Auditor Reputation Moderates the Impact of Tax Avoidance and Tax Compliance on Firm Value

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Abstract
Purpose: This study tests and analyses the impact of tax avoidance and tax compliance on the value of firms with an auditor's reputation as a moderator in manufacturing firms listed on the Indonesia Stock Exchange in 2015-2019.

Methodology/approach: The sampling technique uses purposive sampling and produces a total sample of 106 companies, resulting in 530 observation samples. The data used is Secondary data were obtained from the Indonesian Stock Exchange website and Yahoo Finance. Multiple linear regression analysis was used in this study.

Results/findings: The study revealed that tax avoidance has a positive impact on firm value; tax compliance has a positive impact on firm value; the auditor's reputation does not strengthen the impact of tax avoidance on the value of the firm; and the auditor's reputation does not strengthen the impact of tax compliance on the value of the firm.

Limitations: This study is limited to manufacturing firms listed on the IDX for 2015-2019.

Contribution: This study contributes to investors' investment decisions based on companies' tax avoidance and compliance. The intensity of tax avoidance and tax compliance has been proven to affect firm value; therefore, these two variables can be used to predict firm value.

Keywords: *auditor reputation, firm value, tax avoidance, tax compliance,*

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1. Introduction

Tax is one of the incomes for the state that is forcibly levied on individual taxpayers and corporate taxpayers. This is regulated in Article 23A of the 1945 Constitution so that paying taxes is a form of compliance with applicable laws and citizen participation in their country (Dewi, 2011). The firm is one of the parties that is required to pay taxes, but the firm holds the principle of profit-oriented for the welfare of stakeholders and will strive to reduce taxes required by the state. The firm has a financial management goal in the form of maximizing the wealth of stockholders, which means increasing the value of the firm which is a measure of objective value by the public and orientation to the survival of the firm (Harmono, 2009). Increasing firm value is the main goal of companies that have gone public by maximizing firm profits (C. Gunawan & Hapsari, 2023). Firm value is the perception of investor valuation of the firm which is reflected in the share price, where the increasing value of the firm, the more the firm's share price will increase (Partha &; Noviari, 2016).

The firm's goal which is to increase firm value can be achieved through the implementation of the financial management function, where one financial decision taken will affect other financial decisions and have an impact on firm value, where one of the managers' decisions regarding this matter is tax avoidance behavior (Anggoro & Septiani, 2015). The firm's compliance in paying taxes will also be taken into consideration by stakeholders in making decisions. Tax compliance usually refers to the extent to which an individual or organization complies with tax laws and regulations (Young et al.,

2016). Although companies and investors have the same goal to minimize tax burden to increase profits, investors will not agree to tax non-compliance because they know the risk of tax sanctions that will reduce profits in the future (Chen et al., 2014). Public accountants or auditors act as independent parties needed to mediate between both parties who have different interests between management and firm owners to reduce the risk that financial statements can be influenced by management interests (Arinta & Adiwibowo, 2013). The reputation of the auditor is one of the considerations for investors in making investment decisions. The selection of a reputable auditor by the firm to audit its financial statements shows that the information provided by the firm is not misleading, thereby reducing the level of uncertainty of the firm's value in the future (Permadi & Yasa, 2017).

Previous research on the relationship between tax avoidance, tax compliance, and auditor reputation on firm value has yielded different results. The impact of tax avoidance on firm value in the research of Assidi et al. (2016), Siew Yee et al. (2018), Septiani et al. (2019); and Ilmiani & Sutrisno (2014) showed negative results between the two variables. The research of Lestari & Wardhani (2015), Anggoro & Septiani (2015), Appolos et al. (2016) showed positive results between the two variables. There is no influence between the auditor's reputation and firm value in Widarjo (2010) research, but Gunawan & Halim (2012) research states that the auditor's reputation that has a positive impact on the firm's value after the initial public offering. No researcher has made observations between tax compliance and firm value directly, but Tarmidi (2019) research that observed investor reactions to tax compliance and Abdul Wahab & Holland (2012) who observed tax planning(Abdul Wahab & Holland, 2012) and firm value showed a negative influence between the two variables.

