


The Effect of Company Size, Corporate Governance, and Capital Intensity on Tax Aggressiveness

Alicia Sugoro¹, Grace T. Pontoh², Sri Sundari³

Faculty of Economics and Business, Universitas Hasanuddin, Makassar

Article Info	ABSTRACT
<p>Keywords: Company Size, Independent Board of Commissioners, Institutional Ownership, Capital Intensity, Tax Aggressiveness.</p>	<p>Companies implement various tax strategies to optimize their tax obligations. This study aims to prove and analyze the effect of company size, independent board of commissioners, institutional ownership, and capital intensity on tax aggressiveness. The data in this study are secondary data obtained from the Indonesia Stock Exchange website. The data collected and met the criteria using purposive sampling technique amounted to 47 energy sector companies for two periods. The data was processed with multiple linear regression analysis. The results of this study indicate that: (1) Institutional ownership has a significant effect on tax aggressiveness; (2) Capital intensity has a significant effect on tax aggressiveness; (3) Company size has no significant effect on tax aggressiveness; (4) Independent board of commissioners has no significant effect on tax aggressiveness; (5) Simultaneously, company size, independent board of commissioners, institutional ownership, and capital intensity have a significant effect on tax aggressiveness.</p>
<p>This is an open access article under the CC BY-NC license</p> 	<p>Corresponding Author: Alicia Sugoro Universitas Hasanuddin Indonesia aliciasugoro13@gmail.com</p>

INTRODUCTION

It is mandatory for every citizen to pay taxes in accordance with the applicable laws and regulations, even though there is no direct measure of remuneration. Funds from taxes are allocated to fund various state needs, including the implementation of government and public services (Maulana, 2020). Thus, state revenue from the tax sector must be optimized to ensure economic growth and smooth development effectively (Ardillah & Vanesa, 2022).

According to the Ministry of Finance, Indonesia's tax ratio in 2022 and 2023 recorded percentages of 10.38% and 10.31%, but has not reached the 15% threshold set by the World Bank. Tax revenues that reach more than 15% of Gross Domestic Product (GDP) are considered crucial for developing countries in ensuring the availability of funds for long-term investment and stable economic growth. Furthermore, Indonesia's tax to GDP ratio is still relatively low compared to other countries (Purwitasari et al., 2024). Based on OECD data (2024), Indonesia's tax ratio in 2022 is only 12.1%, making it the lowest among ASEAN countries with similar economies of scale, such as Malaysia (12.2%), Thailand (16.7%), the Philippines (18.4%), and Vietnam (19.0%).

The tax ratio is one of the measures of the government's performance in collecting tax revenue. A high ratio indicates the effectiveness of tax collection, while a low ratio reflects

weak tax revenues. In Indonesia, the low tax ratio is associated with the level of taxpayer non-compliance, which is still a challenge. According to the OECD, tax compliance in Indonesia is considered low due to differences in interests that cause conflicts between taxpayers and fiscal authorities in tax payment obligations (Nasuha *et al.*, 2024). This conflict of interest is rooted in the government's goal of seeking to increase state revenue through high tax collection, while on the other hand, the company as an entity subject to tax regulations seeks to meet its tax obligations. Because this obligation can reduce the company's net profit, they tend to try to reduce the amount of tax owed (Herlinda & Rahmawati, 2021).

In *agency theory*, there is a relationship between *principal* and *agent* where the *principal* hires and delegates decision-making mandates to the *agent* (Jensen & Meckling, 1976). Therefore, management as an *agent* acts on behalf of the shareholders as the *principal* to manage the company. However, management often prioritizes its interests, which leads to risks such as information asymmetry, *moral hazard*, that is, *agents* tend to take greater risks because the cost of these risks will be borne by the *principal* (Deegan, 2023).

