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INDONESIA'S TAX LANDSCAPE: UNVEILING CBCR AND TAX HAVENS WITH INSTITUSIONAL OWNERSHIP

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Abstrak: Penelitian ini menganalisis pengaruh Country by Country Reporting (CbCR) dan penggunaan tax havens terhadap praktik penghindaran pajak dengan mempertimbangkan dampak moderasi kepemilikan institusional. Menggunakan sampel 140 perusahaan di Indonesia yang tercatat di Bursa Efek Indonesia (BEI) selama periode 2013-2022, studi ini mengaplikasikan teknik purposive sampling dan data dianalisis menggunakan perangkat lunak Eviews 13. Hasil penelitian menunjukkan bahwa implementasi CbCR efektif dalam menekan praktik penghindaran pajak. sebaliknya, tax havens tidak memberikan dampak signifikan terhadap upaya menghindari pajak. Kepemilikan institusional dapat memoderasi pengaruh CbCR dengan melemahkan hubungan CbCR dan penghindaran pajak. meskipun demikian, kepemilikan institusional tidak memiliki efek moderasi terhadap pengaruh tax havens terhadap praktik penghindaran pajak. penelitian ini memberikan pemahaman yang lebih menalam tentang peran CbCR, tax havens, dan kepemilikan institusional dalam konteks penghindaran pajak di Indonesia. Implikasi praktisnya melibatkan perluasan kebijakan CbCR untuk meningkatkan transparansi perusahaan dan perluasan literatur mengenai aspek moderasi yang berimplikasi pada praktik perpajakan di tingkat perusahaan di Indonesia.
Kata kunci: *country-by-country-reporting,* kepemilikan institusional, penghindaran pajak*, tax havens*

***Abstract**. This study examines the effects of country-by-country reporting (CbCR) and the utilization of tax havens on tax avoidance strategies while taking into account the moderating effect of institutional ownership. This study employs purposive sampling techniques to evaluate data from 140 businesses listed on the Indonesia Stock Exchange (IDX) in Indonesia from 2013 to 2022. The data analysis is conducted using Eviews 13 software. The research findings suggest that the adoption of CbCR is successful in mitigating tax avoidance strategies. Conversely, tax havens have a negligible effect on tax avoidance. Institutional ownership has the ability to minimize the impact of CbCR by diminishing the correlation between CbCR and tax*

avoidance. Nevertheless, the presence of institutional ownership does not mitigate the effect of tax havens on the adoption of tax avoidance strategies. This study enhances comprehension regarding the functions of CbCR, tax havens, and institutional ownership in relation to tax avoidance in Indonesia. The practical ramifications of this study include the implementation of CbCR policies to improve corporate transparency and the exploration of various factors that influence tax procedures at the company level in Indonesia.
Keywords: country-by-country-reporting, institutional ownership, tax avoidance, tax havens.

INTRODUCTION

The tax industry continues to be a major source of funding for the state (Haztania & Lestari, 2023). However, data from the Organization for Economic Cooperation and Development (OECD) indicates that, over the previous five years, Indonesian tax rates have averaged between 10% and 12%, making them the lowest in the Asia-Pacific area and much lower than the average of 34.1% for the OECD (OECD, 2023). The government has been working hard to increase tax receipts but still faces many obstacles, including tax avoidance. Tax avoidance is a legal practice that involves taking advantage of gaps or inconsistencies in a country's tax laws in order to minimize tax liability (Abdani, 2020). The extent to which the benefits that can be obtained from tax avoidance, when compared to the costs and risks that the taxpayer must bear, can influence their decisions (Damayanti & Prastiwi, 2017). Differences of interest between corporate management and the government also trigger attempts to avoid taxes. Governments are interested in obtaining significant and sustainable tax receipts, while companies tend to see taxes as a burden that can reduce corporate net profits (Istiqfarosita & Abdani, 2022).

Watts & Zimmerman (1986) note that taxes can be regarded as part of political costs that can affect corporate profits. This affects management behavior, which tends to be opportunistic in setting corporate accounting policies with the aim of reducing the amount of tax payable by a company. In order to avoid taxes, management often makes adjustments to accrual profits, real profits, and tax management. Companies can also implement opportunistic actions, such as transfer pricing, involving the transfer of corporate profit or burden to jurisdictions with lower or higher tax rates (Wulandari, 2022). Tax avoidance is a widespread issue, not only in Indonesia but also globally. A report by the Tax Justice Network stated that global tax abuses resulted in US$480 billion in annual tax revenues for countries, with US$311 billion contributed from multinational corporate tax avoidance activities (Tax Justice Network, 2023).

