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CAN OWNERSHIP STRUCTURE AND AUDIT QUALITY COLLABORATE TO REDUCE CORPORATE TAX AGGRESSIVENESS?

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ABSTRACT
The escalation in instances of Corporate Tax Aggressiveness has emerged as a notable apprehension for governmental entities and stakeholders in the corporate realm. The present investigation delves into the repercussions of managerial ownership, institutional ownership, Public Accounting Firm (KAP) magnitude, and audit duration on corporate tax aggressiveness. The examination encompasses a cohort of 51 organizations operating in the real estate, property, healthcare, transportation, and industrial domains, which are publicly listed on the Indonesia Stock Exchange (IDX) spanning from 2019 to 2023. This study relies on secondary data extracted from annual financial statements and adopts a non-probability sampling technique. The outcomes of the statistical analysis manifest that both managerial and institutional ownership do not wield a substantial influence on corporate tax aggressiveness, and the size of KAP demonstrates negligible impact. Nevertheless, the audit tenure exhibits a markedly adverse effect, signifying that an elongated association with the auditor diminishes corporate tax aggressiveness. This research offers invaluable insights into the determinants of corporate tax aggressiveness in Indonesia and contributes to the body of knowledge by scrutinizing sectors that have received scant attention. Prospective research endeavors could delve into exploring additional variables that might impinge on corporate tax aggressiveness.

Keywords: Corporate Tax Aggressiveness, Managerial Ownership, Institutional Ownership, KAP Size, Auditor Tenure

INTRODUCTION

Tax revenue represents a pivotal revenue stream for nations. In Indonesia, taxes stand out as the foremost contributor to state revenue, constituting IDR 2,155.42 trillion or 77.69% of the total state revenue amounting to IDR 2,774.30 trillion as outlined in the 2023 State Budget (Kementerian Keuangan Republik Indonesia, 2023). This tax revenue assumes a critical role in bolstering social welfare schemes and national developmental initiatives.

The significance of taxation for the country is unquestionable. However, taxation is often seen as a financial burden for businesses since they are not the direct beneficiaries (Madah Marzuki & Muhammad Al-Amin, 2021). Enterprises possess the option to engage in lawful tax planning strategies. Conversely, managerial endeavors aimed at curbing corporate taxes through aggressive tax schemes are gradually gaining prevalence among businesses on a global scale (Lanis & Richardson, 2012).

Tax aggressiveness denotes the collaborative endeavors undertaken by corporate entities to curtail their tax obligations (Fuadah & Kalsum, 2021). Broadly speaking, tax aggressiveness exploits lacunae in tax statutes and norms (Antonetti & Anesa, 2017). It entails manipulating assessable income via tax planning, employing both legitimate and illegitimate means, thereby heightening the vulnerability of companies that espouse excessively aggressive tax methodologies (Frank et al., 2005).

An incident in Indonesia involved PT Sinar Pembangan Abadi, which was involved in tax violations in 2013. It was found that manipulation of steel sales transactions resulted in a 10 percent VAT underpayment to the state, leading to a state deficit of up to IDR 2.5 billion (Radar Mojokerto, 2022). This scenario is a clear example of the unethical tax aggressiveness that is rampant in Indonesia.

Indonesia has implemented a self-assessment mechanism in its tax framework, mandating companies to calculate their tax liabilities independently and report them to the authorities (Winataputra et al., 2016). This approach opens the door for companies to engage in tax aggressiveness, as evidenced by PT Sinar Pembangan Abadi's manipulation of steel sales to reduce VAT.

Managerial ownership emerges as a determinant influencing tax aggressiveness (Cabello et al., 2019; Madah Marzuki & Muhammad Al-Amin, 2021). Managerial ownership serves to exacerbate tax evasion practices (Qawqzeh, 2023). Corporate executives endowed with substantial authority may act to boost their personal well-being, even if it entails methods that detrimentally affect shareholder interests (Utami & Tahar, 2018). Conversely, (Pebriyanti et al., 2022; Utami & Tahar, 2018) contend that managerial ownership exerts no impact on tax aggressiveness.
Institutional ownership, conversely, plays a pivotal role in mitigating agency conflicts between managers and shareholders. Institutional investors with substantial shares typically exhibit reduced levels of tax aggressiveness (Azzahra Suhartonoputri & Mahmudi, 2022). Institutional ownership and boards positively affect ETR and CFTR, indicating a negative influence on tax evasion (Qawqzeh, 2023). In contrast, (Damayanti & Susanto, 2016) reported that institutional ownership does not impact tax aggressiveness.

