

Determinant of Tax Aggressiveness: Gender Diversity as Moderator

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ABSTRACT

This research aims to analyze the effect of transfer pricing, profitability, capital intensity, and advertising expense on tax aggressiveness with gender diversity as a moderating variable. The population of this research is the manufacturing sector companies listed on the Indonesia Stock Exchange for 2017-2019. The research sample used is 98 companies in the manufacturing sector which were selected based on the purposive sampling method. The research method used is a quantitative method, with panel data regression analysis. The results of this research were that profitability had a positive effect on tax aggressiveness, the capital intensity had a negative effect on tax aggressiveness. In contrast, transfer pricing and advertising expenses did not affect tax aggressiveness. Gender diversity as a moderator was only able to moderate the effect of profitability on tax aggressiveness.

Keywords: tax aggressiveness, transfer pricing, profitability, capital intensity, gender.

INTRODUCTION

Tax is one of the largest sources of state income originating from the community. The government uses taxes to finance state expenditures. Countries with good economic capabilities can be seen from the indicators of achieving the tax ratio for one period. However, tax collection in Indonesia that uses a self-assessment system is prone to causing irregularities. One of the deviations is the widespread practice of tax aggressiveness, namely actions that seek to minimize the company's tax expense, either using legal methods in tax avoidance or illegal methods, namely tax evasion.

Based on data obtained from Pajak.go.id, the following is the percentage of realized tax revenue in the last 6 (six) years:

Table 1. Realization of Tax Achievements in 2015-2020

Year	Target (in billion IDR)	Realization (in billion IDR)	Achievements
2015	1.294,26	1.060,83	81,96%
2016	1.355,20	1.105,73	81,59%
2017	1.283,57	1.151,03	89.67%
2018	1.424,00	1.315,51	92.23%
2019	1.577,56	1.332,06	84.44%
2020	1.198,82	1.069,98	89,25%

Source: <https://pajak.go.id/>

Table 1 provides an understanding that in the last six years, the tax revenue target in Indonesia hasn't been achieved, where in the last position in 2020, the tax achievement ratio was only 89.25%. This shows that the achievement of taxes in Indonesia hasn't been maximized, where there may still be taxpayers who carry out tax aggressiveness. Manufacturing companies are one of the most significant contributors to tax revenue in Indonesia. However, according to the Minister of Finance as reported by the <https://news.ddtc.co.id/> site, tax revenues from manufacturing companies until December 2019 received IDR 365.39 trillion. This amount decreased by 1.8% and differed significantly from the previous year, which could grow by 10.9%.

The company's management expands by acquiring other companies to expand market share and increase efficiency due to lower production costs. Benefits can also be obtained from differences in tax rates between countries. For example, to minimize its input costs, Starbucks could have a subsidiary in Costa Rica (Starbucks Farms Costa Rica Inc.) that sells coffee to Starbucks USA. In addition, through transfer pricing, companies located in high tax jurisdictions can "transfer prices" of income and expenses and shift their income to low tax jurisdictions to avoid or reduce taxes (Barker et al., 2017).

The next factor that is likely to affect tax aggressiveness is profitability. Sidik and Suhono (2020) argue that the higher the company's profitability, the higher the company's profit. The amount of tax expense that a company must pay off depends on the company's profit because profit is the tax base for the company. Profitability is a factor that can affect the tax expense because companies that generate higher profits must, of course, pay higher taxes. The contradiction, if the company only generates low profits, the tax that must be paid will be low, or no need to pay at all if it is a loss.

The next factor that has the potential to affect tax aggressiveness is capital intensity. Capital intensity, namely investment activities that companies carry out in connection with investments in the form of fixed assets (Novitasari et al., 2017). The company's fixed-asset investment certainly causes a depreciation expense related to the fixed assets. However, the amount of depreciation charged on fixed assets according to tax regulations varies and can be seen from the classification of the fixed assets (Andhari & Sukartha, 2017).

