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The Impact of Board Characteristics and Audit Committee on Tax Avoidance: Empirical Evidence from Manufacturing Companies Listed on the Indonesia Stock Exchange in 2021–2023

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Abstract

Tax avoidance is a common strategy used by companies to reduce their tax burden, which may affect government revenue and reflect the effectiveness of corporate governance. In this context, the role of the board of commissioners and the audit committee is crucial in supervising management decisions related to tax planning. Several studies have investigated the effect of corporate governance mechanisms on tax avoidance, but there is limited evidence regarding specific board characteristics such as gender diversity and meeting frequency. This study aims to examine the influence of board size, board independence, board meeting frequency, board gender diversity, and the audit committee on tax avoidance. The sample of this research consisted of 100 observations from manufacturing companies listed on the Indonesia Stock Exchange during the 2021–2023 period, selected through purposive sampling. The data were analyzed using Multiple Linear Regression Analysis. The results show that board independence and board gender diversity have a negative and significant effect on tax avoidance, while the audit committee has a positive and significant effect. Meanwhile, board size and board meeting frequency do not have a significant effect. These findings suggest that a stronger presence of independent and female commissioners contributes to more transparent and compliant tax behavior.

Keywords: *tax avoidance; board characteristics; audit committee*

INTRODUCTION

Tax avoidance has become a widely discussed issue in the field of financial accounting. It refers to the efforts of corporate taxpayers to minimize their tax liabilities through strategies that, while legally permissible, are often ethically questionable. Tax avoidance practices can reduce state revenues, weaken public trust, and create unfair advantages among corporations. This issue has therefore become a central concern in corporate governance and regulatory discourse (Putranto et al., 2023).

Several prominent cases in Indonesia reflect the reality of tax minimization strategies among manufacturing firms. For instance, PT Indofood Sukses Makmur Tbk was reported to have used expansion strategies to avoid paying taxes, costing the government approximately IDR 1.3 billion. PT Toyota Motor Manufacturing Indonesia was allegedly involved in a transfer pricing

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scheme by shifting its profits to Singapore, a jurisdiction with a lower tax rate. Similarly, PT Bentoel Internasional Investama Tbk was accused of utilizing tax treaty arrangements with the Netherlands to shift income, causing potential annual tax losses of up to USD 14 million (Tax Justice Network, 2019). These practices indicate that tax avoidance is not only a matter of legal compliance but also of ethical business conduct.

Tax avoidance is increasingly viewed as a reflection of how internal governance structures shape corporate decision-making, as companies being taxpayers depend on their board and oversight mechanisms to fulfill tax obligations ethically and transparently (Putranto et al., 2023). Inadequate governance may create opportunities for tax avoidance, whereas robust governance frameworks support compliant tax planning. Key attributes such as board size, board independence, board meeting frequency, board gender diversity, and the audit committee are therefore believed to play critical roles in influencing a firm’s tax behavior and strategic tax compliance efforts (Egbunike et al., 2021).

Prior research has investigated the relationship between corporate governance structures and tax avoidance, yielding mixed results. Ibrahim and Farahiyah (2021) found that board size was negatively associated with tax avoidance, suggesting that larger boards enhance monitoring effectiveness. In contrast, Omesi and Appah (2021) argued that a larger board could hinder effective communication, leading to weak supervision and increased tax avoidance. The presence of board independence has also shown inconsistent findings. Kadjiman and Tangkau (2022) revealed that independent board members may support tax minimization strategies when aligned with shareholder interests, while Barros and Sarmento (2020) found that independent boards reduce tax avoidance through improved oversight.

Board meeting frequency, as an indicator of board diligence, has also been linked to tax behavior. While Barros and Sarmento (2020) reported a negative association between meeting frequency and tax avoidance, Palupi et al. (2021) emphasized that the absence of tax knowledge among board members may render frequent meetings ineffective. Board gender diversity is believed to enhance ethical awareness and risk aversion, which could reduce tax avoidance (Salhi et al., 2020). However, Bana and Ghozali (2021) found no significant effect, suggesting that the presence of female directors alone is insufficient to influence tax decisions unless coupled with relevant authority and expertise.

The role of the audit committee in overseeing financial reporting and ensuring compliance with tax regulations is equally crucial. Jati et al. (2022) reported that effective audit committees were associated with lower tax avoidance, while Idzniah and Bernawati (2020) found that symbolic or underperforming audit committees failed to perform this function adequately. These inconsistencies suggest that the relationship between corporate governance mechanisms and tax avoidance remains inconclusive. In addition, many studies have focused on different countries with distinct institutional and regulatory contexts, such as Nigeria (Egbunike et al., 2021) and Malaysia (Jati et al., 2022), making their findings less directly applicable to Indonesia. Moreover, several studies have overlooked emerging governance variables, such as board gender diversity, which may offer new insights into corporate ethical behavior and decision-making patterns.

