



**THE EFFECT OF CEO'S PUBLICITY AND EXECUTIVE
PREFERENCE RISK TOWARDS TAX AVOIDANCE WITH
AUDIT COMMITTEE AS THE MODERATING VARIABLE**

UNDERGRADUATE THESIS

**Submitted as one of the requirements to
obtain
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by

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ABSTRACT

This paper examines the effect of CEO's publicity and executive preference risk tendencies regarding corporate tax avoidance. Moreover, it aims to test the moderating effect of audit committee size on the relationship between CEO's publicity and tax avoidance as well as the relationship between executive preference risk and tax avoidance. By using a sample from real estate and property sector as well as mining sector that were listed on Indonesia Stock Exchange with research observation from the period 2017–2021, the findings indicate support for our hypotheses. Specifically, CEO's publicity is positively related to tax avoidance. Publicity gain by investor attention is considered a personality trait that causes CEOs to implement tax avoidance strategies. Executive preference risk is positively related to tax avoidance. Executive who has characteristic as risk taker causes executive to implement Tax avoidance strategies. However, this discretionary behavior is constrained by audit committee size. Firms with larger audit committees help to control the consequences of CEO and executive on tax avoidance. Therefore, audit committee effectiveness is critical in monitoring managerial decisions related to tax avoidance.

Keywords: *Keywords: CEO's Publicity (CP), Executive Preference Risk (EPR), Audit Committee Size (ACS), Tax Avoidance (TA), Profitability (ROA), Leverage (LEV), Firm Size (FSIZE), Board Size (BSIZE)*

INTISARI

Makalah ini menguji pengaruh publisitas CEO dan kecenderungan risiko preferensi eksekutif mengenai penghindaran pajak perusahaan. Selain itu, bertujuan untuk menguji pengaruh moderasi ukuran komite audit terhadap hubungan antara publisitas CEO dan penghindaran pajak serta hubungan antara risiko preferensi eksekutif dan penghindaran pajak. Dengan menggunakan sampel dari sektor real estat dan properti serta sektor pertambangan yang terdaftar di Bursa Efek Indonesia dengan pengamatan penelitian dari periode 2017–2021, temuan ini mendukung hipotesis kami. Secara khusus, publisitas CEO berhubungan positif dengan penghindaran pajak. Publisitas yang diperoleh dari perhatian investor dianggap sebagai ciri kepribadian yang menyebabkan CEO menerapkan strategi penghindaran pajak. Risiko preferensi eksekutif berhubungan positif dengan penghindaran pajak. Eksekutif yang memiliki karakteristik sebagai pengambil risiko menyebabkan eksekutif menerapkan strategi penghindaran pajak. Namun, perilaku diskresi ini dibatasi oleh ukuran komite audit. Perusahaan dengan komite audit yang lebih besar membantu mengendalikan konsekuensi CEO dan eksekutif atas penghindaran pajak. Oleh karena itu, efektivitas komite audit sangat penting dalam memantau keputusan manajerial terkait penghindaran pajak.

Kata Kunci: *Publisitas CEO, Risiko Preferensi Eksekutif, Ukuran Komite Audit, Penghindaran Pajak, Profitabilitas, Leverage, Ukuran Perusahaan, Ukuran Dewan*