

## The Influence of Audit Fee, Audit Tenure, Audit Quality and Audit Committee on Tax Avoidance (Manufacturing Sector 2018-2022)



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**ABSTRACT:** Taxes represent the largest source of income for the country, yet a considerable number of corporate taxpayers view them as a burdensome obligation to be minimized, leading to pervasive tax avoidance practices. This research aims to assess the impact of audit fees, audit tenure, audit quality, and the audit committee on tax avoidance metrics, specifically Cash Effective Tax Rate (CETR), Effective Tax Rate (ETR), and Books Tax Differences (BTD), employing the Theory of Planned Behavior. The research employs a quantitative approach with panel data collected from 34 manufacturing companies listed on the IDX, utilizing multiple linear regression analysis through Eviews 12 software. The results indicate that audit fees and audit quality have a significant negative effect on CETR, while audit tenure has a significant positive impact. For ETR, audit fees and audit quality negatively influence it, while audit tenure shows a significant positive effect, and the audit committee does not significantly affect it. Finally, audit fees and audit quality have a significant negative impact on BTD, audit tenure positively affects it, and the audit committee does not significantly influence it.

**KEYWORDS:** Audit Committee, Audit Fees, Audit Quality, Audit Tenure, Tax Avoidance

### I. INTRODUCTION

Taxes are one source of state income that comes from the people. By paying taxes, the government can carry out development programs that the people can enjoy. However, the majority of corporate taxpayers (companies) still identify the obligation to pay taxes as a cost because financially, taxes are a transfer of resources from the business sector or business world to the public sector or government (Frank et al., 2009). Thus, efforts and strategies are made by companies to plan their tax reductions in a legal way or what is called tax avoidance.

Tax avoidance is a variety of corporate tax planning strategies to minimize tax liabilities. This is defined as a company's efforts to minimize tax payments using tax planning and tax avoidance (Chen et al., 2021). Although tax avoidance is a legal way to increase after-tax income, this action can give rise to agency conflicts and be detrimental to the national economy (Lanis et al., 2019). For this reason, efforts to minimize tax avoidance practices must be made. One effort that can be made is to carry out an analysis of the factors that can influence tax avoidance (Siregar & Azzahra, 2022).

Several research have been carried out to investigate the impact of audit fees on tax avoidance. Dee et al. (2021) explained that high audit fees assume more effort in the audit process and higher audit quality. Hasan et al. (2020) show that a higher audit fee indicates that the auditor provides more efficient audit services to the company compared to a lower audit fee.

Auditors and companies as clients in carrying out their obligations are bound by a work contract. The term of the work contract between the auditor (KAP) and the client (company) is called audit tenure. Auditors with long work contracts make it possible to have strong relationships with clients, which can reduce audit quality. Long audit tenure can reduce audit quality so that the possibility of fraud in reporting disclosures, including tax avoidance, can occur.

Then, another variable that can be used to see indications of tax avoidance in a company is audit quality. Audit quality is the auditor's performance in auditing the company's financial reports based on the Public Accountant Professional Standards, the auditor's expertise, and the public accountant's professional code of ethics (Ambarsari, 2022). The Big Four Public Accounting Firms are affiliated with various Public Accounting Firms throughout the world and have better audit capabilities than other Public Accounting Firms. Companies audited by The Big Four Public Accounting Firms are suspected to have lower levels of fraud compared to companies audited by non-Big Four Public Accounting Firms (Choi et al., 2019).

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Another factor that influences tax aggressiveness is the audit committee. The audit committee has a significant role in the policies taken by the company, especially those related to tax policy. The audit committee is an additional committee formed with at least three members whose task is to assist the board of commissioners in carrying out its supervisory function over the company's overall performance.