This study aims to examine the effect of board size, board independence, board meeting frequency, board gender diversity, and audit committees on tax avoidance among manufacturing firms listed on the Indonesia Stock Exchange from 2021 to 2023. Building on Egbunike et al. (2021), which focused on traditional governance variables, and Musa and Donald (2022), who emphasized board gender diversity as an evolving governance factor, this research contextualizes these factors within the Indonesian setting to deepen understanding of tax avoidance in emerging markets.

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It is hoped that this research will contribute to the literature on tax avoidance and corporate governance in emerging economies. The findings may also offer useful insights for policymakers, regulators, investors, and corporate stakeholders in designing more effective governance structures to discourage tax avoidance practices and promote ethical corporate conduct.

Literature Review

Agency Theory

Agency theory remains a fundamental basis in corporate business practices to this day. According to Jensen and Meckling (1976), an agency relationship is defined as a contract between shareholders (principals) and managers (agents) aimed at maximizing shareholder wealth (Noorprasetya & Prasetya, 2023). This study emphasizes the third level of agency conflict between corporate management (agents) and the government (principal). While the government seeks to maximize tax revenues to fund public services, companies often attempt to minimize tax liabilities to enhance net income and financial performance (Dewi & Suardika, 2021). This divergence in interests creates agency tension, which may lead to tax avoidance practices, particularly when effective monitoring mechanisms are lacking.

Tax Avoidance (TA)

Tax avoidance is a legal practice aimed at reducing tax liabilities by exploiting loopholes in tax regulations, although it is often debated from an ethical standpoint. Various studies describe tax avoidance as part of tax planning intended to increase post-tax profits and corporate cash flow. However, from the perspective of agency theory, this practice may pose risks such as earnings manipulation and managerial non-transparency, potentially misleading investors and undermining the integrity of financial reporting (Permata Sari & Nailufaroh, 2022).

Corporate Governance

The Forum for Corporate Governance in Indonesia (FCGI) defines corporate governance as a set of rules that governs the relationships between shareholders, company management, creditors, the government, employees, and other internal and external stakeholders. This definition emphasizes the importance of a system that regulates and controls the company to create added value for all interested parties. Sunarto et al. (2021) add that corporate governance encompasses the structure, processes, culture, and systems that manage the relationship between company management and shareholders both majority and minority with the goal of creating conditions that support the company's operational success. Meanwhile, according to Noviari & Agung Suaryana (2019), corporate governance is a system that regulates the company and its relationships with various stakeholders, with a primary focus on managing strategic direction and organizational performance to generate added value.

Board Size

The board of commissioners plays a very important role in the company, particularly in the implementation of good corporate governance. According to Egon Zehnder in the International Forum for Corporate Governance in Indonesia (2007) and Aorora (2018), the board of commissioners is the core of corporate governance. Their main duties are to ensure that the company's strategy is properly implemented, to oversee management in the company's operations, and to ensure accountability.

Board Independence

An independent commissioner is a member of the board of commissioners who comes from outside the company and has no vested interest (is independent) from the company's stakeholders. Independent commissioners are not involved in any professional relationship with other board members or majority shareholders, allowing them to act objectively and fairly in the best interests of the company as a whole (Mayangsari, 2022). The main responsibilities of independent

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commissioners are to ensure that the company operates under the principles of transparency and accountability, and to provide objective recommendations, particularly regarding financial reporting and oversight of management activities.

Board Meeting Frequency

Based on POJK No. 33/POJK.04/2014, Article 31 Paragraph 1, the board of commissioners is tasked with supervising the board of directors and providing strategic advice in accordance with the company's articles of association. The board of commissioners is required to hold meetings at least once every two months. These meetings are important for discussing and ensuring that the company's goals and performance in areas such as strategic planning, financing, acquisitions, divestitures, operations, risk management, and governance are achieved in line with corporate objectives. The frequency of board of commissioners meetings reflects how actively the board addresses issues faced by the company and how intensively they are involved in supervision and decision-making.