Planned actions through tax planning are part of tax aggressiveness, which is to reduce taxable income so that the tax burden can be minimized. This approach can be carried out in accordance with regulations, such as *tax avoidance*, or illegal, such as *tax evasion* (Neno & Irawati, 2022). The economic impact of aggressive tax strategies can be very diverse. On the one hand, tax aggressiveness offers advantages, such as savings in cash flow and serves as a buffer to overcome a company's financial crisis, which can ultimately strengthen the value of the business. However, on the other hand, there are risks that come with it, depending on the strategy taken. These risks include the possibility of a tax audit, a significant decline in stock prices, and others (Boussaidi & Hamed-Sidhom, 2021).

As part of the energy sector, PT Adaro Energy Tbk with the issuer code ADRO, is speculated to be involved in tax evasion by shifting profits from coal mining in Indonesia to reduce tax payments. According to reports, from 2009 to 2017, the company leveraged its affiliation with *Coaltrade Services International* in Singapore, a business unit under its auspices, in the implementation of *transfer pricing*. The difference in tax payments reached US\$125 million, less than the provisions in force in Indonesia as a result of this action (Global Witness, 2019).

Some of the determinants of tax aggressiveness are *company size*, *corporate governance*, and *capital intensity*. *Company size* reflects the stability and capabilities of the company in carrying out its economic operations. The larger a company, the stricter the supervision carried out by the government. This leads to two possibilities: the company may be inclined to comply with tax regulations (*compliance*) because the company will be open to the fiscal, or conversely, choose to do *tax avoidance* due to the availability of adequate capacity in terms of resources to plan taxes strategically (Jaffar *et al.*, 2021).

Corporate *governance* also contributes to tax aggressiveness. The determination of an independent board of commissioners and ownership by institutions is a proxy for corporate governance because both play a role in the supervisory function. Companies that implement the principles of good governance are obliged to build a constructive relationship between management and shareholders. Supervision in corporate governance can be related to the

presence of an independent board of commissioners who aims to improve the company's performance (Ardillah & Vanesa, 2022). The existence of independent commissioners is expected to have an impact on the level of corporate tax aggressiveness. Their presence is expected to bring the voice of minority shareholders in companies that are already listed on the stock exchange and provide a positive influence for capital market participants. Stricter supervision by independent commissioners has the opportunity to reduce the level of aggressiveness in tax planning carried out by companies. The more intense the supervision, the lower the tendency of companies to carry out tax aggressiveness (Muliasari & Hidayat, 2020).

In addition to the existence of an independent board of commissioners, institutional ownership or institutional investors also play a vital role in *corporate governance* because they have the ability to objectively oversee management policies and behavior (Dewi & Mabur, 2022). The amount of tax burden borne by companies tends to rise as institutional ownership increases. This phenomenon is realized because companies have more limited space to pay tax evasion. If management acts selfishly or only for the benefit of a few parties, institutional investors can exert pressure by utilizing their voting rights (Putri & Lawita, 2019).

Finally, *capital intensity*, which shows the volume of an entity's investment allocated to fixed assets. The company's *capital intensity* increases along with the increase in the number of fixed assets it holds. This is often associated with an increase in aggressive tax tactics by companies (Awaliyah *et al.*, 2021). A company's total assets have a strong correlation with its size, large companies generally manage more assets. The asset will go through annual depreciation, which in turn reduces the net profit. As a result, this can reduce the accumulation of tax payments that entities must make (Leksono *et al.*, 2019).

This research is a combination of research, namely Sugeng *et al.* (2020) and Dewi & Mabur (2022). This study uses *the variables of company size* and *capital intensity* referred to from the research of Sugeng *et al.* (2020), as well as *corporate governance variables* referenced from the research of Dewi & Mabur (2022). The main difference in this study lies in the period and sector studied, the research of Sugeng *et al.* (2020) covers the period 2015-2017 in manufacturing companies, and Dewi & Mabur's (2022) research covers the period 2016-2019 in mining companies. This research covers the period 2022-2023 in energy sector companies. The selection of the 2022-2023 research period was carried out because it considered the impact of the COVID-19 pandemic on the company's financial achievements.

