

THE ROLE OF CORPORATE TRANSPARENCY IN MODERATING THE INFLUENCE OF LEVERAGE AND TAX AVOIDANCE ON FIRM VALUE IN THE REAL ESTATE AND PROPERTY SECTOR IN INDONESIA

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ABSTRACT

Increased scrutiny of the impact of leverage and tax avoidance on business value, particularly in the real estate and property sectors, has become a significant phenomenon. Combining corporate transparency as a moderation variable, The study aims to provide empirical evidence on financial dynamics critically and provide new insights into how transparency can mitigate the risks associated with high leverage and aggressive tax strategies, thereby contributing to the sustainability and growth of companies in the sector. The method used was descriptive analysis with a quantitative approach. The population includes companies listed on the Indonesia Stock Exchange during the period 2019–2021, with a sample size of ten companies selected based on pre-determined criteria. Data collection was carried out by indirect communication techniques through documentation studies. The data was analyzed with the Views12 application by showing descriptive statistics, multiple regression, moderation regression, and classical assumption tests. Hypothesis testing was carried out with simultaneous and partial inferential analysis. Our findings show a significant influence of leverage and tax avoidance partially and simultaneously on the value of companies; Although corporate transparency effectively moderates the relationship between leverage and company value, corporate transparency does not have the same effect on the relationship between tax avoidance and company value. These results emphasize the importance of leveraging transparency to increase business value, suggesting that companies should prioritize transparent practices to mitigate the adverse effects of tax avoidance. Theoretically, this study contributes to the understanding of corporate finance by illustrating how corporate transparency affects the dynamics between leverage, tax avoidance, and corporate value. In practical terms, it highlights the need for property and real estate companies to adopt more transparent financial practices to foster investor confidence and increase market value. Future research may explore additional factors influencing this relationship for deeper insights into the financial dynamics of companies in Indonesia.

Key words: leverage; tax evasion; firm value; corporate transparency; real estate

PERAN TRANSPARANSI PERUSAHAAN DALAM MEMODERASI PENGARUH LEVERAGE DAN PENGHINDARAN PAJAK TERHADAP NILAI PERUSAHAAN PADA SEKTOR REAL ESTAT DAN PROPERTI DI INDONESIA

ABSTRAK

Meningkatnya pengawasan terhadap dampak leverage dan penghindaran pajak terhadap nilai bisnis, terutama di sektor real estat dan properti, telah menjadi fenomena yang signifikan. Menggabungkan transparansi perusahaan sebagai variabel moderasi, penelitian ini bertujuan untuk memberikan bukti empiris tentang dinamika keuangan secara kritis, dan memberikan wawasan baru tentang bagaimana transparansi dapat mengurangi risiko yang terkait dengan leverage tinggi dan strategi pajak yang agresif, sehingga berkontribusi pada keberlanjutan dan pertumbuhan perusahaan di sektor ini. Metode yang digunakan analisis deksripsi dengan pendekatan kuantitatif. Populasi meliputi perusahaan yang terdaftar di Bursa Efek Indonesia selama periode 2019–2021, dengan ukuran sampel sepuluh perusahaan yang dipilih berdasarkan kriteria yang telah ditetapkan sebelumnya. Pengumpulan data dilakukan dengan teknik komunikasi tidak langsung melalui studi dokumentasi. Data dianalisis dengan aplikasi Views12 dengan menunjukkan statistik deskriptif, regresi berganda, regresi moderasi, dan uji asumsi klasik. Pengujian hipotesis dilakukan analisis inferensial secara simultan dan parsial. Temuan kami menunjukkan pengaruh yang signifikan leverage dan penghindaran pajak secara parsial dan simultan terhadap nilai perusahaan; meskipun transparansi perusahaan secara efektif memoderasi hubungan antara leverage dan nilai perusahaan, transparansi perusahaan tidak memiliki efek yang sama pada hubungan antara penghindaran pajak dan nilai perusahaan. Hasil ini menekankan pentingnya memanfaatkan transparansi untuk meningkatkan nilai bisnis, menunjukkan bahwa perusahaan harus memprioritaskan praktik transparan untuk mengurangi efek buruk dari penghindaran pajak. Secara teoretis, penelitian ini berkontribusi pada pemahaman keuangan perusahaan dengan mengilustrasikan bagaimana transparansi perusahaan memengaruhi dinamika antara leverage, penghindaran pajak, dan nilai perusahaan. Secara praktis, ini menyoroti perlunya perusahaan properti dan real estat untuk mengadopsi praktik keuangan yang lebih transparan untuk menumbuhkan kepercayaan investor dan meningkatkan nilai pasar.

