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ANALYSIS OF THE EFFECT OF TAX AVOIDANCE AND TAX RISK ON FIRM VALUE WITH INDEPENDENCE COMMISSIONERS AS A MODERATING VARIABLE IN BASIC AND CHEMICAL INDUSTRY COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2018-2022

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Abstract

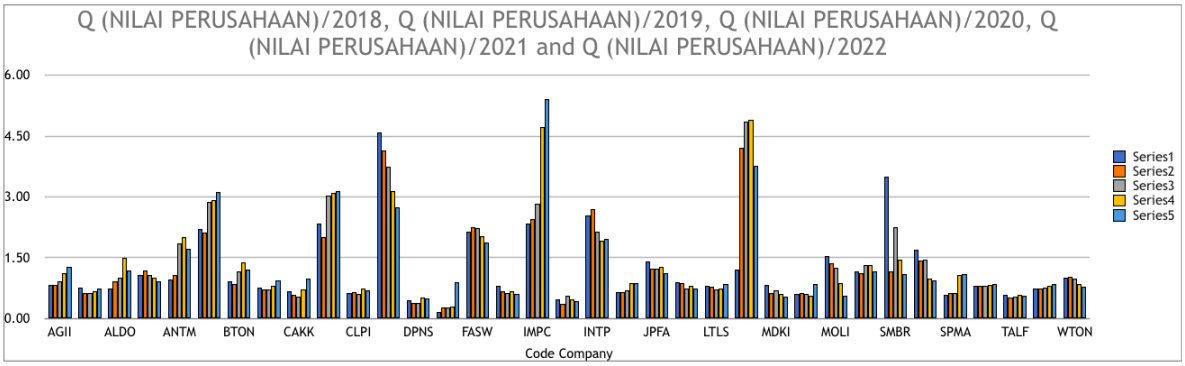
This study aims to empirically examine and analyze the effect of tax avoidance and tax risk on firm value with independent commissioners as a moderating variable in basic and chemical industry companies listed on the Indonesia Stock Exchange during the period from 2018 to 2022, based on shareholder theory. This research was conducted using descriptive statistical methods with the assistance of Eviews 12, where the sampling technique employed purposive sampling. The panel data regression method was applied to test the hypothesis, while Moderated Regression Analysis (MRA) was used to determine whether the moderating variable strengthens or weakens the relationship between the independent variables and the dependent variable. A total of 35 companies were selected as the research sample. The result of the outlier test indicated that the remaining sample used in the analysis consisted of 122 observations. The results of the study indicate that the tax avoidance variable has a negative and significant effect on firm value. The tax risk variable has a negative but not significant effect on firm value. Independent commissioners are able to strengthen the negative effect of tax avoidance on firm value. However, independent commissioners are not able to significantly strengthen the negative effect of tax risk on firm value.

Keywords: Firm Value, Tax Avoidance, Tax Risk, Independent Commissioners

BACKGROUND

A key indicator influencing investors' overall decision-making is company value. Company value is strongly correlated with stock value, with high-priced shares reflecting a company with high value, thus providing investors with confidence in strong company performance and a positive outlook for opportunities and prospects over time. However, implementing and instilling these company values is not easy. Values must reflect habits, behaviors, and a culture that contribute to achieving company goals. Therefore, if a company can maximize its value, it has maximized its goal-achievement process (Damayanthi, 2019) . Company value growth was also found in companies engaged in the basic and chemical industries based on the measurement of the Tobin's Q ratio from 2018 to 2022, which can be seen in Figure 1. According to the theory of Asiri et al (2020), it states that tax avoidance allows companies to minimize tax debt, thus maximizing after-tax profits, cash retention, and company liquidity. However, the comparison of tax payments and pre-tax income obtained by the average company is above the applicable tax rate, indicating a relatively low level of tax avoidance, so this phenomenon is not in accordance with the theory.

Figure 1. Growth Value of Basic and Chemical Industry Companies



Source: Financial Report of Basic and Chemical Industry Companies 2018-2022 (IDX)

Firm value volatility is closely related to tax risk. This study shows that the volatility of tax risk in basic industry and chemical companies from 2018 to 2022 varied and was unstable. However, the overall value of basic industry and chemical companies increased during this period. This phenomenon contradicts the theory of Hutchens & Rego (2013), which states that high tax uncertainty in a company will cause investors to charge an additional premium. The implementation of good corporate governance (GCG) is believed to play a role in maximizing a company's value by providing an effective governance mechanism to balance the relationship between company management and all shareholders. Therefore, the concept of GCG is expected to comprehensively explain the complex interactions that occur in tax avoidance, tax risk, and company value (Imamah, 2023).

