



The Role of Corporate Governance and Tax Risk in Indonesia Investor Response to Tax Avoidance and Tax Aggressiveness

Amrie Firmansyah

Department of Public Sector Accounting, Polytechnic of State Finance STAN

amrie@pknstan.ac.id

Wahyudi Febrian

Directorate General of Tax, Indonesia Ministry of Finance

wahyudifeb@gmail.com

Teza Deasvery Falbo

Adam Smith Bussiness School, University of Glasgow

2714396T@student.gla.ac.uk

Abstract

This study examines the effect of tax avoidance and tax aggressiveness on firm value. Besides, this study also analyzes the moderating role of tax risk and corporate governance in this relationship. This study employs secondary data from financial reports and stock price information at www.idnfinancials.com and www.yahoo.finance.com. The sample utilized in this study is Indonesian manufacturing companies from 2016 to 2019. Using purposive sampling, the sample obtained in the study is 260 observations. Data were analyzed employing multiple linear regression for panel data. This study suggests that tax avoidance is positively associated with firm value, while tax aggressiveness is negatively associated. Also, tax risk and corporate governance can reduce the positive effect of tax avoidance on firm value. Furthermore, tax risk and corporate governance can reduce the negative impact of tax aggressiveness on firm value. This study indicates that investors need to pay attention to companies' information to the public. Besides, the Financial Services Authority needs to improve governance policies for companies listed on the Exchange to support Indonesia's investors' protection.

Keywords: Tax, Avoidance, Aggressiveness, Protection, Governance

INTRODUCTION

Investment in the capital market is very attractive to investors because there are various options for issuers (Pocius et al., 2014). During the COVID-19 pandemic, the capital market was hit quite hard (Goodell, 2020). For the first quarter of 2020, the international capital market experienced a significant decline (Firmansyah, Febrian, et al., 2021). Most companies are still having a hard time surviving the impact of this pandemic (Firmansyah, Febrian, et al., 2021). The severity of the economic impact and the increasing systemic risk of countries worldwide has occurred (Zhang et al., 2020). Company risks in the affected countries, especially financial risks, need to be handled appropriately to ensure their continuity in the long term (Firmansyah, Utami, et al., 2020). An important way to help companies survive the crisis is to protect and maintain the firm value (Qiu et al., 2016).

Firm value plays an important role in obtaining business capital to carry out their business activities (Firmansyah, Setiawan, et al., 2020). For public companies, receiving a lot of investors interested in investing in their company is essential. Investors, creditors, and stakeholders need to make investment decisions to acquire capital gains and anticipate risks (Riny, 2018). It also reflects the company's prospects that can provide investors and creditors confidence to continue supporting capital inflows and debt. It lets the company manage them with the expectation of obtaining future profits from their operational activities. During the pandemic, it is increasingly important for companies to receive sufficient funds to run their businesses due to a decline in people's purchasing power (Haryanto, 2020).

Meanwhile, investment in the company becomes essential in obtaining a vital funding source. In addition, investor interest in the capital market can positively respond to the company's excellent public image. Thus, firm value plays a vital role in the future (Firmansyah, Husna, et al., 2021). Firm value reflecting the company's condition in the capital market is a measure for investors to invest in the company. Investors will undoubtedly choose companies with good prospects in the future to obtain investment benefits (Ihsani et al., 2021). Investor trust encourages capital inflows that are useful for companies in developing their business.

Firm value is a benchmark both for the management and the investor. It represents market performance that describes the company's success in ensuring investor trust. Investors consider firm value as an indicator of investing in a company. From the investor's perspective, the market performance suggests the company's performance in the capital market (Firmansyah & Ardi, 2020; Novianti & Firmansyah, 2020). Investors' response to the company's market performance shows that the manager's performance is in line with the interests of shareholders (Irawan & Turwanto, 2020). Therefore, a market performance that reflects firm value is still relevant to be examined, especially with the current problems.

Previously, firm value research has been carried out in the context of firm characteristics such as profitability (Apriliyanti et al., 2019; Christiani & Herawaty, 2019; Suwardika & Mustanda, 2017), firm size (Christiani & Herawaty, 2019; Suwardika & Mustanda, 2017), capital structure (Mudjijah et al., 2021; Suranto et al., 2017), company growth (Suwardika & Mustanda, 2017). Information related to company characteristics is information that investors can easily recognize. In addition, previous research has also studied firm value in terms of corporate management policies such as dividend policy (Apriliyanti et al., 2019; Arizki et al., 2019), debt policy (Apriliyanti et al., 2019; Bahrin et al., 2020), income smoothing (Novianti & Firmansyah, 2020), investment decisions (Apriliyanti et al., 2019), and derivative instruments (Firmansyah & Purnama, 2020; Novianti & Firmansyah, 2020), cash holding (Firmansyah, Setiawan, et al., 2020; Toly et al., 2019).

Management policy is an important issue related to the direction of management in terms of the company's future. In addition, the issue of disclosure is one of the concerns for investors, such as the disclosure of corporate social responsibility (Gaol et al., 2021; Hadi et al., 2021; Rahardjo & Murdani, 2016; M. A. I. Rahman et al., 2021), business risk (A. Rahman, 2019), intellectual capital (Gaol et al., 2021; Sirojudin & Nazaruddin, 2014), performance finance (Mudjijah et al., 2021; Rahardjo & Murdani, 2016), good corporate governance (Ararat et al., 2017; Budiyo & Wulansari, 2018; Fatimah et al., 2019).

Information received by investors can provide guidance and direction for making an investment decision in the capital market (Widodo & Firmansyah, 2021). The information provided by management to the public is closely related to investors' responses in the capital market (Widodo & Firmansyah, 2021). The information can be responded to positively as good news or negatively as bad news (Firmansyah & Herawaty, 2019). One of the information

provided by management to the public is tax avoidance activities carried out by the company. Although tax avoidance is an activity prohibited by the Government, from the investor's point of view, tax avoidance is interesting because there is a possibility that tax avoidance improves investors' wealth (Irawan & Turwanto, 2020; Widodo & Firmansyah, 2021). Anggita et al. (2019), Chen et al. (2014), and Muid (2017) found that tax avoidance is negatively associated with firm value. Meanwhile, Drake et al. (2019), Irawan & Turwanto (2020), Santana & Rezende (2016), and Widodo & Firmansyah (2021) concluded that tax avoidance is positively associated with firm value. On the other hand, Adityamurti & Ghozali (2017), Inanda et al. (2018), Kusumawardani & Suardana (2018), and Tarihoran (2016) concluded that tax avoidance does not affect firm value. Based on these studies, there are still inconsistencies in the results examining the effect of tax avoidance on firm value. Therefore, tax avoidance research needs to be reinvestigated.

