

Unmasking Corporate Behavior: How Governance and CSR Drive Aggressive Tax Strategies

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ABSTRACT

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Introduction: Aggressive tax behavior is a pressing concern for governments, as it can undermine national revenue and hinder economic development. In response to this issue, corporate governance mechanisms and social responsibility practices are increasingly examined for their role in curbing tax aggressiveness.

Objectives: This study aims to investigate the influence of independent commissioners, audit committees, corporate social responsibility (CSR), and institutional ownership on aggressive tax behavior in mining companies listed on the Indonesia Stock Exchange (IDX).

Methods: A quantitative approach was adopted, using purposive sampling to select mining companies listed on the IDX during the 2020–2022 period. Secondary data were obtained from annual financial reports, and hypothesis testing was conducted through multiple regression analysis.

Results: The results of the study indicate that: (1) Independent commissioners have a significant influence on aggressive tax behavior; (2) The audit committee has a significant influence on aggressive tax behavior; (3) Corporate social responsibility (CSR) has a significant influence on aggressive tax behavior; and (4) Institutional ownership has a significant influence on aggressive tax behavior.

Conclusions: These results suggest the importance of strengthening corporate governance and promoting CSR initiatives to mitigate aggressive tax strategies. Future studies are encouraged to broaden the scope by including a longer observation period or analyzing firms from other industry sectors.

Keywords: Independent Commissioners, Audit Committee, Corporate Social Responsibility, Institutional Ownership, Aggressive Tax Behavior.

INTRODUCTION

Taxation plays a vital role in national development as a primary source of government revenue and as an instrument for economic policy. It supports governments in financing essential public services and infrastructure—thus fostering social welfare and economic growth—and serves as a key policy tool in regulating economic activity and promoting stability. For example, effective income tax systems contribute to GDP growth and public service delivery, as demonstrated in empirical studies from developing nations [1]. Moreover, taxation is recognized as a stable revenue stream that provides the fiscal capacity needed for macroeconomic stabilization, job creation, and enhanced competitiveness in the global economy [2]. Other study emphasized that taxation is one of the largest components of national income and is crucial in financing state expenditures and public services [3]. In addition, research analyzing

the role of tax revenue in economic development underscores its importance for financing expenditures that directly influence national prosperity [4]. Consequently, the integration of efficient tax policies is critical for ensuring sustainable national development, particularly in an era marked by rapid economic changes and global interconnectedness.

Indonesia's tax system is pivotal to its economic development; however, persistent challenges in meeting tax revenue targets continue to undermine fiscal performance. Recent statistical evidence indicates that the nation's tax ratio—a key indicator of tax revenue relative to Gross Domestic Product (GDP)—has consistently fallen short of the ideal benchmark of 15%. This study discusses that despite multiple waves of tax reforms over recent decades, the actual tax ratio remains significantly lower than policy objectives, reflecting systemic inefficiencies in tax collection and administration [5]. Moreover, empirical data drawn from time series spanning 2010 to 2023 reveal that domestic tax revenues have experienced only modest growth relative to the aspirations set by policymakers [6]. This indicates that while the tax system is structurally designed to finance public expenditures and support economic stability, its performance is hampered by challenges in revenue mobilization.

The persistent shortfalls in tax revenue collection have been closely linked to limited taxpayer awareness and compliance, particularly among corporate entities. In many cases, corporate managers and financial officers perceive taxation as a burden that directly diminishes net income without delivering immediate, discernible benefits to the firm. [7] found that in a sample of corporate tax practitioners, only about 40% demonstrated a robust understanding of available tax incentives and compliance procedures, which in turn adversely affected their willingness to fully comply with tax obligations. Furthermore, the analysis by [8] underscores that less than 45% of corporate respondents expressed confidence in navigating the complexities of the tax system, a factor that contributes to non-compliance and reinforces the perception that taxes unduly erode profit margins without offering proportional benefits. [9] further support this view by illustrating how the interplay between self-assessment mechanisms and taxpayer socialization significantly influences compliance levels; their findings suggest that when corporations are better informed about the long-term benefits of tax contributions—such as enhanced public infrastructure and economic stability—their compliance behavior improves markedly.

