Does independent commissioner have a role in the relationship between sustainability disclosure, debt policy, and tax avoidance?

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Abstract
This study examines the effect of sustainability disclosure and debt policy on tax avoidance. It includes an independent commissioner as a moderating variable. This study employed a quantitative method and secondary data obtained from financial reports and annual reports of companies in the consumer goods sector in Indonesia which are listed on the Indonesia Stock Exchange (IDX). Data were obtained from www.idx.co.id, www.idnfinancials.com and the company’s official website. The research sample comprised 52 companies which were observed through 220 observations between 2017 and 2020. The hypothesis testing in this study was conducted by using multiple linear regression analysis for panel data. The results of this study suggest that sustainability disclosure and debt policy are negatively related to tax avoidance. Furthermore, independent commissioner does not have a moderating role in the relationship between sustainability disclosure and tax avoidance. Meanwhile, independent commissioner strengthens the negative relationship between debt policy and tax avoidance. This study indicates that the Indonesia Financial Services Authority needs to improve policies in selecting independent commissioners from listed companies in Indonesia to improve corporate governance implementation.

Introduction
Taxes have a significant contribution to Indonesia's state revenue in financing the government budget (Falbo & Firmansyah, 2021). The realization of the total expenditure of the Indonesian state budget in 2021 amounted to IDR 275.0 trillion, sourced from tax revenues of Rp. 1444.5 trillion (Kemenkeu RI, 2022). It shows that taxes play an important role in state finances. Taxes are one of dynamic policy instruments and their implementation always follows the dynamics of the economy (Online-pajak.com, 2018). However, in reality, the government is still experiencing difficulties to achieve the tax sector’s revenues target. Indonesia’s tax ratio shows the lowest number in the Asia Pacific (Kevin, 2019). The tax ratio shows the government’s ability to collect tax revenues or reabsorb Gross Domestic Product (GDP) from the public through taxes (Rachmat et al., 2021). Companies make tax avoidance efforts by indicating that their tax expenditures are lower (Putra & Ardiyanto, 2017).

The practice of tax avoidance causes Indonesia to lose a large amount of revenue (Ayuwandari, 2020). The Tax Justice Network 2020 report stated that the loss due to tax avoidance reached US$ 4.86 billion per year. Indonesia is estimated to lose up to US$ 4.86 billion annually (Fatimah, 2020). This figure was recorded at US$ 4.78 billion from domestic corporate tax avoidance, while the remaining US$ 78.83 million came from individual taxpayers (Fatimah, 2020).
In 2019, PT Adaro Energy Tbk, a mining company in Indonesia, committed tax avoidance (Wareza, 2019). Global Witness reported the company because the Adaro company carried out transfer pricing practices with a foreign party, which was its subsidiary, Coaltrade Services International in Singapore (Wareza, 2019). It was conducted to avoid high taxes; so, the estimated loss was US$14 million (Wareza, 2019).

In contrast to the case above, opportunistic actions taken by managers to minimize tax expenses can be explained through agency theory (Widodo, 2016). According to Salsabila et al. (2021), the principal’s approval is required to grant power over every decision that occurs in managing the company to the agent (manager). Managers conduct tax avoidance because of the different interests between the managers and shareholders. Managers intend to attain high profits from the company’s operation, while shareholders focus on high returns. In this case, the manager has information concerning the capacity of the company's work environment and gives authority to the manager to make decisions (Salsabila et al., 2021).

Tax avoidance conducted by managers can be detrimental to shareholders. The tax avoidance mode occurs from differences between stakeholders and agents in managing the company's expenses and profits. Companies' practice of tax avoidance is often carried out through policies taken by company leaders (Budiman, 2012). Dyreng et al. (2008) also concluded that the top executive in a company influences corporate tax avoidance. Agents attempt to reduce tax expenses by lowering earnings, while shareholders will see higher income with small expenses to gain high profits (Henri, 2018). Thus, research related to tax avoidance needs to be investigated further.

