International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Tax Avoidance In Manufacturing Companies: The Roles Of Independent Commissioners, CSR and Profitability

Shabila Fauziatun Nissa[1], Agung Yulianto[2*]

[1,2]Faculty of Economics and Business, Universitas Swadaya Gunung Jati

*Email: agung.yulianto@ugj.ac.id

Abstract

Tax avoidance is a significant structural constraint on state revenue in Indonesia, particularly during the post-pandemic economic recovery period. This study seeks to examine the contribution of independent commissioners, CSR, and profitability on tax avoidance practices among manufacturing companies listed on the Indonesian Stock Exchange during the period from 2020 to 2024. Using an agency theory framework, this study examines how governance mechanisms and financial performance influence management behavior in minimizing tax liabilities through tax avoidance strategies. The research employed a quantitative methodology with a purposive sampling technique, yielding 379 observations following outlier exclusion, which were examined through multiple linear regression analysis utilizing SPSS 29. The results demonstrate that profitability exerts a statistically significant negative influence on tax avoidance, implying that companies with high profit typically engage in reduce tax avoidance practices. In contrast, independent commissioners and CSR did not significantly affect tax avoidance, suggesting that the supervisory function of independent commissioners may not function optimally and that corporate social responsibility does not directly correlate with tax avoidance practices.

Keywords: Independent Commissioners, CSR, Profitability, Tax Avoidance

INTRODUCTION

Taxes play a vital role in Indonesia's economy because they are the main source of government revenue, which constitutes the main source of revenue in APBN. Through taxes, the government can implement various programs to support diverse sectors, ultimately supporting economic development and social welfare.

Taxes are mandatory contributions imposed by the government on citizens. However, from the public's perspective, taxes are frequently perceived as a hardship due

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

to their reduction of individuals' income, especially since as the benefits are not directly perceived by taxpayers. This situation may encourage some taxpayers, including businesses, to engage in tax avoidance. Tax avoidance can be described as a deliberate strategy intended at reducing tax liabilities in a lawful manner through the effective use of existing tax provisions and regulations. The following are the target and actual tax revenue for the years 2020 to 2024.

Table 1: Tax Revenue Target and Actual for 2020-2024 period

Year	Tax Revenue Target (trillion Rupiah)	Actual Tax Revenue (trillion Rupiah)	Percentage (%)
2020	1.198,8	1.072,1	89.43
2021	1.229,5	1.278,6	104.00
2022	1.484,9	1.716,8	115.61
2023	1.818,2	1.867,9	102.73
2024	1.921,9	1.931,6	100.50

Source: Financial Report of the Direktorat Jenderal Pajak (DJP).

Table 1 shows trends closely linked to national economic conditions while also indicating the potential for tax avoidance, which remains a challenge for the government. In 2020, tax revenue collection reached only 89.43% of the target, reflecting the pandemic's impact on economic activity, a decline in corporate revenue, and weakened tax compliance. Entering in 2021 and 2022, revenue increased significantly, exceeding the targets by 104% and 115.61%, respectively. Post-pandemic economic recovery, intensified fiscal oversight, and the implementation of policies such as the Voluntary Disclosure Program contributed to the surge in revenue. However, this increase in revenue does not automatically signal a reduction in tax avoidance practices. However, as revenue improves, corporate tax avoidance strategies, particularly through earnings management, aggressive tax planning, and exploiting regulatory loopholes, remain a structural challenge that requires monitoring, especially in major sectors such as manufacturing.

In 2023 and 2024, tax revenue realization remained above target (102.73% and 100.50%), but growth began to decelerate. Tax revenue growth fell to around 3%-4%, well below the sharp increase seen in 2021-2022. This slowdown may indicate that the scope for tax collection is becoming limited, as well as the potential for increasingly sophisticated tax avoidance practices as companies adapt to stricter regulations. Prior research indicates that tax avoidance frequently escalates during economic recovery phases as corporations endeavor to minimize their tax liabilities to enhance profitability.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Corporate governance elements, the function of independent commissioners, and the implementation of CSR help reduce the likelihood of tax avoidance.

