

The Effect of Green Accounting and Audit Quality on Tax Aggressiveness in the Energy Sector Listed on the Indonesia Stock Exchange (IDX) in 2023–2024

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Abstract

The purpose of this research is to examine how audit quality and green accounting impact tax aggressiveness in energy companies listed on the Indonesia Stock Exchange from 2023 to 2024. Using quantitative methods and purposive sampling techniques, 27 companies (54 observations) were obtained and analyzed using multiple linear regression. To measure green accounting, the level of disclosure of GRI G4 environmental indicators is used; audit quality is assessed based on the affiliation with Big Four and Non-Big Four public accounting firms; and tax aggressiveness is measured using the cash effective tax rate (Cash ETR). The research results show that audit quality does not have a significant impact on tax aggressiveness, but green accounting does have a significant impact. Both variables cannot effectively explain the variation in tax aggressiveness simultaneously. The results indicate that corporate transparency and fiscal accountability must be improved by integrating sustainability practices, governance, and tax oversight.

Keywords: *Green Accounting; Audit Quality; Tax Aggressiveness*

A. INTRODUCTION

The shift in the global business paradigm toward more sustainable and environmentally responsible practices has created significant implications for corporate reporting systems and governance structures. In recent years, companies have no longer been evaluated solely based on their financial performance, but also on the extent to which they contribute to environmental sustainability. This transformation has encouraged the adoption of more comprehensive reporting mechanisms, including the implementation of Green Accounting, which refers to an accounting approach that integrates environmental information into financial recording and reporting processes. Through this mechanism, environmental costs and impacts resulting from business activities are recognized as part of corporate accountability, thereby promoting transparency and sustainable business practices.

The relevance of this topic becomes increasingly evident when observing recent developments in Indonesia. For instance, in 2023, PT Pertamina (Persero) reported a significant increase in environmental cost disclosures within its sustainability report, including expenditures related to waste management and investments in renewable energy initiatives. However, other large corporations have received public scrutiny regarding the transparency of their environmental reporting. One example is PT Indofood Sukses Makmur Tbk, which has been criticized for allegedly lacking transparency in disclosing environmental impacts despite generating substantial profits. These contrasting cases highlight that the implementation of Green Accounting practices in Indonesia remains uneven, making it an important subject of study, particularly in relation to corporate fiscal behavior such as tax aggressiveness.

Green Accounting serves as a mechanism to systematically record environmental costs generated from business operations. These costs may include waste treatment expenses, environmental restoration programs, and investments in environmentally friendly technologies. By incorporating environmental expenditures into financial statements, Green Accounting is expected to enhance the

transparency and credibility of corporate reporting while demonstrating corporate commitment to sustainability and social responsibility. Furthermore, transparent environmental accounting can assist stakeholders in evaluating the true economic performance of a company by reflecting the environmental consequences of its operations.

Despite its potential benefits, the implementation of Green Accounting still faces several challenges. One of the main obstacles lies in the absence of universally mandatory regulations requiring companies to disclose environmental information in their financial statements. As a result, environmental reporting practices often remain voluntary and may vary significantly among companies. This situation creates opportunities for selective disclosure, where companies may present only favorable environmental information while omitting other relevant aspects. Such selective reporting can lead to information distortion, which may subsequently be utilized by companies to design aggressive fiscal strategies, including tax avoidance practices.

In this context, a potential relationship can be identified between Green Accounting practices and corporate tax aggressiveness. When companies fail to properly recognize and disclose environmental costs arising from their operational activities, their reported profits may appear artificially higher. This condition may create opportunities for companies to manipulate their taxable income and adopt aggressive tax planning strategies. Therefore, consistent implementation of Green Accounting is expected to reduce the opportunity for tax aggressiveness by promoting more transparent and accurate financial reporting. Transparent recognition of environmental costs can limit managerial discretion in manipulating financial statements for tax-related purposes.