Board Gender Diversity

Diversity, according to Musa & Donald (2022), refers to a situation in which men and women have equal rights and responsibilities in top management positions. In the context of corporate governance, gender refers to the differences in characteristics between men and women related to aspects such as traits, status, positions, and roles within an organization (Fathonah, 2018). Gender diversity on the board of commissioners can have a significant impact on company performance and decision-making. The variety of perspectives and ideas brought by board members from different gender backgrounds can foster more innovative and productive collaboration. Thus, companies can leverage these diverse perspectives to enhance innovation, problem-solving, and more effective decision-making (Medidjati et al., 2023).

Audit Committee

The audit committee is a crucial component in implementing effective corporate governance, with its main role being to assist the board of commissioners in overseeing accounting, internal controls, and auditor independence. Formed by the board of commissioners and consisting of at least three members including one independent commissioner as the chair the committee bridges internal and external oversight within the company. In Indonesia, the legal basis for establishing an audit committee is regulated by Surat Edaran Bapepam-LK No. SE-03/PM/2000 and Keputusan Direksi Bursa Efek Jakarta No. Kep-339/BEJ/07-2001 which mandate its presence in public companies. The audit committee is also responsible for ensuring the fairness of financial statements in accordance with Financial Accounting Standards (SAK), following up on audit findings, and maintaining corporate accountability to stakeholders (Kartika et al., 2022).

Hypothesis Development

Board Size and Tax Avoidance

The board of commissioners plays a critical role in corporate governance due to its responsibility in ensuring the effective implementation of company strategies and overseeing management performance. This oversight function ensures that management acts in the best interests of the company and its stakeholders. An increase in the number of commissioners is expected to strengthen oversight of the board of directors and improve the quality of strategic decisions, including in tax planning and implementation. Tighter supervision can reduce the likelihood of tax avoidance by increasing transparency, accountability, and compliance with tax regulations.

Research by Ibrahim and Farahiyah (2021) and Salhi et al. (2020) shows that the number of commissioners has a significant negative effect on tax avoidance. Their findings indicate that the greater the number of commissioners in a company, the lower the level of tax avoidance. Based on this explanation, the hypothesis is formulated as follows:

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H1: Board size has a significant negative effect on tax avoidance.

Board Independence and Tax Avoidance

Independent commissioners are individuals who have no direct relationship with the board of directors, management, or majority shareholders (Kadjiman & Tangkau, 2022). They are responsible for overseeing policies and activities carried out by the board and management to ensure that the company's resources are managed effectively, efficiently, and economically to achieve organizational goals. Additionally, they provide advice when needed. As external supervisors, independent commissioners may not be directly involved in internal management or tax planning but can highlight potential cost risks arising from tax avoidance. Increasing the number of independent commissioners can tighten supervision over management, making them more cautious in decision-making and implementation, thereby minimizing tax avoidance practices (Noorprasetya & Prasetya, 2023).

Research by Jati et al. (2022) found that the presence of independent commissioners has a significant negative effect on tax avoidance. These findings suggest that independent commissioners play a role in improving the quality of financial reporting and tax management. Further research by Egbunike et al. (2021) supports this by showing that a higher number of independent commissioners can reduce agency conflicts and lower levels of tax avoidance. Based on these findings, the following hypothesis is proposed:

H2: Board independence has a significant negative effect on tax avoidance.

Board Meeting Frequency and Tax Avoidance

Commissioners' meetings are important forums for decision-making and resolving company issues. A board that meets frequently often reflects effective supervision, including on financial reporting and tax policy. The more frequently meetings are held, the greater the opportunity for in-depth discussions and periodic reviews of tax-related issues, which can enhance the board's ability to manage corporate tax obligations effectively (Egbunike et al., 2021). Regular evaluation and adjustment of tax estimates before year-end are crucial to avoid fines for underpayment. Hence, regular meetings ensure tax compliance and reduce the risk of tax avoidance.

Previous studies by Asiyah (2021) and Ibrahim & Farahiyah (2021) show that the frequency of board meetings has a significant negative effect on tax avoidance. These findings suggest that routine meetings contribute to better tax management and lower tax avoidance strategies. Based on this, the following hypothesis is proposed:

H3: Board meeting frequency has a significant negative effect on tax avoidance.

Board Gender Diversity and Tax Avoidance

Gender diversity in corporate governance is increasingly recognized as a way to overcome the limitations of traditional governance models and benefit from a variety of perspectives. Gender-diverse boards are often seen as more effective in oversight, including in tax matters (Bana & Ghozali, 2021). Research by Septriani et al. (2023) reveals that women tend to exhibit greater tax compliance than men. The presence of women on boards may reduce tax avoidance due to their better control and consistency in applying tax policies. Thus, gender diversity on boards plays an important role in reducing tax avoidance by strengthening compliance and more effective policy implementation.

