

# Good Corporate Governance and Tax Avoidance in IDX Property Firms

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## Abstract

**Purpose:** This study analyzes how corporate governance mechanisms – specifically the Audit Committee, Independent Board of Commissioners, and Institutional Ownership – affect tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange (IDX).

**Methodology/approach:** The analysis uses 48 firm-year observations derived from secondary data collected from the annual reports of 12 real estate and property businesses between 2021 and 2024. The Effective Tax Rate (ETR) is used to measure tax avoidance, and multiple linear regression is used to evaluate the data.

**Results/findings:** The findings indicate that Independent Board of Commissioners and Institutional Ownership do not significantly influence tax avoidance. In contrast, the Audit Committee has a significant negative effect, demonstrating that stronger audit oversight reduces tax avoidance practices. These results confirm that audit monitoring plays a critical role in strengthening tax compliance.

**Conclusions:** The study concludes that the effectiveness of corporate governance in limiting tax avoidance depends primarily on the strength and effectiveness of the Audit Committee rather than board independence or ownership structure.

**Limitations:** This analysis is limited to property and real estate companies listed on the IDX during 2021 – 2024 period.

**Contributions:** This study provides empirical evidence highlighting the central role of audit committees in reducing tax avoidance, particularly within the property and real estate sector. The findings contribute to the corporate governance and taxation literature and offer practical implications for strengthening governance mechanisms to improve tax compliance.

**Keywords:** *Audit Committee, Corporate Governance, Independent Board of Commissioners, Institutional Ownership, Tax Avoidance*

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## 1. Introduction

Taxes are legally mandated financial contributions imposed by the government to support national development and public services, without providing direct proportional benefits to taxpayers (Yunita, Mustika, & Nurfauziah, 2022). For governments, tax revenue serves as the backbone of fiscal sustainability, enabling the provision of infrastructure, education, and social welfare programs (Tahilia, Sulistyowati, & Wasif, 2022). However, from a corporate perspective, taxation represents a financial burden that reduces net income and overall profitability (Nuramal, Mispa, & Sahidah, 2023). As a result, companies often attempt to minimize tax expenses through strategic planning. One commonly used approach is tax avoidance, which refers to the utilization of legal provisions and regulatory gaps to reduce tax obligations without violating formal tax regulations (Siswanti, Abi Suryono, & Layli, 2024).

Although tax avoidance is legally permissible, its widespread practice can weaken government revenue performance and undermine fiscal policy effectiveness. Reports from the Directorate General of Taxes indicate that actual tax collections have periodically fallen short of national targets, partly due to corporate tax planning activities ([Cristan & Poniman, 2023](#); [Eksandy, 2017](#)). Supporting this concern, the Tax Justice Network estimated that Indonesia experienced tax revenue losses of approximately Rp68.7 trillion in 2020, largely attributed to corporate tax avoidance, with similar patterns continuing in subsequent years ([Faradina, 2025](#)). These conditions highlight the urgency of identifying internal corporate mechanisms capable of constraining aggressive tax behavior, particularly governance mechanisms that can improve managerial oversight and compliance.

Corporate financial statements provide a structured representation of a company's economic performance within a given accounting period and serve as a primary reference for managerial evaluation and investment decisions ([Purwantiningsih & Anggaeni, 2021](#)). These reports also provide transparency regarding corporate financial activities, including tax expenses, which are subject to managerial discretion. Nevertheless, official reports from the Directorate General of Taxes indicate that between 2016 and 2020, realized tax revenue consistently fell short of targeted levels ([Cristan & Poniman, 2023](#)). One explanation frequently associated with this gap is the prevalence of tax avoidance behavior, which reflects the importance of effective internal monitoring mechanisms.

