

BUKTI KORESPONDENSI
ARTIKEL JURNAL TERAKREDITASI SINTA 4

Judul artikel : Tax Avoidance And Corporate Risk In Indonesia: The
Role Of Tax Risk And Executive Characteristics

Jurnal : Jurnal AKUNESA

Penulis : Verani Carolina dan Nunik Lestari Dewi

No.	Perihal	Tanggal
1.	Bukti konfirmasi submit artikel dan artikel yang disubmit	6 September 2024
2.	Bukti konfirmasi artikel accepted	29 Desember 2024

**1. Bukti Konfirmasi Submit Artikel
dan Artikel yang Disubmit
(6 September 2024)**

Workflow

Publication

Submission

Review

Copyediting

Production

Submission Files

Q Search

▶	 112794	luluand_17, TEMPLATE AKUNESA.docx	September 6, 2024	Article Text
---	--	---	-------------------	--------------

Download All Files

Pre-Review Discussions

Add discussion

Name	From	Last Reply	Replies	Closed
No Items				

TAX AVOIDANCE AND CORPORATE RISK IN INDONESIA: THE ROLE OF TAX RISK AND EXECUTIVE CHARACTERISTICS

Verani Carolina¹

* Program Studi Akuntansi, Fakultas Bisnis, Universitas Kristen Maranatha

*velove_n4_jc@yahoo.com¹

Nunik Lestari Dewi²

* Program Studi Akuntansi, Fakultas Bisnis, Universitas Kristen Maranatha

*nunik1503@gmail.com²

Steven Asher³

* Program Studi Akuntansi, Fakultas Bisnis, Universitas Kristen Maranatha

*steven.asher081@gmail.com³

Indonesian government is actively working to prevent tax avoidance practices. Their commitment is evident through the implementation of Peraturan Pemerintah No. 55 Tahun 2022, which serves as a modification to the income tax regulations established by Undang-Undang No.7 Tahun 2021 relating to tax harmonization. The prevalence of tax avoidance practices among Indonesian companies is evident from the fact that numerous entities continue

commercial operations despite reporting three consecutive years of fiscal losses. While tax avoidance may alleviate the immediate tax burden, it can create uncertainty, leading to larger tax payments (tax risk) that can ultimately decrease the corporate's worth, and potentially lead to bankruptcy. This study aims to examine the impact of tax avoidance on corporate risk, utilizing tax risk and executive characteristics as moderating factors. The study utilizes ten years of data to analyze the long-term tax avoidance patterns of non-financial Indonesian companies. The findings reveal that over the long run, tax avoidance practices can amplify a corporate's risk, and that tax risk and executive characteristics have been shown to intensify the impact of tax avoidance on corporate risk.

Keywords: tax avoidance, corporate risk, tax risk, executive characteristics.

Introduction

Tax avoidance practices remain a significant concern for Indonesia, as evidenced by the government's ongoing endeavors to enhance multiple tax regulations and inhibit tax avoidance practices. The newest policy, Peraturan Pemerintah no. 55 Tahun 2022, modifies income tax regulations and is derived from Undang-Undang no. 7 Tahun 2021 concerning Tax Harmonization. This regulation serves as definite proof of the government's action to address tax avoidance practices in Indonesia. Efforts to prevent tax avoidance practices are driven by the high frequency of companies reporting fiscal losses for three consecutive years while still managing to maintain commercial operations and generate sales for five years (Redaksi DDTC News, 2023).

Tax avoidance happens when taxpayers have the opportunity to do so. The Self Assessment System, in effect in Indonesia, entrusts taxpayers with the responsibility of computing and declaring their own taxes, which creates a chance for tax avoidance. The aim is to reduce the burden of taxes on taxpayers. Lim (2011) defines tax avoidance as an endeavor to reduce taxes by exploiting legal tax provisions. This practice aims to save taxes while adhering to the law. Moreover, according to Dyreng et al. (2019), tax avoidance encompasses not only saving taxes, but also reducing taxes through a wide range of activities, from innocuous tax-saving initiatives to aggressive strategies with little chance of success in court. Thus, tax avoidance creates uncertainty for the business.