This study aims to examine tax avoidance and tax aggressiveness on firm value. This study is different from the research conducted by Chen et al. (2014), Irawan & Turwanto (2020), Kurniawan & Syafruddin (2017), Widodo & Firmansyah (2021), which only examined tax avoidance on firm value. According to Lietz (2013), tax evasion is an activity that explicitly reduces corporate taxes, while tax aggressiveness is a tax planning activity that has great potential to generate tax audits because tax aggressiveness has an indication of non-compliance to tax rules, causing a higher possibility of tax audits (Lietz, 2013). In addition, Guenther et al. (2017) stated that tax aggressiveness is an action to reduce tax payments without being supported by applicable tax regulations, which can lead to potential tax authorities auditing, while tax avoidance is an act of reducing tax payments which tends to be supported by applicable tax regulations. Therefore, examining tax avoidance and tax aggressiveness on firm value is interesting research.

In addition, this study also employs tax risk and corporate governance as moderating variables in examining tax avoidance and tax aggressiveness on firm value. Tax risk is an internal risk to the company and is directly related to the potential loss of the company (Firmansyah & Muliana, 2018). Tax risk can come from several factors such as tax policy, corporate tax position, operational uncertainty, and different tax law (Blaufus et al., 2016). From the Government's point of view, there is a modification of tax regulations and technical fulfillment of tax obligations for companies that can lead to uncertainty in the tax climate. The company responded to changes in tax regulations by implementing specific policies such as tax avoidance. The impact of implementing this policy can create uncertainty in tax payments and corporate tax obligations (Firmansyah & Muliana, 2018). Companies can utilize tax risk, which is closely related to uncertainty in future tax payments and corporate tax obligations caused by company policies in responding to changes in the tax climate in influencing other managers' policies such as tax avoidance. Asymmetric information in agency theory indicates that managers may take advantage of tax uncertainty in company activities. Tax risk can cause the company to decrease its operational performance. It is in line with the findings of Drake et al. (2019), Novianti & Firmansyah (2020), and Widodo & Firmansyah (2021) that tax risk is negatively associated with firm value.

Furthermore, the corporate governance implementation encourages the company to align with shareholders' interests. It protects investors from management actions that harm investors' interests (La Porta et al., 2000; Shleifer & Vishny, 1997). Implementing corporate governance allows management to be disciplined through a supervisory mechanism to act according to shareholders' interests. Furthermore, Good corporate governance is a system that regulates and controls how the company works, which is expected to provide and increase

company value to shareholders (Firmansyah, Febrian, et al., 2021). Corporate governance performance can be seen from the company's leadership, internal control, and stakeholder rights (Firmansyah, Febrian, et al., 2021). Companies with good corporate governance are more likely to fulfill their obligations to all stakeholders and contribute to sustainable growth through adequate monitoring mechanisms. Governance disclosure serves as an analytical tool for investors to detect potential problems in corporate governance as early as possible so that investors can measure investment value and business risks effectively (Firmansyah, Febrian, et al., 2021).

This research contributes to the financial accounting literature, especially the literature that reviews tax avoidance and firm value. The results of this study can also be used to improve policies related to investor protection by the Indonesian Financial Services Authority. In addition, the results of this research can also be used by the Indonesian Financial Services Authority to coordinate with the Indonesian Tax Authority regarding tax avoidance activities that can harm investors and companies.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Signaling Theory

Financial statements are used to monitor or confirm economic events and transactions. According to (Godfrey et al., 2010), signaling theory explains how managers use accounts in financial statements to signal expectations and future goals. Signaling theory explains why companies need to provide financial statement information to external parties because there is information asymmetry between the company and other stakeholders. Companies know more about the company and its prospects than stakeholders such as investors and creditors. Brigham & Houston (2019) defined signaling theory as an action taken by management that can guide investors on how management views the company's prospects. Information released by the company is an essential element for investors because it represents past, current, and future conditions for companies' sustainability. Investors in the capital market need complete, relevant, accurate, and timely information as an analytical tool to make investment decisions. If the information published by management is good news, the market will generally react positively. On the other hand, if the information published is bad news, the market will react negatively. The accounting numbers reported by the company can be used as a signal if the numbers reflect information about the attributes of the company's decisions. When the company reports earnings to stakeholders, the market considers the company to provide complete details. Through those reports, investors can determine the company's actual performance to make the predictions more accurate.

Information provided by management to the public can be a positive or negative signal. As a result, this information can affect investor responses that determine the company's sustainability in the future. The information received by investors can be either explicit information in public documents that investors can read directly or public documents that need to be analyzed first. Therefore, this information can signal investors to decide whether to continue investing in the company or move their funds to other more profitable companies.

Hypotheses Development

Investors can use the information provided by the company in making decisions. This information is general information that the public can access, such as financial reports, annual reports, or other information available on the company's website. The information conveyed to the public may be a signal that is not necessarily in line with the perspectives of other parties. One of the things conveyed by the company to the public is the obligation to fulfill its tax

obligations to the government.

If responded positively by shareholders, tax avoidance activities indicate that these activities align with the interests of shareholders. Drake et al. (2019), Irawan & Turwanto (2020), Santana & Rezende (2016), and Widodo & Firmansyah (2021) proved that tax avoidance could increase firm value. These studies show that tax avoidance is a signal that investors respond positively to. Managers can plan their tax obligations to the government so that the profits earned by the company can be used in paying dividends.

Tax avoidance carried out by companies is considered harmful to the government in terms of state revenues. On the other hand, this activity can align the interests of managers and shareholders. Through this activity, managers have a role in fulfilling the interests of shareholders in paying dividends. In addition, the tax savings can be used as a basis for the company to conduct business development so that the company has a more significant opportunity to develop in the future.

H₁: Tax avoidance is positively associated with firm value

Investors may receive information not explicitly disclosed in company documents to the public. Tax activities can be viewed as a strategy to increase shareholder wealth or benefits managers. Certain managers' motives in documents published to the public result in a conflict of interests of shareholders. This condition results in information asymmetry that only benefits the interests of managers in the company. Tax aggressiveness can be considered a tax reduction activity that is more dangerous than tax avoidance by shareholders. Information on these activities can be responded to negatively by investors (Lietz, 2013).

Managers' tax aggressiveness actions are carried out in ways that are not easy for shareholders to distinguish. This action resulted in the manager's motives being different from the interests of shareholders. This activity results in information asymmetry between managers and shareholders. In addition, tax aggressiveness is considered harmful to the company because there is a potential for future tax disputes with the tax authorities.

