El-Mãl | Jurnal Kajian Ekonomi & Bisnis Islam

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

Beyond Leadership Titles: Director of Finance's Accounting Expertise Outweighs President Director in Reducing Corporate Tax Avoidance

Satrio Dwi Aprian[1*]
[1]Department of Accounting, Faculty of Economic and Business,
Perbanas Institute, Jakarta, Indonesia,
satrioda28@gmail.com

ABSTRACT.

This study examines how the accounting educational background of the President Director and the Director of Finance influences corporate tax avoidance (TA) among consumer goods companies in Indonesia. Using a purposive sampling method, the study analyzes 176 firm-year observations from companies listed on the Indonesia Stock Exchange (IDX) during the 2017–2021 period. Data were analyzed using descriptive statistics and multiple linear regression with SPSS version 27. The results show that the accounting background of the President Director does not have a significant effect on corporate tax avoidance. In contrast, the accounting background of the Director of Finance has a negative and significant relationship with TA, indicating that accounting expertise among finance directors enhances tax compliance. These findings suggest that executives with accounting qualifications tend to support more transparent financial reporting and ethical tax management practices. Theoretically, this study contributes to the corporate governance and tax behavior literature by highlighting differences in executive roles. Practically, the findings suggest that accounting expertise should be considered in executive recruitment to promote responsible corporate tax practices.

Keywords: Accounting Expertise, President Director, Director of Finance, Tax Avoidance.

INTRODUCTION

The Indonesian State Budget (APBN) relies heavily on taxation as a key component of national revenue. In the 2023 fiscal year, tax revenue was targeted to reach IDR 2,021.2 trillion, accounting for 82.06 percent of the total state revenue of IDR 2,463.0 trillion. This represents an increase of 5.0 percent compared to the previous year's realization of IDR 1,510.0 trillion. This data indicates that the government places great emphasis on the taxation sector as a primary source of fiscal strength. However, the government often encounters challenges in optimizing tax collection, one of which arises from TA practices carried out by several corporations. Indonesia is estimated to have lost approximately USD 4.86 billion, equivalent to IDR 68.7 trillion (based on the exchange rate as of November 22, 2020), due to TA practices (Rafa & Ratnawati, 2025). According to data from the Tax Justice Network Report, corporate TA in Indonesia accounted for IDR 67.6 trillion, while individual taxpayers contributed around IDR 1.1 trillion (Hidayat, 2020).

TA is generally carried out to maximize corporate profits by reducing tax burdens legally while remaining compliant with prevailing tax regulations. It refers to all types of transactions designed to minimize a company's tax obligations. Through TA strategies, company executives can improve financial performance by lowering

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

expenses and increasing profitability. Nevertheless, such practices also carry potential risks, as they may lead to tax disputes that ultimately harm the company (Dyreng et al., 2008).

One of the companies that has been involved in a TA case in Indonesia is PT Bentoel International Investama. A report published by the Tax Justice Network revealed that British American Tobacco (BAT), through its subsidiary PT Bentoel International Investama, was involved in tax avoidance activities in Indonesia. Between 2013 and 2015, PT Bentoel International Investama reportedly engaged in TA by obtaining large loans from its affiliated company in the Netherlands, Rothmans Far East BV. The interest payments on these loans were deductible from taxable income in Indonesia, thereby reducing the company's overall tax liability. In addition, PT Bentoel International Investama made payments for royalties, service fees, and information technology expenses to its affiliated companies in the United Kingdom, further decreasing the amount of tax payable in Indonesia (Dewi, 2019). This case represents one of the many examples of corporate TA practices in the country. Based on this information, it is evident that TA remains a concern, making it important to understand the factors that drive companies to engage in such practices. These factors may originate from both external and internal aspects of the company.