Meanwhile, research from Ogundajo & Onakoya (2016), Ling & Wahab (2018) dan Graham, Hanlon, Shevlin, & Shroff (2014) shows that the firm's policy to continue to carry out tax compliance through tax planning received a positive reaction from investors by buying shares and had an impact on increasing firm value. While Salawu, Ogundipe & Yeye (2017) in their research showed that there is no causality between tax planning and firm value. Based on the description above, this study will focus on tax avoidance and tax compliance on firm values with the auditor's reputation as a moderate. This research was conducted to fill the gap between the previous research findings and provide a reference for future research in the area of tax compliance, tax avoidance, and firm value. Manufacturing firms that were listed on the Indonesia Stock Exchange in 2015-2019 were used as the sample. It is caused by the role of the manufacturing companies as the most important role in contributing taxes to the country.

2. Literature review and hypothesis development

2.1 Agency Theory
Agency theory explains when an agency relationship arises between two parties one of them is designated as an agent who acts as a representative for the other party (principal) who is a shareholder in the firm (Ross, 1973). Anthony & Govindarajan (2009) stating that based on agency theory, each individual will act for their own self-interest. Therefore, this agency theory can bring up differences in interests between shareholders as principals and managers as agents in the firm. The manager will carry out tax avoidance in accordance with the interests he wants, but at the expense of the interests of investors because opportunistic behavior has increased (Anggoro & Septiani, 2015).

2.2 Signal Theory
Signal's theory involves management as a party that provides signals in the form of relevant information that can be taken into consideration for investors and investors as parties who receive signals that will determine decisions in accordance with what they have understood about the signals (Spence, 1973). This theory was later developed by Ross (1977) those who stated that firm executives would try to increase the firm's stock price by conveying good information about the firm to potential investors (Saputra et al., 2023). Investors can determine companies that have good firm values and will bring profits through the information received. From management, the practice of tax avoidance and tax compliance implemented is intended to convey positive signals to investors which will also increase the value of the firm (Pradnyana & Noviari, 2017).

2.3 Stakeholder Theories

Freeman (1984) states that stakeholders are any group or individual that can influence or be influenced by the achievement of organizational goals, while the main assumption of stakeholder theory is that organizational impactiveness is measured by its ability to satisfy not only shareholders but also agents who have influence in the organization. Meanwhile, Donaldson & Preston (1995), stakeholder theory is related to management or management (managerial) and recommends attitudes, structures, and practices which, when implemented together, will form a stakeholder management philosophy. Thus, the existence of a firm is greatly influenced by stakeholders who provide support to the firm.

2.4 Firm Value

Firm value is a stock price formed by capital market demand and supply that reflects an assessment of the firm's performance (Harmono, 2009). The success rate of a firm can be reflected in the value of the firm, high firm value will increase investor and market confidence in the firm's current and future performance (Cecilia et al., 2015). So that the greater the demand for shares of a firm in the capital market, the stock price will tend to be high and indicate good firm performance (Hardana, 2023).

2.5 Tax Avoidance

Taxes are one of the largest sources of state revenue. However, not all taxpayers want to carry out their tax obligations as they should. The firm will strive to do various ways to increase firm profitability, one of which is by doing tax avoidance (Sidauruk & Putri, 2022). Tax aggressiveness as an effort to carry out tax planning and tax efficiency will increase firm value but will reduce firm value as well if it is assessed as non-compliance (Apsari & Setiawan, 2018).

2.6 Tax Compliance

Aumeerun, Jugurnath, & Soondrum (2016) stated that tax non-compliance is an act that does not comply with a country's tax laws and regulations by not paying taxes or not reporting the actual amount of income, which can include evading taxes in a legal way, namely tax evasion and illegal, namely tax evasion. One factor affecting firm compliance in complying with tax regulations is firm profitability (Siahaan, 2005). Rhoades (1999) explained that an important aspect of taxpayer awareness and compliance is in reporting net income because taxpayers often do not provide reporting on their net income. So that investors can also assess how the firm is performing in terms of tax compliance. Additionally, the variable awareness of taxpayers and tax socialization partially have a positive and significant effect on taxpayer compliance (Ramdhan & Rachman, 2023).

2.7 Auditor Reputation

Auditors with a good reputation have higher audit expertise and will produce better audit quality as well, so that the firm can attract potential investors that public trust in the firm will increase (Nasser et al., 2006). Thus, the reputation of the auditor is able to influence investor decision-making in assessing the performance of a firm so that it can affect the value of the firm (Kristianti & Herawaty, 2023).