Previous research related to tax avoidance has been conducted using multi-nationality (Falbo & Firmansyah, 2021; Pramudya et al., 2021; Taylor & Richardson, 2012) and thin capitalization (Andawiyah et al., 2019; Anindita et al., 2022; Falbo & Firmansyah, 2018; Fasita et al., 2022; Utami & Irawan, 2022), the quality of internal information and incentives (Henri, 2018), ownership structure (Charisma et al., 2019; Rachmat et al., 2021), fixed asset intensity (Adrisa, 2019; Vina et al., 2022), earnings management (Amidu et al., 2019; Falbo & Firmansyah, 2021; Firmansyah & Ardiansyah, 2020; Pajriansyah & Firmansyah, 2017; Sánchez-Ballesta & Yagüe, 2020), debt policy (Pajriansyah & Firmansyah, 2017; Puspitasari et al., 2021; Putri, 2020; Rahayu et al., 2022; Yulianty et al., 2021), independent commissioner (Eksandy, 2017; Fadhila et al., 2017; Pradipta & Supriyadi, 2015; Pramudya et al., 2021; Yulianty et al., 2021), firm size (Martinus et al., 2021), profitability (Martinus et al., 2021; Puspitasari et al., 2021), capital intensity (Puspitasari et al., 2021), transfer pricing aggressiveness (Fitri & Fauzuati, 2021; Utami & Irawan, 2022; Wijaya & Rahayu, 2021), corporate social responsibility disclosure (Chouaibi et al., 2022; Dewi & Noviari, 2017; Khairunisa et al., 2017; Liu & Lee, 2019; Purbowati & Yuliansari, 2019; Sari & Adiwibowo, 2017; Tahar & Rachamawati, 2020; Wardani & Khoiriyah, 2018), corporate strategies (Aryotama & Firmansyah, 2019; Sismanyudi & Firmansyah, 2022), firms life cycle (Irawan & Afif, 2020), political connection (Firmansyah et al., 2022), political cost (Wang et al., 2022) and economic policy uncertainty (Nguyen & Nguyen, 2019; Shen et al., 2021).

The concept of operations management is complex because it affects the objectives of operations, technical activities, and the company's survival (Rusdiana, 2014). Management has the authority to make strategic policies that are carried out to improve the efficiency of the resources owned by the company (Minnick & Noga, 2010). Sustainability disclosure and debt policy are directly related to the company's management operating policies. Tax avoidance is one of the policies taken by managers because tax is an expense item that impacts company profits (Amri, 2017). So, it can be related to the debt policy used. Companies with high debt levels would reduce their agency cost by reducing debt (Firmansyah et al., 2020; Jananto & Firmansyah, 2019). Then, continuous disclosure is needed in the company's operations to convince investors to make the company more transparent. The interest of investors in the company's shares is related to the information disclosed. Investors can accept that as long as the information in the financial,
annual, or sustainability reports shows that the company has good prospects in the present and the future (Ihsani et al., 2021). Sustainability disclosure is a business commitment to act ethically, contribute to economic development, and improve workers’ quality of life and society (Sari & Adiwibowo, 2017).

Companies are required to be responsible to shareholders in the form of disclosure of financial and non-financial information. According to Firmansyah and Estutik (2020), companies with low ratings in CSR are considered irresponsible; so, there is a gap in carrying out tax avoidance strategies. Reporting standards can be a framework for disclosure, one of which is the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines (Wulolo & Rahmawati, 2017). Dewi and Noviari (2017) concluded that sustainable disclosure positively relates to tax avoidance. Meanwhile, Chouaibi et al. (2022), Khairunisa et al. (2017), Purbowati and Yuliansari (2019), and Sari and Adiwibowo (2017) revealed that sustainable disclosure is negatively related to tax avoidance. However, Liu and Lee (2019), Tahar and Rachmawati (2020) and Wardani and Purwaningrum (2018) concluded that sustainability disclosure is not related to tax avoidance. There are inconsistencies in the research, So, it is necessary to conduct further investigations regarding the effect of continuous disclosure on tax avoidance.