Findings from Salhi et al. (2020) and Musa & Donald (2022) support this, showing that gender diversity in the board has a significant negative effect on tax avoidance. These studies indicate that having members of diverse genders improves tax compliance and reduces tax avoidance. Therefore, the hypothesis proposed is:

H4: Board gender diversity has a negative effect on tax avoidance.

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Audit Committee and Tax Avoidance

The audit committee plays a vital role in supporting the board of commissioners through oversight of internal controls and providing recommendations to both management and the board regarding corporate integrity and sustainability. The audit committee, which must consist of at least three independent members with accounting and financial expertise, is primarily responsible for reviewing and overseeing financial reporting processes and internal controls (Jefri & Khoiriyah, 2019). An effective audit committee is believed to improve the company's tax compliance. Strict supervision from the audit committee contributes to higher data quality and performance. Their authority enables prevention of irregularities in financial reporting. The stronger the role of the audit committee, the lower the likelihood of tax avoidance (Noorprasetya & Prasetya, 2023).

Research by Jati et al. (2022) states that the audit committee significantly reduces tax avoidance practices. This is supported by Asiyah (2021), who also found that the audit committee helps lower tax avoidance. Based on these theories and prior studies, the hypothesis proposed is:

H5: Audit committee has a significant negative effect on tax avoidance.

Theoretical Framework

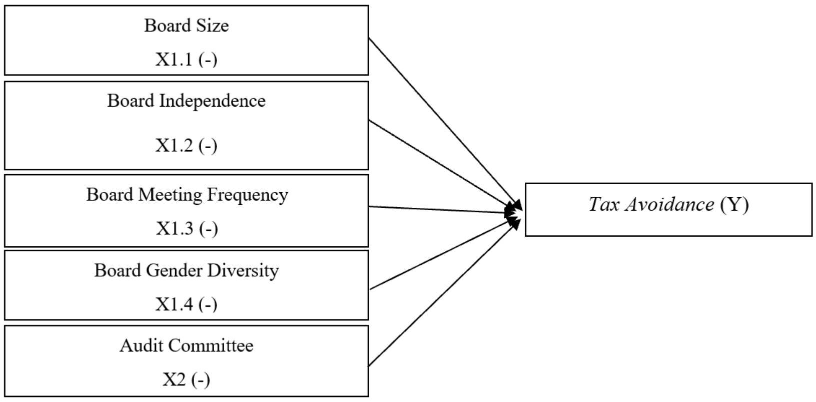

Figure 1. Theoretical Framework

METHOD

Population and Sample

The population in this study consists of all manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The manufacturing sector was selected because it is one of the largest and most significant industries in Indonesia and tends to have complex operational structures that may allow for tax avoidance practices through strategies such as transfer pricing and the use of tax havens. In addition, manufacturing firms listed on the IDX are subject to strict public and regulatory oversight, making them relevant for studying the relationship between corporate governance and tax avoidance.

The sample was determined using purposive sampling with the following criteria: (1) manufacturing companies listed and active on the IDX during 2021–2023, (2) publishing audited financial statements and annual reports accessible via www.idx.co.id or the company website, (3) presenting financial statements in Indonesian Rupiah, (4) not reporting losses during the observation period, and (5) providing complete data related to the research variables, namely the number of commissioners, independent commissioners, frequency of board meetings, number of female commissioners (for measuring gender diversity), number of audit committee members, and Book-Tax Difference (BTD) values. Based on these criteria, a sample of 100 companies was obtained during the 2021–2023 period.

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Measurement of the Variables

The dependent variable in this research is Tax Avoidance measured by Book-Tax Differences (BTD). BTD is calculated by subtracting fiscal profit from accounting profit and then dividing the result by total assets, formulated as BTD = (Accounting Profit – Fiscal Profit) / Total Assets. A higher BTD value indicates a greater tendency for firms to engage in tax avoidance, as it reflects differences arising from strategies used to manage earnings recognition in order to reduce tax liabilities (Hanif & Ardiyanto, 2019). The independent variable board size is measured by the total number of board of commissioners in the company (BSIZE = ∑ board members). Board independence is measured by the proportion of independent commissioners to the total number of commissioners (BIND = ∑ independent commissioners / ∑ total board members) (Rahmalya & Muanifah, 2023). Board meeting frequency is measured by the number of formal meetings conducted by the board of commissioners within one fiscal year (FRK = ∑ board meetings) (Ibrahim & Farahiyah, 2021). Board gender diversity is measured by the proportion of female commissioners to the total number of board members (DGK = ∑ female commissioners / ∑ total board members) (Musa & Donald, 2022). The audit committee is measured by the total number of audit committee members disclosed in the company's annual report (KA = ∑ audit committee members) (Kadjiman & Tangkau, 2022).