H₂: Tax aggressiveness is negatively associated with firm value

Tax risk is all uncertainties related to taxes that cause companies to bear costs (Hutchens & Rego, 2017). When the manager exploits the tax risk for the manager's benefit, the company spends more costs. The tax risk that managers use in tax avoidance activities is no longer a strategy that aligns the interests of shareholders. As a result, this condition triggers information asymmetry between managers and shareholders. Managers use the presence of tax risk not to support tax-saving strategies. Therefore, managers' use of tax risk resulted in the strategy of giving dividends to shareholders and developing the company's business in the future. Drake et al. (2019) and Widodo & Firmansyah (2021) proved that tax risk is negatively associated with firm value. The use of tax risk no longer harmonizes tax avoidance actions to benefit shareholders and the company in the future.

H₃: Tax risk reduces the positive effect of tax avoidance on firm value

Novianti & Firmansyah (2020) stated that tax risk could reduce firm value. In the company's operating activities, managers can use their discretion in determining accounting policy. One of the discretion applied by the manager is the act of tax aggressiveness. This action is riskier than tax avoidance. The existence of tax risk managers responding to managers in their operating activities causes tax aggressiveness to become dangerous because the discretion used by managers is higher to encourage more significant asymmetric information. Therefore, the tax risk exploited by managers in tax aggressiveness can worsen the company's image in investors' view. In addition, managers' tax risk causes companies to be more concerned about tax disputes with the government.

H₄: Tax risk reduces the negative effect of tax aggressiveness on firm value

Corporate governance is an implementation in reducing information asymmetry between managers and shareholders. Tax avoidance may be considered a good thing for investors (Drake et al., 2019; Widodo & Firmansyah, 2021). In terms of implementing corporate governance, the application of tax avoidance is not necessarily a long-term strategy that can maximize shareholder wealth. Supposedly, managers use more strategies other than tax avoidance in aligning the interests of shareholders. Although tax avoidance activities do not violate the provisions of laws and regulations related to taxation and financial accounting standards, tax avoidance is still considered inappropriate in meeting the interests of shareholders. Corporate governance implemented by managers is expected to re-establish that tax avoidance is not the best strategy for increasing company wealth. In addition, corporate governance can increase transparency and accountability for the information provided by the company to the public.

H₅: Corporate governance reduces the positive effect of tax avoidance on firm value

Corporate governance is a system that is expected to increase the transparency of information published by the company to shareholders (Shleifer & Vishny, 1997). A conflict of interest between managers and shareholders causes managers to use more information for personal gain. However, the implementation of corporate governance can control managers' motives that are not in line with the interests of shareholders (Shleifer & Vishny, 1997). Tax aggressiveness is suspected to be used more by managers in meeting their personal needs. Tax aggressiveness information cannot be identified explicitly by holders based on data and documents provided by managers to the public. Tax aggressiveness actions need to be considered from the point of view of reducing tax aggressiveness activities that impact inadequate response. Corporate Governance encourages managers to reduce their tax aggressiveness activities and increase investor confidence in the performance and activities of managers.

H₆: Corporate governance reduces the negative effect of tax aggressiveness on firm value

RESEARCH METHOD

This study examines the effect of the independent variable on the dependent variable using multiple linear regression analysis. The data used includes data on the financial statements of manufacturing companies listed on the IDX from 2012 to 2019. The data is obtained from the IDX official website, the company's official website, and other capital market sites. This study employs manufacturing companies because they have a financial structure that reflects the general capital structure and does not use special tax rates. In addition, the manufacturing sector is the sector with the most considerable tax contribution and includes the most companies compared to other industries. This study uses an observation period from 2016 because it is under the effective implementation of the Corporate Governance Guidelines based on SE OJK Number 32 of 2015.

The sample is determined using a non-random sampling technique (purposive sampling) by setting a sample based on particular objectives and criteria to obtain the desired information. The research sample was taken using the following criteria.

Table 1. Research Sample

Criteria	Amount
Companies listed on the IDX as of June 2021	739
Companies listed on the IDX after January 1, 2012	-297
Manufacturing/industrial sector companies	-303
Companies with negative profit before tax	-70

Companies that have incomplete data	-4
Number of Companies that can be used in research	65
Year	4
Total observations	260

Source: processed

The dependent variable in this study is firm value. To measure firm value, this study uses Tobin's Q as follows Firmansyah & Purnama (2020), Widodo & Firmansyah (2021).

$$\text{Tobin's Q} = \frac{\text{Market Capitalization} + \text{Total Liabilities}}{\text{Total Assets}}$$

This study has two independent variables, namely tax avoidance and tax aggressiveness. Tax avoidance is measured using the CETR. Ferdiawan & Firmansyah (2017) explained that Cash ETR reflects worldwide tax expense and is not affected by changes in the accrual basis. CETR is an appropriate measurement for tax avoidance. The CETR value is the opposite of tax avoidance. If the cash ETR is low, the tendency for tax avoidance is high, and vice versa. Calculation of CETR using the proxy used by Ferdiawan & Firmansyah (2017), Firmansyah & Muliana (2018), Hutchens et al. (2020) is as follows:

$$\text{CETR} = \frac{\text{cash tax paid}}{\text{earning before income tax}}$$

Tax aggressiveness is measured using DTAX. DTAX is the residual of the PERMDIFF equation. (Lietz, 2013) explains that tax sheltering in an aggressive way to avoid taxes often creates a permanent book-tax difference, making the permanent book-tax difference closely related to corporate tax planning and is useful for measuring tax aggressiveness. The permanent book-tax difference in this study is calculated using the proxy used by Rachmawati & Martani (2017) as follows:

$$\text{PERMDIFF}_{it} = \alpha_0 + \alpha_1 \text{INTANG}_{it} + \alpha_2 \Delta \text{NOL}_{it} + \alpha_3 \text{LAGPERM}_{it} + \varepsilon_{it}$$

Where:

- PERMDIFF_{it} = total book-tax difference minus temporary book-tax difference = [book profit before tax - (tax expense/tax rate)] - (deferred tax expense/tax rate)]
- INTANG_{it} = Goodwill and other intangible assets of the company i in year t.
- ΔNOL_{it} = change in the company's net operating loss carryforward in year t to the previous year
- LAGPERM_{i,t} = The total difference in commercial and fiscal profit minus temporary company difference i in year t-1 or PERMDIFF of the previous year.
- ε_{i,t} = the permanent discretionary difference of company i in t (DTAX_{i,t})

This study employs tax risk and corporate governance as moderating variables. The tax risk proxy in this study uses Cash ETR volatility as Firmansyah & Muliana (2018) and Guenther et al. (2017). Firmansyah & Muliana (2018) explained that cash ETR volatility accommodates the forecasting of future after-tax income so that a better test of company risk can be carried out.

$$\text{CETR Volatility} = \text{STDEV} (\text{CETR}_{it-4} + \text{CETR}_{it-3} + \text{CETR}_{it-2} + \text{CETR}_{it-1} + \text{CETR}_{it})$$