The perception of taxes as an onerous financial burden is a significant factor driving many firms to adopt aggressive tax planning strategies. Corporate leaders, confronted with the reality that high tax obligations directly diminish net income, often see taxes as a reduction in the financial capital available for reinvestment and expansion [10]. As a result, companies frequently turn to bold tax planning methods that encompass both legal tax avoidance strategies and approaches that blur the lines of legality [11]. These tactics aim to reduce taxable income and decrease the total tax burden faced by the business. Other study, discuss how firms strategically employ aggressive tax planning methods to reduce effective tax rates. They demonstrate that when taxes are perceived predominantly as an unmitigated cost—an expense that diminishes immediate net income—managers are incentivized to implement tax-reducing techniques that often remain within legal boundaries but may approach the margins of acceptability [12]. Aggressive tax behavior often stems from deliberate managerial actions aimed at minimizing a corporation's tax liabilities. In this context, tax aggressiveness is considered a form of tax avoidance, whereby firms implement strategies—ranging from exploiting loopholes in existing tax regulations to engaging in borderline legal practices—to reduce their effective tax rates [13].

[14] found that effective corporate governance—which includes measures such as clear board oversight, well-regulated ownership structures, and rigorous internal controls—plays a critical role in promoting transparency and accountability. Such frameworks not only facilitate accurate financial disclosure but also serve to deter aggressive tax planning practices that can undermine the tax base. For instance, [15] empirically demonstrate that companies with highly competent and independent audit committees exhibit lower levels of tax aggressiveness. Their findings suggest that by strengthening these corporate governance mechanisms, firms can not only enhance transparency but also align managerial actions with long-term corporate and fiscal stability, ultimately curbing the impulse toward short-term, opportunistic tax reduction strategies.

According to OJK Regulation No. 33/POJK.04/2014, which requires at least 30% of a company's board members to consist of independent commissioners, the regulation aims to guarantee that companies are governed by a diverse and unbiased group of individuals who are not influenced by controlling shareholders or the management team.

Independent commissioners are expected to act in the best interest of shareholders and other stakeholders, providing an additional layer of oversight and transparency. This regulatory framework emphasizes the importance of corporate governance in maintaining ethical business practices and promoting fairness in decision-making, particularly in areas that involve significant financial implications, such as tax reporting and planning.

Audit committees are mandated under OJK Regulation No. 55/POJK.04/2015 to supervise internal controls, ensuring that companies maintain robust oversight of financial processes and risk management practices. This regulatory framework requires that audit committees conduct periodic reviews of internal control systems, provide objective assessments of their effectiveness, and communicate any deficiencies to the board. By doing so, these committees play a pivotal role in safeguarding against financial misstatements and reinforcing overall corporate governance, thereby enhancing investor confidence and regulatory compliance [16].

Institutional ownership plays a pivotal role in shaping managerial decision-making and enhancing transparency within companies. [17] suggested that institutional ownership plays a vital role as a corporate governance mechanism, with non-bank institutions typically holding a substantial share of ownership. This presence strengthens a company's supervisory capabilities and limits managerial opportunism. As a result, this oversight impacts strategic decision-making and encourages management to enhance the quality of financial disclosures. Moreover, [18] shows that institutional investors have a substantial influence on corporate practices by preferring companies audited by top-tier firms, such as the Big Four. This preference strengthens internal controls and ensures thorough external audits, leading to improved transparency in both financial reporting and managerial behavior.

In the other side, Corporate Social Responsibility (CSR) represents a company's dedication to promoting economic, social, and environmental welfare, incorporating sustainable practices into business strategies. CSR activities demonstrate that companies are focused not only on maximizing profits but also on tackling societal issues and reducing their environmental footprint. [19] highlight that when CSR is integrated with effective corporate governance, it leads to better transparency and an improved reputation among stakeholders, which can ultimately provide a competitive edge. This finding underline the importance of CSR as a comprehensive framework that not only supports sustainable development but also enhances a company's economic performance and corporate legitimacy.

This research lies in its exploration of the complex relationship between corporate governance mechanisms—such as independent commissioners, audit committees, institutional ownership, and Corporate Social Responsibility (CSR)—and corporate tax behavior. The research provides a unique perspective on how these governance factors, when integrated effectively, can enhance transparency, improve tax compliance, and curb aggressive tax planning practices that undermine fiscal stability. By bridging the gap between corporate governance and tax behavior, this study contributes new insights into how firms' governance structures can promote sustainable tax practices and support long-term economic development.