The government aims to enhance tax compliance by utilizing Public Accounting Firms (KAP) in the audit process. In (Pratomo & Wibowo, 2024) as cited from (Agoes, 2017), KAP, certified entities providing financial statement audit services for companies, are a focal point of research on audit variables, including KAP size and audit tenure.
Previous studies have produced mixed results. While certain studies, such as (Hadaming & Apollo Daito, 2023) and (Kurnia et al., 2019), indicate that larger KAP size negatively impacts tax aggressiveness based on the assumption of superior audit quality and increased independence (Irfansyah et al., 2020; Prameswari & Budyastuti, 2023). In contrast, (Abduh et al., 2022; HASBI & Fitriyanto, 2021) suggest that KAP metrics do not influence tax aggressiveness.

Audit tenure represents the duration dedicated by the auditor to working with a particular entity. Findings from (HASBI & Fitriyanto, 2021; Lanis & Richardson, 2012) reveal that extended audit tenure shows a positive correlation with tax aggressiveness. Long-term associations can compromise auditor independence and promote tolerance towards aggressive tax practices. In contrast to the viewpoint presented by (Tandean & Carolina, 2022) suggesting a detrimental effect of audit tenure on tax aggressiveness.

In light of the impact of ownership structure and audit quality on corporate tax aggressiveness, this study endeavors to evaluate the repercussions of managerial ownership, institutional ownership, KAP magnitude, and audit tenure on corporate tax aggressiveness. What sets this study apart from antecedent inquiries is the utilization of more recent financial report data spanning from 2019 to 2023 and a focus on specific sectors, specifically real estate and property, healthcare, transportation, and industrial sectors. The import and contribution of this research lie in comprehending the impact of ownership and audit quality on corporate tax aggressiveness and in facilitating the formulation of apt strategies to mitigate aggressive tax practices.

LITERATURE REVIEW

Theory of Corporate Tax Aggressiveness

Agency theory is the primary framework for understanding corporate tax aggressiveness (Chen & Chu, 2005; Desai & Dharmapala, 2006). The theory elucidates the interplay between owners (principals) and managers (agents) within a corporation (Jensen & Meckling, 2009). In the context of tax aggressiveness, managers may use their authority

to engage in aggressive tax planning for personal gain, even if it is detrimental to shareholders. Tax aggressiveness allows managers to benefit from company resources through tax savings, but shareholders might also incur costs such as potential fines, reputational costs, and political costs (Slemrod, 2004). Companies with good governance typically have control mechanisms to prevent managers from acting opportunistically (Desai & Dharmapala, 2006). Conversely, companies with poor governance tend to lack such mechanisms, increasing the risk of tax aggressiveness.

Tax aggressiveness involves reducing taxable income through tax planning, whether through legal or illegal means (Fuadah & Kalsum, 2021). The apprehension is that involvement in tax aggressiveness might prompt management to act opportunistically, disregarding the company's long-term viability (Minnick & Noga, 2010). Profitability is an internal factor impacting corporate tax aggressiveness; higher profits in companies often lead to elevated tax burdens, indicating increased levels of tax aggressiveness (Erlina, 2021). Corporate culture also significantly affects tax aggressiveness; according to corporate culture theory, aggressive tax avoidance cannot be counterbalanced by corporate social responsibility initiatives (Pasko et al., 2023). Additionally, ownership structure, including managerial and institutional ownership, influences tax aggressiveness. In non-financial firms in Ghana, elements of corporate governance such as board size, gender diversity, and the presence of independent directors contribute to the rise of aggressive tax practices (Adela et al., 2023).

External factors, such as regulatory landscapes, competitive environments, and globalization, also play crucial roles. For example, regulations in the US insurance sector requiring managers to pay processing fees to access and integrate risk data reduce tax aggressiveness by increasing managers' awareness of non-tax risks (Krupa, 2024). Globalization demands rapid adaptation to changing conditions for businesses to maintain a competitive edge. This involves selecting appropriate strategies, having adequate resources, and analyzing the competitive environment (Pranata et al., 2021). Additionally, intense market competition between companies is a factor that drives high levels of tax aggressiveness (Callahan et al., 2023).

