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Supervisory Function and Corporate Tax Policy: Gender Analysis

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A B S T R A C T

This study aims to analyze the role of independent commissioners and audit committees in carrying out their supervisory function on corporate tax policies taken by corporate management. Gender analysis of independent commissioners and audit committees is the uniqueness of this study where different behaviors of men and women have different impacts on independent commissioners and audit committees in carrying out their supervisory functions. This study involves 570 panel data from financial statements of manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2021. The results of this study show that multi-gender audit committees, female audit committees, and male independent commissioners have a role in encouraging management to comply with tax regulations in the policies taken. The results of this study serve as input for investors who are concerned about information related to entity taxation to choose entities with criteria according to the findings of this study, such as entities that have multi-gender audit committees, entities that only have female audit committees, or entities that only have male independent commissioners. This is because their supervisory function has been optimal in encouraging entities to comply with tax regulations so as to avoid the risk of tax fines in the future.

A B S T R A K

Penelitian ini bertujuan menganalisis peran komisaris independen dan komite audit dalam menjalankan fungsi pengawasannya terhadap kebijakan pajak perusahaan yang diambil manajemen. Analisis gender pada komisaris independen dan komite audit merupakan keunikan penelitian ini dimana perilaku berbeda dari pria dan wanita memiliki dampak berbeda pada komisaris independen dan komite audit dalam menjalankan fungsi pengawasannya. Penelitian ini melibatkan 570 data panel dari laporan keuangan perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia dari tahun 2015 hingga 2021. Hasil penelitian ini menunjukkan bahwa komite audit multi gender, komite audit perempuan, dan komisaris independen laki-laki memiliki peran dalam mendorong manajemen untuk mematuhi peraturan perpajakan dalam kebijakan yang diambil. Hasil ini menjadi masukan bagi investor yang konsern terhadap informasi perpajakan entitas untuk memilih entitas dengan kriteria sesuai temuan penelitian ini yaitu entitas yang memiliki komite audit multi-gender, entitas yang memiliki komite audit wanita saja, atau entitas yang memiliki komisaris independen saja karena fungsi pengawasan yang dilakukan optimal dalam mendorong entitas untuk patuh terhadap peraturan pajak sehingga terhindar dari risiko denda pajak di masa mendatang.

1. INTRODUCTION

The right tax policy is essential to achieve profits and business sustainability. Tax policies are generally implemented by management to minimize tax burdens, not only income tax burdens but also other tax burdens such as tax fines that can be a burden for the company if the tax policy taken is wrong. Several cases of tax evasion have occurred in well-known companies in Indonesia and have impacted the company's financial performance due to additional tax fines, such as in PT Astra (based on the tax court decision No PUT-00423.15/2019 of 2021), in PT Bentoel (based on the tax court decision No PUT-005696.16/2021 of 2022), and others. These additional tax costs should not exist if corporate governance is carried out properly.

In the company there are independent commissioners and audit committees that have a supervisory function. The existence of independent commissioners and audit committees as supervisors

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greatly assists management or agents and investors or principals so that the tax policies taken do not harm the company and investors in the future.

The supervisory function inherent in independent commissioners and audit committees has an impact on corporate tax policies including tax compliance, tax planning and tax avoidance. In agency theory (Jensen & Meckling, 1976), it is stated that information asymmetry can occur between principal and agent. Independent commissioners and audit committees have a supervisory function to reduce the occurrence of this information asymmetry. As an independent external party, independent commissioners have the function of overseeing company management in implementing good corporate governance (Amin et al., 2017; Marlinah et al., 2022), one of which is in determining the company's tax policy so that it complies with and follows the applicable regulations as stated in the compliance theory (Lunenburg, 2012) and legitimacy theory (Dowling & Pfeffer, 1975). By carrying out a good supervisory function, independent commissioners can influence management to be wise in making tax policies so as not to harm the company and investors in the end, such as the risk of future tax fines due to tax avoidance by the company (Alhadi et al., 2021; Santoso et al., 2022).

However, management sometimes pays less attention to the direction and supervision of independent commissioners (Daniel NA et al., 2022; Dhamara & Violita, 2018; Pamungkas & Fachrurrozie, 2021; Sakdiyah & Setiyono, 2020; Setiawati et al., 2019). This usually occurs because of the weakness of independent commissioners in carrying out their functions or because of the sophistication of management in hiding information about the tax policies taken.