In 2017, the US-based technology company Google utilized shell companies in the Netherlands and Bermuda to avoid taxes amounting to 19.9 billion Euros (equivalent to US$22.7 billion or approximately Rp. 327 trillion) (Sebayang, 2019). Apple also engaged in tax avoidance practices by relocating its operations to countries with tax protections (Marsela, 2016). In 2019, PT Adaro Energi Tbk participated in tax avoidance practices through transfer pricing, where income and profits were transferred to a subsidiary located in Singapore, namely Coltrade Service Internasional, which is tax-free and has a low tax rate (Wareza, 2019). PT Bentoel International Investama also employed transfer pricing methods to transfer profits through intra-company loans in the Netherlands and payments for royalties, expenses, and services in the UK (Prima, 2019). Furthermore, PT Toyota Motor Manufacturing Indonesia faced transfer pricing issues in transactions selling to affiliated entities in Singapore with amounts exceeding

discrepancies and business obligations (Idris, 2013). Each of these cases exhibits a common pattern, characterized by the practice of transfer pricing and the utilization of tax havens.

Tax havens refer to jurisdictions that apply low or zero tax rates and offer data confidentiality to companies operating in their jurisdiction (Bucovetsky, 2014; Merle et al., 2019). As a result, the country provides an opportunity for companies to avoid paying excessive taxes. The state's tax protection is closely linked to transfer pricing. Companies transfer profits to jurisdictions at a smaller rate to squeeze the tax charges owed. Taylor & Richardson (2012a) revealed that tax haven utilization is often combined with transfer pricing to look for tax avoidance opportunities, where transfer pricing and tax haven have an effect on tax avoidance practices. Dharmawan et al. (2017), Damayanti & Prastiwi (2017) and Wijaya & Rahayu (2021) revealed different results. It was revealed that the use of tax havens had no impact on tax avoidance.

OECD (2013) notes that transfer pricing practices have emerged as the main scheme for carrying out profit transfer procedures. Now, multinational corporations (MNCs) are involved in more than 60% of all global transactions. The OECD and the G-20 countries have launched a series of 15 BEPS Action Plans aimed at combating tax avoidance measures used by multinationals. As one step, Indonesia has implemented CbCR as a form of compliance with BEPS Action Plan 13. The Director General's Tax Regulations No. 29/PJ/2017 on country-by-country reporting management measures and the Finance Minister's Regulation No. 213/PMK.03/2016 on transfer pricing documents both regulate CbCR. According to empirical evidence from a study by Chang & Huang (2017), government regulations have a big impact on how businesses comply with tax laws. The implementation of the General Anti-Avoidance Rule (GAAR) by the Chinese government is seen as a crucial moment in tax reform, and GAAR succeeds in reducing tax avoidance practices (Taylor & Richardson, 2012b). Research by Kurniasih et al. (2023) and Kurniawan & Saputra (2020) suggests that the application of CbCR can be effective in suppressing tax avoidance efforts.

Another factor that can influence tax avoidance is institutional ownership. Institutional ownership plays a role in overseeing the performance of corporate management, whereas institutionalized ownership can pressure managers to behave opportunistically (Manihuruk & Novita, 2022). Wijaya & Rahayu (2021) mention that with a high ratio of institutional ownership in the business, the rate of tax avoidance efforts is low. Noviyani & Muid (2019), in their study, explain that institutional property can affect the practice of corporate tax avoidance. It is supported by research from Wijaya & Rahayu (2021) and Manihuruk & Novita (2022).

