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Ownership Structure and Tax Avoidance: The Moderating Role of Firm Size in Coal Mining Companies

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Abstract

This study aims to examine the effect of institutional ownership and managerial ownership on tax avoidance, with firm size serving as a moderating variable. Tax avoidance is a common strategy used by companies to legally minimize their tax burden, making effective corporate governance mechanisms essential for controlling such practices. This research employs secondary data obtained from the financial statements of coal sub-sector mining companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sample was selected using a purposive sampling technique based on predetermined criteria. Data was analyzed using panel data regression, with the Fixed Effect Model (FEM) identified as the most appropriate model based on model selection tests. The results indicate that institutional ownership has a negative effect on tax avoidance, while managerial ownership has a negative and statistically significant effect on tax avoidance. Furthermore, firm size as a moderating variable does not strengthen the relationship between institutional ownership and tax avoidance, nor does it strengthen the relationship between managerial ownership and tax avoidance. These findings suggest that ownership structure plays an important role in influencing corporate tax avoidance strategies, whereas firm size is unable to strengthen these relationships. This study is expected to provide useful insights for investors, corporate management, and future researchers in understanding tax avoidance practices.

Keywords: Institutional Ownership; Managerial Ownership; Structure ownership; Firm Size; Tax Avoidance.

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh kepemilikan institusional dan kepemilikan manajerial terhadap penghindaran pajak dengan ukuran perusahaan sebagai variabel moderasi. Penghindaran pajak merupakan strategi yang umum dilakukan perusahaan untuk meminimalkan beban pajak secara legal, sehingga diperlukan mekanisme tata kelola perusahaan yang efektif untuk mengendalikan praktik tersebut. Penelitian ini menggunakan data sekunder yang diperoleh dari laporan keuangan perusahaan tambang sub-sektor batubara yang terdaftar di Bursa

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Efek Indonesia (BEI) selama periode 2020–2024. Sampel penelitian dipilih menggunakan teknik purposive sampling sesuai dengan kriteria yang telah ditetapkan. Analisis data dilakukan menggunakan regresi data panel dengan pendekatan Fixed Effect Model (FEM) sebagai model terbaik berdasarkan hasil uji pemilihan model. Hasil penelitian menunjukkan bahwa kepemilikan institusional berpengaruh negatif terhadap penghindaran pajak, sedangkan kepemilikan manajerial berpengaruh negatif dan signifikan terhadap penghindaran pajak. Sementara itu, ukuran perusahaan sebagai variabel moderasi tidak mampu memperkuat hubungan antara kepemilikan institusional maupun kepemilikan manajerial terhadap penghindaran pajak. Temuan penelitian ini menunjukkan bahwa struktur kepemilikan memiliki peran penting dalam memengaruhi strategi penghindaran pajak perusahaan, sedangkan ukuran perusahaan belum mampu memperkuat hubungan tersebut. Hasil penelitian ini diharapkan dapat menjadi referensi bagi investor, manajemen perusahaan, dan peneliti selanjutnya dalam memahami praktik penghindaran pajak.

Kata Kunci: Kepemilikan Institusional, Kepemilikan Manajerial,Struktur Kepemilikan, Ukuran Perusahaan, Penghindaran Pajak,

1. INTRODUCTION

Taxes are a vital source of government revenue for the sustainability of national development. As a fiscal instrument, taxes play a role in funding various government programs and driving economic growth. However, reality shows that there are still many taxpayers both individuals and businesses who engage in tax avoidance by exploiting loopholes in existing tax regulations. Tax avoidance is defined as efforts made by companies to reduce their tax burden by exploiting weaknesses in tax regulations; as such, these activities cannot be categorized as illegal, but they still harm the state by reducing potential tax revenue (Firmansyah et al., 2021).

A specific case of tax avoidance occurred at PT Adaro Energy Tbk, which, according to Global Witness, sold coal at a low price to its subsidiary in Singapore, Coaltrade Services International, for subsequent resale at a higher price. The profits from these transactions were reported in Singapore, which has a lower tax rate, thereby reducing the tax burden paid in Indonesia. PT Adaro Energy Tbk's financial reports show that the company's tax payments from 2016 to 2019 were significantly lower than what the government should have received. A similar practice also occurred through the transfer of profits to Mauritius, a tax-free country (N. Syahni, 2019).

