ABSTRACT

This research was conducted with the aim of examining the effect of investment opportunity set (IOS) on tax risk, with the proportion of independent commissioners as a moderating variable, in companies within the basic materials and industrial sectors listed on the Indonesia Stock Exchange during the period 2021-2024. This research also employs control variables, namely size, leverage, profitability, institutional ownership, and audit quality.

This research uses a population consisting of companies within the basic materials and industrial sectors listed on the Indonesia Stock Exchange during the period 2021-2024. The research sample was selected using purposive sampling, resulting in 113 companies. The data used is an unbalanced panel with a total of 324 observations obtained. This research uses Eviews 13 as a data processing tool with panel data regression analysing using the Fixed Effect Model (FEM) approach.

Based on the research results, investment opportunity set (IOS) is not proven to have a significant effect on tax risk. Meanwhile, the proportion of independent commissioners is proven to have a significant effect on tax risk, although in a positive direction that is opposite to the hypothesized direction. In addition, the proportion of independent commissioners is not proven to moderate the effect of IOS on tax risk. These findings indicate that investment growth opportunities are not a determining factor of tax risk among companies in the Basic Materials and Industrials sectors in Indonesia, while corporate governance mechanisms through the proportion of independent commissioners and several firm characteristics are associated with tax risk.

Keywords: investment opportunity set, tax risk, independent commissioner