The future uncertainties faced by companies demonstrate a lack of transparency in financial information for investors, which can diminish company value (Desai & Dharmapala, 2006; Desai & Dharmapala, 2009). The company's risk increases due to the uncertainty of future taxes and a lack of corporate transparency. Kim et al. (2011) suggest that aggressive tax avoidance activities affect the risk of share price collapse. Therefore, this study seeks to obtain empirical evidence on the impact of tax avoidance on corporate risk in Indonesian firms over the past decade, considering tax risk and executive characteristics as moderating variables.

Neumann et al. (2013) defined tax risk as any action or activity that could lead to tax expenditures that deviate from the originally planned or expected expenditures of a company, affecting its cash flow. Meanwhile, according to MacCrimmon & Wehrung (1990), executives have two tendencies in their perception of risk. Executives who take risks are more willing to make business decisions with potential for high risk, such as evading taxes (MacCrimmon & Wehrung, 1990; Lewellen, 2003). Conversely, risk-averse executives prefer business decisions with lower risk (MacCrimmon & Wehrung, 1990; Lewellen, 2003).

Literature Review and Hypothesis Development

Jensen and Meckling (1976) and Eisenhardt (1989) propose the agency theory which posits that a company is composed of a principal being the investor and an agent being the manager who has been granted the authority by the former. The ultimate aim of both parties is identical, that of maximizing the company's value, though the methods applied often differ. Managers employ various techniques to maximize company profits for the sake of earning larger incentives, despite the associated high risks. One such technique includes tax avoidance, as taxes are viewed as reducing company profits. This results in inevitable information asymmetry, whereby company managers selectively present information in financial reports that is profitable for their own interests, rather than reflecting the actual condition of the company. This information mismatch arises when both parties solely prioritize profits. Company owners aim for favorable profits without a clear comprehension of their source. Conversely, company managers strive to exhibit impressive profits on financial reports to attain rewarding compensation. Managers additionally aim to showcase optimal profits to investors.

Balakrishnan et al. (2019) found that companies that engage in aggressive tax avoidance tend to provide less transparent information to investors. Similarly, Ginting and Martani (2017) demonstrate a strong correlation between aggressive tax avoidance and financial reporting that lacks transparency. Desai and Dharmapala (2006) note that these companies may resort to non-transparent and complex reporting practices. The company's share price collapse is likely due to the lack of corporate transparency and uncertain future taxes, as indicated by Kim et al. (2011). The first hypothesis in this study is that tax avoidance has an effect on corporate risk.

On the contrary, according to Guenther et al. (2017), tax avoidance does not have a significant correlation with company risk. However, the uncertainty resulting from tax avoidance is associated with company risk. Furthermore, Dyreng et al. (2019) elaborated that tax avoidance can lead to substantial tax uncertainty in the future, and corrective actions by tax authorities could lead to increased tax payments. Tax risk has been defined by Neuman et al. (2013), Guenther et al. (2017), and Dyreng et al. (2019). Accordingly, the second hypothesis

of this study is that tax risk moderates the effect of tax avoidance on corporate risk.

Based on agency theory, managers may act differently from owners to achieve their goal of maximizing profits, despite the associated risks. Tax avoidance is a strategy employed by companies to increase profits as taxes are deemed to have a negative impact on profits. The decision to practice tax avoidance lies with executives and is contingent on individual choices. Dyreng et al. (2010) have demonstrated that individual executives significantly influence the extent of tax avoidance practices implemented by their organization. MacCrimmon & Wehrung (1990) and Lewellen (2003) found that executives who are risk takers tend to make bolder decisions, including those related to tax avoidance, whereas those who are risk averse are more cautious to avoid greater risks in the future. Dyreng et al. (2010) found that managerial characteristics account for the variance in corporate tax avoidance behavior that is not explained by firm characteristics. Thus, the third hypothesis is that executive characteristics moderate the effect of tax avoidance on corporate risk.