Research Design

This study used multiple linear regression analysis (MLR) method using analytical tools in the form of the IBM SPSS Statistics. The first stage is a descriptive statistical test which aims to describe the data based on the results obtained from each variable measuring indicator. The descriptive statistics used in this study include mean, maximum value, minimum value, median, and standard deviation. Furthermore, the classical assumption test is used to ensure that the regression coefficients are unbiased and consistent and have accurate estimates, consisting of (1) normality test using the Kolmogorov-Smirnov method, (2) multicollinearity test based on tolerance and variance inflation factor (VIF), (3) heteroscedasticity test using Spearman's Rho correlation, and (4) autocorrelation test using the Durbin-Watson method. In addition, a Goodness of Fit test is carried out to evaluate the accuracy of the regression function in estimating the actual values, and a hypothesis test is performed to determine whether the hypotheses are accepted or rejected (Ghozali, 2018). Therefore, the multiple regression equation in this study is as follows:

$$BTD = \beta_0 + \beta_1 BSIZE + \beta_2 BIND + \beta_3 FRK + \beta_4 DGK + \beta_5 KA + e \quad (1)$$

Note:

BTD	: Tax Avoidance
β_0	: Constant
$\beta_1 \ldots \beta_5$	: Regression Coefficients
BSIZE	: Board Size
BIND	: Board Independence
FRK	: Board Meeting Frequency
DGK	: Board Gender Diversity
KA	: Audit Committee
e	: Error

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RESULTS AND DISCUSSION

Descriptive Analysis

This research used one dependent variable (tax avoidance) and five independent variables (board size, board independence, board meeting frequency, board gender diversity, and the audit committee). The following are the results of descriptive statistical tests:

Table 1. Descriptive Statistical Test Results

Variable	Total Sample	Minimum	Maximum	Mean	Median	Std. Deviation
BSIZE		2	10	3.70	3.00	1.834
BIND		.250	.833	.43693	.50000	.103691
FRK		2	15	7.49	6.00	2.830
DGK		.10	.67	.3608	.3333	.12692
	100					
KA		1	5	3.08	3.00	.394
BTD		-.0984	.0980	.002772	-.005233	.0410527

Based on Table 1, it is known that the average board size of the sample companies is 3.70, which shows that on average, manufacturing companies in Indonesia have between three to four commissioners. The board independence variable has an average of 0.4369, indicating that the proportion of independent commissioners is in line with the minimum regulatory requirement of 30%. Meanwhile, the average board meeting frequency is 7.49 times per year, which shows that most companies have met the minimum requirement of holding at least six meetings annually. The average board gender diversity is 0.3608, which shows that approximately 36% of the board members are women, indicating a moderate level of gender inclusiveness. The audit committee variable shows a good average of 3.08, which means most companies have at least three members in their audit committees. Tax avoidance, which is measured by the BTD indicator, has a mean of 0.0028 and a standard deviation of 0.0411, reflecting a generally low level of tax avoidance with slight variation across companies.

Classical Assumption Test Results

The classical assumption tests were carried out to verify that the regression model employed in this study meets the fundamental requirements for producing accurate, unbiased, and consistent estimates. These tests include assessments of normality, multicollinearity, heteroscedasticity, and autocorrelation. The results of each test are presented as follows:

Normality Test Results

The normality test in this study was conducted to determine whether the data used in the regression model follows a normal distribution. This test is important to ensure that the residuals are normally distributed, which is one of the key assumptions in classical linear regression. This study employed the One-Sample Kolmogorov-Smirnov test as the basis for assessing normality. The result of the normality test is presented in Table 2.

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Table 2. Results of One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		100
Normal Parameters, b	Mean	.0000000
	Std. Deviation	.01052928
Most Extreme Differences	Absolute	0.063
	Positive	0.063
	Negative	-0.046
Statistical Tests		0.063
Asymp. Sig. (2-tailed)		0.200c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results of the normality test using the one-sample Kolmogorov-Smirnov test, it shows that the significance value is 0.200 or 20.0%. From the significance value of the Kolmogorov-Smirnov test, the data tested are considered to be normally distributed because the significance value is greater than 0.05. Tests on the variables of board size, board independence, board meeting frequency, board gender diversity, and audit committee are said to be normally distributed.