Thus, when linked to the data on tax revenue targets and realizations for 2020-2024, it can be observed that while tax revenue performance is generally improving, tax avoidance remains a relevant issue with a direct impact on the achievement of state revenue targets. Fluctuations in target achievement are influenced not only by economic conditions but also by the extent to which tax avoidance practices can be curbed through good corporate governance and strong oversight.

An internal structure aligned with good corporate governance principles is necessary to facilitate the implementation of these principles within a business. Independent commissioners, external to the corporation and part of the board of commissioners, generally have roles comparable to other members of the board of commissioners. The distinguishing element is that these independent commissioners originate externally from the corporation and are not integrated into its internal framework, therefore, they have no affiliation with the board of directors, other independent commissioners, or majority shareholders. Based on research by Alviano & Hermi (2023) and Septiani (2021), the correlation between independent commissioners significantly enhances tax avoidance, which occurs when managers reduce the company's tax expense through tax avoidance strategies, driven by the motivation to increase the business entity's profits through tax expense reduction, encompassing overall fiscal costs. Meanwhile, studies by Ernawati et al. (2022), Maulinda & Fidiana (2019), and Murtina et al.(2020) indicate that the existence of independent commissioners in a firm does not necessarily guarantee a reduction in tax avoidance.

CSR is defined as a company's commitment to social, environmental, and economic responsibilities. Both taxes and CSR contribute to societal welfare, although they differ in nature. Companies that implement CSR programs are viewed as socially responsible and ethical entities in conducting their operations. Research by Prasetyo & Arif (2022) and Susanto (2022) indicates that corporate social responsibility has a significant positive impact on tax avoidance. Studies undertaken by Ernawati et al. (2022), Maulinda & Fidiana (2019), Nurtanto & Wulandari (2024), and Putri et al. (2024) indicate that corporate social responsibility has a significant negative impact on tax avoidance, whereas the study by Kurnianti et al. (2021), Septiani (2021), Wahdi (2024) indicate that CSR does not significantly affect tax avoidance.

One of the primary objectives of a companies is to generate profit. Profitability is a critical aspect of an entity's operations, reflecting its performance in generating profit through asset management. In this context, the level of profitability achieved by an entity, whether high or low, significantly influences managerial decision-making, while the amount of revenue generated by the entity affects its ability to meet its tax obligations. A

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

study conducted by Asprilla & Adi (2023), Fauziah & Kurnia (2019), Nurtanto & Wulandari (2024), Prasetyo & Arif (2022), and Sudibyo (2022) illustrates that profitability significantly enhances tax avoidance. Meanwhile, studies by Azis & Widianingsih (2019), Hartanto & Sudirgo (2023), Maulinda & Fidiana (2019), Nawangsari et al. (2022), Puspitasari et al. (2021), Tanjaya & Nazir (2021), and Wahdi (2024) demonstrate that profitability exerts a significant negative influence, while studies by Kurnianti et al. (2021) and Septiani (2021) indicate that profitability has no significant impact on tax avoidance.

Manufacturing companies were chosen as the research sample because this sector is one of the major contributors to national tax revenue and has complex operational activities, which could potentially lead to tax avoidance practices. The multi-layered governance structure and high transparency requirements allow for a more precise analysis of the effect of independent commissioners, CSR, and profitability in relation to tax avoidance.

Based on the phenomena described, tax avoidance remains a structural challenge for state revenue, despite the ongoing post-pandemic economic recovery. Furthermore, there is a lack of consistency in previous research findings (research gap) regarding the factors influencing it. Some studies suggest that independent commissioners and CSR have a significant effect on tax avoidance, while other studies indicate no significant impact or even contradictory outcomes. Similarly, the profitability variable still shows differing findings across various empirical studies, with some studies indicating a positive relationship between profitability and tax avoidance, while others suggest no relationship or a negative impact.

