JURNAL AKSI (Akuntansi dan Sistem Informasi). 2025. Vol. 10 (No. 2): 148-156

JURNAL AKSI
Akuntansi dan Sistem Informasi
http://aksi.pnm.ac.id

Tax Avoidance: Executive Character, Leverage, Audit Quality And Firm Size

Huda Trihatmoko[1)*], Ridarmelli[2)] and Admid Aisyah Amanah[3)]

[1) 2) 3)] Perbanas Institute, Jakarta Selatan, Indonesia

ARTICLE INFO

Keywords:
Tax Avoidance,
Executive Characters,
Leverage,
Audit Quality,
Firm Size

Article History:
Received: 27 April 2025
Revised : 30 July 2025
Accepted: 21 August 2025

Corresponding author:
E-mail:
huda.trihatmoko@perbanas.id

ABSTRACT

The purpose of this study is to ascertain how tax avoidance is impacted by executive character, leverage, audit quality, and firm size. The population of the manufacturing sector listed on the Indonesia Stock Exchange (IDX) for the years 2016–2021 is used in this study. Purposive sampling is the sample selection technique employed in this quantitative study design. This study examines the effects of firm size, audit quality, executive character, and leverage on tax avoidance using panel data regression with the Random Effect Model (REM). The results of the study indicate that executive character and audit quality have a significant influence on tax avoidance practices. This finding indicates that executive personal characteristics, such as the tendency to take risks or be ethical, can influence a company's decision to conduct tax avoidance. In addition, good audit quality can suppress such practices by increasing transparency and accountability. On the other hand, leverage and company size variables do not show a significant influence on tax avoidance. This indicates that the amount of debt or company scale is not always a determining factor in tax avoidance decisions. Thus, this study provides important insights into internal and external factors of the company that influence the tax strategies implemented.

INTRODUCTION

One of the primary sources of state revenue is taxes. In addition to revenue from the oil and gas and non-oil and gas sectors, tax revenue is a significant factor that impacts the government in Indonesia. As one of the important revenues for the government, taxes can be used to increase community activities and to finance government activities. Tax allocations used for infrastructure development and improving the quality of human resources have a positive effect on community economic activities. Taxes are an obligatory payment to the government that persons and organizations must make under coercive legal requirements without getting paid directly. The money collected is used to fund state necessities for the maximum prosperity of the populace (PP Nomor 39 Tahun 2019, 2019). To realize the objectives as intended, the government tries to realize it with the State Budget Revenue and Expenditure (SBRE) instrument every year, so the government always tries to collect and explore potential sources of state income both through domestic revenues (tax and non-tax revenues) and grant receipts. Of the two sources of revenue, the most dominant is domestic revenue, especially from the tax sector.

One of the main sources of funding for government development and financing in the SBRE is taxes. In 2021, the State Budget Revenue and Expenditure (SBRE) indicates that, despite the Covid-19 pandemic-related economic turmoil, this amount surpasses 63 percent of the total state revenue.

p-ISSN: 2528-6145, e-ISSN: 2541-3198 Accredited Third Grade by Ministry of Research, Technology and Higher Education of The Republic of Indonesia, Decree No: 148/E/KPT/2020

Cite this as: Huda Trihatmoko, Ridarmelli, & Admid Aisyah Amanah. Tax Avoidance: Executive Character, Leverage, Audit Quality and Firm Size. *Jurnal AKSI (Akuntansi Dan Sistem Informasi)*, *10*(2). https://doi.org/10.32486/aksi.v10i2.894

The effectiveness of tax revenue can be seen by comparing the amount of tax revenue realization with the tax revenue target that has been set. The following is data on the percentage of tax revenue in Indonesia from 2016 to 2021:

Table 1. Percentage of Tax Revenue

Year	Target (Trillion Rp)	Realization (Trillion Rp)	Tax Collection Effectiveness (Percent)
2016	1539,2	1285,0	83,5
2017	1472,7	1125,1	76,4
2018	1424,0	1315,9	92,4
2019	1577,5	1332,0	84,4
2020	1198,8	1.072,1	89,2
2021	1229,6	1.277,5	103,9

Source: www.kemenkeu.go.id

According to table 1, the proportion of tax revenue and the efficiency of tax collection in Indonesia vary annually. The Covid-19 pandemic struck Indonesia in 2020, which also had an impact on the country's economy. However, in the midst of the Covid-19 pandemic, the realization of tax revenues exceeded the target that had been set with the effectiveness of tax revenues amounting to 103.9 percent of the SBRE target. This figure grew by 19.2 percent from tax revenues in 2020 amounting to IDR 1,072.1 trillion due to being hit by the Covid-19 pandemic, meaning that Indonesia is entering a new normal phase and national economic recovery.

