

## The Effect of Tax Aggressiveness on Company Value with Green Accounting as a Moderating Variable

Dewi Kusuma Wardani, Agaphe Christian Abinowo\*, Fina Cholifiana

Faculty of Economic, Universitas Sarjanawiyata Tamansiswa, Yogyakarta, Indonesia  
Jl. Kusumanegara No.157, Umbulharjo, Yogyakarta City, D.I Yogyakarta 55165, Indonesia  
[d3wikusuma@gmail.com](mailto:d3wikusuma@gmail.com)

(\*) Corresponding Author

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### ABSTRACT

This study examines, using green accounting as a moderator, how tax aggressiveness affects a company's worth. On the BEI for 2013 - 2022, researchers used mining companies. Purposive sampling yielded 23 companies, or 100 observations, based on the approach. The moderated regression analysis method was applied to analyze the data. This study indicates that tax aggressiveness increases firm value and that the relationship between tax aggressiveness and company value is positively correlated with green accounting. It can be concluded that tax aggressiveness has a positive effect on company value, and green accounting strengthens the relationship between tax aggressiveness and company value. The implication is that tax aggressiveness can reduce a company's reputation and impact its company value. Research is limited to tax aggressiveness, company value, and green accounting as moderating variables. Future researchers are advised to conduct further research using a large sample of companies, adding research periods, and using the most recent period.

#### Keywords:

BEI, firm value, green accounting, mining, tax aggressiveness

### ABSTRAK

Penelitian ini memiliki tujuan yaitu untuk menganalisis pengaruh agresivitas pajak terhadap nilai perusahaan dengan green accounting sebagai moderasi. Objek penelitian menggunakan perusahaan pertambangan di BEI 2013 - 2022. Berdasarkan metode purposive sampling, diperoleh 23 perusahaan sehingga terdapat 100 amatan. Analisis data menggunakan metode moderated regression analysis. Penelitian ini menghasilkan bahwa agresivitas pajak berdampak positif terhadap nilai perusahaan dan green accounting dapat memperkuat pengaruh positif hubungan agresivitas pajak terhadap nilai perusahaan. Dapat disimpulkan bahwa agresivitas pajak berpengaruh positif terhadap nilai perusahaan dan green accounting memperkuat hubungan agresivitas pajak terhadap nilai perusahaan. Penelitian terbatas pada agresivitas pajak, nilai perusahaan, dan green accounting sebagai variabel moderating. Implikasinya adalah agresivitas pajak dapat menurunkan reputasi perusahaan dan berdampak pada nilai perusahaan. Peneliti selanjutnya disarankan untuk melakukan penelitian lebih lanjut dengan menggunakan banyak sampel perusahaan dan menambahkan periode penelitian serta menggunakan periode terbaru.

#### Kata Kunci:

Agresivitas pajak, BEI, green accountingi, nilai perusahaan, pertambangan

## **INTRODUCTION**

Organizational managers place a high priority on upholding corporate principles to achieve their goals. Greater value for the company will allow it to develop and develop, thereby increasing shareholder welfare (Hidayat & Tasliyah, 2022). It is a challenging endeavor for management to increase the value of the company, but due to the more competitive market, they are encouraged to do so as it not only shows the current performance of the business but also offers a glimpse of future growth potential. Entrepreneurs with capital may be interested in businesses that have attractive business value. Organizational values reveal the success of the management team in managing the company. Increasing company value is the main goal which is usually indicated by a high company value index (Fuadah & Kalsum, 2021). By looking at the assessment of company value given by investors or consumers of financial reports, it can be ascertained to what extent a company is successful in monitoring assets, liabilities and their distribution (Yuliani, 2022).