The inconsistency in these findings underscores the need for further testing to provide stronger empirical evidence, especially in the manufacturing company, which is marked by high operational complexity and contributes significantly to national tax revenue. This research seeks to reassess the impact of independent commissioners, CSR, and profitability on tax avoidance practices using recent data from the post-pandemic economic recovery period.

HYPOTHESIS DEVELOPMENT

The Impact of Independent Commissioners on Tax Avoidance

An independent commissioner pertains to an individual who is not bound by any affiliation with a business entity, including business partners, stakeholders who control the company, independent commissioners, or other executives according to Alviano & Hermi (2023). This independence ensures that the supervisory functions can operate effectively within the framework of good corporate governance. Through this oversight role, independent commissioners also have the potential to influence various strategic company policies, including those related to taxation.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Agency theory posits that the inclusion of independent commissioners, aimed at mitigating conflicts of interest, may influence tax avoidance. Tax efficiency strategies can benefit the company if the oversight function focuses on maximizing profits for the principal. In situations of information asymmetry, company management can take advantage of tax opportunities to increase corporate value, where independent commissioners are likely to view such tax strategies as cost efficiencies that benefit shareholders. This aligns with the research by Alviano & Hermi (2023) and Septiani (2021) which find a significant positive impact of independent commissioners on tax avoidance.

H1: Independent Commissioners have a positive impact on Tax Avoidance

The Impact of Corporate Social Responsibility on Tax Avoidance

The implementation of CSR also aims to enhance business performance by aligning the interests of the company with those of its stakeholders according to Nurtanto & Wulandari (2024). In practice, CSR is often linked to various corporate strategic policies, including those related to tax management.

The connection between CSR and tax avoidance can be described using agency theory, whereby companies may use extensive CSR reporting to obscure aggressive tax planning. Companies that engage in tax avoidance will strive to build a positive reputation among the public and investors by carrying out social activities aimed at diverting attention from their efforts to reduce tax liabilities, as supported by research by Prasetyo & Arif (2022) and Susanto (2022), which found that CSR has a significant positive impact on tax avoidance.

H2: CSR has a positive impact on Tax Avoidance

The Impact of Profitability on Tax Avoidance

Profitability serves as an indicator for a company's financial performance. As return on assets increases, it directly indicates an increase in net income to be earned by the company, which will ultimately lead to a natural rise in tax liability (Maulinda & Fidiana 2019 ; Lailiyah et al., 2022). Significant tax expense encourages managers in large-scale companies to choose earnings management practices that can reduce taxable income in order to lower the tax costs that the business entity must bear.

Consequently, profitability may positively influence tax avoidance strategies. As profitability increases, so does the tax liability, prompting managers to implement tax planning strategies to maintain an optimal net profit margin. Based on agency theory, managers are motivated to manage their tax expenses to maintain financial performance and maximize managerial compensation. This aligns with the research by Asprilla & Adi

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

(2023) and Fauziah & Kurnia (2019), which find that profitability exerts a significant positive influence on tax avoidance.

H3: Profitability has a positive impact on Tax Avoidance

RESEARCH METHOD

This research adopts a quantitative methodology as its principal strategy. Quantitative methods involve the process of discovering knowledge through the use of numerical data as a tool for analyzing information regarding the research questions. The research focuses on financial statements, which are used to evaluate tax avoidance practices based on GCG indicators represented by the presence of independent commissioners, as well as aspects of CSR and profitability. The study's population comprises 472 manufacturing companies that were listed on the IDX from 2020 to 2024. By employing the purposive sampling method, which is based on these criteria, it is expected that the selected sample can represent the population well and provide relevant information pertaining to the variables under investigation. The data was conducted using SPSS 29, which facilitates the processing of panel data and the testing of relationships between variables through regression methods. Table 2 describes the sampling process.

Table 2. Criteria for excluding companies from the sample

No	Criteria	Total
	Population	472
1	Companies that have been delisted or do not meet the data completeness criteria during the 2020-2024 period	(141)
2	Companies that have not published annual reports for consecutive years during the 2020-2024 period	(72)
3	Financial statements that do not use the Indonesian Rupiah (IDR)	(12)
4	Companies that incurred losses from 2020 to 2024 period	(145)
5	Companies that do not publish sustainability reports	(2)
	Sample	100
	Period Year	5
	Number of Samples	500

Source: Indonesia Stock Exchange, Processed secondary data, 2020-2024.