The mining industry, particularly the coal subsector, is an interesting sector to study due to its significant contribution to state tax revenue and the high potential for tax avoidance practices. According to a report by Price Waterhouse Coopers (PWC) Indonesia, in 2020 only 30 percent of the top 40 mining companies practiced tax

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transparency. This situation indicates that many companies are still not fully compliant with applicable tax regulations (PWC Indonesia, 2021).

Numerous studies have been conducted on the factors influencing tax avoidance, with mixed results. Institutional ownership and managerial ownership are two corporate governance mechanisms believed to influence tax avoidance behavior. Research (Mardini, 2020) found that institutional ownership has a negative effect on tax avoidance, while (Sukma et al., 2022) actually found a positive effect. Different results were also shown by (Cintia, 2021) which states that institutional ownership has no significant effect on tax avoidance.

Managerial ownership has also shown mixed results in previous studies (A. Deef et al, 2021) found a positive relationship between managerial ownership and tax avoidance, whereas (T. Tanujaya & S. Ratna, 2021) found a significant negative effect. The study (Fadila et al., 2020) proves that managerial ownership significantly influences tax avoidance.

Company size, as a moderating variable, also yielded inconsistent results (V. Stawati, 2020) found that company size affects tax avoidance, while (N. Kalbuana et al., 2020) states that company size has a minor influence on tax avoidance strategies. The study (D. Widodo et al, 2021) In fact, they found that company size influences tax avoidance behavior.

Based on the findings and discrepancies in previous studies, this study aims to re-examine the effects of institutional ownership and managerial ownership on tax avoidance by incorporating firm size as a moderating variable among mining companies in the coal subsector listed on the Indonesia Stock Exchange during the 2020–2024 period. The novelty of this study lies in the use of a more recent observation period and the use of the Cash Effective Tax Rate (CETR) as a proxy for tax avoidance that more accurately reflects tax avoidance practices (S. Dyreng et al., 2020).

2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Agency theory explains the contractual relationship between the principal (owners or shareholders) and the agent (management), who is authorized to manage the company on behalf of the principal. According to Jensen, M. C., & Meckling, (1976), this relationship is based on the delegation of authority from the principal to the agent to act in the principal's best interests. However, in practice, differences in interests often give rise to agency problems, including information asymmetry and conflicts of interest. Information asymmetry occurs when management possesses more comprehensive information about the company's condition than the owners, while conflicts of interest arise when management's actions do not fully align with the objectives of the principal. In the context of taxation, agency theory suggests that tax avoidance practices are driven by the differing interests of management, which seeks to minimize tax liabilities to maximize corporate profits and managerial welfare, and tax authorities, which aim to maximize government tax revenues. These conflicting objectives form the basis of the conflict between corporate taxpayers and tax authorities in fulfilling tax obligations.

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Signaling theory emphasizes the importance of information disclosed by a company in influencing the investment decisions of external stakeholders, particularly investors. Corporate disclosures, including annual reports and public announcements, serve as signals regarding the company's current performance and future prospects. According to (Sari, 2022), management provides positive signals to enhance investor confidence and communicate favorable expectations about the company's future performance. Annual reports constitute a primary medium for conveying both financial and non-financial information that is relevant to internal and external stakeholders (Zahra, 2020). From the perspective of signaling theory, positive signals are reflected in higher stock prices and the company's ability to generate returns from its assets, both of which indicate an increase in firm value.

Institutional ownership

Institutional ownership refers to the proportion of a company's outstanding shares held by institutional investors, such as insurance companies, banks, pension funds, and investment institutions. From the perspective of agency theory, institutional ownership serves as an effective monitoring mechanism to mitigate agency conflicts between management and shareholders by enhancing oversight of managerial decisions (Jensen, M. C., & Meckling, 1976). A higher level of institutional ownership strengthens the ability of institutional investors to influence corporate policies, encourage management to act in the best interests of shareholders, and improve the effectiveness of corporate governance. Institutional ownership is commonly measured as the percentage of a company's outstanding shares held by institutional investors at the end of the reporting period (Fadila et al., 2020).