2.8 Hipotesis Penelitian

2.8.1 The Impact of Tax Avoidance on Firm Value

Tax avoidance behavior causes agency conflicts between companies and investors in the form of differences in interests that include the desire of the principal (investor) to conduct tax avoidance to increase the value of the firm in order to get high investment returns, while the agent (management) conducts tax avoidance so that the profitability obtained can be used to improve firm performance (Apsari & Setiawan, 2018). This is also written in the research of Ilmiani & Sutrisno (2014) where tax avoidance negatively affects the value of the firm because the higher the tax avoidance, the lower the value of the firm in the eyes of investors.
H1: Tax avoidance negatively affects firm value

2.8.2 The Impact of Tax Compliance on Firm Value

The amount of total assets has an influence on the level of tax compliance because, with large operating profit capabilities, companies will tend to be more compliant in fulfilling their tax obligations compared to companies with small business profit capabilities (Hani & Lubis, 2010). Investors consider tax compliance because they do not want to risk sanctions that will reduce the firm's profitability (Chen et al., 2014). Based on this description, it can be concluded that *tax compliance* has a positive impact on

firm value because as long as the firm complies with taxes, the higher the firm's value in the perspective of investors.

H2: Tax compliance has a positive impact on firm value

2.8.3 The Impact of Auditor's Reputation as a Moderation of Tax Avoidance and Tax Compliance on Firm Value

Financial statements audited by auditors who are considered high quality compared to less qualified auditors will be more trusted by users of financial statements because to maintain their credibility, the audit process will be carried out carefully to detect any misstatements or fraud (Widarjo, 2010).

H3.1: The auditor's reputation is able to strengthen the relationship between tax avoidance to firm value

H3.2: The auditor's reputation is able to strengthen the relationship of tax compliance to firm value

3. Research methodology

The population in this study is all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019. The sampling technique for this study used purposive sampling. The study used secondary data types sourced from the annual financial statements *of* manufacturing companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The data to be used is obtained from www.idx.co.id and www.finance.yahoo.com. The data collection method in this study is the documentation method.

The samples of this study were determined based on the purposive sampling. The criteria of the samples are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019; the firms that published financial statements and annual financial reports for the period 2015-2019 in currencies other than rupiah; the firms were not delisted during the period 2015-2019; and the firm have complete data related to research variables in the firm's annual financial statements.

The independent variables in this study are tax avoidance and tax compliance, the dependent variable is in the form of firm value, and the moderation variable is in the form of auditor reputation.

3.1 Tax Avoidance

Taxpayers carry out strategies in the form of tax avoidance to reduce taxes paid legally by utilizing loopholes in tax laws (Pohan, 2013). The way to calculate tax avoidance is to use the Cash Impactive Tax Ratio or CETR, which is tax payments divided by profit before tax (Dyreng et al., 2011). Cash Impactive Tax Rate measures the ratio of cash that a firm spends to pay taxes with its profit before tax to determine the exact corporate tax rate paid and can compare it with the corporate tax rate in tax law regulations, where the higher the CETR indicates lower tax avoidance activities. Since a higher CETR reflects less tax avoidance, the measure multiplied by -1 increases tax avoidance in the CETR (Cook et al., 2017).

$$Cash\ Impactive\ Tax\ Ratio = \frac{Cash\ paid\ for\ tax}{Earnings\ before\ tax}$$
$$Tax\ Avoidance = CETR\ x\ \textbf{-1}$$

3.2 Tax Compliance

Tax compliance or tax compliance is when taxpayers have the willingness to fulfil their tax obligations in accordance with applicable rules without the need for examinations, thorough investigations, warnings, or even threats and sanctions for implementation of both legal and administrative (James & Alley, 2002). Tax compliance can be measured by the ratio of tax debt to the amount of cash to pay taxes, where the higher the tax compliance ratio indicates the higher the level of tax compliance in a firm.

$$Tax\ Compliance = \frac{Cash\ paid\ for\ tax}{Tax\ payable}$$

3.3 Firm Value

Firm value is the perception of investor assessment of firm performance which is denoted by a stock price, where the increasing share price of the firm, the value of the firm will increase (Partha & Noviari, 2016). According to Weston & Copeland (1997), using a valuation ratio is the most appropriate method

used in measuring the value of a firm because the ratio reflects the risk-to-return ratio. One such ratio is price to book value. The research will use the stock price on April 1 after the audited financial statements have been published by the firm as investors use the financial statements as a source of information for their decision-making.

