



## The effect of tax avoidance on firm value: The moderating role of independent board proportion and internal control quality

Aisha Smita Mada, Andrian Budi Prasetyo\*

Department of Accounting, Faculty of Economics and Business, Diponegoro University Jl. Prof. Soedharto SH Tembalang, Semarang, Indonesia

Corresponding Author: Andrian Budi Prasetyo

### Abstract

This study aims to analyze the factors that influence tax avoidance in food and beverage companies listed on the Indonesia Stock Exchange. This study examines the effect of tax avoidance on firm value and the moderating roles of independent commissioners and internal control quality in non-financial companies listed on the Indonesia Stock Exchange. Grounded in agency theory, tax avoidance is expected to create information asymmetry that may reduce firm value, while corporate governance mechanisms are hypothesized to mitigate this effect.

Using secondary data from 59 companies over the period 2022–2024 (177 observations), this study employs panel data regression with a Fixed Effect Model. Tax avoidance is proxied by Current ETR, firm value by Tobin's Q, independent commissioners by board proportion, and internal control quality by IQS derived from Bloomberg's Governance Quality Score. The results show that tax avoidance has no significant direct effect on firm value. However, independent commissioners positively moderate the relationship, indicating their role in weakening the negative impact of tax avoidance. Internal control quality also significantly moderates the relationship, suggesting that stronger controls reduce perceived tax risk. These findings highlight that the effect of tax avoidance on firm value is conditional on corporate governance quality.

**Keywords:** Tax avoidance, firm value, internal control quality, independent commissioners

### Introduction

Firm value is a fundamental indicator reflecting market perceptions of a company's growth prospects, operational stability, and governance quality. In the context of the Indonesian capital market, the relevance of firm value has become increasingly evident amid the volatility of the Jakarta Composite Index (JCI), which recorded a decline of 8.04% in the first quarter of 2025, accompanied by a contraction in the Indonesia Stock Exchange (IDX) market capitalization from IDR 12,389 trillion at end-2024 to IDR 11,019 trillion (Kontan.co.id, 2025) [24]. This phenomenon underscores the sensitivity of investor valuations to various firm-level factors, including corporate tax policy.

One strategically significant issue in firm value assessment is the practice of tax avoidance. Tax avoidance is defined as the legal effort to minimize tax liabilities through careful transaction structuring within the bounds of applicable law (Hanlon & Heitzman, 2010) [18]; (Dyreg *et al.*, 2010) [12]. On one hand, this strategy has the potential to increase after-tax earnings and improve corporate cash flow efficiency. On the other hand, aggressive tax avoidance may generate negative investor perceptions, as it is associated with governance risk and the potential for financial reporting manipulation (Desai & Dharmapala, 2009) [9]; (Lanis & Richardson, 2012) [25]. Consequently, the impact of tax avoidance on firm value is conditional and not necessarily unidirectional.

Within the agency theory framework, the relationship between tax avoidance and firm value can be understood through the lens of conflicts of interest between management (agent) and shareholders (principal) (Jensen & Meckling, 1976) [22]. The inherent information asymmetry in agency relationships creates opportunities for management to pursue tax policies that do not fully align with

shareholders' interests. Accordingly, effective monitoring mechanisms are critical in constraining such opportunistic behavior.

Two governance mechanisms considered capable of moderating the relationship between tax avoidance and firm value are the proportion of independent commissioners and internal control quality. Independent commissioners serve as external monitors who ensure objectivity in managerial decision-making, including tax policy (Fama & Jensen, 1983) [15]; (Armstrong *et al.*, 2015) [2]. Meanwhile, high-quality internal controls function to mitigate opportunistic behavior while reinforcing transparency and accountability in financial reporting (Badertscher *et al.*, 2013) [3]; (COSO, 2013) [7]. In this study, internal control quality is measured using the Governance Quality Score (GQS) developed by Institutional Shareholder Services (ISS) and accessible via Bloomberg Professional Services, as validated by Lusk and Wells (2021) [27].

Prior studies have investigated this relationship across various settings. Lv *et al.* (2025) [28] found that tax avoidance negatively affects firm value in China, yet this effect is attenuated by internal control quality and the proportion of independent directors. Elamer *et al.* (2024) [13] demonstrated that the governance dimension of ESG can mitigate the negative impact of tax avoidance in multinational firms. Nevertheless, empirical studies focusing on the Indonesian capital market context, particularly using Bloomberg's GQS as a proxy, remain limited.