Given the reasoning above, the researchers identified a study opportunity. The researchers aim to examine the influence of country-by-country reporting (CbCR) and tax havens on attempts to dodge taxes while considering institutional ownership as a moderating factor. The study seeks to validate the findings by analyzing the most recent financial data, considering the substantial annual alterations in the business and tax environment. The novelty of this study resides in its utilization of institutional ownership characteristics as moderators and CbCR variables, which are currently underexplored in Indonesia due to limited awareness and comprehension of CbCR among taxpayers. Moreover, the study specifically examines all existing firms in Indonesia, a nation that is highly sought after for investment due to its expansive market size and abundant labor force.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Possitive Accounting Theory

The notion of positive accounting states that prior to executing any action, one must ascertain its goal (Januarti, 2004). According to Watts & Zimmerman (1986), there are a number of hypotheses that make up the positive accounting theory: The Bonus Hypothesis Plan lets business managers use a strategy to smooth out their income while also taking into account the principle of agency, which is about the relationship between owners and managers; The Debt Convention Hypothesis says that managers of companies often choose to use accounting methods that allow the recognition of future profits to be pushed forward to the present in order to increase their debt ratio. The existence of this theory shows an agency link between creditors and management. Thirdly, the theory of the political process.

As Aryotama & Firmansyah (2020) pointed out, tax motives are one of the reasons why businesses engage in accounting. In order to limit the wealth that corporations can keep, governments impose several forms of taxation. According to Wulandari, (2022), managers have the power to set accounting rules that can impact current period profits, either by reducing them or delaying them. To avoid taxes, management will implement an accrual profit policy, rill profit, and tax management. The corporation takes advantage of loopholes in the tax system by engaging in transfer pricing, which involves shifting the company's income to a country with a lower or higher tax rate or a tax avoidance scheme.

Deterance Theory

The paradigmatic analysis of the pros, cons, and dangers of each potential action is what drives a person's behavior decisions (Syakura, 2009). Everyone involved in making a decision will consider these three things: the potential gains, the potential losses, and the expenses and dangers (Damayanti & Prastiwi, 2017). This theory describes that the compliance of taxpayers with paying taxes is at odds with their judgment of public service, fair tax policies, and the development benefits they get as a result of tax payments. Syakura (2009) argues that taxpayers trust tax authorities to deliver top-notch public services, promote positive growth, and establish equitable policies that boost taxpayer confidence. As a result, there will be an indirect uptick in its aspiration to fulfill its tax obligations.

Within the framework of this idea, a taxpayer's endeavor to avoid taxes is deemed disproportionate when the benefits gained are compared to the expenditures and dangers incurred. A taxpayer often seeks to evade taxes when the advantages of such avoidance (the amount not paid) outweigh the potential expenses that may be incurred if the avoidance is discovered (including taxes and penalties), as well as the likelihood of detection (Doran, 2009).

CbCR And Tax Avoidance

Concerns regarding BEPS issues and corporate scandals motivate governments to strengthen surveillance by implementing rules (Jiménez-Angueira, 2018). Chang & Huang (2017), Jiménez-Angueira (2018), Leung et al. (2019) and Moore (2012) conducted research that demonstrates the crucial role of government rules in constraining corporate dysfunctional behavior and compelling corporations to prioritize tax compliance. Furthermore, a study by Sikka & Willmott (2010), Garcia-Bernardo et al. (2021) and Joshi (2020) highlights the importance of tax reporting in public policies and the transparency it presents throughout the process of reducing tax avoidance. It refers to the fact that documentation is a crucial consideration when addressing tax avoidance. The OECD’s BEPS Action Plan also recognizes the significance of transfer pricing

documentation regulations in enhancing transparency. These rules require multinationals to provide global economic operations to governments in a specific format (OECD, 2013). Tax avoidance by multinational corporations in Indonesia has become one of the main problems to be solved. Increased government surveillance that can improve risk detection, arrests, and punishment should lessen these dysfunctional phenomena.

A recent study by Leung et al. (2019) demonstrated that the implementation of the General Anti-Dodgeance Rule (GAAR) had a substantial impact on curbing corporate tax avoidance in China. In line with what was proposed by Dharmapala & Riedel (2013), investigate whether particular legal obstacles, such as transfer pricing rules, can deter tax avoidance. Kurniasih et al. (2023) and Kurniawan & Saputra (2020) found that the risk of tax avoidance was lower when the Finance Minister's Regulation No. 213/PMK.03/2016 about transfer pricing documents and the Tax Director General's Rules No. 29/PJ/2017 about country-by-country reporting management measures were in place. Then the hypothesis can be articulated in the following manner:
H_1: CbCR has a significant impact on tax avoidance.