Empirical studies on firm value have been conducted by various researchers before, but the results have shown varying and inconsistent findings. According to Chen et al.'s 2014 study, companies practicing tax avoidance in China resulted in a decline in firm value. A 2018 study by Apsari & Setiawan showed a positive impact of tax avoidance practices on firm value. A 2019 study by Drake et al. showed a positive impact of tax avoidance practices on firm value, while tax risk negatively impacted firm value. A 2017 study by Nesbitt et al. found that the market positively impacted tax leaks. Companies with high profit margins tend to plan aggressive tax strategies, which is reflected in tax avoidance practices and increased tax risk resulting from the complexity of financial transactions (Khan & Nuryanah, 2023). Therefore, independent commissioners are needed to oversee the decisions and policies made by company managers. Based on these considerations, this study will discuss "The Effect of Tax Avoidance and Tax Risk on Company Value with Independent Commissioners as a Moderating Variable in Basic and Chemical Industry Companies Listed on the Indonesia Stock Exchange in 2018-2022".

THEORETICAL BASIS

Shareholder Theory

The shareholder-centric doctrine pioneered by Milton Friedman has dominated corporate strategy. Friedman argued that a company's primary responsibility is to optimize profits for shareholders, emphasizing that business activities should focus on achieving financial returns (Ferrero et al., 2014). Four main arguments support shareholder theory: agency, control, residual claims, and social wealth (O'Connell & Ward, 2020). The agency perspective within shareholder theory will be used in this study. Based on this agency perspective, the company is viewed as a "contractual relationship" (Alchian & Demsetz, 1973). Shareholders are the owners of the company and are external to the company and cannot manage the company.

Good Corporate Governance

Good Corporate Governance (GCG) is an ongoing process that requires commitment, coordination, and support from various elements of society. GCG is a mechanism that explains the relationships between various stakeholders within a company that determine the direction of the company's performance (Monks & Minow , 2011). There are four

main components required in the GCG concept: fairness, transparency, accountability, and responsibility. These components are crucial because the consistent application of GCG principles has been proven to improve the quality of financial reporting (Beasley, 1996).

Company Value (Y)

Corporate value can be interpreted as a shareholder's view of the company. Therefore, finance managers must be able to determine the right investment decisions, appropriate budgeting, appropriate dividend distribution decisions, and other decisions related to finance in order to create and maintain corporate value. Book value, value from appraisal services, market value, and cash flow value are often used to measure corporate value (Tarihoran, 2016). Tobin's Q ratio is a parameter used to assess the performance measures of a company, especially those related to corporate value (Gharaibeh & Qader, 2017).

$$Q = \frac{MVE + D}{TA}$$

Where:
MVE : A measure of the total market value of a company
D : Total value of the company's debt
TA : Total value of company assets

Tax Avoidance (X1)

According to Chairil Anwar Pohan (2014), tax avoidance is defined as a method for taxpayers to minimize tax payments legally and safely without violating tax provisions, namely by exploiting weaknesses (grey areas) in laws and regulations or the tax regulations themselves. According to Hanlon & Heitzman (2010), tax avoidance is an activity to legally minimize the amount of tax owed, which is closely related to tax sheltering activities in order to reduce the amount of tax. To measure tax avoidance, the Effective Tax Rate (ETR) can be used (Drake et al., 2020).

$$ETR = \frac{\text{Tax Expense i,t}}{\text{Pretax Income i,t}}$$

Where:
ETR : Effective Tax Rate
Tax Expense i,t : Total company tax expenses in the current year
Pretax Income i,t : Total income before tax expense of the company in the year

Tax Risk (X2)

Essentially, tax risk is the potential for loss or gain in the financial system that is unpredictable from a tax perspective. A company with good tax risk management can create added value because it is able to identify, manage, and resolve potential risks within the company (Suryani, 2021). According to the International Organization for Standardization (ISO) (2018), tax risk is the impact of objective uncertainty (Dewi & Ardiyanto , 2020). The indicator for measuring tax risk is the ETR Volatility (Hutchens & Rego, 2015).