RESEARCH RESULT AND DISCUSSION

Research Results

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Descriptive Statistics

In descriptive statistical analysis, the statistical data for the research variables is delineated using the minimum, maximum value, mean, variance, and standard deviation.

Table 3. Descriptive Statistics Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Independent Commissioners	500	.17	1.00	.4217	.12021
CSR	500	.03	1.00	.6266	.22924
Profitability	500	.00	.36	.0818	.06271
Tax Avoidance	500	.00	1,00	.2701	.18078
Valid N (listwise)	500				

Source: Data analyzed using SPSS 29, 2025.

This study utilized a total sample of 500 observations (N=500), as indicated in Table 3, Results of Descriptive Statistical. The empirical findings reveal that the independent commissioner variable ranges from 0.17 to 1.00, showing a mean value of 0.4217 and a standard deviation of 0.12021. Similarly, the CSR variable ranges from 0.03 to 1.00, with an average disclosure score of 0.6266 and a standard deviation of 0.22924.

The profitability variable has a minimum of 0.00, a maximum of 0.36, a mean of 0.0818, and a standard deviation of 0.06271. Meanwhile, the tax avoidance variable spans from 0.00 to 1.00, with a mean of 0.2701 and a standard deviation of 0.18078. The mean values of all research variables exceed their standard deviations, suggesting a favorable data distribution with no major deviations.

Normality Test

A normality test assesses whether sample data originate from a normally distributed population. The subsequent results pertain to the normalcy test conducted prior to and subsequent to the elimination of outliers.

Table 5. Normality Test After Outliers

Unstandardized Residual		
N		379
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.10449966
	Absolute	.046
	Positive	.035

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

	Negative	-.046
Test Statistic		.046
Asymp. Sig. (2-tailed)		.056

Source: Data analyzed using SPSS 29, 2025.

The results of the Kolmogorov-Smirnov normality test indicate that the original data are not normally distributed; therefore, outliers were removed until a significance value of 0.056 was achieved. Since this significance value now exceeds 0.05 (0.056 > 0.05), it can be concluded that the model residuals used in this study satisfy the assumption of normality.

Multicollinearity Test

The multicollinearity test aims to ensure that the independent variables in the regression model are not highly correlated, thereby supporting accurate and reliable analysis results.

Table 6. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Independent Commissioners	.995	1.005
CSR	.991	1.010
Profitability	.990	1.010

Source: Data analyzed using SPSS 29, 2025.

The table shows no significant correlation among the independent variables. This is substantiated by the tolerance values for the independent variables of independent commissioners (0.995), CSR (0.991), and profitability (0.990), all of which are well above 0.10. Additionally, the VIF values range from 1.005 to 1.010, well below the threshold of 10. Consequently, this study model is devoid of multicollinearity concerns.

Heteroscedasticity Test

The heteroscedasticity assessment in this study was performed utilizing Spearman's Rho coefficient. This test is intended to identify the relationship between residuals and the independent variables in the regression model.

Table 7. Heteroscedasticity Test

	Independent Commissioner	CSR	Profitability	Unstandardized Residual

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Spearman's Rho	Independent Commissioners	Correlation Coefficient	1.000	.055	-.039	-.044
		Sig. (2-tailed)	.	.285	.448	.395
		N	379	379	379	379
	CSR	Correlation Coefficient	.055	1.000	.087	.005
		Sig. (2-tailed)	.285	.	.092	.917
		N	379	379	379	379
	Profitability	Correlation Coefficient	-.039	.087	1.000	.005
		Sig. (2-tailed)	.448	.092	.	.923
		N	379	379	379	379
	Unstandardized Residual	Correlation Coefficient	-.044	.005	.005	1.000
		Sig. (2-tailed)	.395	.917	.923	.
		N	379	379	379	379

Source: Data analyzed using SPSS 29, 2025.