This research provides empirical evidence about the tax avoidance behavior of manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The aim of the research is to examine the influence of audit fees, audit tenure, audit quality, and audit committee on tax avoidance from manufacturing companies in Indonesia. Tax avoidance in this research is measured using three measurement models replicating research from Susanto (2022), that are Effective Tax Rate (ETR), Cash Effective Tax Rate (CETR), and Books Tax Differences (BTD). This is supported by several literatures on audit fees, audit tenure, audit quality, and audit committees in Indonesia (Alquhaif et al., 2021; Kim & Lee, 2021; Salehi et al., 2020). The aim of this research is to investigate the tax avoidance behavior of manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period and to assess the impact of audit fees, audit tenure, audit quality, and audit committee on tax avoidance in these companies.

## II. LITERATURE REVIEW

### A. Theoretical Background

The theory utilized in this research is the Theory of Planned Behavior (TPB). TPB is an advancement of the Theory of Reasoned Action. TPB is a behavioral theory that offers advantages over other behavioral theories, as it can identify an individual's beliefs regarding anticipated outcomes of their behavior, thus distinguishing between individuals who take action and those who do not (Ajzen, 1991).

Ajzen (1991), as cited in Cita & Supadmi (2019), developed the Theory of Reasoned Action into the Theory of Planned Behavior, elucidating the connection between individual behaviors and their response to external factors. TPB posits that, in addition to attitudes and subjective norms, individuals also consider perceived behavioral control, signifying their capacity to carry out the intended actions. This theory explicates that behavioral intentions significantly influence individual behaviors.

### B. The Effect of Audit Fees on Tax Avoidance

Research conducted by Cita & Supadmi (2019) asserts that audit fees have a substantial negative impact on tax avoidance. High audit fees can enhance audit quality, making it challenging for companies to engage in tax avoidance. Auditors with high competence and independence are more likely to produce superior audit quality, resulting in higher fees charged to client companies. Enhanced audit quality acts as a deterrent against tax avoidance. In contrast, Madah Marzuki & Muhammad Al-Amin (2021) also found a negative effect of audit fees on tax avoidance. However, research by Salehi et al. (2020) suggests a positive influence of audit fees on tax avoidance, indicating that companies with high tax avoidance tendencies pay higher external auditor fees.

H1a = Audit fees have a negative effect on Cash Effective Tax Rate (CETR)

H1b = Audit fees have a negative effect on Effective Tax Rate (ETR)

H1c = Audit fees have a negative effect on Books Tax Differences (BTD).

### C. The Effect of Audit Tenure on Tax Avoidance

Research by Borji, (2020), Madah Marzuki & Muhammad Al-Amin (2021), Nafi'hasbi & Fitriyanto (2021) Tandean & Carolina (2022) suggests that audit tenure positively influences tax avoidance. In line with research by Phan et al. (2020), long audit tenure for both the Public Accounting Firm (KAP) and its auditors may lead to irregularities in client accounting audits. The issue arising from extended audit tenure relates to concerns about auditor independence. Some literature suggests that auditors with long-term contracts may develop strong client relationships, potentially reducing their independence and increasing tax avoidance practices.

H2a = Audit Tenure has a positive effect on Cash Effective Tax Rate (CETR)

H2b = Audit Tenure has a positive effect on Effective Tax Rate (ETR)

H2c = Audit Tenure has a positive effect on Books Tax Differences (BTD).

### D. The Influence of Audit Quality on Tax Avoidance

Research conducted by Dewi & Yasa (2020) and Setyawan et al. (2019) indicates that audit quality negatively affects tax avoidance, which contrasts with the findings of Librania et al. (2021), suggesting no significant effect of audit quality on tax avoidance. Audit quality pertains to the financial audit report's quality, guaranteeing that it contains no material misstatements and fraud. Conversely, research by Doho & Santoso (2020) reveals a positive effect of audit quality on tax avoidance.