This study will investigate tax avoidance over a decade, with reference to Dyreng et al.'s (2008) work on long-term tax avoidance, which has yet to be widely utilized in Indonesia. The inclusion of tax risk and executive characteristics as moderating variables is a novelty in this research.

Research methods

This research analyzes long-term tax avoidance in Indonesia using secondary data from Thomson Reuters Eikon (Refinitiv) spanning the period of 2013-2022. The measurements below are used for each variable:

1. Tax avoidance, including two measures:

- a. Cash Effective Tax Rate (CETR) is calculated by dividing the cash spent on taxes by the pre-tax profit (Dyreng et al., 2008; Hanlon and Slemrod, 2009; Hanlon and Heitzman, 2010). According to Dyreng et al. (2008), CETR is the most accurate measure of long-term tax avoidance. A higher CETR value indicates less aggressive tax avoidance by the company. The CETR formula can be expressed as follows:

$$\text{CETR} = \frac{\text{Tax Paid}}{\text{Pretax Income}}$$

- b. Discretionary Permanent Difference (DTAX) is the residual value obtained from the regression equation that investigates the permanent differences on non-discretionary items that cause the permanent differences themselves (Frank et al., 2009). According to Carolina & Oktavianti (2021), DTAX is the most effective measurement in forecasting tax avoidance. The regression equation formulated to acquire DTAX encompasses:

$$\text{PERMDIFF}_{it} = \alpha_0 + \alpha_1 \text{INTANG}_{it} + \alpha_2 \text{UNCON}_{it} + \alpha_3 \text{MI}_{it} + \alpha_4 \text{CSTE}_{it} + \alpha_5 \Delta \text{NOL}_{it} + \alpha_6 \text{LAGPERM}_{it} + \varepsilon_{it}$$

wherein:

PERMDIFF_{it} : The ratio of the permanent difference to the total assets in year t-1

INTANG_{it} : The ratio of goodwill and other intangible assets to total assets in the previous year (t-1)

UNCON_{it} : The ratio of consolidated net profit or loss to total assets in the previous year (t-1).

MI_{it} : The ratio of net profit (or loss) of the minority group to total assets in the previous year (t-1).

CSTE_{it} : The ratio of current year local taxes to total assets in the previous year (t-1).

ΔNOL_{it} : Changes in loss compensation divided by total assets in the previous year.

LAGPERM_{it} : Permanent difference in year t-1 is divided by total assets in year t-1.

ε_{it} : residual value

2. Corporate risk reflects uncertainties that a company may face in the future (Guenther et al., 2017). Such uncertainties could lead to potential losses in unfavorable conditions. Corporate risk is typically measured using a proxy for stock return volatility obtained from calculating the standard deviation of stock returns over 12 months per period.
3. Tax risk, as described by Guenther et al. (2017), is measured by the volatility of future tax rates, which leads to uncertainty for companies regarding future tax payments. The greater the volatility of the tax rates, the more uncertain these businesses become. The standard deviation of the annual CETR is used to determine the volatility of future tax rates.

4. Executive characteristics can be measured through Paligorova's (2010) standard deviation of income before interest, tax, depreciation, and amortization (EBITDA) divided by total assets. This shows deviations in profits, indicating the level of risk-taking by the executives. Higher deviation from profits indicates more willingness to take risks, while lower deviation shows less willingness.

$$EC = \text{standard deviation of } \frac{\text{EBITDA}}{\text{Total Assets}}$$

Hypothesis testing is conducted via panel data moderated regression using the EViews 12 software, with the following steps:

1. The Goodness of Fit Model Test is conducted to verify the correctness of the regression model and ensure that the independent variables can reliably predict the dependent variable. The regression model is considered correct if the significance value in the F Test is less than 0.05.
2. Multiple Linear Regression Test with moderating variables. The regression equations in this research include:

$$CR = \beta_0 + \beta_1 CETR + \epsilon$$

$$CR = \beta_0 + \beta_1 CETR + \beta_2 TR_{it} + \beta_3 MOD1_{it} + \epsilon$$

$$CR = \beta_0 + \beta_1 CETR + \beta_2 EC_{it} + \beta_3 MOD2_{it} + \epsilon$$

This model tests the impact of tax avoidance measured by CETR on corporate risk (CR) while considering the moderating effects of tax risk (TR) and executive characteristics (EC).