The next factor that can cause tax aggressiveness is advertising expense. Companies that pay attention to reputation will have high advertising expenses. Companies tend to increase their advertising expenses to allocate more money to finance advertising rather than paying taxes

(Nguyen, 2015). The amount of advertising expenses that a company spends is also used to reduce profits to minimize income subject to tax (M. Novitasari & Suharni, 2019).

The next factor that may affect tax aggressiveness is gender diversity. Dewi (2017) suggests that one of the main issues related to the organizational structure and the benefits of the board of commissioners & directors is gender diversity in the members of the two boards. Gender diversity reflects the percentage difference associated with the typicality of each member of the two boards. Gender diversity in institutions can offer various contributions in adding education, finding new initiatives, and input to finalize specific problems, maximize policy planning, experience, and many more (Ambarsari et al., 2019).

The purpose of this study is to test, update, and combine several independent variables that have been tested in previous studies. The independent variables used are transfer pricing, profitability (ROA), capital intensity, and advertising expenses, then the dependent variable used is tax aggressiveness. This study also uses gender diversity to moderate the four independent variables. The population used in this study is a manufacturing sector company that went public on the Indonesia Stock Exchange (IDX) with a research period from 2017 to 2019.

The benefit of this research is to assess the factors that can cause the tax revenue target not to be achieved due to tax aggressiveness carried out by taxpayers. The contribution given by this research is to provide at least an overview of the tax aggressiveness practices carried out by manufacturing companies so that the examiner can review these factors when examining the taxpayer's financial statements. The weakness of this study is that it cannot describe the entire transfer pricing transaction because the proxy used only describes the final receivable balance of related party transactions.

LITERATURE REVIEW

Agency Theory

Agency problems where conflicting interests are found between the agent and the principal can lead to aggressive tax practices. This happens because, on the one hand, management intends to increase the compensation achieved through high profits. But, on the other hand, investors want to reduce tax costs through low profits. So, to accommodate this agency problem, tax aggressiveness has emerged to implement the two different goals (Rusydi & Martani, 2014).

Tax Aggressiveness

Tax aggressiveness is a behavior that aims to outsmart taxable profits through tax planning, either by tax avoidance or by tax evasion (Frank et al., 2009). The legal difference between tax evasion and tax avoidance is generally known as "the difference between working outside the law and working under the law (although it doesn't reflect the spirit of the regulations) (Duff, 2009). Companies carry out tax avoidance strategies to reduce tax expenses (Hariani & Waluyo, 2019). Tax aggressiveness can also be assessed from how far the company is maneuvering to minimize taxes by looking for loopholes that can be exploited in regulations (Mustika et al., 2017). Aggressive tax action isn't only a result of deviation from tax regulations and the result of a desire to save money that doesn't violate existing rules (Harnovinsah & Mubarakah, 2016).

Transfer Pricing

Transfer pricing can be implemented for several different purposes. First, transfer pricing can be used for efficiency and synergy among the company and shareholders. However, the transfer pricing that companies practice must protect creditors and minority shareholders from unfair treatment. Second, transfer pricing can also optimize company profits by setting prices for goods or services by organizations to other units within the same company organization (Darussalam et al., 2013). Third, transfer pricing, according to the taxation perspective, is a pricing decision in business activities carried out by several affiliated parties. The determination process also determines each organization's income involved in the transaction (Darussalam et al., 2013).

Amidu et al. (2019), through their research, concluded that transfer pricing has a positive effect on tax aggressiveness. Similar results were obtained by Suntari and Mulyani's (2020) research, which stated that transfer pricing positively affects tax aggressiveness. Furthermore, Putri and Mulyani (2020) and Nurrahmi and Rahayu (2020) also obtained the results that transfer pricing positively affects tax aggressiveness.

H₁: Transfer pricing has a positive effect on tax aggressiveness.

Profitability

Profitability ratios are ratios used to analyze the company's strength to gain profit (Hanafi & Halim, 2016). However, Kasmir (2016) argues that in addition to seeing the company's profitability, the profitability ratio also measures how effective a company's management is. This is shown through the profit earned from sales activities as well as investment income.