Tax Havens And Tax Avoidance

A study by Taylor & Richardson (2012a) revealed that the state's use of tax shields tends to exploit tax avoidance opportunities. A tax haven is a jurisdiction that provides the facility to minimize tax debt in other jurisdictions to this jurisdiction through the transfer of profits from large tax jurisdictions to small tax jurisdictions (Tax Justice Network, 2023). Tax haven attempts are usually achieved through the formation of legal entities such as trusts or shell companies, which refer to entities that exist only in documents without the presence of operational offices. This creation aims to help shift the tax burden from origin jurisdictions that have high tax rates to jurisdictions with smaller taxes, especially those categorized as tax havens (Jalan & Vaidyanathan, 2017).

From an investor's standpoint, the utilization of tax protection jurisdiction is regarded as a significant benefit since it can lead to higher profits due to their exemption from tax obligations. Utilizing tax haven jurisdictions can yield huge benefits by significantly decreasing the corporate tax burden (Ayuningtyas & Pratiwi, 2022; Garcia-Bernardo et al., 2021; Kurniasih et al., 2022). Companies associated with tax havens exhibit a greater propensity for engaging in tax avoidance (Kurniasih et al., 2023). Consequently, there will be a decrease in state tax revenues within the corporate jurisdiction. Subsequently, the hypothesis can be articulated in the following manner:
H_2: Tax havens has a significant impact on tax avoidance.

The Role Of Institutional Ownership A Moderation

The role of institutional ownership involves controlling management behavior in a company, where institutional property has the capacity to oversee and control managers so as to prevent actions that only benefit themselves (Wijaya & Rahayu, 2021). Research by Noviyani & Muid (2019), Wijaya & Rahayu, (2021), and Manihuruk & Novita (2022) shows that institutional proprietorship significantly suppresses tax avoidance practices. In its role as a supervisor, institutional properties can monitor managers to prevent opportunistic behavior, force managers into compliance with applicable regulations, and avoid anarchist actions in tax avoidance. With the high ratio of institutional ownership, companies tend to be cautious when implementing tax avoidance practices to maintain their reputation in the market. Institutional ownership refers to business investments in the form of shares of entities such as the government, investment firms, insurance companies, banks, trust funds, foreign institutions, and other institutions. In other words, institutionalized ownership includes shares owned by corporate investors (Manihuruk & Novita, 2022).

Subsequently, the hypothesis can be articulated in the following manner:
H_3: Institutional ownership can moderate the influence of CbCR on tax avoidance.
H_4: Institutional ownership can moderate the influence of tax havens on tax avoidance.

Based on the development of the hypothesis, a conceptual framework can be prepared as follows.

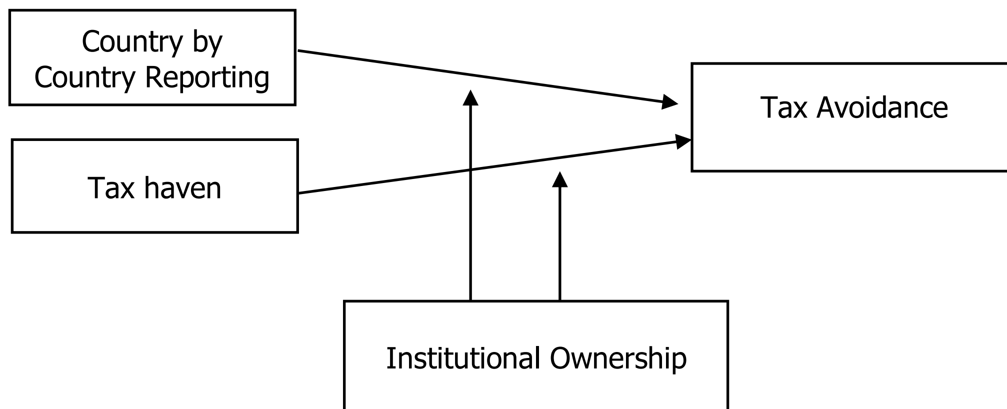

Figure 1. The Hypothesized Framework

RESEARCH METHODS

The population that is the focus of this research covers all the business sectors operating in Indonesia. The samples used in this study consist of Indonesian companies that meet the requirements of the sample research conducted through purposive sampling. In the following table, describe the criteria for the selection of sample studies in detail.