In addition to internal mechanisms such as environmental disclosure, external oversight through the auditing process also plays a crucial role in ensuring the reliability of corporate financial reporting. External audits conducted by independent and professional auditors aim to provide assurance that financial statements are prepared in accordance with generally accepted accounting standards. Consequently, audit quality becomes an important factor in determining whether financial information presented to stakeholders can be trusted. High-quality audits help strengthen corporate accountability and improve the overall credibility of financial reporting.

The importance of audit quality can be illustrated through real-world cases. For example, the financial reporting scandal involving PT Indofarma Tbk in 2024 demonstrated the critical role of auditor integrity in safeguarding financial transparency. The Indonesian Supreme Audit Agency (BPK) identified irregularities in the company's financial statements that resulted in state losses amounting to approximately IDR 371.8 billion. Previously, the Public Accounting Firm KAP Kreston HHES had issued an unmodified audit opinion on the company's financial statements as of June 30, 2020. However, subsequent investigations revealed significant fraudulent activities, highlighting the need for stronger audit supervision and more effective detection of financial reporting risks.

Auditors with high levels of professional competence, experience, and institutional reputation are generally more capable of identifying irregularities in financial reporting, including practices related to tax avoidance or aggressive tax strategies. A comprehensive and objective auditing process can encourage companies to prepare financial statements more carefully and accurately, thereby reducing the likelihood of manipulative practices such as tax aggressiveness. In this regard, high audit quality conceptually contributes to minimizing the tendency of companies to engage in aggressive tax planning strategies that aim to reduce their tax obligations.

Based on the discussion above, it can be observed that Green Accounting and audit quality represent two complementary mechanisms in establishing a transparent and accountable financial reporting system. When companies internally commit to environmental disclosure while simultaneously being monitored by high-quality external auditors, the resulting financial reports are likely to be more credible and reliable. Such conditions can logically reduce the potential for companies to engage in aggressive tax practices, both explicitly and implicitly.

Conceptually, the relationship among the variables in this study forms an interconnected analytical framework. Green Accounting, through transparent environmental cost disclosure, functions as an initial preventive mechanism against manipulation of taxable income. Meanwhile, audit quality acts as an external monitoring mechanism that reinforces the integrity of financial reporting processes. Together, these two factors influence corporate decision-making regarding tax strategies and the likelihood of adopting aggressive tax practices.

By integrating two important perspectives—Green Accounting as a sustainability reporting instrument and audit quality as an external governance mechanism—this study offers a novel perspective in explaining corporate tax aggressiveness. Unlike previous studies that generally examine these variables separately, this research analyzes their combined influence within Indonesian companies that are currently adapting to sustainability reporting regulations introduced by the Financial Services

Authority (OJK) in 2023. Through this approach, the study is expected to contribute to the development of accounting literature by providing deeper insights into how sustainability-oriented accounting practices and audit governance mechanisms can influence corporate taxation behavior.

The findings of this research are expected to provide both theoretical and practical contributions to the field of accounting, particularly in understanding mechanisms for controlling corporate tax aggressiveness through sustainable accounting practices and effective audit governance. Furthermore, this study seeks to expand the understanding of how non-financial factors such as Green Accounting, along with governance-related factors such as audit quality, can influence corporate taxation behavior within the broader context of responsible and sustainable business practices.

B. Literature Review

Signaling Theory

Signaling theory is based on the idea that different groups possess unequal access to information. In such conditions, companies that demonstrate strong performance or positive indicators attempt to convey signals to external stakeholders regarding their actual quality. High profitability, for instance, can signal to auditors and investors that the company has effective management practices and strong internal control systems. When firms disclose reliable information, it reduces information asymmetry and enables stakeholders to evaluate the company's credibility more accurately.

The concept of signaling theory was first introduced by Michael Spence, who explained that parties possessing superior information tend to send credible signals to distinguish themselves from those with lower quality. In the context of corporate reporting, signals may take the form of financial disclosures, governance practices, or environmental reporting. Effective signals must be costly or difficult for lower-quality firms to imitate, thereby ensuring that only genuinely credible organizations are able to communicate such signals convincingly.