This study aims to address this gap by examining the effect of tax avoidance on firm value and the moderating roles of the proportion of independent commissioners and internal control quality among non-financial companies listed on the IDX for the period 2022–2024. By employing Current ETR

as a proxy for tax avoidance, Tobin's Q as a proxy for firm value, and GQS as a proxy for internal control quality, this study is expected to provide empirical contributions as well as practical implications for investors, management, and regulators in understanding the dynamics of corporate tax governance in Indonesia.

**Theoretical Framework and Hypothesis Formulation**

The following section discusses the theoretical basis of the study, the conceptual framework that illustrates how the research variables are interrelated, and the formulation of the research hypotheses.

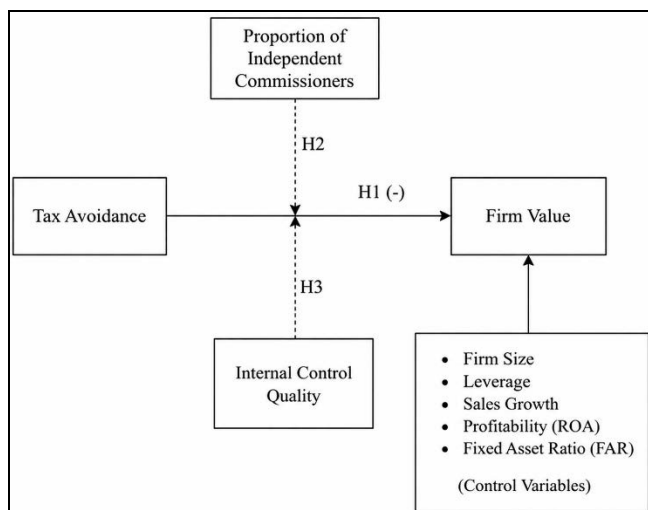
**Agency Theory**

Agency theory originates from the divergence of objectives and the division of responsibilities among parties within a firm (Jensen & Meckling, 1976) [22]; (Ross, 1973) [30]. Conceptually, an agency relationship arises when shareholders (principal) delegate authority to management (agent) to operate the firm and make decisions on behalf of the owner's interests (Jensen & Meckling, 1976) [22]. Although agents are expected to act in the principal's best interest, they tend to maximize their own utility, which may result in a misalignment of goals between the two parties (Abdelmoula *et al.*, 2022) [11].

From the agency theory perspective, tax avoidance can be viewed as a manifestation of conflicts of interest between agents and principals. Management may exploit informational advantages to pursue self-serving objectives, such as increasing compensation or enhancing reported earnings. In contrast, shareholders tend to prioritize long-term firm value while minimizing reputational and tax-related risks (Duhoon & Singh, 2023) [11].

A key issue in agency relationships is information asymmetry, where agents possess more comprehensive knowledge about the firm's internal conditions than principals (Jacobides & Croson, 2001) [21]. This imbalance may encourage opportunistic behavior, including aggressive tax avoidance. Therefore, effective monitoring mechanisms are necessary to reduce information asymmetry and align managerial actions with shareholder interests (Evans & Weir, 1995) [14]. Without proper oversight, agency problems may intensify, as management seeks to maximize personal benefits while shareholders aim to maintain financial stability and efficiency (Tandean & Winnie, 2016) [31].

**Theoretical Framework**



**Fig 1:** Theoretical Framework

**Hypothesis Formulation**

**The Effect of Tax Avoidance on Firm Value**

From the agency theory perspective, tax avoidance reflects a potential conflict of interest between management and shareholders, as it provides managerial discretion to pursue personal objectives that may not align with shareholder interests (Desai & Dharmapala, 2006) [8]; (Fama & Jensen, 1983) [15]. Aggressive tax avoidance increases information asymmetry and creates opportunities for opportunistic behavior, particularly when monitoring mechanisms are weak (Chen *et al.*, 2023) [6].

In addition, tax avoidance is associated with higher litigation and reputational risks, which may negatively influence investor perceptions (Hanlon & Heitzman, 2010) [18]; (Lisowsky, 2010) [26]. Firms engaging in aggressive tax strategies are more likely to face regulatory scrutiny, financial penalties, and reduced transparency, leading to lower market valuation (Lanis & Richardson, 2012) [25]. Furthermore, tax avoidance may distort financial reporting quality due to the use of accounting manipulation to support tax strategies (Frank *et al.*, 2009) [16]; (Desai & Dharmapala, 2009) [9].