Similar to independent commissioners, the audit committee also has the function of supervising management to ensure that it always implements policies in accordance with good corporate governance, reduces agency costs, and minimizes information asymmetry with investors. In an effort to carry out a good supervisory function, the audit committee, as an internal party of the company, can provide direction and input as well as competent supervision to management in making tax policies so that the policies taken do not harm the company in the future (Pamungkas & Fachrurrozie, 2021) due to the risk of tax costs such as tax fines or tax consultation fees when a tax dispute occurs. Company management sometimes acts arbitrarily in making tax policies or hides taxes to avoid audit committee supervision (Sakdiyah & Setiyono, 2020; Setiawati et al., 2019). The results of research conducted by Deslandes et al. (2020) show that the audit committee has an important role in limiting management tax aggressiveness. However, other studies have not found strong results (Fitria & Handayani, 2019).

As individuals, independent commissioners and audit committees also have their own personalities, especially the personalities inherent in the male and female genders. In carrying out their functions, female auditors more effectively combine quality in their field work (Oussii & Klibi, 2019). Even female financial experts are more thorough in overseeing procedures for preparing financial statements in a conservative and quality manner (García-Sánchez et al., 2017). Although other studies have found that men tend to be brave in taking action for personal goals (Friscilla & Nugroho, 2020), thus putting aside ethics compared to women. With respect to corporate tax policy, the literature finds the influence of female directors in tax aggressiveness policy making (Boussaidi & Hamed-sidhom, 2021; Riguen et al., 2020; Zirgulis et al., 2022), although other literature finds a negative influence (Dakhli, 2022; Hoseini et al., 2019). In carrying out their supervisory functions, female audit committees encourage management to reduce tax aggressiveness (Khlif & Achek, 2017). Based on this, gender differences in independent commissioners or audit committees can lead to different analytical results on the supervisory function carried out on corporate tax policy. This study develops previous research on the role of gender in corporate tax policy (Iazzi et al., 2023; Riguen et al., 2020), especially the role of independent commissioners and audit committees in carrying out their supervisory functions (Deslandes et al., 2020; Hamdan, 2020; Khlif & Achek, 2017).

Several studies have examined the role of female gender in corporate tax policy. There are still few studies that explicitly analyze the comparison of male and female gender roles. Therefore, this study explicitly analyzes the multi-gender and mono-gender roles between men and women by comparing the performance of independent commissioners and audit committees in carrying out their supervisory functions and their impact on corporate tax policy.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Compliance Theory

Compliance theory is an approach for organizations to integrate existing ideas (Lunenburg, 2012). Based on the tax compliance perspective, compliance theory describes the company's perspective on the rewards obtained when complying with applicable tax provisions. Meanwhile, based on the normative perspective, it is explained that a person tends to comply because he considers the provisions to be a must.

There are two approaches to tax compliance: 1) the psychological approach and 2) the economic approach (Devos, 2012). In the psychological approach, research is conducted by analyzing taxpayers' personal perceptions of tax-compliant behavior and actions. Meanwhile, in the economic deterrence approach, research is conducted by analyzing tax compliance from the profit and loss of companies complying with tax provisions. In this study, the theory of compliance is carried out with economic deterrence, where company compliance is due to compliance costs such as fines or tax sanctions that affect financial performance. So when the company complies with tax provisions, the company's burden, especially from compliance costs, can be minimized and financial performance can grow well.

In terms of gender, men and women have different behaviors regarding compliance. There are differences in the level of tax compliance between companies led by women and companies led by men (Damayanti & Supramono, 2019). This may also occur in audit committees and independent commissioners in carrying out the function of monitoring management compliance.

Legitimacy Theory

Legitimacy theory explains the interaction between companies and society (Dowling & Pfeffer, 1975). In carrying out its business activities, companies must not violate the rules and norms that apply in society, including tax regulations. Mistakes in making tax policies by management can have an impact on additional tax costs that must be borne in the future and a decline in the company's image in society, which has a negative impact on business continuity. The role of independent commissioners and audit committees in supervising management in making tax policies and implementing the company's tax rights and obligations is very much needed so that the company is always in good governance and grows sustainably. This study focuses on analyzing gender in independent commissioners and audit committees and their influence on the company's tax policy.

The differences in the nature of men and women in dealing with various things will certainly also result in differences in the supervisory functions carried out by independent commissioners and audit committees towards management. Female audit committees and female directors have a broader analysis, not only on economic issues but also on social and environmental issues (Kanadlı et al., 2022). With the gender differences in the audit committee and independent commissioners, the supervisory function carried out on management will likely be broader and there will be differences in performance.