Within corporate reporting practices, environmental disclosure can also function as an important signal to stakeholders. Companies that openly report environmental impacts and sustainability initiatives demonstrate transparency and accountability, which strengthens the confidence of auditors, regulators, and investors in the reliability of their financial statements. Consequently, environmental reporting, including the adoption of Green Accounting practices, can serve as a credible signal that the company operates responsibly and maintains high standards of corporate governance.

Legitimacy Theory

Legitimacy theory suggests that the survival and continuity of a company depend on the extent to which its activities are accepted by society. Organizations are viewed as operating under a social contract with the community in which they operate. This social contract requires companies to align their operations with prevailing societal values, norms, and expectations in order to maintain public trust and support.

When corporate activities deviate from social expectations, the legitimacy of the organization may be threatened. In such situations, management must take strategic actions to restore or maintain the company's reputation. These actions may include improving transparency, strengthening corporate social responsibility programs, and increasing disclosure regarding environmental and social impacts of business operations.

In the context of sustainability and environmental accountability, legitimacy theory explains why companies increasingly adopt practices such as environmental disclosure and sustainability reporting. By demonstrating responsibility toward environmental and social issues, companies seek to gain approval from stakeholders and maintain their legitimacy. Consequently, organizations are motivated to adopt more transparent reporting practices to ensure continued support from regulators, investors, and the wider community.

Tax Aggressiveness

Tax aggressiveness represents a significant issue in modern corporate financial management, particularly within the context of corporate tax planning strategies. The concept refers to various actions undertaken by companies to minimize their tax liabilities, either through legally acceptable methods such as tax avoidance or through practices that approach violations of tax regulations, commonly referred to as tax evasion. Although some of these strategies may technically comply with legal provisions, aggressive tax practices often raise ethical concerns and may reduce the company's contribution to government revenue.

In practice, tax aggressiveness is frequently associated with financial engineering strategies. These may include the manipulation of accounting profits, shifting income to jurisdictions with lower tax rates, or establishing complex corporate structures designed to minimize tax obligations. Such strategies

reflect managerial opportunism in determining tax policies and can lead to distortions in financial reporting information.

From an academic perspective, tax aggressiveness is often viewed as an indicator of a company's level of compliance with fiscal regulations and the integrity of its financial reporting practices. Aggressive tax behavior may reduce the credibility of financial statements in the eyes of auditors, investors, and tax authorities. Therefore, tax aggressiveness is commonly used as an important measure for evaluating the effectiveness of corporate governance and the strength of both internal and external oversight mechanisms.

Green Accounting

Green Accounting, also known as environmental accounting, is an accounting approach designed to incorporate environmental impacts into corporate financial reporting. The growing global awareness of environmental sustainability and climate change has accelerated the adoption of this concept across industries. Green Accounting represents a shift from traditional accounting systems that focus solely on economic value toward a more inclusive framework that also considers ecological and social values.

In practice, Green Accounting involves measuring and reporting environmental costs associated with business operations. These costs may include environmental restoration expenses, waste management activities, carbon emission reductions, and investments in environmentally friendly technologies. Environmental disclosures may be presented through sustainability reports or integrated into annual financial reports to provide stakeholders with comprehensive information regarding the company's environmental performance.

The implementation of Green Accounting plays an important role in strengthening corporate accountability toward stakeholders. Transparent environmental reporting not only enhances corporate reputation but also strengthens the legitimacy of the organization in the eyes of the public, regulators, and investors. From an auditing perspective, the availability of comprehensive environmental disclosures also helps auditors evaluate whether environmental expenses have been properly recognized and reported in accordance with relevant accounting standards.

Audit Quality

Audit quality represents a critical component of the financial reporting system because it functions as a mechanism to evaluate the integrity and fairness of financial information presented by management. Conceptually, audit quality is determined by the probability that an auditor will both detect and report material misstatements or irregularities in financial statements. The higher the audit quality, the greater the auditor's ability to identify and correct distortions in financial reporting.

Several factors influence audit quality, including auditor competence, independence, professional experience, and the reputation of the public accounting firm. Auditors affiliated with large international accounting networks, particularly those categorized as the Big Four, are often associated with higher audit quality. This reputation is supported by their access to greater professional resources, standardized audit methodologies, and the significant reputational risks they face if audit failures occur.

