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EFFECT OF AUDIT COMMITTEE CHARACTERISTICS ON TAX AVOIDANCE IN SOUTHEAST ASIA REGION

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A B S T R A C T

The purpose of this research is to examine the influence of audit committee attributes on tax evasion, with a particular emphasis on Southeast Asia. The impetus for this investigation is the pervasive tax evasion strategies and extremely low tax ratios observed in Southeast Asian countries. The magnitude, financial acumen, autonomy, gender representation, and age distribution of the audit committee are all taken into account when evaluating its attributes. Businesses publicly traded on the stock market of the respective nation between 2020 and 2022 and engaged in the mining industry in the Southeast Asian region comprise this study sample. The magnitude of the audit committee has a statistically significant positive effect on tax evasion, as demonstrated by panel data regression analysis. The audit committee's financial competence is essential for successfully implementing measures to prevent and reduce tax evasion. The independence of the audit committee has a substantial negative effect on tax evasion. The considerable adverse impact on tax evasion results from the diverse composition of audit committees, which includes gender and age. This research improves our understanding of the potential for audit committee attributes to deter and ameliorate tax evasion activities in Southeast Asian countries. The results of this research have the potential to offer valuable insights to shareholders, investors, and regulators regarding the potential hazards associated with aggressive tax planning and the audit committee's responsibility in mitigating these risks as a component of effective corporate governance. The current research provides stakeholders with valuable insights into establishing audit committees by considering the key features that substantially impact tax evasion.

Keywords: Tax avoidance, audit committee, financial expertise, committee size, independence, gender diversity, age diversity
JEL Classification: H26

INTRODUCTION

Tax is a financial obligation placed by the government on commercial organizations that produce revenue (Salehi et al., 2020). Most corporations strive to reduce their tax liabilities since tax payments shift a portion of the Company's and its owners' wealth to the state (Wahab & Holland, 2012). Tax management, tax avoidance, tax aggression, and tax planning are some of the tactics used by corporations to minimize their tax liabilities (Salehi et al., 2020).

Tax avoidance refers to the lawful strategies to minimize the taxes owed. Fiscal avoidance is the deliberate management activities aimed at minimizing the tax liability to the government (Ariff & Hashim, 2014). Tax evasion strategies via profit sprofit-shiftingues may be used by multinational corporations such as *Google*, *Amazon*, *Starbucks*, *Microsoft*, and other similar entities. Developing nations, which significantly depend on taxes to sustain their economic development, are particularly adversely affected by tax evasion, which directly reduces state income.

Therefore, international organizations such as the G20 and the UN pay attention to international taxation and tax avoidance practices through conferences and meetings between countries. The effect of tax evasion behavior will be more pronounced in developing nations that rely on tax revenue as their primary source of state income. Tax avoidance practices cause state tax revenues to decline. Report OECD (2021) indicates that The mean ratio of Southeast Asian nations remains somewhat modest in comparison to other G20 members. Most Southeast Asian nations are classified as developing countries, requiring tax income to support their ongoing economic development.

One of the tax avoidance cases in Southeast Asia occurred at PT Adaro Energy Tbk, Indonesia, in 2019. PT Adaro Energy Tbk chose the *transfer pricing* method with its subsidiaries to reduce its tax burden. PT Adaro Energy Tbk transferred its income and profits in Indonesia to Coaltrade Service International in Singapore with a tax rate 17% lower than in Indonesia through *transfer pricing*. Petroliam Nasional (Petronas) has also been exposed to tax avoidance cases in Malaysia. In 2020, Petronas was suspected of practicing *transfer pricing* together with 3 of its subsidiaries, namely Tembungo Sub Block PSC, Sapura OMV Upstream (PM) Inc, and Petronas Carigali Sdn Bhd. The tax evasion by Petronas is estimated at RM3.6 billion between 2010 and 2017.

Between 2020 and 2021, the global population was impacted by the COVID-19 epidemic, which had significant repercussions on economic environments. The implementation of COVID-19 control measures had a substantial effect on firms, resulting in challenges in selling their current inventory, difficulties in obtaining trade credit, and decreased income (Athira & Ramesh, 2023). The current economic uncertainty caused by COVID-19 motivates firms to engage in tax evasion strategies in order to mitigate the potential consequences of unemployment, liability, or insolvency (Athira & Ramesh, 2023). Companies were under pressure to remain in business sustainably. Meanwhile, in 2022, when the COVID-19 pandemic has subsided, companies are under pressure due to tax policies that return to their original state, and they are trying to optimize their profits. With these conditions, companies are encouraged to avoid taxes.

Desai & Dharmapala (2006) and Desai et al. (2007) It has been observed that corporations often participate in intricate transactions in order to evade notice by tax authorities and shareholders, therefore enabling management to accomplish their goals, such as exploiting the firm for economic gain. Elaborate tax evasion tactics may worsen the imbalance of information between management and shareholders and raise the expenses associated with monitoring such techniques (Wang et al., 2020). These complex tax transactions can be facilitated by digital transformation. However, digital transformation also increases transparency, monitoring, and efficiency.

Tax avoidance arises due to agency conflicts and separation of principal and agent authority. According to agency theory, there are differences in interests that arise when managers have an interest in incentives and bonuses for increased company performance, while investors have long-term, profit-oriented interests and the survival of the companies they own. Managers are required to present high and satisfactory financial returns for investors. Moreover, there is information asymmetry so that management has greater access to information than investors. *Good Corporate Governance* has a role as an internal control to provide protection for stakeholders over the opportunistic behavior of managers.

Audit committees have emerged as an indispensable element of Good Corporate Governance frameworks on a global scale. (Chiu et al., 2019). The audit committee's role is widely recognized as having a substantial impact on the improvement of business performance (Klein, 2002). The internal control function within the organization is considered to be significantly improved by the audit committee (Beasley et al., 2009). The audit committee's primary obligation is to guarantee the dependability of financial statements, thereby reducing the effectiveness of corporate tax evasion strategies. (Amri et al., 2023). Almost no research has examined the influence of audit committee features on tax evasion. Therefore, it is crucial to evaluate the audit committee's characteristics that could potentially reduce tax evasion.

Deslandes et al. (2020) and Dang & Nguyen (2022) have conducted research on the influence of audit committee characteristics, including size, expertise, independence, and gender diversity, on tax avoidance in Vietnam and Canada. This study broadens the audit committee characteristics that have been implemented in prior investigations, including committee size, financial expertise, independence, gender diversity, and audit committee age diversity. The Southeast Asia region is still infrequently utilized in other studies, as evidenced by the inclusion of this study. In order to maintain their economies, the majority of developing countries in Southeast Asia rely on tax revenue.