$$Price\ to\ Book\ Value = \frac{Share\ price}{Book\ value\ per\ share} \times 100\%$$

3.4 Reputasi Auditor

The reputation of the auditor affects the credibility of a financial statement so investors also make this a consideration in making decisions. Public Accounting Firms (KAP) that have a good reputation are expected to provide positive reactions for parties who want to invest so that they can bring profits to the firm (Pawitri & Yadnyana, 2015). This can be assessed by KAP affiliated with the big KAP that applies universally known as The Big 4. By switching to a more reputable KAP, the firm's reputation will also increase in the eyes of investors (Sinarwati, 2010). The auditor's reputation measurement table can be measured as follows:

Table 1. Auditor Reputation Measurement

Accounting Firm	Revenue Per Year	Score
Deloitte Touche Tohmatsu	USD 46.2 billion	5
Price Waterhouse Coopers	USD 42.4 billion	4
Ernst and Young	USD 36.4 billion	3
Klynveld Peat Marwick Goerdeler	USD 29.75 billion	2
KAP Non Big Four		1

Source: https://www.statista.com/statistics/250479/big-four-accounting-firms-global-revenue/

3.5 Data Analysis Methods

3.5.1 Descriptive Statistical Test
Descriptive statistical analysis was carried out in this study with the aim of knowing the general picture of all variables used by looking at a descriptive statistical table that shows the results of measuring the mean, maximum and minimum values, as well as standard deviation and variance of all variables of this study (Ghozali, 2012).

3.5.2 Classical Assumption Test
The classical assumption test is used to test whether a multiple linear regression model is feasible to proceed to the next stage of testing or not. Classical assumption testing is carried out with four tests, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Here is an explanation of the four tests:

3.5.3 Regression Analysis
Regression analysis is used in measuring the influence of the relationship between two or more variables and showing the direction of the relationship between the independent variable and the dependent variable (Ghozali, 2012). Multiple linear regression analysis conducted in this study is to determine the significance of the influence of the relationship between the independent variable, dependent variable, and moderation variable. The multiple regression analysis formula for this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_3 + \beta_4 X_2 X_3 + e$$

Information:

Y : Firm value X_3 : Auditor reputation
α : Constant e : error
X_1: *Tax avoidance* $\beta_1..\beta_4$: Regression coefficient
X_2 : *Tax compliance*

4. Results and discussion

This research uses secondary data obtained from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange in 2015 – 2019. The samples used in this study were obtained by *purposive sampling* method and data testing using SPSS tool version 22. The purposive sampling method used to obtain data resulted in total manufacturing companies during the period 2015 – 2019 that met the criteria for 106 companies, so that there were 530 observational samples from the total existing samples. The following is a table showing the sample distribution:

Table 2. Purposive Sampling

No.	Criterion	Sum
1.	Manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2019.	143
2.	The Firm publishes financial statements and annual financial reports for the period 2015-2019 in currencies other than rupiah.	(29)
3.	The firm was not delisted during the period 2015-2019.	(0)
4.	There are incomplete data related to research variables in the firm's annual financial statements.	(8)
	Number of samples that meet the criteria	106
	Number of observation samples	106 x 5 = 530

Here are the results of descriptive statistical analysis:

Table 3. Descriptive Statistical Analysis

	n	Minimum	Maximum	Mean	Std. Deviation
Tax avoidance	530	-32.1856	5.5484	-.351352	1.5731809
Tax compliance	530	-192.3698	367.3955	9.503639	30.2428088
Firm value	530	-10.5861	2869.9562	8.738304	125.5952598
Auditor reputation	530	1	5	1.82	1.279
Valid N (listwise)	530				

Source: Secondary data, processed, 2021

Based on the results of the normality test with the Kolmogorov-Smirnov Test, the probability value obtained is 0.064 where the value is greater than the critical value of 0.05. So it can be concluded that the data used in the regression model in this study is normal.

The results of the autocorrelation test show that the resulting DW value is 1.997. This value when compared with the DW value of the table using a significance of 5%, the number of independent variables (k) as much as 2 and the number of data (n) as much as 530 the conclusion is that there is no autocorrelation because it shows dU (1.85716) < DW (1.997) < 4-dU (4-1.85716 = 2.14284).

