Available at http://jurnal.stie-aas.ac.id/index.php/jap
Jurnal Akuntansi dan Pajak, 27(01), 2026, 1-11

ANALYSIS OF THE INFLUENCE OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) DISCLOSURE ON TAX REPORTING AGGRESSIVENESS: THE ROLE OF MANAGERIAL OWNERSHIP AND TRANSFER PRICING

Joecheline M. Santoso [1], Evi Steelyana W [2]*
Accounting Program, School of Accounting , 11480 Bina Nusantara University, Indonesia
*Email: evi.steelyana@binus.ac.id

Abstract.

This study investigates the impact of Environmental, Social, and Governance (ESG) disclosure, managerial ownership, and transfer pricing on tax reporting aggressiveness in Indonesian companies that have implemented Enterprise Resource Planning (ERP) systems from 2019 to 2023. Tax aggressiveness is measured using the Effective Tax Rate (ETR), with ESG scores obtained from Refinitiv, while data on managerial ownership and transfer pricing are drawn from company annual and sustainability reports. Employing a quantitative approach using secondary data from firms listed on the Indonesia Stock Exchange (IDX), the study finds that ESG disclosure has a positive but statistically insignificant effect on tax aggressiveness, suggesting limited integration of ESG principles into corporate tax strategies. Similarly, transfer pricing practices show no significant influence, possibly reflecting improved regulatory compliance or oversight. In contrast, managerial ownership significantly affects tax aggressiveness, highlighting the role of internal ownership structures in shaping corporate tax behavior. These findings suggest that governance factors, particularly ownership, play a more influential role in promoting tax transparency than ESG initiatives or transfer pricing practices. The study contributes to the accounting and corporate governance literature and offers insights for policymakers aiming to design fairer and more accountable tax regulations in the era of digitalized business systems.

Keywords: *Corporate Governance,Tax Reporting,Sustainability Reporting, Environmental Social Governance, Tax Policy*

1. Introduction

The increasingly complex development of the business world in the era of globalization encourages companies to pay more attention to longterm sustainability aspects, not only focusing on financial profits. In Indonesia, large companies are also faced with pressure to adopt responsible business practices, one of which is through *Environmental, Social, and Governance* (ESG) disclosure. ESG measures a company's commitment to environmental issues, social relations with stakeholders, and transparent governance. ESG is now an important benchmark in assessing a company's reputation and credibility, and influences the company's strategic decisions, including taxation (Faradita & Kurniawan, 2024).

ESG principles are closely related to *Corporate Social Responsibility* (CSR), which encourages companies to not only focus on profit but also consider the social and environmental impacts of business activities. Companies involved in tax reporting avoidance are considered to be in conflict with ESG principles because such actions indicate a lack of transparency and have the potential to harm the public interest. However, the relationship between ESG and tax avoidance still shows varying findings. Some studies show that companies with high ESG disclosure have low levels of tax avoidance, but some also show that ESG is only used as a symbol of compliance without real implementation in the company's fiscal policy.

community to the state which is used to finance state expenditure, but in Indonesia, the tax ratio is still relatively low, indicating tax avoidance. In this context, companies often look for ways to minimize the taxes they have to pay with various legal strategies, such as tax avoidance , although this often raises ethical debates. ESG disclosure is expected to influence corporate behavior in tax avoidance, because companies that disclose ESG commitments tend to try to maintain their reputation by avoiding aggressive practices such as tax avoidance (Yoon et al., 2021).

Adoption of technology, such as *Enterprise Resource Planning* (ERP), also influences the relationship between ESG disclosure and tax avoidance. ERP allows companies to manage operations and financial reporting more transparently, which can reduce the opportunity for tax avoidance. However, the adoption of ERP in Indonesia is still limited, especially in certain sectors that have high implementation costs. Research by Abdelfattah & Aboud (2020) revealed that companies involved in tax avoidance often increase transparency related to CSR to build a positive image even though they are avoiding tax.