Where:

- CETR Volatility = standard deviation of firm i's cash ETR for 5 years
- STDEV = standard deviation
- CETR = cash ETR of company i in year t

The corporate governance in this study uses a variable measured by developing an index consisting of five main measurement dimensions according to the principles of corporate

governance issued by the OJK, SE OJK Number 32 of 2015, composed of five main aspects. This study's measurement of corporate governance refers to Firmansyah, Febrian, et al. (2021), and Putri et al. (2020). The index is made by reducing the five principal dimensions to form an index with a score of 1 if it meets and 0 if it does not meet. The checklist is then calculated and averaged to create a value of 0 to 1. Thus, the governance formula can be briefly stated as follows.

$$CG = \frac{\text{number of criteria is met}}{\text{total criteria}}$$

This study employs three control variables: leverage, profitability, and firm size. Leverage is the total debt ratio divided by total assets, as Goh et al. (2016) and Kovermann (2018). Furthermore, profitability suggests its ability to utilize its total assets, measured by return on assets (ROA) as Febriyanto & Firmansyah (2018) and Goh et al. (2016). In contrast, the company's size is the size of a company considered from the size of the assets owned by the company. Firm size in this study is proxied as follows Firmansyah & Muliana (2018), Guenther et al. (2017), Hatane et al. (2019), and Hutchens & Rego (2017), which is the natural logarithm of the company's assets.

To test the six hypotheses, this study uses two models. The first model investigates the relationship between firm value, tax aggressiveness, tax avoidance, and tax risk. The following equation shows the first model.

$$TobinsQ_{it} = \beta_0 + \beta_1CETR_{it} + \beta_2DTAX_{it} + \beta_3TRISK_{it} + \beta_4CETR_{it} * TRISK_{it} + \beta_5DTAX_{it} * TRISK_{it} + \beta_6SIZE_{it} + \beta_7LEV_{it} + \beta_8ROA_{it} + \epsilon_{it} \dots \dots \dots (1)$$

The second model investigates the relationship between firm value, tax aggressiveness, tax avoidance, and corporate governance. The following equation shows the second model.

$$TobinsQ_{it} = \beta_0 + \beta_1CETR_{it} + \beta_2DTAX_{it} + \beta_3TCG_{it} + \beta_4CETR_{it} * CG_{it} + \beta_5DTAX_{it} * CG_{it} + \beta_6SIZE_{it} + \beta_7LEV_{it} + \beta_8ROA_{it} + \epsilon_{it} \dots \dots \dots (2)$$

where:

- TobinsQ_{it} = firm value i year t
- CETR_{it} = tax avoidance at the company i year t
- DTAX_{it} = tax aggressiveness on the company I year t
- TRISK_{it} = tax risk on the company i year t
- CG_{it} = corporate governance at the company I year t
- SIZE_{it} = firm size at the company i year t
- LEV_{it} = leverage at the company i year t
- ROA_{it} = profitability at the company i year t

RESULTS AND DISCUSSIONS

Descriptive statistics in this study are shown by using the mean, median, standard deviation, maximum and minimum values. The summary of this study's descriptive statistical analysis results is shown in table 2.

Table 2. Descriptive statistics

	TOBINSQ	CETR	DTAX	ROA	SIZE	LEV	TRISK	CG
Mean	2,1364	0,3940	0,0002	0,0839	28,9170	0,8217	0,2637	0,7089
Median	1,1528	0,2706	-0,0006	0,0568	28,6714	0,5766	0,1046	0,7200
Max.	21,416	5,7256	0,1970	0,9209	33,4945	4,1897	4,2943	1,0000
Min.	0,3633	0,0000	-0,0741	2,9500	25,7957	0,0005	0,0066	0,2800
StdDev	3,0048	0,5090	0,0219	0,0996	1,6134	0,7078	0,5739	0,1963

Source: Processed

Furthermore, the test is carried out using panel data, with a fixed-effect model (FEM) in both model 1 and model 2. The summary of the results of hypothesis testing is as follows:

Table 3
Hypothesis Examination Results

Var.	Model 1			Model 2				
	Coeff.	T-Stat.	Prob.	Coeff.	T-Stat.	Prob.		
C	22.677	13.123	0.000 ***	21.133	12.863	0.000 ***		***
CETR	-0.211	-3.311	0.000 ***	-0.465	-2.752	0.003 ***		***
DTAX	-4.091	-4.623	0.000 ***	-10.431	-6.040	0.000 ***		***
TRISK	-0.240	-1.772	0.039 **					
CG				-0.470	-4.559	0.000 ***		***
ROA	1.349	2.692	0.003 ***	1.296	3.038	0.001 ***		***
LEV	-0.066	-1.262	0.104	-0.072	-1.531	0.063 *		*
SIZE	-0.708	-11.872	0.000 ***	-0.646	-11.304	0.000 ***		***
CETR*TRISK	0.186	3.396	0.000 ***	0.567				
DTAX*TRISK	7.270	2.103	0.018 **	12.631				
CETR*CG				2.784	2.784	0.003 ***		***
DTAX*CG				4.702	4.702	0.000 ***		***
R ²	0.980			0.985				
Adj. R ²	0.972			0.980				
F-stat.	130.365			181.743				
Prob(F-stat.)	0.000			0				

Notes: ***) significance level at 1%, **) significance level at 5%, *) significance level at 10%

The Effect of Tax Avoidance on Firm Value

Hypothesis testing in this study suggests that CETR has a negative effect on firm value. This test proves that tax avoidance has a positive impact on firm value. The results of this study is in line with Desai & Dharmapala (2009), Drake et al. (2019), Irawan & Turwanto (2020), Widodo & Firmansyah (2021). From the point of view of signaling theory, the company's management provides certain policy information to external parties such as investors to be used as a tool for consideration in investing. Management can provide information that shows a positive signal that the company has good performance with efficient operating activities. Investors will use the information received as an indicator in assessing specific policies taken by the company. Information related to net income is one of the main focuses of management to attract investors. Therefore, management will carry out various policies to increase net income, including tax efficiency strategies to reduce tax costs.

Tax avoidance is an excellent strategy to maximize the firm value taken by management (Irawan & Turwanto, 2020). Tax avoidance allows management to reduce tax costs to obtain profits optimally. Lower tax costs and higher profits allow companies to pay higher dividends to investors. High dividends encourage investors to invest their funds and trigger new investments to increase stock prices and increase firm value (Tarihoran, 2016).

This study proves that tax avoidance is not considered harmful to investors. Investors assume tax avoidance as a policy that can increase the firm value. Companies that carry out tax efficiency by avoiding tax are considered more valuable by investors (Drake et al., 2019). Investors view tax avoidance as a positive signal given by managers indicating that managers carry out activities that support the interests of investors. Investors perceive that tax avoidance is a policy with a low potential concerning tax disputes with the government. Such action can enhance the interests of shareholders and the company in the future.