This research was conducted due to the inconsistency of previous research. Sugeng *et al.* (2020) revealed that *company size* has not been proven to affect tax aggressiveness, while there is a positive influence *of company size* on tax aggressiveness according to Nasuha *et al.* (2024). The research of Neno & Irawati (2022) partially proves that *corporate governance* has not been proven to affect tax aggressiveness. In contrast, Ardillah & Vanesa (2022) show that *corporate governance* has a positive and significant influence on tax aggressiveness. In addition, Neno & Irawati (2022) also proved that *capital intensity* does not play a role in influencing tax aggressiveness. On the other hand, Syafrizal & Sugiyanto (2022) stated that there is an influence *of capital intensity* on tax aggressiveness. This study is intended to prove

the influence between *company size, corporate governance, and capital intensity* on the tax aggressiveness of energy sector companies listed on the Indonesia Stock Exchange in 2022-2023.

Theoretical Studies

Agency Theory

Agency theory describes the agency relationship between *principals*, i.e. shareholders and *also agents*, i.e. management, where *the principal* hands over the decision-making mandate to *the agent* (Jensen & Meckling, 1976). This relationship is vulnerable to conflicts of interest due to information asymmetry, where agents who better understand the company's operations can act for personal interests (moral hazard), such as maximizing short-term profits or individual benefits, instead of the principal's long-term interests (Deegan, 2023).

Tax Aggressiveness

Tax aggressiveness is a strategy to optimize a company's tax position through legal tax *avoidance* to illegal tax *evasion* to optimize the company's fiscal position, even though it contains risks (Boussaidi & Hamed-Sidhom, 2021). *Effective Tax Rate* (ETR) is the main indicator and negative proxy of tax aggressiveness, calculated by comparing the tax burden to pre-tax profit, where low ETR indicates high tax aggressiveness (Marfiana & Putra, 2021).

Company Size

The size of a company, whether small or large, represents its identity. In addition, this measure also indicates the stability and ability of the organization to run its economic operations. The company's business capacity and the number of assets increase along with the size of *the company*, which then leads to a contribution in increased profits. So that *company size* also affects the amount of liability in the payment of corporate income tax (Leksono *et al.*, 2019).

Corporate Governance

Corporate governance refers to the regulatory framework, relationships, systems, and processes used to exercise and control authority within a company. The framework includes mechanisms that ensure accountability from companies and those with authority, so that compliance with the company's rules and responsibilities can be guaranteed (Deegan, 2023).

Independent Board of Commissioners

Independent commissioners must be individuals who are free from affiliation with the board of directors, shareholders, or other board of commissioners, function as a company's operational supervisor and a neutral mediator in internal conflicts (Muliasari & Hidayat, 2020). Capital market regulations require a minimum of 30% of the composition of the board of commissioners to consist of independent commissioners to ensure the independence and transparency of the company's decision-making (Bernhard & Veny, 2024).

Institutional Ownership

Institutional ownership is based on the ownership of an entity's shares that are controlled by the institution (not by an individual). Institutional investors have a crucial position in corporate governance. They have the capacity to monitor management's actions as well as ensure that company policies are implemented in a neutral and transparent manner. With significant voting authority, institutional investors can put pressure on management to

engage in actions that only benefit themselves. This makes them effective supervisors in protecting the interests of shareholders (Schleifer & Vishny in Dewi & Maburur, 2022).

Capital Intensity

Capital intensity refers to the amount of funds placed in fixed assets by a company. To assess *capital intensity*, a comparison of total fixed assets and total assets can be carried out. The amount of assets an entity invests in fixed assets necessary for its operational activities, which will ultimately generate profits, is indicated by this ratio (Junensie *et al.*, 2020).

METHODS

Research Types and Samples

This study is a quantitative research to prove and analyze the influence of independent variables on dependent variables. The type of data is documentary data (Indriantoro & Supomo, 2014:146). The data source used is secondary data. The population that is the focus of this study involves 83 energy sector companies listed on the Indonesia Stock Exchange. The method of determining the sample uses *the purposive sampling* technique with the following selection criteria.