In addition, the company's ownership structure, especially managerial ownership, plays an important role in improving corporate governance and transparency. Managers who own shares will be encouraged to consider the long-term interests and reputation of the company in tax policy, in accordance with *stakeholder theory*. *Transfer pricing* practices are also a major concern in tax avoidance, as they are often misused to shift profits to countries with low tax rates. However, monitoring this practice remains a challenge.

1.1 Objectives

This study aims to explore more deeply the influence of ESG disclosure on corporate tax reporting in Indonesia, by considering the role of technology and managerial ownership structure. The focus of this study is companies that have adopted ERP and have adequate ESG disclosure, as well as those involved in transactions between entities. The results of the study are expected to provide more comprehensive insights into the relationship between ESG, transfer pricing, and ownership structure on corporate tax compliance, as well as contribute to the academic world and regulators in formulating more effective tax policies.

2. Literature review

2.1 Stakeholder Theory

Stakeholder theory emphasizes the importance of managing the relationship between a company and its stakeholders , such as shareholders, employees, customers, and the community. This theory emphasizes the long-term sustainability of the company by considering the interests of various parties (Freeman, 1984). Disclosure of sustainability reports, which demonstrate a company's commitment to responsible business practices, is an important tool in building positive relationships with stakeholders, including tax regulators and the community (Safriani & Utomo, 2020). ERP technology supports transparency and efficiency of ESG and tax reporting, thereby increasing stakeholder trust and reducing the risk of sanctions (Hörisch et al., 2014). High managerial ownership can also strengthen commitment to regulations, including taxation (Jensen & Meckling, 1976).

2.2 Environmental, Social, and Governance (ESG)

ESG is a framework that involves three aspects: environmental, social, and corporate governance. ESG disclosure through sustainability reports is increasingly important as awareness of environmental and social issues increases (Ruan & Liu, 2021). The concept of ESG evolved from CSR and is increasingly used by companies to engage stakeholders, meet investor demands, and build credibility (Aydoğmuş et al., 2022).

2.3 Tax

Tax is a mandatory contribution to the state which is used to finance state expenditure, in accordance with the Republic of Indonesia Law no. 28 of 2007. Indonesia implements a tax collection system with a *Self-Assessment system* , which authorizes taxpayers to calculate and report taxes owed independently (Mardiasmo, 2011).

2.4 Managerial Ownership Structure Managerial ownership refers to shares owned by the company's management, which serves to align the interests of managers and shareholders, reduce agency conflicts, and improve long-term performance (Jensen & Meckling, 1976). Managers who are also shareholders tend to be more careful in making decisions, including in tax reporting.

2.5 Transfer Pricing

Transfer pricing is a pricing policy between related entities within a corporate group, which can be used to shift profits to countries with lower tax rates. *Transfer pricing practices* are often used to reduce tax burdens legally or aggressively (OECD, 2017). In this study, transfer pricing is used as a control variable to ensure that the relationship between ESG *disclosure* and tax reporting is not distorted.

2.6 Enterprise Resource Planning (ERP) According to Laudon and Laudon (2016), ERP is an information system that integrates all departments and functions in a company into one computer system that can meet the specific needs of various departments. The main purpose of using ERP is to improve cross-functional coordination and create comprehensive visibility into business processes. In line with that, Monk and Wagner (2013) stated that ERP is not only a company's internal data management software, but also a tool to standardize business processes, accelerate information flow, and reduce operational costs that arise due to data redundancy. In practice, the ERP system is used to record transactions in real time, so that financial and operational reports can be presented quickly, accurately, and comprehensively.

