International Economic Conference of Business and Accounting
Vol. No. | Month Year
E-ISSN …………

The Effect Of Gender Moderation Variables On The Independent Board Of Commissioners And The Audit Committee On Tax Aggressiveness

[1]Erina Avi Rahmawati, [2]Dewi Prastiwi, [3]Harun Harun
[1] Faculty of Economics and Business, State University of Surabaya
[2] Faculty of Economics and Business, State University of Surabaya
[3] James Cook University, Australia

[1]erina.19060@mhs.unesa.ac.id,[2] dewiprastiwi@unesa.ac.id

ABSTRACT

The purpose of this study was analyze independent board of commissioners and audit committee to reduce the act of tax aggressiveness with moderating variables gender diversification. The population in this study is a mining companies listed on the Indonesia Stock Exchange for the period 2018-2021. By using purposive sampling method, 72 mining companies were obtained that meet the research criteria. In this research is moderated regression analysis with SPSS version 25. The results showed that The audit committee variable affects tax aggressiveness. While Independent Board of Commissioners variable has no effect on aggressiveness, and the moderating variable of gender diversification cannot strengthen the independent board of commissioners and the audit committee to minimize tax aggressiveness.

Keywords : Independent Board of Commissioners ; Audit Committee ; Gender ; Tax Aggressiveness

I. INTRODUCTION

According to Law No. 16 of 2009, taxes are compulsory contributions that individuals or corporate taxpayers are obliged to give to the state, which are coercive in nature and do not involve direct compensation. In Indonesia, tax revenues occupy the first position and generate significant funds for development implementation. While taxes may lighten the burden on the government, this differs from the perspective of companies, as they perceive taxes as expenses that can reduce corporate profits. Therefore, companies always strive to optimize their tax burdens in order to achieve maximum profits (Ramadhanty & Didik Ardiyanto, 2022).PricewaterhouseCoopers (PwC) Indonesia says 70% of Indonesia's 40 major mining companies do not use tax transparency reports (Asiatodays, 2022).Sector companies Indonesia's energy mining sector is a strategic and leading sector reinforced by the data that Indonesia is one of the most productive countries in the coal sector mining industry in the world by producing around 485 million tons of coal or 7.2% of all coal production. about 7.2% of all coal production and became the second largest coal exporter after Indonesia. the second largest coal exporter after Australia (Suwiknyo, 2021). The amount of contributions has not been in accordance with the management of funds in the the mining sector, which is still not transparent enough transparent so that state revenues are still not optimal. According to the *Tax Justice Network*, in 2020, Indonesia was estimated to incur losses of US$ 4.86 billion per year or approximately Rp 68.7 trillion due to tax avoidance (Fatimah, 2020).

The act of evading taxes, whether legally or illegally, is referred to as tax aggressiveness. With the tax collection system in Indonesia based on *self-assessment*, tax audits become an important instrument in the supervision program for ensuring tax compliance obligations. Tax audits are expected to enhance compliance and reduce the level of tax aggressiveness (Damayanti & Prastiwi, 2017). One of the efforts to minimize tax aggressiveness is by implementing the principles of *good corporate governance*. The connection between tax aggressiveness and corporate governance refers to agency theory, which arises due to the diverging interests between *principals* and *agent*s (Setyawan et al., 2019). The division of labor, clarity of functions, and responsibilities within a company should be effectively implemented to maximize corporate governance (GCG). The presence of a supervisory board as the implementer of GCG within a company is expected to reduce instances of tax aggressiveness carried out by the company's management.

The existence of independent board of commissioners, who perform supervisory functions within the company, is expected to be able to exercise control over the performance of management (Effendi, 2009). Independent board of commissioners are external parties to the company who do not have any affiliations with the company members but directly deal with the organizational aspects of the company. The higher the proportion of independent board of commissioners, the expected decrease in tax aggressiveness practices conducted by the company. (Fadhilah, 2014). Setyawan et al. (2019) found that independent commissioners have an influence on tax aggressiveness. When the proportion of independent parties in a company is high, the company's management tends to engage in activities that comply with regulations because the independent parties cannot be influenced by others. However, Sarpingah & Purba (2019) found that the presence of independent commissioners does not have an influence on tax aggressiveness. This research differs from previous studies that focused on manufacturing companies (Setyawan et al., 2019; Sarpingah & Purba, 2019). Based on the discussion, the hypothesis formulated in this study is that independent board of commissioners has an influence on tax aggressiveness.

H_1 = Independent board of commissioners has an influence on tax aggressiveness in mining sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2018-2021.