Based on data from the ministry of finance in 2020, there was a decline in tax revenues in the manufacturing sector. This data shows that in 2019, tax revenues from the manufacturing sector decreased by IDR. 365.39 trillion or 1.8% on an annual basis. This indicates that the manufacturing industry made a lower contribution to state tax revenues that year, compared to the previous year. On the other hand, overall state tax revenues have increased from 2018 to 2020 (Kementerian Keuangan RI, 2020). This suggests that although tax revenues from the manufacturing sector have decreased, other sectors may have made a greater contribution to the country's overall tax revenues. This increase may be driven by various factors such as economic growth in certain sectors, improvements in tax administration, adjustments in tax rates or incentives, and structural shifts in Indonesia’s economy.

Given the fluctuating performance of Indonesia’s tax revenues in recent years, the government has a strong interest in continuously increasing its tax collection. On the other hand, taxpayers, in fulfilling their obligations, tend to minimize the tax burden they face. One of the mechanisms used by entities to reduce this burden is tax avoidance (Riedel, 2018). In the practice of tax avoidance, the factor of company leaders in decision making also plays a very important role where company leaders have the character of being risk takers and risk averse (Tandean & Winnie, 2016). In the context of company executives, superiors can give authority to subordinates to make decisions, but superiors still have influence over these decisions, and policies and decision making are more influenced by superiors (Koester et al., 2017). This means that even though executives have the authority to make decisions, company leaders still have a role in directing the policies taken.

The risk taker characteristic refers to individuals who tend to take higher risks in decision making (Ibrahim et al., 2021). They may be more willing to make risky investments or decisions to achieve greater returns, including tax avoidance. On the other hand, risk averse characteristics refer to individuals who are more careful in taking risks and tend to choose safer and more stable solutions (Novita, 2016). In terms of tax avoidance, executives who have risk taker characteristics tend to be braver in taking risks, while executives who are more risk averse may be less inclined to pursue aggressive strategies.

H_1: Executive character influences tax avoidance

Leverage in corporate finance refers to the utilization of debt or borrowed money to finance an organization's operations and investments. Leverage can be positive if the use of debt produces profits greater than the cost of debt, but it can also be a risk if the company is unable to manage debt well, especially in difficult economic situations (Ernawati et al., 2019). The capital structure of the company can be used to establish the link between tax avoidance practices and leverage. Companies that use tax avoidance tactics do so by lowering the amount of taxes they have to pay. One way that is commonly used is through the use of debt. The use of debt in the capital structure can help reduce income that is subject to tax, due to the fact that debt interest may be written off as an expense from business income prior to the completion of tax calculations (Darsani & Sukartha, 2021).

Empirical evidence from previous research shows that companies with higher leverage ratios are more likely to engage in tax avoidance. This is because debt financing provides a tax shield through interest deductions, which motivates firms to increase the proportion of debt in order to maximize tax savings. The underlying rationale is that the higher the level of debt in the capital structure, the stronger the incentive for managers to reduce taxable income by utilizing interest expenses, thereby lowering

the company's overall tax burden. This indicates that leverage functions not only as a financing decision but also as a strategic determinant of tax avoidance practices

H_2: Leverage influences tax avoidance

The accurate representation of the company's financial position and operational outcomes in its financial reports is bolstered by high audit quality. A high-quality audit will identify and reduce the risk of errors or manipulation in financial reports (Gaaya et al., 2017). This provides the transparency necessary for shareholders to make informed and wise decisions. It is in the best interests of both the company and its shareholders for shareholders to make sure that management of the company acts accordingly. Independent audits help ensure that management actions do not benefit small groups and harm larger groups. This also prevents practices that are detrimental to shareholders.