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H3a = Audit quality has a negative effect on Cash Effective Tax Rate (CETR)

H3b = Audit quality has a negative effect on Effective Tax Rate (ETR)

H3c = Audit quality has a negative effect on Books Tax Differences (BTD)

## E. The Influence of the Audit Committee on Tax Avoidance

Some research results suggest that the audit committee negatively influences tax avoidance (Ayem & Setyadi, 2019; Pratomo & Rana, 2021; Putri & Hanif, 2020). This is attributed to a greater assurance of financial reporting quality with an increased number of audit committee members in a company. Consequently, companies with a larger number of audit committee members are less likely to engage in corporate tax avoidance practices. As the audit committee size increases, tax avoidance practices decrease. However, contrary results are found by Elizabeth & Riswandari (2022), Librania et al. (2021), Ratnawati et al. (2019) and Susanto (2022), indicating no influence of the audit committee on tax avoidance. In contrast, research by Hasbi and Nur (2021) suggests that the audit committee has a positive effect on tax avoidance.

H4a = The audit committee has a negative effect on Cash Effective Tax Rate (CETR)

H4b = The audit committee has a negative effect on Effective Tax Rate (ETR)

H4c = The audit committee has a negative effect on Books Tax Differences (BTD)

## III. METHOD

This research is research that carries out hypothesis testing between independent variables (audit fees, audit tenure, audit quality and audit committee) on the dependent variable (tax avoidance). This research uses secondary data in the form of documentation data or report data from manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2018-2022, totaling 34 companies. The dependent variable in this research is tax avoidance which is measured using three measurement models, that are Effective Tax Rate (ETR), Cash Effective Tax Rate (CETR), and Books Tax Differences (BTD). The following is the formula used to find out ETR, CETR, and BTD.

$$\text{ETR} = \frac{\text{Total income tax expense}}{\text{income before tax}} \quad \text{Source Chen et, al (2021)}$$

$$\text{CETR} = \frac{\text{Cash Tax Paid } i, t}{\text{Pretax Income } i, t} \quad \text{Source Chen et, al (2021)}$$

$$\text{BTD} = \frac{\text{pretax income} - \text{taxable income}}{\text{total asset}} \quad \text{Source (Hanlon \& Heitzman, 2010)}$$

Then, the independent variables in this research are audit fee, audit tenure, audit quality and audit committee which are measured using the following indicators:

$$\text{Audit fee} = \frac{\text{Audit fee}}{\text{net profit}}$$

Audit tenure is assessed by calculating the consecutive number of years a KAP (Public Accounting Firm) has conducted audits of a company's financial statements. This can be determined by retracing the years, starting from the conclusion of the research period in 2022 until the year when the client switched auditors. Doho & Eko (2020) elaborate on audit quality measurement, using a proxy related to the size of a Public Accounting Firm. This firm's size is represented by a binary variable, where companies employing The Big Four Public Accounting Firms are coded as 1, while those utilizing non-Big Four Public Accounting Firms are coded as 0.

In accordance with Ayem & Afik (2019), the audit committee is gauged by the total number of its members. This number is discernible in the company's annual and financial reports. Moreover, this research incorporates control variables including Return on Assets (ROA), company size, and Debt-to-Equity Ratio (DER). ROA is computed by dividing net profit by total assets and then multiplying by 100. Determining company size is contingent upon the total assets of the company. DER is ascertained by dividing total debt by total equity and then multiplying by 100.

Subsequently, in this research, the hypotheses were evaluated through panel regression analysis. Before conducting the analysis, classic assumption tests were administered, encompassing assessments of normality, multicollinearity, autocorrelation, and heteroscedasticity. Two stages were involved in selecting the appropriate estimation method for panel data, which were the Chow test and the Hausman test. The chosen analytical approach for this research is multiple linear regression analysis employing Eviews 12 software to elucidate the influence of audit fees, audit tenure, audit quality, audit committee, profitability, company size, and leverage on tax avoidance. The following equation form can be employed for multiple linear regression:

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## Model 1

$$ETR = a + \beta_1 FA + \beta_2 TA + \beta_3 KU + \beta_4 KO + \beta_5 ROA + \beta_6 SIZE + \beta_7 DER + e$$