$$\text{ETR Volatility} = \text{STDEV(ETR)}$$

Independent Commissioner

Based on the Explanation of Article 120 paragraph (2) of Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), the definition of "external commissioner" in the guidelines for good corporate governance (code of good corporate governance) is an independent commissioner. Independent commissioners are prohibited from having relationships or affiliations with majority shareholders, directors, and/or other boards of commissioners and the

independent commissioners are selected from the results of decisions. Article 20 of OJK Regulation Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Parent Companies states that a business entity is required to have a composition of at least one independent commissioner. At least 30% of the total members of the board of commissioners if the number of members of the board of commissioners in the company exceeds two people.

RESEARCH HYPOTHESIS

The Effect of Tax Avoidance on Company Value in Basic Industry and Chemical Companies Listed on the Indonesia Stock Exchange in 2018-2022

Shareholder theory, from an agency perspective, can demonstrate the impact of tax avoidance on company value, where shareholders (principals) can pressure management (agents) to engage in tax avoidance in order to achieve better company financial performance. From the first perspective, there is an agreement between management and principal. Reducing tax payments and maximizing profits are activities that benefit management and aim to optimally enhance shareholder interests (Hanlon & Heitzman, 2010). The second perspective concerns a situation where there is an asymmetry of interest between management and shareholders. This perspective is illustrated by Desai and Dharmapala (2009) who proposed a situation where managers aim to maximize their own interests by avoiding corporate taxes and using company resources for personal gain.

H_1: Tax avoidance has an impact on company value in basic and chemical industry sector companies listed on the Indonesia Stock Exchange in 2018-2022.

The Effect of Tax Risk on Company Value in Basic Industry and Chemical Companies Listed on the Indonesia Stock Exchange in 2018-2022

In a study by Drake et al. (2019), it was stated that there is still little research concerning tax risk on company value. This is due to the difficulty in determining whether tax risk can be classified as unavoidable and influenced by macroeconomics (systematic), idiosyncratic risk, or a combination of both. However, in the study by Drake et al. (2019), undiversifiable risk or systematic risk is a more definitive definition of tax risk, namely that it can affect the company's overall condition. Thus, it meets the qualifications for whether a company's value can be affected by risk.

H_2: Tax risk has an influence on company value in basic and chemical industry sector companies listed on the Indonesia Stock Exchange in 2018-2022.

The Presence of Independent Commissioners as a Moderating Variable of Tax Avoidance and Tax Risk on Value in Basic Industry and Chemical Companies Listed on the Indonesia Stock Exchange in 2018-2022

Independent commissioners must also hold a strong position within the company to enhance the effectiveness of the board of commissioners' oversight function (Alijoyo & Sirait, 2022). Research by Putra (2023) shows that the higher the level of independence of the board of commissioners, the stronger the oversight function performed by managers motivated by profit.

H_3: The presence of a moderating variable in the form of independent commissioners can moderate tax avoidance on company value in basic and chemical industry sector companies listed on the Indonesia Stock Exchange from 2018-2022.

H_4: The presence of a moderating variable in the form of independent commissioners can moderate the tax risk on company value in basic and chemical industry sector companies listed on the Indonesia Stock Exchange from 2018-2022.

RESEARCH METHODS

Research Design

Quantitative research adopts scientific hypotheses that can be tested by observing significant relationships between variables. Meanwhile, the descriptive approach, also known as case study research, involves studying a specific situation and then linking it to the application of general theory (Igwenagu, 2016).

Population, Sample, and Sampling Techniques

Table 1. Determination of Sample

No.	Description	Amount
1	Population Size	103
2	Companies in the basic and chemical industry sectors were not listed on the IDX consecutively from 2018-2022.	(23)
3	Companies in the basic and chemical industry sectors did not publish financial reports consecutively from 2018-2022.	0
4	Companies in the basic and chemical industries did not achieve positive net income with a nominal turnover above IDR 4.8 billion from 2018 to 2022.	(38)
5	Companies in the basic and chemical industry sector use Rupiah currency in their financial reports from 2018-2022.	(7)

The sampling process in this study used a purposive sampling method. This study used indirect (secondary) data in the form of financial reports from basic and chemical industry companies listed on the Indonesia Stock Exchange for 2018-2022. A total of 35 companies were selected as samples. The study period was 5 years, resulting in a total of 175 data samples. Outlier testing was carried out through data standardization testing by converting data values into credit Z scores (Basuki & Yuliadi, 2015). In this study, 53 data were selected as outliers because they did not meet the Z score criteria. Therefore, the sample tested was 122.

