supadmi (2018),



Diatmika & Sukartha (2019), Prastiwi & Walidah (2020), Putri et al. (2022), and Sugiyarti & Ramadhani (2019) indicate that tax aggressiveness negatively affects firm value. On the other hand, according to the study results by Anisa & Muid (2017), Dewi & Dewi (2017), and Suprihatin (2020), tax aggressiveness positively affects firm value. Due to the inconsistency in these research findings, the impact of tax aggressiveness on firm value needs to be reexamined.

Various proxies are used to measure tax aggressiveness, as in the study by Lietz (2013). Previous studies measuring tax aggressiveness have often used the Effective-Tax Rate (ETR) as a proxy for tax aggressiveness (Devi & Supadmi, 2018; Diatmika & Sukartha, 2019; Prastiwi & Walidah, 2020; Putri et al., 2022; Sugiyarti & Ramadhani, 2019; Suprihatin, 2020). However, in this study, tax aggressiveness is proxied as Book-Tax Difference (BTD) following the study by Anisa & Muid (2017) and Arora & Gill (2022). We chose the BTD proxy because companies engaging in tax aggressiveness tend to have tax corrections to reported earnings (Lietz, 2013). The amount of tax correction is reflected in the difference between pre-tax and after-tax earnings, so a larger BTD indicates that the company is more aggressive in its tax planning because it has higher tax corrections.

Tax aggressiveness is a way for managers to manipulate earnings information to minimize the amount of tax owed (Prastiwi & Walidah, 2020). Due to its tendency to exploit legal gaps, tax aggressiveness can allow managers to act against the interests of shareholders. If excessively aggressive, investors may view the company's tax reduction strategies as violating tax regulations (Prastiwi & Walidah, 2020). Additionally, too-aggressive tax planning indicates that the information in the financial statements is inaccurate and unreliable, which permits the company to engage in further earnings managers' practices that negatively impact shareholders (Diatmika & Sukartha, 2019). Furthermore, companies with high profitability tend to engage in aggressive tax planning through more complex financial transactions (Khan & Nuryanah, 2023). Therefore, the independent commissioner is needed to supervise the decisions and policies made by managers, especially in tax planning policies. According to Indriastuti et al. (2020), a high proportion of independent commissioners is also accompanied by an increase in firm value as they are considered to minimize managers' conflicts of interest. Study findings by Bernhard & Veny (2024) and Hidayat & Muliarsi (2020) also explain that the role of independent commissioners can reduce company tax aggressiveness. Therefore, an independent commissioner may act as a controller and ensure managers take. Thus, We use independent commissioners as a variable that moderates the negative impact of tax aggressiveness.

This study provides a wider perspective than previous research limited to manufacturing or food and beverage companies. With their resilience, non-cyclical consumer sector companies will likely continue to achieve stable profits despite economic uncertainty and regulatory changes. This allows non-cyclical consumer sector companies to engage in tax aggressiveness towards their earned profits. This is supported by the growth of the non-cyclical consumer sector, increasing by 5.46% from 40.68% in March 2020 to 46.14% in April 2020 (Zanubah et al., 2023).

LITERATURE REVIEW

Agency theory is the contractual relationship between principals and agents, where principals delegate responsibilities to agents to make decisions based on the principal's interests (Jensen & Meckling, 2009; Wardoyo et al., 2021). The classical agency theory paradigm explains that agency problems in the relationship between principals and agents arise because agents do not act in the principal's interests (Shapiro, 2005). Agency problems arise when agents focus on maximizing their interests rather than the principal's (Jensen & Meckling, 1976). Mishra et al., 1998) explained that asymmetric information is the primary factor causing agency problems principals face. Asymmetric information occurs when agents



do not disclose a company's private information to principals. Asymmetric information is more advantageous for agents, as described by (Barus & Setiawati, 2015), where the information principals hold regarding the company's condition is not as much as agents. This condition makes it difficult for principals to believe whether agents have acted in the principal's interests (Wardoyo et al., 2021). Firm value is the main context for business sustainability. A company requires financial resources to start, grow, and maintain its business (Daisuke, 2022). Dzahabiyya et al. (2020) define firm value as the amount of money willingly spent by investors to purchase a company based on the company's business condition. It portrays the company's achievement under certain conditions as evidence of investor trust (Sunarsih et al., 2019).