The existence of conflicts related to differences in the interests of shareholders and company managers allows managers to take actions that can improve their welfare. Furthermore, debt policy can explain the management's decisions regarding funding (Jeane et al., 2016). Debt policy is the basis for meeting the company’s needs; the company is also obliged to repay the loan. It leads managers to attempt to increase profits, and then this interest expense is, at the same time, a decrease in tax costs borne by the company. Pajriansyah and Firmansyah (2017) proved that debt policy positively relates to tax avoidance. However, Yulianty et al. (2021) found that debt policy negatively relates to tax avoidance. Meanwhile, Puspitasari et al. (2021), Putri (2020), and Rahayu et al. (2022) concluded that debt policy is not related to tax avoidance. Some of these studies suggested inconsistencies regarding the relationship between debt policy and tax avoidance. So, further investigation is necessary to be conducted.

This study examines the effect of sustainability disclosure and debt policy on tax avoidance. It includes independent commissioners in testing sustainability disclosures and debt policy on tax avoidance which is still rarely examined in previous studies. An independent commissioner is a party having no affiliation with shareholders, directors or board of commissioners and does not have a board of directors position in the company concerned (Pradipta & Supriyadi, 2015). Eksandy (2017) found that the independent commissioner negatively relates to tax avoidance. Independent commissioners can reduce conflicts of interest between managers and shareholders. So, agency problems are expected to be reduced, including tax avoidance activity (Wijayanti & Merkuiswati, 2017). Therefore, independent commissioners play an important role in conflict resolution because they can control the management's desire to save taxes with their particular motives.

This study contributes to financial accounting research literature, especially in tax avoidance, using the Indonesia case. In addition, this study contributes to the Indonesian Tax Authority’s employing sustainability issues and corporate debt levels in improving income tax policies in Indonesia. Through this study, Indonesia Financial Services Authority can improve policies related to independent commissioner criteria to align investor interests.

**Literature Review**

Tax is an obligation for citizens, which is expected to support the government in carrying out national development. The dividends of companies pay to the public are considered dividends for using available resources (Harari et al., 2012). However, many companies seek to reduce their tax expenses because they affect their profits. This act is unfair to society. In agency theory, it is also stated that management is focused on obtaining high profits by attempting to reduce taxes.
Meanwhile, the principal does not intend to do tax avoidance that managers conduct tax avoidance because it is considered to bias financial statements.

The sustainability disclosure becomes a form of social responsibility from the company to shareholders. In addition, this is also a form of responsibility towards the government. Thus, companies that engage in tax avoidance are low in social responsibility (Lanis & Richardson, 2012). Sustainability disclosure also increases support from external parties, namely consumers, creditors, and investors, to generate profits and capital in the company's operations (Putra, 2019). The company's obedience in paying taxes causes tax avoidance activities to be reduced. Thus, it can be concluded that the company's decision to reduce tax avoidance is closely related to sustainability disclosure. It is in line with Chouaibi et al. (2022), Khairunisa et al. (2017), Purbowati & Yuliansari (2019), and Sari & Adiwibowo (2017), who revealed that sustainability disclosure is negatively related to tax avoidance. It is expected that the level of tax avoidance by the company will be lower when it implements good sustainability. Sustainability disclosure is important for companies to pay attention to various stakeholders. Good disclosure makes the firm value becomes more attractive. It reflects the company's compliance and is more transparent in providing information. Thus, the first hypothesis of this study is:

H1: Sustainability disclosure is negatively related to tax avoidance.

Jensen and Meckling (1976) stated that debt policy could reduce conflicts between agents and principals in making decisions regarding corporate funding. In line with this, Hartadinata and Tjaraka (2013) stated that an increase in the use of debt financing could reduce the total agency conflict because debt measurement, in this case, includes elements of wealth owned by non-agent shareholders so that the debt policy can be seen from the shareholder's perspective.

Debt policy is a company's funding policy which compares the amount of debt with the amount of wealth owned by the company (Putri, 2020). Debt policy needs to be considered because the higher the company's debt, the higher the interest expense incurred, reducing the company's profits. It is in line with Pajriansyah and Firmansyah (2017), which found that debt policy positively relates to tax avoidance. The manager's decision in determining the funding source can be seen from the debt policy that it does, especially to finance the company's operational needs. Companies with high leverage tend to have considerable interest. So, the companies choose to do tax avoidance. The tax expenses borne are in line with the company's income. Thus, the second hypothesis of this study is:

H2: Debt policy is positively related to tax avoidance.