One of the most significant internal factors influencing TA behavior is the decision maker within the organization (Silviana & Marita, 2026). Decision makers play a key role in determining corporate actions and strategies. In general, every company has its own organizational structure, typically led by a President Director (PD) who oversees several directors, including the Director of Marketing, Director of Human Resources, Director of Production, and the Director of Finance (DF), who is directly responsible for financial policy. The PD's role is to lead the organization, ensure its operational effectiveness, and make strategic decisions for corporate sustainability. Meanwhile, the DF is responsible for managing the company's financial performance and developing strategies to enhance financial growth. Therefore, both the PD and DF play crucial roles in shaping the company's financial policies, including decisions related to TA.

One of the main points of concern is the educational background of the President Director and Director of Finance. The educational background of these executives can influence the corporate policies and strategic decisions made within the organization. This study specifically focuses on PD and DF with accounting backgrounds to examine their potential impact on corporate TA practices. According to a study conducted by (Gao, 2021) in the United States, DF with accounting backgrounds tend to engage in TA behavior. This tendency is attributed to their high level of professional knowledge in accounting and taxation, which enables them to reduce corporate tax burdens legally. However, similar research needs to be further explored in the Indonesian context, as the taxation system, tax rates, and demographic conditions differ from those in the United States, potentially leading to different empirical outcomes.

El-Mãl | Jurnal Kajian Ekonomi & Bisnis Islam
Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

Further research on PD and DF with accounting backgrounds is also necessary due to existing research gaps identified in previous studies. (Ardiyanto & Marfiana, 2021) found that the financial expertise of directors had no significant effect on TA, as financial expertise was assessed based on directors' work experience. Although the relationship was not significant, the Directorate General of Taxes should still consider this variable since TA can still occur through Base Erosion and Profit Shifting (BEPS), which cannot be detected through GAAP ETR. In contrast, another study by (Tanujaya & Rendy, 2021) revealed that the financial expertise of directors significantly influenced corporate TA practices. Directors with strong financial knowledge are more capable of identifying low-risk tax loopholes, thereby enabling companies to implement more efficient tax planning strategies. The inconsistency of previous findings encourages further investigation into how the accounting backgrounds of PD and DF influence corporate TA. Based on the aforementioned background, this study aims to examine "The Influence of President Director and Director of Finance with Accounting Backgrounds on Corporate TA."

METHOD

A quantitative research design was applied, categorized as causal research. Data for this study were gathered from secondary sources, specifically the annual reports of consumer goods (CG) companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021, obtained via the official IDX portal. The selection of this sub-sector is based on the fact that CG companies within the manufacturing sector represent one of the largest contributors to national tax revenue (www.kemenperin.go.id, 2018).

In this study, TA serves as the response variable, measured through the Current Effective Tax Rate (CETR) indicator. TA is calculated using the following formula:

$$\text{Current ETR} = \frac{\text{Current Tax Expense}}{\text{Profit Before Tax}} \times 100\%$$

The predictors in this study are the PD and the DF, both with accounting backgrounds. These variables are measured based on whether the PD or DF had prior work experience as an accountant before serving in their current executive role. A dummy variable is used for measurement, where PD or DF with accounting experience and/or a Certified Public Accountant (CPA) certification are assigned a value of 1. In contrast, those who do not meet these criteria are assigned a value of 0 (Wulandari et al., 2021).

The research design includes three control variables: firm size, profitability, and leverage, measured respectively by total assets, ROA, and DER. The purposive sampling method was adopted to select companies from the CG sector listed on the IDX during 2017–2021. Statistical analyses, including descriptive and multiple linier regression (MLR) tests, were carried out using SPSS version 27.

El-Mãl | Jurnal Kajian Ekonomi & Bisnis Islam

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

RESULTS AND DISCUSSION

Details of the sampling process are presented in Table 1.

Table 1. Results of Research Sample Selection

No.	Criterion	Year					Number of Observation Data
		2017	2018	2019	2020	2021	
1	Companies listed in the CG sector on the IDX during the 2017–2021 period	62	62	62	62	62	310
2	Companies that did not publish annual or financial during the 2017–2021 period	(15)	(5)	(5)	0	0	(25)
3	Companies that did not have complete data in accordance with the research variables	(15)	(21)	(22)	(27)	(24)	(109)
Total data used		32	36	35	35	38	176

Source: Author's computation based on secondary data

A total of 176 data observations were obtained over five years. The descriptive statistics in this research offer a summary of the characteristics of each variable analyzed.