Various tax planning terminologies were introduced in Lietz's (2013) studies. Based on compliance and legality scales, they can be ranked from tax avoidance tax aggressiveness to tax evasion (Lietz, 2013). Tax aggressiveness is part of tax planning by minimizing tax burdens paid aggressively by exploiting tax regulations (Lietz, 2013; Sugiyarti & Ramadhani, 2019; Yuniarti. Zs & Astuti, 2020). Recently, manager actions to minimize tax burdens aggressively have become a common practice. Theoretically, tax aggressiveness practices can minimize a company's tax payments and impact increased profits. However, the increase in profits from aggressive tax planning does not necessarily increase the company's value. By leveraging asymmetric information between principals and agents, aggressive tax planning actions are often motivated by managers' intrinsic motivation to increase received bonuses (Jensen & Meckling, 1976; Scott, 2015; Teixeira & Rodrigues, 2022). Therefore, tax aggressiveness can be seen as a less favorable action and reflects the company's non-compliance with applicable tax regulations. The higher the tax aggressiveness, the more potential legal problems, such as tax audit findings, will increase, leading to increased tax costs, such as fines and sanctions (Diatmika & Sukartha, 2019; Khan & Nuryanah, 2023; Nurasiah & Riswandari, 2023; Putri et al., 2022). Moreover, companies behaving aggressively in reducing taxes can also be seen as aggressive in earnings managers, thus reducing the reliability and transparency of financial statements (Diatmika & Sukartha, 2019; Yuniarti. Zs & Astuti, 2020). This is supported by the findings of studies by Arora & Gill (2022), Devi & Supadmi (2018), Diatmika & Sukartha (2019), Prastiwi & Walidah (2020), Putri et al. (2022), and Sugiyarti & Ramadhani (2019), indicating that tax aggressiveness activities negatively affect firm value. Profits attributable to shareholders may decline due to higher fines and penalties if the company performs excessively aggressive tax planning. Investors perceive tax aggressiveness as creating legal issues and decreasing the reliability of financial statements, thereby reducing firm value.

H1: Tax aggressiveness negatively affects firm value.

Agency theory shows that managers might not always act in the best interests of the principals (Jensen & Meckling, 1976). Reducing taxes is a good way to increase shareholder wealth through tax planning. However, if this tax reduction action is implemented too aggressively, it will weaken the credibility of financial reports and encourage investors to believe that the company may engage in additional earnings managers, which might adversely affect investors. As a result, tax aggressiveness by managers can incur agency costs that arise due to asymmetric information. According to Jensen & Meckling (1976), the asymmetric information between principals can be mitigated by incurring monitoring costs to supervise managers in decision-making. Jensen & Meckling (1976) revealed that most of the board of commissioners must come from external parties to maintain the independence of oversight activities.

Indonesia responds to this agency theory issue by protecting investors through Law No. 40/2007 and OJK Regulation No. 57/POJK.04/2017. These regulations stipulate that every company must have commissioners from independent parties. Independent commissioners are



expected to reduce managers' actions deemed detrimental to investors (Mardjono & Chen, 2020). Independent commissioners must also have a strong position in the company to enhance the effectiveness of the board of commissioners' oversight function (Alijoyo & Sirait, 2022). The study results by Putra (2023) show that the higher the level of independence of the board of commissioners, the stronger the oversight function of managers motivated by achieving their profits. This is supported by the study by Indriastuti et al. (2020), who stated that because independent commissioners are thought to reduce agency conflicts, their proportion has a beneficial impact on business value (Bernhard & Veny, 2024; Hidayat & Muliastari, 2020). Thus, the presence of independent commissioners is expected to be able to supervise tax aggressiveness policies to consider investor interests still and comply with applicable tax regulations.

H2: Independent Commissioners can strengthen or weaken the negative effect of tax aggressiveness on firm value.