$$CR = \beta_0 + \beta_1 DTAX + \epsilon$$

$$CR = \beta_0 + \beta_1 DTAX + \beta_2 TR_{it} + \beta_3 MOD3_{it} + \epsilon$$

$$CR = \beta_0 + \beta_1 DTAX + \beta_2 EC_{it} + \beta_3 MOD4_{it} + \epsilon$$

This model tests the impact of tax avoidance measured by DTAX on corporate risk (CR) while considering the moderating effects of tax risk (TR) and executive characteristics (EC).

Results and Discussion

Before testing the hypothesis, it is essential to test the optimal model. The ensuing results present the outcomes of the Chow Test and Hausman Test that were conducted.

Table 1. *Chow Test*

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.644182	(69,626)	0.0000
Cross-section Chi-square	543.353554	69	0.0000

Table 2. *Hausman Test*

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.292964	4	0.0485

Based on the results in Table 1, the Fixed Effect Model (FEM) outperforms the Common Effect Model (CEM) with a probability value of 0.00. Similarly, the FEM performs better than the Random Effect Model (REM) based on the results in Table 2, with a probability value of 0.00. Therefore, it can be concluded that the FEM is the optimal regression model utilized in this research.

The effect of tax avoidance on corporate risk (using the Cash Effective Tax Rate/CETR)

Table 3. Regression 1 $CR = \beta_0 + \beta_1 CETR + \epsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1078.734	134.1349	8.042160	0.0000
CETR	-830.4356	401.5732	2.067955	0.0391
R-squared				0.547895
Adjusted R-squared				0.497581
S.E. of regression				1751.307
Sum squared resid				1.93E+09
Log likelihood				-6183.507
F-statistic				10.88955
Prob(F-statistic)				0.000000

From Table 3, we obtained a probability value of 0.0391, indicating that using CETR to measure tax avoidance has an impact on company risk. The negative constant obtained implies that companies with higher CETR values (i.e., non-aggressive tax avoidance) face lower risks. Furthermore, Table 3 demonstrates that the degree of influence is 49.75%.

The effect of tax avoidance on corporate risk, using Cash Effective Tax Rate (CETR) and moderated by Tax Risk (TR).

Table 4. Regression 2 $CR = \beta_0 + \beta_1CETR + \beta_2TRit + \beta_3MOD1it + \epsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1406.789	211.0205	6.666599	0.0000
CETR	-1867.952	691.1248	-2.702770	0.0071
TR	-1746.796	1154.754	-1.512700	0.1309
MOD1	3134.606	1558.194	2.011691	0.0447
R-squared				0.550794
Adjusted R-squared				0.499211
S.E. of regression				1748.465
Sum squared resid				1.92E+09
Log likelihood				-6181.256
F-statistic				10.67773
Prob(F-statistic)				0.000000

Table 4 shows the results of the regression equation that includes tax risk and the interaction between tax risk and CETR (MOD1) as predictor variables of corporate risk. The probability value resulting from the TR variable is insignificant, but MOD1 is significant at 0.0447. This indicates that tax risk serves as a pure moderating variable since TR cannot function as a predictor variable, but its interplay with CETR (moderating variable) is proven to be significant (Solimun, 2011). Tax risk enhances the association between tax avoidance and corporate risk by increasing its impact to 49.92%.