The Effect of Tax Aggressiveness on Firm Value

The result of hypothesis testing indicates that tax aggressiveness has a negative effect on firm value. This test suggests tax aggressiveness is closer to activities that can harm the company in the future. This action is not in line with the investors' interest because this action is only suspected to be in the manager's interests.

Tax aggressiveness allows the company to reduce tax liability, increase cash flow, and increase net income after tax. However, tax aggressiveness can also result in high costs to companies (Rego & Wilson, 2012). In addition, this action is riskier related to tax disputes between companies and the government, so the impact of tax aggressiveness can threaten the company's going concern. Tax aggressiveness is closely associated with the manager's unilateral policy that does not pay attention to the interests of investors to maximize wealth. Therefore, the action was responded to negatively by investors.

Tax aggressiveness forces companies to invest substantial resources such as fees paid to accountants and lawyers and long planning and completing audits conducted by tax authorities. Costs can increase significantly if the tax authorities successfully reveal the company's aggressive tax policies. Interest costs and penalties paid by companies to tax authorities tend to be greater than the tax savings initially generated by aggressive tax transactions (Wilson, 2009). Companies can bear reputational costs so that tax aggressiveness that becomes public knowledge will negatively affect investors' assessment of firm value (Hanlon & Slemrod, 2009).

The Role of Tax Risk in Reducing the Positive Effect of Tax Avoidance on Firm Value

The test result suggests that tax risk weakens the positive effect of tax avoidance on firm value. It is different from Drake et al. (2019), Firmansyah & Muliana (2018), and Irawan & Turwanto (2020). Tax risk exposes uncertainty in tax payments and tax obligations for companies. Investors respond to tax avoidance that has been revealed by risk to encourage management's motives to earn more profits. Managers who take advantage of this condition in tax avoidance become riskier and are not in line with investors' interests.

Self-serving managers will engage in tax avoidance activities only to take tremendous advantage of their discretion (Santana & Rezende, 2016). Thus managers will transfer all potential to the company for their benefit. On the other hand, investors will only receive the final impact of the manager's high-risk tax avoidance actions. This condition makes tax avoidance with risks will be the attention of investors. Investors will respond to this policy by avoiding it so that the company's value will tend to fall (Santana & Rezende, 2016).

Tax avoidance is an action that investors appreciate when it is done to maximize net profit. However, tax avoidance is viewed negatively by investors if tax avoidance has a risk that reduces the firm value. Tax risk that managers exploit can increase the more significant costs borne by the company. Managers who take advantage of tax risk in tax avoidance are no longer considered in line with investors' perspectives.

The Role of Tax Risk in Reducing the Negative Effect of Tax Aggressiveness on Firm Value

The test result indicates that tax risk weakens the negative effect of tax aggressiveness on firm value. Like tax avoidance measures, tax aggressiveness benefits maximizing the tax position. Tax aggressiveness can reduce tax debt, increase cash inflows and increase after-tax profits (Lietz, 2013). However, tax aggressiveness also creates tax risks which result in high potential costs for companies. Tax aggressiveness causes companies to spend more resources such as fees to pay accounting staff and lawyers and a longer time to resolve disputes when the tax authorities' investigation is carried out (Rego & Wilson, 2012). Managers who take advantage of tax risk result in tax aggressiveness, exacerbating the impact of these activities in investors' view.

Based on the previous discussion, tax aggressiveness proved to be considered negatively by investors. The existence of tax risk in tax aggressiveness to maximize its profits worsens the company's value in investors' view. Tax aggressiveness, which is full of tax risk, raises high costs, the potential for audits by the tax authorities, and public opinion to affect investors' assessment of a company (Hanlon & Slemrod, 2009). As a result, managers must consider tax policies that involve much uncertainty. Managers who avoid risk tend to take less risky tax planning actions given the tax risk. This condition reduces tax aggressiveness actions taken by managers when there is uncertainty in these actions, thereby reducing the negative assessment of investors on the company's value compared to companies that take tax aggressive actions without involving tax risk.

The Role of Corporate Governance in Reducing the Positive Effect of Tax Avoidance on Firm Value

Hypothesis testing indicates that corporate governance weakens the positive effect of tax avoidance on firm value. Governance is a series of processes, habits, policies, rules, and institutions that influence directing, managing, and controlling a corporation. Corporate governance, in general, is a set of mechanisms for investors to protect themselves from management actions that are not in the interests of investors (La Porta et al., 2000). Shareholders want to be convinced that the company's management, as an agent, acts in the interests of shareholders as principals and presents essential information in financial statements through corporate governance (Siagian et al., 2013).

Corporate governance regulates activities carried out by managers, which can reduce information asymmetry between managers and shareholders. Tax avoidance is considered to align the interests between managers and shareholders. However, the implementation of corporate governance prioritizes transparency and accountability, not just prioritizing strategies that are not necessarily appropriate, as in tax avoidance. Corporate governance can also be reflected in the financial statements used for investors and every company stakeholder. The provision of financial reports is not only for specific purposes. However, it shows that the implementation of corporate governance results in providing financial statements with integrity to ensure the information in the financial statements.

With corporate governance, tax avoidance is no longer considered the primary strategy in meeting the needs of shareholders' investment and improving the company's business. The company can have other actions and strategies to meet the interests of shareholders and the company's business in the future. Good governance can also integrate all elements of the company to be better from various perspectives of the company and stakeholders.

The Role of Corporate Governance in Reducing the Positive Effect of Tax Aggressiveness on Firm Value

The test result indicates that corporate governance weakens the negative effect of tax aggressiveness on firm value. Corporate governance can reduce the manager's discretion in using the authority that only benefits managers (Shleifer & Vishny, 1997). One of the manager's authorities is to carry out tax aggressiveness. This action is closely related to the managers' motives in using their discretion to carry out tax aggressiveness. Information asymmetry makes it easier for managers to use their authority in activities aligned with their motives, one of which is tax aggressiveness.

The implementation of good governance can minimize the actions of managers that are not in line with the interests of shareholders, such as tax aggressiveness. Managers can act with more integrity and transparency rather than prioritizing their interests. The implementation of good governance can integrate corporate strategies and policies related to the interests of

shareholders and the company's sustainability in the future. This study proves that governance has a role in minimizing the opportunistic actions of managers that are not in line with the interests of shareholders.