2.7 Hypothesis Framework

ESG disclosure is an important indicator to assess a company's commitment to sustainability. Companies with high ESG disclosure are expected to have better tax compliance and avoid tax avoidance practices. Internal factors such as managerial ownership can moderate the relationship between ESG *disclosure* and tax reporting, because managers who own company shares are more likely to consider reputation and fiscal compliance. *Transfer pricing* , which is used to minimize tax burden, acts as a control variable that affects tax reporting. This study aims to analyze the effect of ESG *disclosure* on tax reporting by considering managerial ownership and transfer pricing factors

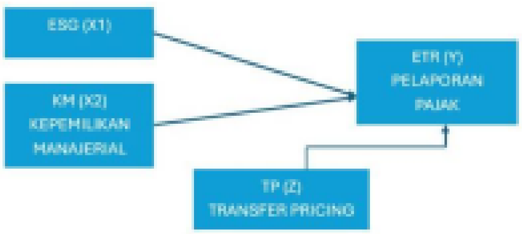

Figure 1. Research Model Framework
Source: Researcher (2025)

The Impact of ESG Disclosure on Tax Reporting ESG (*Environmental, Social, and Governance*) disclosure reflects a company's commitment to social and environmental responsibility. Companies with high levels of ESG *disclosure* usually demonstrate better ethical behavior and legal compliance, including in terms of taxation. ESG disclosure is considered a form of corporate communication with stakeholders, including tax authorities and the public. Previous research shows that companies that are transparent in ESG tend to avoid aggressive tax avoidance practices to maintain their reputation and long-term value. Therefore, the higher the ESG disclosure, the lower the aggressiveness of the company's tax reporting. Based on this,

H1: ESG Disclosure has a positive effect on tax reporting aggressiveness.

The Influence of Managerial Ownership on Tax Reporting

Managerial ownership refers to the amount of company shares owned by management. Managerial ownership can have a dual impact on corporate tax policy. On the one hand, managers who are also shareholders may be more motivated to maximize tax efficiency in order to increase profitability. However, on the other hand, they are also more cautious about the legal and reputational risks of tax aggressiveness. Managerial ownership can strengthen or weaken the effect of ESG *disclosure* on tax reporting, depending on management's preferences for risk and reputation. Managers who own company shares tend to be more aware of the importance of good relationships with external stakeholders and focus on the long-term sustainability of the company. Therefore, the second hypothesis (H2) is

H2: Managerial ownership has a positive effect on tax reporting aggressiveness.

***Transfer Pricing* as a Control Variable**

Transfer pricing is a pricing practice in transactions between entities within a corporate group that is used to transfer profits to countries with lower tax rates. This practice can increase the aggressiveness of corporate tax reporting, because companies can use *transfer pricing* to reduce the tax burden that must be paid. In this study, *transfer pricing* is used as a control variable to avoid bias in measuring the effect of ESG *disclosure on tax reporting*. *Transfer pricing* practices that are used aggressively to reduce taxes are considered inconsistent with the principle of social responsibility, because they can harm the interests of *stakeholders* such as the state and society. Based on this, the third hypothesis is

H3: Transfer pricing has a positive effect on tax reporting aggressiveness.

3. METODOLOGY

3.1 Population and Sample

The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. The inclusion criteria for selecting samples in this study are as follows:

1. The company is listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023.
2. The company publishes a complete annual financial report and sustainability report for the period 2019–2023, which can be accessed via the IDX or *Refinitiv* database
3. Companies that have ESG scores in the Refinitiv database consistently throughout the observation period.
4. Companies whose *Enterprise Resource Planning* (ERP) system adoption information can be identified, either through public reports, sustainability reports, or other secondary sources (e.g., industry reports or credible news articles).
5. Companies that did not experience delisting or suspension during the 2019–2023 period.