A good audit will identify potential aggressiveness in accounting policies or presentation of information that could lead to incorrect interpretation or misunderstanding. This helps prevent irregularities that might be carried out by management to manipulate financial results or cover up real problems (Jihene & Moez, 2019). A quality audit also includes an examination of the company's tax practices. Even though tax avoidance within legal limits is the company's right, this practice must be transparent and in accordance with applicable tax regulations. Audit quality helps ensure that a company's tax practices do not violate laws or ethical norms.

Selecting a competent and independent auditor is very important. Big-4 KAPs (the four largest audit firms in the world) are often considered to have greater resources and experience to conduct comprehensive audits. Choosing a Big-4 KAP can also provide a higher level of trust to shareholders because of its reputation (Rizqia & Lastiati, 2021). In the context of tax avoidance, audit quality plays a significant role because auditors with stronger independence and credibility are more likely to detect aggressive tax planning practices and ensure compliance with applicable tax regulations. Companies audited by high-quality auditors tend to face stricter monitoring, which reduces the opportunity for managers to manipulate earnings or engage in excessive tax avoidance.

Previous research has shown that high audit quality is negatively associated with the level of corporate tax avoidance, as greater transparency and accountability in financial reporting limit the space for aggressive tax strategies. The underlying rationale is that the presence of competent and independent auditors improves the reliability of financial statements, discourages opportunistic behavior by management, and increases compliance with tax obligations. Thus, audit quality is expected to act as an external governance mechanism that suppresses tax avoidance practices.

H_3: Audit quality influences tax avoidance

The size of a company can be measured based on parameters such as total assets, total sales, total profits, tax burden, and other factors. In the context of this research, company size is seen from the size of the total assets owned by the company. Companies with large total assets have greater potential to generate profits and are more stable because they have greater resources (Yahaya & Yusuf, 2020). This can be compared with companies that have smaller total assets. Larger companies are also more likely to face higher tax burdens, which creates stronger incentives to engage in tax avoidance. Prior studies show that companies with significant resources often exploit loopholes in the tax system or apply financial strategies that enable them to legally reduce tax liabilities (Jingga & Lina, 2017). This evidence suggests that firm size can influence tax avoidance through two mechanisms: on the one hand, resource availability and structural complexity provide opportunities for avoidance; on the other hand, visibility and public scrutiny can limit overly aggressive practices. Thus, firm size is an important determinant to examine in the context of corporate tax avoidance.

H_4: Firm size influences tax avoidance

MATERIALS AND METHODS

The research design used is quantitative research using causal analysis. Quantitative research with causal analysis is a research approach that aims to understand the cause-and-effect relationship between certain variables. This research uses a panel data regression method which is used to identify whether there is a causal relationship between one or more independent variables and one dependent variable. The data source used in this research was obtained from audited company financial data obtained from the Indonesia Stock Exchange (Bursa Efek Indonesia, 2022).

The analytical technique used in this research to test the hypothesis uses multiple linear regression analysis using E-views software version 12. The population in this research is all consumer goods sub-sector manufacturing companies in Indonesia which are listed on the Indonesia Stock Exchange for the 2016-2021 period. The research employs a purposive sampling method to ensure that the selected companies meet specific criteria relevant to the research objectives. This approach

allows the study to focus on firms that consistently publish financial reports, have completed an Initial Public Offering (IPO), and provide the complete data required for analysis. Based on these criteria, the final sample consists of 37 companies observed over 6 years, resulting in 222 firm-year observations.

This research uses two variables, namely the independent variable and the dependent variable. Independent variables are also often referred to as predictor variables or explanatory variables. It refers to variables that are considered to be causes or factors that influence the dependent variable or response variable. A dependent variable is a variable whose value depends on or is influenced by other variables (Jaya, 2020). The independent variables in this research are executive character, leverage, audit quality and firm size, while the dependent variable is tax avoidance. The following is a table of operational definitions of the variables used in the research

Table 2. Operational Variables

Variable	Variable Definition	Measurement	Scale
Tax Avoidance	Describes the efforts made by taxpayers to reduce the tax burden	Effective Tax Rate = $\frac{\text{Tax expense}}{\text{Profit before tax}}$	Ratio
Executive Character	Describes the degree of risk that the business has	$\text{RISK} = \sqrt{\sum_{T-1}^{T}(E - 1/T \sum_{T-1}^{T} E)^2/(T-1)}$	Ratio
Leverage	Measures the proportion of debt used to finance the company	Debt to Asset Ratio = $\frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio
Audit Quality	The probability or possibility of an auditor finding fraud or violations in the client's accounting reporting information system	KAP big 4 = 1 KAP non-big 4 = 0	Ordinal
Firm Size	Calculating the company's size, as indicated by its total assets.	Firm Size = Natural Logarithm (Total Assets)	Rasio