The phenomenon of increasing company value in Indonesia was experienced by the Telkom Indonesia Company (TLKM). Telkom Indonesia Company (TLKM) which generated sales of IDR 72.0 trillion in the first semester of 2022. After closing the first semester of 2022 with a positive performance record and successfully recording consolidated revenue of IDR 72.0 trillion or growing 3.6 percent compared to the period the same one. In the same period last year, PT Telkom Indonesia (Persero) Tbk (Telkom) recorded EBITDA (earnings before interest, tax, depreciation and amortization) and net profit of IDR 39.4 trillion and IDR 13.3 trillion, respectively, as well as profit net positive growth. by 4.5 percent and 6.9 percent YoY (year on year). As the company develops, Telkom's revenue composition changes dynamically to ensure the company can grow effectively and keep up with upcoming technological advances. An increasing amount of company revenue comes from digital companies. Telkom Indonesia's increasing revenue contribution, which shows a high company valuation, will attract investment.

One factor that can influence the value of a company is tax aggression (Dewi & Dewi, 2021). According to Martinez (2021), tax aggressiveness refers to the collective efforts of the corporate community to reduce its tax obligations through transaction architecture and tax planning. Tax aggressiveness affects company value and is considered an efficient way to manage the tax burden (Muriani, 2019). Tax aggressiveness aims to reduce profits that are vulnerable to tax by using both legal and illegal tax avoidance tactics (Aryani & Fauzi, 2023). Although taxes may not have a direct impact on revenues or operations, many companies view them as an expense that can negatively impact cash flow from operating activities.

To cut tax expenses, many companies create tax planning strategies and take other tax-related actions. Companies that succeed in reducing their tax burden do so at the expense of reducing their total burden; in other words, income increases when expenses decrease (Aryani & Fauzi, 2023). Due to fewer shares available to the general public, investor interest in profitable company ownership increases,

which will increase share prices (Hidayat & Tasliyah, 2022). Investors usually take into account the net profit margin when considering investment because this shows the overall value of the company. Research by Dewi & Dewi (2021), Aryani & Fauzi (2023) which shows that tax aggressiveness has a positive impact on company value confirms this research & Dharmapala (2021), Assidi *et al* (2021), Fuadah & Kalsum (2021), and Fuadah & Kalsum (2021), which state that tax aggressiveness has a negative impact on company value.

One of the main weaknesses in the corporate value literature is the tendency of researchers to ignore the moderating role of green accounting in the relationship between tax harshness and corporate value, preferring to concentrate mainly on the clear relationship between the two (Lusiana *et al.*, 2021). The moderating effect of sustainable development accounting can strengthen the positive impact of tax aggressiveness on firm value. This is because companies that use environmentally friendly accounting practices can encourage companies to be more transparent and accountable regarding how they perform towards the environment (Cho & Patten, 2021). Investor confidence in the business world can increase with better accountability and transparency. Therefore, environmentally conscious accounting information can increase management credibility, foster trusting relationships with stakeholders, reduce operational costs and contribute to price volatility, and increase company value (Astuti *et al.*, 2021).

When businesses demonstrate a high level of accountability, investors typically view aggressive tax rates within legal limits as an acceptable cost-cutting strategy. A business is considered to follow environmentally friendly accounting if it freely shares knowledge regarding its environmental management procedures. This transparency also really helps decision making for stakeholders, thereby reducing information asymmetry. According to Pratikiwi and Walidah (2020), the degree of inconsistency will show how transparent the organization's accounting practices are. This research is very interesting because green accounting variables have never been included as moderators in previous research, but these variables have the potential to increase the relationship between tax aggression and firm value. Research conclusions on the subject of environmentally conscious bookkeeping must include other sources of information (Lusiana *et al.*, 2021).

Previous research on tax aggressiveness on company value has shown inconsistent results. Wahab and Holland's (2022) research shows that tax planning has a negative effect on company value, and corporate governance is unable to moderate both. According to Chen *et al.* (2020), tax avoidance has a negative effect on company value. However, information transparency can correct these negative reactions and increase company value. Meanwhile, according to Chasbiandani and Martani (2022), tax avoidance in the long term has a positive effect on company value. Meanwhile, Desai and Dharmapala (2019) show that tax avoidance has no effect on company value, but there is a positive direction in the moderating value of institutional ownership. The results of this research are in line with agency theory that tax avoidance can increase company value through good corporate governance. Based on the inconsistency of previous research results, this research aims to re-examine the effect of tax

aggressiveness on company value with green accounting as a moderation in mining companies on the BEI for the period 2013 - 2022.