Therefore, higher levels of tax avoidance are expected to reduce firm value due to increased agency costs, risk exposure, and information uncertainty.

**H1:** Tax avoidance has a negative effect on firm value.

**The Moderating Role of Independent Commissioners in the Relationship between Tax Avoidance and Firm Value**

Independent commissioners serve as an essential corporate governance mechanism to mitigate agency conflicts by enhancing monitoring effectiveness over managerial actions (Fama & Jensen, 1983) [15]; (Klein, 2002) [23]. Their independence allows them to objectively evaluate corporate policies, including tax-related decisions, thereby reducing the likelihood of opportunistic behavior (Minnick & Noga, 2010) [29].

The presence of independent commissioners also improves transparency and financial reporting quality, limiting managerial discretion in implementing aggressive tax strategies (Beasley, 1996) [4]; (Armstrong *et al.*, 2015) [2]. Effective board independence strengthens investor confidence, as it signals that corporate decisions, including tax policies, are subject to proper oversight (Desai & Dharmapala, 2009) [9]. Empirical evidence suggests that stronger governance mechanisms can mitigate the negative impact of tax avoidance on firm value (Elamer *et al.*, 2024) [13]; (Lanis & Richardson, 2012) [25]. Therefore, independent commissioners are expected to weaken the adverse effect of tax avoidance on firm value.

**H2:** The proportion of independent commissioners weakens the negative relationship between tax avoidance and firm value.

**The Moderating Role of Internal Control Quality in the Relationship between Tax Avoidance and Firm Value**

Internal control quality plays a critical role in ensuring reliable financial reporting and reducing opportunistic managerial behavior, including aggressive tax avoidance (Doyle *et al.*, 2007) [10]; (COSO, 2013) [7]. Strong internal control systems enhance transparency and accountability, thereby limiting the ability of management to manipulate financial information for tax purposes (Frank *et al.*, 2009) [16].

Weak internal controls are associated with higher levels of tax aggressiveness and lower reporting quality, which increase information risk and reduce firm value (Hanlon & Heitzman, 2010) <sup>[18]</sup>; (Hasan *et al.*, 2021) <sup>[20]</sup>. Conversely, effective internal control mechanisms help firms manage tax-related risks more prudently and maintain compliance with regulations, reducing potential litigation and reputational risks (Lusk & Wells, 2021) <sup>[27]</sup>; (Hanlon & Slemrod, 2009) <sup>[19]</sup>.

Thus, high internal control quality is expected to mitigate the negative impact of tax avoidance on firm value.

**H3:** Internal control quality weakens the negative relationship between tax avoidance and firm value.

## Research Methods

### Population and Sample

The population in this study consists of non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 observation period. The unit of analysis used in this study is firm-year data.

This study applies purposive sampling to select the research sample based on specific criteria. The sampling criteria are as follows:

1. Non-financial companies that are consistently listed on the Indonesia Stock Exchange (IDX) during the observation period.
2. Companies that publish annual or sustainability reports consistently during the period 2022–2024.
3. Companies with positive pre-tax income to ensure the relevance of tax avoidance measurement.
4. Companies with complete data for all research variables.
5. Companies in the financial sector, as well as property, real estate, construction, oil, and gas industries, are excluded due to differences in tax structures.

Based on these criteria, the final sample consists of companies that meet all the requirements for empirical analysis.

### Variables and Their Measurements

The variables used in this study consist of a dependent variable, an independent variable, moderating variables, and several control variables. Each variable is defined and measured based on commonly used proxies in prior empirical studies. The detailed description of the variables and their measurements is presented in Table 1.

### Research Model

This study employs a quantitative approach using panel data regression analysis to examine the effect of tax avoidance on firm value and the moderating role of independent commissioners and internal control quality. Panel data analysis is utilized because the data combine cross-sectional and time-series observations. To determine the most appropriate estimation model, this study conducts Chow test, Hausman test, and Lagrange Multiplier test to select among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM).