The independent board of commissioners, in carrying out their duties, is assisted by committees, one of which is the audit committee. The audit committee is a party that supports the performance of the independent board of commissioners by overseeing the performance of the company's management. The presence of an audit committee is expected to ensure that management produces quality information and exercises control to minimize conflicts of interest within the company, including tax avoidance (Purbowati, 2021). The study conducted by Sandra and Maneula (2022) stated that the audit committee variable has a significant positive influence on tax aggressiveness. This indicates that the greater the number of audit committees, the better the company is at overseeing tax regulations. However, different results are revealed by the research conducted by Widuri et al. (2019), which states that an audit committee does not necessarily reduce the likelihood of companies engaging in tax aggressiveness. Based on this explanation, the second hypothesis of the study is as follows:

H_2: The audit committee has an influence on tax aggressiveness in mining sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2018-2021.

In addition to the GCG components implemented by independent board of commissioners and audit committees, having gender diversity among their members also provides additional benefits as a decision-making strategy. Gender diversification refers to the inclusion of both males and females in the composition of board of commissioners and audit committees. Based on theories about women's leadership, women tend to be more cautious and detail-oriented when considering risks, and they also tend to avoid risks. The research conducted by Rahman & Cheisviyanny (2020) has proven that gender diversification has a significant influence on tax aggressiveness. However, the study by Demos & Muid (2020) states that the presence of female board members does not have an impact on tax aggressiveness. Based on these explanations, the third hypothesis of the study is as follows:

H_3: The independent board of commissioners, moderated by gender diversification, has an influence on tax aggressiveness.

Gender diversification among audit committee members, similar to the characteristics of independence, transparency, and caution possessed by women, can make oversight more effective. Therefore, gender heterogeneity within the audit committee is expected to contribute to efforts in reducing tax aggressiveness. The use of gender diversification as a moderating variable is a novelty in this research as it has not been utilized in previous literature. This is based on the findings of previous studies where gender diversification within the audit committee did not have an impact on tax aggressiveness. Therefore, the objective of this research is to determine whether gender, when used as a moderating variable, strengthens or weakens the actions of tax aggressiveness.

H_4: The audit committee, moderated by gender diversification, has an influence on tax aggressiveness.

This study aims to examine and analyze the relationship between independent board of commissioners, audit committees, and tax aggressiveness, moderated by gender, in mining companies listed on the Indonesia Stock Exchange during the period 2018-2021. The mining sector is one of the largest contributors to corporate taxes in Indonesia. The benefits of this research include: (1) providing contributions to further research and adding to the existing body of literature on the influence of independent board of commissioners and audit committees on tax aggressiveness, utilizing gender as a moderating variable. (2) This research is expected to provide practical insights for companies to improve their compliance with tax obligations and ensure they fulfill their responsibility of paying taxes to the state, while avoiding any practices that may harm the country through regular tax reporting. (3) This research is expected to provide information to the government to optimize tax collection and improve the discipline of companies that do not comply with tax regulations.

II. RESEARCH METHOD

The population of this research consists of mining companies listed on the Indonesia Stock Exchange (BEI) during the period from 2018 to 2021. The research sample was obtained using a *non-probability sampling method.* The technique used is *purposive sampling.* It resulted in a population for this research consisting of mining companies listed on the Indonesia Stock Exchange during the period 2018-2021, totaling 63 companies. The total sample size is 18 companies that meet the criteria, resulting in a collection of 72 observation data over the 4-year observation period.

This study utilizes multiple linear regression analysis to examine the relationship between the dependent and independent variables. The following regression model is used in this study:

$$TA = \alpha + \beta DKI + \beta KA + e$$

In this study, analysis for the moderation variable was also conducted using the Moderated Regression Analysis technique. The following equation represents the regression equation that can be used to test moderation:

$$TA = \alpha + + \beta DKI + \beta KA + \beta DKI*GD + \beta KA*GD + £$$

III. RESULTS AND DISCUSSION

This study aims to fill the research gap in previous studies and address the phenomenon of tax aggressiveness that occurs in mining companies in Indonesia. Prior to hypothesis testing, this research first conducts tests of classical assumptions. The results of the testing in Table 1 indicate that there is no correlation among the independent variables in this study, as observed from the tolerance values (> 0.1) and VIF values (< 10) (Ghozali, 2016).

Table 1. Results of Multicollinearity Test

		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
Model		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	-,224	,164			
	DKI	,020	,094	,025	,986	1,014
	KA	,107	,048	,258	,972	1,029

Heteroscedasticity test was conducted using scatterplot graphs, where the results of the test indicated that the data points are randomly scattered and evenly distributed both above and below the zero line on the Y-axis. Finally, this study utilized the Run-Test (Table 2) and obtained a significance value of 0.235, indicating the absence of autocorrelation issues.