The reason for conducting the research is because the researcher wants to present a new point of view by incorporating the moderating impact of sustainable accounting on business value—a point of view that has never been investigated by other researchers. This research modifies green accounting to find out whether tax aggressiveness affects company value.

This research is limited to the independent variable, namely tax aggressiveness, the dependent variable, namely company value, and the green accounting variable as moderation. The research is limited to the financial reports of mining companies on the BEI for the period 2013 - 2022. The aim of this research is to analyze the effect of tax aggressiveness on company value with green accounting as a moderation for mining companies on the BEI for the period 2013 - 2022.

## **RESEARCH METHOD**

The research was carried out on the Indonesian Stock Exchange (BEI) in August 2024. In this type of research, the data used is quantitative. The data for this research is secondary data in the form of mining companies that have been listed on the Indonesia Stock Exchange (BEI) for the period 2013 - 2022. The data collection technique uses annual financial reports on mining companies that have been listed on the Indonesia Stock Exchange via the website [www.idx.co.id](http://www.idx.co.id) during 2013 - 2022. Data analysis techniques use multiple linear regression analysis and Moderated Regression Analysis. Moderated Regression Analysis is used to find out whether the moderating variable will strengthen or weaken the relationship between the independent variable and the dependent variable. This test was carried out to see the significance of the individual influence of the independent variables in the model on the dependent variable.

### **The effect of tax aggressiveness on company value**

The value of a company can be increased by tax aggressiveness because in reality the company will be successful in managing its profits and tax burden so that it can reduce the amount of tax that must be paid. As a result, the value of the business will increase and it will appear to be successfully managing its tax responsibilities. Regarding agency theory, the interests of shareholders and management will differ. Nugraha (2022) emphasizes that shareholders want management to increase company value in order to achieve their own goals. Regarding taxes, managers will take firm action because their interests conflict with the interests of shareholders. They will do everything they can to keep business value increasing (Aryani & Fauzi, 2023). Research by Aryani & Fauzi (2023) and Dewi & Dewi (2021) shows that tax aggression increases the value of a company.

H<sub>1</sub>: Tax aggressiveness has a positive effect on company value

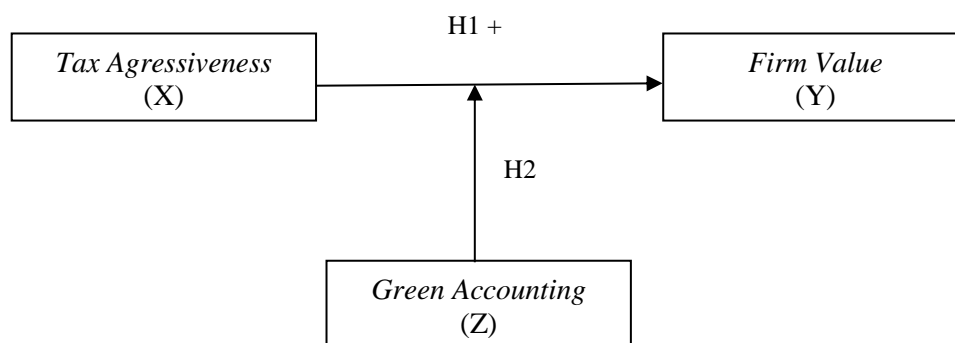
### Green accounting strengthens the relationship between tax aggressiveness and company value

Green accounting is accounting that includes data that identifies, measures, calculates and discloses costs related to the environment around the company. Implementing environmentally friendly accounting practices can improve the standing of an organization (Pesak & Karundeng, 2023). As a result, a company's income will increase, especially if the company uses tax avoidance tactics to reduce its tax liabilities. Implementing environmentally friendly accounting methods is one of the crucial things that companies do to convince stakeholders that management treats the company's tax obligations well (Eni, 2020). Environmentally friendly accounting disclosures also have the ability to reduce capital costs and share price volatility, increase trustworthy relationships with stakeholders, increase managerial credibility, and increase company value (Astuti *et al.*, 2021).