High-quality audits play an important role in enhancing the credibility of financial statements used by investors, creditors, and regulators. Financial reports audited by reputable auditors are generally considered more reliable and objective representations of a company's financial condition. In addition, audit quality also contributes to stronger corporate governance by imposing external pressure on management to comply with applicable accounting standards and maintain transparency in financial reporting.

The Effect of Green Accounting on Tax Aggressiveness

The adoption of Green Accounting reflects a company's commitment to integrating environmental considerations into its operational and financial reporting processes. Through transparent disclosure of environmental costs and risks, companies demonstrate accountability to society and the environment. Such transparency can discourage aggressive tax practices, as companies seek to maintain their reputation and long-term sustainability in the eyes of stakeholders.

Legitimacy theory further explains that companies implementing Green Accounting aim to meet societal and regulatory expectations through responsible business practices. By enhancing environmental transparency and accountability, organizations strengthen their legitimacy and reduce incentives to engage in aggressive tax strategies that could potentially harm their public image.

Empirical studies have produced mixed findings regarding the relationship between Green Accounting and tax aggressiveness. Several studies suggest that companies with higher levels of environmental disclosure tend to exhibit lower levels of tax aggressiveness. However, other studies have found no significant relationship between these variables, indicating that additional research is necessary to better understand how environmental accounting practices influence corporate tax behavior, particularly within emerging economies such as Indonesia.

H1: Green Accounting has a significant negative effect on tax aggressiveness.

The Effect of Audit Quality on Tax Aggressiveness

Audit quality functions as an external control mechanism that ensures the fairness of financial statements and reduces the risk of managerial manipulation. Auditors with strong reputations and high levels of professional competence are expected to detect aggressive practices in corporate tax planning that may threaten transparency and fiscal compliance. Within the framework of agency theory, auditors serve as independent parties responsible for monitoring management behavior and preventing opportunistic actions, including aggressive tax strategies that may harm stakeholders.

Recent empirical studies indicate a significant negative relationship between audit quality and tax aggressiveness. For example, research conducted by Saputra and Wibowo (2022) found that audits conducted by Big Four Public Accounting Firms significantly reduce the level of corporate tax aggressiveness. Similarly, Nugroho and Kurniawan (2023) reported that higher audit quality contributes to limiting aggressive tax practices within companies. These findings suggest that high-quality auditing can strengthen financial transparency and encourage companies to comply with tax regulations.

However, some studies have reported different results. Research by Ramadhani et al. (2021), for instance, found no significant relationship between audit quality and tax aggressiveness within service sector companies. This inconsistency indicates that industry characteristics and contextual factors may influence the relationship between audit quality and corporate tax behavior. Therefore, further research is required to examine the role of audit quality across different industries and economic contexts.

H2: Audit quality has a significant negative effect on tax aggressiveness.

The Simultaneous Effect of Green Accounting and Audit Quality on Tax Aggressiveness

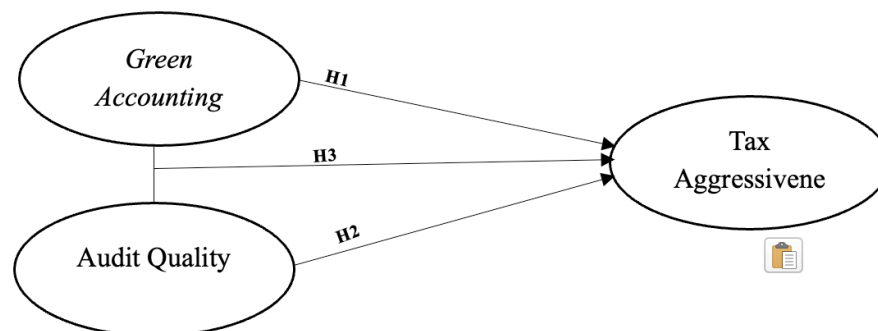
Green Accounting and audit quality represent two complementary elements within corporate reporting and governance systems. Green Accounting provides a framework for transparent environmental reporting, while audit quality ensures the reliability and fairness of the financial information disclosed. Together, these mechanisms strengthen corporate governance structures and reduce the likelihood of companies engaging in aggressive tax practices.