Multicolinearity Test Results

This study performed a multicollinearity test to assess the correlation among the independent variables. The results of the multicollinearity test are presented below:

Table 3. Multicollinearity Test Results

Model	Tolerance	VIF	Results
BSIZE	,421	2,378	Multicollinearity does not occur
BIND	,909	1,100	Multicollinearity does not occur
FRK	,958	1,044	Multicollinearity does not occur
DGK	,431	2,319	Multicollinearity does not occur
KA	,860	1,163	Multicollinearity does not occur

Table 3 presents the results of the multicollinearity test for each variable. The tolerance values for board size, board independence, board meeting frequency, board gender diversity, and audit committee are all greater than 0.10. In addition, the VIF values for all these variables are below 10.00. Therefore, it can be concluded that there is no indication of multicollinearity in the regression model. This means that there is no strong correlation among the independent variables, and the model is appropriate for further regression analysis.

Heteroscedasticity Test Results

The heteroscedasticity test in this study was conducted to determine whether there is a variance inequality of the residuals in the regression model. This study used the Spearman's rho test to detect the correlation between the residual values and each independent variable. The following are the results of the heteroscedasticity test:

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Table 4. Heteroscedasticity Test Results - Spearman's rho Test

Model	**Sig**	**Results**
BSIZE	0.434	Heteroscedasticity does not occur
BIND	0.092	Heteroscedasticity does not occur
FRK	0.523	Heteroscedasticity does not occur
DGK	0.839	Heteroscedasticity does not occur
KA	0.670	Heteroscedasticity does not occur

Based on Table 4, it shows that the significance values of board size, board independence, board meeting frequency, board gender diversity, and the audit committee are all greater than 0.05. These results indicate that all variables tested using the Spearman's rho test do not show signs of heteroscedasticity. Therefore, it can be concluded that the regression model is free from heteroscedasticity and is suitable for further analysis.

Autocorrelation Test Results

The autocorrelation test was conducted to determine whether there is a correlation between the residuals in the current period (t) and the previous period (t-1) in the linear regression model. The following are the results of the autocorrelation test:

Table 5. Autocorrelation Test Results

Model	**Durbin-Watson**	**Results**
1	1.860	There is no autocorrelation

Based on Table 5, the Durbin-Watson value is 1.860 and it is known that the dU value based on the t table is 1.7799 so that the DW > dU value. Thus, the equation can be formulated as follows:

$= dU < DW < 4 - dU$
$= 1.7799 < 1.860 < 4 - 1.7799$
$= 1.7799 < 1.860 < 2.2201$

These results indicate that the DW value complies with the existing criteria, namely that the DW value is greater than the dU value and less than 4 minus dU. This suggests that there is no autocorrelation in the regression model.

Results of Multiple Linear Regression Analysis

This study examined the influence of several independent variables on tax avoidance as the dependent variable. The following are the results of the multiple linear regression test:

Table 6. Multiple Linear Regression Analysis Test Results

Model	**Unstandardized Coefficients**
	B
Constant	0.023
BSIZE	0.001
BIND	-0.072
FRK	0.000
DGK	-0.110
KA	0.013

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Based on the table above, the following equation can be formulated:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

$$Y = 0.023 + 0.001BSIZE - 0.072BIND + 0.000FRK - 0.110DGK + 0.013KA$$

Based on Table 6 and the regression results, it can be concluded that all variables tested have an effect on tax avoidance. Independent commissioners (BIND) and gender diversity (DGK) have a negative effect, while board size (BSIZE), frequency of meetings (FRK), and audit committee (KA) have a positive effect on tax avoidance.

F-Test Results

The F-test was used to determine whether the independent variables simultaneously influence the dependent variable. The results of the F-test are as follows:

Table 7. F-Test Results

Model	Sig	Results
Regression	0,000	Accepted

Based on the F test above, it can be explained that a significance value of 0.000 < 0.05 indicates that the independent variables board size (BSIZE), board independence (BIND), board meeting frequency (FRK), board gender diversity (DGK), and audit committee (KA) simultaneously influence tax avoidance (BTD).

Coefficient of Determination Test (R^2) Results

The coefficient of determination test (R^2) was used to measure how well the independent variables explain the variation in the dependent variable. The results are as follows:

Table 8. Coefficient of Determination Test Results (R^2)

Model	Adjusted R Square
1	0.746

Based on the R^2 test results, the adjusted R^2 value is 0.746 or 74.6%. This means that the independent variables (board size, board independence, meeting frequency, board gender diversity, and audit committee) jointly explain 74.6% of the variation in tax avoidance, while the remaining 25.4% is influenced by other factors not included in this model.