3.2 Measurement

This study uses independent variables ESG, dependent variables tax avoidance, moderating variables managerial ownership, and control variables transfer pricing. The following are the variables used in this study along with their measurements:

Table 1. Operational Variables

Variables	Indicator	Scale	Data source	Formula / Explanation
ESG Disclosure (X1)	Refiniti v's company ESG	Ratio	Refinit iv ESG Database	Overall ESG score 0– 100

	scores			
Managerial Ownership (X2)	Percentage of shares owned by company management	Ratio	Annual Report (ownership structure)	KM = Number of Shares Owned byManager / Total Shares Outstanding.
Tax Aggressiveness (Y)	Effective Tax Rate (ETR)	Ratio	Annual Report	ETR = Income Tax Expense Paid / Profit Before Tax.
Transfer Pricing (Z)	Related party transaction ratio	Ratio	Annual Report (related party transaction ratio)	TP = Total Receivables with Related Parties / Total Receivables. between entities in one group.

Source: Researcher (2025)

4. RESEARCH RESULTS AND DISCUSSION

4.1 Research Sample Description

The research sample was selected based on the number of companies listed on the IDX with a wide coverage, it is expected that the research results can provide greater benefits. The time period that is the focus of the research is 2019 to 2023. This time span was chosen because it is quite new, so it can provide an up-to-date picture of the relationship between the variables studied. Below is a list of samples used in this study:

Table 2. Research Sample

No	Sample Criteria	Amount
1	Companies listed on the IDX and have an ESG score on Refinitiv	80
2	Companies that do not have a complete ESG score during the period 2019-2023	(34)
3	Financial industry companies (Banks), because the calculations will be different from other companies	(6)
4	Companies whose ERP adoption status cannot be identified, either through public reports or secondary data.	(4)
5	The company experienced delisting or suspension during the research period	(11)
	Total Sample (n x 5 Years)	125

Source: Researcher (2025)

4.2 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ETR	125	.01	.79	.2567	.11413
ESG	125	15.79	89.21	53.8664	18.31308
KM	125	.00	.72	.0421	.14266
TP	125	.00	7.79	.3785	.84775
Valid N (listwise)	125				

Figure 2. Descriptive Statistics Results
Source: SPSS 27 output, Secondary data processed by researchers (2025)

The results of the descriptive statistical analysis of the four research variables show a high level of variation between companies in the sample. *The Effective Tax Rate* (ETR) has an average of 25.67%, slightly higher than the official tax rate in Indonesia of 22%. This reflects the additional tax burden that may come from indirect taxes or the difference between commercial and fiscal profits. The wide range of ETR values (1% to 79%) and a standard deviation of 0.11413 indicate significant differences in tax compliance between companies, which may indicate tax planning practices, utilization of incentives, or even tax avoidance. For the Environmental, Social, and Governance (ESG) variable, the average score is at 53.87 on a scale of 0–100, indicating a moderate level of ESG adoption. The minimum value of 15.79 and the maximum of 89.21 with a standard deviation of 18.31 indicate that the integration of sustainability and governance principles in these companies still varies greatly. This reflects differences in the commitment and capacity of each company to adopt ESG aspects comprehensively.

Meanwhile, Managerial Ownership (KM) shows a low average value of 4.21%, with a minimum value of 0% and a maximum of 72%. This shows that most companies do not involve much management as shareholders, so the potential for conflict of interest between managers and capital owners remains high. The standard deviation of 0.14266 indicates a large difference in ownership structure between companies, although the dominance of structures with low ownership is more prominent. The Transfer Pricing (TP) variable has an average value of 0.3785 with a very wide range (0 to 7.79). The standard deviation of 0.84775, which exceeds the average value, indicates that transfer pricing practices vary widely between companies. This difference may be due to the complexity of the structure of multinational companies, the location of affiliates, or tax avoidance strategies through cross-entity transactions.

Overall, the four variables in this study—ETR, ESG, KM, and TP—show high heterogeneity, both in terms of data distribution and extreme values. This variation provides a strong foundation for analyzing the relationships between variables, as well as explaining the dynamics of different tax compliance and strategies across companies.