Penelitian di masa depan dapat mengeksplorasi faktor-faktor tambahan yang memengaruhi hubungan ini untuk wawasan yang lebih dalam tentang dinamika keuangan perusahaan di Indonesia.

Kata kunci: leverage; penghindaran pajak; nilai perusahaan; transparansi perusahaan; sektor property

INTRODUCTION

The global economy comprises the interconnected economic activities of all nations, where the dynamics in one region can have far-reaching effects on others. This interdependence is especially evident in the increasingly volatile and unpredictable nature of the global economy, characterized by frequent fluctuations in economic conditions and market trends. Such volatility requires countries like Indonesia to focus on sustaining stable economic growth, ensuring resilience in the face of global economic uncertainties. Maintaining this stability is crucial not only for the health of the national economy but also for fostering investor confidence and promoting sustainable development.



Graphic 1. Growth and Inflation The global economy

Sources: IMF, World Economic Outlook and Staff Calculations (Gourinchas, 2024)

The global economy begins the final descent toward a soft landing, with inflation declining steadily and growth holding up. But the pace of expansion remains slow, and turbulence may lie ahead.

Global activity proved resilient in the second half of last year, as demand and supply factors supported major economies. On the demand side, stronger private and government spending sustained activity, despite tight monetary conditions. On the supply side, increased labor force participation, mended supply chains, and cheaper energy and commodity prices helped, despite renewed geopolitical uncertainties.

This resilience will carry over. Global growth under our baseline forecast will steady at 3.1 percent this year, a 0.2 percentage point upgrade from our October projections, before edging up to 3.2 percent next year (Gourinchas, 2024).

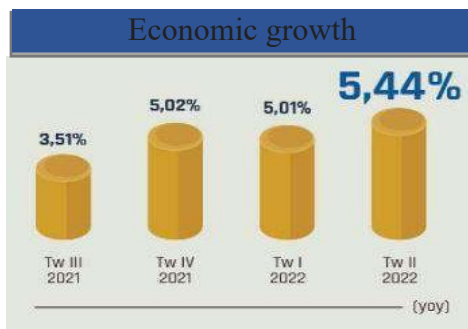
Important divergences remain. We expect slower growth in the United States, where tight monetary policy is still working through the economy, and in China, where weaker consumption and investment continue to weigh on activity. In the euro area, meanwhile, activity is expected to rebound slightly after a challenging 2023, when high energy prices and tight monetary policy restricted demand. Many other economies continue to show great resilience, with growth accelerating in Brazil, India, and Southeast Asia's major economies.

Inflation continues to ease. Excluding Argentina, global headline inflation will decline to 4.9 percent this year, down 0.4 percentage points from our October projection (also excluding Argentina). Core inflation, excluding volatile food and energy prices, is also trending lower. For advanced economies, headline and core inflation will average around 2.6 percent this year, close to central banks' inflation targets (Gourinchas, 2024).

For companies operating within this complex economic landscape, their primary goals are threefold: to generate significant profits, increase the wealth of their owners, and elevate their overall value, which is often reflected in the performance of their share price. (Asyik et al., 2023; Herdinata et al., 2024; Hist, 2015; Martínez et al., 2021). Enhancing a company's value is a key marker of success, signifying good financial health and effective management. This increase in value benefits shareholders, securing their prosperity, and serves as a critical target for potential investors. Investors, in turn, closely monitor fluctuations in company value, as this is directly tied to their investment returns.

The phenomenon of share price volatility is therefore of great interest, as it not only reflects the company's market performance but also signals its underlying value to investors.

(Feregrino et al., 2022; Geyer-Klingenberg et al., 2021).

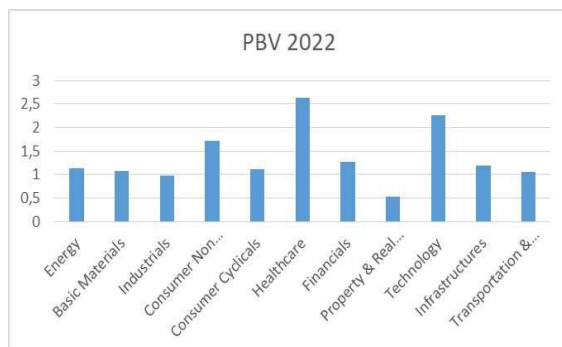


Graphic 2. Infographic-GDP-Quarter-II-2022

Source: bi.go.id (2022)

Understanding the factors that influence these fluctuations, such as corporate transparency, tax avoidance, and leverage, is essential for companies seeking to optimize their market value and maintain a competitive edge in a highly dynamic global economy.