Table 1. Standards for a Company's Sample

Sample Criteria	Total
Indonesian enterprises that are included in the roster of the Indonesia Stock Exchange	890
Indonesian corporations had losses in their financial statements from 2013 to 2022	(750)
The number of samples chosen in its entirety	140
Duration of research	10
Research samples as a whole (140x10)	1400

The tax havens and CbCR serve as the independent variables in this study, while institutional ownership acts as a moderator and tax avoidance is the dependent variable. The table below provides a detailed overview of the variables, their respective measures, and their sources.

Table 2. Interpretation of Variable Operational

Variable	Interpretation	Measurement
Country by Country Reporting	A document pertaining to transfer price (Kurniawan & Saputra, 2020)	Dummy variable, where 1 is 2016 and later years after the rule is released and 0 is otherwise
Tax havens	Countries that allow for more leeway in tax policy or have relatively low tax rates (Kurniasih et al., 2022)	With a dummy variable, score one if the company's subsidiary or parent entity is on a tax-protected countries list and zero otherwise.

Variable	Interpretation	Measurement
Institutional Ownership	The amount of stock that the company or institution has on hand (Wijaya & Rahayu, 2021).	$\text{Institusional Ownership} = \frac{\text{The amount of the institution's shares}}{\text{Number of Shares in Trade}}$
Tax Avoidance	An endeavor to reduce tax liabilities while adhering to legal boundaries (Kurniasih et al., 2023)	$\text{Book Tax Differences} = \frac{(\text{Pre tax income} - \text{taxable income})}{\text{Total Assets}}$

This research employs panel data analysis approaches with the Eviews 13 application. For data analysis, the following techniques will be used: descriptive statistics, model selection tests such as Chow tests, Hausman tests, and Lagrange multipliers, hypothetical testing, moderated regression analysis, and classical assumption tests if deemed essential. The regression equation is defined as follows:

$$BTD = \alpha + x1CbCR + x2TH + x3IO.CbCR + x4IO.TH + c$$

RESEARCH RESULTS AND DISCUSSION

Table 3. Descriptive Statistics

Variables	Mean	Median	Minimum	Maximum	Std. Dev	N
BTD	0.093575	0.066784	-0.00137	1.293086	0.097375	1400
CbCR	0.700000	1.000000	0.000000	1.000000	0.458421	1400
TH	0.463571	0.000000	0.000000	1.000000	0.498849	1400
IO	0.672284	0.665361	0.000000	1.000000	0.198698	1400

The provided table depicts the data distribution in this investigation. The data reveals that the tax avoidance variable, as assessed by the BTD proxy, the ranges of values is -0.001366 to 1.293086. The average value is 0.093575, with a standard deviation of 0.097375. The data suggests that the tax avoidance measures implemented by corporations in Indonesia amount to around 9.35%. The CbCR variable, a dummy indicator, ranges from 0.0000 to 1.0000, with an average value of approximately 0.700000 and a standard deviation of 0.458421. Indications point to the fact that almost 70% of enterprises in Indonesia have successfully incorporated country-by-country reporting (CbCR) into their operations. The dummy variable assessing the tax havens variable ranges from 0.000000 to 1.000000. Its average is approximately 0.463571, with a standard deviation of 0.498849. Approximately 46.35% of enterprises in Indonesia employ tax haven plans as a means of avoiding taxes. In addition, the institutional ownership variable exhibits a data distribution ranging from 0.000000 to 1.000000. The average value is approximately 0.672284, with a standard deviation of 0.198698. Institutions or organizations possess approximately 67.22% of firm shares in Indonesia. The variables of CbCR and institutional ownership display significant data variability, whereas the variables of tax avoidance and tax havens demonstrate relatively minor data variability.

Prior to commencing hypothesis testing, it is imperative to evaluate the model in order to select the most suitable testing model from the options of the common effect model, fixed effect model, and random effect model. The process of determining the optimal model is conducted using the Chow test, Hausman test, and Lagrange multiplier test. The testing led to identify the most suitable study model yielded the following findings.