Given the risks associated with tax aggressiveness, companies must thoroughly assess the potential benefits and drawbacks before pursuing such strategies (Ramadani & Hartiyah, 2020). The negative impacts of aggressive tax practices by large multinational corporations can damage their reputations, indicating that a good reputation can inversely affect a company's level of tax aggressiveness (Baudot et al., 2020; Fuadah & Kalsum, 2021). Nonetheless, in the short run, tax aggressiveness can alleviate a company's tax burden as enhanced profits may incentivize companies to manipulate earnings to reduce tax payments (Husen & Waluyo, 2022).

Diverse methodologies have been devised to evaluate tax aggressiveness, encompassing measures like Effective Tax Rates (ETR), Book-tax Difference (BTD), and Cash Effective Tax Rate (CETR). Effective tax rates are determined by comparing income tax expenses to pre-tax earnings (Fuadah & Kalsum, 2021). Book-tax difference signifies the difference between accounting income and taxable income, whereas Cash effective tax rate gauges the total income tax payments made by a company relative to total pre-tax income (Yuniarti. Zs & Astuti, 2020).

Ownership Structure

One characteristic of the contemporary economic landscape is the separation between company proprietors and managers to optimize profits efficiently (Azzahra Suhartonoputri & Mahmudi, 2022). The ownership structure within companies generally includes institutional ownership, managerial ownership, and ownership by individuals or the public (Putra & Adhitya Agri Putra, 2021). There are two main groups in ownership structure: concentrated and dispersed. Concentrated ownership occurs when a significant portion of shares is held by a small group of individuals or entities that can control company

decisions, while dispersed ownership occurs when shares are evenly distributed among the public without significant dominance by a single owner (Azzahra Suhartonoputri & Mahmudi, 2022)

Managerial ownership denotes the possession of shares by the company's management actively engaged in decision-making (Wijaya, 2019). Agency theory lays the foundation for comprehending the correlation between managerial ownership and tax aggressiveness (Chen & Chu, 2005). In this context, managers serve as agents for the shareholders (principals), driven to maximize their personal benefits, potentially resorting to tax aggressiveness. Practices like transactional manipulation and fictitious invoice creation are frequently employed to diminish the company's tax burden (Desai & Dharmapala, 2006).

Institutional ownership, conversely, refers to the ownership of shares by institutional entities such as insurance companies, banks, investment firms, and other institutions (Rennath & Trisnawati, 2023). Institutional ownership is believed to correlate negatively with tax aggressiveness. Institutional investors usually maintain a longer investment horizon, prioritizing the long-term sustainability of the company over short-term gains (Harsana & Susanty, 2023). Strategies of tax aggressiveness that could tarnish the company's reputation and have adverse effects on stock value are generally disapproved by institutional investors (Abduh et al., 2022).

Audit Quality

Audit quality is crucial for maintaining public trust and is highly significant for information users as it serves as a basis for decision-making (Priyanti et al., 2023). Higher audit quality is more effective in detecting accounting fraud (Madah Marzuki & Muhammad Al-Amin, 2021). Audit quality can be assessed through the relationship with the size of Public Accounting Firms (KAP) (Handayati et al., 2022)and audit tenure with a company (HASBI & Fitriyanto, 2021).

Audit quality is often associated with the size of Public Accounting Firms (KAP). Large and renowned KAPs, such as the Big 4 (Deloitte, PwC, EY, and KPMG), are generally perceived to provide higher audit quality, resulting in more reliable outcomes compared to non-Big 4 KAPs (Handayati et al., 2022). According to Handayati et al. (2022), organizations audited by Big 4 auditors with specialized industry expertise show increased levels of social and environmental disclosure. This heightened disclosure enhances corporate reputation, leading to higher levels of corporate social responsibility (CSR) and transparency in reporting, which can mitigate tax aggressiveness. Furthermore, audit quality significantly impacts the level of tax aggressiveness (Salsabela & Andriani, 2023).

Audit tenure denotes the duration during which an auditing firm has conducted audits for a client (Pratomo & Wibowo, 2024). While longer audit tenure may lead to better understanding of client business operations (Tandean & Carolina, 2022), it also poses risks to auditor independence (HASBI & Fitriyanto, 2021). Prolonged tenure can foster a close relationship between auditor and client, potentially increasing tolerance towards tax aggressive practices and other managerial behaviors that compromise audit quality. In order to mitigate these risks, Indonesia has stipulated in Regulation OJK Number 9 of 2023, Article 8, that general audit services for an entity's financial statements can be rendered by a KAP for a maximum of five consecutive financial years (OJK, 2023).