Agency Theory

Agency theory explains that although the principle owns the capital, the business operations are carried out by the agent within the company. The difference in these areas allows information asymmetry to occur which can be detrimental to capital owners (Jensen & Meckling, 1976). The existence of audit committee and independent commissioners in carrying out the supervisory function has the aim of minimizing this information asymmetry, so that the principle is not harmed by every policy taken by management.

Differences in the nature of male and female may have an impact on the supervisory performance carried out by independent commissioners and audit committees so that the minimum targeted information asymmetry can be different.

Gender

Gender is an inherent characteristic of male and female that is shaped by social and cultural factors, resulting in several assumptions about the social and cultural roles of male and female (Handayani & Sugiarti, 2017). The social mold of male and female includes male being perceived as strong, rational, virile and powerful, while female is perceived as meek, beautiful, emotional and motherly. These characteristics, however, are interchangeable and vary over time. As a result, gender can be described as a social construct that separates (in the sense of choosing or dividing) male and female roles. The disparities in functions and responsibilities between male and female are not determined by biological or natural differences between the two, but rather by their respective places, functions, and roles in numerous sectors of life and development.

In line with the concept of gender above, gender is the differences that appear in male and female when viewed from the values and behaviors of male and female (Darma & Astuti, 2021). Gender is used to explain the differences between male and female, not only regarding external physicality but also internal behavior to culture that visibly distinguishes male and female. Thus, gender as a concept is the result of human thought or human engineering, formed by society so that it is dynamic and can be different due to differences in customs, culture, religion, value systems of certain nations, societies, and ethnic groups. In addition, gender can change due to the course of history, political, economic, social and cultural changes, or due to development progress. Gender is not universal and does not apply in general, but situational.

According to Coate & Frey (2000), there are two approaches used to determine gender perceptions of ethical and unethical behavior: structural approach and the socialization approach. The structural approach explains that the differences in perceptions between male and female are due to early socialization to the job and the needs of other roles. The rewards and incentives provided to individuals in a career have an impact on this first indoctrination. Because the nature of the work and the task accomplished can mold behavior through the reward and incentive system, male and female employees will perform similarly and develop ethical and moral beliefs in the same workplace. In other words, the structural approach predicts that both male and female professionals will behave ethically the same way.

The gender socialization approach explains that male and female bring different sets of values and qualities to the workplace and the classroom. These gender variations in values and traits will influence male and female decision-making and behavior. Male compete for success and are more prone to disobey the rules because they see success as a competition. Females are more concerned about their own performance. Females will place greater importance on task performance and pleasant working relationships. Therefore, they will be more compliant with existing regulations and more critical of those who violate these regulations.

Independent Commissioners and Corporate Tax Policy

Independent commissioners are external parties who have the function of overseeing management in making corporate tax policies and implementing corporate tax rights and obligations. Like other commissioners, independent commissioners have a supervisory function so that management follows up on audit findings and recommendations from the risk management function, compliance and internal audit functions, the results of the supervision of the board of commissioners, and the results of the supervision of the Financial Services Authority, including corporate tax policy (OJK Regulation No. 57/POJK.04/2017 concerning corporate governance). In carrying out the supervisory function, independent commissioners encourage management to comply with applicable tax regulations, not only to improve the company's image but also to minimize additional tax costs as a result of non-compliance, in accordance with the theory of compliance (Devos, 2012; Lunenburg, 2012). In addition, this supervisory function helps minimize information asymmetry, in accordance with agency theory, which is required by the principles of investment policy (Jensen & Meckling, 1976).

As an external and independent party, if independent commissioners carry out both their supervisory functions, management is wiser in making tax policies and implementing tax rights and obligations so as not to harm the company and investors in the future due to the risk of tax penalties which are the impact of tax policies taken. The supervisory function carried out by independent commissioners can limit opportunistic managers and motivate managers to choose the right tax policy. Tax policies that lead to tax avoidance and potentially have high tax risks in the future can be minimized due to the good supervisory function of independent commissioners (Alhady et al., 2021; Santoso et al., 2022; Setiawati et al., 2019).