Several empirical studies suggest that the combination of Green Accounting and audit quality simultaneously contributes to reducing tax aggressiveness. Research by Sari and Wibowo (2022) demonstrates that the combined influence of environmental disclosure and high-quality auditing produces a stronger tax control effect compared to the individual impact of each variable. Similarly, Putri and Hartanto (2023) argue that the integration of environmental accounting practices with high-quality audits creates positive synergy that encourages greater corporate tax compliance.

Nevertheless, other research findings present different conclusions. Prasetyo et al. (2021) reported that the simultaneous influence of Green Accounting and audit quality on tax aggressiveness was not statistically significant. These mixed findings highlight the need for further investigation to better understand how environmental reporting and audit oversight interact in shaping corporate tax behavior. Considering these theoretical arguments and empirical findings, the following hypothesis is proposed.

H3: Green Accounting and audit quality simultaneously have a significant negative effect on tax aggressiveness.

Figure 1. Conceptual Framework



C. METHODOLOGY OF RESEARCH

This study analyzes companies in the energy sector listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period. The population of this research consists of 91 energy sector companies, while the sampling technique used is purposive sampling, which selects samples based on specific criteria relevant to the research objectives. The criteria applied include companies that were consistently listed on the IDX during 2023–2024, companies that published complete financial statements during the research period, and companies that issued sustainability reports for the same period. After applying these criteria, 27 companies were selected as the research sample. Since the observation period covers two years, the study utilizes 54 firm-year observations as the final dataset for analysis.

This research adopts a quantitative approach to examine the relationship between the research variables, namely Green Accounting, audit quality, and tax aggressiveness. A correlational research design is employed to analyze how the independent variables influence the dependent variable through statistical testing. The quantitative method allows the relationships among variables to be measured objectively and systematically, enabling the researcher to evaluate the strength and direction of the effects identified in the empirical analysis.

The data used in this study are secondary data, obtained from publicly available corporate documents. Specifically, the research utilizes annual reports and sustainability reports of energy sector companies for the 2023–2024 period, which can be accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id). These reports provide relevant information regarding environmental disclosures based on Global Reporting Initiative (GRI) indicators, audit quality indicators such as the involvement of Big Four Public Accounting Firms, and financial information used to measure tax aggressiveness.

D. RESULT AND DISCUSSION

Chow Test

Descriptive statistical analysis of continuous variables is conducted to provide an overview of the distribution patterns and key characteristics of the data examined in this study. This analysis evaluates the overall distribution of the data, including aspects such as symmetry, skewness, and variability, to understand how the observations are dispersed within the dataset. In addition, several measures of central tendency, including the mean, median, and mode, are calculated to represent the central values of the data and to summarize the general tendency of each variable prior to further statistical analysis.

Table. 1 Descriptive Statistical Analysis of Continuous Variables

	<i>N</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>Std. Dev.</i>
GA	54	0.09	0.95	0,644	0. 203
KA	54	0.00	1.00	0.463	0.503
AP	54	0.11	0.70	0.207	0.151

Tabel. 2 Frequencies

KA	Frequency	Percentage
1	25	46.3
0	29	53.7
Total	54	100

Table 2 presents the frequency and percentage distribution of companies based on the status of the Public Accounting Firm (PAF), categorized as Big Four and Non–Big Four. In this classification, Big Four PAFs are coded as 1, while Non–Big Four PAFs are coded as 0. The results indicate that 46.3% of the companies are audited by Big Four firms, whereas 53.7% are audited by Non–Big Four firms. These findings suggest that the majority of companies still rely on audit services provided by Non–Big Four accounting firms. This condition may indicate that not all companies require the scale of expertise or transaction complexity typically associated with Big Four auditors. Furthermore, it also reflects that Non–Big Four firms are capable of providing adequate audit services that comply with professional standards, particularly for companies with relatively smaller operational scale and lower risk levels.

