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The Effect of Corporate Governance and Earnings Management on Corporate Tax Aggressiveness Moderated by Audit Quality (Empirical Study of Consumer Goods Companies on the Indonesia Stock Exchange)

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ABSTRACT

The purpose of this research is to determine the relationship between corporate tax aggressiveness and earning management and corporate governance, all of which are impacted by audit quality (Empirical analysis of companies selling consumer goods on the Indonesian Stock Exchange). 53 consumer products businesses that were listed on the Indonesia Stock Exchange between 2015 and 2019 make up the research population. Multiple linear regression, assisted by the SPSS version 24.00 software, is the data analysis technique employed in this study. The impact of institutional ownership and independent commissioners on tax aggressiveness is zero. The impact of board size and earnings management is positive. The negative impact of institutional ownership on tax aggressiveness can be mitigated by audit quality. Additionally, the positive influence of independent commissioners on tax aggressiveness can be mitigated by audit quality. However, the negative impact of earnings management on tax aggressiveness cannot be mitigated by audit quality.

INTRODUCTION

Tax aggressiveness is a technique employed by corporate organization management (Onyali and Okafor, 2018). It consists of a number of procedures, practices, resources, and decisions with the aim of maximizing income once all business commitments to the government and other stakeholders have been met. Tax aggressiveness main objective is to lower business tax costs via the use of legal tax planning strategies (Jaffar and Taha, 2021). As seen in the image below, tax aggression is extremely common on the IDX, with one business in the consumer goods sector being one example.

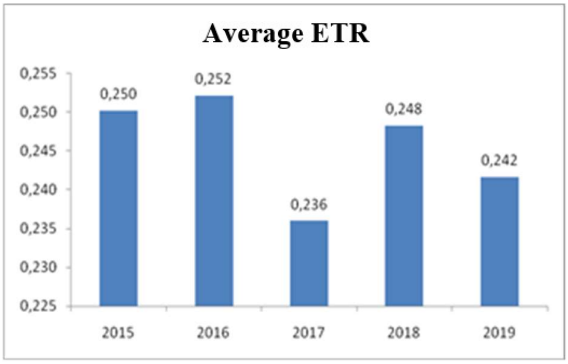
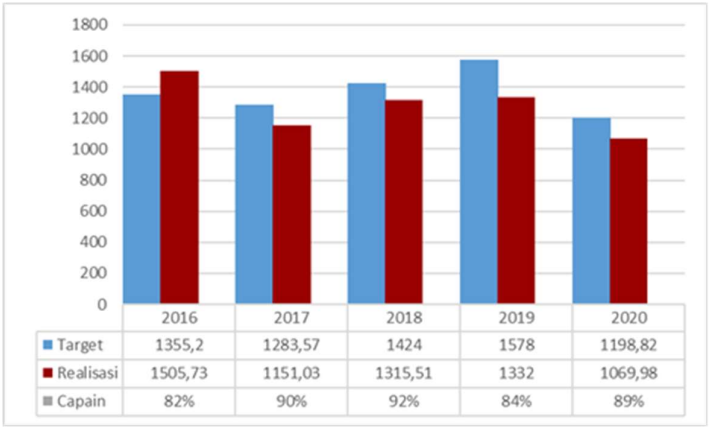


Figure 1 Average ETR in Consumer Good Companies in 2015 - 2019 (in ratio)

Based on the picture above, it shows that the act of tax aggressiveness in consumer goods industry companies has experienced fluctuating increases and decreases. Both individual and business taxpayers are required to pay taxes. Companies must pay taxes in line with tax regulations as one of the

taxpayers. The business has tangentially aided in the nation progress by paying taxes. The amount of state tax revenue increases with the amount of tax the firm pays. Companies see taxes as a burden that can lower their net profit, in contrast to the government, which sees taxes as a source of money. Therefore, companies try to minimize the cost of taxes that must be paid by taking actions of tax aggressiveness through tax planning. Tax planning can be done in two ways, the first is tax avoidance or tax avoidance and the second is tax evasion or tax evasion. Broadly speaking, the main difference between the two methods lies in the legality side (Khadijat et al, 2020).

In the context of Indonesia, the company policy of doing tax avoidance is also quite high, this can be seen, among others, from the lack of achievement or the achievement of tax revenue in accordance with the predetermined target in the last four years, as shown in the following figure.