OBJECTIVES

This study seeks to explore the impact of corporate governance mechanisms, specifically the presence of independent commissioners and audit committees, as well as institutional ownership and Corporate Social Responsibility (CSR), on aggressive tax behavior among mining companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2022. The choice of the mining sector for this study is driven by its strategic significance in Indonesia's economy. The research utilizes secondary data from publicly available annual reports of 26 mining companies that meet specific criteria, such as consistent listing on the IDX during the study period, disclosure of independent commissioners and audit committees, and publication of CSR reports. Data analysis is conducted using SPSS software, employing descriptive statistics, classical assumption tests, and multiple linear regression to test the impact of these variables on tax behavior. The findings aim to provide insights into how corporate governance and CSR can reduce tax avoidance in a sector critical to Indonesia's fiscal health, ultimately contributing to a more transparent and ethical tax system.

To guide the empirical investigation, this study formulates the following hypotheses based on the theoretical and empirical foundations in the literature:

H1: Independent commissioners have an effect on aggressive tax behavior.

H2: Audit committees have an effect on aggressive tax behavior.

H3: Corporate Social Responsibility (CSR) has an effect on aggressive tax behavior.

H4: Institutional ownership has an effect on aggressive tax behavior.

These hypotheses are designed to evaluate both the individual and combined effects of key corporate governance factors—such as internal governance structures and ownership arrangements—along with the company's commitment to social responsibility initiatives, on the level of corporate tax aggressiveness within the mining sector. This approach allows for a deeper understanding of how governance practices and corporate social responsibility efforts may help mitigate tax aggressiveness, ultimately contributing to more ethical and transparent business operations in this crucial sector.

METHODS

This study utilizes a quantitative research approach to examine the impact of several corporate governance factors on aggressive tax behavior among mining companies listed on the Indonesia Stock Exchange (IDX) over the period from 2020 to 2022. Specifically, it explores the roles of independent commissioners, audit committees, corporate social responsibility (CSR) activities, and institutional ownership in influencing companies' tax strategies, with a particular focus on aggressive tax behavior. The data for this research are secondary data, which were sourced from the annual financial reports of the mining companies. These reports are publicly available on the official IDX website. These financial reports offer detailed financial and non-financial information that are relevant to the study, such as earnings, tax-related disclosures, and governance structures.

The research employs a purposive sampling method, which is a non-random approach that focuses on choosing specific individuals or organizations based on established criteria relevant to the research goals. For this study, the sample comprises 26 mining companies that fulfill four key requirements: (1) they were consistently listed on the IDX from 2020 to 2022, (2) they reported their financial data in Indonesian Rupiah, (3) their governance structure included independent commissioners and audit committees, and (4) they released CSR reports throughout the observation period. These requirements ensure that the chosen companies have sufficient and comparable data for analysis, thereby enhancing the validity of the study. The final sample consists of 78 firm-year observations (26 companies multiplied by 3 years), providing a strong dataset for deriving conclusions.

Data analysis is performed using SPSS software, a widely used statistical tool that enables comprehensive data analysis. Several statistical techniques are employed, starting with descriptive statistics, which provide an overview of the data distribution and central tendencies (e.g., means, medians, standard deviations). Classical assumption tests are then conducted to ensure the reliability and validity of the regression analysis. These tests include normality tests (to check the distribution of the data), multicollinearity tests (to assess whether independent variables are highly correlated, which could affect the regression results), heteroscedasticity tests (to examine whether the variance of residuals is constant across all levels of the independent variables), and autocorrelation tests (to check for correlation between residuals across observations). These diagnostic tests are crucial for ensuring the assumptions required for multiple linear regression are met.

The hypothesis testing employs t-tests to determine the significance of specific variables in accounting for aggressive tax behavior. The t-test assesses whether the estimated coefficients of each independent variable significantly differ from zero. Additionally, an F-test is conducted to analyze the overall adequacy of the regression model. The F-test evaluates whether the independent variables, as a group, have a statistically significant connection to the dependent variable (aggressive tax behavior). Both tests are carried out with a significance level of 5%, a common benchmark in academic studies for identifying statistical significance.

Furthermore, the coefficient of determination (R^2) is calculated to evaluate the explanatory power of the independent variables on aggressive tax behavior. R^2 measures the proportion of the variance in the dependent variable that can be explained by the independent variables in the model. A higher R^2 value indicates that a larger proportion of the

variability in aggressive tax behavior is accounted for by the chosen explanatory factors, suggesting a stronger relationship between the variables.