Profitability can also be a determining factor in the tax expense because high-profit companies must pay high taxes. On the contrary, those with low profits must pay taxes that are, of course, low or don't pay anything at all (Surya & Noerlaela, 2016). Profitability can be measured using return on assets or ROA. ROA is used as an indicator to assess the company's potential in obtaining net income by utilizing all of its assets (Hanafi & Halim, 2016).

H₂: Profitability has a positive effect on tax aggressiveness.

Capital Intensity

Capital intensity explains how much proportion of the company's equity is distributed in fixed assets (Putra & Merkusiwati, 2016). The capital intensity ratio describes the ratio of the company's fixed assets to all of its assets. The higher the capital intensity, the more capital-intensive the company owns (Ross et al., 2016). The emergence of a depreciation expense accompanies ownership of fixed assets. According to the taxation aspect, this expense can reduce profit before tax (Syamsuddin & Suryarini, 2019). The emergence of depreciation costs that cannot be separated from fixed assets is an advantage from the company's side, and the company can use it to reduce the tax expense. A significant depreciation expense will affect the tax expense, undoubtedly smaller (Dharma & Noviari, 2017).

Through their research, Putra et al. (2018) concluded that capital intensity positively affects tax aggressiveness. Likewise, in their research, Pratiwi et al (2020) also concluded that capital intensity has a positive effect on tax aggressiveness. Furthermore, the same results were also obtained by Muzakki and Darsono (2015) and Andhari and Sukartha (2017), who concluded that capital intensity positively affected tax aggressiveness.

H₃: Capital Intensity has a positive effect on tax aggressiveness.

Advertising expenses

Advertising expenses represent company expenses for all types of advertising media, radio, television, newspapers, magazines, and other promotional activities. Advertising provides customers with valuable information about the company and its products. Advertising also illustrates a commitment to high-value products, good service, and meeting customer expectations (Romadhina, 2019).

Romadhina (2019), in his research, found that advertising expenses influenced tax aggressiveness. Therefore, advertising expenses in this study have a positive effect on tax aggressiveness. In their research, Wijaya and Ramadani (2020) also obtained the results that the advertising expense in the study had a positive effect on tax aggressiveness. The same results were also obtained by Fatmawati and Solikin (2017) and Sugitha and Supadmi (2016), namely, advertising expenses positively affect tax aggressiveness.

H₄: Advertising Expense has a positive effect on tax aggressiveness.

Gender Diversity

Gender differences in organizations can provide many uses as additional education, new initiatives, and more insights to support solving problems, improving strategic policies, and gaining new views (Arfken et al., 2004). Gender diversity can be measured using the proportion of female boards compared to the entire board or measured by the Blau index (Boussaidi & Hamed, 2015).

The existence of women on the organization's board of directors indicates that the organization provides equal opportunities for every individual without any special treatment. Women have a conscientious attitude, tend to stay away from risk, and have more accuracy than men (Kusumastuti & Sastra, 2007). Gul et al. (2011) explained that women on the board of directors could increase the quality of decision-making. If it is associated with the practice of tax aggressiveness, the existence of women on the board of directors is considered to reduce the aggressive tax practices of the company.

H₅: Gender diversity moderates the effect of transfer pricing on tax aggressiveness.

H₆: Gender diversity moderates the effect of profitability on tax aggressiveness.

H₇: Gender diversity moderates the effect of capital intensity on tax aggressiveness.

H₈: Gender diversity moderates the effect of advertising expense on tax aggressiveness.

METHODS

The research population selected is manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2019. The following table is the number of samples used in accordance with predetermined criteria.

Table 2. Sample Selection Based on Criteria

No.	Criteria	Total
1	Manufacturing sector companies listed on the Indonesia Stock Exchange for the 2017-2019 period.	193
2	Companies that have just gone public in 2017 and above.	(49)
3	The Company has no receivables from related parties.	(40)
4	The company is suspended or the data provided in the financial statements are incomplete.	(6)
Sample used		98
Total sample (3 years)		294

The data analysis method was the quantitative method. The analytical technique for hypothesis testing is panel data regression analysis assisted by EViews software. Ghozali (2018) suggests that the panel data technique is a combination of cross-section & time series data, and offers several advantages, namely presenting data more informatively, more varied, as well as the lower level of collinearity between variables, the greater degree of freedom, also increases efficiency. Variable measurement was presented in Table 3.