4. 3 Classical Assumption Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			125
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.09598134
Most Extreme Differences	Absolute		.169
	Positive		.169
	Negative		-.134
Test Statistic			.169
Asymp. Sig. (2-tailed)[c]			<.001
Monte Carlo Sig. (2-tailed)[d]	Sig.		.000
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

Figure 3. Results of the Classical Assumption Test *Source: SPSS 27 output, Secondary data processed by researchers (2025)*

4.3.1 Normality Test

Based on the results of the table above, it is known that the significance value (Asymp. Sig.) Is <0.001, and the *Monte Carlo Significance value* is also 0.000, both of which are below the threshold of $\alpha = 0.05$. This indicates that the residual values in the regression model are not statistically normally distributed. Rejection of the null hypothesis (H_0) in the Kolmogorov-Smirnov test indicates that the distribution of residual data is significantly different from the normal distribution. In other words, the assumption of residual normality in this model is not met. However, because the number of samples is quite large (n = 125), then based on the Central Limit Theorem (CLT), the regression model can still be considered valid because the regression parameter estimates remain consistent and unbiased even though the residual distribution is not completely normal. Therefore, the model can still be used for further analysis.

4.3.2 Multicollinearity Test

Multicollinearity test is conducted to determine whether there is a high linear relationship between independent variables. The test is conducted by looking at the Variance Inflation Factor (VIF) and Tolerance values. The criteria used are if VIF <10 and Tolerance> 0.1, then there is no multicollinearity. The test results show that all independent variables have VIF values below 10 and Tolerance values above 0.1, so it can be concluded that there are no symptoms of multicollinearity in this model.

4.3.3 Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is inequality of variance of the residuals in the regression model. In this study, the heteroscedasticity test was carried out using the Glejser Test, namely by regressing the absolute value of the residuals against the independent variables. The decision-making criteria are if the significance value is > 0.05, then there is no heteroscedasticity. The results of the Glejser test show that all variables have a significance value above 0.05, so it can be concluded that the model does not experience heteroscedasticity, and the assumption of equality of residual variance is met.

4.4 Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.194	.029		7.034	<.001		
	ESG	.001	.000	.146	1.693	.091	.976	1.024
	KM	.415	.062	.523	6.790	<.001	.984	1.016
	TP	-.010	.010	-.073	-.838	.359	.972	1.028

Figure 3. Multiple Linear Regression Test Results
Source: SPSS 27 output, Secondary data processed by researchers (2025)

It can be seen from the table above, that all independent variables have a Tolerance value> 0.1 and VIF <10, namely: ESG: Tolerance = 0.976, VIF = 1.024, KM: Tolerance = 0.984, VIF = 1.016, TP: Tolerance = 0.972, VIF = 1.028. This indicates that there are no symptoms of multicollinearity in this regression model. Conclusion of the Multiple Linear Regression Test, it can be concluded that first managerial ownership (KM) has a positive and significant effect on the Effective Tax Rate (ETR). Second ESG has a positive but insignificant effect. Third Transfer Pricing (TP) has a negative effect on ETR, but is also insignificant. And the last is the regression model is free from symptoms of multicollinearity, so it can be interpreted well.

4.5 Simultaneous Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.465	2	.232	24.627	<.001[b]
	Residual	1.151	122	.009		
	Total	1.616	124			

Figure 3. Simultaneous Test Results (F Test) *Source: SPSS 27 output, Secondary data processed by researchers (2025)*

A significance value smaller than 0.05 indicates that H_0 is rejected, so it can be concluded that ESG, Managerial Ownership, and Transfer Pricing simultaneously have a significant effect on the Effective Tax Rate (ETR). The calculated F value is 24.627 with a significance value of <0.001. This significance value is smaller than the significance level (α) of 0.05, so it can be concluded that H_0 is rejected and H_1 is accepted, which means that the independent variables in the regression model have a significant effect on the dependent variable. Thus, it can be said that the regression model built is feasible to use, because statistically, the independent variables together have an effect on the observed variables. Thus, the regression model used in this study is statistically feasible to explain the combined effect of the three independent variables on the dependent variable. This finding is the basis for continuing the interpretation of the effect of each variable partially through the t-test.

4.6 Partial Test (T-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.194	.028		7.034	<.001		
	ESG	.001	.000	.146	1.893	.061	.976	1.024
	KM	.419	.062	.523	6.790	<.001	.984	1.016
	TP	-.010	.010	-.073	-.938	.350	.972	1.029

Figure 3. Partial Test Results (T Test)

Source: SPSS 27 output, Secondary data processed by researchers (2025)

The ESG (Environmental, Social, and Governance) variable shows a significance value of 0.061 > 0.05 indicating that ESG does not have a significant effect on the dependent variable at a significance level of 5%. However, its influence is close to significant, so it can be said to have a weak or marginal effect at a significance level of 10%. Based on the results of the partial test (t-test) in the regression coefficient table, the coefficient value for the ESG variable is 0.001 with a significance value (Sig.) Of 0.061 and a calculated t value of 1,893. This positive coefficient indicates that ESG has a positive effect on the dependent variable, which means that the higher the ESG value, the tendency will be followed by an increase in the value of the dependent variable. However, the significance value of 0.061 indicates that the influence of ESG is not statistically significant at a significance level of 5% ($\alpha = 0.05$) because the Sig. value is greater than 0.05.

The KM (Managerial Ownership) variable shows a significance value of <0.05, so KM has a significant effect on the dependent variable. This shows that KM is a strong and relevant factor in this model. Based on the results of the partial test, the Management Ownership (KM) variable shows a regression coefficient value of 0.419, with a t-value of 6.790 and a significance value of <0.001. The significance value that is far below the 0.05 limit indicates that the effect of KM on the dependent variable is statistically significant. A positive coefficient indicates that the greater the proportion of share ownership owned by management, the higher the value of the dependent variable.

The TP (Transfer Pricing) variable because it has a significance value far above 0.05, then TP does not have a significant effect on the dependent variable. Based on the results of multiple linear regression analysis, it was obtained that the Transfer Pricing (TP) variable has a regression coefficient value of - 0.010, a t-value of -0.938, and a significance value (Sig.) of 0.350.

The negative regression coefficient indicates that transfer pricing has a negative influence on the dependent variable. This means that an increase in transfer pricing practices tends to be followed by a decrease in the value of the dependent variable. However, the significance value of 0.350 is far above the 5% significance limit ($\alpha = 0.05$), so it can be concluded that the effect of transfer pricing on the dependent variable is not statistically significant. This means that in this model, transfer pricing practices have not been proven to have a strong enough direct influence on the variables studied.

So the general conclusion of the t-test is that the KM variable (managerial ownership) is proven to have a significant effect on tax reporting, the ESG variable is not significant at the 5% level, but is close to being significant, so it is still interesting to analyze theoretically, and the TP variable (transfer pricing) does not have a significant effect on tax reporting.

5. CONCLUSION

This study aims to analyze the influence of ESG Disclosure, Managerial

Ownership (KM), and Transfer Pricing (TP) on tax reporting (ETR) in companies in Indonesia that have adopted the ERP system. The results of the classical assumption test indicate that the regression data meets the requirements for further analysis even though the residuals are not normally distributed, but there are no problems of multicollinearity, heteroscedasticity, or autocorrelation. The F test shows that the regression model is simultaneously significant.

The t-test results show that Managerial Ownership has a significant effect on ETR ($p < 0.001$), which means that the larger the shares owned by managers, the higher the company's tax compliance. This supports the stakeholder theory regarding managers' social responsibility towards fiscal compliance. ESG Disclosure has a positive but insignificant effect ($p = 0.061$), indicating that ESG integration into tax practices is still not optimal in Indonesia. Transfer Pricing does not have a significant effect on ETR ($p = 0.350$), indicating that TP practices in the sample companies are likely to have been well supervised or carried out in accordance with applicable regulations. Overall, only managerial ownership is proven to significantly affect tax reporting. These results confirm the importance of ownership structure in driving transparency and fiscal compliance, compared to ESG and TP

6. RESEARCH LIMITATIONS

This study has several limitations that need to be considered in interpreting the results and their implications:

1. Limited to Secondary Data and Certain Companies
   This study only uses secondary data obtained from annual reports and sustainability reports of companies listed on the Indonesia Stock Exchange (IDX). Therefore, the results of this study cannot be generalized to all types of companies, especially companies that are not listed on the IDX or that do not consistently publish ESG reports.
2. ESG Disclosure Measurement Still Limited The measurement of ESG disclosure in this study uses content analysis based on the number of disclosures based on certain indicators. This approach is quantitative and does not consider the quality or depth of the information disclosed. This can affect the accuracy of representing the company's ESG commitment substantively.
3. Model Does Not Include Other Relevant Factors
   This study has not considered other external factors that may also affect tax reporting aggressiveness, such as regulatory pressure, auditor reputation, or board structure. This may limit the scope and depth of the analysis.

6.1 Suggestion

This study still has limitations that can be an opportunity for further research development. To gain a more comprehensive understanding of the factors that influence ETR, further researchers are advised to add other variables such as firm size, profitability (ROA or ROE), leverage, capital intensity, and audit quality.

Second, this study uses a quantitative approach and secondary data from historical annual financial reports. Future researchers may consider combining quantitative and qualitative methods (mixed methods), such as interviews with company management or tax regulators, to dig deeper into the motivations behind corporate fiscal policies. This is important to understand how tax decisions are made and what social or cultural factors influence them.

Third, the scope of this research object is limited to companies listed on the Indonesia Stock Exchange (IDX) in a certain period. To enrich the results and expand generalizations, further researchers can examine companies from more specific sectors or conduct comparative studies between countries in the ASEAN region. This approach will provide a broader perspective on the effectiveness of tax policies and ESG practices in various legal and economic contexts.

7. REFERENCES

Anis, I., & Avrilia, V. (2024). Analyzing impact of ESG principles on performance: A perspective from sustainability balanced scorecard. *Indonesian Journal of Accounting and Finance* , *21* (1), 5.

Anggraini, P., & Wahyudi, I. (2022). The effect of corporate reputation, environmental, social and governance and audit quality on tax avoidance. *Fair Value: Scientific Journal of Accounting and Finance* , *5* (2), 643–649.

Ariyani, L., Vadstena, B.A., & Elbert, B. (2023). ESG Report: The new role of companies in sustainable development. *Proceeding Accounting Skill Competition* , *2* (1), 88–119.

Atiqah, A., & Saputro, SNH (2024). Tax planning and Environmental Social Governance on earnings management with profitability as a moderator. *Accountability* , *17* (1), 75–90.

De George, E.T., Li, X., & Shivakumar, L. (2016). A review of the IFRS adoption literature. *Review of Accounting Studies* , *21* (3), 898–1004.

Dwianto, A., Hidayat, M., Setyowati, RDE, Triyantoro, A., & Judijanto, L. (2023). Sustainable business practices: Evaluating corporate financial performance with consideration of Environmental, Social, and Governance (ESG). *Cahaya Mandalika Journal* , *3* (2), 1963–1969

Elamer, A. A., Boulhaga, M., & Ibrahim, B. A. (2024). Corporate tax avoidance and firm value: The moderating role of environmental, social, and governance (ESG) ratings. *Business Strategy and the Environment* , *33* (7), 7446–7461.

Faradita, MP, & Kurniawan, R. (2024). The effect of Environmental, Social, and Governance disclosure on tax aggressiveness with earnings management as a mediating variable. *AKADEMIC: Journal of Economics & Business Students* , *4* (1), 207–216.

Hanlon, M., & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics* , *50* (2–3), 127–178.

Hidayat, K., & Zuhroh, D. (2023). The impact of Environmental, Social and Governance, sustainable financial performance, ownership structure, and composition of company directors on tax avoidance: Evidence from Indonesia. *International Journal of Energy Economics and Policy* , *13* (6), 311–320.

Hoetama, M., & Carolina, V. (2024). The effect of tax avoidance on firm value with ESG as a moderating variable. *Scientific Journal of Accounting and Finance* , *13* (2), 115–127.

Khairunnisa, DP, & Widiastuty, E. (2023). The effect of ESG performance on corporate financial performance. *Axiom*

Accounting Research Journal , *22* (2), 142–153.

Khusna, K., & Subandi, H. (2025). ESG disclosure, related party transactions, and executive characteristics on tax avoidance. *Journal of Contemporary Accounting* , *17* (1), 67–83.

Krisna, PVA, & Juliarto, A. (2024). The effect of ESG on tax avoidance moderated by ownership structure. *Diponegoro Journal of Accounting* , *13* (4).

Lajira, T. (2024). The role of taxes in realizing ESG practices: Strategies for business sustainability. *Journal of Pustaka Cendekia Law and Social Sciences* , *2* (3), 347–352.

Lee, H. A. (2024). Exploring the relationship between environmental, social, and governance and tax avoidance strategies. *SAGE Open* , *14* (4), 21582440241298089.

Mayangsari, SR, Rusydi, MK, & Amirya, M. (2024). ESG disclosure: Moderating thin capitalization, transfer pricing and tax aggressiveness. *Journal of Accounting and Finance Review* , *14* (3), 570–585.

Nisaakmala, HA, & Umar, H. (2024). The effect of profitability, sales growth, and liquidity on tax aggressiveness with Environmental, Social,

and Governance (ESG) as a moderation. *Syntax Idea* , *6* (10), 6362– 6375.

Pramisti, AA, & Istiqomah, DF (2024). The influence of Environmental Social Governance (ESG) on company value with financial performance as a mediation variable. *Journal of Accounting Applications* , *9* (1), 34–45.

Pratiwi, NI, Fuadah, LL, & Yunisvita, Y. (2024). The influence of environmental, social, and governance (ESG), political connections, gender diversity, and capital intensity on tax avoidance. *Asian Journal of Management, Entrepreneurship and Social Science* , *4* (3), 1045–1068.

Prihanto, H., Dewi, KS, Mulyatno, N., & Adipermana, FA (2022). Tax aggressiveness in manufacturing companies in Indonesia. *Journal of Management and Business* , *2* (1), 74–87.

Puspitasari, E., & Suwardi. (2012). The influence of corporate governance and company characteristics on tax management. *Indonesian Journal of Accounting and Auditing* , *16* (2), 115–125.

Putri, AD, & Ardiati, A. (2022). The effect of ESG disclosure on financial performance and company value. *Journal of Accounting Science and Research* , *11* (5), 1–17.

Sadjiarto, A., Ringoman, JA, & Angela, L. (2024). The effects of earnings management and Environmental, Social, Governance (ESG) on tax avoidance with leverage as a moderating variable. *International Journal of Organizational Behavior and Policy* , *3* (1), 63– 74.

Sari, MM, & Nugroho, AB (2020). ESG disclosure and tax avoidance: An empirical study on manufacturing companies in Indonesia. *Multiparadigma Accounting Journal* , *11* (3), 521–537.

Wardani, RA, & Hidayati, WN (2025). The effect of ESG, capital intensity and thin capitalization on tax aggressiveness. *Realible Accounting Journal* , *4* (2), 199–209.

Widiastutik, RN, Iqbal, S., & Rusydi, MK (2024). The moderating roles of Environmental, Social and Governance disclosures on company ownership structure and tax avoidance. *Journal of Accounting and Finance Review* , *14* (2), 442–458.