Table 2. Results of Autocorrelation Test

	Unstandardized Residual
Test Value[a]	0,00052
Cases < Test Value	36
Cases >= Test Value	36
Total Cases	72
Number of Runs	32
Z	-1,187
Asymp. Sig. (2-tailed)	,235

The test results for H1 (Table 3) revealed a significance value of 0.829. This indicates that the significance level is above 0.05, leading to the rejection of hypothesis 1. This condition suggests that the presence of independent board of commissioners as a supervisory board does not reduce the tax aggressiveness of the company. Tax aggressiveness actions are complex strategies that require specialized understanding of tax regulations. Essentially, tax aggressiveness exploits loopholes within the numerous tax rules. On the other hand, Independent Board of Commissioners may be less familiar with the tax aggressiveness actions planned by the company's management. This is because the primary focus of the Independent Board of Commissioners is to maintain the relationship between the company's internal and external stakeholders. The findings of this study are consistent with previous research by Yuliani & Prastiwi (2021), which stated that the presence of a larger or smaller number of independent board of commissioners does not guarantee stricter oversight of company management or prevent tax fraud. The existence of a policy regarding the number of independent commissioners may merely serve as a compliance requirement for regulations.

The test results for H2 (Table 3) revealed a significance value of 0.030. This indicates that the significance level is below 0.05, leading to the acceptance of hypothesis 2. The role of the audit committee is to oversee and control the internal control processes and financial reporting. The audit committee's responsibility is to assist the board of commissioners in implementing control measures and ensuring that the company's financial statements are presented fairly in accordance with generally accepted accounting principles. Additionally, the committee oversees and controls the process of preparing the company's financial statements, aiming to minimize manipulation and tax aggressiveness actions. The audit committee has the responsibility of controlling managers in enhancing the company's profit growth, where managers tend to emphasize cost reduction, especially in taxes (S.T. Tahilia et al., 2022). In this study, the audit committee is found to have an influence on tax aggressiveness. This is because the audit committee has the responsibility to control the process of preparing financial statements to prevent potential fraudulent activities by management. The audit committee also actively participates in making decisions related to tax burdens since tax burdens are closely related to tax aggressiveness. Consistent with the study by Ardillah & Vanessa (2022), which showed results indicating that the audit committee has a positive influence on tax aggressiveness, using the measurement of Book Tax Difference.

Table 3. Results of Hypothesis Testing

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig
1	(Constant)	-,224	,164		-1,365	,177
	DKI	,020	,094	,025	,217	,829
	KA	,107	,048	,258	2,221	,030

The results of H3 test (Table 4) indicate that the gender diversity variable in moderating the relationship between independent board of commissioners obtained a significance level of 0.255, which means that the value is much higher than 0.05. This indicates that hypothesis 3 is rejected, thereby demonstrating that the gender diversity variable cannot strengthen the relationship between independent board of commissioners in reducing tax aggressiveness. The presence of female board members does not determine the effectiveness of oversight over company management. The findings of this study are consistent with the research conducted by Demos & Muid (2020) and Francis et al. (2014), which stated that the presence of female board members does not have an influence on corporate tax aggressiveness.

The results of H4 test (Table 4) indicate that the gender diversity variable in moderating the relationship between the audit committee obtained a significance value of 0.076, which means that the value is above 0.05. This indicates that hypothesis 4 is rejected, thus demonstrating that the gender diversity variable cannot strengthen the relationship between the audit committee in reducing tax aggressiveness. This study aligns with Deslandes et al. (2020), stating that gender diversity in the audit committee does not have an influence on tax aggressiveness.

Table 4. Moderated Regression Analysis Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,014	,003		5,111	,000
	X1_Z	-,010	,009	-,247	-1,149	,255
	X2_Z	,004	,002	,388	1,806	,076

IV. CONCLUSION

The phenomenon of tax aggressiveness continues to be a primary focus of various researchers. This study indicates that gender The independent board of commissioners and the audit committee's influence on tax aggressiveness cannot be maximized by the presence of women in these positions. This is also supported by the facts in the field that can be seen from the financial statements of mining companies that are used as objects in this study that the existence of the board of commissioners and the audit committee of women is still very small. This study has limitations due to the lack of previous research sources on the moderation variable of gender in independent board of commissioners and audit committee. Subsequent research can improve upon this study by using a sample of companies from sectors other than mining, such as the manufacturing sector, with a larger sample size. Diversity cannot moderate the influence of the board of commissioners.

V. REFERENCES

Ardillah, K., & Vanesa, Y. (2022).

Corporate Governance Structure, Political Connections, and Transfer Pricing on Tax Aggressiveness. *Sriwijaya International Journal of Dynamic Economics and Business*, *6*(1), 51. https://doi.org/10.29259/sijdeb.v6i1.51-72

Damayanti, H. H., & Prastiwi, D. (2017). Peran OECD dalam Meminimalisasi Upaya Tax Agresiveness pada Perusahaan Multinationaly. *Jurnal Akuntansi Multiparadigma (JAMAL)*, *8*(1), 1–227.