	2016	2017	2018	2019	2020
Target	1355,2	1283,57	1424	1578	1198,82
Realisasi	1505,73	1151,03	1315,51	1332	1069,98
Capain	82%	90%	92%	84%	89%

Source: Directorate General of Taxes 2020 Performance Report

Figure 2 Tax Revenue Data (In Trillion Rupiah)

Based on the picture above, it shows that there is a tendency for companies to avoid paying taxes, this can be seen from the period 2017 to 2020 that the amount of tax revenue realized falls short of the established goal achievement. In this case, one of the causes of not achieving tax revenue is that quite a number of companies take tax avoidance actions (Lenz, 2018). This is consistent with the assumption that firms that concentrate on profit maximization will try to achieve cost efficiency, including in terms of tax cost efficiency through tax planning. Tax planning is the first step in the practice of earnings management, where company management tries to influence the preparation of financial statements with the aim of obtaining its own benefits. Earnings management is used as a tool to fulfill tax obligations properly, but in an effort to reduce the amount of taxes due so that business may continue to generate a profit (Silvia, 2017). Additionally, according to research by Suyanto and Supramono (2012), corporate tax aggression is positively impacted by profits management. Research on the relationship between tax aggressiveness and earnings management was carried out by Kapoutsou et al. (2015), Amidu and Yorke (2017), and Novitasari (2017). These studies show that earnings management has a positive and substantial influence on corporate tax aggression.

Apart from earnings management concerns, firm governance can also have an influence on tax aggression tactics. According to Khurana and Moser (2009), corporate governance practices and tax evasion have a negative relationship. According to Abrahman (2012), business governance practices have a big impact on how aggressively taxes people charge you. Corporate governance strategies that reduce tax payments are clearly the product of managerial creativity, tax management skill, and experience building shareholder value in a business. Corporate governance systems, including board diversity, ownership concentration, management ownership, board independence, and size of the audit committee, are interdependent (Zemzem and Fluohi, 2013).

According to Onyali and Okafor (2018) research, board size has no appreciable effect on tax aggressiveness, while board diversity and independent commissioners have a significant influence. According to Oyeleke, Erin, and Emeni (2016), the banking industry tax aggression is positively impacted by board size. Sumantri et al. (2018) research shows that while management ownership has no bearing on tax evasion, the audit committee and board of commissioners' percentages do. Research

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by Krisna (2019) indicates that institutional ownership, as opposed to managerial ownership, has an impact on tax avoidance. The audit caliber has a major impact on how much institutional and managerial ownership can mitigate tax fraud. The study control variables include ROA, leverage, and the size of the firm. ROA used as a tool to manage the company profitability.

This study aims to investigate the following: 1) the influence of company governance practices on tax aggression as measured by institutional ownership; 2) how tax aggression is affected by independent commissioners acting as a stand-in for company governance procedures; 3) the relationship between tax aggression and board size as a proxy for corporate governance practices; and 4) the relationship between tax aggression and profits management. These objectives are based on the descriptions and findings of previous research, The effects of institutional ownership proxies from corporate governance procedures on tax aggression are mitigated by audit quality analysis; similarly, audit quality analysis moderates the effects of independent commissioner proxies from corporate governance mechanisms on tax aggressiveness; audit quality analysis also moderates the effects of board size proxies from corporate governance mechanisms; and audit quality analysis moderates the effects of earnings management on tax aggressiveness. The study findings should advance understanding, particularly in the area of tax aggression and its relationship to profits management and corporate governance. you may offer sources or referrals for further research on tax aggression testing.

The analysis of earlier studies shown above reveals that there are conflicting findings on the impact of earnings management and GCG on tax aggressiveness. This suggests that there are discrepancies in the conclusions of many researchers, which leads to the creation of gap research. Testing "The Effect of Corporate Governance and Earnings Management on Corporate Tax Aggressiveness Moderated by Audit Quality (Empirical Study of Consumer Goods Companies on the IDX)" is of interest to the writers as a result.

LITERATURE REVIEW

Agency Theory

Agency theory states the contractual relationship between the principal and the agent (business manager). The agent is tasked with carrying out company activities for the benefit of the company owner, in return for the efforts made, the company owner will provide service rewards to the company manager (Hendriksen and Breda, 1992). According to Jensen and Meckling (1976), the arrangement between an agent and a principal is a contract that appoints one or more parties to perform services and grant decision-making authority (Sumantri et al., 2018).

Corporate Governance

Good corporate governance is a practice of providing supervision and control by the good corporate governance mechanism over the company. GCG practices can provide assurance to parties who have an interest that published company information is free from manipulation (Feryansyah et al., 2020). With GCG, management opportunities can be controlled and the financial statement information presented becomes reliable. Corporate governance can also be interpreted as a system that regulates and controls the company in order to provide good performance results, added value, and effective protection for shareholders (Kusuma & Firmansyah, 2018). The measurement of the GCG mechanism component in this study uses institutional ownership, independent commissioners, and board of directors size, with the following description.