The separation of agent and principal can cause problems, among others, because the agent may act according to their wishes without considering the principal's interests (Jensen & Meckling, 1976). In making disclosures, there is a possibility of a conflict of interest. Principals intend disclosures under the company's circumstances to consider its true potential. However, the agent or manager tends to wish for good firm value, which can be seen from the profits earned by the company.

In resolving conflicts between agent and principal, good corporate governance is necessary to optimize the interests of both parties (Firmansyah & Triastie, 2020). Independent commissioners are one of the main components needed to form the concept of good corporate governance (Maraya & Yendrawati, 2016). According to Pradipta and Supriyadi (2015), the independent commissioner can be a good supervisory control for the company, especially from activities that deviate from regulatory provisions, because supervision of management becomes the best strategy formulation, especially in tax avoidance.

The existence of an independent commissioner can make managers more supervised so that in making policy, the manager becomes more controlled, especially regarding sustainability.
disclosure. Through the presence of independent commissioners, it is expected that activities in violation of tax regulations will be reduced. Therefore, the third hypothesis in this study is:

H3: The negative relationship between sustainability disclosure and tax avoidance will be stronger in companies with more independent commissioners

The concept of agency theory explains that the interests of shareholders are the main aspect that must be considered by the manager (Jensen & Meckling, 1976). However, the manager can take actions for personal interests that do not benefit the company; so, the amount of management compensation should be considered (Amri, 2017). Corporate governance is important and can provide solutions. So, shareholders continue to trust managers in managing their companies (Jayani & Ruffaida, 2020). Independent commissioning is one of the main components needed to form the concept of good corporate governance (Maraya & Yendrawati, 2016).

Widodo (2016) concluded that with debt, creditors indirectly assist the control function carried out by independent commissioners. Funding with debt will incur a cost of debt, and this fee will be given to creditors to repay the company (Jananto & Firmansyah, 2019). Interest can be classified as a tax deduction; so, the presence of high debt can provide a gap for companies to avoid tax. Independent commissioners can be a deduction from opportunities by managers. Independent commissioners become independent parties who do not have a business or familial relationships. So, the presence of independent commissioners is expected to control third parties and make supervision more effective. Therefore, the fourth hypothesis in this study is:

H4: The positive relationship between debt policy and tax avoidance will be weaker in companies with more independent commissioners

Research Method

This study employs a quantitative approach. We use secondary data obtained from financial statements and company financial statements within the period of 2017 to 2020 from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the company's official website. The summary of the research sample based on purposive sampling can be seen in Table 1.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer goods sector companies listed on the IDX as of March 2022</td>
<td>232</td>
</tr>
<tr>
<td>Companies listed on IDX after January 1, 2017</td>
<td>-90</td>
</tr>
<tr>
<td>Companies with negative profit before tax from 2017 to 2020</td>
<td>-83</td>
</tr>
<tr>
<td>Companies with incomplete data</td>
<td>-7</td>
</tr>
<tr>
<td>number of company samples</td>
<td>52</td>
</tr>
<tr>
<td>number of years of study (2017 to 2020)</td>
<td>4</td>
</tr>
<tr>
<td>Total sample</td>
<td>208</td>
</tr>
</tbody>
</table>

Source: data processed

The dependent variable is tax avoidance (TaxAvoid), while the independent variables used are sustainability disclosure (DSCR) and debt policy (DEB); then, the control variables are profitability (ROA) and firm size (SIZE). The moderating variable uses an independent commissioner (INDCOM). This study measures tax avoidance with TAXAVOID, projected by the Effective Tax Rate (ETR)*-1. ETR shows the level of tax compliance. So, the value of ETR is inversely proportional to the value of tax avoidance. This proxy follows Hanlon and Heitzman (2010), Lanis and Richardson (2012), Puspitасаsаrі (2021), and Rahayu et al. (2022).