Model Specification Test, Data Analysis Techniques, Hypothesis Test, Determination Coefficient Test, Moderated Regression Analysis

According to Wijaya & Budiman (2016), the stages in panel data regression analysis with moderating variables include regressing the independent variable, moderating variable, and interaction variable on the dependent variable. Panel data regression is conducted to evaluate three models that are part of panel data regression: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM) (Madany et al., 2022). According to Gaugler & Akritas (2013), a model that applies Generalized Least Squares (GLS) is a panel data regression equation model that meets the data quality test requirements, including the classical assumption test. In Eviews, the panel data model that uses GLS is a Random Effects model. In the Common Effects or Fixed Effects model , however, the classical assumption test is required. A model must have normally distributed data, no multicollinearity, no heteroscedasticity, and no autocorrelation. The combination of time series data with cross-sectional data is known as panel data. The panel data regression developed by this study is as follows:

$Y = \alpha + \beta 1X1it+\beta 2X2it+\beta Zit+\beta X1*Zit+\beta X2*Zit+e$

Where:

Y = Company Value
α = Constant
X1 = Tax Avoidance
X2 = Tax Risk
Z = Independent Commissioner
β1 = Coefficient of Tax Avoidance Regression
β2 = Coefficient of Tax Risk Regression
βX1*Z = Multiplication of Tax Avoidance and Independent Commissioner variables
βX2*Z = Multiplication of Tax Risk and Independent Commissioner variables
e = Error

i = Company Data
t = Time Period Data

Partial Test (T Test) was applied in this study, namely a test that explains whether the independent variable has an individual effect on the dependent variable (Wijaya & Budiman, 2016). The coefficient of determination ($R2^{)}$ aims to measure the extent to which the model is able to show variations in the dependent variable (Wardani & Juliani, 2018). MRA is known as an interaction test that aims to analyze whether the moderating variable strengthens or weakens the relationship between the independent variable and the dependent variable (Wijaya & Budiman, 2016).

RESULTS AND DISCUSSION

Descriptive Statistics

Through descriptive data it can be seen that:

1. The Firm Value (Y) variable has a maximum value of 292% (2.920000) and a minimum of 16% (0.160000), and a mean value of 109% (1.092213). The standard deviation of the firm value is 62.9% (0.629366), which is smaller than the mean.
2. The Tax Avoidance variable (X1) has an average value of 22.9%. This is also based on the median, which is at 24%. The standard deviation obtained is 8.1% (0.081008), which is smaller than the mean.
3. Tax Risk Variable (X2). The mean tax risk is 9.1% (0.091328), with a median value of 5.7% (0.05700). The standard deviation obtained is 86% (0.086647), which is smaller than the mean.
4. Independent Commissioner Variable (Z). The average proportion of independent commissioners (Z) on the company's board of commissioners reached 38.5% (0.385082). This mean value is greater than the standard deviation value of 7.5% (0.075583).

Table 3. Descriptive Statistics Results

	Y	X1	X2	Z
Mean	1.092213	0.229762	0.091328	0.385082
Median	0.865000	0.240000	0.057000	0.330000
Maximum	2.920000	0.460000	0.352000	0.600000
Minimum	0.160000	0.001000	0.000001	0.300000
Std. Dev.	0.629366	0.081008	0.086647	0.075583
Skewness	1.263681	-0.804085	1.149510	0.797070
Kurtosis	3.830100	4.711850	3.407722	2.115635
Jarque-Bera	35.97283	28.05293	27.71295	16.89385
Probability	0.000000	0.000001	0.000001	0.000215
Sum	133.2500	28.03100	11.14200	46.98000
Sum Sq. Dev,	47.92830	0.794034	0.908435	0.691249
Observations	122	22	122	122

Panel Data Regression Model Test

Chow Test

Based on the Chow test table, both the Cross Section F and Chi-square probability values are below 0.05, thus rejecting H0 and accepting the Fixed Effect Model. Therefore, the panel data regression model test continues with the Hausman Test.