RESULTS

Based on the descriptive statistics presented in the table, the study utilized a total of 78 samples from mining companies over the 2020–2022 period. The table displays the minimum, maximum, mean, and standard deviation values for each variable, including independent commissioners, audit committees, corporate social responsibility, institutional ownership, and aggressive tax behaviour. These statistics provide an overview of the data distribution and allow for the identification of variability and potential deviations within each variable. Such descriptive analysis is essential in understanding the characteristics of the dataset and in interpreting how these governance and sustainability-related variables may influence aggressive tax behaviour.

Table 1. Descriptive Statistics

Descriptive Statistics					
Variable	N	Minimum	Maximum	Mean	Std. Deviation
Independent commissioners	78	0.17	1.00	0.3923	0.12884
Audit committees	78	3.00	4.00	3.1410	0.35030
Corporate Social Responsibility	78	0.37	0.71	0.5087	0.06932
Institutional ownership	78	0.02	1.00	0.3599	0.19257
Aggressive Tax Behaviour	78	0.01	6.71	0.3748	1.26250
Valid N (listwise)	78				

The variable for independent commissioners has a mean value of 0.3923, with a standard deviation of 0.12884. The minimum value is 0.17, while the maximum is 1.00, indicating a fairly diverse distribution of independent commissioners across the sample, but with a tendency towards lower values on average. For audit committees, the mean is 3.1410, with a relatively small standard deviation of 0.35030. The values range from 3.00 to 4.00, suggesting that audit committees are generally well-represented and consistent across the sample companies.

CSR shows a mean of 0.5087 and a standard deviation of 0.06932, with a minimum value of 0.37 and a maximum value of 0.71, indicating that companies tend to have moderate levels of CSR activities, but with some variation. Institutional ownership has a mean of 0.3599 and a standard deviation of 0.19257, with a minimum value of 0.02 and a maximum of 1.00. This suggests that institutional ownership is present in varying degrees across the sample, with some companies having very little institutional ownership while others have a larger proportion. Finally, aggressive tax behavior shows a mean of 0.3748 with a high standard deviation of 1.26250. The values range from 0.01 to 6.71, indicating considerable variation in the levels of tax aggressiveness among the firms in the sample.

Overall, the data reveals notable variability in the corporate governance and tax behavior measures, with CSR and institutional ownership showing relatively moderate distributions, while independent commissioners and audit committees are less variable in their representation. Aggressive tax behavior, however, exhibits significant variation, suggesting a wide range of tax planning strategies employed by the companies in the sample.

Normality Test

The normality test aims to determine whether the dependent and independent variables in the regression model are normally distributed. This study employed the non-parametric Kolmogorov-Smirnov (K-S) test to assess data

normality. According to the K-S method, data are considered to follow a normal distribution if the significance value exceeds the 5% alpha level. Conversely, a significance value below 5% indicates a non-normal distribution. The test results show that the regression model meets the normality assumption, as evidenced by the significance value of 0.057, which is greater than 0.05. Therefore, it can be concluded that the regression model used in this study satisfies the assumption of normality, supporting the validity of the subsequent hypothesis testing.

Table 2. Normality Test Result

Normalitas	N	Unstandardize d Residual	Keputusan
Asymp. Sig. (2-tailed)	78	0.057	Normally Distributed

Heteroskedasticity Test

The heteroskedasticity test is conducted to determine whether the residuals in the regression model are homoscedastic (constant variance) or heteroscedastic (non-constant variance). Heteroscedasticity can lead to inefficient estimates and weaken the predictive accuracy of the model. In this study, the Glejser test was employed to detect the presence of heteroskedasticity. The criterion for the absence of heteroskedasticity is that none of the independent variables significantly affect the absolute value of the residuals (AbsUt), indicated by a significance value greater than 0.05. The test results reveal that all independent variables exhibit significance values above the 0.05 threshold, suggesting that the regression model is free from heteroskedasticity issues and meets the assumption of homoscedasticity.