Data from Tax Justice Network further estimate that Indonesia experienced tax losses of approximately Rp68,7 trillion in 2020, the majority of which was attributed to corporate practices. This positioned Indonesia among the countries most affected by tax avoidance in *The State of Tax Justice 2020* report. The issue persisted in 2023, with estimated corporate-related losses reaching Rp44 trillion and an additional Rp1 trillion linked to asset transfers abroad. These figures, calculated based on the exchange rate stipulated in the Decree of the Minister of Finance Number 27/KM.10/KF.4/2024 ([Faradina, 2025](#)), demonstrate Indonesia's continued exposure to aggressive corporate tax planning. Corporate governance is widely recognized as a key determinant of corporate decision-making, including decisions related to tax planning and tax avoidance. Good Corporate Governance (GCG) encompasses a system oversight and control mechanisms that structure relationships among shareholders, management, creditors, government authorities, and other stakeholders according to defined rights and responsibilities ([Amelia, 2023](#)). Effective governance reduces agency conflicts arising from differences in interests between principals and agents.

Within the governance framework, several internal mechanisms are expected to influence tax avoidance, particularly the Independent Board of Commissioners, Institutional Ownership, and the Audit Committee. Independent Commissioners are responsible for supervising management and ensuring compliance with regulations, including taxation rules ([Dewi, 2019](#)). Strong independent oversight is expected to reduce managerial opportunism and discourage aggressive tax planning. However, empirical findings remain inconclusive. Some studies report that a higher proportion of independent commissioners is associated with lower levels of tax avoidance ([Cristan & Poniman, 2023](#)), while other studies identify a positive relationship, suggesting that formal independence does not always guarantee effective monitoring ([Dewi, 2019](#)). Institutional Ownership represents another important governance mechanism that can influence corporate tax decisions. Institutional investors generally possess greater financial expertise, resources and monitoring capacity compared to individual investors. Strong institutional ownership may enhance supervision and reduce opportunistic managerial behavior, including aggressive tax avoidance ([Ridwan & Pekerti, 2022](#)). However, other studies suggest that investors may prioritize profit maximization, which may encourage tax planning strategies to improve financial performance.

The Audit Committee also play a critical role in strengthening corporate governance by overseeing financial reporting quality and internal control systems. Effective audit committee oversight improve transparency, enhances compliance with regulations, and reduces opportunities for aggressive tax practices ([Puspita & Wulandari, 2023](#)). However, empirical evidence remains mixed. Some studies find that stronger audit committees reduce tax avoidance, while others reports positive or insignificant relationships ([Sari, Efrinal., & Irfan, 2024](#)).

Given inconsistency of empirical findings and the important role of corporate governance in influencing tax behavior, further research is necessary. This study investigates the influence of the Independent Board of Commissioners, Institutional Ownership, and the Audit Committee on tax avoidance in property and real estate companies listed in the Indonesia Stock Exchange (IDX). Therefore, examining governance effectiveness in this sector provides important insights into how corporate governance mechanisms function in controlling tax avoidance.

## 2. Literature Review and Hypothesis Development

Despite extensive research on corporate governance and tax avoidance, empirical conclusions remain fragmented and inconclusive. These inconsistencies create a research gap regarding how specific governance mechanisms influence tax avoidance and whether they function effectively in different industry contexts. Prior studies have examined the roles of Independent Commissioners, Institutional Ownership, and Audit Committees in shaping corporate tax behavior, yet findings range from significantly positive to significantly negative, and in some cases statistically insignificant. These inconsistencies indicate that the effectiveness of governance mechanisms in constraining tax avoidance may be context-dependent and influenced by sectoral characteristics. In particular, limited evidence focuses on property and real estate companies listed on the Indonesia Stock Exchange (IDX), a sector characterized by high capital intensity, long-term project structures, and substantial tax planning flexibility. This gap motivates a re-examination of how internal governance structures influence tax avoidance within this specific industry context and clarifies the contribution of this study in providing sector-specific empirical evidence.