The table above shows that the regression model meets the assumption of homoscedasticity, as demonstrated by the study results of the heteroscedasticity test utilizing Spearman's Rho correlation. This is substantiated by the significance values (Sig. 2-tailed) of each independent variable in relation to the unstandardized residuals, all of which are well above the 0.05 threshold. The independent commissioner variable exhibits a significance value of 0.395, whereas the CSR variable demonstrates a significance value of 0.917, and the profitability variable exhibits the greatest significance value at 0.923. The significance values, which much surpass the 0.05 threshold, show that the independent variables are not significantly related to the residuals, based on a sample size of 379 observations. Therefore, it may be argued that the regression model exhibits no heteroscedasticity, rendering the resulting estimator a Best Linear Unbiased Estimator (BLUE), and the outcomes of the following hypothesis testing can be regarded as valid and unbiased.

Autocorrelation Test

The objective of the autocorrelation test is to ensure that there is no correlation between residuals across different periods and those of other so that the regression model used produces valid and reliable estimates.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Table 8. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.153[a]	.024	.016	.10492	2.049

Source: Data analyzed using SPSS 29, 2025.

According to the aforementioned table, the Durbin-Watson statistic is 2.049. This value is around 2, which indicates that no autocorrelation is present in the regression model, either positive or negative. Therefore, the classical assumption of no autocorrelation has been met, and the model is deemed valid for use in further testing.

t-Test

The t-test is used to assess the partial effect of each independent variable on the dependent variable.

Table 9: t-Test Result

Model		t	Sig.
1	(Constant)	9.346	<.001
	Independent Commissioners	-1.414	.158
	CSR	1.283	.200
	Profitability	-2.525	.012

Source: Data analyzed using SPSS 29, 2025.

The test results indicate that independent commissioners possess a t-statistic of -1.414, indicating a negative effect, at a significance level of 0.158. The significance value above 0.05 suggests that independent commissioners have no significant effect on tax avoidance. It can therefore be concluded that independent commissioners have a negative, non-significant impact on corporate tax avoidance. CSR exhibits a t-statistic of 1.283, indicating a positive effect, with a significance level of 0.200. A significance level above 0.05 indicates that CSR does not affect tax avoidance. This indicates that while CSR exhibits a positive effect, its effect on tax avoidance is not statistically significant. Profitability exhibits a t-statistic of -2.525, indicating a negative effect, with a significance level of 0.012. A significance level below 0.05 signifies that profitability substantially influences tax avoidance. Therefore, it may be inferred that profitability exerts a negative and considerable influence on tax avoidance within corporations.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) shows the extent to which the independent variables explain the variation in the dependent variable in this study.

Table 10: Result of *R^2 Test*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.153[a]	.024	.016	.10492	2.049

Source: Data analyzed using SPSS 29, 2025.

The coefficient of determination (R^2) test yielded an R-squared score of 0.024. This indicates that the proportion of variance in the dependent variable accounted for by the combined effect of profitability, independent commissioners, and CSR is 2.4%. Conversely, the remaining 97.6% is accounted for by variables not accounted for in this research model. The adjusted R-square value of 0.016 signifies that the independent variables' contribution to the model remains minimal in elucidating the phenomena of tax avoidance within the examined sample.

DISCUSSION

The Impact of Independent Commissioners on Tax Avoidance

Independent commissioners, in conjunction with the other commissioners, carry out oversight duties and determine strategies that benefit the company while ensuring compliance with policies, including those related to taxation. The presence of independent commissioners ensures that all corporate strategies developed by the board, management, and stakeholders will guarantee effective and efficient results, including policies related to tax avoidance measures. To determine whether this role influences the company's tax avoidance practices, a statistical test was conducted on the independent commissioner variable. The statistical test findings indicate that the independent commissioner possesses a negative regression coefficient, with a t-statistic of -1.414 and a p-value of 0.158. Since the significance value is greater than 0.05 (H_1) is rejected. This suggests that independent commissioners do not significantly affect tax avoidance

Independent commissioners are expected to mitigate conflicts of interest between principals and agents by monitoring managerial opportunism, according to agency theory. However, the findings of this study indicate that this oversight function is not effective in limiting or influencing the tax avoidance practices undertaken by management. This may

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

be due to independent commissioners having limited access to information compared to management.