The panel data regression equation can be written as follows:

$$TA = \alpha_{it} + \beta_1 EC_{it} + \beta_2 LEV_{it} + \beta_3 AQ_{it} + \beta_4 FZ_{it} + \varepsilon_{it} \quad \text{.....(1)}$$

Information:

TA = Tax Avoidance
EC = Executive Character
LEV = Leverage
AQ = Audit Quality
FZ = Firm Size
$\beta_{1,2,3}$ = Regression coefficient
ε = error

RESULTS AND DISCUSSION

Descriptive statistics

An overview and description of the data from all research variables, including the mean (average), maximum, minimum, and standard deviation, are provided by descriptive statistics. The results are displayed in the table below:

Table 3. Descriptive Statistics Test Results

Variable	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
EC	0.000525	1.561648	0.153418	0.167362	3.802385	23.92938
LEV	0.000381	2.899874	0.419640	0.300768	4.580966	32.35754
AQ	0	1	0.373874	0.484924	0.524918	-1.740221
FZ	13.55087	30.87621	23.68558	5.723472	-0,480110	-1.441093

Source: The Processed Secondary Data (2023)

Based on the results of the descriptive statistical test in Table 3, the Executive Character (EC) variable shows a minimum value of 0.000525 and a maximum of 1.561648 with an average of 0.153418.

These results illustrate that most executives in consumer goods companies tend to have low risk-taking characteristics, although there are several companies with executive characters who are more daring in making risky decisions.

The Leverage (LEV) variable has a minimum value of 0.000381 and a maximum of 2.899874, with an average of 0.419640. This indicates that the majority of companies use debt in their capital structure at a relatively moderate level. However, some companies are highly dependent on debt, allowing them to more intensively utilize interest expenses as a tax deduction.

The Audit Quality (AQ) variable has a value range between 0 and 1 with an average of 0.373874. This figure indicates that only around 37% of companies use auditors from Big-4 accounting firms, while the rest use non-Big 4 accounting firms. This could be due to cost considerations or the view that non-Big 4 accounting firms are sufficient to meet the company's compliance needs.

The Firm Size (FZ) variable has a minimum value of 13.55087 and a maximum of 30.87621, with an average of 23.68558. This difference reflects significant variations in company size within the consumer goods subsector. Larger companies tend to have more adequate resources for tax planning than smaller companies.

Classic Assumption Test

Normality Test

The following are the results of the normality test carried out using the E-views 12 program:

Table 4. Normality Test Results

	Value
Probability Jarque-Bera	0.477455

Source: The Processed Secondary Data (2023)

Table 4 shows that the value of the Jarque-Bera Probability is greater than 5%. Thus, it can be said that either the traditional assumption test concerning the normality of the data has been satisfied or the residuals are normally distributed.

Multicollinearity Test

To find out if there is a strong or perfect correlation between the independent variables, the multicollinearity test is used. These are the outcomes of the multicollinearity test that was performed with the E-views 12 software:

Table 5. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.048663	33.18009	NA
EC	0.008356	2.929807	1.588736
LEV	0.020504	3.720966	1.259010
AQ	0.008251	2.103474	1.317040
FZ	0.000593	24.00496	1.318720

Source: The Processed Secondary Data (2023)

Table 5 shows that the centered VIF value for each independent variable is no more than 10. Thus, it can be said that the variables in this study do not exhibit multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test is useful in determining whether there is an inequality of variance between the residuals of one observation and the residuals of another observation in the regression model. The results of the heteroscedasticity test, which was performed with the E-views 12 software, are as follows:

Table 6. Heteroskedasticity Test

F-statistic	1.388471	Prob. F(4,217)	0.2389
Obs*R-squared	5.540062	Prob. Chi-Square(4)	0.2362
Scaled explained SS	114.9919	Prob. Chi-Square(4)	0.3522

Source: The Processed Secondary Data (2023)

In table 6 the results of the heteroscedasticity test using the Breusch-Pagan-Godfrey test produce Obs*R-squared having a probability chi-square value of 0.2362 and greater than 5%, so there are no symptoms of heteroscedasticity.