Table 3. Variables and Measurement

Variables	Measurement	References
Tax Aggressiveness (Y)	Book Tax Difference = $\frac{\text{Pre Tax Book Income} - \text{Taxable Income}}{\text{Total Asset}}$	Taylor & Richardson (2012) / Lisowsky, et al (2013)
Transfer Pricing (TP)	Transfer Pricing = $\frac{\text{Receivables from related party}}{\text{Total Receivables}}$	Sikka & Willmott (2010) / Amidu, et al (2019)
Profitability (ROA)	Return on Asset = $\frac{\text{Net Income}}{\text{Total asset}}$	Kasmir (2016) / Huseynov & Klamm (2012)
Capital Intensity (CI)	Capital Intensity = $\frac{\text{fixed asset}}{\text{Total asset}}$	Putra, et al (2018) / Pratiwi, et al (2020)
Advertising Expense (Adv)	Advertising = $\frac{\text{Adverting Expenses}}{\text{Sales Expenses}}$	Mansi, et al (2019) / Huseynov & Klamm (2012)
Gender Diversity (GD)	$1 - \sum_{i=1}^n p_i^2$	Vacca, et al (2020) / Jarboui, et al (2020)

RESULTS AND DISCUSSION

Table 4 presented descriptive statistics as follow:

Table 4: Descriptive Statistics Test Results

	TP	ROA	CI	Adv	TA	GD
Mean	0.274981	0.043408	0.416981	0.073594	-0.010309	0.157902
Maximum	1.000000	0.920997	0.901820	0.499444	0.249735	0.500000
Minimum	3.25E-05	-0.401425	0.049609	1.60E-06	-0.431055	0.000000
Std. Dev.	0.304007	0.112092	0.185443	0.080734	0.056649	0.186983

Table 4 shows that the transfer pricing (TP) variable has an average value of 0.274981 or 27.50%. This indicates that the average receivables of manufacturing companies of 27.50% are receivables from affiliated companies. The profitability variable proxied by return on assets (ROA) has an average value of 0.043408 or 4.34%. This means that the average profitability of companies in the manufacturing sector is 4.34%.

The variable capital intensity (CI) has an average value of 0.416981. This explains that the average total assets of manufacturing companies are 41.70% consisting of fixed assets. The advertising expense variable (Adv) has an average value of 0.073594. This shows that the average use of advertising expenses of manufacturing companies compared to total sales is 7.36%.

The tax aggressiveness variable (TA) has an average value of -0.010309. This shows that the average difference in fiscal and commercial profit of manufacturing companies is 1.03%. The gender diversity (GD) variable has an average value of 0.157902. This indicates that on average, the proportion of female Board of Directors in manufacturing sector companies is around 15.79%.

Chow Test Results

Table 5: Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section Chi-square	143.95192097		0.0014

Table 5 shows that the Chow test resulted in a chi-square cross-section significance value of 0.0014 or less than 0.05. These results conclude that the better panel data regression model is the fixed effect model.

Hausman Test Results

Table 6: Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	37.612715	8	0.0000

Table 6 shows that the significance value of the random cross-section is 0.0000 or less than 0.05. This result confirms that the prioritized model remains the fixed effect model. Based on

the two estimation tests that have been carried out, the fixed-effect model is considered better than the common effect model and the random effect model without the need for further testing (Lagrange multiplier test).

Coefficient of Determination Test Results (R^2)

Table 7: Coefficient of Determination Test Results (R^2)

R-squared	0.516752
Adjusted R-squared	0.246852

Table 7 shows that the R-squared value is 0.5168 or 51.68%. This result means that the tax aggressiveness of 51.68% is explained by transfer pricing, profitability, capital intensity, advertising expense, and gender diversity which moderate the four independent variables. But, then, the difference of 48.32% means that other variables aren't used by researchers who can explain tax aggressiveness.