The characteristics of a person in carrying out their duties have an impact on the results of their work, especially the gender differences of independent commissioners which are thought to result in different supervisory functions. Gender differences between male and female have a role in the supervisory function of independent commissioners, where gender diversity increases corporate tax aggressiveness (Iazzi et al., 2023; Riguen et al., 2020). On the other hand, the presence of female commissioners can reduce the level of tax aggressiveness by management, the quality of supervision carried out encourages management to be more careful in making tax policies that can harm the company in the future (Dakhli, 2022; Hoseini et al., 2019). The first hypothesis tested as follows:

H1. Gender diversity has a role in the influence of independent commissioners on corporate tax policy

Audit Committee and Corporate Tax Policy

The audit committee is an internal party formed by the board of commissioners and chaired by the commissioner. In carrying out its duties, the audit committee has the function of assisting the duties of the board of commissioners to oversee management in making policies including tax policies in it so as not to conflict with tax regulations and potentially harm the company in the future. By carrying out this supervisory function, management has more consideration in making tax policies that have the potential to harm the company due to the risk of tax costs for future tax penalties. The more the number of audit committees that carry out their supervisory function, the more careful management is in making tax policies and implementing tax rights and obligations due to the risk of future tax costs (Pamungkas & Fachrurrozie, 2021; Santoso et al., 2022). An audit committee that carries out its duties properly can limit tax aggressiveness in the company (Deslandes et al., 2020).

In carrying out its supervisory function with independent commissioners, the audit committee ensures that management makes policies and implements these policies in accordance with applicable provisions so that the company's image remains good in the community, especially in the eyes of the tax authorities, as explained in the legitimacy theory (Dowling & Pfeffer, 1975). In addition, this supervisory function helps minimize the information asymmetry required in investment policy principles (Jensen & Meckling, 1976).

The results of a study conducted by Mclaughlin et al. (2021) regarding the role of gender in carrying out the supervisory function show that female audit committees have a negative relationship with corporate scandals. This explains that management is more wary of female audit committees in policy making. This is in line with research conducted by Khlif & Achek (2017) that female audit committees can reduce the level of tax aggressiveness in companies. So, the second hypothesis is as follows:

H2. Gender diversity has a role in the influence of audit committee on corporate tax policy

3. RESEARCH METHOD

This study is a causality study that analyzes the effect of gender differences in independent commissioners and audit committees on the supervisory function and its impact on corporate tax policy. This study is also a mixed method of quantitative and qualitative from regression analysis to gender analysis of independent commissioners and audit committees. Quantitative analysis is carried out by conducting multiple linear regression tests on multi-gender and mono-gender data. Meanwhile, qualitative analysis is carried out by comparing the differences in the results of multi-gender data, male-specific data, and female-specific data, including gender theory related to the supervisory function of independent commissioners and audit committees on corporate tax policy.

The population of this study is manufacturing companies listed on the Indonesia Stock Exchange for the period 2017 – 2021. The manufacturing sector has an important role in meeting the needs of other business sectors, especially in the Asian region (Soetanto & Fun, 2015). In Indonesia, the contribution of manufacturing to Gross Domestic Product (GDP) is so high that it is facilitated by the Government in its operational progress (Soetanto & Fun, 2015). This is an important point to analyze how the manufacturing sector contributes not only in gross domestic revenue but also in tax revenue, and how the supervisory function carried out by independent commissioners and audit committees in corporate tax policy.

Table 1. Sampling Criteria

Purpose	All	Male	Female
1. Manufacturing Companies listed on IDX FY 2015-2021	114	114	114
Year of Analysis	7	7	7
Number of panel data (114 X 7)	798	798	798
2. Company with not complete data analyzed	-228	-269	-756
Panel data analyzed	570	529	42

Sampling is carried out using purposive sampling method with criteria:

1) Having complete published financial reports for 7 years (2015-2021).
   These criteria eliminate companies that have just IPO / listing on the IDX in 2015-2021 and companies that are delisted from the IDX in 2015-2021 because they do not have complete published financial reports. In addition, this criterion also eliminates companies that are still listed on the IDX in 2015-2021 but there are financial reports that are not published or published but cannot be read clearly, such as publication files in a small size making it difficult to read the contents.
2) Having complete analysis data on published reports.
   This criterion requires that in the published financial statements there is information used in measuring research variables both in measuring earnings quality, independent commissioners, audit committees to age and company size, including male or female gender in the gender analysis test. The following is the sample selection as shown at Table 1.

The dependent variable of this study is corporate tax policy, a policy decision made by management with respect to corporate tax rights and obligations. The output of corporate tax policy is reflected in the value of Income Tax in the Financial Statements. In this study, corporate tax policy is measured by the Tax Compliance Ratio (TCR) developed in previous research (Jamei, 2017; Tarmidi et al.,

2022) with the following formula:

$$TCR = \frac{\text{Current Income Tax}}{\text{Fiscal Taxable Income * STR}}$$

This TCR measurement can be used to measure the tax policy taken by management by comparing the policy output in the form of current tax expense compared to the applicable income tax rate, which results in an analysis if the TCR value is 1 or more then the tax policy taken by the company tends to comply with the applicable tariff, while if the TCR value is less than 1 then the company is indicated to minimize the tax burden where the further the TCR value is from 1 then the management policy in minimizing the tax burden is high.