From signaling perspective, governance structures can communicate a firm's commitment to transparency and regulatory compliance. In the context of property and real estate firms listed on the Indonesia Stock Exchange, governance quality may influence stakeholder perceptions regarding tax behavior ([Kriswanti & Indriani, 2025](#)). When governance mechanisms function effectively, they are expected to restrain opportunistic tax strategies by increasing monitoring intensity and improving managerial accountability. Conversely, if tax avoidance persists despite formal governance structures, such mechanisms risk being interpreted as symbolic rather than substantive, potentially eroding stakeholder trust. Studies in public governance literature further emphasize that transparency, accountability, and oversight mechanisms are fundamental in shaping compliance behavior and public trust ([Abdurrosyid & Eldo, 2024](#); [Satyawati & Fitria, 2025](#)). Research on fiscal governance also demonstrates that effective monitoring structures and accountability systems contribute to improved tax compliance and revenue performance ([Gultom, Salsabila, Lodan, Dompok, & Hairi, 2023](#); [Rinaldi, Ramadhani, & Ramadhani, 2025](#)). Although these studies focus on public-sector contexts, their findings reinforce the argument that structured oversight mechanisms are essential in influencing tax-related behavior, including corporate tax avoidance decisions.

Previous empirical evidence suggests that tax avoidance does not necessarily diminish firm value; in certain cases, it may even enhance it because investors respond positively to higher reported profits ([Suwaldiman & Rheina, 2023](#)). At the same time, companies that demonstrate strong tax compliance are often viewed more favorably by the market, which can also contribute to increased firm value. These mixed findings emphasize the strategic role of corporate governance in ensuring that tax-related decisions balance profitability objectives with regulatory compliance and transparency principles. Additionally, research in the Indonesian context reveals that digital transformation initiatives can interact with governance structures in shaping tax avoidance behavior, suggesting that governance mechanisms may either facilitate or constrain tax planning activities depending on how they are implemented ([Hidayatulloh, Tanzil, & Priyono, 2024](#)). This strengthens the argument that governance effectiveness is not uniform across contexts and requires further empirical examination, particularly in sector-specific settings such as property and real estate companies.

Political connections have also been associated with greater tax avoidance tendencies, as politically affiliated firms may benefit from preferential treatment such as reduced audit scrutiny or improved access to capital. Nonetheless, institutional ownership does not necessarily intensify this relationship, as institutional investors may prioritize profitability over tax discipline ([Muhaimin, Arman, Wahid,](#)

[Putriani, & Yunus, 2025](#)). These findings highlight the importance of examining governance mechanisms individually to understand their specific influence on corporate tax avoidance. Empirical findings concerning the role of Independent Commissioners remain divided. Research conducted by [Dewi \(2019\)](#) and [Paniadi \(2020\)](#) indicates a positive and significant association, suggesting that board independence does not automatically prevent aggressive tax planning. In contrast, [Karina and Liliana \(2025\)](#) and [Cristan and Poniman \(2023\)](#) document a negative and significant effect, implying that stronger board independence may reduce tax avoidance. Meanwhile, [Pramesti, Endiana, and Adella \(2022\)](#) finds no significant influence.

These conflicting results suggest that effectiveness of Independent Commissioners may depend on contextual factors such as industry characteristics and governance quality. Independent Commissioners are expected to reduce tax avoidance by strengthening supervision, limiting managerial opportunism, and ensuring compliance with tax regulations. Drawing on this monitoring role, this research expects that stronger board independence will discourage tax avoidance practices.

$H_1$  = Independent Commissioners have a negative and significant effect on tax avoidance in property and real estate sector companies listed on the Indonesia Stock Exchange during 2021 – 2024

Institutional Ownership represents another governance mechanism capable of shaping managerial decisions. Several studies, including [Amelia \(2023\)](#), [Alya \(2021\)](#), [Arliani and Yohanes \(2023\)](#), and [Haloho \(2021\)](#), report no significant relationship between institutional ownership and tax avoidance, suggesting that monitoring by institutional investors may not always extend to tax policy considerations. On the other hand, [Ridwan and Pekerti \(2022\)](#) and [Alya \(2021\)](#) find a negative and significant relationship, indicating that stronger institutional control may reduce tax avoidance. Institutional investors may support tax planning strategies aimed at maximizing shareholder returns. Institutional ownership is expected to influence tax avoidance through its monitoring functions, as institutional investors possess greater resources, expertise, and incentives to oversee managerial decisions and reduce opportunistic tax behavior. However, their influence may vary depending on whether they prioritize compliance or profit maximization.