Therefore, the study topic to be addressed is whether the attributes of the audit committee have an impact on tax evasion in the Southeast Asian area. The purpose of this study was to investigate the attributes of the audit committee that may impede corporate tax evasion practices in the Southeast Asian area. Furthermore, this study enhances the comprehension of how the attributes of audit committees might alleviate and deter tax evasion activities in Southeast Asian nations. Furthermore, this study enables shareholders, innovators, and government or tax authorities to enhance their ability to predict the potential hazards associated with aggressive tax planning and recognize the significance of the audit committee's function in reducing these risks. Hence, authorities have the ability to establish more effective legislation aimed at preventing tax evasion tactics and regulating audit committees. The present study offers valuable insights to organizations on the significance of audit committees in the context of effective corporate governance.

LITERATURE REVIEW

Previous Research

The impact of audit committee features on tax evasion has been the subject of previous academic studies. Deslandes et al. (2020) conducted an empirical investigation. The aim of this research is to investigate the impact of audit committee attributes on tax aggressiveness in Canada. Evaluation of the characteristics of an audit committee involves the use of metrics such as independence, competence, diligence, and gender diversity. Research findings suggest that the competence and vigilance of the audit committee have a substantial impact on the degree of tax aggressiveness. Effective deterrence of tax aggressiveness is greatly impacted by financial management. The extent of tax aggressiveness is determined by the length of time the audit committee is in office. The effectiveness of the audit committee in mitigating tax aggression is closely correlated with its size and comprehensive range of competence. In contrast, the prevalence of tax aggression practices is not reduced by the independence and gender diversity of audit committees.

Furthermore, research was conducted by Dang and Nguyen (2022) on the influence of audit committee attributes on tax evasion in Vietnam. Conducting research, Dang and Nguyen (2022) employed audit committee size, gender diversity, independence, and expertise as indicators of audit committee attributes. The research demonstrated that the magnitude of the audit committee is positively correlated with tax evasion behavior. This is due to the fact that the Audit Committee's effectiveness in oversight decreases as it expands. The efficiency of the audit committee in mitigating tax evasion may be improved by enhancing the competence of female audit committee members and finance committee members. Nevertheless, tax avoidance is not influenced by the audit committee's independence.

The current investigation concentrates on tax avoidance as a legal strategy employed to reduce tax liability. The current study incorporates supplementary variables, such as the committee's demographic diversity and size. Deterring managers from engaging in opportunistic activities is facilitated by determining the size of the audit committee in accordance with the regulations. This is due to the fact that a diverse array of perspectives and experiences from other audit committees is guaranteed by a suitable size. Additionally, the audit committee's age diversity may contribute to the existence of varying attitudes among its members, thereby reducing the likelihood of tax evasion activities. By including the Southeast Asia region, which is primarily composed of emerging nations that have received less attention in previous studies, the current study broadens the research sample.

Agency Theory

Agency theory is a contractual arrangement in which the proprietor (principal) grants permission to another party (agent) to execute duties and make decisions on behalf of the principal (Jensen & Meckling, 1976). This situation requires administrators to prioritize the owner's well-being over their own personal interests. The contractual relationship between managers (agents) and proprietors (principals) also results in the separation of authority and functions. The division of responsibilities between the principal and the agent is the cause of agency conflicts (Boussaidi & Hamed, 2015).

A conflict of interest arises between shareholders (principals) and managers (agents) as a result of the separation of agent and principal functions. The principals or proprietors, who are the owners of the Company, will primarily prioritize the long-term survival and high profits of the Company. Meanwhile, agents or managers have an orientation towards bonuses and incentives that will be received for their performance. Managers are required to achieve the goals set by shareholders, so managers will take action to secure their interests. Actions taken can be unethical actions that can harm future shareholders.

Agency conflicts can lead to actions that harm shareholders (principals), such as unethical behavior, opportunistic actions by managers, and the tendency for accounting fraud to occur. Tax avoidance is a form of opportunistic action taken by managers in fulfilling their personal interests. Tax avoidance behavior can be controlled by implementing good corporate governance, which is a supervisory function by shareholders against management. Chiu et al. (2019) Advocate for the reduction of asymmetric information and agency conflicts through the voluntary implementation of audit committees by companies.

Tax Avoidance

Managers' endeavors to mitigate corporate tax liabilities through a variety of tax reduction strategies are referred to as tax avoidance (Ariff & Hashim, 2014). Dyring et al. (2008) Define any financial transaction that results in a decrease in corporate tax liabilities as a form of tax avoidance. Hanlon and Heitzman (2010) provide an explanation of tax avoidance as a range of tax planning strategies that are lawful in some cases but nearly prohibited in others.

Tax avoidance is a form of hazardous investment for management (Armstrong et al., 2015). Managers have a greater opportunity to engage in tax avoidance than to increase shareholder wealth due to the separation of principal and agent, which is influenced by their personal interests (Shams et al., 2022). Desai & Dharmapala (2006) and Desai et al. (2007) It is important to note that companies frequently engage in intricate transactions in order to evade detection by tax authorities and shareholders. This enables managers to achieve their objectives, such as obtaining economic benefits from the Company. The information asymmetry between management and shareholders is further exacerbated by this tax avoidance strategy, which also increases the monitoring costs of shareholders (Wang et al., 2020).

Duhoon and Singh (2023) revealed that tax avoidance actions in companies are influenced by agency conflicts that arise from differences in desires and authority between management and shareholders, social requirements, and the legitimacy of tax avoidance decisions. Desai and Dharmapala (2006) stated that the utility of tax avoidance for executives or managers is diminished when the organization establishes effective corporate governance. In other words, the more effective corporate governance is implemented, the lower the likelihood of tax avoidance.

Audit Committee

A committee established by and composed of the board of directors is known as an audit committee, per the Sarbanes-Oxley Act. Its primary obligation is to oversee the accounting, financial reporting, and auditing of financial statements. (Beasley et al., 2009). The Blue Ribbon Committee (BRC) aims to develop recommendations for improving the quality of financial reporting by improving the audit committee's function (Abbott et al., 2004). The BRC recommendations encompass the audit committee's independence, financial expertise, size, and authority over the appointment and compensation of external auditors..