Then there are two independent variables, namely independent commissioners and audit committees. Independent commissioners are external parties who are appointed to serve as part of the board of commissioners in a company. As the function of the board of commissioners, the independent board of commissioners also has a supervisory function for every policy and implementation of activities carried out by management so that they are in accordance with company goals, do not conflict with the rules and benefit investors as owners of capital. In this study, independent commissioners were measured by measurements that had been used in several previous studies (Kawedar et al., 2021; Khosheghbal et al., 2017; Marlinah et al., 2022; Setiawan et al., 2020):

$$COMIN = \frac{\text{Number of Independent Commissioners}}{\text{Number of Total Commissioners}}$$

Then the gender analysis test grouped the independent commissioner data as follows:

$$MCOMIN = \frac{\text{Male Independent Commissioners}}{\text{Number of Commissioners}}$$

$$FCOMIN = \frac{\text{Female Independent Commissioners}}{\text{Number of Commissioners}}$$

The audit committee is a team established by the board of commissioners and chaired by an independent commissioner whose job is to assist the board of commissioners in carrying out the supervisory function within the company with the hope that management in making policies and implementing activities is in accordance with business objectives and does not violate applicable regulations so as to improve performance and provide quality information that investors can use (OJK Regulation No. 55/POJK.04/2015). The audit committee in this study is measured by calculating the number of company audit committees, which indicators have been used by several previous studies (Kawedar et al., 2021; Marlinah et al., 2022; Siagian & Siregar, 2018).

COMAU = Number of Audit Committee

Gender analysis test is conducted to group panel data based on the gender of the audit committee with the following formula:

$$MCOMAU = \frac{\text{Male Audit Committee}}{\text{Number of Audit Committee}}$$

$$FCOMAU = \frac{\text{Female Audit Committee}}{\text{Number of Audit Committee}}$$

In addition, there are firm size and firm age as a control variable. Company size is information on how much the company has resources used in business activities. Assets are generally used as an indicator of company size, the larger the size of the company indicates the number of resources that support the company in business activities and this size is one of the things that management takes into account in making policies, one of which is earnings quality. Company size is measured by the total assets of the company (Tarmidi et al., 2022; Yasser et al., 2016).

FSIZE = Log Natural Asset

The age of the company is the length of time the company has been in business, so with long experience it is assumed that the company is more aware of the information published, especially financial information, thus encouraging management to improve the quality of financial information. Company age is measured by the number of years the company has been established (Tarmidi et al., 2022; Yasser et al., 2016).

FAGE = Current Year - Establishment Year

Research Model

Model 1 (Multi-gender),

$$CTP = \alpha + \beta 1COMIN + \beta 2COMAU + \beta 3SIZE + \beta 4FAGE + \varepsilon$$

Model 2 (Male)

$$CTP = \alpha + \beta 1MCOMIN + \beta 2MCOMAU + \beta 3SIZE + \beta 4FAGE + \varepsilon$$

Model 3 (Female)

$$CTP = \alpha + \beta 1FCOMIN + \beta 2FCOMAU + \beta 3SIZE + \beta 4FAGE + \varepsilon$$

Where CTP is corporate tax policy, COMIN is independent commissioners, COMAU is audit committee, FSIZE is firm size, FAGE is firm age, MCOMIN and MCOMAU is male independent commissioners and male audit committee, FCOMIN and FCOMAU is female independent commissioners and female audit committee.

Panel data are used in this analysis with software STATA and the procedure is fit model test by three step test using the Chow, LM, and hausman tests to choose the fit model between Common Effects Model (CEM), Fixed Effects Model (FEM), and Random Effects Model (REM). The assumption classical test, hypothesis test and gender analysis.

4. DATA ANALYSIS AND DISCUSSION

Based on the results of purposive sampling, there are 570 panel data in model 1 that are processed and analyzed using STATA software, table 2 explains the descriptive statistics of the research data.

Table 2. Descriptive Statistics

Variable	TCR	COMIN	COMAU	FSIZE	FAGE
Min	-3.529	0.166	2.000	0.031	27.000
Max	2.974	0.800	5.000	6.116	35.000
Mean	0.884	0.388	3.045	3.439	31.936
Std. Dev	0.812	0.096	0.332	0.789	1.984

Note: TCR = Corporate Tax Policy, COMIN = Independent Commissioner
COMAU = Audit Committee, FSIZE = Company Size, FAGE = Company Age

Source: Data Processing Results (2023)

On average, the TCR or Tax Compliance Ratio value as an indicator of corporate tax policy is 0.884 which explains that on average the analysis unit complies with tax rules because the tax compliance ratio is close to the value of 1 as a reflection of tax compliance, besides that with a standard deviation below the average value, it illustrates that little panel data deviates from the panel data as a whole.