\[
ETR = \frac{\text{Expense before tax}}{\text{Profit before tax}}
\]
This study measures sustainability disclosure with the sustainability report disclosure index (SRDI) using 77 GRI sustainability disclosure guidelines indicators (2016). This study uses a scale of 0 to 1 because it only explains whether or not it is disclosed in the annual and sustainability reports. This proxy follows Ihsani et al. (2021) using the following formula:

\[
SRDI = \frac{\text{Total Corporate Sustainability}}{\text{Total Disclosure Criteria According to GRI}}
\]

This study measures debt policy by debt ratio. It follows the proxy employed by Pajriansyah and Firmansyah (2017) as follows:

\[
DEB = \frac{\text{Total Liability}}{\text{Total Assets}}
\]

Independent commissioners are members of the board of commissioners who are not affiliated with the board of directors or come from outside the company and have freedom from all relationships that can provide excessive profits to the company. In this study, the proxy of independent commissioner follows Eksand (2017), Fadhila et al. (2017), Pradipta and Supriyadi (2015), Pramudya et al. (2021), and Yulianty et al. (2021).

\[
\text{INDCOM} = \frac{\text{Independent commissioner}}{\text{Number of the board of commissioners}}
\]

Company profitability is measured using return on assets (ROA) as Martinus et al. (2021) and Puspitasari et al. (2021).

\[
\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}
\]

The proxy of firm size in this study is the natural logarithm of total assets, following Andawiyah et al. (2019) and Martinus et al. (2021)

\[
\text{SIZE} = \ln(\text{Total Assets})
\]

We tested the hypothesis and employed multiple linear regression analysis for panel data. Regression with panel data has three models, common effect model, random effect model and fixed effect model. Testing was carried out with three types of tests: Chow, Hausman, and Lagrange multiplier. Model 1 was used to test hypotheses 1 and 2, while Model 2 was used to test hypotheses 3 and 4.

\[
\text{TAXAVOID}_{it} = \beta_0 + \beta_1 \text{SRDI}_{it} + \beta_2 \text{DEB}_{it} + \beta_3 \text{ROA}_{it} + \beta_4 \text{SIZE}_{it} + \varepsilon_{it} \tag{1}
\]

\[
\text{TAXAVOID}_{it} = \beta_0 + \beta_1 \text{SRDI}_{it} + \beta_2 \text{DEB}_{it} + \beta_3 \text{ROA}_{it} + \beta_4 \text{SIZE}_{it} + \beta_5 \text{INDCOM}_{it} + \beta_6 \text{SRDI}_{it} * \text{INDCOM}_{it} + \beta_7 \text{DEB}_{it} * \text{INDCOM}_{it} + \varepsilon_{it} \tag{2}
\]

Where:
- TAXAVOID: effective tax rate owned by company i in year t multiplied -1
- SRDI: Sustainability Report Disclosure Index of the company i in year t;
- DEB: Debt policy of the company i in year t;
- ROA: Profitability of the company i in year t;
- SIZE: Natural logarithm of the company i in year t;
- INDCOM: Independent commissioner of the company i in year t.

**Results and Discussions**

Descriptive statistics that describe the data characteristics of the variables in this study can be seen in Table 2.
Furthermore, based on the Chow, Hausman, and Lagrange multiplier tests, the best model for equations 1 and 2 is the fixed effect model. The summary of the results of hypothesis testing can be seen in Table 3.