Autocorrelation Test

To determine whether there is a correlation between the residuals of one observation and the residuals of other observations in a model, one can perform the autocorrelation test. The autocorrelation test results obtained with the E-views 12 software, are as follows:

Table 7. Autocorrelation Test Results

Positive Autocorrelation	Inconclusive	There is no autocorrelation	Inconclusive	Negative Autocorrelation
1,6950	1,7529	2,161084	2,2471	2,305
dL	dU	DW stat value.	4-dU	4-dL

Source: The Processed Secondary Data (2023)

The autocorrelation test results in table 7 demonstrate that the regression model employed in the equation does not have an autocorrelation issue, indicating that there is no correlation between the data from the residuals of one observation and the residuals of other observations.

Coefficient of Determination Test

One way to gauge how well the model can explain changes in the dependent variable is to look at its coefficient of determination. The coefficient of determination test yielded the following findings:

Table 8. Coefficient of Determination Test

R Squared	0.462294
Adjusted R-Squared	0.446852

Source: The Processed Secondary Data (2023)

In table 8, the results of the coefficient of determination test from the REM regression model show that the Adjusted R-squared value is 0.446852 or 44.68%. The findings suggest that 44.68% of the variance in the dependent variable tax avoidance can be accounted for by the variability of the independent variables executive character, leverage, audit quality, and firm size, with the remaining 55.32% being explained by variables not included in the study.

F Test

To find out if all independent variables affect the dependent variable at the same time, apply the F test. The outcomes are listed below. The F-statistic values obtained from estimating the regression model with the fixed effect model are listed below:

Table 9. F Test Results

F-statistic	10.51018
Prob. (F-statistic)	0.000000

Source: The Processed Secondary Data (2023)

The regression model is appropriate for use in table 9 because the F test results using the Random Effect Model (REM) approach yield an F-statistic probability of 0.000000 and is less than 5%.

t-Statistics Test

To find out if the independent variable has a partial effect on the dependent variable, the t-statistical test is used. The probability values in the model equation for estimating the panel data model using the Random Effect Model (REM) approach are as follows:

Table 10. Panel Data Estimation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.307658	0.749024	-0.410745	0.6817
EC	0.343801	0.065609	5.240190	0.0000
LEV	0.040265	0.087374	0.460842	0.6454
AQ	-0.256619	0.094787	2.707314	0.0073
FZ	-0.154930	0.551673	-0.280837	0.7791

Source: The Processed Secondary Data (2023)

The following are the regression equation's results based on panel data processing in the above table using the Random Effect Model (REM) approach:

TA = αit + β1*EC*it + β2LEVit + β3AQit +β4FZit + εit ε_{it}……..…..(2)

TA = -0.307658 + 0.343801ECit + 0.040265LEVit - 0.256619AQit - 0.154930FZit + εit

The test results for the executive character variable have a coefficient of 0.343801 with a significance level of 0.000, which means it is lower than 5%. The results obtained show that executive character has an influence on tax avoidance, so H_1 is accepted. Company executives play a role in decision making, including decisions to increase company profits by taking various actions, even if they are risky. One way is to take the risk of tax avoidance, in order to generate profits and increase the company's cash flow by reducing tax costs. According to Law & Mills (2017), company risk is determined by the earnings volatility of the company, which can be calculated using the standard deviation formula. Therefore, a deviation or standard deviation of earnings can be used to interpret company risk,

regardless of whether the deviation is greater or less than anticipated (upside risk versus downside risk).

The character possessed by executives as company leaders determines the business decisions taken by the company, including deciding on tax avoidance practices. The character possessed by executives consists of risk taker and risk averse depending on their courage in taking risks. In generating maximum company profits, executives who are risk takers will be braver in taking high-risk actions to carry out tax avoidance that is contrary to government expectations (Hsieh et al., 2018). This confirms the hypothesis testing which shows that executive character has an influence on tax avoidance which is supported by agency theory which explains the existence of a conflict of interest arising from the executive's courage in minimizing tax payments by carrying out tax avoidance. This is contrary to the government's efforts to maximize tax revenues. The results of this research are in line with Swingly & Sukartha (2015) who proves that the character of executives can influence tax avoidance actions. This happens because the character of executives can reflect the risks that occur in the company. The level of company risk indicates the character of executives who dare to make high-consequence business decisions (risk takers) to carry out tax avoidance.