The presence of an audit committee enhances the reliability of financial statements. The primary responsibility of the audit committee is to ensure the integrity of financial statements and control systems. (Oussii & Taktak, 2018). According to Dang and Nguyen (2022), the primary responsibility of supervision the financial reporting process is effectively fulfilled by independent auditors in conjunction with high-quality audit committees.

The audit committee's primary obligation is to ensure the accuracy of financial reporting (Bédard et al., 2004). Oussii and Taktak (2018) elaborated. The following responsibilities are the responsibility of the audit committee: supervision of the internal control system, monitoring the performance of the Company's supervisory institutions, recommending the appointment of external auditors, and monitoring financial statements, accounting documents, and financial information prior to their publication. Subsequently, the audit committee may mitigate opportunistic actions by evaluating the external auditor's independence and competence (Bédard et al., 2004).

Abbott et al. (2004) and Bédard et al. (2004) separate audit committee characteristics into four categories: independence, size, financial expertise, and audit committee activity. These attributes are frequently employed in audit committees, as evidenced by numerous investigations. Additionally, this article utilizes gender and age diversity as indicators of audit committee characteristics. Diversity will improve the audit committee's performance. In general, the risk of financial statement manipulation is diminished when women are appointed to the board of directors, as they are more inclined to be honest, cautious, and conservative (Riguen et al., 2020). The research conducted by Mahadeo et al. (2012) revealed that the performance of a company is positively influenced by the relevance of age diversity among board members. Additionally, they observed a positive correlation between the productivity of juvenile boards and the experience contributed by elder boards.

Audit Committee Size

The audit committee should be composed of a minimum of three individuals, according to the recommendations of *The Blue Ribbon Committee* (BRC) (Juhmani, 2017). An effective audit committee typically consists of three to four members. (Abbott et al., 2000); (Xie et al., 2003). Juhmani (2017) states that the tendency of members to be unfocused and passive is exacerbated by audit committees with a large number of members compared to those with fewer members. Conversely, audit committees with insufficient members result in a lack of resources, which inhibits the effectiveness of supervision by reducing the level of expertise, knowledge, and experience.

Oussii and Taktak (2018) Their research suggest that the magnitude of the audit committee has a beneficial effect on the duration of the audit. However, they also suggest that audit committees with a more significant number of members could be more effective due to coordination and process issues. In their research, Dang and Nguyen (2022) found that the audit committee's size significantly positively affects tax avoidance. The considerable number of members of the audit committee renders its decision-making process more complex, and its efficacy is diminished. (Dang & Nguyen, 2022). The presence of larger members on the audit committee contributes to the increase in tax avoidance. Consequently, the first hypothesis presented for the investigation is as follows:

H1. Audit committee size has a positive effect on tax avoidance

Audit Committee Financial Expertise

Every business entity is required to have at least one audit committee member with financial expertise, as per the *Sarbanes -Oxley Act* of 2002 (Juhmani, 2017). *The Blue Ribbon Committee* (BRC) defines financial expertise as the capacity to comprehend and interpret fundamental financial statements (Abbott et al., 2004). The audit committee members will be able to more easily comprehend the auditor's judgment and the fundamental difference of opinion between managers and external auditors with the assistance of financial accounting knowledge (Li et al., 2012). This proficiency will enhance the audit committee's efficiency in identifying and posing inquiries that impede managers' ability to engage in unethical behavior and enable auditors to conduct more precise investigations (Li et al., 2012).

Komal et al. (2023) stated that the role of ACFE is consistent with agency theory and reflects the necessity of reducing managers' opportunistic behavior through appropriate monitoring. Deslandes et al. (2020) conducted research claiming that the financial and accounting expertise of audit committee members is a critical factor in preventing tax aggressiveness. In accordance with their research, Dang and Nguyen (2022) discovered that financial expertise has a preventative effect on tax avoidance behavior. On the basis of this description, hypothesis 2 is proposed for this investigation:

H2. Audit committee financial expertise has a negative effect on tax avoidance

Audit Committee Independence

Independence is defined by *The Blue Ribbon Committee* (BRC) as the exclusion of employees and former employees, relatives of management, and individuals who receive compensation from the Company (Abbott et al., 2004). According to Abbott et al. (2004), independent directors are perceived as having the capacity to more objectively assess accounting practices, internal controls, and management reporting. Additionally, a fully independent audit committee is perceived as having the capacity to more effectively protect shareholders' interests and act as an oversight body due to its ability to view issues from a more objective perspective (Bédard et al., 2004). Richardson et al. (2013) maintain that the independence of the audit committee significantly influences the degree of tax aggressiveness.

The research conducted by Lanis and Richardson (2011) indicated that tax aggressiveness behavior is negatively impacted by board independence. The Company's external council is responsible for monitoring management in a more objective manner and is not affiliated with the Company. This is similar to the research conducted by Sandy and Lukviarman (2015), which revealed that the independent board of commissioners has a detrimental impact on tax avoidance. In his research, Richardson et al. (2013) establish a negative correlation between the two, demonstrating that independent audit committee members reduce tax aggressiveness actions. Thus, hypothesis 3 proposed for this study is:

H3. Audit committee independence hurts tax avoidance

Audit Committee Gender Diversity

In accordance with Campbell and Minguez-Vera (2008), the diverse perspectives that arise from a more diverse board can enhance creativity, innovation, and problem-solving. According to Jarboui et al. (2019), the effective oversight of managers' policies is contingent upon the presence of women in corporate board positions. The Company's information asymmetry has been worsened by the percentage inequality between the number of men and women serving on the board of directors (Hoseini et al., 2018). Opportunistic decision-making is not well-tolerated by women (Riguen et al., 2020). Women on the board of directors are likelier to be honest, cautious, and conservative, reducing the likelihood of financial statement manipulation (Riguen et al., 2020).

In their research, Hoseini et al. (2018) demonstrate that women who hold positions on company boards play a role in reducing tax avoidance behavior by management. Additionally, Lanis et al. (2017) asserted a negative and substantial correlation between the representation of women in board positions and aggressive tax actions. According to the research conducted by Vacca et al. (2020), the Company's involvement in disclosing its social responsibility is increased, and aggressive tax strategies are reduced by the presence of women with superior ethical values. Based on this clarification, hypothesis 4 of the study is:

H4. Gender diversity hurts tax avoidance

Audit Committee Age Diversity

Hsieh et al. (2018) argue that the age variance on the board indicates that its members have a wide range of skills, knowledge, and experience that may be used to enhance the quality of financial reporting. Adequate age diversity is essential on the board, because the board members were brought up in diverse economic, social, and political contexts. Consequently, their personal and professional experiences have led to the accumulation of a diverse range of viewpoints (Komal et al., 2023). Audit committee members of different age groups offer unique abilities and experience that are relevant to assessing the quality of financial reporting, thereby helping to reduce tax evasion in firms.