$H_2$  = Institutional Ownership has a negative and significant effect on tax avoidance in property and real estate sector companies listed on the Indonesia Stock Exchange during 2021 – 2024.

The Audit Committee functions as a monitoring body responsible for overseeing financial reporting integrity and internal control systems. Empirical evidence regarding its role in tax avoidance also remains inconclusive. [Sari et al. \(2024\)](#) and [Prasetyana and Cahyono \(2024\)](#) report no significant effect. In contrast, [Nirmalasari and Susilowati \(2021\)](#) and [Fitrianingsih and Wulandari \(2024\)](#), find a positive and significant relationship, suggesting that audit committees may not always restrain tax avoidance behavior. Meanwhile ([Puspita & Wulandari, 2023](#)), focusing on property and real estate companies, identify a negative and significant effect. The Audit Committee is expected to reduce tax avoidance by improving the quality of financial reporting, strengthening internal controls, and ensuring compliance with applicable tax regulations. However, its effectiveness may depend on its independence, expertise, and authority. The variations indicate that the effectiveness of audit committees may depend on their independence, expertise, and practical authority. This aligns with corporate governance literature showing that structural compliance alone does not ensure substantive oversight unless internal committees possess sufficient authority and technical competence ([Arisanti, Mashuri, Ajengtyas, & Lastiningsih, 2021](#)).

$H_3$  = The Audit Committee has a negative and significant effect on tax avoidance in property and real estate sector companies listed on the Indonesia Stock Exchange during 2021 – 2024.

### 3. Research Methodology

This research focuses on annual financial reports of property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021 – 2024 period. The study relies on secondary data derived from publicly available financial statements. These reports provide detailed and standardized

information related to the research variables, including the Independent Board of Commissioners, Institutional Ownership, Audit Committee, and tax avoidance. The use of published financial statements ensures that the data are credible, systematically prepared, and suitable for statistical analysis, thereby supporting the reliability and validity of findings. The population comprises 92 property and real estate firms registered on the IDX. To determine the sample, this study applies purposive sampling, a technique that selects units based on specific research considerations. The criteria established are follows:

1. Companies must consistently publish complete annual financial statements for the 2021 – 2024 period;
2. Companies must disclose detailed information regarding the composition of the Independent Board of Commissioners;
3. Companies must report the proportion of Institutional Ownership; and
4. Companies must have a formally established Audit Committee structure disclosed their reports.

After applying these criteria, many firms were excluded due to incomplete disclosures, inconsistent reporting across years, 12 companies met all requirements and were deemed suitable for analysis. Given the four-year observation period, the final dataset comprises 48 firm-year observations. The restriction to 12 firms ensures data completeness, comparability, and measurement consistency, which are essential for reliable regression analysis. This study adopts a quantitative approach, where data are expressed numerically and examined through statistical procedures ([Arikunto, 2010](#)). The data collection technique employed is documentation, as all information was obtained from archived financial reports. The research model includes three independent variables – Independent Board of Commissioners ( $X_1$ ), Institutional Ownership ( $X_2$ ), and Audit Committee ( $X_3$ ) – and one dependent variable, namely tax avoidance ( $Y$ ). Before testing the hypotheses, classical assumption tests were conducted to verify that suitability of the regression model. These tests include normality, multicollinearity, heteroscedasticity, and autocorrelation assessments. Once the assumptions were satisfied, multiple linear regression analysis was applied to evaluate the relationship among variables. All statistical calculations and data processing were carried out using SPSS version 26.