Institutional Ownership

According to Fadli (2016) one of the main corporate governance mechanisms that helps control agency problems is institutional ownership. The more the institutional ownership share in the business, the more useful the institution may be as a monitoring tool to boost the business worth. Institutional ownership is a condition where institutions own shares in a company. These institutions can be government institutions or private institutions. Institutional ownership carries out the task of monitoring, disciplining and influencing managers to be able to always focus on running the company business and avoiding selfish managers (Oktaviana & Wahidahwati, 2017). The formula for measuring institutional ownership is as follows:

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$$\text{KEPIN} = \frac{\text{Number of Shares Owned by Institutions}}{\text{Number of Shares Outstanding}}$$

Independent Commissioner

According to the Decree of the Chairman of Bapepam No. 29 / PM / 2004, members of the commissioners who meet the following criteria are deemed independent: (i) they are not associated with the issuer or public company; (ii) they do not possess direct or indirect shares in the company; (iii) They have no connection to the issuer or public corporation, its commissioners, directors, or significant shareholders; and (iv) They are not connected to the issuer or company business operations in any way, either directly or indirectly. According to Wulandari (2005); Fadli (2016), having independent commissioners on the board of commissioners can enhance oversight of the board of directors' performance. Whereas managerial oversight will be more stringent in the involvement of extra impartial commissioners. The formula for measuring independent commissioners is as follows:

$$\text{KOMIN} = \frac{\text{Number of Independent Commissioners}}{\text{Number of Commissioners}}$$

Board of Directors Size

In a corporate entity, the party responsible for carrying out the operations and administration of the business is the board of directors. The GMS appoints members of the board of directors (Octosiva et al., 2016). Within an organization, the power to manage taxes rests with the Board of Directors. As a result, in addition to meeting its financial responsibilities to shareholders, the Board is essential to corporate governance as it supervises and gives strategic direction (Aburajab et al., 2019). According to agency theory, shareholders are shielded from managers' self-serving actions by the board of directors, which acts as an internal control mechanism balancing their interests. The following formula is used to determine the board of directors' size:

$$\text{UKD= Number of Board of Directors}$$

Earnings Management

Scott (2015) said that earnings management is a technique used in the fields of accounting, finance, and business that takes the shape of management activities to declare results utilizing accounting principles that can maximize individual or company interests. According to Fadli (2016) and Scott (2009), tax incentives are one of the reasons managers engage in earnings management. According to Suryanto and Supramono (2012) in Fadli (2016), earnings management is the process of disclosing to the public earnings data that has been manipulated to serve the manager personal interests or to increase or decrease business profits. It might be argued that a company degree of corporate tax aggressiveness is high when it engages in aggressive profits management since the tax burden decreases. The algorithm below can be used to measure earnings management.

$$TAit/Ait-1 = 61(1/Ait-1) + 62(\Delta REVit/Ait-1 - \Delta RECit/Ait-1) + 63(PPEit/Ait-1) + \varepsilon it$$

Tax Aggressiveness

According to Nugraheni & Murtin (2019), tax aggression is the effort made by taxpayers to lower their tax liability using tax planning strategies that may or may not be deemed as tax infractions. Tax aggression is the use of legal loopholes or tax avoidance that breaches legislation in order to lower a company tax burden (Nugraheni & Murtin, 2019). Another definition of Tax aggression is a behavior that seeks to lower the tax burden through tax planning by employing strategies that may or may not be considered tax infractions (Dinar et al., 2020). To measure corporate tax aggressiveness, it can be done using the following formula.

$$\text{ETR} = \frac{\text{Income Tax Expense}}{\text{Profit Before Tax}}$$

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Audit Quality

According to Deangelo in Putri et al. (2019) is the public accountant professional standards (SPAP)-based auditor performance in reviewing the company financial statements, auditor expertise, and the public accounting profession code of ethics. Good or bad audit quality is reflected in the auditor ability to carry out audits according to applicable standards, audit expertise in the audit process, and the auditor principles that adhere to the public accountant code of ethics. The auditor is tasked with conveying an assessment of the financial accounts of the company fairness. Auditors are required to provide assurance that the company financial statements have avoided material misstatement based on generally accepted accounting principles (Suprimarini & Suprasto, 2017). Audit quality can be described by using the services of Public accounting firms classified as Big Four and non-Big Four. Public Accounting Firms that are members of The Big Four are considered to have the competence to detect and disclose reporting errors in management to realize the transparency of financial statements that are free from manipulation (Boussaidi & Hamed,in Putri et al., 2019). In this study, the measurement of audit quality uses a dummy, namely 1 for audited by KAP Big Four, then 0 for audited by KAP non Big Four.