## Model 2

$$CETR = a + \beta_1 FA + \beta_2 TA + \beta_3 KU + \beta_4 KO + \beta_5 ROA + \beta_6 SIZE + \beta_7 DER + e$$

## Model 3

$$BTD = a + \beta_1 FA + \beta_2 TA + \beta_3 KU + \beta_4 KO + \beta_5 ROA + \beta_6 SIZE + \beta_7 DER + e$$

### Description:

ETR, CETR, BTD = Tax Avoidance

a = Constants

$\beta_1, \beta_2, \beta_3, \beta_4$  = Slope or regression coefficient

FA = Audit Fee

TA = Audit Tenure

KU = Audit Quality

KO = Audit Committee

ROA = Return on Asset

SIZE = Company Size

DER = Leverage

e = Error coefficient

## IV. RESULTS AND DISCUSSION

### A. Descriptive Statistics

This research uses secondary data in the form of documentation data or report data from manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2018-2022, totaling 34 companies.

**Table 1.** Descriptive Statistics of Research Data

	Mean	Median	Maximum	Minimum	Std. Dev.
CETR	0.070588	0.000000	1.000.000	0.000000	0.256892
ETR	0.058824	0.000000	1.000.000	0.000000	0.235989
BTD	0.096519	0.075620	0.461848	-2.410.188	0.216145
FA	0.208932	0.003452	2.455.215	0.000481	1.939.896
AU	2.576.471	2.000.000	5.000.000	1.000.000	1.417.360
KU	0.441176	0.000000	1.000.000	0.000000	0.497995
KO	2.076.471	2.000.000	3.000.000	1.000.000	0.307749
ROA	0.110895	0.070678	1.258.281	-0.095299	0.128666
SIZE	2.906.471	2.900.000	3.400.000	2.600.000	1.788.008
DER	0.825116	0.511151	7.121.163	0.002486	0.971533

Source: Eviews Processed Results 12, 2023

The outcomes of the data analysis using descriptive statistical tests, as presented in Table 1, reveal specific insights. The Cash Effective Tax Rate (CETR) variable demonstrates an average value of 0.070588, with a minimum of 0.00 and a maximum of 1. Similarly, the Effective Tax Rate (ETR) variable possesses an average of 0.058824, ranging from a minimum value of 0 to a maximum value of 1. Lastly, the Books Tax Differences (BTD) variable displays an average value of 0.096519, with a minimum value reaching -2,410,188 and a maximum value of 0.075620. It is noteworthy that the mean values of CETR, ETR, and BTD are relatively low, indicating a proclivity toward aggressive tax management within the company.

Turning to the independent variables, Audit Fee (FA) exhibits a range between a minimum value of 0.000481 and a maximum value of 2,455,215, accompanied by an average value of 0.208932. Audit Tenure (AU) possesses an average value of 2,576,471, with values varying from a minimum of 1 to a maximum of 5. Meanwhile, Audit Quality (KU) is characterized by an average value of 0.441176, where a value of 0 denotes that the company's data is audited by KAP Non-Big Four, and a value of 1 signifies that the company's report is audited by the Big Four KAP. Lastly, Audit Committee (KO) boasts an average value of 2,076,471, with the

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minimum number of audit committee members being 1 and the maximum being 3, implying that the typical manufacturing company maintains an audit committee of two members, suggesting a relatively modest size.

### B. Results of Regression Analysis and Hypothesis Testing

**Table 2. Provides an overview of the summary for Regression Models 1, 2, and 3**

Variable	Model 1		Model 2		Model 3	
	Coef	t Value	Coef	t Value	Coef	t Value
Ind.Var.						
FA	-0.029	2.807	-0.032	3.718	-0.000	3.119
AU	0.014	2.952	0.017	2.347	0.001	2.170
KU	-0.032	2.171	-0.572	3.660	-0.128	3.206
KO	-0.073	2.754	-0.004	-0.050	-0.088	0.596
Con.Var.						
ROA	-0.278	-1.288	-0.011	-0.063	1.533	2.252
Size	-0.037	-0.697	0.030	2.675	0.047	1.550
DER	0.106	3.375	0.018	2.709	-0.026	-1.503
Adjust R2	0.660		0.772		0.710	
F Statistic	9.815		8.890		7.896	
Sig.	0.006		0.000		0.000	
N	170		170		170	