Table 1. Purposive Sampling Results

No.	Sample Criteria	Number of Companies
1.	Energy sector companies listed on the Indonesia Stock Exchange in 2022-2023	83
2.	Companies that do not publish annual reports and financial statements consistently in 2022-2023.	(13)
3.	Companies that suffered losses in 2022-2023.	(16)
4.	Companies that do not have data on the variables studied in 2022-2023.	(7)
	Number of Companies That Meet the Criteria	47
	Number of Samples (x 2 Years)	94

Research Variables and Operational Definitions

Variable Dependency

Tax Aggressiveness

Tax aggressiveness refers to an entity's strategy to reduce the amount of tax that must be settled, by utilizing legitimate or even unauthorized strategies, in order to increase the company's profits. ETR is a negative proxy of tax aggressiveness and a ratio that compares a company's actual tax with commercial profit before tax (Neno & Irawati, 2022).

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

Independent Variables

Company Size

Company size describes a scale or value that can determine how big or small an entity is. *Company size* reflects all assets that the company controls (Junensie *et al.*, 2020).

$$\text{Size} = \ln(\text{Total Assets})$$

Independent Board of Commissioners

Independent commissioners are commissioners who are independent of affiliation with shareholders or entity managers so that they are objective (Ardillah & Vanesa, 2022).

$$DKI = \frac{\text{Number of Independent Commissioners}}{\text{Total Board of Commissioners}}$$

Institutional Ownership

Institutional ownership refers to the portion of shares controlled by an institution or institution compared to the total shares spread (Dewi & Maburur, 2022).

$$KI = \frac{\text{Number of Shares Owned by Institutional Investors}}{\text{Total Outstanding Shares}}$$

Capital Intensity

Capital *intensity* refers to the amount of investment in an entity's funds in fixed assets (Syafrizal & Sugiyanto, 2022).

$$CI = \frac{\text{Total Fixed Assets}}{\text{Total Assets}}$$

The equation model in this study uses multiple linear regression analysis as follows.

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + e$$

Information:

Y = tax aggressiveness

α = konstanta

β = regression coefficient

X_1 = *company size*

X_2 = proportion of the board of independent commissioners (*corporate governance*)

X_3 = institutional ownership (*corporate governance*)

X_4 = *capital intensity*

e = standar error

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The following are the results of descriptive statistics for each variable studied, namely *company size*, independent board of commissioners, institutional ownership, *capital intensity*, and ETR (tax aggressiveness).

Table 2. Descriptive Statistical Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
<i>Size</i>	94	17.342	31.446	22.90046	3.922359
DKI	94	.333	1.000	.44321	.133356
KI	94	.055	.981	.65951	.208252
CI	94	.004	.844	.28145	.244001
ETR	94	.005	.799	.24530	.159431
Valid N (listwise)	94				

Classic Assumption Test Normality Test

The criteria for data normality are met when the value of *asympt. sig. (2-tailed)* exceeded from 0.05. The results of the *One Sample Kolmogorov Smirnov test* produced a value of 0.082 which means that the data has passed the normality test.

Table 3. Normality Test Results

		Unstandardized Residual
N		94
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.14379929
Most Extreme Differences	Absolute	.086
	Positive	.086
	Negative	-.038
Test Statistic		.086
Asymp. Sig. (2-tailed)		.082 ^c

a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.

Multicollinearity Test

This test is intended to detect multicollinearity, which is a condition when the predictor variables in a regression model are perfectly or almost perfectly correlated with each other. The multicollinearity test output displayed tolerance values for *the company size*, DKI, KI, and CI variables were 0.954, 0.901, 0.916, and 0.946, respectively. In addition, VIF results were also obtained for *the company size*, DKI, KI, and CI variables of 1,048, 1,110, 1,092, and 1,057, respectively. The diagnostic criteria showed that multicollinearity was not realized, as evidenced by the *tolerance* value exceeding 0.1 and the VIF value below 10.

Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 Size	.954	1.048
DKI	.901	1.110
KI	.916	1.092
CI	.946	1.057

a. Dependent Variable: ETR

Autocorrelation Test

Autocorrelation testing applies the Durbin Watson test. This study used 94 samples with four independent variables so that the DU value was 1.7538. Based on the results of the autocorrelation test, the DW value was 1.763. The results reflect that no autocorrelation was detected due to $DW > DU$ and $(4 - DW) > DU$ or $1.763 > 1.7538$ and $2.237 > 1.7538$.