The average presentation of independent commissioners in the analysis unit is 38%. This indicates that the rules related to corporate governance in accordance with Article 19 of OJK Regulation No. 57/2017 have been implemented, where the minimum percentage of independent commissioners is 30% if the company has more than 2 independent commissioners. However, the number of independent commissioners is less than the number of non-independent commissioners. This is thought to have an impact on the performance of the supervisory function.

The average value of the audit committee in the analysis unit is 3 people, indicating that the analysis unit has implemented the rules in Article 4 of OJK Regulation No. 55/2015. The average natural log value of assets owned by the analysis unit is 3.439, while the minimum value is 0.031 and the maximum value is 6.116, reflecting that on average the assets owned by the analysis unit are quite large and are between the minimum value and the maximum value. The average age of the companies analyzed is 32 years and this is long enough for the business continuity of an entity.

The advantage of panel data compared to other types of data is the selection of a model that fits the existing data (Gujarati & Porter, 2012), this is because panel data is a combination of time series and cross section data. Table 3 summarizes the results of the model fit test process according to statistical rules using STATA.

The Chow test is conducted to compare which is the best between Common Effect and Fixed Effect. The indicator used in the Chow Test is the Prob> F value. If the Prob> F value is greater than the significance value of 0.05 then Common Effect is better than Fixed Effect and vice versa. In Table 3 it is known that the Prob> F value is 0.337 higher than 0.05, so Common Effect is better than Fixed Effect. The LM test is conducted to compare Common Effect with Random Effect. The indicator is if the Prob>chibar2 value is smaller than the significance level of 0.05, then the random effect model is better. If on the contrary, then the common effect is better.

Table 3. Model Fit Test

Test	Indicator	Amount	Result
Chow	Prob>F < 0.05 = Fixed Effect, Prob>F > 0.05 = Common Effect	Prob>F = 0.337	Common Effect
LM	Prob>chibar2 < 0.05 = Random Effect, Prob>F > 0.05 = Common Effect	Prob>chibar2 = 0.060	Common Effect
Hausman	Prob>chi2 < 0.05 = Fixed Effect, Prob>F > 0.05 = Random Effect	Prob>chi2 = 0.376	Random Effect

Source: Data Processing Results (2023)

Based on Table 3, it is known that the Prob>chibar2 value is 0.000 above 0.05, so Common Effect is better than Random Effect. The Hausman test is conducted to compare Fixed Effect with Random Effect. The indicator is if the Prob>chi2 value is smaller than 0.05 of the significance level, then the fixed effect model is better. If on the contrary, then the random effect is better. In table 3, it is known that the Prob>chi2 value is 0.3764 lower than 0.05, so Random Effect is better than Fixed Effect. Based on the results, it can be concluded that the Common Effect Model (CEM) is a better model to use in this research regression test.

Table 4. Classical Assumption Test

Test	Indicator	Amount	Result	Action
Heteroscedasticity	P-Value > 0.05	0.000	Not Good	Robustness
Multicollinearity	VIF < 10	1.01 - 1.03	Good	Ok

Source: Data Processing Results (2023)

Based on the model suitability test of the research data, namely the Common Effect Model (CEM), Ordinary Least Square (OLS) is used in estimating the effect of independent variables on the dependent variable. Furthermore, the classical assumption test is carried out to test the panel data using STATA. The classic assumption tests carried out for the Common Effect Model through the Ordinary Least Square (OLS) approach are heteroscedasticity test and multicollinearity test. As for the normality test that is usually done in general, it is not mandatory in this OLS Fixed Effect Model because it is not a BLUE / Best Linear Unbiased Estimator requirement (Kuncoro, 2013). In addition, CEM OLS is not required to conduct an autocorrelation test because the nature of the cross section is more representative of the nature of panel data, while the nature of the time series is not so dominant even though it still exists.

If the Prob.>chi2 value is smaller than the significance level of 0.05, it indicates heteroscedasticity or a violation of the assumption of homoscedasticity. In Table 4, it is known that the Prob.>chi2 value is 0.000 which is smaller than 0.05, so the research data is indicated to have symptoms of heteroscedasticity and does not pass the heteroscedasticity test, then robustness is carried out to overcome the symptoms. If there is no VIF value greater than 10, it can be said that the model meets the assumption of non-multicollinearity (Ghozali & Ratmono, 2017). In Table 4, it is known that all VIF values in each variable are not greater than 10 because the range of VIF values in each variable is between 1.01 and 1.03, so it can be said that the model passes the multicollinearity test.