RESULTS AND DISCUSSION

The t-test in this research was used to test the influence of each independent variable individually on the dependent variable. Following are the results of the t-test:

Table 9. T-Test Results

Model	Unstandardized Coefficients β	Sig	Results
Board Size (BSIZE)	0.001	0.460	Rejected
Board Independence (BIND)	-0.072	0.000	Accepted
Board Meeting Frequency (FRK)	-0.000	0.680	Rejected
Board Gender Diversity (DGK)	-0.110	0,000	Accepted
Audit Committee (KA)	0.013	0.000	Rejected

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Based on Table 9, it can be explained that:

Board Size has no significant effect on Tax Avoidance

It is known that the unstandardized coefficients β value is 0.001 and sig is 0.460 > 0.05. This means that the hypothesis that board size has an effect on tax avoidance is rejected. The existence of a board of commissioners is generally viewed as a key governance mechanism to mitigate conflicts of interest between management and shareholders. Most companies have structured their boards to comply with OJK Regulation No. 33/POJK.04/2014, which mandates a minimum of two commissioners for public companies. From the 100 companies in the research sample, it is known that most firms only slightly exceed the minimum requirement, with an average board size of 3.71 members. However, the presence of more commissioners does not necessarily lead to more effective oversight to limit tax avoidance. This is because commissioners, while acting as intermediaries between management and shareholders, may also have interests in maintaining the company's legitimacy by taking or not taking tax avoidance steps as deemed necessary for certain company objectives.

This finding is not in line with agency theory, which posits that a larger board size improves monitoring and reduces tax avoidance. This study aligns with the findings of Ambarsari et al., (2020) and Omesi & Appah, (2021), who found no significant effect of board size on tax avoidance. However, it contrasts with the results of Salhi et al., (2020) and Ibrahim & Farahiyah, (2021), who reported a significant negative relationship between board size and tax avoidance.

Board Independence has a negative and significant effect on Tax Avoidance

It is known that the unstandardized coefficients β value is -0.072 and sig is 0.000 < 0.05. This means that the hypothesis that board independence has a negative and significant effect on tax avoidance is accepted.

Independent commissioners play a crucial role in overseeing managerial decisions to ensure alignment with the principles of good corporate governance. In the sample of 100 companies, the average proportion of independent commissioners is 43.27%, indicating that most firms comply with the minimum threshold stipulated in OJK Regulation No. 33/POJK.04/2014, which requires at least 30% of the board to consist of independent members. As external and impartial overseers, independent commissioners are well positioned to assess corporate tax policies and discourage tax avoidance practices. Their presence enhances the quality of supervision, prompting management to exercise greater caution in making decisions that could pose risks to tax compliance. Furthermore, independent commissioners often bring expertise in finance and legal matters, equipping them with the capacity to identify and evaluate potential risks associated with tax avoidance strategies more effectively.

This research is in line with Agency Theory, which argues that the presence of independent commissioners helps reduce agency conflicts by strengthening oversight of managerial actions. This finding is consistent with research by Egbunike et al. (2021) and Jati et al. (2022), which show that board independence significantly reduces tax avoidance. However, it contradicts the results of Kadjiman and Tangkau (2022) and Rahmalya & Muanifah (2023), which found that board independence has a positive and significant influence on tax avoidance.

Board Meeting Frequency has no significant effect on Tax Avoidance

It is known that the unstandardized coefficients β value is -0.000 and sig is 0.680 > 0.05. This means that the hypothesis that board meeting frequency has an effect on tax avoidance is rejected.

The frequency of board meetings is often regarded as an indicator of the board's effectiveness in monitoring corporate policies, including tax-related decisions. In this study, the average frequency of board meetings among the 100 sampled companies is 6.2 times per year, indicating that most firms meet the minimum requirement set by OJK Regulation No.

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33/POJK.04/2014, which stipulates that the board of commissioners must meet at least once every two months. While some companies in the sample held over ten meetings annually, this higher frequency did not correspond with a noticeably lower level of tax avoidance. This suggests that although the number of meetings aligns with regulatory expectations, tax avoidance may not be a primary agenda item in these discussions. Moreover, frequent meetings do not necessarily translate into more effective oversight if they are not focused on strategic tax issues or are limited in depth and substance.