Table 2. Descriptive Statistical Results

Variable	N	Min	Max	Mean	Std. Deviation (SD)
Current ETR	176	0,0037	0,7120	0,2500	0,0773
PD	176	0	1	0,02	0,149
DF	176	0	1	0,17	0,377
SIZE	176	24,7583	32,8204	28,5285	1,8030
ROA	176	0,0005	0,8636	0,1078	0,1165
LEV	176	0,0225	1,8870	0,3943	0,2072

Source: Output SPSS

The descriptive statistical analysis shown in Table 2 was conducted on a total of 176 observations. The table summarizes the min, max, mean, and SD values for each variable. The PD variable has an average value of 0.02 with a SD of 0.149. Since the mean value is lower than the SD, it implies a relatively large dispersion between the min and max values. The small mean value, which is close to zero, suggests that only a few PD in the sample possess an accounting background.

For the DF variable, the mean value is 0.17 and the SD is 0.377. As in the previous case, the mean being smaller than the SD indicates a considerable variation

El-Mãl | Jurnal Kajian Ekonomi & Bisnis Islam
Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

between the min and max values. The mean value of 0.17 indicates that the proportion of DF with accounting backgrounds is higher than that of PD, accounting for roughly 17 per cent of the total sample.

Regarding the first control variable, size, the min Ln of total assets is 24.76, equivalent to total assets of IDR 56,543,458,457, recorded by BOBA, which represents the smallest firm in the sample. In contrast, the max Ln of total assets is 32.82, equivalent to IDR 179,356,193,000,000, recorded by INDF, representing the largest company in the sample. The average value of company size is 28.52, with a SD of 1.802. Since the SD is smaller than the mean, it indicates a relatively low variation between the smallest and largest firms.

The second control variable, ROA, has a min value of 0.0005, observed in CINT, which demonstrates low profitability. Meanwhile, the max ROA of 0.8636, recorded by AISA, signifies high profitability. The mean ROA is 0.108, with a SD of 0.116. Because the mean value is lower than the SD, this suggests a wide variation in profitability among the sampled companies.

The third control variable, leverage, shows a min value of 0.0225 in STTP, indicating a low leverage level, while a max value of 1.887 in AISA points to a high LEV ratio. The mean leverage is 0.394 with a SD of 0.207. As the mean exceeds the SD, this suggests that leverage exhibits a relatively low level of variation across the sample firms.

Classic Assumption Test

Referring to the multicollinearity test results displayed in Table 3, none of the independent variables have a tolerance value below 0.1 or a VIF value greater than 10. This indicates that there is no correlation among the independent variables. Therefore, it can be concluded that the regression model used in this study does not exhibit multicollinearity.

Table 3. Results of the Classical Assumption Test

Variable	*Tolerance*	VIF	Spearman	Sig.	Durbin-Watson (DW)	*Asymp. Sig. (Kolmogorov-Smirnov)*
PD	0,804	1,244	-0,010	0,898	1,938	0,122
DF	0,900	1,111	-0,069	0,361		
SIZE	0,954	1,048	-0,010	0,892		
ROA	0,762	1,312	-0,015	0,841		
LEV	0,802	1,247	0,086	0,254		

Source: Output SPSS

The results of the heteroskedasticity test using Spearman's rho, as shown in Table 3, indicate significance values of 0.898 > 0.05 for the PD variable and 0.361 > 0.05 for the DF variable. These results suggest that heteroskedasticity is not present in the regression model. Consequently, the predictor variables are homoskedastic and are deemed suitable for use in the regression analysis.

El-Mãl | Jurnal Kajian Ekonomi & Bisnis Islam
Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

The autocorrelation test, performed using the DW statistic and presented in Table 3, shows that the calculated DW value (1.938) lies between the upper limit (dU = 1.7764) and (4 – dU = 2.2236) based on the DW table. This result confirms that there are no autocorrelation problems in the regression model used in this study. Furthermore, the Kolmogorov-Smirnov normality test yields a value of 0.122, which is greater than the significance level of 0.05. Therefore, it can be concluded that the data used in this study are normally distributed.