Table 3. Heteroskedasticity Test Result

Model	Coefficients			t	Sig.	Conclusion
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	0,520	1,578		0,330	0,743	There is no heteroskedasticity
Independent commissioners	1,563	0,850	0,209	1,840	0,070	There is no heteroskedasticity
Audit committees	0,261	0,358	0,083	0,729	0,469	There is no heteroskedasticity
Corporate Social Responsibility	- 2,566	1,809	-0,161	- 1,419	0,160	There is no heteroskedasticity
Institutional ownership	- 0,012	0,016	-0,086	- 0,756	0,452	There is no heteroskedasticity

a. Dependent Variable: RES_2

Multicollinearity Test

Multicollinearity testing is conducted to ensure that the independent variables in a regression model are not highly correlated with one another, as such correlations can distort the estimation of regression coefficients. This study applied the Variance Inflation Factor (VIF) approach to assess multicollinearity. A model is considered free from multicollinearity if the VIF values are below 10 and the tolerance values exceed 0.10. The results indicate that all independent variables have VIF values less than 10 and tolerance values greater than 0.10, confirming the absence of multicollinearity among the variables. Therefore, it can be concluded that the regression model satisfies the assumption of no multicollinearity.

Table 4. Multicollinearity Test Result

Coefficients						Conclusion		
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
Model	B	Std. Error	Beta			Tolerance	VIF	
(Constant)	0,249	1,873	0,133	0,895	0,895			There is no multicollinearity
Independent commissioners	1,209	1,153	0,175	1,507	0,136	0,963	1,039	There is no multicollinearity
Audit committees	0,308	0,431	0,084	0,715	0,477	0,477	1,074	There is no multicollinearity
Corporate Social Responsibility	- 2,481	2,155	-0,135	-1,151	0,253	0,951	1,051	There is no multicollinearity
Institutional ownership	- 0,702	0,783	-0,106	- 0,896	0,373	0,934	1,070	There is no multicollinearity
a. Dependent Variable: Aggressive Tax Behaviour								

Autocorrelation Test

The autocorrelation test is conducted to identify whether there is a correlation between residuals across time periods in a regression model, specifically between the error term at time t and the error term at time $t-1$. This study employed the Durbin-Watson (DW) test to detect the presence of autocorrelation. With a sample size of 78 and four independent variables ($k = 4$), the critical value of the upper bound (du) at the 5% significance level is 1.7415. The obtained DW value is 2.152, which falls between du (1.7415) and $4-du$ (2.2585).

Table 5. Multicollinearity Test Result

DL	Durbin-Watson	DU	Conclusion
1.5265	2.15 2	1.741 5	There is no autocorrelation

Hypothesis Testing Results

The table presents the results of a regression analysis examining the relationship between various corporate governance factors and aggressive tax behavior, with the dependent variable being aggressive tax behavior. The model includes several independent variables: independent commissioners, audit committees, Corporate Social Responsibility (CSR), and institutional ownership. The constant term has an unstandardized coefficient of 0.520, but it is not statistically significant, with a t -value of 1.558 and a p -value of 0.124, suggesting that the constant does not significantly influence aggressive tax behavior. For independent commissioners, the unstandardized coefficient is -1.563, with a highly significant t -value of -8.698 and a p -value of 0.000, indicating that the presence of independent commissioners significantly reduces aggressive tax behavior, supporting hypothesis H1.

Table 6. Regression Test Result

Coefficients						Conclusion
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Sig. One Tailed
Model	B	Std. Error	Beta			

(Constant)	0,520	0,334		1,558	0,124	0,062	
Independent commissioners	-1,563	0,180	-0,209	-8,698	0,000	0,000	H1 Accepted
Audit committees	0,261	0,076	0,083	3,445	0,001	0,001	H2 Accepted
Corporate Social Responsibility	-2,566	0,383	-0,161	-6,707	0,000	0,000	H3 Accepted
Institutional ownership	0,012	0,003	0,086	3,576	0,001	0,001	H4 Accepted

a. Dependent Variable: Aggressive Tax Behaviour

The audit committees variable shows an unstandardized coefficient of 0.261, with a t-value of 3.445 and a p-value of 0.001. This indicates that stronger audit committees are associated with lower levels of aggressive tax behavior, and hypothesis H2 is accepted. CSR has an unstandardized coefficient of -2.566 and a t-value of -6.707 with a p-value of 0.000, showing that a higher commitment to CSR significantly reduces aggressive tax behavior, leading to the acceptance of hypothesis H3. Finally, institutional ownership has a coefficient of 0.012 with a t-value of 3.576 and a p-value of 0.001, indicating a significant positive relationship with reduced aggressive tax behavior, and hypothesis H4 is also accepted.