Panel Data Regression Analysis Test

The following is the output of panel data regression testing before including moderating variables:

Table 8: Panel Data Regression Test Results Before Including Moderating Variables

Dependent Variable: tax aggressiveness				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.099740	0.047518	2.098973	0.0371
TP	-0.032199	0.029128	-1.105425	0.2704
ROA	0.422906	0.052754	8.016589	0.0000
CI	-0.235098	0.106100	-2.215815	0.0279
Adv	-0.292420	0.255606	-1.144028	0.2540

Table 8 shows that Transfer pricing (TP) produces a coefficient value of -0.032. The significance value of transfer pricing is 0.2704 or more than 0.05, which means that transfer pricing does not affect tax aggressiveness. Profitability formulated by ROA produces a coefficient value of 0.423. The significance value of profitability is 0.0000 or lower than 0.05, which means that profitability affects tax aggressiveness. Capital intensity (CI) produces a coefficient value of 0.235. The significance value of capital intensity is 0.0279 or lower than 0.05, which means that capital intensity affects tax aggressiveness. Finally, advertising expense (Adv) has a coefficient value of -0.292. The significance value of advertising expense is 0.2540 or exceeds 0.05, which means that advertising expense does not affect tax aggressiveness.

The following is a panel data regression analysis after including gender diversity as a moderating variable (Table 9)

Table 9: Moderation Regression Test Results
Dependent Variable: tax aggressiveness

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.121051	0.046714	2.591309	0.0103
TP	-0.030779	0.032184	-0.956348	0.3401
ROA	0.557289	0.062767	8.878702	0.0000
CI	-0.293585	0.106434	-2.758376	0.0064
Adv	-0.366480	0.263905	-1.388682	0.1666
TP*GD	-0.015341	0.117429	-0.130640	0.8962
ROA*GD	-0.749781	0.202989	-3.693701	0.0003
CI*GD	0.082201	0.129051	0.636963	0.5249
Adv*GD	0.310218	0.713713	0.434653	0.6643

Effect of Transfer Pricing on Tax Aggressiveness

The transfer pricing variable (TP) has a coefficient value of 0.031 with a negative direction. The results of the t-test indicate that the TP has a significance of 0.3401 or exceeds 0.05. These results show that transfer pricing has no significant effect on tax aggressiveness, or **H₁ is rejected**.

Transfer pricing according to taxation is a pricing policy for buying and selling transactions carried out by all parties who have affiliated relationships. This policy process also impacts the income for each unit involved (Darussalam et al., 2013). Transfer pricing, which does not affect tax aggressiveness, explains that the company considers it impossible to practice tax aggressiveness through transfer pricing. Transfer pricing does not affect tax aggressiveness because the current government strictly supervises transactions between affiliated companies. The results of this study contradict previous research by Amidu et al. (2019), Suntari and Mulyani (2020), Putri and Mulyani (2020), and Nurrahmi and Rahayu (2020), concluding that transfer pricing has a positive effect on tax aggressiveness.

Effect of Profitability on Tax Aggressiveness

Profitability proxied by ROA has a coefficient value of 0.557 with a positive direction. Furthermore, the t-test results show that ROA has a significance value of 0.0000 or less than 0.05, which means that profitability positively affects tax aggressiveness, or **H₂ is accepted**.

Profitability is a factor directly related to the size of the tax expense, because high-profit companies also have to pay high taxes. On the other hand, companies with low profits must pay a low amount of tax or don't pay at all if they lose (Surya & Noerlaela, 2016). The results of this study are in line with research by Surya and Noerlaela (2016), Devi and Dewi (2019), and Yauris and Agoes (2019), which suggest that profitability has a positive effect on tax aggressiveness.