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.437 ^a	.191	.155	.14659539	1.763

a. Predictors: (Constant), CI, *Size*, DKI, KI

b. Dependent Variable: ETR

Heteroscedasticity Test

This test uses a *glycer test* with the provision that the significant value exceeds 5% or 0.05. The results of this test reflect the significant values for *the variables of company size*, DKI, KI, and CI respectively which are 0.260, 0.070, 0.440, and 0.479 so that they are free from heteroscedasticity problems.

Table 6. Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1(Constant)	-.143	.138			-1.038	.302
<i>Size</i>	.028	.024	.119		1.134	.260
DKI	.199	.108	.199		1.837	.070
KI	-.043	.055	-.083		-.776	.440
CI	.028	.040	.075		.710	.479

a. Dependent Variable: ABRESID

Multiple Linear Regression Analysis

Based on the test results in table 7, the following multiple linear regression equations are produced.

$$Y = 0,377 + 0,007 X_1 + 0,075 X_2 + 0,252 X_3 - 0,285 X_4 + e$$

Information:

Y= tax aggressiveness

α= konstanta

β= regression coefficient

X₁= *company size*

X₂= Proportion of the Board of Independent Commissioners (*Corporate Governance*)

X₃= Institutional Ownership (*Corporate Governance*)

X₄= *capital intensity*

e= standard error

Table 7. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1(Constant)	.377	.220			1.711	.091
<i>Size</i>	.007	.039	.018		.018	.188
DKI	.075	.173	.041		.041	.432
KI	.252	.088	.273		.273	2.865
CI	-.285	.064	-.417		-.417	4.448

a. Dependent Variable: ETR

Coefficient of Determination R²

The regression analysis yielded an *Adjusted R Square* of 0.155, meaning that a combination of *company size variables*, independent board of commissioners, institutional ownership, and *capital intensity* was able to explain 15.5% variation in tax aggressiveness practices. The majority of variation (84.5%) came from other variables that were not modeled.

Table 8. Determination Coefficient Results R²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.437 ^a	.191	.155	.14659539

a. Predictors: (Constant), CI, Size, DKI, KI
 b. Dependent Variable: ETR

T test

The significance limit used in the t-test is set at 0.05 or 5%. Based on the test results, the following results were obtained.

Table 9. Test Results t

Hipotesis	B	t	Sig.	Information
H ₁ : <i>Company size</i> has a positive and significant effect on tax aggressiveness.	0.007	0.188	0.851	Rejected
H ₂ : Independent board of commissioners has a negative and significant effect on tax aggressiveness.	0.075	0.432	0.667	Rejected
H ₃ : Institutional ownership has a negative and significant effect on tax aggressiveness.	0.252	2.865	0.005	Accepted
H ₄ : <i>Capital intensity</i> has a positive and significant effect on tax aggressiveness.	- 0,285	- 4.448	0.000	Accepted

Test F

The F test is to see if there is an influence of all independent variables on the dependent variables simultaneously (Ghozali, 2018:101). The significance value is set at 0.05 or 5%. Based on the results of the F test, a significance value of 0.000018 was obtained so that it had a significant effect simultaneously because it was below 0.05. So, it can be said that the fifth hypothesis meets the acceptance criteria.

Table 10. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.680	4	.170	7.869	.000 ^b
Residual	1.923	89	.022		
Total	2.603	93			

a. Dependent Variable: ETR
 b. Predictors: (Constant), CI, KI, Size, DKI

Discussion

The Effect of *Company Size* on Tax Aggressiveness

The results of the t-test showed that *the company size* has a significance value beyond 0.05, which was 0.851, so that *the company size* did not show a significant effect on tax aggressiveness. Thus, *company size* does not determine the level of corporate tax aggressiveness. These results are in line with the research of Sugeng *et al.* (2020) who also

voiced that *company size* does not play a role in influencing tax aggressiveness. However, the results of this study are not in line with the research of Eka *et al.* (2024) and Nasuha *et al.* (2024) which found that *company size* affects tax aggressiveness.