This research conclusions align with research undertaken by Ernawati et al. (2022), Maulinda & Fidiana (2019), and Murtina et al. (2020), the study revealed that the existence of independent commissioners within a firm does not influence tax avoidance practices undertaken by the company. Nevertheless, these findings are inconsistent with the results of Alviano & Hermi (2023) and Septiani (2021), who found that independent commissioners have a significant impact on tax avoidance.

The Impact of Corporate Social Responsibility on Tax Avoidance

CSR denotes a corporation's dedication to ethical business practices, including the social and environmental impact of its operations. When companies use CSR, they put the well-being of the community and the protection of the environment in their operational areas ahead of making money. Regarding taxation, organizations that exhibit a significant degree of CSR transparency are anticipated to demonstrate greater compliance with relevant rules, including tax provisions. Companies engaged in CSR initiatives generally seek to uphold their reputation with the public, government, and investors, thereby avoiding tax avoidance strategies that could tarnish the company's image. The test results yielded conclusions concerning the effect of CSR on tax avoidance. CSR yielded a t-statistic of 1.283, indicating a positive effect, with a p-value of 0.200. The second hypothesis (H_2), which proposed a considerable positive effect of CSR on tax avoidance, was rejected due to a significance level exceeding 0.05.

Within the framework of agency theory, CSR is often viewed as a mechanism that management can use to build the company’s reputation while reducing information asymmetry between management and the shareholders. Through the disclosure and implementation of CSR activities, companies are expected to demonstrate their commitment to responsible business practices, thereby enhancing stakeholder trust. However, the lack of significance in this research indicates that the CSR activities carried out by manufacturing companies in Indonesia during the 2020-2024 period does not have a significant impact on tax avoidance practices implemented by the companies. This may happen because the costs of CSR programs are not high enough to be a big tax deduction when figuring out taxable income. Furthermore, the implementation of CSR programs tends to be more focused on fulfilling corporate social obligations and enhancing the company’s image and legitimacy in the eyes of the public and stakeholders. Thus, the CSR activities undertaken by companies are more oriented toward corporate social responsibility and sustainability, rather than serving as a strategic instrument directly used to minimize tax liabilities through tax avoidance practices.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

The outcomes of this investigation corroborate the findings from Kurnianti et al. (2021), Septiani (2021), Wahdi (2024) and Putri et al. (2024), who determined that CSR did not impact on tax avoidance. These findings differ from the study by Prasetyo & Arif (2022) and Susanto (2022), which found a significant positive impact, as well as the research by Ernawati et al. (2022), which demonstrated a statistically significant negative impact.

The Impact of Profitability on Tax Avoidance

A substantial profitability level signifies the company's effective asset management, resulting in maximal profits. In the realm of taxation, it influences the amount of tax liability that the company must remit. Consequently, profitability is sometimes linked to a company's inclination to use tax planning, encompassing tax avoidance measures, and sustain the profit levels anticipated by management and shareholders. A statistical test was performed to assess the impact of profitability on tax avoidance. The test results show that the profitability variable has a t-statistic of -2.525, indicating a negative effect, with a p-value of 0.012. The p-value being below 0.05 leads to the (H_3) is accepted, indicating that profitability influences tax avoidance. In contrast, the influence is negative, contradicting the initial research assumption of a positive correlation between profitability and tax avoidance.

These findings can be explained through the lens of agency theory, in which management, as the agent, has a responsibility to manage the company optimally to serve the interests of shareholders as the principal. A corporation with high profitability typically exercises greater caution in its tax policy selections. The company aims to mitigate risks that may result in legal complications or scrutiny from tax authorities. Consequently, companies exhibiting elevated profitability are generally more adherent to tax legislation compared to those with diminished profitability levels.