Conducting research, Dao et al. (2013) discovered a negative correlation between the cost of equity capital and age diversity. In their research, Kipkirong and Federico (2014) discovered a substantial negative correlation between strategy change and age diversity. The findings of Komal et al. (2023) in their research demonstrate that the age diversity of the audit committee can prevent earnings management behavior. The diverse perspectives and experiences of the members are influenced by age diversity, which results in a decrease in tax avoidance practices. Therefore, hypothesis 5 of this study is:

H5. Age diversity hurts tax avoidance

METHODS

Sample and Population

The research population comprises companies listed on the stock exchange from 2020 to 2022 and is involved in the mining sector in the Southeast Asia region. The research data is derived from annual and financial reports published by relevant sample companies. Additionally, research data is obtained from the official websites of relevant companies and the stock exchanges of each country.

A *purposive sampling* technique was employed to determine the sample. During the study period, the sample selection criteria were as follows: mining sector companies that were listed on the relevant country's stock exchange, published annual reports and financial statements, had a financial reporting date of December 31, and provided the researcher with the necessary information. The study was not conducted in countries where the companies did not meet the sample parameters.

In this research, the final sample obtained and observed is *unbalanced panel data*, consisting of 147 samples. The research criteria encompass a number of countries, including the Philippines, Thailand, Malaysia, Singapore, and Indonesia. Sample representatives from these countries satisfy the predetermined sample criteria. Countries that lack a stock exchange, including Brunei Darussalam and Timor Leste, are excluded from the investigation. Cambodia, Myanmar, and Laos are excluded due to the absence of mining sector corporations in their respective nations. However, the annual report and the Company's official website do not contain sufficient information regarding the audit committee in Vietnam.

Operational Definition and Measurement of Variables

Dependent Variable: Tax Avoidance

In research, the *Cash Effective Tax Rate* (CETR) is employed as a measure of tax avoidance. Tax avoidance practices may be more accurately described through CETR measurement. CETR accurately represents the Company's tax payment in accordance with the country's tax regulations, thereby providing a more accurate representation of the extent of tax avoidance. Changes in estimates, including valuation and tax protection, do not affect CETR. An overstatement of current tax expense can be prevented by concentrating on cash tax payments in the cash flow statement, as it does not account for income tax benefits, as per Chen et al. (2010). CETR is exempt from exaggerated current tax expense because it utilizes the value of cash tax payments on the cash flow statement. There is evidence of tax avoidance through CETR when it is compared to the normative tax rate in a given country. The Company's minimal tax avoidance is indicated by the higher CETR value. Conversely, a lesser CETR suggests that the Company is engaging in significant tax avoidance.

According to research conducted by Deslandes et al. (2020), Chen et al. (2010), Dyreng et al. (2008), and Mayndarto (2022). The tax avoidance variable is assessed by calculating the Cash Effective Tax Rate (CETR). Cash tax paid in the cash flow statement calculates CETR by dividing it by pre-tax income in the income statement. As follows is the CETR equation:

$$CETR = \frac{Tax\ Payment}{Profit\ Before\ Tax}$$

Independent Variable: audit committee characteristics

The evaluation of audit committee features is determined by the committee's size, financial acumen, autonomy, gender representation, and age distribution. The independent variables have been previously elucidated in the section dedicated to hypothesis formulation. AC_SIZE refers to the total count of members of the audit committee within a certain timeframe. The determination of AC_FE is based on the financial and accounting competence of the members of the audit committee. This includes their professional accounting certifications (such as Certified Public Accountant), financial work experience (such as chief financial officer or chief accounting officer), and experience in supervising financial staff (Komal et al., 2023). The financial competence of the audit committee is assessed by considering the percentage of members who have professional knowledge in accounting and finance. To maintain the autonomy of the audit committee (AC_IND), it is essential to exclude specific owners, family members of management, current and former workers, as well as those who get paid income from the Company. Abbott et al. (2004). The assessment of audit committee independence (AC_IND) is carried out by considering the proportion of independent audit committee members. A measure of gender diversity (AC_GEN) is calculated based on the percentage of women serving on the audit committee. A measure of audit committee age diversity (AC_AGE) is the coefficient of variation, calculated as the standard deviation of the age of the members on the audit committee divided by the average age of the members (Kipkirong and Federico, 2014). The scale invariance of the coefficient of variation is characterized by a greater sensitivity to relative differences than to absolute differences present in standard deviation or variance measurements alone (Kipkirong & Federico, 2014). The broader the age diversity of the board of directors, the greater the coefficient of variation. The definition of each research variable and its measurement can be seen in Table 1.

Control Variable

According to prior research by Deslandes et al. (2020) and Dang & Nguyen (2022). In this study, the control variables include company size (SIZE_LN), profitability (ROA), leverage (LEV), Company fixed assets, specifically

Table 1. Operational Definition and Measurement of Variables

Variables	Definition	Measurement
Dependent		
CETR	*Cash Effective Tax Rate*	Cash tax payment/ profit before tax
Independent		
AC_S	Audit committee size	Total audit committee members
AC_FE	Audit committee financial expertise	Percentage of members with financial expertise
AC_IND	Audit committee independence	Percentage of independent members
AC_GEN	Audit committee gender diversity	Percentage of female members
AC_AGE	Audit committee age diversity	Coefficient of variation (standard deviation of member age/average member age)
Control		
SIZE_LN	*Firm size*	Natural log of total assets
ROA	*Return on Asset*	Net income/total assets
LEV	*Leverage*	Long-term debt/total assets
PPE	*Property, plant, and equipment*	Fixed assets/total assets
INTAN	*Intangible asset*	Intangible assets/total assets
INVEN	*Inventory intensity*	Inventory/total assets
AGE	*Firm age*	Length of time the company has been established

property, plant, and equipment (PPE), intangible assets (INTAN), inventory intensity (INVEN), and company age (AGE).