## 4. Results and Discussion

### 4.1 Effect of Independent Board of Commissioners on Tax Avoidance

The Independent Board of Commissioners is entrusted with overseeing managerial performance to ensure that corporate activities are conducted in accordance with prevailing laws and regulations ([Dewi, 2019](#)). In the Indonesian context, the composition of the board is regulated by Financial Services Authority Regulation Number 33/POJK.04/2014 Article 20 paragraph (3), which stipulates that a board must consist of more than two members, with at least 30% serving as Independent Commissioners. In theory, a greater proportion of independent commissioners is generally expected to enhance monitoring effectiveness, strengthen the implementation of good corporate governance, and consequently suppress tax avoidance practices ([Paniadi, 2020](#)). Descriptive statistics show that the sampled firms had an average independent commissioner proportion 48%, which is well above the regulatory minimum. Normatively, this proportion should support more effective oversight of management and limit aggressive tax strategies. Nevertheless, if supervisory activities are not carried out rigorously or consistently, the mere fulfillment of formal requirements may not be sufficient to influence managerial behavior related to taxation.

The empirical results indicate that the Board of Commissioners does not have a statistically significant effect on tax avoidance. This insignificant result suggests that board independence in structure does not necessarily translate into effective monitoring in practice. Several structural and practical explanations may account for this outcome. First, independent commissioners may lack specific expertise in taxation or may not be directly involved in reviewing detailed tax planning decisions, which are often technical and handled internally by management and tax professionals. Second, their supervisory role may focus more on overall governance, strategic performance, and regulatory compliance rather than on specific tax strategies. Third, although independence in status, commissioners may still rely heavily on information provided by management, which can limit their ability to detect or challenge tax avoidance practices, thereby reducing the effectiveness of governance mechanisms in constraining tax avoidance ([Nasution, Yudianto, & Mulyani, 2025](#)).

Additionally, in property and real estate companies, tax planning is often associated with complex project structures, long-term investments, and regulatory flexibility, making tax decisions more operational and technical in nature, as a result, independent commissioners may have limited direct influence over such decisions. This outcome aligns with the findings of [Pramesti et al. \(2022\)](#), who also found no significant relationship between independent commissioners and tax avoidance. Overall, the findings simply state that the presence or proportion of independent commissioners is insufficient to curb tax avoidance unless it is supported by strong expertise, active involvement, and effective authority to oversee managerial tax decisions. This explains why the Independent Board of Commissioners did not show a significant effect on tax avoidance in this study.

#### ***4.2 Effect of Institutional Ownership on Tax Avoidance***

Institutional ownership represents the percentage of a company's outstanding shares that are held by institutional investors, such as investment firms, insurance companies, pension funds, or other non-managerial entities ([Cristan & Poniman, 2023](#)). Within the corporate governance framework, institutional ownership is often viewed as an important monitoring mechanism. Institutional investors are generally assumed to possess greater analytical capabilities, professional expertise, and broader access to information compared to individual shareholders. These advantages theoretically enable them to evaluate managerial performance more critically and to influence corporate policies, including taxation decisions.

Ownership concentration above 5% is commonly interpreted as providing sufficient influence to participate in corporate decision-making processes. With substantial equity stakes, institutional investors are expected to ensure that management acts in accordance with long-term corporate interests and avoids actions that could increase legal or reputational risk. Accordingly, stronger institutional ownership is expected to reduce opportunistic behavior, including aggressive tax avoidance. Based on the empirical analysis of 12 property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021 – 2024 period, the average proportion of institutional ownership was 59%, indicating that institutional investors hold a dominant ownership position. From a theoretical perspective, this high ownership level should strengthen monitoring effectiveness and limit tax avoidance behavior.