This finding is not in line with Agency Theory, which posits that frequent board meetings should strengthen supervision and reduce agency conflicts, including those related to tax avoidance. This result is in line with the research of Palupi et al. (2021) and Jelena & Chandra (2022), which found that board meeting frequency has a negative but insignificant influence on tax avoidance. However, it contrasts with the findings of Asiyah (2021) and Ibrahim & Farahiyah (2021), who concluded that more frequent board meetings significantly reduce tax avoidance practices.

Board Gender Diversity has a negative and significant effect on Tax Avoidance

It is known that the unstandardized coefficients β value is -0.110 and sig is 0.000 < 0.05. This means that the hypothesis that board gender diversity has a negative and significant effect on tax avoidance is accepted.

The proportion of female commissioners on the board reflects the level of gender diversity within the company. Gender diversity in the board of commissioners can reduce conflicts of interest between shareholders and management because female commissioners tend to be more cautious in making decisions related to business ethics and compliance with tax regulations (Sandra, 2022). Female commissioners also tend to enhance oversight and encourage transparency in corporate tax matters, which can help reduce tax avoidance practices. Companies with higher gender diversity on the board generally demonstrate greater attention to tax compliance.

This research is in line with Agency Theory, which suggests that diversity in the board can reduce conflicts of interest and improve monitoring effectiveness. The finding supports prior studies by Salhi et al. (2020) and Musa and Donald (2022), which found a negative and significant relationship between board gender diversity and tax avoidance. However, it contrasts with the results of Bana and Ghozali (2021) and Septriani et al. (2023), which showed a positive and significant influence.

Audit Committee has a positive and significant effect on Tax Avoidance

It is known that the unstandardized coefficients β value is 0.013 and sig is 0.000 < 0.05. This means that the hypothesis that the audit committee has a significant effect on tax avoidance is rejected because the effect is positive and significant, which is contrary to the expected negative influence.

The audit committee plays a vital role in ensuring transparency and compliance with financial and tax regulations. In this study, the average number of audit committee members is 3.07, which meets the minimum requirement stipulated in POJK No. 55/POJK.04/2015 that mandates at least three members, including one independent commissioner. However, the results show that companies with more audit committee members tend to have higher levels of tax avoidance. This indicates that a larger audit committee does not necessarily guarantee stricter oversight over tax avoidance practices. According to Kartika et al. (2022), a larger audit committee can lead to more control and supervision, as it allows for decisions to be made considering diverse perspectives from members with various educational backgrounds.

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Therefore, the effectiveness of the audit committee depends not only on its size but also on how well it performs its supervisory functions.

This research is not in line with agency theory, which suggests that a stronger audit committee should reduce tax avoidance through more effective monitoring. This research is in line with the findings of Idzniah and Bernawati (2020) and Febriansyah and Oktafiani (2021), who report a positive and significant effect of the audit committee on tax avoidance. However, this research is not in line with the findings of Asiyah (2021) and Jati et al. (2022), who found that the audit committee has a negative and significant effect on tax avoidance.

CONCLUSION

The results of this research show that board independence and board gender diversity have a negative effect on tax avoidance. Companies with a higher proportion of independent commissioners tend to conduct more objective oversight and ensure compliance with tax regulations. The presence of female commissioners also enhances ethical awareness in decision making, leading to reduced tax avoidance practices. Board size and board meeting frequency have no effect on tax avoidance. Most companies in the sample may meet the formal requirements for board structure and meetings, but without focusing on tax strategies, these mechanisms do not significantly influence tax avoidance. However, the audit committee has a positive effect on tax avoidance. A larger audit committee does not necessarily ensure stronger oversight and, in some cases, may be associated with more flexible tax planning practices that aim to reduce the company's tax burden while still complying with applicable laws and regulations.

This research provides several implications**.** First, this research can serve as a reference for manufacturing companies in Indonesia to improve the effectiveness of corporate governance mechanisms in order to minimize tax avoidance practices, particularly by optimizing the role of independent commissioners and increasing gender diversity on the board. Second, investors and other stakeholders are expected to carefully consider corporate governance structures in their investment decisions, especially the proportion of independent and female commissioners, as these factors are linked to more transparent and compliant tax practices. Third, regulators are expected to strengthen enforcement and monitoring related to the structure and performance of boards and audit committees, particularly encouraging greater independence and diversity, to promote accountability and reduce the risk of tax avoidance.

However, this research is limited by a relatively small sample size of 100 observations from manufacturing companies during the 2021–2023 period. This limitation is due to incomplete data in some companies, particularly regarding the structure of the board of commissioners. Future research is recommended to use a larger sample size and a longer time frame, as well as to include other industries to provide broader comparative insights into corporate governance practices and tax avoidance.

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