The effect of tax avoidance on corporate risk, using Cash Effective Tax Rate (CETR) and moderated by Executive Characteristic (EC)

Table 5. Regression 3 $CR = \beta_0 + \beta_1CETR + \beta_2ECit + \beta_3MOD2it + \epsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	677.1208	162.5376	4.165932	0.0000
CETR	-180.3620	472.0593	-0.382075	0.7025
EC	20740.36	4841.694	4.283700	0.0000
MOD2	-34453.49	12986.27	-2.653071	0.0082
R-squared				0.561188
Adjusted R-squared				0.510799
S.E. of regression				1728.117
Sum squared resid				1.87E+09
Log likelihood				-6173.062

F-statistic	11.13693
Prob(F-statistic)	0.000000

Table 5 shows the results of the regression equation that includes executive characteristics and the interaction between executive characteristics (EC) and CETR (MOD2) as predictor variables of corporate risk. The probability values for both EC and MOD2 variables are significantly below alpha. These findings prove that executive characteristics act as a quasi moderator variable since EC can function as a predictor variable and as a moderating variable (Solimun, 2011). Executive characteristics enhances the association between tax avoidance and corporate risk by increasing its impact to 51.07%.

The effect of tax avoidance on corporate risk (using the Discretionary Permanent Different/DTAX)

Table 6. Regression 4 $CR = \beta_0 + \beta_1DTAX + \epsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1251.845	219.0895	5.713852	0.0000
DTAX	-2026.444	1021.346	-1.984091	0.0477
R-squared				0.547652
Adjusted R-squared				0.497311
S.E. of regression				1751.778
Sum squared resid				1.93E+09
Log likelihood				-6183.695
F-statistic				10.87889
Prob(F-statistic)				0.000000

From Table 6, we obtained a probability value of 0.0477 indicating the impact of tax avoidance as measured by DTAX on corporate risk. With a negative constant value, the higher the DTAX value of a company (non-aggressive tax avoidance), the lower its risk. Furthermore, Table 6 demonstrates that the degree of influence is 49.73%.

The effect of tax avoidance on corporate risk, using Discretionary Permanent Different/DTAX and moderated by Tax Risk (TR).

Table 7. Regression 5 $CR = \beta_0 + \beta_1DTAX + \beta_2TRit + \beta_3MOD3it + \epsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1568.764	285.5996	5.492878	0.0000
DTAX	-3266.604	1320.602	-2.473572	0.0136
TR	-2510.507	1402.359	-1.790202	0.0739
MOD3	7273.250	4581.954	1.587369	0.0129
R-squared				0.549953
Adjusted R-squared				0.498273
S.E. of regression				1750.101
Sum squared resid				1.92E+09
Log likelihood				-6181.910
F-statistic				10.64150
Prob(F-statistic)				0.000000

Table 7 shows the results of the regression equation that includes tax risk and the interaction between tax risk and DTAX (MOD3) as predictors of corporate risk. The probability value resulting from the TR variable is insignificant, but MOD3 is significant at 0.0129. This finding confirms tax risk as a pure moderating variable since TR cannot function as a predictor variable, but its interaction with DTAX (moderating variable) proves significant (Solimun, 2011). Tax risk enhances the association between tax avoidance and corporate risk by increasing its impact to 49.82%.

The effect of tax avoidance on corporate risk, using Discretionary Permanent Different/DTAX and moderated by Executive Characteristic (EC)

Table 8. Regression 6 $CR = \beta_0 + \beta_1DTAX + \beta_2ECit + \beta_3MOD4it + \varepsilon$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1145.914	246.5502	4.647790	0.0000
DTAX	-2433.997	1079.356	-2.255045	0.0245
EC	3097.951	6709.597	0.461719	0.6444
MOD4	30074.30	22731.25	1.323038	0.0463
<hr/>				
R-squared				0.556795
Adjusted R-squared				0.505900
S.E. of regression				1736.747
Sum squared resid				1.89E+09
Log likelihood				-6176.549
F-statistic				10.94020
Prob(F-statistic)				0.000000

Table 8 shows the results of the regression equation that includes executive characteristics and the interaction of executive characteristics (EC) and CETR (MOD4) as predictor variables for corporate risk. The probability value derived from the EC variable is insignificant, whereas MOD4 is significant at 0.0463. This study supports that executive characteristics act as pure moderating variables since they cannot act as predictor variables. However, their interaction with DTAX (moderating variable) has been shown to have a significant impact (Solimun, 2011). Executive characteristics enhance the association between tax avoidance and corporate risk by increasing its impact to 50.59%.