Larger organisational entities have more resources available for tax planning and may strategically optimise their activities to minimise their tax liabilities. Reference: Deslandes et al., 2020. SIZE_LN is a measure of the size of a Company calculated using the natural logarithm of its total assets. Deslandes et al. (2020) have noted that firms exhibiting a greater Return on Assets (ROA) value demonstrate greater profitability and have a tendency to decrease their tax liabilities. Return on assets (ROA) is calculated by dividing the nett income by the total assets. The interest expenses paid on the Company's debt will reduce its taxable income. The leverage (LEV) of the Company is determined by calculating its long-term debt ratio to its total assets. Companies carrying significant property, plant, and equipment (PPE) may be eligible to claim a lower tax rate via accelerated asset depreciation (Deslandes et al., 2020). The fixed assets to total assets ratio is the measure used to assess property, plant, and equipment (PPE). Intangible assets (INTAN) are measured by the proportion of intangible assets to total assets, much like property, plant, and equipment assets (PPE). Implementing a high inventory intensity (INVEN) may help decrease the tax burden by offsetting losses in the current period with inventory supply scheduled for future periods. *Inventory intensity* (INVEN) is quantified as the ratio of inventory to total assets. Companies that have been in operation for an extended period of time are more adept at reducing costs, such as the tax burden, in order to enhance their public image. The quantity of time that a company has been in existence is known as its age (AGE).. The definition of each research variable and its measurement can be seen in Table 1.

Research Methods

Hypothesis testing is done with panel data regression. Data processing to obtain hypothesis test results uses the *Eviews* application. Before regression analysis is carried out, regression model selection and classical assumption tests are carried out. Model selection is necessary to choose the correct regression model. The conventional assumption test guarantees the data's validity and absence of bias.

The regression model used is as follows.

$$CETR = \alpha + \beta_1 ACS + \beta_2 ACFE + \beta_3 ACInd + \beta_4 ACGen + \beta_5 ACAge + \beta_6 SizeLN + \beta_7 ROA + \beta_8 Lev + \beta_9 PPE + \beta_{10} Intan + \beta_{11} Inven + \beta_{12} Age + \varepsilon$$

Description: CETR = Tax Avoidance, α = Constant, β = Regression Coefficient, ACS = Audit Committee Size, ACFE = Audit Committee Financial Expertise, ACInd = Audit Committee Independence, ACGen = Audit Committee Gender Diversity, ACAge = Audit Committee Age Diversity, SizeLN = Firm Size, ROA = Profitability, Lev = Leverage, PPE = Property, Plant, and Equit, Intan = Intangible Asset,

Table 2. Descriptive Statistics

Variables	N	Mean	St. Deviation	Maximum	Minimum
CETR	147	0,185	0,219	0,908	-0,260
AC_S	147	3,333	0,696	6,000	2,000
AC_FE	147	0,410	0,226	1,000	0,000
AC_IND	147	0,910	0,224	1,000	0,000
AC_GEN	147	0,194	0,226	1,000	0,000
AC_AGE	147	0,126	0,070	0,368	0,000
SIZE_LN	147	19,853	1,745	23,260	15,409
ROA	147	0,057	0,156	1,000	-0,316
LEV	147	0,222	0,175	0,701	0,000
PPE	147	0,316	0,220	0,964	0,000
INTAN	147	0,011	0,037	0,233	0,000
INVEN	147	0,071	0,084	0,379	0,000
AGE	147	34,068	24,339	129,000	7,000

Inven = Inventory, Age = Firm Age, ε = Residual of error.

This research will provide a panel data regression test to investigate the impact of audit committee features on tax avoidance, using CETR as the primary metric for measuring tax avoidance. In order to assess the robustness of an analytical approach and ensure the accuracy of the analysis findings, robustness tests are performed using ETR as a metric for tax evasion. Further studies were conducted to assess the influence of the Covid-19 epidemic and digital transformation on the relationship between audit committee features and tax evasion in Southeast Asia.

RESULT AND DISCUSSION

Descriptive Statistics

Statistical descriptive statistics provide a comprehensive summary of the attributes of the study data. Descriptive statistics provide insights into the properties of the data by examining its mean, standard deviation, maximum, and lowest values. The descriptive statistics for the dependent Variable (CETR), independent variables (AC_S, AC_FE, AC_IND, AC_GEN, AC_AGE), and control variables (SIZE_LN, ROA, LEV, PPE, INTAN, INVEN, AGE) are shown in Table 2.

Table 2 indicates that the average Cash Effective Tax Rate (CETR), the dependent Variable of the research, is 0.185. The numerical value is sufficiently little to approach zero. An ideal CETR number should exceed the tax rate in a given area. Southeast Asia's tax rates mostly fall between the 20% to 33% range. If the Corporate Effective Tax Rate (CETR) exceeds the tax rate, then firm tax payments in an area are considered satisfactory. A higher CETR number suggests that the corporation has effective tax payment practices and is less likely to engage in tax evasion. In contrast, a lower CETR number suggests that the corporation has poor tax payment practices and engages in tax evasion. Audit committee size (AC_S) has an average value of 3.33, indicating that the typical firm has three members on the audit committee, which aligns with current requirements and guidelines. The measure of financial competence (AC_FE) has an average value of 0.41, suggesting a limited number of audit committee members possessing financial experience. The mean audit committee independence (AC_IND) is a very high 0.91, indicating that almost all audit committee members are independent contributors. With an average value of 0.194, The level of female representation on the audit committee is really low. The measured average age diversity of the audit committee (AC_AGE) is 0.126, indicating that the variation in age among the members of the audit committee is not very substantial.

Classical Assumption Test

The advantage of panel data with a large sample size is that the classical assumption test is not conducted. The normality test can be disregarded when the sample

Table 3. Multicollinearity

Var	acs	acfe	acind	acgen	acage	sizeln	roa	lev	ppe	diamond	inven	age
acs	1											
acfe	0,00	1										
acind	-0,08	0,38	1									
acgen	0,00	0,34	0,26	1								
acage	0,01	-0,12	-0,30	-0,08	1							
sizeln	0,21	-0,16	0,15	-0,19	-0,23	1						
roa	0,03	-0,12	0,03	-0,03	-0,17	0,28	1					
lev	-0,18	0,10	0,25	-0,18	-0,10	0,15	-0,26	1				
ppe	-0,13	-0,03	0,13	0,09	-0,13	-0,04	-0,24	0,27	1			
diamond	0,00	0,51	0,11	0,09	0,09	-0,08	-0,19	0,06	-0,03	1		
inven	0,05	0,06	0,05	0,33	-0,05	0,16	-0,01	-0,14	0,11	-0,12	1	
age	0,39	0,01	-0,01	0,21	-0,14	0,28	0,07	-0,26	0,02	-0,12	0,45	1