Main Hypothesis

Table 5 shows that the data analyzed has an F value of 0.0309, indicating that this research model is fit or feasible. The R-Square value of 0.0186 explains that the independent commissioner and audit committee variables can explain only 1.86% of the corporate tax policy and the remaining 98.14% is explained by other variables outside this study.

The results of hypothesis 1 test show a sig value of 0.842, which means that independent commissioners have no significant effect on corporate tax policy, so H1 is rejected. Hypothesis 2 test results show a sig value of 0.027, which means that the audit committee has a significant effect on corporate tax policy, so H2 is accepted. With a positive coefficient value, it shows that the audit committee has a positive influence on corporate tax policy.

Table 5. Main Hypothesis

Model 1 : TCR $= \beta_0 + \beta_1 COMIN + \beta_2 COMAU + \beta_3 FSIZE + \beta_4 FAGE + \varepsilon$					
Variable	**Coef.**	**t-stat**	**Sig.**		**Result**
COMIN -> TCR	-0.071	-0.20	0.842		Rejected
COMAU -> TCR	0.228	2.21	0.027	**	Accepted
FSIZE -> TCR	-0.110	-2.57	0.010	**	
FAGE -> TCR	0.009	0.54	0.586		
N	570				
F	0.030**				
R-Square	0.018				

Note: TCR = Corporate Tax Policy, COMIN = Independent Commissioner, COMAU =Audit Committee, FSIZE = Company Size, FAGE = Company Age

Note : * Significant 90%, ** Significant 95%, *** Significant 99%

Source: Data Processing Results (2023)

Gender Analysis

Gender analysis is carried out by dividing panel data based on male and female gender of independent commissioners and audit committees with the aim of analyzing the role of gender in the supervisory function carried out by independent commissioners and audit committees on corporate tax policy.

Table 6. Gender Analysis

Variable	Male			Female		
	Coef.	Prob t-stat		Coef.	Prob t-stat	
COMIN (X1)	0.781	0.045	**	1.468	0.370	
COMAU (X2)	-0.078	0.629		1.213	0.008	***
FSIZE (C1)	-0.126	0.004	***	-0.172	0.248	
FAGE (C2)	0.003	0.830		-0.011	0.830	
N	529			42		
Prob F	0.014	***		0.040	**	
R-Square	**0.023**			**0.231**		

Note: TCR = Corporate Tax Policy, COMIN = Independent Commissioner, COMAU =Audit Committee, FSIZE = Company Size, FAGE = Company Age

Note: * Significant 90%, ** Significant 95%, *** Significant 99%

Source: Data Processing Results (2023)

After conducting a model selection test on a sample of companies with male independent commissioners and male audit committees, the Common Effect Model (CEM) was selected as the best model, as well as on a sample of companies with female independent commissioners and female audit committees, so that gender analysis in the regression model uses the Common Effect Model (CEM).

The gender analysis described in table 6 explains that only male independent commissioners have a significant positive influence on corporate tax policy, while female independent commissioners do not. Meanwhile, on the contrary, in the gender analysis it was also found that the female audit committee had a significant positive influence on corporate tax policy, while the male audit committee did not.

Discussion

Independent Commissioners and Corporate Tax Policy

The results of the hypothesis test show that the independent commissioner has no significant effect on earnings quality. This is presumably due to the smaller number of independent commissioners compared to non-independent commissioners. As illustrated in Table 2, the average number of independent commissioners in the analysis unit of this study is only 38%, smaller than the number of non-independent commissioners.

As explained in OJK Regulation No. 57/POJK.04/2017 concerning the implementation of corporate governance, one of the duties of an independent commissioner is to ensure that the entity complies with applicable provisions, including tax provisions that must be met by all taxpayers. As an external party to the company, an independent commissioner has the task and function of overseeing management in the process of making tax policies so that the entity, as a corporate taxpayer, exercises its tax rights and obligations in accordance with applicable provisions so that it can have an impact on investment policies (Handriani, 2020; Nuroniyah & Basuki, 2020; Setiawan et al., 2020). However, the results of this study indicate that independent commissioners are unable to carry out their supervisory function optimally regarding the company's tax policy. This could be due to the smaller number of independent commissioners compared to non-independent commissioners. Because the company's goal is to increase profits, the tax policies taken by management are directed towards the interests of the company. This is supported by non-independent commissioners, regardless of the impact of the policies.