Before hypothesis testing, several classical assumption tests are conducted to ensure the validity of the regression model, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Hypothesis testing is performed

using t-tests to examine the partial effect of each independent variable and F-tests to evaluate the simultaneous effect of all variables in the model. The regression models used in this study are presented as follows:

#### Model 1. Baseline Regression Model

$$\begin{aligned} \text{Tobin's } Q_{it} = & \alpha + \beta_1 ETR_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} \\ & + \beta_4 GROWTH_{it} + \beta_5 ROA_{it} + \beta_6 FAR_{it} \\ & + \varepsilon_{it} \end{aligned}$$

#### Model 2. Moderation Model of Independent Commissioners

$$\begin{aligned} \text{Tobin's } Q_{it} = & \alpha + \beta_1 ETR_{it} + \beta_2 KI_{it} + \beta_3 (ETR \times KI)_{it} \\ & + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 GROWTH_{it} \\ & + \beta_7 ROA_{it} + \beta_8 FAR_{it} + \varepsilon_{it} \end{aligned}$$

#### Model 3. Moderation Model of Internal Control Quality

$$\begin{aligned} \text{Tobin's } Q_{it} = & \alpha + \beta_1 ETR_{it} + \beta_2 IQS_{it} + \beta_3 (ETR \times IQS)_{it} \\ & + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 GROWTH_{it} \\ & + \beta_7 ROA_{it} + \beta_8 FAR_{it} + \varepsilon_{it} \end{aligned}$$

Where:

Tobin's Q	= Firm value
ETR	= Current Effective Tax Rate
KI	= Independent commissioners
IQS	= Internal control quality
SIZE	= Firm size
LEV	= Leverage
GROWTH	= Sales growth
ROA	= Profitability
FAR	= Fixed asset ratio
$\alpha$	= Constant
$\beta$	= Regression coefficient
$\varepsilon$	= Error term
i	= Company
t	= Observation period

## Research Result and Discussion

This section presents the research findings and discussion, including the sample selection process and the empirical results consisting of descriptive statistical analysis, classical assumption tests, and hypothesis testing.

### Research Sample Description

The population of this study consists of non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 observation period, with firm-year data used as the unit of analysis. This study applies purposive sampling based on several criteria, including companies that are consistently listed during the observation period, publish complete annual reports, and provide complete data for all research variables. Companies reporting negative pre-tax income are excluded to ensure the relevance of tax avoidance measurement using Current Effective Tax Rate (Current ETR). In addition, companies in the property, real estate, construction, oil, and gas sectors are excluded due to differences in industrial characteristics and tax structures. Based on these criteria, the final sample consists of 59 companies with a total of 177 firm-year observations.

### Descriptive Statistical Result

**Table 2:** Descriptive Statistical Results

Variable	Mean	Median	Maximum	Minimum	Std. Dev.	Observations
TobinsQ	2.600975	1.057654	28.27990	0.231794	4.504891	177
CurrentETR	0.252218	0.218745	2.010010	0.005414	0.204635	177
KI	0.457825	0.400000	1.000000	0.250000	0.136168	177
IQS	6.779801	7.000000	8.087200	5.000000	0.747902	177
SIZE	30.65156	30.71176	33.78663	27.48442	1.340763	177
LEV	0.413110	0.387733	2.641679	0.047420	0.327373	177
GROWTH	0.154715	0.055084	3.108972	-0.729615	0.444453	177
ROA	0.112749	0.083933	0.560374	0.002460	0.094272	177
FAR	0.412670	0.401761	0.855776	0.011868	0.182098	177

Source: EViews 13, Processed Data (2026)

Based on the results of Table 2, firm value (Tobin's Q) has an average value of 2.600975 with a minimum value of 0.231794 and a maximum value of 28.27990. The standard deviation value of 4.504891, which is higher than the mean value, indicates that the firm value variable tends to be heterogeneous among sample companies. Tax avoidance proxied by Current ETR has an average value of 0.252218 with a standard deviation of 0.204635, indicating relatively homogeneous data distribution. The average value of Current ETR, which is close to the Indonesian statutory tax rate, indicates that most companies tend to engage in moderate tax planning practices.

The proportion of independent commissioners (KI) has an average value of 0.457825 with a relatively low standard deviation of 0.136168, indicating that the governance structure among sample companies tends to be relatively similar. Meanwhile, Internal Quality Score (IQS) records an average value of 6.779801 with a standard deviation of 0.747902, reflecting relatively stable internal control quality among firms. Among the control variables, firm size (SIZE), leverage (LEV), profitability (ROA), and fixed asset ratio (FAR) show relatively homogeneous distributions, as indicated by standard deviation values lower than their respective means. In contrast, sales growth (GROWTH) demonstrates relatively high variation among companies, as reflected by its standard deviation exceeding the average value.