However, the empirical results show that institutional ownership does not have a statistically significant effect on tax avoidance. This insignificant result suggests that institutional investors may not prioritize tax monitoring as part of their primary oversight function. One possible explanation is that institutional investors tend to focus more on financial performance, profitability, and return on investment rather than closely supervising technical tax planning decisions. As long as tax strategies do not significantly increase legal risk or negatively affect firm performance, institutional investors may have limited incentives to intervene. Furthermore, institutional investors are generally not involved in daily operational decisions, including tax planning activities, which are typically handled by management and internal financial teams. In the property and real estate sector, tax planning may be embedded in project financing and operational structures, making it less visible and less directly monitored by external shareholders. As a result, even with high ownership concentration, institutional investors may not exert sufficient direct influence to reduce tax avoidance. The findings align with prior studies ([Alya, 2021](#); [Arliani & Yohanes, 2023](#); [Haloho, 2021](#)), [Amelia \(2023\)](#) which also found no significant relationship between institutional ownership alone does not necessarily function as an effective mechanism to control tax avoidance, particularly when monitoring priorities are focused more on financial performance than on tax compliance.

#### ***4.3 Effect of Audit Committee on Tax Avoidance***

The Audit Committee serves as a key governance mechanism responsible for overseeing financial reporting, accounting policies, and the effectiveness of internal control systems ([Karina & Liliana, 2025](#); [Na, Yuliansyah, & Oktavia, 2025](#)). As a supporting body to the board of commissioners, the Audit Committee plays an important role in ensuring transparency and compliance with regulatory standards. Effective supervision is particularly important in minimizing agency conflicts, including those related to aggressive tax strategies. To reduce the potential for tax avoidance, management is

required to provide reliable financial information and implement adequate control procedures (Bako, 2024). However, the effectiveness of the Audit Committee largely depends on cooperation and support from other organizational elements. Without sufficient authority, access to information and institutional backing, the committee's ability to prevent tax avoidance practices may be limited (Kasih, Sastrodiharjo, & Mukti, 2023).

An effective Audit Committee is expected to strengthen internal monitoring mechanisms and reduce managerial discretion in implementing aggressive tax planning. The number of committee members may influence the quality of oversight. A larger committee may allow for broader expertise, more comprehensive evaluation, and stronger supervision of financial policies, including taxation decisions. Conversely, a limited number of members could weaken monitoring capacity and increase the risk of opportunistic managerial behavior, including tax avoidance. Based on the empirical analysis of 12 property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021 – 2024 period, the average Audit Committee size is three members. This figure indicates general compliance with prevailing regulatory requirements regarding committee composition. The presence of an adequately structured Audit Committee suggests that sampled companies have formally established governance mechanisms to supervise financial reporting and internal controls. Such conditions are theoretically expected to enhance transparency and reduce the likelihood of aggressive tax strategies.

The findings of this study demonstrate that the Audit Committee has a statistically significant negative effect on tax avoidance. This result indicates that stronger audit committee structures are associated with lower levels of tax avoidance. In other words, companies with more effective audit oversight tend to exhibit higher compliance with tax regulations. This outcome aligns with the findings of (Puspita & Wulandari, 2023), who also reported a significant negative relationship between the Audit Committee and managerial opportunism by improving supervision, reinforcing internal control systems, and ensuring greater accountability in financial reporting processes. Through these mechanisms, the Audit Committee contributes to reducing the company's tendency to engage in tax avoidance practices.

Table 1. Summary of research results based on statistical tests

Hypothesis	Hypothesis Statement	Results
$H_1$	The Independent Board of Commissioners is hypothesized to have a negative and statistically significant influence on tax avoidance among property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2021 – 2024 period.	Insignificant
$H_2$	Institutional Ownership is hypothesized to negatively and significantly affect tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2021 – 2024 period.	Insignificant
$H_3$	The Audit Committee is hypothesized to have a negative and statistically significant impact on tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange (IDX) over the 2021 – 2024 period.	Negative significant effect