From the description above, the framework used in this study can be described as follows:

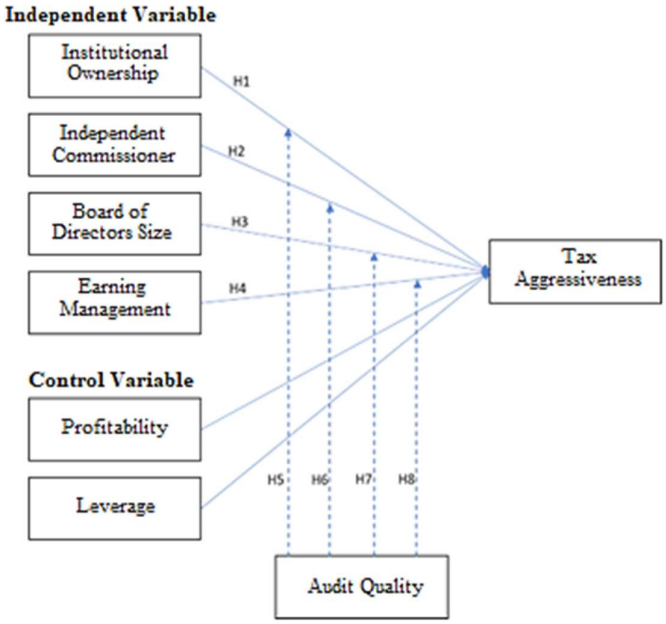

Figure 3 Research framework

Referring to the previously mentioned framework, the study hypotheses are:

H1 : Institutional Ownership Proxy of Corporate Governance Mechanisms Affects negatively on tax aggressiveness

H2 : Independent Commissioner Proxy of Corporate Governance Mechanisms Has a Positive Effect on Tax Aggressiveness

H3 : Board of Directors Size Proxy of Corporate Governance Mechanisms Has a Positive Effect on Tax Aggressiveness

H4 : Earnings Management Has a Negative Effect on Tax Aggressiveness

H5 : Institutional Ownership has a negative effect on Tax Aggressiveness moderated by Audit Quality

H6 : Independent Commissioners have a negative effect on Tax Aggressiveness moderated by Audit Quality

H7 : Board of Directors Size has a negative effect on Tax Aggressiveness moderated by Audit Quality

H8 : Earnings management has a negative effect on Tax Aggressiveness moderated by Audit Quality

RESEARCH METHODS

Through an analysis of population samples, this study aims to provide a quantitative explanation for the trend of attitudes within the population. This study is composed of one dependent

variable, one moderating variable, two independent factors, and two control variables. The study dependent variable is tax aggressiveness; its moderating variable is audit quality; the control variables are leverage and profitability; and variable corporate governance are the independent, which is indicated by the size of the board of directors, institutional ownership, and independent commissioners. Study participants include 53 consumer goods companies that were listed on the IDX between 2015 and 2019. The method of data collection involved the use of purposeful sampling. The consumer goods firm that satisfies the following requirements is the study sample:

1. Consumer goods sector companies listed on the IDX for five years, namely 2015-2019
2. Consistent consumer goods sector companies listed on the IDX for the period 2015-2019

The research data falls under the category of secondary data and is accessible as annual and financial reports from 2015 to 2019. Information retrieved from the IDX website, www.idx.co.id. The data analysis method employed in this study, which makes use of the SPSS version 24.00 software, is multiple linear regression. Descriptive analysis, on the other hand, was completed earlier and provides an overview of a variable based on its mean, standard deviation, maximum, and lowest values (Ghozali, 2013). The standard assumption tests the autocorrelation, heteroscedasticity, multicollinearity, and normalcy tests are next conducted. The determination analysis (R^2), F statistical test, and t statistical test are the phases in this study.

RESULTS AND DISCUSSION

The secondary data sources for the study were the financial statements of consumer products companies listed on the IDX between 2015 and 2019. The accompanying table provides an overview of the sample selection process:

Table 1 Sampling Criteria

No	Description	Total
1	Consumer goods sector companies listed on the Indonesia Stock Exchange for five years, namely 2015-2019.	53
2	Inconsistent consumer goods sector companies listed on the Indonesia Stock Exchange for the period 2015-2019.	(14)
3	Consistent consumer goods sector companies listed on the Indonesia Stock Exchange for the period 2015-2019.	39

Source: Results of Researchers (2023)

Descriptive Statistics Test

Determining the minimum, maximum, average, and standard deviation values of the research data is the aim of this study. Table 2 displays the findings of the descriptive statistical analysis for every variable.:

Table 2 Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
INTS	60	,3434	,9933	,711143	,1434676
INDP	60	,2500	,6000	,417330	,0901027
DIREKSI	60	2,0000	11,0000	5,966667	2,3359146
ML	60	-,0894	,1889	,035677	,0556887
ROA	60	,0065	,2229	,087643	,0555374
LEV	60	,1714	1,9549	,656333	,4261908
ETR	60	,0052	,5108	,245662	,0983995
Valid N (listwise)	60				

Source: Results of Data Processing with SPSS 24 (2023)

The institutional ownership variable (INTS), with average value 0.711143 and a standard deviation is 0.1434676, exhibits a lowest value is 0.3434 and a upper value is 0.9933. The independent commissioner variable (INDP), which has a lowest value is 0.6000 and a upper value is 0.2500, comes

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next. Its standard deviation is 0.0901082 and its average value is 0.417330. Additionally, the board of directors size variable (DIRECTION) has a average value 5.966667 and a standard deviation 2.3359146. Its lowest value is 2.0000, and its upper value is 11.0000. The earnings management variable (ML) has a upper value is 0.1889, a lowest value -0.0894, a standard deviation 0.0556887, and a average value 0.035677.