This is evidenced by data as of October 31, 2022, where the Composite Stock Price Index (IHSG) saw a year-to-date increase of 6.51%. In contrast, the property and real estate sector index experienced a notable decline of 10.27% over the same period. The graph below illustrates that the property and real estate sector holds the lowest Price to Book Value (PBV) ratio when compared to other sectors. This analysis is based on data sourced from the annual statistical report for the 2022 period, available on the idx.co.id website.



Graphic 3. Industrial Classification PBV Value 2022

The decline in the property and real estate sector can be attributed to several companies within this sector experiencing financial distress and bankruptcy, including PT Forza Land Indonesia Tbk, PT Cowell Development Tbk, and PT Hanson International Tbk. This reflects the inherently high-risk nature of the real estate and property sectors, as documented by previous research. (Dykusova et al., 2021; Gao & Jin, 2022;

Nguyen et al., 2019). Companies in this sector typically rely heavily on external funding, with bank loans often serving as the primary source of capital. Such reliance on debt increases their financial vulnerability, especially in times of economic downturns or market volatility.

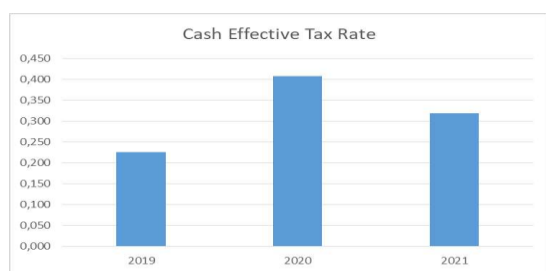
The value of a company is often measured by its asset valuation, which includes various financial instruments like securities. In this context, price-to-book value (PBV) is a key metric for assessing company value. The graph below shows the average PBV of ten businesses in the real estate and property sectors listed on the Indonesia Stock Exchange during the 2019–2021 period, offering insight into the financial performance and valuation trends within this high-risk industry.



Graphic 4. Average Price to Book Value

Graphic 4 demonstrates a downward trend in the average price-to-book value (PBV) of 10 companies in the property and real estate sectors listed on the Indonesia Stock Exchange from 2019 to 2021. Typically, a PBV below 1 indicates that a stock is undervalued, suggesting it may be a favorable time for investors to purchase shares. This decline in PBV could reflect broader challenges within the sector, including financial instability and market volatility, which have affected the overall valuation of these companies. This is in line with the research results of Nguyen et al., (2019), Dykusova et al., (2021), and Gao & Jin (2022), and reinforces the previous theory that the undervalued condition that occurs can be the right time for investors to buy stocks.

In addition to PBV, the Cash Effective Tax Rate (CASH ETR) serves as another critical financial metric for evaluating corporate performance (Park and Shin, 2020). The following data outlines the average CASH ETR of 10 companies in the property and real estate sectors listed on the Indonesia Stock Exchange from 2019 to 2021, providing further insight into their tax efficiency and fiscal management during this period.



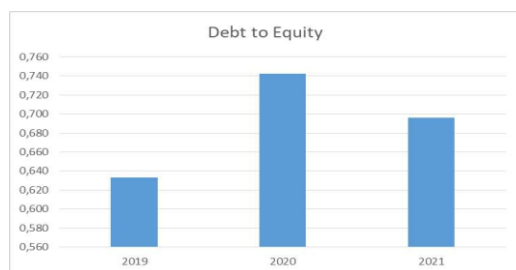
Graphic 5. Average Cash Effective Tax Rate

Graphic 5. illustrates the fluctuations in the average Cash Effective Tax Rate (CETR) of 10 companies in the property and real estate sectors listed on the Indonesian Stock Exchange between 2019 and 2021. The CETR increased significantly from 22.5% in 2019 to 40% in 2020, before declining to 32.5% in 2021. CETR reflects the actual cash taxes paid by a company, and a lower CETR indicates a higher level of tax avoidance (Kang & Wang, 2021; Shin & Park, 2022). It is calculated by dividing the amount of tax paid by the company's profit before tax (Dyrenge et al., 2019; Toumi et al., 2022).