Table 4. Regression Result - CETR

Variable	Coefficient	t-Statistic	Prob.
C	-0,4616	-2,2724	0,0247
AC_S	-0,0536	-2,4142	*0,0171
AC_FE	0,6679	8,0631	*0,0000
AC_IND	0,1561	2,1177	*0,0360
AC_GEN	0,2834	3,8371	*0,0002
AC_AGE	0,4323	1,9983	*0,0477
SIZE_LN	0,0280	2,8115	*0,0057
ROA	0,0006	0,0057	0,9954
LEV	-0,5465	-5,6434	*0,0000
PPE	-0,0221	-0,3220	0,7479
INTAN	-2,5078	-5,4978	*0,0000
INVEN	-0,3937	-2,0013	*0,0474
AGE	0,0011	1,4613	0,1463
Adjusted R-Square	0,4341		
Prob (F-Statistic)	0,0000		

*Note: Variable definitions see Table 1, *p<0,05*

size is sufficiently large, as it can be inferred that the error term is normally distributed and can still be applied with validity. (Gujarati & Porter, 2013). Cross-sectional data is more closely associated with panel data than time series data. Consequently, autocorrelation testing is unnecessary in panel data regression. Multicollinearity is the sole classic assumption test as a result of these conditions.

The Multicollinearity Test results in Table 3 indicate that the correlation coefficient value for each independent Variable is less than 0.80. This condition suggests that the regression model is not affected by multicollinearity issues. The independent variables in the study are not correlated with each other with high values. This ensures that the regression model accurately estimates the actual value.

Table 4 shows that the adjusted R-square value is 0.4341, as indicated. This condition suggests that the regression model can account for the dependent Variable, tax avoidance, by 43.41%. In the interim, the remaining 56.59% is accounted for or influenced by indicators not addressed in the study.

As seen in Table 4, the probability value of the F-statistic is 0.0000. The probability value of the F-statistic is below the designated significance level of 5%. A feasibility analysis of the regression model reveals that the independent factors (size, financial skill, independence, gender diversity, and age diversity) have a simultaneous or combined impact on the dependent variable (tax avoidance).

According to the regression results presented in Table 4, there is a statistically significant positive link between the size of the audit committee (AC_S) and tax evasion behaviour, as shown by the probability value of 0.0171 (prob <0.05). The tax evasion conduct of the Company will escalate proportionally with the increased number of members on the audit committee. Convergent findings were reported by Dang and Nguyen (2022), Nguyen and Dang (2020), and Hoseini et al. (2018). As the number of the audit committee grows, its efficacy decreases, thereby reducing its ability to prohibit tax avoidance conduct.

Decision-making efficacy is diminished by the involvement of numerous audit committee members, which further complicates the process (Dang & Nguyen, 2018). (Dang & Nguyen, 2022). The acceptance of hypothesis 1 of the investigation is inferred from these results.

Audit committee financial expertise (AC_FE) is substantially negatively correlated with tax avoidance, as evidenced by its probability value of 0.000 (prob <0.05). The audit committee responsible for the financial reporting process must possess the requisite abilities, skills, expertise, and training to fulfill their responsibilities and investigate the reasonableness of the CEO's explanation. (2018) (Zalata et al.). As a result, the incidence of tax avoidance decreases as the number of committee members with financial expertise increases. This result is consistent with the research conducted by Deslandes et al. (2020), Dang & Nguyen (2022), Bédard et al. (2004), Abbott et al. (2004), Juhmani (2017), and Zadeh et al. (2023). The circumvention of professionals in accounting and finance will be more challenging to reduce tax avoidance. (Dang and Nguyen, 2022). It is indicative that the audit committee members who possess a greater degree of financial expertise are more adept at comprehending the audit process, risks, and audit procedures to mitigate existing risks. For instance, Oussii and Taktak (2018). For instance, Oussii and Taktak (2018). Members take more action with professional experience in evaluating financial reporting risk, fraud, and management integrity. (2020, Deslandes et al.) As a result, hypothesis 2 of the investigation is considered valid.

The autonomy of the audit committee (AC_IND) has a substantial adverse effect on tax avoidance behaviour. The probability value of AC_IND reported in Table 4 is 0.0360, which is less than 0.05. This finding indicates that the rate of tax evasion by the Company decreases with an increase in the number of independent members in the audit committee. The studies conducted by Richardson et al. (2013), Armstrong et al. (2015), and Sandy & Lukviar-man (2015) revealed that the independence of committees and boards had a negative impact on tax avoidance. Due to the enhanced autonomy of the audit committee members, corporate tax avoidance will be reduced. Based on its ability to recognise problems with more objectivity, an audit committee that is completely independent is considered to have the capability to more effectively safeguard the interests of shareholders and play a supervisory function (Abbott et al., 2004). References: Abbott et al. (2004) and Bedard et al. (2004). Non-independent members of the audit committee may be motivated to enhance earnings and share prices by maximising tax deductions. In contrast, the inclusion of independent members in an audit committee will improve the quality of financial information surveillance for tax risk management. Reference: Deslandes et al., 2020. Establishing an autonomous audit committee can help in formulating the Company's long-term strategy and regularly assessing its execution to reduce activities related to tax avoidance. (Dang and Nguyen, 2022). Therefore, the third hypothesis of the study has been confirmed.

Predictions suggest that the inclusion of women on the audit committee (AC_GEN) will have a negative impact on tax avoidance. The present analysis reveals a negative association between gender diversity and tax avoidance, as evidenced by the positive coefficient on CETR. The current finding aligns with the studies undertaken by Jarboui et al. (2019), Dang & Nguyen (2022), Lanis et al. (2017), and Boussaidi & Hamed-Sidhom (2020), which have shown that the inclusion of women in board and audit committee roles can effectively decrease instances of company tax avoidance. Organisations that maintain a balanced gender diversity on their board of directors will give more careful consideration to the possible reputational issues linked to aggressive tax methods. (Jarboui and colleagues, 2019). Enhanced supervision of financial performance by female boards has the potential to reduce tax avoidance tactics (Hoseini et al., 2018). (Hoseini and colleagues, 2018). According to Rien et al. (2020), the presence of women on the board of directors is associated with a higher probability of honesty, caution, and conservatism, thereby decreasing the incidence of financial statement manipulation. (Riguen and colleagues, 2020). As compared to men, women also have a reduced capacity to tolerate opportunistic behaviour in decision-making (Riguen et al., 2020). (Riguen and colleagues, 2020). The presence of female boards provides improved governance and resources that help to mitigate agency problems (Jarboui et al., 2019). (Jarboui and colleagues, 2019). The presence of personal traits such as sensitivity, conservatism, caution, and risk aversion in women accounts for this phenomenon (Jarboui et al., 2019). Thus, the fourth hypothesis of the study is confirmed (Jarboui et al., 2019).