## Results of the Panel Data Regression Estimation Model Selection Test

**Table 4:** Best Model Determination Table

Test	Probability	Decision
Chow Test	0.0000	FEM
Hausman Test	0.0053	FEM
Lagrange Multiplier (LM) Test	0.0000	REM
Final Model		FEM

Source: EViews 13, Processed Data (2026)

The selection of the panel data regression model aims to determine the most appropriate estimation model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Based on the results presented in Table 4, the Chow test produces a probability value of 0.0000, indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model (CEM). Furthermore, the Hausman test shows a probability value of 0.0053, which is below the significance level of 0.05, confirming that FEM is preferable to REM. Although the Lagrange Multiplier test indicates that REM is superior to CEM, the overall testing results consistently support the use of FEM as the final estimation model in this study.

## Classical Assumption Test

**Table 5:** Classical Assumption Test Results

Test	Result	Criteria	Conclusion
Normality (Jarque-Bera)	Prob. = 0.088095	Prob. > 0.05	Normal
Multicollinearity	Correlation < 0.80	Correlation < 0.80	No multicollinearity
Heteroscedasticity (Glejser)	Prob. > 0.05	Prob. > 0.05	No heteroscedasticity
Autocorrelation (Durbin-Watson)	DW = 2.492059	1.5 < DW < 2.5	No autocorrelation

Source: EViews 13, Processed Data (2026)

Based on the results presented in Table 5, all classical assumption tests indicate that the regression model satisfies the required assumptions. The normality test shows a probability value greater than 0.05, indicating normally distributed residuals. The multicollinearity test reveals correlation values below 0.80, suggesting no multicollinearity among the independent variables. In addition, the heteroscedasticity test shows probability values above 0.05, indicating homoscedastic residuals. The Durbin-Watson value of 2.492059 also confirms the absence of autocorrelation in the regression model. Therefore, the panel regression model used in this study is considered valid and reliable for hypothesis testing.

## Hypothesis Test Results

**Table 6:** Hypothesis Test Results

Description	Model I	Model II	Model III
Adjusted R-squared	0.761368	0.831136	0.799014
F-statistic Probability	0.000000	0.000000	0.000000
t-statistic Probability	0.1113	0.0094	0.0001

Source: EViews 13, Processed Data (2026)

**Table 7:** Summary of Hypothesis Testing Results

Hypothesis	Result
H <sub>1</sub> : Tax avoidance negatively affects firm value	Rejected
H <sub>2</sub> : Independent commissioners weaken the negative relationship between tax avoidance and firm value	Accepted
H <sub>3</sub> : Internal control quality weakens the negative relationship between tax avoidance and firm value	Accepted

Source: Processed secondary data (2026)

Based on the results presented in Table 6 and Table 7, Model I shows that tax avoidance proxied by Current ETR does not have a significant effect on firm value. This result is indicated by the t-statistic probability value of 0.1113, which exceeds the significance level of 0.05. Therefore,  $H_1$  is rejected. Although the regression coefficient indicates a negative relationship, the effect is not statistically significant. This finding suggests that tax avoidance practices are not directly perceived by investors as a major determinant of firm value. The potential benefits generated from tax savings may be offset by agency risks, uncertainty regarding managerial behavior, and concerns related to corporate transparency.

From the perspective of agency theory, tax avoidance may create conflicts of interest between management and shareholders because managers possess greater access to internal information and may utilize tax strategies for opportunistic purposes. Under such conditions, investors may perceive aggressive tax planning as a source of governance risk rather than as a strategy that enhances firm value. Consequently, tax avoidance alone is insufficient to significantly influence market valuation without adequate governance mechanisms.

This finding is consistent with Lv *et al.* (2025) [28], who stated that the effect of tax avoidance on firm value depends heavily on the quality of corporate governance mechanisms. Similarly, Elamer *et al.* (2024) [13] emphasized that governance quality plays an essential role in shaping investor perceptions of tax strategies and corporate risk. In addition, Armstrong *et al.* (2015) [2] argued that tax-related managerial decisions may trigger agency conflicts when monitoring mechanisms are ineffective. Therefore, the insignificant result found in Model I indicates that the market does not automatically interpret tax avoidance as either value-enhancing or value-destroying behavior in the absence of strong governance structures.

Furthermore, the results of Model II indicate that independent commissioners significantly moderate the relationship between tax avoidance and firm value. This conclusion is supported by the probability value of 0.0094, which is below the significance level of 0.05. Therefore,  $H_2$  is accepted. The significant interaction effect demonstrates that the presence of independent commissioners strengthens the governance function within the company and influences how tax avoidance practices are perceived by investors.