From *the perspective of agency theory*, even though large companies have the potential to face a clash of priorities between managers and shareholders, both large and small-scale companies are still subject to income tax according to the profits or profits generated. Thus, the influence of *company size* on tax aggressiveness can be triggered by tax obligations that apply universally to individuals and business entities as taxpayers. Moreover, when experiencing continuous profits, tax aggressive actions become a very risky activity.

The Effect of the Independent Board of Commissioners on Tax Aggressiveness

The results of the t-test for the independent board of commissioners variable were obtained with a significance value greater than 0.05, which is 0.667, so that the independent board of commissioners did not have a significant effect on tax aggressiveness. Thus, the proportion of the independent board of commissioners does not determine the level of corporate tax aggressiveness. This is validated by research by Neno & Irawati (2022) which confirms that independent board of commissioners does not play a role in influencing tax aggressiveness. However, the results of this study contradict the research of Ardillah & Vanesa (2022) which stated that an independent board of commissioners negatively affects tax aggressiveness.

The *agency theory view* states that clashes between managers and shareholders form one of the reasons for the emergence of *corporate governance* as a mechanism for managing managers. Shareholders, as capital owners, often have different goals than managers in charge of managing the company. To reduce these conflicts of interest, *corporate governance* is needed. The potential for the emergence of tax aggressive practices is depleting in a company along with the increase in the number of independent commissioners, because the function of independent commissioners in supervising the running of the company in order to comply with the principles *of corporate governance* is carried out.

The test results show that the existence of independent commissioners does not have a significant effect on tax aggressiveness. This can be caused by the non-optimal supervision function implemented by the independent commissioner over the company's management. The ineffectiveness of independent boards of commissioners in preventing tax aggressiveness can occur because their position is only a formality to meet the minimum requirement of 30% independent commissioners in the structure of the board of commissioners in public companies. When the supervisory function or involvement of the independent commissioner has not been maximized, tax aggressive actions by management can still occur, even though the principles *of corporate governance* have been applied.

The Effect of Institutional Ownership on Tax Aggressiveness

The results of the t-test showed that institutional ownership has a significance value of less than 0.05, which was 0.005 and a positive regression value of 0.252, so that institutional ownership has a positive effect on ETR or it could be said that there is a negative influence of institutional ownership on tax aggressiveness. Thus, the higher the share ownership by the institution, the lower the tendency of the company to be aggressive in

taxation. This is in line with the research of Dewi & Mabur (2022) that it was found that the positive influence of institutional ownership on ETR was found. The same thing was also stated in the research of Boussaidi & Hamed-Sidhom (2021) that the more institutional ownership, the more it can reduce tax aggressiveness. The existence of institutional shareholders has the potential to reduce corporate behavior in carrying out tax aggressiveness measures.

The findings of this study also support the principle of *agency theory*, which states that conflicts of interest between parties connected to the company cannot be avoided under certain conditions. Institutional ownership can serve as an effective means of control to align the personal interests of managers (agents) with shareholder goals. With more intensive oversight, institutional shareholders can encourage companies to increase transparency and comply with tax provisions to maximize long-term profits.

The Effect of Capital Intensity on Tax Aggressiveness

The results of the t-test for *the capital intensity variable* showed a negative regression value of -0.285 and a significance level of 0.000025 so that *capital intensity* has a negative effect on ETR or it could be said that *capital intensity* has a direct and significant effect on tax aggressiveness. Thus, the higher *the capital intensity*, the higher the tax aggressiveness by the company. This is in line with the results of Sugeng *et al's research*. (2020), Junensie *et al.* (2020), and Syafrizal & Sugiyanto (2022) who explained that *capital intensity* plays a role in influencing tax aggressiveness. The results of this study are not in line with the results of Neno & Irawati (2022) who said that *capital intensity* does not play a role in influencing tax aggressiveness.

Entities with a high fixed asset capitalization scale tend to legitimately optimize the reduction of tax liabilities through fixed asset depreciation mechanisms. This depreciation process functions as a legal method to reduce taxable profits directly in the process of calculating corporate tax liabilities.