A lowest value is 0.0065 and a upper value is 0.2229 are seen in the profitability variable (ROA), which has a average value of 0.087643 and a standard deviation value of 0.0555374. With a lowest value of 0.1714 and a upper value of 1.9549, the leverage variable (LEV) has a average value of 0.656333 and a standard deviation value of 0.42619008. With a average of 0.245662, a standard deviation of 0.0983995, a lowest value of 0.0052, and a upper value of 0.5108, the tax aggressiveness variable (ETR) is measured.

Before conducting multiple regression analysis, to make sure that the parameter values for testing are legitimate, a traditional assumption test is run first. To test this analysis, the following traditional assumption tests must be satisfied: autocorrelation, heteroscedasticity, multicollinearity, and normality tests (Ghozali, 2013). Here is an example of a traditional research assumption test.

Normality Test

The purpose of the normality test is to determine if the residual or confounding variables in the regression model have a normal distribution. The Kolmogorov and Smirnov tests will be used to determine if the data under study are normal. The Kolmogrov-Smirnov test significance value, or Sig. value, is used to make decisions. When the Alpha. value is more than (>) 0.05, it signifies that the data distribution is normal. The following displays the normalcy test results:

Table 3 Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			60
Normal Parameters[a,b]		Mean	,0000000
		Std. Deviation	,06695240
Most Differences	Extreme	Absolute	,096
		Positive	,096
		Negative	-,073
Test Statistic			,096
Asymp. Sig. (2-tailed)			,200[c,d]

Source: Results of Data Processing with SPSS 24 (2023)

The data processing results shown in the previous table produced a alpha level of 0.200 and a Kolmogorov-Smirnov value of 0.096. Given that the significance value is more than 0.05, the residual data might be regarded as regularly distributed.

Multicollinearity Test

It is possible to determine if the regression model identified a link between the independent variables by applying the multicollinearity test (Ghozali, 2018: 105). Making choices There is no multicollinearity between the independent variables in the model if the tolerance value is more than 0.1 and the variance inflation factor (VIF) value is less than 10. The independent variables in the model are multicollinear if both the tolerance value and the variance inflation factor (VIF) value exceed 10. The processing results in this study are the source of the multicollinearity testing findings:

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Table 4 Multicollinearity Test Results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	INTS	,907	1,102
	INDP	,465	2,152
	DIREKSI	,482	2,075
	ML	,587	1,702
	ROA	,467	2,142
	LEV	,425	2,353
	INTS*AUDIT	,031	31,779
	INDP*AUDIT	,024	41,478
	DIREKSI*AUDIT	,056	17,828
	ML*AUDIT	,771	1,297

a. Dependent Variable: ETR

Source: Results of Data Processing with SPSS 24 (2023)

Based on the findings of the multicollinearity test in the table above, it is known that institutional ownership (INTS), independent commissioners (INDP), board size (DIRECTION), and earnings management (ML) (independent variables) and profitability (ROA), leverage (LEV) (control variable) and institutional ownership (INTS), independent commissioners (INDP), board size (DIRECTION), and earnings management (ML) moderated by audit quality (AUDIT) have a tolerance value > 0.10 and has a VIF grade under 10. This riset result indicate that there no correlation or multicollinearity in the regression model.

Heteroscedasticity Test

The Glacier test can be used to ascertain whether heteroscedasticity symptoms are present or absent. Every putative independent variable is subjected to a regression of the confounding error as part of the Gletser test. A determination will be made by the test results; if, at the 95% confidence level, the alpha number exceeds 0.05 Ghozali (2018: 143), heteroscedasticity is not present. The table below displays the results of the test for heteroscedasticity.

Table 4 Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,124	,048		2,585	,013
	INTS	,034	,036	,111	,940	,352
	INDP	-,156	,081	-,318	-1,927	,060
	DIREKSI	-,002	,003	-,110	-,677	,502
	ML	,049	,116	,062	,424	,673
	ROA	-,269	,131	-,338	-2,056	,045
	LEV	-,017	,018	-,168	-,977	,333
	INTS*AUDIT	-,215	,079	-1,727	-2,727	,009
	INDP*AUDIT	,651	,152	3,092	4,273	,000
	DIREKSI*AUDIT	-,012	,006	-1,007	-2,123	,039
	ML*AUDIT	,095	,294	,041	,322	,749

a. Dependent Variable: ABS_RES

The table above explains that institutional ownership (INTS), independent commissioners (INDP), board size (DIRECTION), and earnings management (ML) (independent variable) and profitability (ROA), leverage (LEV) (control variable) and institutional ownership (INTS), independent commissioners (INDP), board size (DIRECTION), and earnings management (ML) moderated by audit quality (AUDIT) are free from heteroscedasticity problems, because the variables have a significant value > 0.05.