METHODS

This research employs a quantitative method. Data analysis is conducted on companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange (IDX) and record profits from 2018 to 2022. Data were obtained from financial reports on the official websites of the following companies or www.idx.co.id, and stock prices were accessed through www.finance.yahoo.com. Sample selection was done using the purposive sampling method, with the following criteria:

Table 1: Research Sample

Criteria	Amount
Consumer non-cyclical companies listed in IDX as of January 10, 2024	126
The number of listed companies after December 31, 2018	(55)
Companies with incurred losses and BTD values < 0 from 2018-2022.	(31)
Companies with incomplete financial data	(3)
The number of company data can be used in this study	37
Number of Years	5
Total Observation	185

This study uses firm value as the dependent variable, tax aggressiveness as the independent variable, and independent commissioners as the moderating variable of the influence of tax aggressiveness on firm value. Firm value is proxied as Tobin's q, which is the ratio of the company's market value to the replacement cost of its assets. Tobin's q, as in the studies by Anisa & Muid (2017), Devi & Supadmi (2018), Dewi & Dewi (2017), Diatmika & Sukartha (2019), Prastiwi & Walidah (2020), and Putri et al. (2022) is calculated based on Market Value Equity (MVE), D is the total book value of liabilities, and TA is the total book value of company assets. Tobin's q in this study is formulated as:

$$\text{TOBINS'Q} = \frac{\text{MVE} + \text{D}}{\text{TA}}$$

Tax aggressiveness is proxied as the book-tax difference (BTD), as in the studies by Anisa & Muid (2017) and Arora & Gill (2022). A higher BTD indicates more aggressiveness in tax planning. BTD in this study is formulated as follows:

$$\text{BTD} = \frac{\text{Pretax Income} - \text{Income After Tax}}{\text{Total Assets}}$$

Independent Commissioners are measured based on the proportion of independent commissioners to the total board of commissioners, as in Suriawinata & Almurni (2023). Independent Commissioners can be formulated as follows:

$$\text{COMMIND} = \frac{\Sigma \text{Independent Commissioners}}{\Sigma \text{Board of Commissioners}}$$



The control variables used in this study are leverage (DAR) and firm size (SIZE). Leverage ratio measures how much assets are needed to settle creditor claims if a company undergoes liquidation (Griffin, 2015). The study findings by Irawati et al. (2021) show that leverage has a negative effect on firm value. As in the study by Anisa & Muid (2017), Dewi & Dewi (2017), and Prastiwi & Walidah (2020), Leverage is proxied by DAR, which is total liabilities divided by total assets. The larger the company's size, the more attractive it is to investors, thus increasing its value (Anisa et al., 2021; Irawati et al., 2021). As in Dewi & Dewi (2017), firm size can be formulated as the total assets' natural logarithm (ln).

First, We perform a descriptive statistical analysis and test the best estimation model through the Chow, Hausman, and Langrange Multiplier tests. This research uses the Generalized Least Squared (GLS) approach in the multiple linear regression model, so only multicollinearity testing is conducted in testing its classical assumptions (Gujarati, 2003, 2015; Napitupulu et al., 2021). Lastly, a t-test is conducted to determine the significance of the dependent variables. The hypothesis testing model can be explained as follows:

$$TOBINS'Q_{i,t} = \beta_0 + \beta_1BTD_{i,t} + \beta_2COMMIND_{i,t} + \beta_3BTD_{i,t} * COMMIND_{i,t} + \beta_4DAR_{i,t} + \beta_5SIZE_{i,t} + \varepsilon_{i,t}$$

TOBINS'Q is for the firm's value, BTD is for book-tax difference, COMMIND is for independent commissioners, DAR is for leverage, and SIZE is for firm size.

RESULTS AND DISCUSSIONS

The results of the descriptive statistics test, panel data model estimation test, and multicollinearity test are presented in the following table:

Table 2: Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
TOBINS'Q	185	0,5350	12,2630	2,2316	2,0032
BTD	185	0,0007	0,1576	0,0299	0,0258
COMMIND	185	0,1667	0,8333	0,4090	0,1132
DAR	185	0,1045	0,8153	0,4540	0,2038
SIZE	185	26,2465	32,8264	29,5063	1,4483

In Table 2, TOBINS'Q has an average value of 2,2316, whereas ANJT in 2022 has a minimum value of 0,5350, and MLBI in 2018 has a maximum value of 12,2630. The standard deviation of Tobins'q is 2,0032, smaller than the average, which shows that the average value can represent the overall value of Tobins'q. BTD has an average value of 0,0299, whereas HOKI in 2022 has a minimum value of 0,0007, and UNVR in 2018 has a maximum value of 0,1576. The BTD standard deviation is 0,0258, smaller than the average value. So that the average value can represent the overall BTD value. COMMIND has an average value of 0,4090, where SDPC in 2021 has a minimum value of 0,1667, and UNVR in 2020-2022 has a maximum value of 0,8333. COMMIND's standard deviation is 0,1132, smaller than the average, so the average value can represent the overall COMMIND value. DAR has an average value of 0,2038, whereas CAMP in 2021 has a minimum value of 0.1045, and SDPC in 2022 has a maximum value of 0.8153. The standard deviation of DAR is 0,2038, smaller than the average, which is 0,4540, so the average value can represent the overall DAR value. SIZE has an average value of 29,5063, whereas CEKA in 2019 had a minimum value of 26,2465 and INDF in 2022 had a maximum value of 32,8264. The SIZE standard deviation is 1,4483, smaller than the average value so that the average value can represent the overall SIZE value.