Table. 3 R2 test

	R	R Square	R Square Adjusted
1	.319 ^a	.102	.067

Based on the table above, the coefficient of determination (R Square) is 0.102, indicating that Green Accounting (GA) (X1) and Audit Quality (AQ) (X2) simultaneously explain 10.2% of the variation in Tax Aggressiveness (TA) (Y). The remaining 89.8% of the variation in tax aggressiveness is influenced by other factors that are not included in this study. This finding suggests that the explanatory power of GA and AQ on tax aggressiveness is relatively limited. Nevertheless, the substantial unexplained proportion indicates the presence of other potentially significant determinants, which could be explored in future research to obtain a more comprehensive understanding of the factors influencing tax aggressiveness.

Table. 4 Durbin–Watson Test

Model	R	R square	Adjusted R Square	Std.Error of the Estimate	Durbin-Watson
1	,319 ^a	,102	,067		2,043

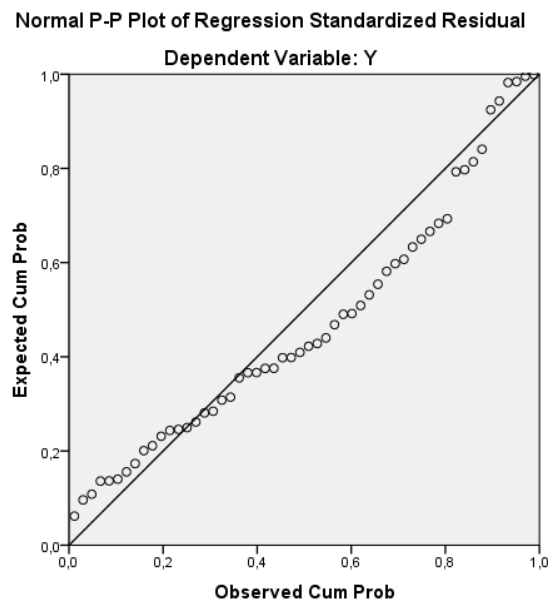
For K = 2 and N = 54, the Durbin–Watson critical values are DL = 1.4851 and DU = 1.6383, with a calculated Durbin–Watson (DW) value of 2.043. According to the decision rule, if $DU < DW < (4 - DU)$, the regression model does not indicate autocorrelation. The value of $4 - DU$ is 2.3617 ($4 - 1.6383$), resulting in the interval $1.6383 < 2.043 < 2.3617$. Since the DW value lies between DU and $(4 - DU)$, it can be concluded that the regression model does not exhibit autocorrelation, indicating that the residuals are independent and the model satisfies the autocorrelation assumption.

Table. 5 Multikolinearity Test

	<i>B</i>	<i>S.E</i>	<i>BETA</i>	<i>TOLERANCE</i>	<i>VIF</i>
Constant	0.087	0.069			
GA	0.217	0.099	0.290	1.000	1.000
KA	0.041	0.040	0.137	1.000	1.000

The test results indicate that no multicollinearity exists among the independent variables in relation to Tax Aggressiveness (TA), as the tolerance values are greater than 0.10 and the Variance Inflation Factor (VIF) values are below 10. Therefore, the regression model is considered appropriate for use in this study. These findings suggest that the regression estimates are not distorted by multicollinearity issues, ensuring that the results remain reliable and valid for examining the relationship between the independent variables and the dependent variable. Furthermore, the model is able to represent more accurately the influence of each independent variable on the outcome variable without being affected by strong correlations among the independent variables.