## 5. Conclusions

### 5.1 Conclusion

The findings indicate that the Independent Board of Commissioners does not significantly affect tax avoidance in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2021 – 2024. From a tax policy perspective, this suggests that formal compliance with board independence requirements alone is insufficient to ensure stronger tax discipline. Therefore, regulators such as the Financial Services Authority and tax authorities should consider complementing structural independence requirements with competency-based criteria, including financial literacy, taxation knowledge, and risk oversight capability. From a corporate governance perspective, companies should focus not only on fulfilling independence quotas but also on improving expertise, involvement, and

monitoring quality of independent commissioners, particularly in overseeing tax reporting and compliance. Institutional Ownership is also found to have no significant influence on tax avoidance. This result implies that concentrated institutional ownership does not automatically translate into effective monitoring of tax behavior. For policymakers and tax authorities, this finding indicates that ownership structure alone cannot be relied upon as an indirect governance mechanism to improve tax compliance in the property sector. Instead, regulatory frameworks should encourage stronger transparency, disclosure, and accountability in tax reporting regardless of ownership composition. From a corporate governance standpoint, institutional investors should strengthen active monitoring and stewardship practices by engaging more directly in governance processes, including reviewing financial reporting quality and tax compliance policies. This may help ensure that corporate profitability objectives remain aligned with regulatory compliance and long-term sustainability.

In contrast, the Audit Committee shows a negative and statistically significant effect on tax avoidance, indicating that stronger audit oversight contributes to improved tax compliance. This finding suggests that internal monitoring mechanisms, particularly audit committees, play a critical role in reducing aggressive tax strategies. From a tax policy perspective, regulators may strengthen governance requirements by enhancing audit committee standards, including requirements related to member independence, financial expertise, and oversight responsibilities in financial reporting and tax compliance. Tax authorities may also encourage stronger internal control and governance practices as part of voider compliance and supervision strategies. From a corporate governance perspective, companies should prioritize strengthening the competence, independence, and authority of audit committee members, ensuring they have adequate expertise and access to information necessary to effectively oversee taxation and financial reporting practices.

Overall, these findings demonstrate that the effectiveness of governance mechanisms depends more on their functional quality than on their formal structure. For policymakers, this highlights the importance of strengthening governance effectiveness through competency requirements, governance quality assessments, and enhanced internal monitoring mechanisms, particularly in the property and real estate sector, which involves complex financial and taxation structures. For corporate governance practice, companies should integrate tax compliance into internal control systems and strengthen audit oversight functions to ensure greater transparency and accountability. Improving governance effectiveness in these areas can support better tax compliance, enhance investor confidence, and contribute to more sustainable corporate and fiscal outcomes.

### ***5.2 Research Limitation***

This research only utilizes secondary data obtained from the published annual financial reports of property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021 – 2024 period.

### ***5.3 Suggestion and Directions for Future Research***

Referring to the findings of this research, several recommendations can be offered. Companies included in the sample are encouraged to refrain from engaging in tax avoidance practices that may potentially harm state revenue and instead enhance the implementation of good corporate governance. Strengthening governance mechanisms can be achieved by optimizing the role of Independent Commissioners and the Audit Committee. Independent Commissioners are expected to reinforce their oversight function, particularly in supervising managerial decisions related to taxation, so that aggressive tax strategies can be reduced. Institutional shareholders should also take a more proactive role in monitoring management to ensure that corporate policies comply with prevailing regulations. Moreover, the Audit Committee needs to perform its responsibilities more effectively, especially in overseeing the financial reporting process, managing risks, supervising audit activities, and ensuring the consistent application of governance principles within the company. For future researchers, the results of this study may serve as a useful reference. Further research is recommended by incorporating additional variables, examining different industry sectors, or extending the period of observation to obtain broader and more comprehensive findings.

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## Author Contributions

LHSM contributed to conceptualization, study design, data collection, data analysis, and manuscript drafting. EP contributed to methodology validation, supervision, interpretation of results, manuscript revision, and final approval of the manuscript. Both authors have read and approved the final version of the manuscript.

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