Here are the results of the multicollinearity test:

Table 4. Multicollinearity Test

Variable	Tolerance	VIF
Tax avoidance	.998	1.002
Tax compliance	.999	1.001
Auditor reputation	.997	1.003

The multicollinearity test above produced VIF values that show that independent variables in the regression model are not correlated with each other. This is shown from the tax avoidance variable with VIF 1.002 < 10 tolerance 0.998 > 0.1. tax compliance with VIF 1.001 < 10 and tolerance 0.999 > 0.1. And Auditor Reputation with VIF 1.003 < 10 and tolerance 0.997 > 0.1. It can be concluded that the regression model, is free from multicollinearity between independent variables.

The following is a heteroscedasticity test using the glacier test:

Table 5. Heteroscedasticity Test

		Coefficients[a]				
	Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-9.157	9.606		-.953	.341
	Tax avoidance	1.258	3.429	.016	.367	.714
	Tax compliance	-.024	.178	-.006	-.137	.891
	Auditor reputation	12.972	4.218	.133	3.075	

From the table above, the results obtained are that there are no symptoms of heteroscedasticity. This is evidenced by the results of the tax avoidance significance value of 0.341 and the tax compliance significance value of 0.714. The conclusion of the data is that heteroscedasticity does not occur because the significance value is more than 0.05 so regression models can be used.

4.1 Multiple Regression Analysis

This analysis is used to determine the impact of tax avoidance and tax compliance variables with moderation variables using auditor reputation (moderation X1*X3 and moderation X2*X3) on firm value. Based on the calculation results using SPSS software, the following results were obtained:

Table 6. Multiple Regression Test

	Coefficients	Standard Error	t Stat	P-value
Intercept	-5.581	10.475	-0.532	**0.594**
Tax avoidance	1.418	11.247	0.126	**0.049**
Tax complience	0.138	0.297	0.464	**0.028**
Auditor Reputation	8.684	4.758	1.825	**0.068**
Tax avoid.*Aud rep.	-0.200	3.094	-0.064	**0.948**
Tax comp.*Aud rep.	-0.149	0.207	-0.722	**0.470**

Source: Secondary data, processed, 2021

From the multiple linear regression analysis in the table above, the regression equation can be written as follows:

Firm Value = -5,581 + 1,418 X_1 + 0,138 X_2 + -0.200 X_1X_3 + -0.149 X_2X_3

The coefficient of determination shown by the Adjusted R Square in this study produces a value of 0.0484, meaning that the influence of tax avoidance and tax compliance variables on firm value is 4.84%, while the remaining 0.9516 or 95.16% is influenced by other variables that are not contained in this study.

The following is a summary table of hypothesis test results:

Table 7. Hypothesis Test Summary

Hipothesis	Independent Variables	B	Sig.	Information
H1	*Tax avoidance*	1.418	0.049	Rejected
H2	*Tax compliance*	0.138	0.028	Accepted
H3.1	*Tax avoidance* Audiotor reputation	-0.200	0.948	Rejected
H3.2	*Tax compliance* Auditor reputation	-0.149	0.470	Rejected

Source: Data processing, 2021

4.2 The Impact of Tax Avoidance on Firm Value

Hypothesis 1 in this study states that tax avoidance negatively affects firm value. However, after testing the hypothesis, it is known that tax avoidance has a positive impact on the value of the firm so the hypothesis is rejected. This is proven by the regression coefficient value of 1.418 indicating a positive influence and the significance value or p-value of 0.049 is smaller than 0.05 which means that the number is significant because $0.049 < 0.05$. This result indicates that the firm's value is affected by tax avoidance because the higher the firm's tax avoidance practices, the higher the firm's income will have an impact on the number of dividends that will be distributed to investors. Therefore, tax avoidance practices that are still carried out within reasonable limits will reap a positive response from the market because their ability to save taxes will increase the profits that will be obtained by all parties so as to increase the value of the firm.

Tax avoidance is an effort made by management to save tax expenditures in a firm so that it can increase the amount of profit which will also increase the value of the firm. Large firm values are aligned with high investor prosperity so that investors will be increasingly interested in investing in the firm. The results of this study are in line with the research of Lestari & Wardhani (2015), Anggoro & Septiani (2015), and Appolos et al. (2016) which showed positive results between on tax avoidance and firm value.