Source: Eviews Processed Results 12, 2023

The outcomes of hypothesis testing in Table 2 provide that Hypothesis 1a, which posits that audit fees have a negative impact on Cash Effective Tax Rate (CETR), is substantiated by the regression coefficient value of -0.029 in Model 1, accompanied by a t value of 2.807, indicating a significant negative effect. Similarly, in Model 2, Hypothesis 1b, stating that audit fees negatively affect Effective Tax Rate (ETR), is validated with a regression coefficient of -0.032 and a t value of 3.718, denoting a significant negative influence. Furthermore, in Model 3, Hypothesis 1c, suggesting that audit fees have a negative effect on Books Tax Differences (BTD), is confirmed by a regression coefficient value of -0.000 and a t value of 3.119, again demonstrating a significant negative effect. Turning to Hypothesis 2a, which proposes a positive influence of audit tenure on CETR, the results in Table 2 reveal a regression coefficient value of 0.014 in Model 1, along with a t value of 2.952, supporting the hypothesis with statistical significance. In Model 2, Hypothesis 2b, indicating a positive effect of audit tenure on ETR, is upheld as the regression coefficient value is 0.017 with a t value of 2.347, signifying statistical significance. Model 3 further corroborates Hypothesis 2c, which suggests a positive effect of audit tenure on BTD, with a regression coefficient value of 0.001 and a t value of 2.170, demonstrating statistical significance.

Hypothesis 3a, a negative impact of audit quality on CETR, is validated in Model 1 with a regression coefficient of -0.032 and a significant t value of 2.171. In Model 2, Hypothesis 3b, indicating a negative effect of audit quality on ETR, is supported with a regression coefficient of -0.572 and a significant t value of 3.660. Model 3 further verifies Hypothesis 3c, proposing a negative influence of audit quality on BTD, with a regression coefficient of -0.128 and a significant t value of 3.206.

In regard to Hypothesis 4a, proposing a negative influence of the audit committee on CETR, the results in Model 1 reveal a regression coefficient value of -0.073 with a t value of 2.754, indicating statistical significance. However, in Model 2, Hypothesis 4b, suggesting a negative effect of the audit committee on ETR, is not supported, as the regression coefficient value is -0.004 with a t value of -0.050, lacking statistical significance. Furthermore, in Model 3, Hypothesis 4c, which postulates a negative impact of the audit committee on BTD, is also not substantiated, as the regression coefficient value is -0.088 with a t value of 0.596, signifying no statistical significance.

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**Table 3. Summary of Hypothesis Testing Results**

No	Hypothesis	Result
1	H1a: Audit fee has a significant negative effect on Cash Effective Tax Rate (CETR)	Proven
2	H1b: Audit fee has a significant negative effect on Effective Tax Rate (ETR)	Proven
3	H1c: Audit fee has a significant negative effect on Books Tax Differences (BTD)	Proven
4	H2a: Audit tenure has a significant positive effect on Cash Effective Tax Rate (CETR)	Proven
5	H2b: Audit tenure has a significant positive effect on Effective Tax Rate (ETR)	Proven
6	H2c: Audit tenure has a significant positive effect on Books Tax Differences (BTD)	Proven
7	H3a: Audit quality has a significant negative effect on the Cash Effective Tax Rate (CETR)	Proven
8	H3b: Audit quality has a significant negative effect on Effective Tax Rate (ETR)	Proven
9	H3c: Audit quality has a significant negative effect on Books Tax Differences (BTD)	Proven
10	H4a: The audit committee has a significant negative effect on the Cash Effective Tax Rate (CETR)	Proven
11	H4b: The audit committee has a significant negative effect on Effective Tax Rate (ETR)	Not Proven
12	H4c: The audit committee has a significant negative effect on Books Tax Differences (BTD)	Not Proven