Managerial Ownership

Managerial ownership refers to the proportion of a company's outstanding shares owned by management, including directors, commissioners, and executives who actively participate in corporate decision-making. Managerial ownership is considered an important governance mechanism for aligning the interests of management with those of shareholders, thereby reducing agency conflicts. A higher level of managerial ownership increases managers' incentives to enhance corporate performance and make decisions that support the company's long-term objectives, including tax-related policies (Faizal, 2020). Previous studies have found that managerial ownership has a significant influence on tax avoidance, as managers with greater ownership possess stronger incentives and authority to determine the company's tax strategies (Bandaro & Aryanto, 2020; Ashari & Simorangkir, 2020; A.A. Putri & Lawita, 2019). Managerial ownership is commonly measured as the percentage of a company's outstanding shares held by management at the end of the reporting period (Pujiati & Widanar, 2019; Zahirah, 2020).

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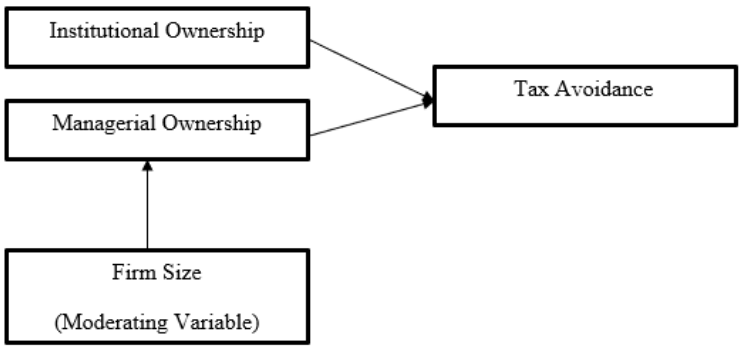
Firm size

Firm size refers to the scale or magnitude of a company and can be measured using various proxies, including total assets, sales volume, or market value. In this study, firm size is proxied by the natural logarithm of total assets (Ln Total Assets), as this measure effectively standardizes large asset values and is widely adopted in previous studies (Manuturi et al., 2021). Larger firms generally possess greater resources and capabilities to implement more effective tax planning strategies, which may influence tax avoidance practices. However, previous empirical findings have produced mixed results, indicating that firm size may have either a positive or a negative effect on tax avoidance, suggesting that the relationship remains inconclusive and warrants further investigation (Rahmawati & Nani, 2021; Sulaeman, 2021; Saputro et al., 2021). Accordingly, this study measures firm size using the natural logarithm of total assets as its primary proxy.

Tax Avoidance

Tax avoidance refers to a legal strategy employed by taxpayers to minimize tax liabilities by taking advantage of provisions within the applicable tax regulations. It is considered a component of tax planning, whereby taxpayers structure business activities and transactions to reduce tax obligations while remaining compliant with tax laws (Bernard, 1976; Suandy, 2020). The extent of tax avoidance is influenced by several factors, including the magnitude of tax liabilities, the likelihood of detection, the associated costs, and the severity of legal sanctions. In this study, tax avoidance is measured using the Cash Effective Tax Rate (CETR**)**, which reflects the effectiveness of a company's tax payments and serves as an indicator of the difference between accounting income and taxable income (Sandy & Lukviarman, 2020).

The conceptual framework illustrates the relationship between the underlying theories and the research variables, providing a systematic basis for conducting the study. It explains the theoretical relationships among the variables and serves as the foundation for formulating research hypotheses. In this study, the conceptual framework consists of two independent variables, namely institutional ownership (X_1) and managerial ownership (X_2), one moderating variable, firm size (Z), and one dependent variable, tax avoidance (Y).



Picture 1. The Conceptual Framework

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The Effect of Institutional Ownership on Tax Avoidance

Institutional ownership serves as an effective monitoring mechanism that mitigates agency conflicts by enhancing oversight of managerial decisions. A higher level of institutional ownership is expected to strengthen monitoring effectiveness and reduce tax avoidance practices (Pratomo, 2021) reported that institutional ownership has a negative effect on tax avoidance. Accordingly, the following hypothesis is proposed:

H1: Institutional ownership has effect on tax avoidance.

The Effect of Managerial Ownership on Tax Avoidance

Managerial ownership represents the proportion of a company's shares held by its management. A higher level of managerial ownership is expected to align managers' interests with those of shareholders, thereby influencing corporate tax-related decisions. (Fadila et al. 2020) found that managerial ownership has a significant effect on tax avoidance. Therefore, the following hypothesis is proposed:

H2: Managerial ownership has effect on tax avoidance.