Table 3: Panel data model estimation test

	Result (P-Value)	Conclusion
Chow Test	0,0000	The probability is < 0.05. therefore the best estimation model is the Fixed Effects Model (FEM).
Hausman Test	0,0000	The probability is < 0.05. therefore the best estimation model is the Fixed Effects Model (FEM).
Langrange Multiplier Test	-	-

Table 4: Multicollinearity test

	BTD	COMMIND	DAR	SIZE
BTD	1,0000			
COMMIND	0,4061	1,0000		
DAR	-0,0575	0,1946	1,0000	
SIZE	0,1552	0,2697	0,2147	1,0000

Based on the results of the model estimation test, it is known that the Fixed Effects Model (FEM) with Generalized Least Squares (GLS) is the best panel data estimation model. The multicollinearity test results show that the correlation between independent variables is < 0.85, indicating that the estimation model is free from multicollinearity. A summary of the hypothesis testing results can be presented as follows:

Table 5: Hypothesis test result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	43,1699	3,4365	12,5620	0,0000
BTD	26,2793	6,3828	4,1172	0,0001
COMMIND	0,4005	0,3890	1,0295	0,1525
BTD*COMMIND	5,2092	13,0084	0,4005	0,3447
DAR	1,6675	0,3417	4,8798	0,0000
SIZE	-1,4478	0,1211	-11,9516	0,0000
R ²	0,9614			
Adj. R ²	0,9503			
F-Stat.	86,8562			
Prob(F-Stat.)	0,0000			

The influence of tax aggressiveness on firm value

The study findings indicate that tax aggressiveness positively influences firm value (H1 rejected). This is supported by the p-value of BTD, which is 0,0001, which is < 0,05 and the t-test result of 4,1172. These hypothesis test results are consistent with studies by Anisa & Muid (2017), Dewi & Dewi (2017), and Suprihatin (2020), which state that tax aggressiveness has a positive relationship with firm value. However, these results differ from studies by Arora & Gill (2022), Devi & Supadmi (2018), Diatmika & Sukartha (2019), Prastiwi & Walidah (2020), Putri et al. (2022), and Sugiyarti & Ramadhani (2019), which state that tax aggressiveness has a negative relationship with firm value.

The study findings indicate that investors view tax aggressiveness as a positive action that maximizes investor interests (Lubis et al., 2017). Tax aggressiveness is proxied by BTD, which calculates the income tax the company must pay as a form of fiscal correction from the tax authorities. Based on the research results, it is known that the greater the fiscal correction, the higher the value of the company. This indicates that investors strongly support policies to



reduce corporate taxes even when carried out aggressively. Non-cyclical consumer companies are a sector that tends to have stable profitability so that the increasing income-tax expense will not reduce the attribution of wealth to its shareholders. Tax aggressiveness also does not make investors think that managers are manipulating profits, which can reduce the reliability of financial reports. This is shown due to the nature of the non-cyclical consumer sector, whose business process is selling goods for public consumption. This business process certainly has a revenue recognition process that tends to be less complex than other sectors, such as oil and gas and construction. As a result, investors respond well to tax aggressiveness actions by managers to increase the wealth attributable to shareholders, which impacts increasing firm value.

This study's findings also explain that agency theory, as in the study by Jensen & Meckling (1976), cannot be reflected in the non-cyclical consumer sector within the range of 2018-2022. With significant events like COVID-19, managers have interests aligned with investors, namely increasing firm value. Managers strive to maintain company performance amidst economic uncertainty. Moreover, due to its stability in earning profits unaffected by specific cycles, non-cyclical consumer companies tend to maintain their profit positions (Apriliana et al., 2023). On the other hand, investors are also interested in increasing investment returns. Therefore, these tax aggressiveness activities can benefit both from the managers' and investor's perspectives.

