ABSTRACT

This study aims to examine the effect of tax avoidance on tax risk, with ESG performance as a moderating variable. Although companies may use tax avoidance as a strategy to reduce their tax burden, such strategies can create uncertainty and tax risk if implemented aggressively. However, previous research on the relationship between tax avoidance and tax risk has yielded mixed results. Furthermore, empirical evidence regarding the role of ESG performance in moderating the relationship between tax avoidance and tax risk, particularly among non-financial companies in Indonesia, remains relatively limited.

This study employs a quantitative approach using panel data from 36 non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, resulting in 108 observations selected through purposive sampling. Hypothesis testing was conducted using Moderated Regression Analysis (MRA) with Newey-West standard errors.

The results show that tax avoidance has a significant negative effect on tax risk, indicating that the higher a company's level of tax avoidance, the lower its tax risk. Meanwhile, ESG performance was not found to moderate the relationship between tax avoidance and tax risk.

Keyword: *tax avoidance*, *tax risk*, ESG *performance*, *Moderated Regression Analysis*