The Effect of Firm Size on Tax Avoidance

Firm size reflects the scale of a company's operations and is commonly measured by total assets. Larger firms tend to have more complex business activities and greater opportunities to implement tax planning strategies. (Candra et al., (2021) found that firm size has a positive effect on tax avoidance. Therefore, the following hypothesis is proposed:

H3: Firm size has effect on tax avoidance.

The Simultaneous Effect of Institutional Ownership, Managerial Ownership, and Firm Size on Tax Avoidance

Previous studies have shown that institutional ownership, managerial ownership, and firm size are associated with tax avoidance, although the empirical findings remain inconclusive. Therefore, this study examines the simultaneous effect of these variables on tax avoidance. The following hypothesis is proposed:

H4: Institutional ownership, managerial ownership, and firm size simultaneously affect tax avoidance.

3. RESEARCH METHOD

This study employs a quantitative approach. The quantitative approach was chosen because this study aims to test hypotheses regarding the cause-and-effect relationship between variables through statistical analysis. The data used are secondary data obtained from the companies' audited annual financial reports, which were published on the official website of the Indonesia Stock Exchange. (www.idx.co.id).

The population in this study consists of all mining companies in the coal subsector listed on the Indonesia Stock Exchange from 2020 to 2024, totaling 42

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companies. Sampling was conducted using purposive sampling based on specific criteria, namely:

Tabel 1. Sample Selection Criteria

No.	Criteria Of Sample	Did Not Meet the Criteria	Total
1	Mining companies in the coal subsector listed on the IDX as of 2024		42
2	Mining companies in the coal subsector that published complete annual financial reports for the 2024 period	(15)	27
3	Mining companies in the coal subsector that did not incur losses during the 2020–2024 period	(8)	19
4	Mining companies in the coal subsector that use the U.S. dollar as their currency	(11)	8
5	Mining companies in the coal subsector that provide information on dependent and independent variables for the 2020–2024 period	(0)	8
	Number of samples from the company		8
	Research Period		5
	Sample Size		40

The dependent variable in this study is tax avoidance, measured using the Cash Effective Tax Rate (CETR) according to the following formula:

$$CETR = \frac{Cash\ Tax\ Paid}{Pre - Tax\ Income}$$

The lower the CETR value, the higher the level of tax avoidance by the company (S. Dyreng et al., 2020).

The first independent variable is institutional ownership (X_1), which is measured as the percentage of a company's shares held by institutions such as banks, insurance companies, pension funds, and investment firms, using the following formula:

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$$Institutional\ Ownership = \frac{Number\ Of\ Shares\ Held\ by\ Institutional\ Investors}{Total\ Outstanding\ Shares}$$

The second independent variable is managerial ownership (X_2), which is measured by the percentage of shares held by the company's management including the board of directors, the board of commissioners, and employees using the following formula:

$$Managerial\ Ownership = \frac{Number\ of\ Shares\ Held\ by\ Management}{Total\ Outstanding\ Shares}$$

The moderating variable is firm size (Z), which is proxied by the natural logarithm of the company's total assets. The measurement is calculated using the following formula:

$$\text{Firm Size} = Ln\ (Total\ Assets)$$

4. DATA ANALYSIS AND DISCUSSION

Table 1. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.368812	(7,29)	0.0482
Cross-section Chi-square	18.088403	7	0.0116

Based on the results of the Chow test presented above, the p-value is 0.0116, which is lower than the significance level of 0.05. Therefore, it can be concluded that the Fixed Effect Model (FEM) is the most appropriate model for this study based on the Chow test.

Table 2. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob
Cross-section random	12.364386	3	0.0062

Based on the results of the Hausman test presented above, the p-value is 0.0062, which is lower than the significance level of 0.05. Therefore, it can be concluded that the Fixed Effect Model (FEM) is the most appropriate model for this study.

Table 3. Multicollinearity Test

	X1	X2
X1	1.000000	-0.637137
X2	-0.637137	1.000000

Based on the results of the multicollinearity test presented above, none of the correlation coefficients among the independent variables exceeds 0.80. Therefore, it can be concluded that the data used in this study are free from multicollinearity.

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Table 4. Heteroskedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	63.67446	34.14207	1.864986	0.0720
X1	-0.344260	0.258049	-1.334088	0.1922
X2	-3.049792	2.168028	-1.406712	0.1698

Based on the results of the heteroskedasticity test presented above, the probability values for all variables are greater than 0.05. Therefore, it can be concluded that there is no evidence of heteroskedasticity in this study.