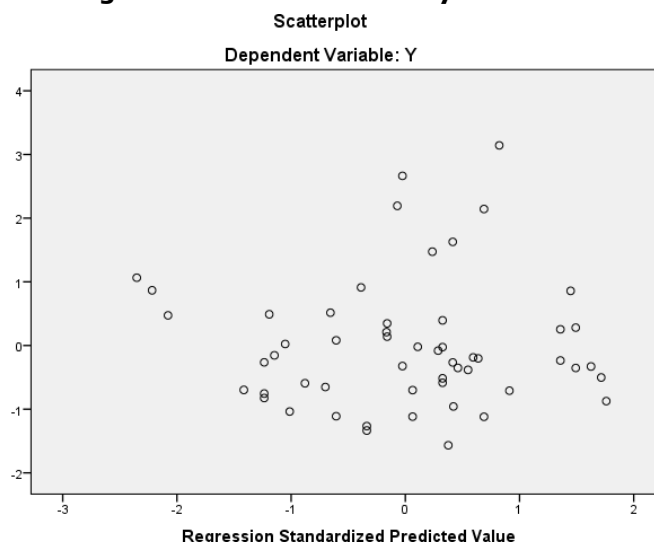
Figure. 2 Normality test



Based on the results of the normality test using the Normal P–P Plot, the residual points generally follow the pattern of the diagonal line. Although slight deviations appear in several areas,

the overall pattern indicates that the residuals are distributed relatively close to the normal line. This suggests that the residual distribution is approximately normal. Therefore, the regression model satisfies the normality assumption, as the deviations observed are not extreme and remain within acceptable tolerance limits according to standard regression analysis criteria.

Figure. 3 Heteroscedasticity Test



Based on the scatterplot graph between the Regression Standardized Predicted Value and the Regression Standardized Residual, the residual points appear to be randomly distributed above and below the zero axis. The distribution of the points does not form any specific pattern, such as narrowing, widening, or a funnel-shaped pattern. In addition, the points are spread relatively evenly across different predicted values. This random and unstructured distribution indicates that the regression model does not exhibit heteroscedasticity. Therefore, it can be concluded that the variance of the residuals is constant (homoscedasticity), meaning that the regression model satisfies the classical assumption of homoscedasticity and is appropriate for further analysis.

Table. 6 F test

Model		Df	Mean Square	F	Sig.
1	Regression	2	.062	2.895	.064
	Residual	51	.022		
	Total	53			

The F-test is used to determine whether the independent variables simultaneously influence the dependent variable. The test results show a significance value of 0.064, which is greater than 0.05. This indicates that the independent variables do not have a significant simultaneous effect on Tax Aggressiveness (TA).

Tabel 10. Uji t

Variable	Koefisien Beta	T	Sig	Description
Constant	.087	1.262	0.213	0.05
GA	.217	2.183	0.034	Hypothesis rejected
KA	.041	1.034	0.306	Hypothesis rejected

The t-test is used to examine the partial effect of each independent variable on the dependent variable. This statistical test evaluates whether the mean of a sample differs significantly from a specific value or compares the means between groups. Based on Table 10, the Green Accounting (GA) variable on Tax Aggressiveness (TA) shows a significance value of 0.034, which is greater than 0.05, indicating that H1 is rejected. Similarly, the Audit Quality (AQ) variable on TA also has a significance value of 0.306, which is greater than 0.05, indicating that H2 is rejected.

Effect of Green Accounting on Tax Aggressiveness

Based on Table 10, the partial test results indicate that the Green Accounting (GA) variable has a significant effect on Tax Aggressiveness (TA), as shown by the significance value of $0.034 < 0.05$. However, the beta coefficient of 0.217 indicates a direction that is inconsistent with the proposed hypothesis, which predicted a negative relationship. Instead, the result shows a positive direction, leading to the rejection of the first hypothesis (H1).

This finding suggests that the implementation of green accounting does not necessarily lead to a reduction in corporate tax aggressiveness. One possible explanation is that companies adopt green accounting practices primarily to comply with regulatory requirements or to enhance corporate reputation, rather than to influence their tax policies directly. In many cases, environmental disclosures may function as a reputational strategy or form of corporate image management (window dressing) while companies continue to engage in tax planning strategies within legal boundaries.

From the perspective of legitimacy theory, companies seek to obtain and maintain legitimacy from society by demonstrating responsible business practices, including environmental disclosure. However, the results of this study indicate that the adoption of green accounting does not automatically reduce tax aggressiveness. This suggests that environmental reporting may serve more as a symbolic legitimacy mechanism aimed at meeting stakeholder expectations rather than as an effective control mechanism to limit aggressive tax practices.