Therefore, it may be inferred that tax avoidance impacts the corporate risk, with greater corporate risk being associated with more aggressive tax avoidance activities. This aligns with Spence's (1973) signaling theory, which posits that the actions of the signal giver (the company) can affect the perceptions and actions of the signal recipient (investor). Aggressive tax avoidance practices may lead to increased audit risks in the future, which could result in legal issues and harm the company's reputation. Such practices are viewed unfavorably by investors (Gallemore et al., 2014; Dhawan et al., 2014; Dhawan et al., 2014; Dhawan et al., 2014; Dhawan et al., 2020; Cao et al., 2021; Yuwono & Mustikasari, 2022; Thai et al., 2023).

The study provides empirical evidence that tax risk and executive characteristics are moderating variables that enhance the impact of tax avoidance on corporate risk. Neumann et al. (2013) define tax risk as an activity or action that may lead to tax expenditures differing from the originally anticipated or planned expenses. Tax risk can have a cascading effect on all areas of a company and lead to additional risks. Therefore, the higher the tax risk, the greater the overall risk for the company (Cozmeia & Uerbana, 2014; Hutchens & Rego, 2015).

Every strategic decision made by a company, including those related to taxes, is inherently tied to the individual executive. It should be noted that effective tax planning strategies demand creativity, a willingness to employ new and complex strategies, and acceptance of certain risks (Chen et al., 2010). This research demonstrates that executives who take on more risks or exhibit a tendency towards risk-taking will likely experience a decrease in their CETR value, which in turn indicates a more aggressive approach towards tax avoidance. CEOs who are averse to risk typically dislike uncertainty regarding the future. Consequently, these CEOs tend to exercise greater caution in decision-making, avoiding risks and becoming more sensitive to aggressive tax avoidance (Chowdhury et al., 2023; García-Meca et al., 2021). Conversely, CEOs who embrace risk tend to favor aggressive tax planning strategies (Xu, 2023; Baghdadi et al., 2022; Gracelia & Tjaraka, 2020; Rego & Wilson, 2012).

Conclusion

The more aggressive the company's tax avoidance strategy, the greater the risk it faces. Uncertainty regarding future tax audits creates additional tax liabilities for the company if taxes were avoided. Greater tax risk and executive characteristics strengthen the effect. As the tax risk of the company increases, there is a corresponding domino effect on the various risks the company faces. The higher the potential taxes a company

might have to pay, the greater the risk of impacting its liquidity ratio and potentially facing bankruptcy. In tax policy decisions, individual executives undoubtedly play a crucial role, as their character shapes the choices they make. Executives with a higher propensity for risk-taking are more likely to exhibit an aggressive approach towards tax avoidance, while their risk-averse counterparts tend to be more cautious and attentive towards tax avoidance.

It is anticipated that this research will validate signaling theory, as a company's actions can impact the investor's views and behavior. Engaging in aggressive tax avoidance could lead to audits and legal issues, which adversely affect the company's reputation and are generally disapproved by investors.