The age diversity of the audit committee has a significant negative effect on tax avoidance practices, as evidenced by a probability value of 0.0477 (prob <0.05). This discovery is consistent with the research conducted by Fernández-Temprano and Tejerina-Gaite (2020) and Komal et al. (2023). The monitoring and prevention of earnings management are influenced by age diversity, reflected in strategic decision-making and risk aversion. (Komal et al., 2023). The audit committee's age diversity contributes to its increased knowledge, experience, and enrichment, which in turn aids in mitigating earnings management practices. (Komal et al., 2023). The productivity of younger boards and the experience contributed by elder boards are positively correlated when age diversity is present in the audit committee (Mahadeo et al., 2012). Therefore, the fifth hypothesis of the investigation is acceptable.

Table 4 contains the regression results. Table 4 illustrates that tax avoidance is significantly influenced by several control variables, including inventory intensity, leverage, intangible assets, and company size. Tax avoidance practices are significantly negatively correlated with company size (SIZE_LN). The tax avoidance of large corporations is minimal due to their obligation to preserve their reputation. This is consistent with the findings of Deslandes et al. (2020) and Hoseini et al. (2018). Tax avoidance practices are significantly positively correlated with inventory intensity (INVEN), intangible assets (INTAN), and leverage (LEV). When the value of leverage, intangible assets, and inventory intensity is elevated, tax avoidance is also elevated.

Robustness Analysis

The Robustness Test is implemented to guarantee that the model remains valid, accurate, and dependable in the face of changes. This test employs the Common Effect Model in a panel data regression model. The exact measurement is employed for independent variables and control variables. The Effective Tax Rate (ETR) is employed to quantify the dependent Variable, tax avoidance.

Table 5. Regression Result - ETR

Variable	Coefficient	t-Statistic	Prob.
AC_S	-0,0258	-0,8408	0,4020
AC_FE	0,2721	2,3780	*0,0188
AC_IND	0,1253	1,2300	0,2208
AC_GEN	0,1718	1,6838	0,0945
AC_AGE	0,7218	2,4156	*0,0171
SIZE_LN	0,0113	0,8226	0,4122
ROA	0,2354	1,6656	0,0981
LEV	-0,3096	-2,3148	*0,0221
PPE	-0,0423	-0,4451	0,6570
INTAN	-1,3862	-2,2002	*0,0295
INVEN	-0,1822	-0,6707	0,5036
AGE	-0,0003	-0,2774	0,7819
C	-0,1347	-0,4801	0,6319
Adjusted R-Square	0,1010		
Prob (F-Statistic)	0,0085		

*Note: Variable definitions see Table 1, *p<0,05*

Table 5 yielded results that differed from those of the preceding test (Table 4). Regression outcome The regression results in Table 5 indicate that tax avoidance is solely influenced by financial expertise and audit committee age diversity. The financial expertise variable has a substantial negative impact on tax avoidance when measured using CETR or ETR. In order to mitigate tax avoidance, it will be more challenging to evade accounting and finance professionals (Dang & Nguyen, 2022). Deslandes et al. (2020) have observed that members with professional experience are more proactive in their evaluations of financial reporting risks, fraud, and management integrity. The audit committee age diversity variable exhibits a substantial negative impact on tax avoidance when measured using CETR and ETR. This age diversity influences the monitoring and prevention of earnings management through strategic decision-making considerations and risk aversion (Komal et al., 2023). The audit committee's age diversity contributes to its increased knowledge, experience, and enrichment, which in turn aids in the mitigation of earnings management practices (Komal et al., 2023).

Table 5 demonstrates that the variables of size, independence, and gender diversity do not have any impact on tax avoidance as measured by ETR. By the research of Amri et al. (2023), Boussaidi & Hamed-Sidhom (2020), and Soliman & Ragab (2014), the audit committee size variable was determined to have no impact on tax avoidance. The argument that the character and talents of audit committee members are more significant than the number of members can account for this. A small audit committee with highly competent and experienced members can more effectively supervise tax avoidance practices than a large but less skilled audit committee. The integrity of financial reporting is not substantially enhanced by an increase in the size of the audit committee (Soliman & Ragab, 2014).

Table 5 also indicates that the audit committee independence variable does not impact tax avoidance. This may occur due to the fact that audit committee members are external members who need access to more detailed information regarding company management (Dang & Nguyen, 2022). Consequently, these impartial audit committee members are not granted additional authority to regulate tax avoidance. This results in the absence of an impact on tax avoidance from audit committee independence. Additionally, tax avoidance is not influenced by the gender diversity variable.

Table 6. Regression Result - Covid-19 and Digital Transformation

Var	Covid-19				Digital Transformation			
	During		After		High		Low	
	Coeff	Prob.	Coeff	Prob.	Coeff	Prob.	Coeff	Prob.
C	-0,583	0,039	-0,377	0,177	-0,074	0,176	-0,527	0,038
AC_S	-0,078	*0,009	-0,009	0,791	0,745	*0,005	-0,023	0,455
AC_FE	0,783	*0,000	0,526	*0,000	0,340	0,542	0,620	*0,000
AC_IND	0,146	0,124	0,138	0,242	-0,239	0,385	0,160	0,066
AC_GEN	0,280	*0,006	0,323	*0,004	0,418	0,674	0,317	*0,000
AC_AGE	0,693	*0,019	0,313	0,340	0,030	0,589	0,459	0,051
SIZE_LN	0,036	*0,009	0,015	0,268	-0,036	0,853	0,025	*0,030
ROA	0,229	0,257	0,044	0,699	-1,012	*0,012	0,052	0,721
LEV	-0,642	*0,000	-0,277	0,053	0,093	0,753	-0,510	*0,000
PPE	-0,002	0,985	-0,024	0,819	-1,374	0,512	-0,004	0,958
INTAN	-2,379	*0,000	-2,366	*0,001	-0,912	*0,044	-2,390	*0,000
INVEN	-0,548	*0,039	-0,135	0,630	-0,001	0,392	0,014	0,950
AGE	0,001	0,241	0,001	0,219	-0,307	0,834	0,001	0,228
Adjusted R-Square		0,451		0,432		0,421		0,419
Prob (F-Statistic)		0,000		0,001		0,004		0,000

*Note: Variable definitions see Table 1, *p<0,05*

The gender diversity variable's lack of impact is influenced by the limited number of women who serve on the board of directors, which restricts the role and participation of women. (Tejerina-Gaite & Fernández-Temprano, 2020). The reason is that the average gender diversity or proportion of women on the board is still relatively low (Sugiono & Anggraeny, 2022). This results in the female board not having any influence on tax avoidance decisions.