4.3 The Impact of Tax Compliance on Firm Value

Hypothesis 2 in this study states that tax compliance has a positive impact on firm value. Based on the results of the hypothesis test, it is known that tax compliance has a positive impact on firm value so the hypothesis is accepted. This is proven by the regression coefficient value of 0.138, indicating a positive influence and the significance value or p-value of 0.028 is smaller than 0.05 which means that the number is significant because $0.028 < 0.05$. This result indicates that the value of the firm is affected by the occurrence of tax compliance because the more compliant a firm is with its taxation, it can prove that the firm has integrity and responsibility so that it can give a good impression that will reap a positive response in the market. Investors will make this one of the considerations in making their decision to invest in the firm so that tax compliance will be an added value that can increase the value of the firm in the eyes of investors.

Investors are eyeing companies with high corporate value to ensure their prosperity. However, there are several things that will also be considered in choosing a firm to invest in, one of which is tax compliance. Investors tend to choose companies that pay their taxes regularly and honestly because they avoid the risk of being affected by losses from companies that commit tax violations. So tax compliance also affects the value of the firm.

4.4 The Impact of Auditor Reputation on Tax Avoidance and Firm Value

Hypothesis 3.1 of this study states that the auditor's reputation is able to strengthen the relationship of tax avoidance to firm value. However, based on the results of the hypothesis test, it is known that the auditor's reputation is not proven to strengthen the impact of tax avoidance on firm value, so the hypothesis is rejected. This is proven by the regression coefficient value of -0.200 indicating a negative influence and the significance value or p-value of 0.948399309 is greater than 0.05 which means that the number is not significant because $0.948399309 > 0.05$. These results indicate that the influence of auditor reputation is not proven to strengthen the impact of tax avoidance on firm value.

The firm avoids taxes on management decisions with the aim of increasing investor prosperity so that it will also have a good impact on the firm. This decision is fully determined and carried out by management without interference from other parties, such as external auditors who are in charge of presenting the firm's financial statements. So the auditor's reputation is not able to strengthen the relationship between tax avoidance and firm value.

4.5 The Impact of Auditor Reputation on Tax Compliance and Firm Value

Hypothesis 3.2 of this study states that the auditor's reputation strengthens tax compliance with firm value variables. However, based on the results of the hypothesis test, it is known that the auditor's reputation is not proven to strengthen the impact of tax compliance on firm value, so the hypothesis is rejected. This is proven by the regression coefficient value of -0.149502509 showing a negative influence and the significance value or p-value of 0.470553471 is greater than 0.05 which means the number is not significant because 0.470553471 > 0.05. These results indicate that the impact of Auditor Reputation is not proven to strengthen the impact of tax compliance on firm value.

Every firm should comply with its tax provisions. However, the decision to comply or not a firm is absolutely derived from the internal group in the firm. The auditor can only be tasked with ensuring that what management reports matches what is actually happening in the field. Thus, the auditor's reputation is not able to strengthen the relationship between tax compliance and firm value because tax compliance is the choice of each firm.

5. Conclusion
This study examines whether tax avoidance and tax compliance affect firm value by using the auditor's reputation as a moderation. The results of this study show that tax avoidance is not proven to have a negative impact on firm value. The results of the study actually show that tax avoidance has a positive impact on firm value. These results can be interpreted that the higher the intensity of tax avoidance will be responded positively by investors so that it will increase the value of the firm. The higher tax avoidance will drive the investors to increase their investment in this firm, and finally, it will increase the firm value.

Research also shows that tax compliance has a positive impact on firm value. The higher the firm's compliance in paying taxes will be responded positively by market participants so that it will increase the value of the firm. It makes sense that tax compliance is viewed positively by investors They prefer investing their funds in a firm that complies with tax regulations instead of which breaks them. Therefore, higher tax compliance will drive the increase in the firm value.

The results of this study do not prove that the auditor's reputation is able to strengthen the impact of tax avoidance and tax compliance on firm value. It can be interpreted that whoever is the auditor of the firm's financial statements is not an important variable for investors as a consideration in making investment decisions. Reputable or not reputable auditor is not a significant factor that is used by investors as important information in investing their funds in the firms. That's why this study confirmed that the auditor's reputation is moderating the impact of tax avoidance and tax compliance on the firm value.

Limitations and advanced study
This research is limited to using a sample of manufacturing companies listed on the IDX for the 2015-2019 period. The study also measures an auditor's reputation based on annual revenue to rank its reputation. Future research suggests expanding the sample period by adding COVID-19 periods and measuring auditor reputation variables using measures that better describe auditor reputation levels.

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