MLR Test

The MLS test was conducted to determine the effect of the predictor variables on the responsese variable. Table 4 presents the findings derived from the MLR analysis.

Table 4. MLR Test

Model	Coefficient	Beta	t test	Sig.
(Constant)	0,323			
PD	-0,034	-0,065	-0,800	0,425
DF	0,032	0,154	1,989	0,048
SIZE	-0,003	-0,060	-0,799	0,425
ROA	-0,176	-0,265	-3,156	0,002
LEV	0,037	0,098	1,198	0,232
F	3,157			
Sig.	0,009			
R	0,291			
R Square	0,085			

Source: Data processed SPSS

The MLR analysis, the following regression equation was obtained.

TA=0,323 – 0,034 PD + 0,32 DF – 0,003 SIZE – 0,176 ROA + 0,037LEV

Table 4 show that the PD has a sig. value of 0.425. This indicates that there is no relationship between the PD and TA (0.425 > 0.05). Therefore, it can be concluded that the PD does not have a sig. effect on TA. Consequently, the proposed hypothesis is rejected.

The DF has a significance value of 0.048, which is below the threshold of 0.05 (0.048 < 0.05). This indicates that there is a sig. relationship between the DF and TA. The direction of the relationship is indicated by the beta coefficient value of 0.032, suggesting that the DF has a positive and sig. effect on the CETR, but a negative and significant effect on TA. Therefore, it can be concluded that the proposed hypothesis is accepted.

The Adj R-Square test is shown in Table 4, where the Adj R-square value is 0.058. This means that the predictor variables in this study explain 5.8% of the variation in the dependent variable, while other factors outside the model influence the remaining 94.2%. Furthermore, the F-test results show a significance value of 0.009, which is less than 0.05. This indicates that the independent variables PD and DF, along with the control variables company size, ROA, and LEV, have a joint effect

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

on TA. Therefore, the regression model used in this study is considered fit and appropriate for estimating the results of the hypothesis testing.

Impact of the PD on TA

The first hypothesis test shows that the PD variable has no significant effect on TA. This finding indicates that PD with accounting backgrounds do not influence corporate TA practices. It suggests that TA is more likely driven by other factors beyond the PD's educational background, such as the company's internal conditions or external pressures that may compel the PD to adopt aggressive TA strategies.

The absence of a significant relationship between PD and TA is supported by the data obtained in this study, which shows that the number of PD with accounting backgrounds is relatively small compared to DF. Furthermore, differences in the level of financial knowledge among PD may foster a higher sense of ethical awareness regarding tax compliance and sustainable tax policies. For instance, a PD may perceive that aggressive TA not only harms state revenue but could also damage the company's reputation in the eyes of the public and customers, thereby threatening the company's long-term sustainability.

Therefore, it can be concluded that the influence of a PD's accounting background on corporate TA practices is not definitive. While a PD's knowledge and experience in accounting and taxation may shape the company's strategies to minimize tax burdens, their ethical awareness may also reinforce corporate responsibility in maintaining tax compliance and sustainable tax policies. These findings are consistent with the study conducted by Ardiyanto & Marfiana (2021) which found that the accounting background of PD has no significant effect on TA.

Impact of the DF on TA

The second hypothesis test shows that the DF variable has a positive and significant effect on the Current ETR value. A higher Current ETR indicates a higher level of corporate tax compliance. The higher the company's tax compliance, the lower its level of TA. Therefore, it can be concluded that DF with accounting backgrounds tend to engage in less aggressive TA practices compared to DF without accounting expertise.