The findings of this study align with prior research undertaken by Azis & Widianingsih (2019), Hartanto & Sudirgo (2023), Maulinda & Fidiana (2019), Wahdi (2024), and Nawangsari et al. (2022), research revealed that profitability exerts a substantial negative influence on tax avoidance. However, the findings of this research are inconsistent with the findings of studies conducted by Asprilla & Adi (2023), and Prasetyo & Arif (2022), which indicate that profitability has a positive impact on tax avoidance. These differing results may be attributed to variations in the characteristics of the research samples and the observation periods, as well as the prevailing economic conditions and tax policies during each respective study period.

CONCLUSION

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

This study, examining manufacturing companies listed on the Indonesian Stock Exchange from 2020 to 2024, demonstrates that independent commissioners have no significant impact on tax avoidance behaviors. Consequently, their role in the corporate governance framework has proven ineffective in regulating corporate tax policies. Corporate Social Responsibility (CSR) was also not found to have a significant impact on tax avoidance, indicating that the implementation and disclosure of CSR are more oriented toward social responsibility and enhancing corporate reputation rather than being a strategy directly related to tax expense management. Meanwhile, profitability significantly negatively impacts tax avoidance, indicating that more profitable organizations are likely to adhere to tax obligations to preserve their reputation and mitigate legal risks. These findings imply that companies need to improve the effectiveness of their corporate governance practices, particularly by strengthening the oversight functions of independent commissioners. Meanwhile, for the government and tax authorities, these research findings can serve as a basis for consideration in strengthening oversight of tax avoidance practices.

REFERENCES

Alviano, M. R. F., & Hermi. (2023). Pengaruh Komisaris Independen, Capital Intensity, Leverage, Dan Ukuran Perusahaan Terhadap Penghindaran Pajak. Jurnal Ekonomi Trisakti, 3(1), 1945-1954. https://doi.org/10.25105/jet.v3i1.16496

Asprilla, V., & Adi, P. H. (2023). Pengaruh Profitabilitas Terhadap Penghindaran Pajak dengan Komite Audit sebagai Variabel Moderasi. Owner Riiset & Jurnal Akuntansi, 7(3), 2031-2042. https://doi.org/10.33395/owner.v7i3.1522 Pengaruh

Azis, M. T., & Widianingsih, I. U. (2019). Pengaruh Profitabilitas, Leverage, Dan Ukuran Perusahaan Terhadap Penghindaran Pajak Pada Perusahaan Farmasi Di BEI. Jurnal Ilmiah Ekonomi Manajemen, 12(1), 40-51. https://doi.org/10.52657/jiem.v12i1.1444

Ernawati, Lannai, D., & Junaid, A. (2022). Pengaruh Corporate Governance Dan Corporate Social Responsibility Terhadap Penghindaran Pajak Pada Perusahaan Manufaktur Terdaftar Di BEI. Tata Kelola Jurnal Magister Akuntansi Universitas Muslim Indonesia, 9(1).

Fauziah, F., & Kurnia. (2019). Pengaruh Profitabilitas, Ukuran Perusahaan, Dan Leverage Terhadap Penghindaran Pajak Perusahaan Sektor Industri Barang Konsumsi. Jurnal Ilmu Dan Riset Akuntansi, 10(4).

Hartanto, Y. A., & Sudirgo, T. (2023). Pengaruh Profitabilitas, Leverage, Kepemilikan Institusional dan Ukuran Perusahaan Terhadap Penghindaran Pajak. Jurnal Multiparadigma Akuntansi, V(2), 546–555. https://doi.org/10.24912/jpa.v5i2

Kurnianti, D., Mardiyati, U., & Indriani, T. (2021). Profitabilitas, CSR, Corporate

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Governance Dan Tax Avoidance Pada Perusahaan Manufaktur Periode 2014-2018. Jurnal Riset Manajemen Sains Indonesia (JRMSI), 12(1), 40-58. https://doi.org/10.21009/JRMSI.012.1.03

Lailiyah, C. Z., Massela, A., Yulianto, A., & Khalid, A. A. (2024). Impact of corporate social responsibility, profitability, leverage, and capital intensity on tax aggressiveness: The moderating role of firm size in Indonesian manufacturing sector.