Reference

- [1] Baghdadi, G., Podolski, E. J., & Veeraraghavan, M. 2022. CEO Risk-Seeking And Corporate Tax Avoidance: Evidence From Pilot CEOs. *Journal of Corporate Finance*. 76: 1-16.
- [2] Balakrishnan, K., Blouin, J., & Guay, W. 2019. Tax Aggressiveness and Corporate Transparency. *The Accounting Review*. 94(1): 45–69.
- [3] Cao, Y., Feng, Z., Lu, M., & Shan, Y. 2021. Tax Avoidance And Firm Risk: Evidence From China. *Accounting & Finance*. 61(3): 4967-5000.
- [4] Carolina, V. & Oktavianti, O. 2021. The Best Measurement of Tax Aggressiveness in Predicting Corporate Risk. *Riset Akuntansi Dan Keuangan Indonesia*. 6(3): 310–318.
- [5] Chen, S., Chen, X., Cheng, Q., & Shevlin, T. 2010. Are Family Firms More Tax Aggressive Than Non Family Firms?. *Journal of Financial Economics*. 95(1): 41-61.
- [6] Chowdhury, R., Doukas, J.A., & Mandal, S. 2023. CEO risk preferences, hedging intensity, and firm value. *Journal of International Money and Finance*. 130: 1-24.
- [7] Cozmeia, C. & Uerbana, E.C. 2014. Risk Management Triggers: From The Tax Risk Pitfalls To Organizational Risk. *Procedia Economics and Finance*. 15: 1594–1602.
- [8] Desai, M. A., & Dharmapala, D. 2006. Corporate Tax Avoidance and High-Powered Incentives. *Journal of Financial Economics*. 79(1): 145–179.
- [9] Desai, M. A., & Dharmapala, D. 2009. Corporate Tax Avoidance and Firm Value. *The Review of Economics and Statistics*. 91(3): 537–546.
- [10] Dhawan, A., Ma., L., & Kim, M.H. 2020. Effect Of Corporate Tax Avoidance Activities On Firm Bankruptcy Risk. *Journal of Contemporary Accounting and Economics*. 16: 1-23.
- [11] Dyreng, S., Hanlon, M., & Maydew, E. L. 2008. Long-Run Corporate Tax Avoidance. *The Accounting Review*. 83(1): 61–82.
- [12] Dyreng, S., Hanlon, M., & Maydew, E. L. 2010. The Effects of Executives on Corporate Tax Avoidance. *The Accounting Review*. 85(4): 1163–1189.
- [13] Dyreng, S., Hanlon, M., & Maydew, E. L. 2019. When Does Tax Avoidance Result in Tax Uncertainty? *The Accounting Review*. 94(2): 179–203.
- [14] Eisenhardt, K. M. 1989. Agency Theory: an Assessment and Review. *The Academy of Management Review*. 1(1): 57–74.
- [15] Frank, M.M., Lynch, L. & Rego, S. 2009. Tax Reporting Aggressiveness and Its Relation to Aggressive Financial Reporting. *The Accounting Review*. 84(2): 467–496.
- [16] Gallemore, J., Maydew, E.L., & Thornock, J.R. 2014. The Reputational Costs of Tax Avoidance. *Contemporary Accounting Research*. 31(4): 1103-1133.
- [17] García-Meca, E., Ramon-Llorens, M.C., Martínez-Ferrero, J. 2021. Are Narcissistic Ceos More Tax Aggressive? The Moderating Role Of Internal Audit Committees. *Journal of Business Research*. 129: 223-235.
- [18] Ginting, R.I.S., & Martani, D. 2017. Analysis of Tax Aggressiveness and Financial Reporting Aggressiveness on Public Companies in Indonesia 2010-2014. *International Accounting Conference 2017, Universitas Indonesia*.
- [19] Gracelia, S., & Tjaraka, H. 2020. Managerial Ownership Moderates The Effect Of Executive Risk Preference And Gender Diversity On Tax Avoidance. *Journal Of Security And Sustainability Issues*. 10: 484-495.
- [20] Guenther, D.A., Matsunaga, S.R., & Williams, B. M. 2017. Is Tax Avoidance Related to Firm Risk? *The Accounting Review*. 92(1): 115–136.
- [21] Hanlon, M., & Slemrod, J. 2009. What Does Tax Aggressiveness Signal? Evidence from stock price reactions to news about tax shelter involvement. *Journal of Public Economics*. 93: 126–141.
- [22] Hanlon, M., & Heitzman, S. 2010. A Review of Tax Research. *Journal of Accounting and Economics*. 50(40): 127–178.
- [23] Hutchens, M., & Rego, S. 2015. Does Greater Tax Risk Lead to Increased Firm Risk?. Indiana University.
- [24] Jensen, M. C., & Meckling, W. H. 1976. Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Journal of Financial Economics*. 3(4): 305–360.