Table 3. Summary of Hypothesis Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coeff</th>
<th>t-Stat</th>
<th>Prob</th>
<th>Coeff</th>
<th>t-Stat</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model I</td>
<td></td>
<td></td>
<td></td>
<td>Model II</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coeff</td>
<td>t-Stat</td>
<td>Prob</td>
<td>Coeff</td>
<td>t-Stat</td>
<td>Prob</td>
</tr>
<tr>
<td>C</td>
<td>-10.679</td>
<td>-5.423</td>
<td>0.000</td>
<td>***</td>
<td>-12.822</td>
<td>0.000</td>
</tr>
<tr>
<td>SRDI</td>
<td>-0.744</td>
<td>-1.958</td>
<td>0.026</td>
<td>**</td>
<td>-0.922</td>
<td>1.175</td>
</tr>
<tr>
<td>DEB</td>
<td>-2.532</td>
<td>-7.790</td>
<td>0.000</td>
<td>***</td>
<td>0.559</td>
<td>1.810</td>
</tr>
<tr>
<td>ROA</td>
<td>0.964</td>
<td>4.395</td>
<td>0.000</td>
<td>***</td>
<td>0.593</td>
<td>2.063</td>
</tr>
<tr>
<td>SIZE</td>
<td>0.389</td>
<td>5.578</td>
<td>0.000</td>
<td>***</td>
<td>0.409</td>
<td>6.227</td>
</tr>
<tr>
<td>INDCOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.274</td>
<td>4.213</td>
</tr>
<tr>
<td>SRDI*INDCOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.930</td>
<td>0.439</td>
</tr>
<tr>
<td>DEB*INDCOM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-6.150</td>
<td>-5.176</td>
</tr>
<tr>
<td>R²</td>
<td>0.650</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.618</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.523</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.469</td>
</tr>
<tr>
<td>F-statistic</td>
<td>5.125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.151</td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
</tbody>
</table>

***) affects the significance level of 1% or 0.01
**) affects the significance level of 5% or 0.05
*) affects the significance level of 10% or 0.1

Source: Processed

The Relationship Between Sustainability Disclosure and Tax Avoidance

The hypothesis testing suggests that sustainability disclosure is negatively related to tax avoidance. This finding is in line with Chouaibi et al. (2022), Khairunisa et al. (2017), Purbowati and Yuliansari (2019), and Sari and Adiwibowo (2017). Meanwhile, this finding is different from Dewi and Noviari (2017), Liu and Lee (2019), Tahar and Rachmawati (2020), and Wardani and Purwaningrum (2018). Agency theory states that management is focused on obtaining high profits by attempting to reduce taxes. Meanwhile, the principal does not want tax avoidance because it is considered manipulation of financial statements. Disclosure of sustainability is a form of corporate social responsibility to shareholders. The interest of shareholders is to invest their resources in the company's shares because the presented information becomes more transparent. Investors can accept that as long as the information in the financial, annual, or sustainability reports shows that the company has good prospects in the present and the future (Ihsani et al., 2021). In addition, sustainability disclosure is also a form of responsibility to the government; so, the companies involved in tax avoidance are companies that do not have social responsibility (Lanis & Richardson, 2012).

Based on the results of descriptive statistical tests that have been carried out on the sustainability disclosure variable, the average is 16.5%. At the same time, the range of this
variable is a maximum of 46.75% and a minimum of 2.6%. Based on sample data from cyclical and non-cyclical consumption companies, disclosures about indicators of economic value that are directly distributed, pension programs, infrastructure investment, and service support are fairly well disclosed. Then, indicators related to anti-corruption, energy, and water still have to be considered because only a few companies make disclosures related to this. INDF became the highest score in sustainability disclosure in 2020 by meeting 36 GRI Standard criteria. The company is a non-cyclical consumption sector with sales that tend to be constant and more stable and not easily affected by changes in economic conditions and seasons (Sambora et al., 2014).

Tax avoidance is an activity gap that companies can carry out to gain higher earnings. Then, continuous disclosure made by the company is needed to convince investors because the interest of investors in the company’s shares can be through the information disclosed. Consumer sector companies have a fairly good average sustainability disclosure. This disclosure encourages the reduction of tax avoidance by companies to be low so that investors and the government are not harmed and are fairer to the community.

**The Relationship Between Debt Policy and Tax Avoidance**

Regarding the hypothesis testing, ss are one of the main components needed to form the concept of good corporate governance (Maraya & Yendra, 2016).

Independent commissioners are expected to encourage tax avoidance actions that only benefit the management. This condition occurs because the independent commissioner supports the preparation of more objective financial reports, supervises, and pays attention to the company's management (Kurniasih & Sari, 2013). However, independent commissioners do not always show their independence, causing the supervisory function to run poorly (Winata, 2014). This is due to the number of independent commissioners of the company, which is far less than those affiliated with the company.