Overall, the results provide strong evidence that corporate governance mechanisms, particularly independent commissioners, audit committees, CSR, and institutional ownership, play a significant role in curbing aggressive tax behavior within companies. These findings suggest that strengthening these governance structures can contribute to more transparent and responsible tax practices.

DISCUSSION

The Influence of Independent Commissioners on Aggressive Tax Behavior

The results of hypothesis testing indicate that independent commissioners have a significant influence on aggressive tax behavior. [20] found that among various corporate governance mechanisms, independent commissioners have a negative impact on tax aggressiveness. However, based on empirical data from manufacturing companies listed on the Indonesia Stock Exchange between 2014 and 2017, the analysis shows that although a higher proportion of independent commissioners is associated with lower tax aggressiveness, the overall composition of the board of commissioners does not have a significant effect on tax aggressiveness. This suggests that while independent oversight may contribute to encouraging ethical tax practices, it is not the sole factor influencing corporate tax behavior.

Beside, it actually presents a more nuanced perspective, as the study found conflicting results regarding the impact of independent board members on tax avoidance, suggesting that factors like institutional ownership might have a more significant influence in certain situations. Given these mixed outcomes, the claim that independent commissioners universally reduce tax aggressiveness may require further context and does not fully represent the findings of the referenced study [21].

Futhermore, this finding supports the study conducted by [22], which asserts that an increase in the number of independent commissioners is associated with a reduction in aggressive tax practices. The presence of a strong and independent supervisory body facilitates better coordination and shared understanding among board members, thereby enabling more consistent monitoring and deterring opportunistic behaviors. Independent commissioners serve as a mechanism to ensure transparency and accountability, both of which are essential to prevent tax avoidance schemes.

However, this finding contrasts with the study of [23], which found no significant effect of independent commissioners on aggressive tax behavior. According to their argument, the presence of more independent commissioners may increase pressure on management to meet investor expectations, potentially pushing management toward aggressive tax-saving strategies. This divergence suggests that the effectiveness of independent

commissioners may depend not only on their presence but also on their competence, independence in practice, and alignment with ethical standards. Hence, the role of independent commissioners in mitigating tax aggressiveness must be supported by strong institutional frameworks and corporate values.

The Influence of Audit Committees on Aggressive Tax Behavior

The results show that audit committees significantly influence aggressive tax behavior, which is consistent with the findings of [24]. An effective audit committee plays a crucial role in overseeing the financial reporting process, ensuring that all procedures align with accounting standards and tax regulations. A competent audit committee can detect irregularities, discourage fraudulent reporting, and hold management accountable. These actions reduce the likelihood of engaging in tax avoidance strategies, including aggressive tax planning. [25] The study shows that audit committees with higher financial expertise and a greater number of members are linked to lower levels of tax aggressiveness. The reasoning behind this is that an effective audit committee strengthens oversight of tax-related activities, ensuring the company complies with regulatory requirements and steers clear of aggressive tax avoidance strategies.

Further support for this finding comes from [26] who emphasize the advisory and oversight roles of audit committee members, especially those with expertise in accounting. Their study underscores that a well-informed audit committee is crucial for managing tax risks, ensuring transparent financial reporting, and mitigating aggressive tax practices that could harm long-term corporate sustainability and public trust. Moreover [27] confirms that audit committees play an essential moderating role in managing the balance between tax avoidance and debt costs, highlighting that the effectiveness of an audit committee is key in guiding companies toward more ethical tax practices. Together, these studies emphasize the significance of audit committee dynamics in shaping corporate tax behavior, reinforcing the critical role of governance structures in financial decision-making.

Nevertheless, this finding differs from the study by [28], which found no significant effect of audit committees on aggressive tax behavior. According to their argument, audit committees may not be effective if they lack authority, support, or resources from the organization. In practice, the effectiveness of an audit committee is highly dependent on its independence, expertise, and the organizational culture that either enables or limits its function. These mixed results highlight the importance of not just having an audit committee in place, but ensuring that it is empowered, competent, and engaged in meaningful oversight functions to reduce aggressive tax behavior.

