

## ABSTRACT

This study examines the effects of tax aggressiveness on the cost of equity, with earnings quality as a mediator, in non financial companies listed on the Indonesia Stock Exchange from 2019 to 2024. Using 87 companies and 518 firm year observations, the study employs the cash effective tax rate, absolute discretionary accruals, and the Capital Asset Pricing Model. The results show that tax aggressiveness has a significant negative effect on earnings quality and a significant positive effect on the cost of equity. Earnings quality also has a significant negative effect on the cost of equity. The mediation test indicates complementary mediation. The study also presents a supplementary comparative test showing that tax aggressiveness increased in the post reform period. These findings suggest that tax aggressiveness, earnings quality, and regulatory change jointly influence equity pricing in the Indonesian capital market.

Keywords: Tax aggressiveness, Earnings quality, Cost of equity, UU HPP, Non-financial companies