This result is also supported by Chen et al. (2020) who states that executives play an important role in special tax deduction and tax free companies in carrying out tax avoidance. Hjelström et al. (2020) stated that the more an executive is a risk taker, the higher the tax avoidance carried out by the company. Even though tax avoidance is legal, only those who dare to take risks are willing to do this. Noviari & Agung Suaryana (2019) stated that the high value of corporate risk is caused by the courage of executives to take risks (risk takers) in order to maximize company profits, one of which is by carrying out tax avoidance.

The test results for the leverage variable on tax avoidance have a coefficient of 0.040265 with a significance level of 0.6454 or greater than 5%. These results state that Leverage has no effect on Tax Avoidance, so H_2 is rejected. Leverage is a ratio that aims to measure the ability of a company's assets to be financed from debt. The results obtained indicate that companies that practice tax avoidance are not influenced by the company's leverage level. No effect means that the size of the debt will not influence the company's decision to carry out tax avoidance practices (Sherly & Yohanes, 2022). The existence of debt in a company will have an impact on reducing taxes. However, this debt makes the company more careful about the debt it has. This is because the debt owned will generate interest which will cause the amount of debt that the company must pay to become larger. If the company cannot pay off the debt, the company will experience losses. This debt can also provide an unfavorable outlook for investors. Therefore, companies prefer to use their assets rather than debt for the company's operational activities. The research results are consistent with research conducted by Darsani & Sukartha (2021); Salehi & Salami (2020) and Suciarti et al. (2020).

According to Suciarti et al. (2020), the absence of an influence between leverage and tax avoidance can occur because the benefits of using debt as a tax shield are offset by the risks associated with excessive borrowing. In other words, although interest expenses can reduce taxable income, companies may not deliberately increase leverage for tax avoidance purposes since high levels of debt increase financial risk, reduce flexibility, and can worsen the perception of investors and creditors. This suggests that management tends to prioritize financial stability and company reputation over aggressive tax avoidance strategies through leverage.

The test results for the audit quality variable on tax avoidance have a coefficient of -0.256619 with a significance level of 0.0073 or less than 5%. These results state that audit quality has an effect on tax avoidance, so H_3 is accepted. Good audit quality will increase the transparency of financial reporting reported by the company, thereby preventing the company from committing irregularities or violations. Management and shareholders have different characters, where shareholders want management not to act aggressively or commit deviations and violations, including tax avoidance practices (Pratiwi et al., 2019). To suppress this, a high level of financial transparency is needed. This can be suppressed through competent auditors and competent auditors are needed to suppress irregularities, including tax avoidance.

These results are in line with research conducted by Abid & Dammak (2022), where when a company is audited by a big four KAP with good audit quality it is able to limit management strategy practices for optimizing profits by reducing taxes which are the company's obligations. Research by Riguen et al. (2020) also found that when companies are audited by auditors who are specialized in certain industrial sectors, they will be able to increase the transparency and credibility of financial reports which indirectly reduces tax avoidance. This strengthens the finding that KAPs with good audit quality will prioritize their reputation to the public so that they do not give client companies permission to make tax avoidance decisions (Riguen et al., 2021). In line with agency theory, audit activities by

auditors act as monitoring agents and mediating information gaps or information asymmetry between principals and agents (Madah Marzuki & Syukur, 2021).

The test results for the firm size variable on tax avoidance have a coefficient of -0.154930 with a significance level of 0.7791 or greater than 0.05. These results state that firm size has no effect on tax avoidance, so H_4 is rejected. This finding indicates that the size of a company is not a determining factor for engaging in tax avoidance practices. One of the possible explanations is that tax regulations apply equally to all corporate taxpayers, regardless of whether they are large or small. Large companies may receive more scrutiny from regulators and tax authorities, which makes them more careful in complying with tax rules. On the other hand, small companies generally have limited resources and may not have the same flexibility to engage in sophisticated tax planning (Cahya Dewanti & Sujana, 2019).