Maulinda, I. P., & Fidiana. (2019). Pengaruh Corporate Social Responsibility, Profitabilitas Dan Good Corporate Governance Terhadap Tax Avoidance. Jurnal Ilmu Dan Riset Akuntansi, 8(4).

Murtina, W. S., Putra, W. E., & Yustien, R. (2020). Pengaruh Good Corporate Governance Terhadap Penghindaran Pajak (tax avoidance). Jurnal Akuntansi Dan Auditing, 17(2), 47-66. https://doi.org/10.14710/jaa.17.2.47-66

Nawangsari, A. T., Yudhanti, A. L., & Rusyda, H. (2022). Corporate Social Responsibility Disclosure dan Profitability Terhadap Tax Avoidance di Jakarta Islamic Index (JII). Research Article, 6(2). https://doi.org/10.21070/jas.v6i2.1614

Nurtanto, D. R., & Wulandari, S. (2024). Pengaruh CSR, Leverage, Dan Profitabilitas Terhadap Tax Avoidance. Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi), 8(1), 734-746. https://doi.org/10.31955/mea.v8i1.3723

Prasetyo, W. F., & Arif, A. (2022). Pengaruh Profitabilitas, Corporate Social Responsibility, Leverage, Dan Capital Intensity Terhadap Penghindaran Pajak. Jurnal Ekonomi Trisakti, 2(2), 375-390. https://doi.org/10.25105/jet.v2i2.14365

Puspitasari, D., Radita, F., & Firmansyah, A. (2021). Penghindaran Pajak Di Indonesia: Profitabilitas, Leverage, Capital Intensity. Jurnal Riset Akuntansi Tirtayasa, 06(02), 138-152. https://doi.org/10.48181/jratirtayasa.v6i2.10429

Putri, J., Rahmayanti, T., Kirana, S. S., & Rahmadita, F. (2024). Pengaruh Corporate Governance Dan Corporate Social Responsibility Terhadap Penghindaran Pajak. Jurnal Ilmiah Manajemen Dan Akuntansi, 1(4), 81-90. https://doi.org/10.69714/5frsy626 PENGARUH

Septiani, Y. (2021). Pengaruh Good Corporate Governance , Corporate Social Responsibility , dan Profitabilitas Terhadap Tax Avoidance (Studi Empiris pada Perusahaan Produsen Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Periode 2014-2017). ECo-Fin, 3(2). https://doi.org/10.32877/ef.v3i2.404

Sudibyo, H. H. (2022). Pengaruh Profitabilitas, Leverage, Dan Pertumbuhan Penjualan Terhadap Penghindaran Pajak. JAMAN Jurnal Akuntansi Dan Manajemen Bisnis, 2(1), 78-85. https://doi.org/10.56127/jaman.v2i1.211

Susanto, A. (2022). Pengaruh Corporate Social Responsibility (CSR) dan Karakteristik Perusahaan Terhadap Praktik Penghindaran Pajak Perusahaan yang Terdaftar di

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Bursa Efek Indonesia. Owner Riiset & Jurnal Akuntansi, 6(1), 541–553. https://doi.org/10.33395/owner.v6i1.551

Tanjaya, C., & Nazir, N. (2021). Pengaruh Profitabilitas, Leverage, Pertumbuhan Penjualan, Dan Ukuran Perusahaan Terhadap Penghindaran Pajak. Jurnal Akuntansi Trisakti, 8(2), 189–208. https://doi.org/10.25105/jat.v8i2.9260

Wahdi, N. (2024). The Effect Of Corporate Social Responsibility, Profitability, Asset Intensity, Leverage On Tax Avoidance With Audit Quality As A Moderating Variable In Manufacturing Companies Listed On The BEI. Costing: Journal of Economic, Business and Accounting, 7(5), 1473-1489. https://doi.org/10.31539/costing.v7i5

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.