HYPOTHESIS

Tax Aggressiveness and Managerial Ownership

Research based on empirical evidence indicates a positive association between managerial ownership and tax aggressiveness. For example, (Cabello et al., 2019) observed that companies in Brazil with higher managerial ownership tend to participate in

more aggressive tax avoidance strategies. Likewise, (Madah Marzuki & Muhammad Al-Amin, 2021) scrutinized companies in Thailand and determined that increased levels of managerial ownership are linked to higher levels of tax aggressiveness.
H1. There is a positive influence between managerial ownership and tax aggressiveness

Tax Aggressiveness and Institutional Ownership
Numerous empirical studies lend support to this assertion. discovered that higher institutional ownership is correlated with reduced levels of tax aggressiveness. Similar findings were presented by (Qawqzeh, 2023) in their investigation focusing on Jordanian firms.
H2. There is a negative influence between institutional ownership and tax aggressiveness

Tax Aggressiveness and KAP Size
Some studies suggest a negative relationship between KAP size and tax aggressiveness. For instance, a study by (Hadaming & Apollo Daito, 2023) revealed that companies audited by large KAPs in Indonesia exhibit lower levels of tax aggressiveness. Comparable results were outlined by (Kurnia et al., 2019) in their study.
H3. There is a negative influence between KAP size and tax aggressiveness.

Tax Aggressiveness and Audit Tenure
The duration of the audit tenure between a KAP and a client firm poses a risk to auditor independence and may promote acceptance of tax aggressive practices. Empirical studies on the correlation between audit tenure and tax aggressiveness, like the research conducted by (HASBI & Fitriyanto, 2021) , have identified a positive relationship between prolonged audit tenure and tax aggressiveness.
H4. There is a positive influence between audit tenure and tax aggressiveness

METHODS

This study utilizes a causal research design to investigate the causal relationships between independent variables (managerial ownership, institutional ownership, KAP size, and audit tenure) and the dependent variable (tax aggressiveness) in specific sectors such as real estate and property, healthcare, transportation, and industrial companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The selection of these sectors is based on extensive prior research in manufacturing, mining, and consumption sectors.

The data utilized in this study is secondary data obtained from reliable and publicly accessible sources. Specifically, the annual financial statements of real estate and property companies listed on the IDX from 2019 to 2023 were retrieved from the official IDX website (https://www.idx.us/). A non-probability sampling method was employed, taking into account specific criteria,

Table 1. Research Sample Details

No	Description	Quantity
1	Real estate and property companies listed on IDX during the period 2019-2023	92
2	Healthcare companies listed on IDX during the period 2019-2023	33
3	Transportation companies listed on IDX during the period 2019-2023	37
4	Industrial companies listed on IDX during the period 2019-2023	66
5	Companies experiencing losses during the period 2019-2023	(88)

No	Description	Quantity
6	Companies not issuing financial statements consecutively during the period 2019-2023	(89)
Total companies sampled		51
Observation Period		5
Total data during the research period		255

Source: Processed Data (2024)

To analyze the causal relationships between variables, Structural Equation Modeling (SEM) was conducted using SmartPLS 4.0 software. SmartPLS was chosen due to its ability to handle intricate data and elucidate the influence of each indicator on the dependent variable (Hair et al., 2021).

The Measurement of Variables

The Dependent Variable

Tax aggressiveness was assessed using the Effective Tax Rate (Fuadah & Kalsum, 2021) with the prescribed formula (1):

$$\text{Effective Tax Rate} = \frac{\text{Income Tax Expense}}{\text{Income Before Income Tax}}$$

The Independent Variable

Managerial Ownership (MANOWN) pertains to the equity held by the leadership team, encompassing both the board of directors and commissioners, within an organization. This form of ownership is assessed utilizing a ratio scale, reflecting the proportion of shares under management's control out of the total outstanding shares. The method for determining managerial ownership, as suggested by (Harsana & Susanty, 2023), can be articulated as follows (2):

$$\text{Managerial Ownership} = \frac{\text{Number of Managerial Shares}}{\text{Total Shares Outstanding}}$$