CONCLUSIONS

Tax avoidance which is considered harmful to external stakeholders, especially the government, is regarded by investors as a manager's strategy in aligning the interests of shareholders or investors. Although this activity is closely related to reducing corporate tax payments to the government, this activity is one of the managers' strategies through accounting data to increase shareholder wealth. Therefore, tax avoidance is considered a positive signal for investors. In contrast to tax avoidance, tax aggressiveness is considered by investors to have led to tax evasion, so investors believe this activity to have threatened the sustainability of the company in the future if it experiences a dispute with the tax authorities. This action is one of the manager's actions that are not in line with the investor's perspective so that investors will respond to tax aggressiveness information as negative information. Tax risk, which is more dominated by the company's external factors, if used by managers, will result in a different response from investors because managers who take advantage of tax loopholes in tax avoidance are no longer in line with the interests expected by investors. This strategy is no longer in line with the interests of investors. Likewise, tax risk exploited by managers will worsen investor responses to tax aggressiveness activities that managers have carried out.

Furthermore, corporate governance can locate investors' awareness of tax avoidance which is not necessarily the best strategy for managers in increasing shareholder wealth. The implementation of good governance results in investors being more responsive to other safer corporate methods without dealing directly with the tax authorities in Indonesia. In addition, the implementation of good governance can reduce aggressive activities that are not in line with the interests of shareholders and threaten the company's sustainability in the future. The implementation of corporate governance by the company encourages transparency and accountability in the company's management so that information asymmetry between managers and shareholders can be minimized.

The results of this study cannot generalize the test results for all companies in Indonesia. Using the CG index using SE OJK cannot be separated from the author's subjectivity. Future research can use other company data to compare the results of this study. This research indicates that investors should pay more attention to the activities carried out by companies that do not necessarily support the interests of investors. This research also suggests that the Indonesian Financial Services Authority constantly improves its corporate governance policies to reinforce investor protection in the Indonesian capital market.

REFERENCES

- Adityamurti, E., & Ghozali, I. (2017). Pengaruh Penghindaran Pajak dan Biaya Agensi terhadap Nilai Perusahaan. *Diponegoro Journal of Accounting*, 6(3), 1–12.
- Anggita, M. A., Putri, T. E., & Kurniawan, A. (2019). The effect of tax avoidance, earnings management and political connection on corporate social responsibility disclosure: Indonesian manufacturing companies evidence. *ACCRUALS (Accounting Research Journal of Sutaatmadja)*, 3(2), 212–225. <https://doi.org/10.35310/ACCRUALS.V3I2.116>
- Apriliyanti, V., Hermi, H., & Herawaty, V. (2019). Pengaruh kebijakan hutang, kebijakan dividen, profitabilitas, pertumbuhan penjualan dan kesempatan investasi terhadap nilai

- perusahaan dengan ukuran perusahaan sebagai variabel moderasi. *Jurnal Magister Akuntansi Trisakti*, 6(2), 201. <https://doi.org/10.25105/jmat.v6i2.5558>
- Ararat, M., Black, B. S., & Yurtoglu, B. B. (2017). The effect of corporate governance on firm value and profitability: Time-series evidence from Turkey. *Emerging Markets Review*, 30, 113–132. <https://doi.org/10.1016/j.ememar.2016.10.001>
- Arizki, A., Masdupi, E., & Zulvia, Y. (2019). Pengaruh Keputusan Investasi, Keputusan Pendanaan, Dan Kebijakan Dividen Terhadap Nilai Perusahaan. *Jurnal Kajian Manajemen Dan Wirausaha*, 1(1), 73–82. <https://doi.org/10.37301/jkaa.v0i0.5122>
- Bahrin, M. F., Tifah, T., & Firmansyah, A. (2020). Pengaruh keputusan pendanaan, keputusan investasi, kebijakan dividen, dan arus kas bebas terhadap nilai perusahaan. *Jurnal Ilmiah Akuntansi Kesatuan*, 8(3), 263–276. <https://doi.org/10.37641/jiakes.v8i3.358>
- Blaufus, K., Hundsdoerfer, J., Jacob, M., & Sünwoltd, M. (2016). Does legality matter? The case of tax avoidance and evasion. *Journal of Economic Behavior and Organization*, 127, 182–206. <https://doi.org/10.1016/j.jebo.2016.04.002>
- Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management*. Cengage Learning.
- Budiyono, B., & Wulansari, F. A. (2018). Good corporate governance management on corporate values (empirical study on chemical companies listed on the Indonesia Stock Exchange Period 2013-2015). *International Journal of Economics, Business and Accounting Research*, 2(1), 46–56. <http://jurnal.stie-aas.ac.id/index.php/IJEBAR/article/view/301>
- Chen, X., Hu, N., Wang, X., & Tang, X. (2014). Tax avoidance and firm value: evidence from China. *Nankai Business Review International*, 5(1), 25–42. <https://doi.org/10.1108/NBRI-10-2013-0037>
- Christiani, L., & Herawaty, V. (2019). Pengaruh kepemilikan manajerial, komite audit, leverage, profitabilitas, dan ukuran perusahaan terhadap nilai perusahaan dengan manajemen laba sebagai variabel moderasi. *Seminar Nasional Cendekiawan*, 5(2), 2.35.1-1.35.7. <https://doi.org/10.25105/semnas.v0i0.5824>
- Desai, M. A., & Dharmapala, D. (2009). *Corporate tax avoidance and firm value*. 91(August), 537–546.
- Drake, K. D., Lusch, S. J., & Stekelberg, J. (2019). Does tax risk affect investor valuation of tax avoidance? *Journal of Accounting, Auditing and Finance*, 34(1), 151–176. <https://doi.org/10.1177/0148558X17692674>
- Fatimah, F., Mardani, R. M., & Wahono, B. (2019). Pengaruh good corporate governance terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel intervening (studi kasus pada perusahaan manufaktur subsektor barang). *E-Jurnal Riset Manajemen Prodi Manajemen*, 8(15), 51–69. <http://riset.unisma.ac.id/index.php/jrm/article/view/4449>
- Febriyanto, A. S., & Firmansyah, A. (2018). The effects of tax avoidance, accrual earnings management, real earnings management, and capital intensity on the cost of equity. *Jurnal Dinamika Akuntansi*, 10(1), 40–50. <https://doi.org/10.15294/jda.v10i1.12976>
- Ferdiawan, Y., & Firmansyah, A. (2017). Pengaruh political connection, foreign activity, dan, real earnings management terhadap tax avoidance. *Jurnal Riset Akuntansi Dan Keuangan*, 5(3), 1601–1624. <https://doi.org/10.17509/jrak.v5i3.9223>
- Firmansyah, A., & Ardi, A. K. (2020). Related party transactions, supply chain and cost management on firm's value: Evidence from Indonesia. *International Journal of Supply*