A further consideration is that the government has implemented enforcement mechanisms, monitoring systems, and sanctions that are applied equally across company sizes. This condition indicates that compliance with taxation is more influenced by the strength of regulation and supervision rather than the size of the company itself (Tanjaya & Nazir, 2021). In other words, both large and small companies are subject to the same risk of sanctions if they violate tax rules, which reduces the incentive to perform tax avoidance based solely on firm size.

CONCLUSIONS AND SUGGESTION

The purpose of this study is to ascertain how tax avoidance is impacted by executive personality, leverage, audit quality, and firm size. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2016–2021 period make up the research population. Purposive sampling was used to choose the sample, and E-Views software version 12 was used for analysis. The study's findings demonstrate how audit quality and executive behavior affect tax avoidance. Leverage and firm size, however, have no bearing on tax avoidance.

This research only uses consumer goods sub-sector manufacturing companies listed on the Indonesia Stock Exchange. It is hoped that more objects will be used in future research to compare activities that may affect tax avoidance. It is advised that additional variables that may impact tax avoidance be used in future studies in order to increase the number of variables that are probably to affect tax avoidance.

REFERENCES

Abid, S., & Dammak, S. (2022). Corporate social responsibility and tax avoidance: the case of French companies. *Journal of Financial Reporting and Accounting*. https://doi.org/10.1108/JFRA-04-2020-0119

Bursa Efek Indonesia. (2022). *Laporan Keuangan dan Tahunan*. https://www.idx.co.id/

Cahya Dewanti, I. G. A. D., & Sujana, I. K. (2019). Pengaruh Ukuran Perusahaan, Corporate Social Responsibility, Profitabilitas dan Leverage pada Tax Avoidance. *E-Jurnal Akuntansi*. https://doi.org/10.24843/eja.2019.v28.i01.p15

Chen, M. C., Chang, C. W., & Lee, M. C. (2020). The effect of chief financial officers' accounting expertise on corporate tax avoidance: the role of compensation design. *Review of Quantitative Finance and Accounting*. https://doi.org/10.1007/s11156-019-00789-5

Darsani, P. A., & Sukartha, I. M. (2021). The Effect of Institutional Ownership, Profitability, Leverage and Capital Intensity Ratio on Tax Avoidance. In *American Journal of Humanities and Social Sciences Research*.

Ernawati, S., Chandrarin, G., & Respati, H. (2019). Analysis of the Effect of Profitability, Company Size and Leverage on Tax Avoidance (Study on Go Public Companies in Indonesia). *International Journal of Advances in Scientific Research and Engineering*. https://doi.org/10.31695/ijasre.2019.33547

Gaaya, S., Lakhal, N., & Lakhal, F. (2017). Does family ownership reduce corporate tax avoidance? The moderating effect of audit quality. *Managerial Auditing Journal*. https://doi.org/10.1108/MAJ-02-2017-1530

Hjelström, T., Kallunki, J. P., Nilsson, H., & Tylaite, M. (2020). Executives' Personal Tax Behavior and Corporate Tax Avoidance Consistency. *European Accounting Review*. https://doi.org/10.1080/09638180.2019.1642222

Hsieh, T. S., Wang, Z., & Demirkan, S. (2018). Overconfidence and tax avoidance: The role of CEO and CFO interaction. *Journal of Accounting and Public Policy*.