Autocorrelation Test

The test used to detect autocorrelation in this study is the Durbin-Watson test. Only level one autocorrelation may be tested with the Durbin-Watson test, which calls for a regression model with an intercept (constant) and no lag variable between the independent variables (Ghozali, 2018: 111).

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Table 5 Autocorrelation Test Results

N (K = 4)	DW count	4-dU	4-dL	Table Dw Lower Limit (du)	DW Table Upper Limit (dL)	Conclusion
60	1,924	2,273	2,556	1,727	1,444	No autocorrelation, positive and negative

Source: Results of Data Processing with SPSS 24 (2023)

The DW-Count value of the Durbin-Watson autocorrelation test is 1.924, as can be observed from the above table. The Durbin Watson table values, dL = 1.444 and du = 1.727, are produced by comparing this value with the 5% alpha table value, sample totals (n) is 60, and the number of independent variables of 4 (k = 4). With a value of 1.727 < 1.924 < 2.273, it may be inferred that du < d < 4-du based on the Durbin-Watson value of 1.924. Thus, it may be concluded that both positive and negative autocorrelation do not exist.

Multiple Regression Test

According to Sugiyono (2016: 192) To forecast how the condition (ups and downs) of the dependent variable (criterion) will change when two or more independent variables are altered as predictor factors (value increases and decreases), multiple regression analysis is utilized in the study. Additionally, if there are There will be multiple regression analysis done if there are two or more independent variables. The table below displays the result of the multiple regression analysis conducted for this investigation.

Table 6 Multiple Regression Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,312	,093		3,363	,002
	INTS	,073	,070	,106	1,041	,303
	INDP	-,055	,156	-,050	-,354	,725
	DIREKSI	-,001	,006	-,025	-,179	,859
	ML	,530	,224	,300	2,366	,022
	ROA	-,496	,252	-,280	-1,968	,055
	LEV	-,145	,034	-,628	-4,209	,000
	INTS*AUDIT	-,324	,152	-1,167	-2,129	,038
	INDP*AUDIT	,847	,294	1,806	2,885	,006
	DIREKSI*AUDIT	-,005	,011	-,169	-,411	,683
	ML*AUDIT	-,922	,567	-,180	-1,625	,111

a. Dependent Variable: ETR

Source: Results of Data Processing with SPSS 24 (2023)

This is how the regression equation may be created using the test output above:

ETR = 0.312 + 0.073 INST – 0.55 INDP – 0.001 DIREKSI + 0.530ML – 0.496 ROA – 0.145 LEV – 0.324 INTS*AUDIT + 0.847 INDP*AUDIT – 0.005 DIREKSI*AUDIT - 0.922 ML*AUDIT + Ɛ

Hypothesis Test

Testing a hypothesis is a process that will lead to a decision, namely whether to accept or reject the hypothesis in a research. Partial hypothesis testing (t-test) is used in research to test hypotheses.

Partial T Statistical Test

According to Ghozali (2018), the t-statistical test essentially illustrates the extent to which a single explanatory or independent variable may account for the variance seen in the dependent variable. The sig value (p-value) in the Coefficient table was the criterion utilized to determine the impact of

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these factors. It may be claimed that there is some effect between the independent and dependent variables if the sig. value is less than the alpha value (5%).