## C. Discussion

### 1. The Effect of Audit Fees on Cash Effective Tax Rate (CETR)

The analysis results reveal a significant negative impact of audit fees on the Cash Effective Tax Rate (CETR). These findings align with the theoretical premise suggesting that audit fees often serve as a reflection of the auditors' efforts (Gong et al., 2022). Bing et al. (2014) expound that higher audit fees correlate with increased effort in the audit process and enhanced audit quality. Yasina and Nelson (2012) posit that higher audit fees signify more efficient and superior audit services, making it more challenging for companies to engage in tax avoidance by minimizing the CETR.

### 2. The Effect of Audit Fees on Effective Tax Rate (ETR)

The analysis results demonstrate a significant negative association between audit fees and the Effective Tax Rate (ETR). This finding is consistent with the theory presented by Iskak in Marzuki et al. (2021), which underscores that audit fees represent the remuneration charged by public accountants for their audit services on financial reports. The amount of audit fees reflects the quality of audit services provided by auditors. Variations in audit fees indicate the level of effort invested by auditors in the audit process (Lovaria, 2021). Auditors receiving higher fees are inclined to plan higher quality audits compared to those receiving lower fees, thereby hindering tax manipulation and reducing the ETR.

### 3. The Effect of Audit Fees on Book Tax Differences (BTD)

The analysis results reveal a significant negative impact of audit fees on Book Tax Differences (BTD). These findings support prior research by Marzuki et al. (2021), which highlights the substantial negative effect of audit fees on tax aggressiveness as measured through BTD. The theoretical framework advanced by Gede & Supadmi (2017) underscores that audit fees constitute the remuneration provided by clients to Public Accounting Firms (KAP) for auditing financial reports. Higher audit fees are typically associated with external auditors of high integrity, signifying the delivery of quality audit outcomes. Consequently, high audit fees impede companies' efforts to reduce book tax differences.

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### **4. The Effect of Tenure Audits on Cash Effective Tax Rate (CETR)**

The analysis results indicate a significant positive influence of audit tenure on the Cash Effective Tax Rate (CETR). This finding aligns with the theory posited by Ariyani (2014), which raises concerns about the independence and integrity of auditors in the context of extended audit tenure. Long-term work relationships between auditors and clients may compromise auditor independence and integrity, increasing the potential for tax aggressiveness and the reduction of cash tax payments (CETR).

### **5. The Effect of Audit Tenure on Effective Tax Rate (ETR)**

The analysis results reveal a significant positive effect of audit tenure on the Effective Tax Rate (ETR). Audit tenure represents the duration of engagement between auditors and clients for audit services. (Al-Thuneibat et al., 2011) found that longer audit tenures are associated with increased tax avoidance. Gede & Supadmi (2017) postulate a significant positive relationship between tax avoidance and auditor tenure, implying that longer auditor-client relationships can elevate the ETR. As the duration of the working relationship between auditors and clients extends, auditors may assist clients in reducing tax expenditures (Salehi, 2019).

### **6. The Effect of Tenure Audits on Book Tax Differences (BTD)**

The analysis results indicate a significant positive impact of audit tenure on Book Tax Differences (BTD). This finding is congruent with the theoretical framework proposed by Salehi (2019), which suggests that extended audit tenure can exacerbate Book Tax Differences (BTD). Prolonged auditor-client working relationships may compromise audit independence, potentially leading to violations of Book Tax Differences (BTD).