- Chain Management*, 9(3), 1201–1209. <http://ojs.excelingtech.co.uk/index.php/IJSCM/article/view/5026>
- Firmansyah, A., Febrian, W., Jadi, P. H., Husna, M. K., & Putri, M. A. (2021). Respon investor atas tanggung jawab sosial tata kelola perusahaan di Indonesia: perspektif resource based view. *E-Jurnal Akuntansi*, 31(8), 1918–1935. <https://doi.org/10.24843/EJA.2021.v31.i08.p04>
- Firmansyah, A., & Herawaty, V. (2019). Do artificial and real income smoothing increase earnings informativeness equivalently in Indonesia? *South East Asia Journal of Contemporary Business, Economics and Law*, 18(5), 95–101. https://seajbel.com/wp-content/uploads/2019/04/seajbel5-VOL18_235.pdf
- Firmansyah, A., Husna, M. C., & Putri, M. A. (2021). Corporate social responsibility disclosure, corporate governance disclosures, and firm value in Indonesia chemical, plastic, and packaging sub-sector companies. *Accounting Analysis Journal*, 10(1), 9–17. <https://doi.org/10.15294/aaj.v10i1.42102>
- Firmansyah, A., & Muliana, R. (2018). The effect of tax avoidance and tax risk on corporate risk. *Jurnal Keuangan Dan Perbankan*, 22(4), 643–656. <https://doi.org/10.26905/jkdp.v22i4.2237>
- Firmansyah, A., & Purnama, E. B. D. (2020). Do derivatives instruments ownership decrease firm value in Indonesia? *Riset Akuntansi Dan Keuangan Indonesia*, 5(1), 1–9. <https://doi.org/10.23917/reaksi.v5i1.9817>
- Firmansyah, A., Setiawan, T. A., & Fathurahman, F. (2020). Nilai perusahaan: kebijakan utang, good corporate governance, cash holding. *Jurnal Akuntansi Dan Bisnis*, 20(2), 237. <https://doi.org/10.20961/jab.v20i2.568>
- Firmansyah, A., Utami, W., Umar, H., & Mulyani, S. D. (2020). Do derivative instruments increase firm risk for Indonesian non-financial companies? *International Journal of Business, Economics and Management*, 7(2), 81–95. <https://doi.org/10.18488/journal.62.2020.72.81.95>
- Gaol, G. A. L., Firmansyah, A., & Irawati, A. D. (2021). Intellectual capital, corporate social responsibility, and firm value in Indonesia's banking industries. *Jurnal Riset Akuntansi Terpadu*, 14(1), 76–87. <https://doi.org/110.35448/jrat.v14i1.10229>
- Godfrey, J., Hodgson, A., Tarca, A., Hamilton, J., & Holmes, S. (2010). *Accounting theory*. John Wiley & Sons Australia.
- Goh, B. W., Lee, J., Lim, C. Y., & Shevlin, T. (2016). The effect of corporate tax avoidance on the cost of equity. *The Accounting Review*, 91(6), 1647–1670. <https://doi.org/10.2308/accr-51432>
- Goodell, J. W. (2020). COVID-19 and finance: Agendas for future research. *Finance Research Letters*, 35, 1–5. <https://doi.org/10.1016/j.frl.2020.101512>
- Guenther, D. A., Matsunaga, S. R., & Williams, B. M. (2017). Is tax avoidance related to firm risk? *Accounting Review*, 92(1), 115–136. <https://doi.org/10.2308/accr-51408>
- Hadi, N., Sheila, S., Firmansyah, A., & Trisnawati, E. (2021). Respon pasar atas pengungkapan keberlanjutan pada perusahaan perbankan di Indonesia: peran ukuran perusahaan. *Bina Ekonomi*, 25(2), 97–111. <https://doi.org/10.26593/be.v25i2.5339.97-111>
- Hanlon, M., & Slemrod, J. (2009). What does tax aggressiveness signal? Evidence from stock price reactions to news about tax shelter involvement. *Journal of Public Economics*, 93(1–2), 126–141. <https://doi.org/10.1016/j.jpubeco.2008.09.004>

- Haryanto, H. (2020). Dampak Covid-19 terhadap pergerakan nilai tukar rupiah dan indeks harga saham gabungan (IHSG). *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, 4(2), 151–165. <https://doi.org/10.36574/jpp.v4i2.114>
- Hatane, S. E., Supangat, S., Tarigan, J., & Jie, F. (2019). Does internal corporate governance mechanism control firm risk? Evidence from Indonesia's three high-risk sectors. *Corporate Governance*, 19(6), 1362–1376. <https://doi.org/10.1108/CG-02-2019-0071>
- Hutchens, M., & Rego, S. (2017). Tax risk and cost of equity capital. *Journal of Chemical Information and Modeling*, 53(9), 1689–1699.
- Hutchens, M., Rego, S. O., & Williams, B. (2020). Tax avoidance, uncertainty, and firm risk. In *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3348559>
- Ihsani, M. A., Firmansyah, A., & Estutik, R. S. (2021). Market response to companies sustainability disclosure and environmental performance in Indonesia. *Jurnal Dinamika Akuntansi Dan Bisnis*, 8(2), 197–214. <https://doi.org/10.24815/jdab.v8i2.21630>
- Inanda, T. U., Suranta, E., & Midiastuty, P. P. (2018). Pengaruh penghindaran pajak terhadap nilai perusahaan yang dimoderasi oleh corporate governance dan kepemilikan mayoritas. *Jurnal Akuntansi*, 12(2), 126–145. <https://doi.org/10.25170/jara.v12i2.85>
- Irawan, F., & Turwanto, T. (2020). The effect of tax avoidance on firm value with tax risk as moderating variable. *Test Engineering and Management*, 83(March-April), 9696–9707. <https://www.testmagazine.biz/index.php/testmagazine/article/view/5365/4340>
- Kovermann, J. H. (2018). Tax avoidance, tax risk and the cost of debt in a bank-dominated economy. *Managerial Auditing Journal*, 33(8–9), 683–699. <https://doi.org/10.1108/MAJ-12-2017-1734>
- Kurniawan, A., & Syafruddin, M. (2017). Pengaruh penghindaran pajak terhadap nilai perusahaan dengan variabel moderasi transparansi. *Diponegoro Journal of Accounting*, 6(4), 94–103. <https://ejournal3.undip.ac.id/index.php/accounting/article/view/18199>
- Kusumawardani, K. W., & Suardana, I. B. R. (2018). Corporate social responsibility, leverage, profitabilitas, penghindaran pajak dan nilai perusahaan : bagaimana keterkaitannya? *Jurnal Manajemen Dan Bisnis*, 15(1), 15–18. <https://doi.org/10.38043/jmb.v15i2.587>
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58(1–2), 3–27. <https://doi.org/10.4324/9780203940136>
- Lietz, G. (2013). Tax avoidance vs tax aggressiveness: A unifying conceptual framework. In *Working Paper*. <https://doi.org/10.2139/ssrn.2363828>
- Mudjijah, S., Khalid, Z., & Astuti, D. A. S. (2021). Pengaruh kinerja keuangan dan struktur modal terhadap nilai perusahaan yang dimoderasi variabel ukuran perusahaan. *Jurnal Akuntansi Dan Keuangan*, 8(1), 41–56. <https://journal.budiluhur.ac.id/index.php/akeu/article/view/839>
- Muid, D. (2017). Analisis pengaruh tata kelola perusahaan dan penghindaran pajak terhadap nilai perusahaan. *Diponegoro Journal of Accounting*, 6(3), 1–15. <https://ejournal3.undip.ac.id/index.php/accounting/article/view/19273>
- Novianti, T., & Firmansyah, A. (2020). The effect of tax risk, hedging, income smoothing, and cash flow volatility on firm value. *Test Engineering and Management*, 83(April), 9675–9686. <https://www.testmagazine.biz/index.php/testmagazine/article/view/5362>
- Pocius, V., Stungurienė, S., & Paškevičius, A. (2014). The factors of the attractiveness of the