The results of this study indicate that the average independent commissioner is 0.374 or 34.7%, with a maximum value of 0.67 and a minimum value of 0.000. The data also indicate that there are companies that do not have a board of commissioners independent of the entire structure of the board of commissioners. This means that there are companies that do not follow the rules from the IDX regarding the proportion of the number of independent commissioners, which is at least 30%. Then, the background of the independent commissioner also needs to be considered. This is expected to become a more effective control and supervision of the manager's actions. Backgrounds suitable for debt policy include accounting, economics, and management. Based on analyses from notes to financial statements and annual reports of consumption sector companies, most companies do not have an accounting or financial education background. So, the role of independent commissioners who should focus on the substance of sustainability reports is less than optimal. It has resulted in the emergence of gaps in tax avoidance activities.

**The Moderating Role of The Independent Commissioner in The Relationship Between Debt Policy and Tax Avoidance**

From the hypothesis testing, this study finds that independent commissioners can weaken the negative relationship between debt policy and tax avoidance. In tax avoidance activities, an independent board of commissioners can help oversee the managers' decisions under agency theory regarding differences in the conflict between agents who want high profits and principals who intend high returns. Jensen and Meckling (1976) stated that debt policy could reduce conflicts between principals and agents. It is important to decide on the funding source because it is related to continuing the company's business operations. Debt policy is companies' action in measuring how much funding is with debt instruments (Jeane et al., 2016).
In determining policies, it is necessary to have an independent third party so that the policies taken by the company are free from the intervention of any party. Independent commissioners are one of the main components needed to form the concept of good corporate governance (Maraya & Yendrawati, 2016). The existence of independent commissioners can make managers more supervised so that in making policy, the manager becomes more controlled, especially regarding sustainability disclosure, so that activities in violating tax regulations are reduced.

Based on the results of descriptive statistics, the mean of the independent commissioner variable is 37.4%. On average, companies in the cyclical and non-cyclical consumption sectors have several commissioners, according to Indonesia Financial Services Authority (OJK) regulations No.33/POJK.04/2014, which is at least 30%. Independent commissioners must have an appropriate background. It is expected to be a more effective control and supervision of the manager's actions. Backgrounds suitable for debt policy include accounting, economics, and management. Based on analyses from notes to financial statements and annual reports of consumption sector companies, most companies do not have an accounting or financial education background. Independent commissioners tend only to view debt policy from an opportunistic perspective. This condition affects the manager's strategy in defending the company from the potential risk of financial difficulties or bankruptcy because it has high debt. Independent commissioners cannot assist the company in maintaining it in an optimal condition (Firmansyah et al., 2021).

Conclusions

This study concludes that sustainability disclosure can decrease tax avoidance activities. Managers are more concerned with responding to stakeholders' wishes than tax avoidance related to the company's sustainability in the future. In addition, the manager's policy of choosing debt in the company's capital structure has a negative effect on tax avoidance. Managers pay more attention to fulfilling their debt obligations to maintain the company's health than tax avoidance, which risks tax disputes with the government. This study also finds that independent commissioners do not have a moderating role in the relationship between sustainability disclosure and tax avoidance. However, independent commissioners can strengthen the negative relationship between debt policy and tax avoidance. This research shows that the company's sustainability activities are not the concern of independent commissioners. Independent commissioners tend to supervise managers' performance related to the company's normative conditions, such as company health.

This study has limitations; among others, there is a reduction in the research sample due to the use of tax avoidance measurements that are only limited to tax avoidance so that only companies with positive pre-tax earnings are used as research samples. Future research can use samples from manufacturing sector companies or non-financial companies, and a longer research period to obtain a larger sample size and more comprehensive research results.

This study suggests that as part of the supervision and regulation, the Indonesia Financial Services Authority (OJK) is expected to improve regulations related to recruiting independent commissioners, especially educational backgrounds in finance or accounting. This policy is expected to improve the governance of companies listed on the Indonesia Stock Exchange. In addition, this research can also be used by the Indonesian Tax Authority to implement sustainability in companies that can improve tax policies related to corporate income tax.

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