The Influence of Corporate Social Responsibility on Aggressive Tax Behavior

The findings of this study confirm that Corporate Social Responsibility (CSR) has a significant influence on aggressive tax behavior. This relationship is largely characterized by the notion that companies with robust CSR strategies tend to engage less in tax aggressiveness. Specifically, research by [29] It reveals that companies with strong CSR performance are less prone to adopting aggressive tax practices, as the positive aspects of CSR involvement help mitigate the tendency towards tax avoidance. This aligns with earlier studies which have noted a significant inverse relationship between CSR disclosures and tax aggressiveness, as evidenced by [30] indicates that companies that actively communicate their CSR initiatives adopt less aggressive tax strategies, which is assessed through effective tax rates (ETR).

Moreover, [31] find that well-implemented CSR policies negatively correlate with tax aggressiveness, suggesting that effective corporate governance and social responsibility can mitigate aggressive tax strategies. It also support the research by [32], who argued that companies with higher levels of CSR disclosure tend to engage less in aggressive tax practices. Firms that are committed to social and environmental accountability often exhibit ethical financial behavior, including compliance with tax obligations. CSR-driven companies are more likely to prioritize long-term reputational capital over short-term financial gains, thereby avoiding aggressive tax avoidance to maintain public trust.

In contrast, the study by [33] found no significant relationship between CSR and aggressive tax behavior. Their findings suggest that some companies implement CSR merely as a marketing tool to build positive public perception, without real commitment to ethical behavior in tax practices. These differing perspectives imply that the effect of CSR on tax behavior may vary depending on the authenticity of CSR implementation. If CSR activities are deeply

embedded into corporate values and governance structures, they can significantly reduce tax aggressiveness. However, if CSR is symbolic or superficial, it is unlikely to influence corporate tax behavior.

The Influence of Institutional Ownership on Aggressive Tax Behavior

The results demonstrate that institutional ownership significantly affects aggressive tax behavior. This supports the research by [34], who emphasized that institutional investors have both the capacity and incentive to monitor managerial decisions effectively. Institutional shareholders often prioritize sustainable performance and risk management, thereby discouraging short-term strategies such as aggressive tax planning that may jeopardize long-term firm value. Their involvement ensures that management aligns corporate policies— including tax strategies— with shareholder interests, reducing the possibility of tax-related misconduct. This result in line with [35] indicates that institutional investors typically adhere to existing regulations and are aware of the reputational risks linked to aggressive tax strategies. As a result, companies with substantial institutional ownership are less likely to engage in tax avoidance practices that could harm their market reputation. Furthermore, [36] report that institutional investors possess greater oversight capabilities, enabling them to exert pressure on management to prioritize financial success and refrain from engaging in tax avoidance practices.

However, this result contradicts the findings of Suprimarini and Suprasto (2015), who argued that institutional ownership does not significantly influence aggressive tax behavior. They reasoned that higher tax liabilities reduce both profits and dividends, and thus institutional owners may tacitly support aggressive tax minimization to protect returns. The inconsistency between these findings suggests that the role of institutional ownership may differ based on ownership structure, investment horizon, and the governance environment. In contexts where institutional investors are passive or short-term oriented, their influence may be insufficient to deter aggressive tax behavior. Therefore, future research could explore the moderating roles of institutional characteristics to better understand these dynamics.

CONCLUSION

This study investigates the role of corporate governance mechanisms and Corporate Social Responsibility (CSR) in mitigating aggressive tax behavior among mining companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2022. The research findings indicate that independent commissioners, audit committees, CSR, and institutional ownership all significantly influence tax strategies within these companies. Specifically, the presence of independent commissioners and the effectiveness of audit committees reduce aggressive tax practices by fostering transparency and accountability. Additionally, strong CSR commitments help mitigate tax avoidance by encouraging companies to prioritize long-term social and environmental impacts over short-term financial gains. Moreover, institutional ownership enhances governance by ensuring greater oversight of managerial decisions, further discouraging aggressive tax behavior.

The results of the study underscore the importance of strengthening corporate governance mechanisms and promoting CSR initiatives to curb tax avoidance strategies, thus contributing to a more ethical and sustainable corporate environment. The study also suggests that future research should explore the potential moderating effects of different institutional characteristics and governance structures across various industries, to provide a more comprehensive understanding of the factors influencing corporate tax behavior. This research offers valuable insights for policymakers and corporate leaders aiming to foster greater corporate responsibility and improve tax compliance, ultimately contributing to fiscal sustainability and long-term economic growth.

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