### **7. The Effect of Audit Quality on Cash Effective Tax Rate (CETR)**

The analysis results demonstrate a significant negative influence of audit quality on the Cash Effective Tax Rate (CETR). Many companies engage Big 4 KAPs as their auditors to enhance the credibility of their financial reports. The choice of Big 4 auditors is driven by their international reputation and credibility, signaling to the public that the financial statements are highly credible. Previous studies indicate that Big 4 auditors generally exhibit higher quality than non-Big 4 auditors. Highly qualified auditors tend to display greater independence and credibility, rendering it more challenging for companies to minimize their Cash Effective Tax Rate (CETR).

### **8. The Influence of Audit Quality on Effective Tax Rate (ETR)**

The analysis results reveal a significant negative impact of audit quality on the Effective Tax Rate (ETR). These findings are in alignment with previous research conducted by Maulinda (2019), emphasizing the significant negative effect of audit quality on tax aggressiveness as measured by the Effective Tax Rate (ETR). Consequently, high audit quality impacts the credibility and independence of auditors in conducting company audits, making it more difficult for companies to engage in tax manipulation and minimize their income tax burden (ETR).

### **9. The Influence of Audit Quality on Book Tax Differences (BTD)**

The analysis results indicate a significant negative effect of audit quality on Book Tax Differences (BTD). Audit quality represents the outcome of examinations conducted by independent auditors on financial reports. Companies listed on the stock exchange are mandated to fully disclose financial information in the notes to their financial reports. The calculation of income tax, involving temporary and permanent differences, has an impact on the value of Book Tax Differences (BTD). Auditors of higher quality, when conducting company financial audits, make it more challenging for companies to reduce Book Tax Differences (BTD).

### **10. The Influence of the Audit Committee on the Cash Effective Tax Rate (CETR)**

The analysis results reveal a significant negative impact of the audit committee on the Cash Effective Tax Rate (CETR). In line with agency theory, the presence of an audit committee in a company enhances the monitoring of corporate activities, reducing agency conflicts stemming from management's desire to evade taxes. The audit committee's presence improves corporate governance quality, thereby mitigating the potential for tax avoidance. An increased number of audit committees is associated with lower Cash Effective Tax Rate (CETR) avoidance.

### **11. The Influence of the Audit Committee on the Effective Tax Rate (ETR)**

The analysis results indicate that the audit committee has no significant effect on the Effective Tax Rate (ETR). This finding is consistent with prior research by Ramadhanty & Zulaikha (2020), which suggests that the audit committee does not significantly impact the Effective Tax Rate (ETR). In this context, the audit committee may not effectively prevent company management from engaging in tax manipulation to minimize the income tax burden paid (ETR).

### **12. The Influence of the Audit Committee on Book Tax Differences (BTD)**

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The analysis results reveal that the audit committee has no significant effect on Book Tax Differences (BTD). The size of the audit committee does not influence Book Tax Differences (BTD), as the number of audit committees in a company does not guarantee their role in shaping policies and rectifying financial reports concerning the calculation of taxable income. Additionally, the audit committee's primary function is to facilitate communication between the board of commissioners and external auditors, without direct involvement in a company's tax policy. The authority of the audit committee, as per agency theory, remains constrained by the board of commissioners, allowing the audit committee to exercise limited supervision over management's tax avoidance activities (Susanto et al., 2018).

### V. CONCLUSIONS

Based on the results of the data analysis and the discussions conducted, it can be concluded that the audit fee, audit quality, and audit committee variables have a significant negative effect on the Cash Effective Tax Rate (CETR), while the audit tenure variable has a significant positive effect on the Cash Effective Tax Rate (CETR). Furthermore, this research demonstrates that the audit fee and audit quality variables have a significant negative effect on the Effective Tax Rate (ETR), whereas the audit tenure variable has a significant positive effect on the Effective Tax Rate (ETR). Conversely, the audit committee variable does not exhibit a significant effect on the Effective Tax Rate (ETR). Additionally, the analysis reveals that the audit fee and audit quality variables have a significant negative effect on Book Tax Differences (BTD), while the audit tenure variable shows a significant positive effect on Book Tax Differences (BTD). Notably, the audit committee variable does not demonstrate a significant effect on Book Tax Differences (BTD).

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