The influence of DF on TA can be explained by their advanced financial knowledge, which enables companies to identify and utilize legal loopholes within tax regulations. This allows the company to perform TA in a non-aggressive manner, and such practices can still be considered legitimate since they comply with existing laws and regulations. The DF plays a central role in managing the company's financial planning and is responsible for maintaining the company's cash flow. In implementing TA strategies, DF typically consider the cash outflows required for financial planning. DF with accounting backgrounds is generally more capable of analyzing which cost components should be adjusted to conduct lawful and prudent TA, resulting in less aggressive tax minimization practices compared to companies led by DF without accounting backgrounds.

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

These findings are consistent with and supported by the studies of Karina & Jeksen (2021) and Gao (2021), both of which demonstrated that DF has a negative and significant effect on TA.

CONCLUSION AND SUGGESTIONS

The DF has a significant influence on TA. DF with an accounting educational background tend to have a better understanding of taxation principles and sound financial governance practices, which enhances corporate compliance with tax obligations. Adequate knowledge of financial reporting and tax regulations enables DF to make more prudent decisions in managing tax burdens, thereby reducing the company's tendency to engage in TA practices. In contrast, the PD does not show a significant influence on TA. This finding suggests that the PD's strategic role in corporate decision-making is not directly related to taxation policies. Therefore, it can be concluded that the background and competencies of DF play an essential role in improving corporate tax compliance. In contrast, the characteristics of PD do not directly contribute to the level of TA

BIBLIOGRAPHY

Ardiyanto, R. M., & Marfiana, A. (2021). Pengaruh Keahlian Keuangan, Kompensasi Direksi, Profitabilitas, Pertumbuhan Perusahaan dan Kepemilikan Institusi Pada Penghindaran Pajak Perusahaan. *Jurnal Manajemen STIE Muhammadiyah Palopo*, *7*(1), 31. https://doi.org/10.35906/jm001.v7i1.719

Dewi, H. K. (2019). *Tax Justice laporkan Bentoel lakukan penghindaran pajak, Indonesia rugi US$ 14 juta*. https://nasional.kontan.co.id/news/tax-justice-laporkan-bentoel-lakukan-penghindaran-pajak-indonesia-rugi-rp-14-juta

Dyreng, S. D., Hanlon, M., & Maydew, E. L. (2008). Long-Run Corporate Tax Avoidance. *The Accounting Review*, *83*(1), 61–82. https://doi.org/10.2308/accr.2008.83.1.61

Gao, L. (2021). Accountant CFOs and corporate tax avoidance. *Journal of Corporate Accounting & Finance*, *33*. https://doi.org/10.1002/jcaf.22527

Hidayat, K. (2020). *Dirjen Pajak angkat bicara soal kerugian Rp 68,7 triliun dari penghindaran pajak*. https://nasional.kontan.co.id/news/dirjen-pajak-angkat-bicara-soal-kerugian-rp-687-triliun-dari-penghindaran-pajak

Karina, R., & Jeksen, J. (2021). Pengaruh Karakteristik CEO terhadap Penghindaran Pajak di Indonesia. *Global Financial Accounting Journal*, *5*(1), 37. https://doi.org/10.37253/gfa.v5i1.4713

Rafa, F. E., & Ratnawati, J. (2025). Bagaimana Perusahaan Melakukan Penghindaran Pajak di Indonesia? *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, *6*(7). https://doi.org/10.47467/elmal.v6i7.7840

Silviana, W., & Marita, M. (2026). Faktor-Faktor Penentu Penghindaran Pajak pada Perusahaan Multinasional Sektor Consumer Non-Cylicals. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, *7*(1), 370–385. https://doi.org/10.47467/elmal.v7i1.10546

Vol 7 No 3 (2026) 2068 - 2076 P-ISSN 2620-295 E-ISSN 2747-0490
DOI: 1047467/elmal.v7i3.11637

Tanujaya, K., & Rendy. (2021). Peran Direksi Terhadap Tingkat Penghindaran Pajak Di Indonesia. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *5*(3), 494–512.

Wulandari, D., Harymawan, I., Akuntansi, D., & Airlangga, U. (2021). *Pengaruh Chief Financial Officer Berlatar Belakang Akuntan terhadap Audit*. *9*(1), 125–140. https://doi.org/10.17509/jrak.v9i1.27997.Copyright