1. The effect of institutional ownership on tax aggressiveness
   The alpha value is 0.05, and the beta value is 0.073 using alpha value of 0.303 > 0.05 and a t-statistic value of 1.041 < t-table value of 2.004 (df = 60\). Based on the acceptance of Ho1 and the disallowance of Ha1, it may be inferred that between 2015 and 2019, the tax aggressiveness of consumer goods businesses listed on the IDX was not positively impacted by institutional ownership.
2. The effect of independent commissioners on tax aggressiveness
   A noteworthy 0.725 > 0.05 value may be seen in the t-table value of 2.004 (df = 60; alpha = 0.05). With a t-statistic of -0.354, the beta value is -0.055. It may be inferred that since Ho2 was approved and Ha2 was denied, independent commissioners didn't hurt the tax aggressiveness of consumer goods businesses listed on the IDX between 2015 and 2019.
3. The effect of the board of directors size on tax aggressiveness.
   When compared to the t-table value of 2.004 (df = 60; alpha = 0.05), the t-statistic value is -0.179 < significant value of 0.859 > 0.05. It is -0.001 for the beta. Ho3 is therefore approved and Ha3 is denied, showing that, between 2015 and 2019, the tax aggressiveness of consumer goods businesses listed on the IDX is not negatively impacted by the size of the board of directors.
4. The effect of earnings management on tax aggressiveness
   With a beta value of 0.530, a significant value of 0.022 <0.05, a t-table value of 2.004 (df = 60; alpha = 0.05), and a t-statistic value of 2.366>. Because Ho4 is refused and Ha4 is approved, it may be concluded that, for the years 2015–2019, profits management has a beneficial influence on tax aggressiveness in consumer products enterprises listed on the IDX.
5. The effect of audit quality moderates institutional ownership on tax aggressiveness
   With a significant value of 0.038 < 0.05 and a t-statistic value of -2.129 < t-table value of 2.004 (df = 60; alpha = 0.05), the beta value is -0.324. Therefore, it can be said that audit quality can mitigate the detrimental impact of institutional ownership on tax aggression in consumer goods businesses listed on the IDX for the years 2015 to 2019. Ho5 is refused and Ha5 is allowed.
6. The effect of audit quality moderates independent commissioners on tax aggressiveness
   The beta value is 0.847 with alpha value of 0.006 <0.05, a t-table value of 2.004 (df = 60; alpha = 0.05), and a t-statistic value of 2.885>. Thus, it can be concluded that audit quality might lessen the advantageous effect of independent commissioners on tax aggressiveness in consumer products businesses that are listed between 2015 and 2019 on the IDX. Ha6 is permitted while Ho6 is not.
7. The effect of audit quality moderates the size of the board of directors on tax aggressiveness
   Beta is -0.005, t-statistic is -0.411 < t-table value of 2.004 (df = 60; alpha = 0.05), and the alpha value is 0.683 > 0.05. Hence, it can be concluded that for consumer products companies listed on the IDX between 2015 and 2019, audit quality is unable to offset the negative effects of board of directors size on tax aggressiveness. Thus, whereas Ha7 is rejected, Ho7 is accepted.
8. The effect of audit quality moderates earnings management on tax aggressiveness
   alpha value of 0.111 > 0.05, a beta value of -0.922, and a t-statistic value of -1.625 < t-table value of 2.004 (df = 60; alpha = 0.05) are present. In conclusion, for consumer products businesses listed on the IDX between 2015 and 2019, the negative consequences of profits management on tax aggressiveness cannot be mitigated, since Ho8 is approved and Ha8 is refused.

Discussion

As per the findings of the initial hypothesis test, there appears to be no significant association between institutional ownership and tax aggression in consumer goods companies that are listed on the IDX for the years 2015 through 2019. Thus, tax aggression is unaffected by the institutional ownership percentage. Institutional ownership as measured in this study is expected to oversee operational policies and implementation by management. But in practice in the field, institutional ownership entrusts

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supervision to commissioners, so there is still an opportunity for tax aggressiveness to occur. The findings of Putri (2018) study, which concluded that ownership structure had no impact on tax aggression, are consistent with the findings of this investigation. According to Fadli (2016), institutional ownership has low impact on tax aggression.

According to the findings of the second hypothesis test, independent commissioners had no detrimental impact on the tax aggressiveness of consumer goods businesses listed between 2015 and 2019 on the IDX. This suggests that the unequal distribution weakens the independent commissioner oversight role, yet it does not completely rule out the prospect of continuing to give management the opportunity to engage in aggressive taxation. Only when regulatory compliance criteria are met can a policy on the number of independent commissioners from the full board of commissioners be implemented Yuliani and Prastiwi (2021). The results of this study are in line with Yuliani & Prastiwi (2021); Widuri et al. (2019) which state that independent commissioners do not affect tax aggressiveness.

The third hypothesis was tested, and the findings show that consumer goods businesses listed on the IDX in 2015 and 2019 did not exhibit a negative tax aggressiveness about the size of their board of directors. This means that tax aggressiveness is unaffected by a corporation ownership of a board member. Because tax aggression has a considerably bigger negative effect on the firm and should be taken into account. Agency theory states that excellent performance is produced by a small percentage of directors who provide effective supervision. However, big directors lead to subpar Additionally, Halioui et al. (2016) discovered that tax aggressiveness was unaffected by the board of directors' decisions. On the other hand, Yuwono (2019) discovered that board size positively affects tax aggression.

The fourth hypothesis was tested, and the findings indicate that, for the years 2015–2019When it comes to tax aggression, profit management is beneficial for consumer goods firms that are listed on the Indonesia Stock Exchange. The more aggressively financial statements are managed, the more aggressively it appears that management is reacting to the company tax burden, namely by managing earnings using income-decreasing strategies Feryansyah et al. (2020). Nurhandono & Firmansyah (2017) suggest that tax aggressiveness can be carried out in conjunction with efforts to increase profits because companies can take advantage of gray spaces where there are differences between tax rules and accounting standards. The findings of this study support those of Novitasari (2017) and Christiana & Africano (2017), who found a relationship between tax aggression and earnings management. In addition, research by Darma et al. (2019); Maysani & Suaryana (2019) revealed similar findings, indicating that earnings management influences tax aggressiveness.