Table 4. Model Estimation

Model Estimation Test	Cross-section Chi-Square	Result
Chow Test	0.0000	Fixed Effect Model
Hausman Test	1.0000	Random Effect Model

Based on the data provided in the table, the chow test was conducted to compare CEM and FEM results in a cross-section chi-square value of 0.0000, which is less than 0.05. Consequently, according to the results of the Chow test, the selected model is FEM. Subsequently, a seamless examination is conducted to juxtapose FEM with REM. The Hausman test results indicate that the probability value of the cross-section is 1,0000, which exceeds the threshold of 0.05. Therefore, the most appropriate research model is REM. The Random Effects method, which utilizes the Generalized Least Squares (GLS) technique, fulfills the classical assumptions, hence eliminating the need for classical assumption testing (Gujarati & Porter, 2010).

Table 5. The Test Result of the t-Test Hypothesis

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	0.058533	0.013982	4.186421	0.0000
CBCR	-0.010147	0.003550	-2.858599	0.0043
TH	-0.014589	0.008815	-1.654994	0.0982

Based on the test findings presented in the table above, it may be inferred that H1 is supported. This is apparent from the probability value of CbCR, which is 0.0043, indicating that it is below the 5% significance level. Additionally, the t-statistic for CbCR is -2.858599. Implementing Country-by-Country Reporting in Indonesia can effectively diminish corporations' attempts to evade taxes, aligning with the perspectives of (Garcia-Bernardo et al., 2021; Joshi, 2020; Kurniasih et al., 2023; Kurniawan & Saputra, 2020). The adoption of CbCR in Indonesia is a subsequent measure in response to Action Plan BEPS No. 13, with the objective of enhancing transparency in the realm of taxation. CbCR mandates firms to divulge comprehensive tax data in every jurisdiction, including Indonesia. The increased transparency makes it more challenging to execute tax avoidance strategies, such as transfer pricing or profit shifting to low-tax jurisdictions, without drawing scrutiny from the Indonesian government and tax authorities. This transparency can mitigate the potential for firms to abuse tax loopholes that may adversely impact tax income in Indonesia.

By implementing Country-by-Country Reporting, the government is able to obtain a wider range of tax data on a worldwide level. This can bolster the government's ability to oversee tax avoidance tactics and detect potential tax infractions. Enhanced oversight acts as an impediment for corporations intending to dodge taxes. Positive accounting theory focuses on the objective of maximizing profits and minimizing costs, which also takes into account the potential danger to reputation. Country-by-Country Reporting can serve as a powerful incentive for firms to curtail their tax avoidance strategies, which have the potential to harm the company's public perception and standing. Hence, within the framework of positive accounting theory, country-by-country reporting has the potential to incentivize corporations to adopt less aggressive tax planning tactics.

The empirical findings on tax havens do not corroborate the initially postulated hypothesis; specifically, tax havens do not exert any influence on the endeavors to engage in tax avoidance in Indonesia. The test findings indicate that the probability value

for tax havens is 0.0982, which exceeds the threshold of 0.05. This finding aligns with prior studies conducted by Dharmawan et al. (2017), Damayanti & Prastiwi (2017), and Wijaya & Rahayu (2021). However, it contradicts the findings of (Ayuningtyas & Pratiwi, 2022; Garcia-Bernardo et al., 2021; Kurniasih et al., 2022). Regarding tax avoidance, firms typically comply with legal processes and rules aimed at reducing the company's tax liability. Companies may utilize tax haven methods to optimize profitability by exploiting the opportunities offered by tax havens to minimize their tax responsibilities. Regulatory limits and the risk to the company's reputation can also influence corporate behavior, according to accounting theories. The deterrence theory further explains that the prospect of penalties and legal repercussions can influence company conduct.

The implementation of international legislation and the enhancement of international cooperation in information exchange operate as deterrents that can reduce the appeal of tax havens as a means of tax avoidance. The OECD enforces rigorous sanctions on tax-haven nations that refuse to adhere to and enforce international tax agreement norms. G-20 members apply significant pressure on nations that decline to collaborate in sharing tax information, employing stringent punishments such as exclusion from membership in the World Bank and International Monetary Fund (IMF). The enforcement of these stringent sanctions has ramifications for numerous tax haven nations as they modify their tax legislation, curbing the practice of tax avoidance by transferring revenue to tax haven countries.