Good corporate governance can be achieved if independent commissioners are able to carry out their supervisory functions well. Good corporate governance is reflected in the transparency, accountability and independence in the quality of profits in the company's financial statements. The implementation of the supervisory function by independent commissioners also minimizes the occurrence of information asymmetry that often occurs between management and investors in accordance with agency theory (Jensen & Meckling, 1976). However, the results of this study indicate that the supervisory function carried out by independent commissioners does not have a significant effect on the company's tax policy taken by management. So the results of this study are not in line with the results of previous studies conducted by Iazzi et al. (2023) and Riguen et al. (2020).

Meanwhile, the results of gender analysis show that the role of male independent commissioners has a positive influence on corporate tax policy. This explains that male independent commissioners are better able to supervise management to comply with applicable tax regulations. The performance of male independent commissioners' supervision is more optimal. This is because male independent commissioners tend to be braver than female independent commissioners, especially in providing input, direction and criticism to management in taking tax policies, considering the impact of tax policies on the company's image and additional tax costs in the future that are detrimental to investors. The results of this study are unique because similar results cannot be found in previous studies. In previous studies, supervision by female independent commissioners was involved in tax aggressiveness which was contrary to tax compliance (Boussaidi & Hamed-sidhom, 2021). The role of male independent commissioners was found in this unit of analysis. The differences in these findings could be due to differences in governance rules and tax rules in each unit of analysis across countries.

Audit Committee and Corporate Tax Policy

The results of hypothesis test show that the audit committee has a positive effect on corporate tax policy. These results explain that the supervisory function carried out by the audit committee can encourage management to comply with tax regulations, both in policy making and entity tax practices. In carrying out its supervisory function and assisting the independent commissioners, the audit committee in the analysis unit is very effective in supervising and encouraging management.

With the capabilities possessed by the audit committee, the supervisory role is carried out appropriately and influences management in every tax policy taken so that it does not act aggressively and is more compliant with applicable regulations (Deslandes et al., 2020). Referring to the corporate tax policy in this study, companies tend to comply with applicable regulations which aim not only to minimize the tax burden but also to minimize additional tax costs due to tax penalties.

In the gender analysis test on audit committees, the results show that female audit committees have a positive effect of on corporate tax policy, while male audit committees have no effect on corporate tax policy. These results are thought to be related to prudence and ethical thinking in female audit committees, so that the application to comply with regulations is stronger and encourages management to also comply with applicable tax regulations (Khlif & Achek, 2017).

With the difference in results between the main regression and gender analysis, it is clear that in carrying out supervision of management there should be no gender diversity in the audit committee team so that it is in line with the supervision procedure for the company's tax policy making by management, including in providing opinions and input to independent commissioners. As found in this study, only female audit committees can carry out their supervisory function well, so that independent commissioners can be considered in the appointment of the audit committee.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the results of hypothesis testing on 570 panel data of manufacturing companies listed on the Indonesia Stock Exchange from 2015 to 2021 as the unit of analysis, gender analysis of 529 panel data with male independent commissioners and male audit committees, and gender analysis of 42 panel data with female independent commissioners and female audit committees, it can be concluded that the supervisory function carried out by multi-gender independent commissioners does not have a significant effect on corporate tax policy, but a positive effect occurs when the supervisory function is carried out only by male independent commissioners. Meanwhile, the supervisory function carried out by the multi-gender audit committee has a positive influence on the company's tax policy. The same thing also happens when the supervisory function is carried out by only female audit committees.

This research provides practical implications for investors in determining issuers that produce optimal returns by analyzing the supervisory functions of independent commissioners and audit committees, including the gender of the independent commissioners and audit committees.

This study found a positive influence of multi-gender or female-only audit committees on corporate tax policies. Therefore, independent commissioners should consider the policy of establishing a gender-diverse or female-only audit committee so that the supervisory function can run better.

This study also found that there is an influence of male independent commissioners on corporate tax policies. These results can be input for investors in appointing independent commissioners to help carry out the supervisory function of tax policies taken by management. The different results between male and female data strengthen the theory of gender and its impact on each behavior and task carried out, so that it can be input for further research in analyzing gender in various processes, policies and their impacts. The results of this study provide insight into corporate governance practices, especially in the implementation of supervisory functions related to the gender of independent commissioners and audit committees.

The limitation of the study lies in the limited number of independent commissioners and female audit committee members in the research sample so that in the panel data comparison there is a fairly large gap between male and female data. This could be a concern for the government to encourage an increase in the role of women in the positions of independent commissioners and audit committees.

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