Demos, R. W., & Muid, D. (2020). Pengaruh Keberadaan Anggota Dewan Wanita Terhadap Agresivitas Pajak. *Diponegoro Journal of Accounting*, *9*(1), 1–7. http://ejournal-s1.undip.ac.id/index.php/accounting

Effendi, M. A. (2009). *The Power of Good Corporate Governance: Teori dan Implementasi* (Krista (ed.)). Salemba Empat.

Fadhilah, R. (2014). Pengaruh good corporate governance terhadap tax avoidance (Studi empiris pada perusahaan manufaktur yang terdaftar di BEI 2009-2011). *Jurnal Akuntansi*, *2*(1), 1–22.

Fatimah. (2020, February 18). Dampak Penghindaran Pajak Indonesia Diperkirakan Rugi Rp 68,7 Triliun. *Pajakku*.https://www.pajakku.com/read/5fbf28b52ef363407e21ea80/Dampak-Penghindaran-Pajak-Indonesia-Diperkirakan-Rugi-Rp-687-Triliun

Francis, B. B., Hasan, I., Wu, Q., & Yan, M. (2014). Are female CFOS less tax aggressive? Evidence from tax aggressiveness. *Journal of the American Taxation Association*, *36*(2),171–202. https://doi.org/10.2308/atax-50819

Ghozali, I. (2016). *Aplikasi analisis multivariate dengan program IBM SPSS 23 edisi ke-8* (8th ed.). Universitas Diponegoro.

Mala, N. N., & Ardiyanto, M. D. (2021). Pengaruh Diversitas Gender Dewan Direki Terhadap Penghindaran Pajak (tudi Empiris Pada Perusahaan Perbankan yang Terdaftar di BEI Tahun 2014-2018). *Diponegoro Journal of Accounting*, *10*(1), 1–11.

Maneula, A., & Sandra, A. (2022). Pengaruh Diversitas Gender Dalam Dewan Direksi, Dewan Komisaris, dan Komite Audit, Serta Kepemilikan Manajerial dan Kepemilikan Institusional Terhadap Agresivitas Pajak. *Journal of Applied Managerial Accounting*, *6*(2), 187–203.

Purbowati, R. (2021). *Pengaruh Good Corporate Governance Terhadap Tax Avoidance*. *4*(1), 61–76.

Rahman, B., & Cheisviyanny, C. (2020). Pengaruh Kualitas Pengungkapan Corporate Social Responsibility, Dewan Direksi Wanita Dan Dewan Komisaris Wanita Terhadap Tax Aggressive. *Jurnal Eksplorasi Akuntansi*, *2*(3), 2942–2955. https://doi.org/10.24036/jea.v2i3.261

Ramadhanty, R., & Didik Ardiyanto, M. (2022). Pengaruh Good Corporate Governancence Terhadap Penghindaran Pajak (Studi Empiris Pada Perusahaan-Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia 2014-2018). *Diponegoro Journal of Accounting*, *11*(1), 1–11. http://ejournal-s1.undip.ac.id/index.php/accounting

S.T. Tahilia, A. M., Sulistyowati, S., & Wasif, S. K. (2022). Pengaruh Komite Audit, Kualitas Audit, dan Konservatisme Akuntansi terhadap Tax Avoidance. *Jurnal Akuntansi Dan Manajemen*, *19*(02), 49–62. https://doi.org/10.36406/jam.v19i02.722

Sarpingah, S., & Purba, H. (2019). The Effect of Good Corporate Governance and Profit Management on Tax Aggressive (Empirical Study on Manufacturing Companies Listed on the IDX Periode 2014-2017). *International Journal of Accounting and Finance Studies*, *2*(2), p95. https://doi.org/10.22158/ijafs.v2n2p95

Setyawan, S., Wahyuni, E. D., & Juanda, A. (2019). Kebijakan Keuangan Dan Good Corporate Governance Terhadap Agresivitas Pajak. *Jurnal Reviu Akuntansi Dan Keuangan*, *9*(3), 327. https://doi.org/10.22219/jrak.v9i3.9845

Widuri, R., Anugrah, Y., Yumico, Y., & Laurentia, C. (2019). The Effect of Family Ownership to Tax Aggressiveness with Good Corporate Governance and Transparency as Moderating Variable. *Journal of Economics and Business*, *2*(1). https://doi.org/10.31014/aior.1992.02.01.76

Yuliani, N. A., & Prastiwi, D. (2021). Pengaruh Dewan Komisaris Independen, Komite Audit, Dan Kepemilikan Institusional Terhadap Agresivitas Pajak. *Jurnal Riset Akuntansi Dan Keuangan*, *9*(1), 141–148.https://doi.org/10.17509/jrak.v9i1.27573.Copyright