From *the perspective of agency theory*, there is an agency relationship between *the principal* (shareholders) and *agent* (management), the management is mandated to make operational decisions, including in terms of the allocation of funds to fixed assets. This strategy allows management to take advantage of the expense of depreciation of fixed assets as a deductible of taxable income, so that it can reduce the company's tax liability. As a result, the company's financial performance will appear better. Finally, meeting management performance targets so that they are entitled to performance compensation.

The Effect of Company Size, Independent Board of Commissioners, Institutional Ownership, and Capital Intensity on Tax Aggressiveness

Based on the results of the F test, it was obtained that the significance value was less than 0.05, which was 0.000018. Large companies are armed with extensive resources, including access to experienced tax consultants, so they can optimize tax planning. Large companies are also generally more stable in generating income so that the tax burden will be large. That way, management tends to be aggressive in taxes. Good *corporate governance*, such as institutional ownership and an independent board of commissioners, can reduce tax

aggressiveness by encouraging transparency and management compliance with shareholder interests.

In addition, companies with high *capital intensity* can allocate depreciation of fixed assets to legally reduce tax burdens which then provide profits without violating tax rules. Large asset ownership allows for a reduction in tax burden through depreciation. However, strict scrutiny from tax authorities and stakeholders has made large companies more cautious to avoid reputational risks due to tax reduction practices. Therefore, from these results, it appears that *company size*, independent board of commissioners, institutional ownership, and *capital intensity* have a significant effect on tax aggressiveness jointly or simultaneously.

CONCLUSION

The results of this study stated that institutional ownership and *capital intensity* have a significant effect on tax aggressiveness, while *company size* and independent board of commissioners do not have significant effect on tax aggressiveness. Simultaneously, *company size*, independent board of commissioners, institutional ownership, and *capital intensity* have a significant effect on tax aggressiveness.

REFERENCE

- Ardillah, K., & Vanesa, Y. (2022). Effect of Corporate Governance Structures, Political Connections, and Transfer Pricing on Tax Aggressiveness. *Sriwijaya International Journal of Dynamic Economics and Business*, 6(1), 51–72.
- Awaliyah, M., Nugraha, G. A., & Danuta, K. S. (2021). Pengaruh Intensitas Modal, Leverage, Likuiditas dan Profitabilitas terhadap Agresivitas Pajak. *Jurnal Ilmiah Universitas Batanghari Jambi*, 21(3), 1222–1227.
- Bernhard, C. T., & Veny, V. (2024). Pengaruh Komisaris Independen, Komite Audit dan Rasio Keuangan Perusahaan Terhadap Agresivitas Pajak. *Owner: Riset & Jurnal Akuntansi*, 8(1), 163–185.
- Boussaidi, A., & Hamed-Sidhom, M. (2021). Board's Characteristics, Ownership's Nature and Corporate Tax Aggressiveness: New Evidence from the Tunisian Context. *EuroMed Journal of Business*, 16(4), 487–511.
- Deegan, Craig. (2023). *Financial Accounting Theory*. Fifth Edition. Melbourne: Cengage Learning.
- Dewi, B. N., & Mabrur, A. (2022). Pengaruh Corporate Social Responsibility, Insentif Pejabat Eksekutif, dan Tata Kelola Perusahaan terhadap Agresivitas Pajak. *Jurnal Pajak dan Keuangan Negara (PKN)*, 4(1S), 236–244.
- Eka, D., Lating, A. I. S., Yudhanti, A. L., Romaisyah, L., & Arep, M. N. N. (2024). Factors that Affect Tax Aggressiveness with Good Corporate Governance as a Moderating Variable. *Journal of Accounting Science*, 8(2), 139–163.
- Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Semarang: Badan Penerbit Universitas Diponegoro.