Institutional Ownership, this is determined using a proxy identified by (Azzahra Suhartonoputri & Mahmudi, 2022) (Formula 3):

$$\text{Institutional Ownership} = \frac{\text{Number of Institutional Shares}}{\text{Total Shares Outstanding}}$$

Based on previous research, audit quality is measured using a dichotomous variable (having only two values). In this study, audit quality is represented by the presence of an auditor from a Big Four firm (Hadaming & Apollo Daito, 2023; Kurnia et al., 2019). Hence, the assessment of audit quality is predicated on the subsequent metric: this parameter is assigned a value of 1 if the firm undergoes auditing by one of the Big Four firms, and 0 if it does not. The Big Four firms encompass Ernst & Young, KPMG, Deloitte, and PWC.

Audit Tenure, this indicates how long the same auditor has been consecutively used to audit the company (HASBI & Fitriyanto, 2021). The value of this variable is 1 in the first year the auditor is used. It increases by 1 each subsequent year if the same auditor is still used.

RESULTS

The exploration conducted in this research delves into the impact of various factors such as audit firm magnitude, audit duration, managerial ownership, and institutional ownership on tax aggressiveness. The scrutiny was carried out on the annual reports of specific sectors namely real estate, healthcare, transportation, and industrial enterprises enlisted on the Indonesia Stock Exchange spanning from 2019 to 2023. The data selection for this investigation was executed utilizing a methodology recognized as "purposeful sampling". Companies that regularly disclosed their financial statements and did not incur losses in their annual reports during the study period (2019-2023)

constituted the research sample. A total of 288 samples were initially selected, and 177 were identified as outliers. The final total number of samples used in this study, after excluding outlier data, was 51 samples, with a total of 255 sample data over 5 years.

Table 2. Validity Test

Subject	Audit Tenure	Institutional Ownership	KAP Size	Manajerial Ownership
Audit Tenure	0,8478			
Institutional Ownership	-0,0504	0,9301		
KAP Size	0,2048	-0,1139	1,0000	
Manajerial Ownership	0,0023	-0,6983	-0,0660	0,9614
Tax Aggressiveness	-0,4112	-0,1383	0,1007	0,1362

Source: Processed Data (2024)

As inferred from the data in the aforementioned table, it is observable that the square root of AVE values for audit tenure (0.848), institutional ownership (0.930), KAP size (1.000), and managerial ownership (0.961) are greater than the correlations of each construct. The analysis results indicate that there are no issues with discriminant validity.

Table 3. Reliability Test

Subject	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Audit Tenure	0,6915	1,5477	0,8325	0,7188
Institutional Ownership	0,9829	0,7755	0,9696	0,8652
KAP Size	1,0000	1,0000	1,0000	1,0000
Manajerial Ownership	0,9787	0,9942	0,9838	0,9244
Tax Aggressiveness	0,7234	0,7366	0,7819	0,4313

Source: Processed Data (2024)

As illustrated in Table 3, all constructs exhibit Composite Reliability and Cronbach's Alpha values surpassing 0.7, with the exception of the Cronbach's Alpha associated with audit tenure. This indicates reliability/unidimensionality issues with the audit tenure model. Additionally, the AVE values for each construct are above 0.5, except for tax aggressiveness, indicating a convergent validity issue with the tax aggressiveness model.

Table 4. Coefficient of Determination

Subject	R Square
Tax Aggressiveness	0,2296

Source: Processed Data (2024)

As denoted in Table 4, the R-Square value amounts to 0.23 (23%), signifying that the autonomous variables managerial ownership, institutional ownership, KAP size, and audit tenure elucidate 23% of the variability in the reliant variable, tax aggressiveness. The residual 77% is influenced by other factors not encompassed in this study.

Table 5. Hypothesis Test

Subject	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	TStatistics (|O/STDEV|)	P Values
Audit Tenure > Tax Aggressiveness	-0,4543	-0,3904	0,2302	1,9733	0,0490
Institutional Ownership > Tax Aggressiveness	-0,0674	0,0968	0,2529	0,2665	0,7900
KAP Size > Tax Aggressiveness	0,1929	0,2805	0,1552	1,2426	0,2146
Manajerial Ownership > Tax Aggressiveness	0,1029	0,2458	0,2007	0,5129	0,6083

Source: Processed Data (2024)