Effect of Audit Quality on Tax Aggressiveness

Based on the t-test results in Table 10, Audit Quality (AQ) does not have a significant effect on Tax Aggressiveness (TA). This is indicated by a significance value of $0.306 > 0.05$, resulting in the rejection of the second hypothesis (H2). Additionally, the beta coefficient of 0.041 shows that the influence of audit quality on tax aggressiveness is relatively weak, which is consistent with previous findings by Ghifary et al. (2022).

These results imply that higher audit quality does not necessarily limit corporate tax aggressiveness. Auditors generally focus on ensuring that financial statements are presented fairly and in accordance with applicable accounting standards. Meanwhile, tax aggressiveness often occurs within legal loopholes in tax regulations, which may not violate accounting standards or auditing procedures.

Therefore, the presence of high-quality auditors does not automatically influence a company's tax policy decisions, particularly when management plays a dominant role in strategic tax planning. In this context, audit quality primarily functions to ensure the reliability and credibility of financial statements, rather than acting as a mechanism to directly constrain aggressive tax behavior.

Effect of Green Accounting and Audit Quality on Tax Aggressiveness

According to Table 9 (F-test), the simultaneous test results show that Green Accounting (GA) and Audit Quality (AQ) do not have a significant joint effect on Tax Aggressiveness (TA). This is indicated by the significance value of 0.064, which is greater than 0.05, leading to the rejection of the third hypothesis (H3). These findings are consistent with previous research by Putri et al. (2025), which also found no significant relationship between GA, AQ, and tax aggressiveness.

This result indicates that although green accounting shows a significant effect on tax aggressiveness in the partial test, its influence becomes less substantial when combined with audit quality in the simultaneous model. Consequently, the regression model used in this study is unable to adequately explain the variation in corporate tax aggressiveness based solely on these two variables.

Furthermore, the insignificant F-test suggests that other factors beyond green accounting and audit quality may play a more important role in influencing tax aggressiveness. These factors may include leverage, profitability, firm size, asset structure, and managerial tax planning strategies. Therefore, tax aggressiveness can be viewed as a complex phenomenon influenced not only by sustainability practices and external monitoring mechanisms but also by internal corporate characteristics and managerial decision-making. These findings imply that improvements in green accounting practices and audit quality should be accompanied by stronger corporate governance and tax oversight mechanisms in order to effectively reduce aggressive tax behavior.

E. CONCLUSION

This study finds that Green Accounting (GA) has a significant positive effect on Tax Aggressiveness (TA), as indicated by a significance value of $0.034 (< 0.05)$. This result suggests that an increase in the implementation and disclosure of green accounting practices is associated with higher

levels of tax aggressiveness. Consequently, the hypothesis predicting a negative relationship between GA and TA is not supported.

These findings imply that the adoption of green accounting does not necessarily reflect a genuine commitment to reducing aggressive tax practices. Instead, environmental disclosure may function as a strategy to build a positive corporate image and maintain legitimacy among stakeholders. In line with legitimacy theory, companies may disclose environmental practices to sustain public trust and reputation, even though aggressive tax strategies may still be implemented in practice.

Meanwhile, Audit Quality (AQ) is found to have no significant effect on Tax Aggressiveness, as indicated by a significance value of 0.306 (> 0.05). This suggests that the presence of high-quality auditors does not necessarily constrain corporate tax aggressiveness. In practice, auditors primarily focus on ensuring the fairness and reliability of financial statements, while tax aggressiveness often occurs within regulatory loopholes that do not violate accounting or auditing standards.

Furthermore, the simultaneous test results show that GA and AQ together do not significantly affect Tax Aggressiveness, with a significance value of 0.064 (> 0.05). This indicates that tax aggressiveness is a complex phenomenon influenced by other factors beyond sustainability practices and audit mechanisms, such as financial characteristics, ownership structure, and managerial tax strategies. The study also acknowledges limitations related to the measurement of tax aggressiveness and green accounting disclosures, as well as limited availability of consistent sustainability reporting data across companies.

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