- [25] Kim, J. B., Li, Y., & Zhang, L. 2011. Corporate Tax Avoidance and Stock Price Crash Risk: Firm-Level Analysis. *Journal of Financial Economics*. 100(3): 639–662.
- [26] Lewellen, K. 2003. Financing Decisions When Managers Are Risk Averse. *Journal of Financial Economics*. 82(3): 551–589.
- [27] Lim, Y. D. 2011. Tax Avoidance, Cost of Debt and Shareholder Activism: Korean Evidence. *Journal of Banking & Finance*. 35: 456–470.
- [28] MacCrimmon, K.R. & Wehrung, D. A. 1990. Characteristics of Risk Taking Executives. *Management Science*. 36(4): 422–435.
- [29] Neuman, S.S., Omer, T.C., & Schmidt, A. P. 2013. Risk and Return: Does Tax Risk Reduce Firms' Effective Tax Rates? *American Taxation Association Midyear Meeting*. <https://ssrn.com/abstract=2216878>
- [30] Paligorova, T. 2010. *Corporate Risk Taking and Ownership Structure*. Working Paper Bank of Canada.
- [31] Redaksi DDTC News. 2023. *WP Laporan Rugi Fiskal 3 Tahun Berturut-turut? Menkeu Bisa Lakukan Ini*. <https://news.ddtc.co.id/wp-laporan-rugi-fiskal-3-tahun-berturut-turut-menkeu-bisa-lakukan-ini-44828>. Diakses tanggal 20 Januari 2023.
- [32] Rego, S.O., & Wilson, R. 2012. Equity Risk Incentives And Corporate Tax Aggressiveness. *Journal of Accounting Research*. 50(3): 775-810.
- [33] Solimun. 2011. *Analisis Variabel Moderasi dan Mediasi*. Program Studi Statistika FMIPA Universitas Brawijaya. Malang.
- [34] Spence, M. 1973. Job Market Signaling. *The Quarterly Journal of Economics*. 87(3): 355-374.
- [35] Thai, H.M., Dang, K.N., Nor, N.M., Nguyen, H.T., & Nguyen, K.V. 2023. Corporate Tax Avoidance And Stock Price Crash Risk: The Moderating Effects Of Corporate Governance. *International Journal of Emerging Markets* © Emerald Publishing Limited 1746-8809 DOI 10.1108/IJOEM-11-2021-1767
- [36] Xu, L. 2023. CEO Greed And Corporate Tax Avoidance. *Journal Of Strategy And Management* © Emerald Publishing Limited.
- [37] Yuwono, A. & Mustikasari, E. 2022. The Effect Of Tax Avoidance And Tax Risk On Firm Risk. *The Indonesian Accounting Review*. 12(2): 223–230.

**2. Bukti Konfirmasi Artikel Accepted
(29 Desember 024**

< LoA AKUNESA Verani Carolina, Nunik Le...

Fakultas Ekonomi dan Bisnis Universitas Negeri Surabaya
Jl. Ketintang No. 2 Kota Surabaya, Jawa Timur
Website: <https://journal.unesa.ac.id/index.php/akunesa/index>
e-mail: akunesa@unesa.ac.id



1/1

LETTER OF ACCEPTANCE

Kepada Yth.

Verani Carolina, Nunik Lestari Dewi, Steven Asher

Di Tempat

Dengan Hormat,

Bersamaan dengan surat ini kami sampaikan bahwa artikel Bapak/Ibu yang berjudul **"Tax Avoidance And Corporate Risk In Indonesia: The Role Of Tax Risk And Executive Characteristics"** dinyatakan **Diterima dan Layak** untuk dipublikasikan pada Jurnal Akuntansi AKUNESA Volume 13 Nomor 1 Tahun 2024

Demikian surat pemberitahuan ini kami sampaikan dengan sebenarnya agar dapat digunakan dengan semestinya. Atas perhatian dan kerjasamanya kami ucapkan terimakasih.

Surabaya, 30 Oktober 2024

Editor in Chief

Aisyaturahmi, SE., M.Ak., Ak., CA

Indexed by:

