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Examining the Impact of Institutional Ownership and Audit Fee Stickiness on Tax Avoidance in State-Owned Enterprises in Indonesia (2019–2022)

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Abstract

This study examines the influence of institutional ownership and audit fee stickiness on tax avoidance in state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange during the 2019–2022 period. The research adopts a quantitative approach using secondary data obtained from official financial reports and processed through multiple linear regression analysis with SPSS version 29. Institutional ownership refers to the proportion of company shares held by institutional investors such as insurance firms, investment companies, and banks, which are expected to play a critical role in monitoring managerial behavior. Audit fee stickiness, on the other hand, represents the condition where changes in expected audit fees are not matched by actual changes, often due to long-term audit engagements and client-auditor relationships. The results of this study indicate that institutional ownership has a significant positive effect on tax avoidance, suggesting that firms with high levels of institutional ownership tend to adopt more aggressive tax planning strategies. This may stem from institutional pressure to maximize shareholder value through reduced tax burdens. Additionally, audit fee stickiness also shows a significant positive relationship with tax avoidance, implying that inflexible audit pricing may reflect increased audit complexity and risk exposure, which correlate with tax-motivated financial reporting behaviors. This study contributes to the literature by providing empirical evidence on how corporate governance mechanisms and audit dynamics affect tax strategies within SOEs in a developing country context. The findings align with agency theory, which explains the conflict of interest between management (agents) and government or public stakeholders (principals), especially regarding financial transparency and tax compliance. Implications of this study are valuable for regulators and policymakers aiming to improve audit oversight and corporate governance in the public sector.

1. Introduction

Institutional ownership is the ownership of company shares by institutions or agencies such as insurance companies, investment companies, banks, and other institutional ownership. Definition of institutional ownership according to Hery (2017), ownership institutional is amount proportion share company owned by institutions such as insurance, banks, investment companies, and holdings institution other. According to Jensen And Meckling (1976) in Mulyani (2018), institutional ownership has a very important role in minimizing the conflict of interest that occurs between managers and shareholders. The existence of institutional investors is considered capable of being a monitoring mechanism. which is effective in every decision taken by the manager.

As for *audit fee stickers* is phenomenon Where change proportional to the expected audit fee is not followed by the same changes *actual audit fees* . *Audit fee stickers* happen when change proportional *expected audit fee* no balanced with changes to *actual audit fees* (change et al, 2019). *Audit fees* it is said *sticky* if No can finish with change existing conditions like size company client,complexity the task at hand, and assessed risk auditor.every year office accountant *public* (KAP) does negotiation with *client* related *audit fee* and KAP view *audit fee* year Then as reference (Chang et al., 2019)

The audit fee given to the auditor reflects the cost of business and litigation risk. The increase in *the expected audit fee* reflects the increasing amount of audit work to be done. The size of the company, the complexity of the task and *the client's business risk* are the main factors in determining *the audit fee* (Biswas 2019). Large companies require many hours of work to do audit work so that *the audit fee* increases, the complexity of business operations makes audit assignments complex so that requires *an audit* fee more tall, And risk audit Which tall cause *audit fee* Which requested a lot. Based on study With Villiers et al. (2014) *audit fee* tend *sticky upward* rather than *downward.* (Suak, 2021)

Upward fee stickiness is a condition where the increase in *expected audit fees* is not balanced by an increase in the *actual audit fee,* in other words, the auditor receives a lower *audit fee* than expected. (Chang et al., 2019). *Less upward stickiness (upward fee adjustment)* is a condition when the increase in *expected audit fees* is offset by an increase in *actual audit fees,* in other words, the auditor receives *an audit fee* in accordance with the estimate. If the scope and risk of the client company increase, then *upward fee adjustments* are done more quickly (Biswas, 2019). In condition the, auditor can operate procedure audit Which adequate according to the complexity of the tasks faced, increasing the auditor's working hours, and selecting professional personnel so that audit quality improves.

Downward fee stickiness is a condition when decline *expected audit fee* No balanced with the descent *actual audit fees* , with other words auditor accept *audit fee* in on estimate . Matter This due to by strength bid bargaining *power* of the auditor tall moment do negotiation with *client* (Chang et al ., 2019). Furthermore *tax avoidance* is a strategy and technique for avoiding taxes. done in a way legal And safe for must tax Because No contrary to tax provisions.

Tax avoidance is one of the efforts made to minimize the tax burden borne legally, namely by exploiting weaknesses in laws and regulations. Although it does not violate the law, the government hopes that the existing regulations in tax payments will not be misused by companies in order to gain profit (Hu, 2018)

Tax avoidance is an active resistance that done by taxpayers to reduce the taxes they pay. Resistance to taxes can be divided into two, namely passive resistance and active resistance (Hu, 2018) Passive resistance is in the form of obstacles that complicate tax collection and have connection close with structure economy. Example from tax Passive, for example, the habit of village people who save money at home or buy gold, not because they avoid income tax but they are not yet accustomed to banking. Active resistance is all efforts made directly to the government (*tax authorities*) with the aim of avoiding taxes, either legally or illegally. Examples of resistance are active And legal is *tax avoidance,* Where *tax avoidance* usingweakness regulation legislation (*loophole)* For reduce corporate tax (Hu, 2018).

Pohan (2013) states that the meaning of *tax avoidance* is an effort to avoid obligations. Which run in a way legitimate as well as protected For inhabitant Country because it is not contrary to tax provisions, where the strategies and techniques used will generally take advantage of the shortcomings contained in the regulations and guidelines in minimizing the total tax to be paid. Management (agent) is superior in knowing the company's financial performance information compared to the owner (*principal*). *Tax avoidance* occurs because of differences in interests and imbalances regarding company information making management more aggressive towards company profits. Company management minimizes tax obligations that are considered legal, causing companies to have a tendency to do various ways to reduce their tax burden. Thus, the problem of *tax avoidance* becomes a unique and complex problem because from one point of view *tax avoidance* not ignoring the law, but on the other hand *tax avoidance* This is not desired by the government (Putu and Agung, 2016)

Due to the emergence of differences in interests between the government and companies, it encourages the author to use agency theory as a basic theory. Jensen & Meckling explain the agency relationship as an agreement between giver Work (*principal*) Which employ person other (*agent*) for do a number of service And give authority in decision making (Novriyanti & Warga Dalam, 2020). The difference in interests referred to in this study is the difference between the tax authorities (*principal*) and company management (*agent*), where the tax authorities hope for tax revenues. Which as big as possible whereas management company wanting high profits with low taxes (Fadilah et al., 2021).

In this study, agency theory was used. The reason for choosing agency theory in the context of tax avoidance can be caused by the understanding that agency theory explains the relationship between two parties, namely the owner (principal) and management (agent), where there is potential conflict interest between both of them.In context company, theory agency describe that manager as agent tend have an interest in maximizing company profits, including through tax avoidance practices, which may conflict with the interests of the owners as principal Which Possible more prioritize transparency And tax compliance .

Therefore, the choice of agency theory in relation to tax avoidance can provide a deeper understanding of the dynamics. conflict interest between owner And management in context corporate tax practices. As for BUMN or State-Owned Enterprises listed on the Indonesian Stock Exchange, there are many companies engaged in various sectors. Starting from the financial sector, basic materials, infrastructure, energy, transportation and logistics, health. The capital owned by BUMN is strong enough so that its shares are quite attractive to investors, while the reason for choosing 2019-2022 is because in 2019 the transition of BUMN ministers from the previous minister Erick Thohir made several significant changes in terms of policies for BUMN, including: First, merging and reorganizing BUMN by merging several BUMN companies with similar types of businesses to increase operational efficiency and international competitiveness, and second, making very aggressive investments in order to increase business reach and increase BUMN's contribution to national economic growth.

Based on what was explained previously, this study reviews tax avoidance *on* state-owned enterprises (BUMN) listed on the IDX. Therefore, the researcher is interested in examining the issue This with take title "analysis ownership institutional And *audit fee stickers* to *tax avoidance* on company owned by country Which listed on the Indonesia Stock Exchange"

2. Literature Review

2.1 Agency Theory

According to Meckling and Jensen in their journal *entitled Theory of The Firm: Managerial Behavior, Agency Costs* , and *Ownership Structure,* they state: Agency theory is a cooperative relationship in a contract where one or more people are the owners. (*principal*) And management company *(agent*), Where *The principal* delegates authority to *the agent* to manage the company and make decisions. With the separation of authority and differences interest between party *principal* as owner The company and *the agent* as the person holding control over the company can trigger *a conflict of interest* or what is commonly called an agency *problem* .

Related to *tax avoidance* in research This, problem *agency* can happen between tax officer And company management. This *agency problem* occurs due to differences in interests. between tax officer as collector tax And party company management as a taxpayer. Management as an agent who is the party given the authority to manage the company And obliged For provide report finance, tend to take advantage of existing opportunities by carrying out the best possible tax planning through *tax avoidance* .

objective For press payment tax company as minimal as possible, while the tax authorities as *principal* want tax revenues to be in accordance with the targets that have been set

2.2 Ownership Institutional

Institutional ownership refers to the proportion of company shares held by institutions such as insurance firms, investment companies, banks, and other financial institutions. According to Hery (2017), institutional ownership plays a significant role in corporate governance, as institutional investors are expected to act as effective monitors of managerial decisions. Jensen and Meckling (1976), as cited in Mulyani (2018), argue that institutional ownership can reduce agency conflicts between managers and shareholders by aligning managerial actions with shareholder interests.

2.3 Audit Fee Stickenss

Audit fee stickiness is a phenomenon in which changes in expected audit fees are not proportionally followed by changes in actual audit fees (Chang et al., 2019). An audit fee is considered "sticky" when an increase or decrease in the client's risk, size, or task complexity does not result in a proportional change in the auditor's fee. Public accounting firms (KAPs) usually negotiate audit fees annually, using the previous year's fee as a benchmark (Biswas, 2019). Upward fee stickiness occurs when the expected audit fee increases due to higher audit complexity or risk, but the actual fee remains relatively unchanged. This may result in auditors receiving less compensation than expected. On the other hand, downward fee stickiness refers to situations where the expected audit fee decreases, but the actual fee remains high, possibly due to the auditor's strong bargaining power. According to Villiers et al. (2014), audit fees tend to be stickier upward than downward.

2.4 Tax avoidance

Tax avoidance is a legal strategy used by companies to reduce tax liabilities by exploiting loopholes or ambiguities in tax regulations (Hu, 2018). Although tax avoidance does not violate tax laws, it is often seen as unethical and contrary to the government's goal of maximizing tax revenue. Pohan (2013) states that tax avoidance involves exploiting weaknesses in regulations to reduce the total tax burden. Tax avoidance is considered an active form of tax resistance, unlike passive resistance, which stems from economic conditions or behavioral norms (Hu, 2018). Management often engages in tax avoidance to improve financial performance. As agents, managers typically possess more information about the company than shareholders or tax authorities, creating an information asymmetry. This can lead to aggressive tax strategies that benefit the company but may not align with regulatory expectations (Putu & Agung, 2016).

3. Research Methods

3.1. Type of Research

This study uses a quantitative descriptive approach with an explanatory research method aimed at providing a factual, systematic, and accurate description of a particular phenomenon, event, or occurrence. The researcher seeks to explain the object of study in detail without applying any treatment or intervention.

3.2. Location and Duration of the Study

The study was conducted over a period of two (2) months. The research location includes all state-owned enterprises (SOEs) listed on the Indonesia Stock Exchange (IDX), as published on the official website (https://www.idx.co.id).

3.3. Type and Source of Data

This research utilizes **panel data**, based on the financial reports of SOEs listed on the IDX for the period 2019–2022. The data is **secondary**, obtained from the official website of the Indonesia Stock Exchange at www.idx.co.id.

3.4. Population and Sample

1. **Population**
   The population refers to the entire group of elements that meet certain criteria defined by the researcher. In this study, the population comprises all state-owned enterprises (SOEs) listed on the IDX from 2019 to 2022, totaling 24 companies.
2. **Sample**
   The sample is drawn using a **saturated sampling technique**, where the entire population is used as the sample. This is appropriate since all SOEs listed on the IDX are included in the analysis. Therefore, the sample consists of 24 SOEs over a 4-year period (2019–2022).

Sample Companies

No	Company Name	Company Code
1	PT Bank Negara Indonesia (Persero) Tbk	BNI
2	PT Bank Mandiri (Persero) Tbk	BMRI
3	PT Bank Rakyat Indonesia (Persero) Tbk	BBRI
4	PT Bank Tabungan Negara (Persero) Tbk	BBTN
5	PT Waskita Beton Precast Tbk	WSBP
6	PT Aneka Tambang Tbk	ANTM
7	PT Timah Tbk	TINS
8	PT Krakatau Steel (Persero) Tbk	KRAS
9	PT Semen Indonesia (Persero) Tbk	SMGR
10	PT Semen Baturaja Tbk	SMBR
11	PT Waskita Karya (Persero) Tbk	WSKT
12	PT Adhi Karya (Persero) Tbk	ADHI
13	PT Wijaya Karya Beton Tbk	WTON
14	PT PP (Persero) Tbk	PTPP
15	PT Wijaya Karya (Persero) Tbk	WIKA
16	PT PP Properti Tbk	PPRO
17	PT Jasa Marga (Persero) Tbk	JSMR
18	PT Telekomunikasi Indonesia (Persero) Tbk	TLKM
19	PT Elnusa Tbk	ELSA
20	PT Perusahaan Gas Negara (Persero) Tbk	PGAS
21	PT Bukit Asam (Persero) Tbk	PTBA
22	PT Garuda Indonesia (Persero) Tbk	GIAA
23	PT Indofarma Tbk	INAF
24	PT Kimia Farma Tbk	KAEF

Source: *www.idx.co.id*

3.5. Data Collection Techniques

The data used are **secondary data**, collected from official statistics such as export-import rates, inflation, and interest rates, as well as exchange rates and corporate financial statements from SOEs listed on the IDX for 2019–2022. Data analysis was conducted using **SPSS**.

Operational Definitions of Variables

Variable	Definition	Measurement Scale
Tax Avoidance (Y)	Efforts made by companies to reduce or eliminate tax liabilities without violating existing tax laws.	Cash Effective Tax Rate = Tax Expense / Pre-Tax Income

Institutional Ownership (X1)	Proportion of company shares owned by institutional investors, serving as monitoring agents through their significant investment in the capital market.	INST = Institutional Shares / Total Outstanding Shares
Audit Fee Stickiness (X2)	A condition in which audit fees do not decrease proportionally with a decrease in audit services or company size.	Regression model with control variables (based on prior studies, e.g., Cendekia)

3.6 Data Analysis Methods

This study uses **quantitative analysis** and **multiple linear regression**. According to Indriantoro & Supomo (1999), quantitative analysis involves statistical and mathematical tools to draw objective conclusions. Data is analyzed using **SPSS** software.

1. Classical Assumption Tests

- **Normality Test**: Uses normal probability plot; residuals should form a straight diagonal line.
- **Autocorrelation Test**: Tests for correlation between residuals in t and t–1 (Durbin-Watson test).
- **Heteroscedasticity Test**: Checks for unequal residual variances across observations (scatterplot or Glejser test).
- **Multicollinearity Test**: Detected using tolerance and VIF. Tolerance ≤ 0.10 or VIF ≥ 10 indicates multicollinearity.

3.7 . Hypothesis Testing

a. Multiple Linear Regression Analysis

Used to examine the influence of institutional ownership and audit fee stickiness on tax avoidance. The regression model is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2$$

Where:

- Y = Tax Avoidance
- X_1 = Institutional Ownership
- X_2 = Audit Fee Stickiness
- α = Constant
- β = Regression Coefficients

b. t-Test (Partial Test)

Used to test the significance of each independent variable on the dependent variable individually.

- If p-value < 0.05 → significant effect
- If p-value > 0.05 → no significant effect

c. Coefficient of Determination (R^2)

Shows the proportion of variance in the dependent variable explained by the independent variables. R^2 ranges from 0 to 1; closer to 1 indicates better explanatory power.

4. Research Results and Discussion

4.1 Research result

Study This own objective For know How institutional ownership And *audit fee stickers* influential to *tax avoidance* in the company business state- owned companies listed on the Indonesia Stock Exchange in 2019-2022 with results study using Assumption Test classic and analysis regression .

a. Assumption Test Classic

1) Normality Test

According to (Ghozali , 2013: 160) testing normality aiming For know is the residual of equality regression distributed in a way normal or no.Test This can done on every variable with logic that If in a way individual each variable fulfil assumption normality . Normality test can done with method test *Kolmogorov- Smirnov* . Test normality can done normally distributed if mark probability more big from 0.05 while If mark the probability more small from 0.05 then the data is not distributed normally .

Tabel 4. 1 hasil uji normalitas

		unstandardized Residual
N		82
Normal Parameters [a,b]	Mean	,0000000
	Std. Deviation	,13724591
Most Extreme Differences	Absolute	,067
	Positive	,067
	Negative	-,057
Test Statistic		,067
Asymp. Sig. (2-Teiled)		,200[c,d]

Source : Spss 26 Test Results

Table 4.1 shows that Kolmogorov- Smirnov value as big as 1,,,, and value asymp.sig .(2-tailed) 0.200 more big compared to with 0.05 , so model regression worthy used Because fulfil assumption normality.

2) Autocorrelation Test

Testing autocorrelation aiming For test whether in a linear regression model exists correlation between error the bully on period t with error disturbance in period t-1 (previous), (Ghozali , 2013: 110).

Table 4.22 autocorrelation test results

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	,446 [a]	, 199	,179	,13897	1,105

Source: primary data processed: 2023.

The Durbin Watson value is 1.105. This value will be compared with the table value using a significance level of 5%. The number of samples in this study is 96(24 X 4) and the number of independent variables is 2 (k = 2) therefore the Durbin Watson value of 1.105 is between du which is 1.80 and 4- du which is 2.20 according to with decision table you < d < 4-du (1.80 < 1.875 <2.20) then it can be concluded that the model is free from autocorrelation.

3) Heteroscedasticity Test

Heteroscedasticity Test aiming For test what is the regression model happen inequality of variance of residuals one observation to other observations . If the variance of the residual from one observation to another observation remains the same, it is called Homoscedasticity and if it is different, it is called Heteroscedasticity. Testing heteroscedasticity on study This done by using the gleser test. The coefficient of the independent variable parameter is not statistically significant. If the significance value is greater than 0.10, then the model is free from heteroscedasticity. The significance value of each variable in the regression equation is above 010, this means that the data is free from heteroscedasticity.

Table 4.33 heteroscedasticity test results

model	Unstandardized coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
1. (Constant)	-,112	,076		1,466	,47
Institutional Ownership	,436	,112	,394	3,900	,000
Audit Fee Stickiness	,190	,110	,175	1,727	,088

Source: primary data processed: 2023

4) Multicollinearity Test

Multicollinearity test aiming For test what is the regression model found existence correlation between variable free (independent). Model good regression should No happen correlation between variable independent .

Table 4. 4 multicollinearity test results

Model	Correlations			Collinearity Statistics	
	Zero Order	Partial	Part	Tolerance	VIF
1 (Constant)					
Institutional Ownership	,411	,402	,393	,991	1,009
Audit Fee Stickiness	,212	,191	,174	,991	1,009

Source: primary data processed: 2023

Based on the test results shown in table 4.4, the tolerance value of the independent variable is not less than 10%. and the VIf values are all less than 10, which means there is no multicollinearity between the independent variables.

b. Hypothesis Testing

a) Multiple Linear Regression Test

Multiple Linear Regression analysis is used to test how the independent variables affect the dependent variables. The independent variables in this study are the analysis of *institutional ownership* and *audit fee stickiness* on *tax avoidance* in state-owned companies listed on the stock exchange. Indonesian effect. Multiple Linear Regression Test was conducted because from the results of the classical assumption test the data used can meet the requirements and is suitable for use in research. The following are the results of multiple linear regression using SPSS Version 26 can be seen in the following table

Table 4.55 multiple linear regression test results

model	Unstandardized coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
2. (Constant)	-,112	,076		1,466	,47
Institutional Ownership	,436	,112	,394	3,900	,000
Audit Fee Stickiness	,190	,110	,175	1,727	,088

Source: primary data processed: 2023

From the results of the linear regression test above, the Multiple Linear Regression equation can be concluded as follows:

$Y = \alpha + \beta 1 X 1 + \beta 2 X 2 +$

Y= -,112 + 0.436 + 0.190

b) Persian Test (t-Test)

Test partial (test T) used For know whether in a way partial variable institutional ownership and audit fee stickenss on tax avoidance. So the t-test is used with a significance level of 10%. The results of the t-test (partial) can be seen in the table below.