Table 5. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	256.8929	60.96034	4.214098	0.0002
X1	-1.324585	0.460744	-2.874884	0.0074
X2	-14.13413	3.870994	-3.651291	0.0010

Based on the estimated coefficients, the panel data regression model in this study is expressed as follows:

Y = 256.892875429 - 1.32458498446*X1 - 14.1341255989*X2 + [CX=F]

The interpretation of the regression coefficients is as follows:

1. The constant coefficient is 256.8929, indicating that when all independent variables are held constant or equal to zero, the value of the dependent variable (Y) is expected to be 256.8929.
2. Institutional ownership (X_1) has a negative effect on tax avoidance, with a coefficient of −1.3246. This indicates that a one-unit increase in institutional ownership is associated with a decrease of approximately 1.3246 units in tax avoidance, holding other variables constant.
3. Managerial ownership (X_2) has a negative effect on tax avoidance, with a coefficient of −14.1341. This implies that a one-unit increase in managerial ownership is associated with a decrease of approximately 14.1341 units in tax avoidance, assuming other variables remain constant.

Table 6. Adjusted Coefficient of Determination (Adjusted R^2) Test

Cross-section fixed (dummy variables)			
Root MSE	18.58483	R-squared	0.448881
Mean dependent var	31.37637	Adjusted R-squared	0.283545
S.D. dependent var	25.35324	S.E. of regression	21.45991
Akaike info criterion	9.182568	Sum squared resid	13815.83
Schwarz criterion	9.604788	Log likelihood	-173.6514
Hannan-Quinn criter.	9.335230	F-statistic	2.714966
Durbin-Watson stat	2.771265	Prob(F-statistic)	0.019193

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Based on the table above, the adjusted coefficient of determination (Adjusted R^2) of the research model is 0.283545, or approximately 28%. This indicates that the independent variables included in the model explain approximately 28% of the variation in the dependent variable, namely tax avoidance. The remaining 72% of the variation is explained by other factors that are not included in this study.

Table 7. F-Test (Simultaneous Significance Test)

Cross-section fixed (dummy variables)			
Root MSE	18.58483	R-squared	0.448881
Mean dependent var	31.37637	Adjusted R-squared	0.283545
S.D. dependent var	25.35324	S.E. of regression	21.45991
Akaike info criterion	9.182568	Sum squared resid	13815.83
Schwarz criterion	9.604788	Log likelihood	-173.6514
Hannan-Quinn criter.	9.335230	F-statistic	2.714966
Durbin-Watson stat	2.771265	Prob(F-statistic)	0.019193

Based on the table above, the probability value of the F-statistic is 0.019193, which is lower than the significance level of 0.05. This indicates that the independent variables, when considered simultaneously, have a statistically significant effect on the dependent variable.

Table 8. t-Test (Partial Significance Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	256.8929	60.96034	4.214098	0.0002
X1	-1.324585	0.460744	-2.874884	0.0074
X2	-14.13413	3.870994	-3.651291	0.0010

The interpretation of the partial t-test results is as follows:

The institutional ownership variable has a significance value of 0.0074, which is lower than the significance level of 0.05. In addition, the t-statistic is 2.874884, which is greater than the critical t-value (t-table) of 2.024394. These results indicate that institutional ownership has a statistically significant negative effect on tax avoidance. Therefore, H_1 is accepted.

The managerial ownership variable has a significance value of 0.0010, which is lower than the significance level of 0.05, indicating that managerial ownership has a statistically significant effect on tax avoidance. This finding is further supported by the comparison between the t-statistic and the critical t-value. For 40 observations at a significance level of 0.05, the critical t-value is 2.024394, while the calculated t-statistic is 3.651291. Since the t-statistic exceeds the critical t-value, managerial ownership has a statistically significant negative effect on tax avoidance. Therefore, H_2 is accepted.