The role of independent commissioners in moderating the influence of tax aggressiveness on firm value

The study findings indicate that independent commissioners cannot strengthen or weaken the negative influence of tax aggressiveness on firm value (H2 rejected). The p-value of $BTD * COMMIND$ shows this is $0,3447 > 0,05$. The study results suggest that the strengthening role of corporate governance by independent commissioners in overseeing the tax aggressiveness activities of companies to align with investor interests is not yet optimal. According to Jensen & Meckling (1976), the presence of independent commissioners is aimed at minimizing agency costs arising from agency problems. However, the presence of an independent commissioner apparently cannot provide reasonable assurance regarding whether the company's tax aggressiveness is still within the legal or illegal terms. Thus, investors have not received the maximum role from independent commissioners in reducing asymmetric information between agent-principals. This can result in tax aggressiveness practices not aligned with the principal's desires.

This study's findings also indicate that the high proportion of independent commissioners in companies does not guarantee an increase in the effectiveness of supervision over corporate tax planning policies (Yuliani & Prastiwi, 2021). This is supported by a study by Armstrong et al. in Khan & Nuryanah (2023), which states that competence and integrity are not priorities in assessing the appointment of independent commissioners in Indonesia. This impacts the inability of independent commissioners to detect tax aggressiveness in companies (Khan & Nuryanah, 2023). Based on this hypothesis, accounting and finance educational background is not a major factor in selecting independent commissioners. For example, the highest proportion of independent commissioners for the non-cyclical consumer sector is UNVR in 2020-2022, which has 5 of 6 commissioners. However, only 1 of 5 independent commissioners has an accounting background. The other four independent commissioners have diverse educational backgrounds in psychology, education and commerce. Apart from that, SGRO in 2022 and AALI in 2020 have two independent commissioners out of a total of 3 commissioners. However, only 1 out of 2 independent commissioners from the two companies have experience in accounting and finance. The diversity of educational backgrounds among independent commissioners shows that their primary focus areas are not corporate governance improvement and tax compliance control. This is proven by the main information presented in



UNVR's 2020–2022 annual report, which broadly explains how the company can sustain its profit during and after the COVID-19 pandemic and provide sustainable product sales innovation to increase sales revenue.

CONCLUSIONS AND SUGGESTIONS

The results show that a company's tax aggressiveness positively impacts firm value, which makes investors view them as beneficial initiatives that optimize investor interests. Moreover, the decline in company revenue during COVID-19 is one of the main reasons for its current strategy, which prioritizes increasing its revenue. Investors consider that tax aggressiveness by companies is a good policy in providing additional profits attributable to their shareholders, even though it is done legally or illegally. With increased profitability, share prices will increase, reflected in an increase in company value.

However, the presence of independent commissioners is unable to strengthen or weaken the negative influence of tax aggressiveness on firm value. The percentage of independent commissioners does not mitigate the detrimental effect of tax aggressiveness on firm value. This shows that it is not yet ideal for independent commissioners to review corporations' tax-aggressive practices to better protect the interests of investors through increasing corporate governance. The educational background, the majority of which does not come from accounting and finance, is also why tax aggressiveness is not the main control focus for independent commissioners. Especially after the COVID-19 pandemic, Independent commissioners are mostly concerned with how companies can generate more profitability by utilizing various innovations to draw in as many customers as possible.

This research has limitations, such as restricting companies in the non-cyclical consumer sector, reducing sample data due to companies experiencing losses during 2018-2022, and using BTD as a proxy for tax aggressiveness. It is suggested that future researchers explore other research avenues by considering other proxies, such as Permanent book-tax difference (PermaDiff) and the scope of companies in the healthcare sector or others, so that the research results on tax aggressiveness from an investor perspective can be adequately reflected.

To reduce tax aggressiveness, it is recommended that the company's managers enhance tax compliance in line with applicable regulations and fortify the process of choosing independent commissioners by considering their qualifications, particularly concerning their comprehension of intricate business procedures and financial transactions. For the Board of Directors, We recommend scheduling mandatory meetings to strengthen governance periodically yearly, which independent commissioners attend. For the Financial Service Authority (OJK), We recommend establishing regulations regarding minimum competency requirements in accounting and finance for independent commissioners. Additionally, it is recommended that the Tax Authorities (DJP) consider the findings of this research in formulating future tax regulations that provide companies greater motivation to comply with tax law.

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