- capital market of Lithuania. *Procedia - Social and Behavioral Sciences*, 110, 1052–1062. <https://doi.org/10.1016/j.sbspro.2013.12.952>
- Putri, M. M., Firmansyah, A., & Labadia, D. (2020). Corporate social responsibility disclosure, good corporate governance, firm value: evidence from Indonesia's food and beverage companies. *The Accounting Journal of Binaniaga*, 5(2), 113. <https://doi.org/10.33062/ajb.v5i2.398>
- Qiu, Y., Shaukat, A., & Tharyan, R. (2016). Environmental and social disclosures: Link with corporate financial performance. *British Accounting Review*, 48(1), 102–116. <https://doi.org/10.1016/j.bar.2014.10.007>
- Rachmawati, N. A., & Martani, D. (2017). Book-tax conformity level on the relationship between tax reporting aggressiveness and financial reporting aggressiveness. *Australasian Accounting, Business and Finance Journal*, 11(4), 86–101.
- Rahardjo, B. T., & Murdani, R. (2016). Pengaruh kinerja keuangan dan pengungkapan corporate social responsibility terhadap nilai perusahaan (studi kasus pada perusahaan bumh yang terdaftar di BEI tahun 2010-2014). *Jurnal Akuntansi Dan Bisnis Krisnadwipayana*, 3(01), 1–9. <https://doi.org/10.35137/jabk.v3i01.54>
- Rahman, A. (2019). Pengaruh pertumbuhan perusahaan, risiko bisnis terhadap struktur modal dan nilai perusahaan pada industri perbankan di Bursa Efek Indonesia sebelum dan sesudah krisis global. *Jurnal Manajemen Dan Akuntansi*, 25(1), 114–129. <http://triatmamulya.ejurnal.info/index.php/triatmamulya/article/view/129>
- Rahman, M. A. I., Domas, Z. K. S., & Firmansyah, A. (2021). Hubungan pengungkapan keberlanjutan dan nilai perusahaan : kasus perusahaan sub sektor perbankan di Indonesia. *Jurnalku*, 1(4), 390–399. <https://doi.org/10.54957/jurnalku.v1i4.105>
- Rego, S. O., & Wilson, R. (2012). Equity risk incentives and corporate tax aggressiveness. *Journal of Accounting Research*, 50(3), 775–810. <https://doi.org/10.1111/j.1475-679X.2012.00438.x>
- Riny, R. (2018). Analisis faktor yang mempengaruhi nilai perusahaan pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia. *Jurnal Wira Ekonomi Mikroskil*, 8(2), 139–150. <https://doi.org/https://www.mikroskil.ac.id/ejurnal/index.php/jwem/article/view/568>
- Santana, S. L. L., & Rezende, A. J. (2016). Corporate tax avoidance and firm value: evidence from Brazil. In *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2803993>
- Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Corporate Governance and Corporate Finance: A European Perspective*, LII(2), 737–783. <https://doi.org/10.4324/9780203940136>
- Siagian, F., Siregar, S. V., & Rahadian, Y. (2013). Corporate governance, reporting quality, and firm value: evidence from Indonesia. *Journal of Accounting in Emerging Economies*, 3(1), 4–20. <https://doi.org/10.1108/20440831311287673>
- Sirojudin, G. A., & Nazaruddin, I. (2014). Pengaruh modal intelektual dan pengungkapannya terhadap nilai dan kinerja perusahaan. *Journal of Accounting and Investment*, 15(2), 77–89. <https://journal.umy.ac.id/index.php/ai/article/view/1328>
- Suranto, V. A. H. M., Nangoi, G. B., & Walandoum, S. K. (2017). Analisis pengaruh struktur modal dan kinerja keuangan terhadap nilai perusahaan pada perusahaan perbankan di Bursa Efek Indonesia. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 5(2),

- 1031–1040. <https://doi.org/10.35794/emba.v5i2.16059>
- Suwardika, I. N. A., & Mustanda, I. K. (2017). Pengaruh leverage, ukuran perusahaan, pertumbuhan perusahaan, dan profitabilitas terhadap nilai perusahaan pada perusahaan properti. *E-Jurnal Manajemen Unud*, 6(3), 1248–1277. <https://ojs.unud.ac.id/index.php/Manajemen/article/view/27276>
- Tarihoran, A. (2016). Pengaruh penghindaran pajak dan leverage terhadap nilai perusahaan dengan transparansi perusahaan sebagai variabel moderasi. *Jurnal Wira Ekonomi Mikroskil*, 6(2), 149–164. <https://www.mikroskil.ac.id/ejurnal/index.php/jwem/article/view/346>
- Toly, A. A., Claudya, C., Santoso, R., & Grace, F. (2019). Analisa pengaruh corporate governance, ownership structure, dan cash on hand terhadap nilai perusahaan. *Jurnal Riset Keuangan Akuntansi*, 5(2), 31–51. <https://doi.org/10.25134/jrka.v5i2.2006>
- Widodo, T. T., & Firmansyah, A. (2021). Does investors respond to tax avoidance and tax risk ? *Bina Ekonomi*, 25(1), 23–40. <https://doi.org/10.26593/be.v25i1.5123.23-40>
- Wilson, R. J. (2009). An examination of corporate tax shelter participants. *Accounting Review*, 84(3), 969–999. <https://doi.org/10.2308/accr.2009.84.3.969>
- Zhang, D., Hu, M., & Ji, Q. (2020). Financial markets under the global pandemic of COVID-19. *Finance Research Letters*, 36, 1–6. <https://doi.org/10.1016/j.frl.2020.101528>