The examination of the fifth hypothesis results shows that audit quality can lessen the negative effects of institutional ownership on tax aggressiveness for consumer goods companies listed between 2015 and 2019 on the Indonesia Stock Exchange. The audit quality variable has a positive coefficient value, indicating that the higher the ETR score, the more likely a firm is to select KAP The Big 4 as its auditor. Tax aggressiveness would decrease with increasing ETR value (Maraya & Yendrawati, 2016). A variety of corporate governance ideas and values, including transparency, accountability, responsibility, independence, justice, and equality, are necessary to reduce the numerous tax evasion methods that businesses engage in (Nugraheni & Pratomo, 2018). The study findings are consistent with those of Krisna (2019) and Charisma & Dwimulyani (2019), who discovered that the impact of institutional ownership on tax evasion may be mitigated by the quality of the auditor audit.

After evaluating the sixth hypothesis, the findings indicate that audit quality can attenuate the beneficial impact of independent commissioners on tax aggressiveness in consumer product companies listed on the Indonesia Stock Exchange for the years 2015–2019. According to Hutapea (2018) The large size of the company's independent board of commissioners results in better supervision with high commitment and without any personal interests making more optimal performance. To perform an examination that yields improved audit quality, the board of commissioners will collaborate with the audit committee that has been constituted to identify a better KAP (specifically, the big 4). According to Maraya & Yendrawati (2016) if a company uses The Big 4 KAP as an auditor, the ETR value will be greater. The independent board of commissioners has a favorable impact on tax aggression, according to the findings of an earlier study (Fadli, 2016).

In consumer goods companies listed on the IDX between 2015 and 2019, the results of the seventh hypothesis test indicate that audit quality is unable to counteract the negative effect of board of

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directors size on tax aggressiveness. The rationale behind this is that KAP Big 4 auditors have no say over tax aggressiveness. as a result in this case, Big Four KAP and non-big four KAP are identical. Practically all KAP audits have fulfilled the relevant Public Accountant Professional Standards (SPAP). Therefore, while evaluating the company's financial accounts, the big four KAP and the non-big four KAP continue to be independent and accountable in offering their judgments, regardless of whether they engage in tax aggression. According to Kusuma and Firmansyah (2018) earlier research, The quality of the external auditors from the Big Four has little bearing on tax aggressiveness. Their conclusions are corroborated by the results of this investigation.

Audit quality cannot counteract the negative effects of profits management on tax aggression in consumer products businesses listed on the IDX from 2015 to 2019. Tax-motivated management, according to Rifai and Atiningsih (2019), will set earnings at a particular level to reduce the amount of taxes paid. The goal of managers' profit management is to minimize their tax liability. It might be claimed that corporate tax aggressiveness is high since tax burdens are reduced with higher profits management aggressiveness. This reasoning leads to the conclusion that, from 2015 to 2019, for firms selling consumer items that are listed on the IDX, audit quality is unable to mitigate the detrimental impact of profits management on tax aggression. The findings of earlier studies by Darma et al. (2019); Maysani & Suaryana (2019), discovered a relationship between earnings management and tax aggression.

CONCLUSIONS AND SUGGESTIONS

Conclusion

The following deductions can be made in light of the test results and the preceding chapter discussion: For consumer products companies registered on the IDX between 2015 and 2019, there was no negative correlation found between tax aggression and profits management for the years 2015–2019. Board size has no negative effect on tax aggressiveness in consumer goods companies listed on the IDX for the 2015–2019 period. Furthermore, for consumer goods businesses listed on the IDX during the same period, independent commissioners had no detrimental effect on tax aggressiveness. Moreover, institutional ownership did not lessen tax aggressiveness. According to a research done for consumer goods businesses listed on the Indonesia Stock Exchange between 2015 and 2019, audit quality may be able to mitigate the detrimental effects of institutional ownership on tax aggression. The quality of the audits might potentially lessen the positive effect of independent commissioners on tax aggression in consumer goods businesses listed on the IDX between 2015 and 2019. The detrimental impact of board of directors size on tax aggression was not sufficiently offset by audit quality for consumer goods businesses listed on the IDX between 2015 and 2019.

Suggestion

The findings of this study may cause businesses to exercise greater caution when deciding how aggressively to pursue tax avoidance strategies. In addition, this research can also be used by companies to avoid tax administration sanctions due to tax aggressiveness. Then for further research, it is hoped that it can replace the object of research on other sector issuers on the Indonesia Stock Exchange, for example, mining sector issuers, financial sector issuers and other types of sectors on the Indonesia Stock Exchange, it is further recommended to use other variables such as corporate social responsibility (CSR), and financial ratios.

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