Table 4. Chow Test Results

Redundant Fixed Effects Test			
Equation: Untitled			
Cross-section fixed effects test			
Effect Test	Statistics	df	Prob.
Cross-section F	2.567274	(24.92)	0.0007
Cross-section Chi-square	62.544292	24	0.0000

Source: Processed from the results of E-views12

Hausman test

Based on the Hausman test results table, the Random Cross Section Probability value is 0.2299 > 0.05, therefore H0 is accepted, so the selected panel data regression model is the Random Effect Model.

Table 5. Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Cross-section random effects test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross-section	6.877758	5	0.2299

Source: Processed from the results of E-views12

Lagrange Multiplier Test

The Lagrange Multiplier Test was applied to confirm the inconsistent results of the Fixed Effect and Random Effect models in the previous test. The Lagrange Multiplier Test (LM Test) results show that the Breusch-Pagan probability value is 0.0012 (<0.05), thus H0 is rejected . And The selected model is Random Effect (REM). Testing of classical assumptions was not carried out because the selected panel data regression model was Random Effect, which methodologically does not require classical assumption testing (Mojambo et al., 2020).

Table 6. Lagrange Multiplier Results

Lagrange Multiplier Tests for Random Effects

Null hypothesis: No effects

Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Hypothesis Test		
	Cross-section	Time	Both
Breusch-Pagan	10.48348	1.471005	11.95449
	(0.0012)	(0.2252)	(0.0005)
Honda	3.237821	-1.212850	1.431871
	(0.0006)	(0.8874)	(0.0761)
King Wu	3.237821	-1.212850	0.108491
	(0.0006)	(0.8874)	(0.4568)
Standardized Honda	3.583556	-1.014229	-2.370187
	(0.0002)	(0.8448)	(0.9911)
Standardized King Wu	3.583556	-1.014229	-2.830690
	(0.0002)	(0.8448)	(0.9977)
Gourieroux et al.	-	-	10.48348
			(0.0019)

Source: Processed from the results of E-views12

Panel Data Regression Equation

The regression equation formed can be seen in Table 7.

Y = 2.681405 - 7.778099*X1 - 2.924405*X2 - 4.153116*Z + 20.66007*X1Z + 6.559735*X2Z + e

The explanation is as follows:

1. The constant value is 2.681405 or 268.1405%, meaning that without the tax avoidance variable (X1), tax risk (X2), independent commissioner (Z), and interaction variables X1Z, X2Z, the company value variable (Y) will increase by 268.1405%.
2. The beta coefficient value of the tax avoidance variable (X1) is -7.778099 or -777.8099%, if the value of other variables is constant and the X1 variable increases by 1%, then the company value variable (Y) will decrease by 777.8099%, assuming the other variables are constant.
3. The beta coefficient value of the tax risk variable (X2) is -2.924405 or -292.4405%, if the value of other variables is constant and the X2 variable increases by 1%, then the company value variable (Y) will decrease by -292.4405%, assuming the other variables are constant.

4. The beta coefficient value of the independent commissioner variable (Z) is -4.153116 or -415.3116%, if the value of other variables is constant and the Z variable increases by 1%, then the company value variable (Y) will decrease by 415.3116%, assuming the other variables are constant.
5. The beta coefficient value of the interaction variable of tax avoidance and independent commissioners (X1Z) is 20.66007 or 2066.007%. This means that every 1% increase in the interaction between tax avoidance and independent commissioners will increase the company's value (Y) by 2066.007%, assuming the other variables are constant.
6. The beta coefficient value of the interaction variable between tax risk and independent commissioners (X2Z) is 6.559735 or 655.9735%. This means that every 1% increase in the interaction between tax avoidance and independent commissioners will increase the company's value (Y) by 655.9735%, assuming the other variables are constant.