The existence of independent commissioners enhances monitoring effectiveness and reduces the likelihood of opportunistic managerial behavior associated with aggressive tax strategies. When tax avoidance is implemented under effective board supervision, investors tend to perceive such practices as efficient and controlled corporate strategies rather than as governance risks. As a result, the relationship between tax avoidance and firm value becomes more transparent and manageable.

This finding supports the agency theory perspective, which emphasizes the importance of monitoring mechanisms in mitigating conflicts of interest between principals and agents. Independent commissioners act as an external monitoring mechanism that improves transparency, accountability, and credibility in managerial decision-making processes. The result is also consistent with Lv *et al.* (2025) [28], who found that governance mechanisms, including independent directors, can moderate the effect of tax avoidance on firm value by strengthening monitoring

effectiveness. Similarly, Elamer *et al.* (2024) [13] explained that governance quality reduces the negative consequences of tax strategies through enhanced corporate accountability and transparency.

In addition, Armstrong *et al.* (2015) [2] highlighted that effective governance structures are capable of limiting managerial opportunism in tax planning activities. Therefore, the significant moderating role of independent commissioners in this study indicates that board independence is not merely symbolic compliance with governance regulations, but rather an essential mechanism that influences investor confidence and market valuation.

Moreover, the results of Model III reveal that internal control quality significantly moderates the relationship between tax avoidance and firm value. The probability value of 0.0001 confirms a statistically significant moderating effect, leading to the acceptance of  $H_3$ . This finding indicates that strong internal control quality plays a crucial role in shaping investor perceptions of tax avoidance practices.

High-quality internal control systems improve transparency, accountability, and reliability in financial reporting, thereby reducing information asymmetry between management and shareholders. Under effective internal control mechanisms, tax planning activities are more likely to be conducted within prudent and controlled boundaries, reducing concerns regarding managerial opportunism and governance risk. Consequently, investors may respond more positively to firms with stronger internal control quality, even when those firms engage in tax avoidance practices.

This finding is consistent with Lusk and Wells (2021) [27], who emphasized that governance quality scores reflect the effectiveness of corporate internal control systems, particularly in the areas of audit quality and risk oversight. In addition, Lv *et al.* (2025) [28] argued that strong internal control mechanisms are capable of mitigating the adverse effects of tax avoidance on firm value by improving monitoring effectiveness and reducing uncertainty.

From the agency theory perspective, internal control quality functions as an important governance mechanism that limits opportunistic managerial behavior and enhances the credibility of managerial decisions. Effective internal controls reduce the possibility of information manipulation and strengthen investor trust in the company's governance practices. Therefore, the findings of this study confirm that the effectiveness of internal control systems is a critical factor in determining how the market evaluates tax avoidance activities and their implications for firm value.

## Conclusions, Limitations and Suggestions

### Conclusions

The findings of this study indicate that tax avoidance and corporate governance mechanisms play important roles in explaining variations in firm value. The empirical results provide evidence regarding both the direct relationship and the moderating relationship examined in the research model. First, tax avoidance proxied by Current Effective Tax Rate (Current ETR) does not have a significant direct effect on firm value, leading to the rejection of the first hypothesis. This finding suggests that investors in the Indonesian capital market do not necessarily perceive tax behavior as a primary signal in valuing companies without the presence of governance mechanisms.

Second, independent commissioners are proven to significantly moderate the relationship between tax avoidance and firm value. This result confirms that strong monitoring mechanisms function as a protection mechanism for investors, thereby reducing negative market perceptions associated with tax avoidance practices. Third, internal control quality also significantly moderates the relationship between tax avoidance and firm value. This finding indicates that stronger internal control systems improve transparency and accountability, which subsequently influence how the market responds to corporate tax strategies.

### Limitations

This study has several limitations. First, tax avoidance is measured only using Current ETR, which may not fully capture broader dimensions of tax avoidance practices. Second, internal control quality is proxied using Bloomberg Governance Quality Score (GQS), which may differ from domestic governance measurement approaches commonly used in Indonesian studies. Third, this study only examines independent commissioners and internal control quality as moderating variables. Finally, the study focuses only on non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, limiting the generalizability of the findings.

### Suggestions

Future studies are recommended to use additional tax avoidance proxies and incorporate other governance variables, such as institutional ownership, audit committees, or managerial ownership. Further research may also expand the observation period and sample coverage to obtain more comprehensive and generalizable findings.

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