Companies that implement environmentally responsible accounting practices experience a higher impact on company value due to tax aggression compared to companies that do not implement them. This is due to the fact that the use of green accounting gives investors the impression that management is handling the company well, including their decision to tax aggressively. However, strict taxation has little effect on company value because customers have less trust in management in businesses that do not use green accounting. They ignore the possible tax problems that the business may face if the tax authorities find out about management's aggressive tax methods, believing that these methods are detrimental to investors and only serve their personal interests (Lietz, 2021).

H<sub>2</sub>: Green accounting strengthens the relationship between tax aggressiveness and company value

Based on Figure 1, it can be explained that tax aggressiveness is expected to have a positive effect on company value and green accounting is able to strengthen the relationship between tax aggressiveness and company value.



**Gambar 1. Kerangka Pikir**  
*Source: Authors' work (2025)*

## RESULT AND DISCUSSION

### Descriptive analysis

Testing was carried out using 100 observation data from 23 mining companies after outlier data was removed to meet the normality test assumptions. Descriptive statistical analysis is applied to each

variable, and the results show the value, minimum, maximum, average, and standard deviation of the research variables.

**Table 2. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Standard Deviation
Green Accounting	100	1,00	3,00	2,2700	0,75015
Company Value	100	0,41	2,21	1,1963	0,42385
Tax Aggressiveness	100	0,00	0,99	0,2490	0,14810

*Source: Authors' work (2025)*

With an average value of 2.2700, the green accounting variable has a value greater than the standard deviation of 0.75015. Based on the table, these variables have minimum and maximum values of 1.00 and 3.00 respectively. The equal distribution of green accounting data is shown by a standard deviation figure that is smaller than the average value. The market value of a company exceeds the value of its assets, as can be seen from the range of company values which ranges from a minimum of 0.41 to a maximum of 2.21 with an average value of 1.1963. This shows that management is adept at handling company assets and has large investment growth potential.

The low average value of tax aggressiveness shows that the business world often pays relatively small amounts of cash tax. This is the cause of the low value of tax aggressiveness. This shows that tax aggression is still occurring among Indonesian mining industry players.

### Classic assumption test

The results of the normality test using Skewness & Kurtosis obtained a value of Skewness ratio =  $0.047/0.241 = 0.196435$  and Kurtosis ratio =  $-0.356/0.478 = -0.7441$ . It can be explained that the data is normally distributed with the Skewness & Kurtosis ratio value being between -1.96 to +1.96 at a statistical confidence level of 95% or alpha 0.05.

### Regression Test

**Table 3. Hypothesis Test Results**

Model	Prediction Sign	Unstandardized Coefficient		Std. Coeff.	Sig.	Kesimpulan
		$\beta$	Std. Error	$\beta_{\text{eta}}$		
(Constant)		1,857	0,058			
ETR (X)	(-)*	-1,167	0,025	-0,331	0,000	H1 diterima
ETR*Green Accounting	(+)	-0,217	0,037	-0,635	0,000	H2 diterima
R <sup>2</sup>		0,773				
Adjusted R <sup>2</sup>		0,768				

Note: \*) Hypothesis 1 (H1) has a positive direction but the expected coefficient has a negative direction because tax aggressiveness as proxied by ETR has the opposite direction. The higher the ETR, the lower the tax aggressiveness, and conversely, the lower the ETR, the higher the tax aggressiveness.

*Source: Authors' work (2025)*

After several checks, the data used in the research passed the classical assumption test. Adjusted R<sup>2</sup> (measure of determination) is 0.768, in accordance with the results of the coefficient of determination test. This shows that the tax aggressiveness variable and the interaction between aggressiveness, taxes and green accounting accounted for 76.8% of the variation in the firm value variable, while variables not included in the study accounted for the remaining 23.2% of the variation.

### **Tax aggressiveness has a positive influence on company value**

With a calculated F value of 164.980 and a significance value of 0.000, less than 0.05, the F test findings indicate that the independent variable has an influence on company value. The regression coefficient value of -1.167 indicates that H1 is accepted, while the significance value of 0.000 is smaller than 0.05. The results of this t test are consistent with the theory that tax aggression increases firm value. Tax aggressiveness means that companies use strategies to legally reduce their tax burden. A positive influence on company value means that this action can increase profitability and cash flow, which in turn can increase share value and investor confidence. By reducing tax obligations, companies can allocate more resources for investment, innovation, or dividends, all of which can increase the company's attractiveness and value in the eyes of investors (Prastiwi, 2018).