Influence of Managerial Ownership on Tax Aggressiveness

The current examination denotes an absence of managerial ownership's influence on tax aggressiveness, buttressed by a p-value of 0.6083 ($p > 0.005$). Consequently, the original hypothesis (H1) is refuted. This outcome resonates with the investigations conducted by (Pebriyanti et al., 2022) and (Utami & Tahar, 2018), demonstrating the ineffectiveness of managerial ownership on tax aggressiveness. Conversely, these findings contradict the inquiries by (Cabello et al., 2019) and (Madah Marzuki & Muhammad Al-Amin, 2021), which identified a substantial impact of managerial ownership on tax aggressiveness. The discrepancy can be attributed to the fact that major shareholders in a company are usually domestic entities, resulting in a relatively small portion of managerial share ownership. Consequently, companies tend to avoid risky behavior that could tarnish their reputation, including issues related to tax obligations. Essentially, managerial share ownership does not influence tax aggressiveness practices.

Influence of Institutional Ownership on Tax Aggressiveness

The findings unveil a lack of impact of institutional ownership on tax aggressiveness, as indicated by a p-value of 0.7900 ($p > 0.005$). Consequently, the second hypothesis (H2) is invalidated. This result is in concordance with the analysis by (Damayanti & Susanto, 2016), asserting that institutional ownership has no bearing on tax aggressiveness. Nevertheless, these results diverge from the findings of (Azzahra Suhartonoputri & Mahmudi, 2022) and (Qawqzeh, 2023), which highlighted a significant influence of institutional ownership on tax aggressiveness. Institutional ownership pertains to shares held by entities like governments, insurance companies, foreign investors, or financial institutions, excluding individual ownership. Despite these entities' involvement in overseeing and managing the organization, they typically delegate such responsibilities to the board of commissioners. Nonetheless, the presence or absence of institutional ownership in an entity does not necessarily diminish the likelihood of tax aggressiveness.

Influence of KAP Size on Tax Aggressiveness

The examination illustrates that the size of Public Accounting Firms (KAP size) does not influence tax aggressiveness, with a p-value of 0.2146 ($p > 0.005$). Consequently, the third hypothesis (H3) is invalid. These findings resonate with the research by (Abduh et al., 2022) and (HASBI & Fitriyanto, 2021), which indicated that KAP size does not impact tax aggressiveness. Conversely, these outcomes are at odds with the investigations conducted by (Hadaming & Apollo Daito, 2023) and (Kurnia et al., 2019), which unveiled a substantial impact of KAP size on tax aggressiveness. This scenario can be explained

by the quality control standards set by the Indonesian Public Accountants Professional Standards Board (Abduh et al., 2022).

Influence of Audit Tenure on Tax Aggressiveness

The rejection of the fourth hypothesis (H4) concerning audit tenure was evident within the scope of this investigation. A negative correlation between auditor tenure (audit tenure) and tax aggressiveness was established, leading to a calculated p-value of 0.0490 ($p > 0.005$). These findings are consistent with the research conducted by (Tandean & Carolina, 2022), which highlighted the detrimental influence of auditor tenure on tax aggressiveness. Conversely, these results contradict the research by (HASBI & Fitriyanto, 2021), which identified a positive correlation between auditor tenure and tax aggressiveness. Auditors who maintain enduring associations with a firm exhibit enhanced comprehension of the company's functions and financial protocols, thereby aiding in the recognition of potentially aggressive tax approaches. Additionally, auditors with longer audit relationships are less likely to engage in unethical behavior, such as overlooking aggressive tax-saving approaches, due to the risks posed to their reputation. Companies maintaining long-term audit relationships with the same auditor may exhibit higher compliance with tax laws to uphold beneficial relationships with auditors.

CONCLUSION

This research deduces that both managerial ownership and institutional ownership lack a substantial impact on corporate tax aggressiveness, underscoring that the motivations of these stakeholders are not inherently inclined towards aggressive tax tactics. Correspondingly, the magnitude of the Public Accounting Firm (KAP) does not sway tax aggressiveness. However, auditor tenure demonstrates a negative influence on tax aggressiveness, suggesting that longer auditor-client relationships foster better understanding and cooperation, leading to more conservative tax planning and enhanced compliance. The limitations of this study include its focus on specific sectors, thereby neglecting other sectors that might exhibit different dynamics. Future research should explore additional factors influencing tax aggressiveness, such as regulatory changes and economic conditions, to provide a more comprehensive understanding and promote responsible tax practices.

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