Table 4.6 6

model	Unstandardized coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
3. (Constant)	-,112	,076		1,466	,47
Institutional Ownership	,436	,112	,394	3,900	,000
Audit Fee Stickiness	,190	,110	,175	1,727	,088

Source: primary data processed: 2023

c) Determinant Coefficient Test (R2 Test)

Based on the multiple regression equation obtained, it can be known coefficient value determination R2 (R Square) namely to measure how far the model's ability is in explaining the variation of the dependent variable, whether the resulting regression equation is good for estimating the value of the independent variable (Ghozali, 2013: 97).

Table 4.77 r test result

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	,446[a]	,199	,179	,13897	1,105

Sumber : data primer diolah : 2023

From results test R square 0.199 with mark Adjusted R Square 0.175 < 0.5, this shows that the independent variables in this study, namely institutional ownership, audit fee stickiness, can explain variable dependent that is *tax avoidance* by 17 %, while the remaining 83 % is influenced by other variables outside the research.

4.2 Discussion of Research Results

Based on the results of the research that has been conducted and described, there is some information that can be explained from the results of this research, namely as follows:

a. Ownership Institutional To *Tax Avoidance*

Based on results analysis of data obtained that Ownership institutional influential positive and significant to *tax avoidance* which means H1 is accepted , the existence of influence the Because Ownership institutional own role important in minimize conflict agency that occurs between managers and shareholders shares . The existence of institutional investors is considered to be an effective monitoring mechanism. in every decision Which taken by manager. Matter This because institutional investors are involved in strategic corporate decisions (Jensen and Meckling, 1976). The influence of institutional ownership as a monitoring agent is suppressed through their large investments in the capital market.

A high level of institutional ownership will result in greater monitoring efforts by institutional investors, which can prevent opportunistic behavior from managers. The greater the institutional ownership, the more the company's management will tend to try. For pay tax as minimal as possible Possible, Because tax considered possible become reducer to profit clean. Study This in line with study Goddess (2019) state that ownership institutional influential positive to tax avoidance.

b. *Audit Fee* Stickiness Influential To *Tax Avoidance*

Based on the results of the data analysis, it was found that institutional ownership has a positive and significant effect on *tax avoidance,* which means that H2 in reject. Condition This means the more tall audit fee stickiness the higher *the tax avoidance* that is carried out. External auditors are tasked with analyzing and seeing the ability of a company in carrying out his efforts through report finance. And auditor external if its ability is increasingly recognized or has a name, it will indirectly have good audit quality. So the positive relationship between the two is based on the belief that if a company audited by KAP experiences less upword , will have a quality of financial information that is reliable and good.

It is further explained that the external auditor will determine the audit fee representing the level of effort made by the auditor in the audit process, so that the higher the audit fee, the the more Good quality audit Which will produced. The height cost audit is very important by wide coverage audit and big audit risk that will be done, so that If Company enter in category scale big then fee audit Also will tall And Procedure audit Which done will more good. In line with the statement, if the audit process is carried out properly, disclosure of misstatements made by entities in financial statements that are indicated to be fraudulent will be easier to find. However, the potential for tax avoidance remains, as long as the Company carries out tax planning and of course it is legal according to existing tax laws.

This research is in line with research conducted by Ghifary et al. (2022) Which find that The more tall audit More and more high fee indicates complexity task Which faced by auditors, As regulated in Management Regulation Number 2 of 2016, one of the components determining the amount of the audit fee is the level of complexity of the work. as well as support management in identifying gap existing taxes.

5. Closing

5.1 Conclusion

Based on the results of the tests and discussions carried out, the following conclusions can be drawn:

1. Institutional ownership has a significant and positive influence *on tax avoidance.* The greater the ownership, the greater the *tax avoidance action.*
2. *Audit fee stickiness* has a significant and positive effect on *tax avoidance.* Where high audit fees are caused by audit coverage, audit risk and the complexity of the audit conducted and support management in identifying existing tax loopholes.

5.2 Suggestion

Based on the previous discussion and conclusions, the following suggestions can be given:

1. Further research is expected to focus on research subjects other than the state-owned enterprise sector, such as banking, agriculture, mining and other sectors.
2. Further research is expected to add the latest time period and an observation period of more than four years so that it can describe the real situation and provide more *reliable results.*
3. Further research can add to the data by adding variables that may affect the suitability of the data for use in research.
4. Further researchers can add independent variables not only limited to two variables and conduct research.

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