Effect of Capital Intensity on Tax Aggressiveness

Capital intensity (CI) has a coefficient of 0.294 in a negative direction. The t-test results indicate that the CI has a significance value of 0.0064 or less than 0.05. This result implies that capital intensity has a negative effect on tax aggressiveness, so **H₃ is rejected** because it formulates that capital intensity has a positive effect on tax aggressiveness.

Capital intensity describes the large proportion of company equity invested in fixed assets (Putra and Merkusiwati, 2016). The capital intensity that has a negative effect on tax aggressiveness means that companies acquire assets in large numbers not to avoid taxes through depreciation expense, but to support their operational activities, so that companies avoid tax aggressiveness through fixed assets. This result contradicts research by Muzakki and Darsono (2015), Adhari and Sukartha (2017), Putra et al. (2018), and Pratiwi et al. (2020), which suggest that capital intensity has a positive effect on tax aggressiveness.

Effect of Advertising Expenses on Tax Aggressiveness

The advertising expense variable (Adv) has a coefficient with a value of 0.366 with a negative direction. The results of the t-test indicate that Adv has a significance of 0.1666 or exceeds 0.05. These results explain that advertising expense doesn't significantly affect tax aggressiveness, or **H₄ is rejected**.

The study results show that advertising expenses have no effect on tax aggressiveness mean that manufacturing companies make large expenditures for advertising expenses not to reduce taxable profit but purely to introduce their products to reach the public company sales increase.

The results of this study contradict research by Sugitha and Supadmi (2016), Fatmawati and Solikin (2017), Romadhina (2019), and Wijaya and Ramadani (2020), which suggest that advertising expense has a positive effect on tax aggressiveness.

Effect of Transfer Pricing on Tax Aggressiveness with Gender Diversity as Moderating Variable

Transfer pricing (TP) variable moderated by gender diversity (GD) has a coefficient of 0.015 with a negative direction. The results of the t-test indicate that TP*GD has a significance value of 0.8962 or exceeds 0.05. This result means that gender diversity cannot moderate the effect of transfer pricing on tax aggressiveness, or H₅ is rejected. Therefore, gender diversity as a moderating variable is included in the Moderation Homologist category; namely, gender diversity doesn't interact with transfer pricing and doesn't significantly affect tax aggressiveness.

The results obtained based on panel data regression are transfer pricing moderated by gender diversity which has a coefficient value of -0.015 with a significance value of 0.8962 or more than 0.05. These results indicate that gender diversity cannot moderate the effect of transfer pricing on tax aggressiveness, or **H₅ is rejected**. The study results indicate that gender diversity doesn't moderate the effect of transfer pricing means that both male and female directors have similar thoughts about transfer pricing, which is just a sales transaction to affiliated companies without any effort to avoid taxes. The increasingly stringent regulations regarding transfer pricing make it difficult for the board of directors to reduce the tax payable. Therefore, both male and female directors tend to avoid the risk of finding irregularities in transfer pricing transactions by tax officials.

Effect of Profitability on Tax Aggressiveness with Gender Diversity as Moderating Variable

The profitability variable formulated by ROA moderated by gender diversity (GD) has a coefficient of 0.750 in a negative direction. However, the t-test results show that ROA*GD has a

significance of 0.0003 or less than 0.05. These results mean that gender diversity can moderate profitability on tax aggressiveness, or **H₆ is accepted**. This means that the use of gender diversity as a moderating variable is included in the Pure Moderation category; namely, gender diversity can act as an independent variable but as a moderator of profitability on tax aggressiveness.

The results obtained based on panel data regression; namely, profitability proxied by ROA moderated by gender diversity has a coefficient with a value of -0.750 with a significance of 0.0003 or less than 0.05. These results mean that gender diversity can moderate profitability on tax aggressiveness, or H₆ is accepted. Fitriani (2015) suggests that women can persuade. Female leaders tend to be more persuasive than male leaders. They are also often more ambitious than men. His ability to persuade others to say "yes" will increase his ego and provide satisfaction. However, his social, feminine, and empathetic side will not disappear when he imposes his will.