Table 7. Random Effect Regression Model

Dependent Variable: Y

Method: Panel EGLS (Cross-section random effects)

Date: 08/3/25 Time: 13:26

Sample: 2018 2022

Periods included: 5

Cross-sections included: 25

Total Panel (unbalanced) observations: 122

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.681405	0.951669	2.817583	0.0057
X1	-7.778099	3.787994	-2.053356	0.0423
X2	-2.924405	3.125610	-0.935627	0.3514
Z	-4.153116	2.528706	-1.642388	0.1032
X1Z	20.66007	10.22194	2.021150	0.0456
X2Z	6.559735	7.916915	0.828572	0.4090

Source: Processed from the results of E-views12

Hypothesis Testing

The regression model is declared feasible and can be used if the significance figure is less than 0.05 (with 5% precision) (Wijaya & Budiman, 2016).

1. The tax avoidance variable (X1) has a negative T-statistic value of -2.053356 < Ttable -1.97993 with a Prob (Significance) value of 0.0423 < 0.05 and a coefficient of -7.778099. Thus, the tax avoidance variable has a negative and significant influence on the company value variable in companies engaged in the basic and chemical industries listed on the Indonesia Stock Exchange in 2018-2022.
7. The tax risk variable (X2) has a T-statistic value of -0.935627 > Ttable -1.97993 with a Prob (significance) value of 0.3514 > 0.05 and a coefficient of -2.924405. Thus, the tax risk variable has a negative and insignificant effect

on the company value variable in companies engaged in the basic and chemical industries listed on the Indonesia Stock Exchange in 2018-2022.

Moderated Regression Analysis (MRA)

The results of the moderated regression test are as follows.

1. The interaction variable between independent commissioners and tax avoidance (X1*Z) obtained a T-statistic value of 2.021150 > Ttable 1.97993 with a Prob. value (significance) of 0.0456 < 0.05 and a beta coefficient value (X1Z) of 20.66007 (positive). Therefore, independent commissioners can strengthen the negative influence of tax avoidance on company value.
8. The interaction variable between independent commissioners and tax risk (X2*Z) obtained a T-statistic value of 0.828572 < Ttable 1.97993 with a Prob. value (significance) of 0.4090 > 0.05 and a beta coefficient value (X2Z) of 6.559735 (positive), meaning that independent commissioners cannot significantly strengthen the negative influence of tax risk on company value significantly.

DISCUSSION

The Impact of Tax Avoidance on Company Value

The T-statistic value of the tax avoidance variable (X1) is -2.053356 < Ttable -1.97993 with a Prob. (Significance) value of 0.0423 < 0.05 and a coefficient of -7.778099. Thus, the tax avoidance variable has a negative and significant influence on the company value variable in companies engaged in the basic and chemical industries listed on the Indonesia Stock Exchange in 2018-2022. These findings are supported by research by Chen et al. (2018), Chen et al. (2014), Minh Ha et al. (2021), Butt & Ahmed (2021), and Abbas & Khaled (2024). It is believed that companies engaging in tax avoidance will face increased costs in terms of time, labor, and the use of various resources in the tax planning process, while also facing the potential risk of sanctions from tax authorities. Therefore, the benefits of tax savings obtained are not always able to offset the costs arising from non-transparent tax avoidance practices. Therefore, the results of this study are also consistent with the agency perspective of shareholder theory illustrated by Desai & Dharmapala (2009), where managers seek to maximize their goals by avoiding corporate tax obligations and utilizing company resources for their own benefit, rather than for the welfare of shareholders. Therefore, increased tax avoidance practices are not always followed by increased company value (Chen et al., 2018; Chen et al., 2014).

The Impact of Tax Risk on Company Value

The T-statistic value of the tax risk variable (X2) is -0.935627 > Ttable -1.97993 with a Prob (significance) value of 0.3514 > 0.05 and a coefficient of -2.924405. Therefore, it can be concluded that the tax risk variable has a negative and insignificant influence on the company value variable in companies engaged in the basic and chemical industries listed on the Indonesia Stock Exchange in 2018-2022. The results of this study are supported by research conducted by Illa Susilawati & Memen Kustiawan (2022), Vianty Adella Santo & Theresia Anggun Sari (2024), and Amrie Firmansyah & Rizka Muliana (2018). In developing countries like Indonesia, tax uncertainty is largely influenced by external factors. On the other hand, in tax practice, companies generally only respond to government policies by fulfilling their tax payment obligations. Therefore, tax risk cannot be used as a basis for capturing corporate risk (Firmansyah & Muliana, 2018). The results of this study can also be interpreted as indicating that tax risk negatively impacts firm value. Based on shareholder theory from an agency perspective, management will make various efforts to generate large profits while managing tax risk. This results in audit costs, additional taxes, and future sanctions (Hasan et al., 2021). If the tax authorities detect non-compliance, indirect costs will arise (Jiang et al., 2020), which can endanger the economic stability and long-term development of the company in the form of company value.