Based on the test results, tax aggressiveness increases along with decreasing ETR. "Tax aggressiveness" refers to legal strategies used by companies to lower the total amount of taxes they have to pay to the government. Businesses that save more taxes have more money to invest, expand, or distribute dividends to shareholders. Investors can believe that there is greater value in the company. Tax aggressiveness is an effort to implement tax efficiency and planning in such a way as to increase company value. The results of this research support research by Kurniawan & Syafruddin, Dewi & Dewi (2021), Aryani & Fauzi (2023) which was conducted in 2020.

Ultimately, proactive tax strategies can increase net profits and cash flow by helping investors and the business world in tax budgeting (Muriani, 2019). Tax planning aims to reduce financial obligations, maximize tax liabilities through effective management of company operations, and take advantage of exceptions and exclusions permitted by tax regulations (Martinez, 2021). Legally, increasing tax aggressiveness can be seen as an indication that company management is trying to maximize profits for investors or shareholders in order to increase their trust in the company (Aryani & Fauzi, 2023). However, legitimate tax aggression does not always equate to tax avoidance.

### **Green accounting strengthens the relationship between tax aggressiveness and company value**

The statistics in Table 3 show how implementing environmentally friendly accounting can increase the impact of tax aggressiveness on company value. A company's reputation can be improved and profits can increase when it uses ethical accounting techniques to reduce its tax obligations (Pesak & Karundeng, 2023). This is especially true when the business world practices tax avoidance. Additional benefits from environmentally friendly accounting disclosures, according to Astuti *et al.* (2021), including increasing managerial credibility, developing relationships with stakeholders based on trust, reducing capital costs and share price volatility, and increasing company value. Nugraha (2022) emphasizes that management has the ability to understand how a company can generate anticipated profits. One of the tactics used by management to increase business profitability is tax avoidance accounting (Kurniawan & Syafruddin, 2021). The right tax aggression will directly affect the value of a company.

Organizations that use environmentally friendly accounting techniques have the potential to impact management's capacity to use tax aggression, claims Oktavianna (2021). This is due to increased investor confidence in the company's ability to manage efficiency and maximize profits. Investors' distrust of management in companies that do not have environmentally friendly accounting processes reduces the impact of aggressive taxation on company value. Lietz (2021) stated that other parties consider that management's aggressive tax policy does not benefit investors, but only benefits their own interests. This includes the perception that a company does not take its tax risks into account, which could result in sanctions from regulatory authorities. Investors pay attention to businesses that do not pay taxes but do not apply environmentally friendly accounting methods.

Based on the results of the analysis, the managerial implication in this research is that if tax avoidance practices are carried out too aggressively and do not refer to applicable tax regulations, it is possible that companies that implement tax avoidance will experience a decline in company value.

## **CONCLUSION AND RECOMMENDATION**

The conclusion of this research shows that tax aggressiveness has a positive effect on company value and green accounting strengthens the relationship between tax aggressiveness and company value. The research results show that tax aggressiveness can affect company value because information asymmetry facilitates managers to fulfill personal interests and is seen as non-compliance which increases the risk of detection by the tax authorities which creates potential damage to the company's reputation and losses for the company. Transparency can reduce the decline in company value in companies that carry out tax aggressiveness because the more information that is disclosed and known to the public can reduce managers' motivation to fulfill personal interests and facilitate public access to better monitor the condition and performance of the company.

The recommendation of this research is that future researchers should have access to a variety of measurement tools or proxies to provide a more complete picture. For example, environmental costs can be used as a basis for green accounting. In future research, the observation period and company sector area can be expanded to obtain a more comprehensive mapping of challenges related to environmentally friendly accounting, tax aggressiveness and company value in Indonesia. Future researchers are advised to use other measures of tax aggressiveness that better reflect aggressive tax avoidance activities and use other corporate governance variables.



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