The majority of countries that serve as tax havens have made a commitment to sharing tax information and promoting transparency in tax data between nations. The 15 BEPS Action Plans address tax avoidance by multinational corporations and include this commitment. As a result, this prompts companies to reassess their tax strategy. Domestic regulatory authorities also supervise tax-haven nations, in addition to international entities. One method of supervision involves the filing of country-by-country reporting (CbCR) and the special Annex 3A-2 Annual Tax Return of Companies, which includes declarations of transactions with entities from tax haven nations. Companies aiming to optimize long-term profitability and mitigate risks are more inclined to implement tax methods that align with both legal and ethical standards.

Table 6. The Result of the Moderated Regression Analysis Test

Variabel	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.051644	0.016423	3.144581	0.0017
CBCR	0.017349	0.012897	1.345160	0.1788
TH	-0.060650	0.029788	-2.036056	0.0419
IO	0.082812	0.021566	3.840037	0.0001
IO_CBCR	-0.041246	0.018486	-2.231167	0.0258
IO_TH	0.069479	0.041762	1.663680	0.0964

The research findings reveal that institutional ownership has a moderating impact on the association between CbCR and tax avoidance, as evidenced by the likelihood value of 0.0258. The t-statistic value of -2.231167 indicates that institutional ownership has the capacity to reduce the effect of CbCR on tax avoidance. This implies that institutional owners or entities have varied and extensive investment goals, such as attaining optimal returns. Institutional shareholders prioritize the overall expansion of the company's investment holdings rather than specific concerns pertaining to tax evasion. According to positive accounting theory, corporations often pursue tactics that attempt to maximize profits. Institutional shareholders may not prioritize tax concerns unless they have a considerable impact on financial performance. Institutional shareholders are inclined to prioritize elements that have a clear and quantifiable effect

on the value of stocks, such as the company's financial performance and its potential for growth. Information pertaining to Country-by-Country Reporting that is linked to tax matters may be deemed less significant or have a restricted direct influence on stock valuation. Therefore, institutional owners may be less inclined to monitor or examine CbCR material relating to taxes actively.

The data analysis findings indicate that institutional ownership cannot moderate the relationship between tax havens and tax avoidance. The probability value of 0.0964 is above the threshold of 0.05. Put, shareholders often believe that the advantages received outweigh the expenses and dangers when evaluating them side by side. Shareholders, such as institutions or entities, have many extensive investment objectives, including the goal of attaining the highest possible return on investment. Shareholding institutions or entities will prioritize their focus on the return on investment, commonly referred to as ROI. Institutional or entity shareholders in the company may not perceive the necessity for proactive involvement if tax avoidance tactics in tax havens do not directly impact return on investment (ROI) or can be considered a valid approach to enhance profits. According to positive accounting theory, institutional or entity shareholders in the company may adopt a more relaxed approach towards engaging in tax avoidance methods, which can be viewed as a logical business tactic when they emphasize return on investment (ROI).

CONCLUSIONS

This study aims to analyze the influence of country-by-country reporting (CbCR) rules on the tax avoidance strategies employed by corporations operating in Indonesia. The study findings suggest that the successful application of CbCR can mitigate tax avoidance by curbing the use of transfer pricing strategies. However, the use of tax haven systems has a negligible impact on the tax avoidance tactics of corporations in Indonesia. These findings indicate that implementing specific measures outlined in the 15 BEPS Action Plans can enhance tax transparency and mitigate the tax avoidance strategies employed by multinational corporations. Transparency and openness in taxation are considered effective control tools for mitigating tax avoidance techniques.

Nevertheless, the results indicate that institutional ownership, when acting as a moderating factor, can mitigate the impact of country-by-country reporting. However, it doesn’t have a moderating impact on the role of tax havens in tax avoidance. This suggests that when institutions or entities hold shares, they tend to prioritize maximizing their return on investment (ROI). Given the circumstances, corporations are inclined to implement strategies that prioritize profit maximization. Consequently, institutional shareholders may show less concern for tax considerations unless they have a substantial impact on financial performance.

These findings provide novel perspectives to the existing body of knowledge in the disciplines of accounting and taxation, specifically addressing the effects of implementing the 15 BEPS Action Plans, which aim to enhance transparency, such as through CbCR, in reducing tax avoidance techniques in Indonesia. As a recommendation for further investigation, it may be worthwhile to analyze the effects of alternative tax legislation on mitigating tax avoidance in Indonesia, taking into account the substantial transformations in the corporate landscape and the prevailing political environment in the country.

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