Effect of Capital Intensity on Tax Aggressiveness with Gender Diversity as Moderating Variable

The variable capital intensity (CI) moderated by gender diversity (GD) has a coefficient of 0.082 with a positive direction. However, the t-test results show that CI*GD has a significance of 0.5249 or more than 0.05. This result means that gender diversity cannot moderate the effect of capital intensity on tax aggressiveness, or **H₇ is rejected**. Therefore, gender diversity as a moderating variable is included in the Moderation Homologist category; namely, gender diversity doesn't interact with capital intensity and doesn't significantly affect tax aggressiveness.

The results obtained based on panel data regression show that the capital intensity moderated by gender diversity has a coefficient of 0.082 with a significance of 0.5249 or more than 0.05. These results indicate that gender diversity cannot moderate the effect of capital intensity on tax aggressiveness, or H₇ is rejected. Capital intensity moderated by gender diversity doesn't affect tax aggressiveness, explaining that manufacturing companies acquire assets in large numbers not to avoid taxes through depreciation expense but to support their operational activities and increase production capacity. The presence of women on the board of directors doesn't strengthen or weaken this. From the beginning, both male and female directors had the same thought about asset acquisition, namely to generate profits, not to reduce taxes owed.

Effect of Advertising Expense on Tax Aggressiveness with Gender Diversity as Moderating Variable

The advertising expense variable (Adv) moderated by gender diversity (GD) has a coefficient with a value of 0.310 with a positive direction. The results of the t-test indicate that Adv*GD has a significance value of 0.6643 or exceeds 0.05. This result means that gender diversity cannot moderate the effect of advertising expense on tax aggressiveness, or **H₈ is rejected**. Therefore, gender diversity as a moderating variable is included in the Moderation Homologist category; namely, gender diversity doesn't interact with advertising expenses and doesn't significantly affect tax aggressiveness.

Advertising expenses are expenses that the company bears in connection with all company activities to advertise and market goods and services to the public. Advertising can be done through several media (Widyatama, 2007).

The lack of advertising expense on tax aggressiveness means that manufacturing companies spend large amounts of advertising expenses not to reduce taxable profit but to introduce their products to reach the public so that company profits increase. The existence of women on the board of directors doesn't change this fact, where the female board of directors and men consider advertising spending very important so that people know the products that the company produces and then are interested in buying them.

CONCLUSION

Transfer pricing doesn't have a significant effect on tax aggressiveness. Transfer pricing that doesn't affect tax aggressiveness explains that companies cannot practice tax aggressiveness through transfer pricing. Profitability has a positive effect on tax aggressiveness. Companies with large profits will, of course, pay more taxes. This makes the company take the initiative to take tax aggressiveness so that the tax expense it bears can be reduced to a minimum. Capital intensity has a negative effect on tax aggressiveness. Capital intensity, which has a negative effect on tax aggressiveness, means that companies acquire large amounts of assets not to avoid taxes through depreciation expense but to support their operational activities. Advertising expenses don't have a significant effect on tax aggressiveness. Advertising expenses do not affect tax aggressiveness, giving an understanding that manufacturing companies spend large amounts of advertising expenses not to reduce taxable profit but purely to introduce their products to reach the public.

Gender diversity isn't able to moderate the effect of transfer pricing on tax aggressiveness. Both male and female directors have the same perspective regarding transfer pricing, which is a sales transaction to an affiliated company without any effort to avoid taxes. Gender diversity can moderate the effect of profitability on tax aggressiveness. The coefficient is negative mean that the proportion of women on the board of directors weakens the relationship between profitability and tax aggressiveness.

Gender diversity isn't able to moderate the effect of capital intensity on tax aggressiveness. Both male and female directors share similar ideas about asset acquisition: to generate profit, not to reduce taxes owed. Gender diversity isn't able to moderate the effect of advertising expense on tax aggressiveness.

The results of this study contribute to the government to pay attention to the potential for tax aggressiveness in growing companies. In general, growing companies show increasing profits that support the probability of tax aggressiveness. It recommended a good business practices by providing opportunities for women on the board of directors to reduce the potential for tax aggressiveness.

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