Firm Size as a Moderator Of the Relationship Between Institutional Ownership and Tax Avoidance

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Tabel 9. Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-39.34975	299.5857	-0.131347	0.8964
X1	-0.286229	0.441170	-0.648795	0.5214
Z	4.290891	14.47337	0.296468	0.7689

Tabel 10. Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-25.87015	345.6095	-0.074854	0.9408
X2	-9.537358	11.91030	-0.800766	0.4298
Z	6.795956	16.55204	0.410581	0.6844
X2Z	0.082318	0.478840	0.171911	0.8647

Based on Model 1, firm size as the moderating variable does not have a significant effect on tax avoidance. Furthermore, in Model 2, the interaction between institutional ownership and firm size is also not statistically significant in explaining tax avoidance. Therefore, firm size cannot be considered a moderating variable in the relationship between institutional ownership and tax avoidance.

The Moderating Effect of Firm Size on the Relationship Between Managerial Ownership and Tax Avoidance

Tabel 11. Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-60.80781	274.9826	-0.221133	0.8265
X2	-7.581429	3.464870	-2.188084	0,0366
Z	8.379019	13.52969	0.619306	0.5404

Tabel 12. Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-25.87015	345.6095	-0.074854	0.9408
X2	-9.537358	11.91030	-0.800766	0.4298
Z	6.795956	16.55204	0.410581	0.6844
X2Z	0.082318	0.478840	0.171911	0.8647

Based on Model 1, firm size as the moderating variable does not have a significant effect on tax avoidance. Furthermore, in Model 2, the interaction between managerial ownership and firm size is also not statistically significant in explaining

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tax avoidance. Therefore, firm size cannot be considered a moderating variable in the relationship between managerial ownership and tax avoidance.

These findings indicate that firm size does not play a significant role in influencing the relationship between ownership structure and tax avoidance. This may be attributed to the characteristics of the mining industry, which is subject to stringent regulations and intensive government oversight. As a result, differences in firm size may not substantially influence the tax avoidance strategies adopted by mining companies (Nugroho, 2023).

Discussion of Research Findings

The findings of this study provide several important implications. First, institutional ownership has been shown to serve as an effective monitoring mechanism in reducing tax avoidance practices. Institutional investors possess the resources and capabilities to monitor managerial performance, including compliance with tax regulations. Second, a higher level of managerial ownership encourages managers to act more prudently in tax planning, as they also bear the risks associated with the decisions they make. Third, firm size is not a significant moderating factor in the relationship between ownership structure and tax avoidance among coal mining companies, suggesting that other factors, such as industry regulations and operational characteristics, may play a more dominant role. The results of this study support the agency theory proposed by(Jensen, M. C., & Meckling, 1976) which argues that conflicts of interest between principals and agents can be mitigated through appropriate ownership mechanisms. The presence of institutional investors and managerial share ownership serves as an effective internal governance mechanism for reducing opportunistic managerial behavior related to tax avoidance. However, firm size, as a contextual variable, was not found to strengthen or weaken this relationship, which may be attributable to the unique characteristics of the coal mining industry, including its stringent regulatory environment and intensive government oversight (S. E. Kartika, W. Puspitasari, 2023).

5. CONCLUSION

Based on the analysis and discussion, this study draws several important conclusions. First, institutional ownership has a negative and statistically significant effect on tax avoidance among coal mining companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. This finding indicates that a higher proportion of institutional ownership is associated with a lower level of tax avoidance, as institutional shareholders provide more effective monitoring of managerial actions.

Second, managerial ownership also has a negative and statistically significant effect on tax avoidance. This suggests that a higher proportion of shares owned by management is associated with lower tax avoidance practices, as managers become more prudent in making business decisions, assume greater responsibility for corporate risks, and place greater emphasis on the company's long-term interests.

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Third, institutional ownership and managerial ownership jointly have a statistically significant effect on tax avoidance. This finding suggests that the overall ownership structure is an important determinant of a company's tax strategy. Fourth, firm size does not moderate the relationship between either institutional ownership or managerial ownership and tax avoidance. This indicates that firm size does not influence the relationship between ownership structure and tax avoidance practices in the coal mining industry.

This study contributes to the literature by providing additional empirical support for agency theory in the context of corporate taxation. It also offers practical implications for regulators by highlighting the importance of promoting ownership transparency and strengthening corporate governance to reduce tax avoidance practices. For investors, the findings may serve as a useful reference in assessing a company's tax risk profile when making investment decisions. Future research is recommended to incorporate additional variables, such as corporate governance mechanisms and board of commissioners characteristics, or to employ qualitative approaches in order to obtain a more comprehensive understanding of the factors influencing tax avoidance.

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