Additional Analysis

This supplementary analysis is employed to investigate the distinct impacts of the COVID-19 pandemic and digital transformation on the relationship between audit committee characteristics and tax avoidance. The research sample is divided by the supplementary analysis criteria. The sample is divided by year in the COVID-19 analysis, with 2020 and 2021 representing the years during the pandemic and 2022 representing the years following the pandemic. In the digital transformation analysis, the sample is divided into two categories: companies that implement high digital transformation and those that implement low digital transformation. The average digital transformation value of the entire sample is the basis for this division. High digital transformation comprises company samples that exhibit digital transformation values that exceed the average and vice versa.

The Company is implementing various strategies to ensure the continuity of its operations, as the COVID-19 pandemic has had a detrimental effect on its revenue (Athira & Ramesh, 2023). The findings presented in Table 6 indicate that the influence of audit committee attributes on tax avoidance does not exhibit consistency both during and after the COVID-19 outbreak. During the COVID-19 pandemic, tax avoidance is affected by the size of the committee, its financial expertise, gender inclusion, and age diversity. In contrast, the variable of audit committee independence does not affect tax avoidance. Thus, the inefficiency, lack of coordination, intricacy, and convoluted decision-making procedures of the audit committee together contribute to the increase in tax avoidance during the epidemic (Hoseini et al., 2018). Expertise in finance has a negative effect on tax avoidance. Hence, during a pandemic, there is a need for additional individuals with financial acumen to proactively address and reduce tax avoidance practices. Furthermore, the audit committee's requirement for age diversity and the inclusion of women is of utmost importance in deterring tax avoidance conduct.

The only variables impacting tax avoidance after the pandemic are financial expertise and gender diversity, as per Table 6. Companies are endeavoring to recover from the pandemic and cessation of government incentives and tax benefits. Businesses are thus incentivized to engage in tax avoidance. Tax avoidance can be reduced by increasing the financial expertise of the audit committee, as it will be more challenging to circumvent professional members in the financial sector. Deslandes et al. (2020) have observed that members with professional experience are more proactive in evaluating financial reporting risks, fraud, and management integrity. Furthermore, including more female members on the audit committee can also effectively mitigate tax avoidance. The risk of financial statement manipulation is generally lower among women who serve on the board of directors due to their tendency to be honest, cautious, and conservative (Riguen et al., 2020).

Technological advancements offer numerous advantages but can also be employed to conceal managers' unethical behaviors. By improving the clarity of financial reporting information inside firms, the implementation of digital transformation can help to curtail tax avoidance. Table 6 demonstrates that the size of the audit committee significantly influences tax avoidance in firms that have seen a significant level of digital transformation. This indicates that the level of tax avoidance declines with an increase in the size of the audit committee. By contrast, tax avoidance is much intensified in organisations that have a limited degree of digital transformation, since the absence of financial knowledge and gender diversity has negative consequences. This suggests that the audit committee's capacity to address tax avoidance will be strengthened by the augmented presence of women and the greater number of members possessing financial acumen. The different levels of openness in the digital transformation achieved by the Company have impacted the variations in the factors relevant to tax avoidance.

CONCLUSION

The objective of this research is to investigate the impact of audit committee quality on tax evasion in the Southeast Asian area. This study aims to examine the audit committee's attributes that might impact tax evasion in mining enterprises in Southeast Asia. Our analysis of 147 mining businesses in Southeast Asia from 2020 to 2022 revealed that the size of the audit committee, financial competence, and age diversity on the committee significantly contribute to the reduction of tax evasion tactics. Furthermore, our study revealed that some attributes of firms, such as their size, debt level, intangible assets, and inventory level, participate in implementing tax evasion strategies by corporations.

The audit committee, which serves as an oversight mechanism for the accounting and financial reporting process, including the audit process of financial statements, plays a critical role in identifying unethical actions, such as tax avoidance. We discovered that audit committee characteristics play a significant role in preventing tax avoidance in our research. In considering the characteristics that significantly influence tax avoidance, this study offers implications for stakeholders in forming audit committees. We discovered that tax avoidance in mining companies in the Southeast Asian region is significantly influenced by audit committee characteristics, including size, financial and accounting expertise, and age diversity. Thus, stakeholders may prioritize these audit committee attributes to facilitate the audit committee's optimal performance of its obligations.

This research can enhance the comprehension of the risks associated with aggressive tax planning and the audit committee's function in mitigating them among shareholders, investors, regulators, or tax authorities. Consequently, the government and tax authorities have the ability to enhance regulatory vulnerabilities that facilitate tax avoidance practices. It is anticipated that company stakeholders will establish an audit committee in compliance with regulations, taking into account a variety of factors, including the size, financial expertise, and age diversity of the committee members.

This investigation pertains to Southeast Asia's tax avoidance practices and corporate governance. Consequently, this investigation enhances comprehension of the manner in which audit committee attributes can prevent and mitigate tax avoidance practices in Southeast Asian nations. By demonstrating the significant impact of effective corporate governance in mitigating tax avoidance, this research expands upon the existing research on corporate governance and taxation.

The CETR measurement is employed in this investigation to quantify tax avoidance variables. The Company's cash tax payments are the primary focus of CETR. This calculation is insufficiently detailed and precise in its assessment of tax avoidance. Consequently, this investigation incorporates ETR measurement as a metric for tax avoidance. ETR concentrates on the accrual premise of the Company's tax burden. In order to more precisely describe tax avoidance, future research can directly compare the two measurements. This investigation is restricted to several audit committee attributes, including committee size, financial expertise, independence, gender diversity, and audit committee age diversity. Future research can broaden the scope of the audit committee's characteristics, including tenure, frequency of meetings, educational background, and concurrent positions, to enable stakeholders to take them into account when making decisions regarding the audit committee's formation.

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