- Global Witness. (2019). *Indonesia's shifting coal money part 3: taxing times for Adaro*. Global Witness. <https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/indonesias-shifting-coal-money-3-taxing-times-for-adaro/>
- Herlinda, A. R., & Rahmawati, M. I. (2021). Pengaruh Profitabilitas, Likuiditas, Leverage dan Ukuran Perusahaan terhadap Agresivitas Pajak. *Ilmu Dan Riset Akuntansi*, 10(1), 18.
- Indriantoro, N., & Supomo, B. (2014). *Metodologi Penelitian Bisnis untuk Akuntansi dan Manajemen*. Yogyakarta: BPF.
- Jaffar, R., Chek, D., & Roshaza, T. (2021). Determinants of Tax Aggressiveness: Empirical Evidence from Malaysia. *Journal of Asian Finance, Economics, and Business*, 8(5), 179–188.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3(4), 305–360.
- Junensie, P. R., Trisnadewi, A. A. A. E., & Rini, I. G. A. I. S. (2020). Pengaruh Ukuran Perusahaan, Corporate Social Responsibility, Capital Intensity, Leverage dan Komisaris Independen terhadap Agresivitas Pajak Penghasilan Wajib Pajak Badan pada Perusahaan Industri Konsumsi di Bursa Efek Indonesia Tahun 2015-2017. *Wacana Ekonomi (Jurnal Ekonomi, Bisnis dan Akuntansi)*, 19(1), 67–77.
- Leksono, A. W., Albertus, S. S., & Vhalery, R. (2019). Pengaruh Ukuran Perusahaan dan Profitabilitas terhadap Agresivitas Pajak pada Perusahaan Manufaktur yang Listing di Bei Periode Tahun 2013–2017. *Journal of Applied Business and Economic*, 5(4), 301–314.
- Marfiana, A., & Putra, Y. P. M. (2021). The Effect of Employee Benefit Liabilities, Sales Growth, Capital Intensity, and Earning Management on Tax Avoidance. *Jurnal Manajemen STIE Muhammadiyah*, 7(1), 16–30.
- Maulana, I. A. (2020). Faktor-Faktor yang Memengaruhi Agresivitas Pajak pada Perusahaan Properti dan Real Estate. *Jurnal KRISNA: Kumpulan Riset Akuntansi*, 11(2), 155–163.
- Muliasari, R., & Hidayat, A. (2020). Pengaruh Likuiditas, Leverage dan Komisaris Independen terhadap Agresivitas Pajak Perusahaan. *SULTANIST: Jurnal Manajemen Dan Keuangan*, 8(1), 28–36.
- Nasuha, F. N., Devanor, S., & Herdianti, S. (2024). Pengaruh Managerial Ability dan Karakteristik Perusahaan terhadap Praktik Penghindaran Pajak. *Jurnal Riset Akuntansi Dan Keuangan*, 12(1), 795–804.
- Neno, & Irawati, W. (2022). Pengaruh Corporate Social Responsibility, Capital Intensity, dan Corporate Governance terhadap Agresivitas Pajak. *Jurnal Akuntansi Bareleng*, 6(2), 35–50.
- OECD. (2024). *Revenue Statistics in Asia and the Pacific 2024: Tax Revenue Buoyancy in Asia*. Paris: OECD Publishing.
- Purwitasari, A., Mutafarida, B., & Yuliani. (2024). Urgensi Pajak dalam Mendorong Pembangunan Infrastruktur dan Pertumbuhan Ekonomi di Indonesia. *Jurnal Ilmiah Ekonomi Dan Manajemen* 2(6), 656–666.
- Putri, A. A., & Lawita, N. F. (2019). Pengaruh Kepemilikan Institusional dan Kepemilikan Manajerial terhadap Nilai Perusahaan. *Jurnal Akuntansi dan Ekonomika*, 9(1), 68–75.

- Sugeng, Prasetyo, E., & Zaman, B. (2020). Does Capital Intensity, Inventory Intensity, Firm Size, Firm Risk, and Political Connections Affect Tax Aggressiveness? *JEMA: Jurnal Ilmiah Bidang Akuntansi dan Manajemen*, 17(1), 78–87.
- Syafrizal, & Sugiyanto. (2022). Pengaruh Capital Intensity, Intensitas Persediaan, dan Leverage terhadap Agresivitas Pajak. *Scientific Journal of Reflection: Economic, Accounting, Management, and Business*, 5(3), 829–842.