https://doi.org/10.1016/j.jaccpubpol.2018.04.004
Ibrahim, R., T, S., & Rusydi, M. K. (2021). The influence factors of tax avoidance in Indonesia. *International Journal of Research in Business and Social Science (2147- 4478)*. https://doi.org/10.20525/ijrbs.v10i5.1295
Jaya, I. M. L. M. (2020). Metode penelitian kuantitatif dan kualitatif: Teori, penerapan, dan riset nyata. In *Anak Hebat Indonesia*.
Jihene, F., & Moez, D. (2019). The Moderating Effect of Audit Quality on CEO Compensation and Tax Avoidance: Evidence from Tunisian Context. *International Journal of Economics and Financial Issues*.
Jingga, V., & Lina, L. (2017). Factors Influencing Tax Avoidance Activity: An Empirical Study from Indonesia Stock Exchange. *Indian-Pacific Journal of Accounting and Finance*. https://doi.org/10.52962/ipjaf.2017.1.1.3
Kementerian Keuangan RI. (2020). *Realisasi APBN Tahun Anggaran 2020*. www.kemenkeu.go.id
Koester, A., Shevlin, T., & Wangerin, D. (2017). The role of managerial ability in corporate tax avoidance. *Management Science*. https://doi.org/10.1287/mnsc.2016.2510
Law, K. K. F., & Mills, L. F. (2017). Military experience and corporate tax avoidance. *Review of Accounting Studies*. https://doi.org/10.1007/s11142-016-9373-z
Madah Marzuki, M., & Syukur, M. S. (2021). The effect of audit fees, audit quality and board ownership on tax aggressiveness: evidence from Thailand. *Asian Review of Accounting*. https://doi.org/10.1108/ARA-11-2020-0179
Noviari, N., & Agung Suaryana, I. G. N. (2019). Mampukah Tata Kelola Perusahaan yang Baik Mengurangi Penghindaran Pajak? *Jurnal Ilmiah Akuntansi Dan Bisnis*.
Novita, N. (2016). *Executives Characters, Gender and Tax Avoidance: A Study on Manufacturing Companies in Indonesia*. https://doi.org/10.2991/gcbme-16.2016.15
PP Nomor 39 Tahun 2019, (2019). https://peraturan.bpk.go.id
Pratiwi, N. P. S. D. R., Subekti, I., & Rahman, A. F. (2019). The Effect of Corporate Governance and Audit Quality on Tax Aggressiveness withFamily Ownership as TThe Moderating Variable. *International Journal of Business, Economics and Law*.
Riedel, N. (2018). Quantifying international tax avoidance: A review of the academic literature. In *Review of Economics*. https://doi.org/10.1515/roe-2018-0004
Riguen, R., Salhi, B., & Jarboui, A. (2020). Do women in board represent less corporate tax avoidance? A moderation analysis. *International Journal of Sociology and Social Policy*. https://doi.org/10.1108/IJSSP-10-2019-0211
Riguen, R., Salhi, B., & Jarboui, A. (2021). The Impact of Audit Characteristics on Corporate Tax Avoidance: The Moderating Role of Gender Diversity. *Scientific Annals of Economics and Business*. https://doi.org/10.47743/saeb-2021-0002
Rizqia, A., & Lastiati, A. (2021). Audit Quality and Tax Avoidance: The Role of Independent Commissioners and Audit Committee's Financial Expertise. *Journal of Accounting Auditing and Business*. https://doi.org/10.24198/jaab.v4i1.29642
Salehi, M., & Salami, S. (2020). Corporate tax aggression and debt in Iran. *Journal of Islamic Accounting and Business Research*. https://doi.org/10.1108/JIABR-10-2016-0127
Sherly, F., & Yohanes, Y. (2022). Pengaruh Profitability, Leverage, Audit Quality, Dan Faktor Lainnya Terhadap Tax Avoidance. *E-Jurnal Akuntansi TSM*.
Suciarti, C., Suryani, E., & Kurnia, K. (2020). The Effect of Leverage, Capital Intensity and Deferred Tax Expense on Tax Avoidance. *Journal of Accounting Auditing and Business*. https://doi.org/10.24198/jaab.v3i2.28624
Swingly, C., & Sukartha, I. M. (2015). Pengaruh Karakter Eksekutif, Komite Audit, Ukuran Perusahaan, Leverage, dan Sales Growth pada Tax Avoidance. *E-Jurnal Akuntansi Universitas Udayana*.
Tandean, V. A., & Winnie, W. (2016). The Effect of Good Corporate Governance on Tax Avoidance: An Empirical Study on Manufacturing Companies Listed in IDX period 2010-2013. *Asian Journal of Accounting Research*. https://doi.org/10.1108/AJAR-2016-01-01-B004
Tanjaya, C., & Nazir, N. (2021). Pengaruh Profitabilitas, Leverage, Pertumbuhan Penjualan, dan Ukuran Perusahaan Terhadap Penghindaran Pajak. *Jurnal Akuntansi Trisakti*.
Yahaya, K. A., & Yusuf, K. (2020). Impact of Company Characteristics on Aggressive Tax Avoidance in Nigerian Listed Insurance Companies. *Jurnal Administrasi Bisnis*. https://doi.org/10.14710/jab.v9i2.30512