The Influence of Independent Commissioner Moderating Variables on the Influence of Tax Avoidance on Company Value

The interaction variable between independent commissioners and tax avoidance (X1*Z) obtained a T-statistic value of 2.021150 > Ttable 1.97993 with a Prob value (significance) of 0.0456 < 0.05 and a beta coefficient value (X1Z) of 20.66007 (positive). Therefore, it can be concluded that independent commissioners can strengthen the negative influence of tax avoidance on company value.

Independent commissioners are responsible for ensuring company management complies with tax regulations. The agency theory of shareholders suggests that company owners appoint independent commissioners, as part of corporate governance, to monitor management activities to prevent or eliminate conflicts of interest between managers and owners. Therefore, tax avoidance can be prevented by monitoring management performance (Nukman et al., 2024).

The Influence of Independent Commissioner Moderating Variables on the Influence of Tax Risk on Company Value

The test results of the interaction variable between independent commissioners and tax risk (X2*Z) do not show statistical significance, with a T-statistic value of 0.828572 < Ttable 1.97993 and a Prob value (significance) of 0.4090 > 0.05 and a beta coefficient value (X2Z) of 6.559735 (positive), indicating that independent commissioners cannot significantly strengthen the negative influence of tax risk on company value. Although the results obtained are not significant , it can also be interpreted that independent commissioners can strengthen the negative impact of tax risk on company value in basic and chemical industry sector companies listed on the IDX from 2018 to 2022. This study shows that increasing independent commissioners can reduce the impact of tax risk on company value, although the role of independent commissioners tends to be weak. The insignificant influence of independent commissioners indicates that the company is not yet effective because it does not carry out its supervisory role over management adequately, but only meets the requirements in government regulations (Hilmi et al., 2017). Based on research by Choi & Park (2022), the higher the good corporate governance structure, the higher the supervision and control of managers, thereby reducing the company's tax risk and increasing company value.

Adjusted R Squared

Table 8. Adjusted R Squared

Weighted Statistics			
R-squared	0.066274	Mean Dependent var	0.680725
Adjusted R-squared	0.026027	SD dependent var	0.547559
SE of regression	0.541041	Sum squared residual	33.95618
F-statistic	1.646680	Durbin-Watson stat	1.378664
Prob(F-statistic)	0.153171		

Source: Processed from the results of E-views12

Based on Table 8, the adjusted R Squared is 0.026027, equivalent to 2.6%. This means that 2.6% can be explained by the independent variables of tax avoidance and tax risk, while 97.4 % comes from other factors not covered in this study.

CONCLUSION AND SUGGESTIONS

6.Conclusion

The tax avoidance variable has a negative and significant influence on the company value variable in basic and chemical industry companies listed on the Indonesia Stock Exchange in 2018-2022. The tax risk variable has a negative and insignificant effect on the company value variable in basic and chemical industry companies listed on the Indonesia Stock Exchange in 2018-2022. Independent commissioners can strengthen the negative influence of tax avoidance on company value in basic and chemical industry companies listed on the Indonesia Stock Exchange in 2018-2022. Independent commissioners were unable to significantly strengthen the negative influence of tax risk on company value in basic and chemical industry companies listed on the Indonesia Stock Exchange in 2018-2022.

Suggestions

First, the research focuses on the basic and chemical industries listed on the Indonesia Stock Exchange from 2018 to 2022, but this does not necessarily reflect the industry's overall condition. Therefore, future research can explore other industries and expand the research period, which can enrich knowledge and insight into current conditions that could potentially influence the dependent variable, firm value. Second, future researchers are advised to conduct similar studies by incorporating other exogenous variables, such as financial psychology, to enrich the analysis of factors influencing company value. There is only one moderating variable in this study, namely independent commissioners, which may not possess expertise in all areas. Therefore, future research can use other moderating variables.

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