The Cash Effective Tax Rate (CETR) reflects the actual cash taxes paid by a company, with a lower CETR indicating a higher degree of tax avoidance. It is calculated by dividing the tax paid by the company's profit before tax. Additionally, companies often use debt (leverage) as a strategy to maximize profits and enhance value. Leverage is measured by the Debt to debt-equity ratio (DER), which shows the proportion of debt relative to equity; a higher DER indicates greater reliance on debt financing (Dakua, 2019).

Companies often utilize debt (leverage) as a financial strategy to maximize profits and enhance their value. Leverage is typically measured by the Debt to debt-equity ratio (DER), which assesses the proportion of debt relative to equity. A higher DER suggests that a company relies more heavily on debt financing. (Jihadi, 2021; DeAngelo et al., 2022; Mauer et al., 2022).

The following section presents the average DER of 10 companies in the property and real estate sectors listed on the Indonesian Stock Exchange from 2019 to 2021, providing a deeper understanding of the financial leverage employed by these firms during this period.



Graphic 6. Average Debt to Equity Ratio

To analyze the financial health of companies in the property and real estate sectors, Figure 6 illustrates the fluctuations in the Debt to Equity Ratio (DER) for 10 companies listed on the Indonesia Stock Exchange between 2019 and 2021. A lower DER indicates that companies are less reliant on external capital, as they can more easily secure funding from banks and investors (Akhmadi & Robiyanto, 2020; Neldi et al., 2023; Ozturk & Karabulut, 2020). Conversely, a higher DER suggests a heavy dependence on external financing to support operational activities, which increases the company's financial burden. This reliance on debt can adversely affect the company's stock price and overall value if not managed effectively.

During the 2019–2021 period, the property and real estate sectors were chosen for the study due to the observable phenomenon of sectoral underperformance, marked by a decline in the sector index even as the broader Composite Stock Price Index (IHSG) rose. Notably, the IHSG reached levels around 6,300–6,700 during this time, reflecting general market growth, while the property and real estate sectors lagged. Furthermore, the property and real estate sector consistently had the lowest Price Book Value (PBV) ratio compared to other industries, indicating persistent undervaluation in the market.

In capital market theory, the performance of a specific sector often correlates with the movement of the Composite Stock Price Index (IHSG), which reflects the overall strength or weakness of the stock market. When the IHSG strengthens or shows an upward trend, it is generally interpreted as a sign of market optimism and positive economic performance, which should ideally also drive sectoral index performance (Brigham and Houston, 2018; Bodie, Kane, & Marcus, 2019). Conversely, if the IHSG is rising while a particular sectoral index is declining, this suggests specific issues within that sector preventing it from following the broader positive market trend. This phenomenon may result from weaker fundamental factors in the sector, such as low revenue growth or high operational risks, causing the sector to lag despite the stronger IHSG performance.

Thus, a strong IHSG serves as an indicator of positive expectations for sectors that can align with the trend, while poor performance in certain sectors amid a rising IHSG may indicate internal challenges or sector-specific obstacles.

Previous research has explored various factors influencing company value, including tax avoidance strategies, leverage, and corporate transparency. Studies like those of Schnackenberg, Tomlinson & Coen (2021), Dykusova et al., (2021), and Kang & Wang (2021)

have examined the link between financial performance, risk, and tax behavior, while others such as Akhmadi & Robiyanto (2020) have analyzed the relationship between leverage and company valuation. However, there remains a gap in understanding how corporate transparency moderates the impact of tax avoidance and leverage on company value, particularly in high-risk sectors like property and real estate. This study addresses that gap by focusing on the Indonesian context, where these factors have not been extensively explored in tandem, especially during periods of economic volatility.

After conducting a literature study of 112 previous studies (in Scopus indexed journals), we corroborate our argument to fill the gaps in pre-existing research by conducting research:

(1) Unlike previous studies that examined leverage and tax avoidance extensively across a wide range of industries, this study focuses on the real estate and property sectors that are known to have capital-intensive operations and distinctive risk factors. This focus allows for a deeper understanding of how leverage and tax strategies impact business value specifically within the sector;

(2) The study is innovative by considering corporate transparency as a moderating factor between leverage, tax avoidance, and company value. Previous research has generally examined transparency independently, but this study integrates it as a variable that has the potential to dampen or strengthen the effect of financial strategy on business value. This is especially relevant in emerging markets such as Indonesia, where transparency standards are developing;

(3) This study uses a quantitative approach through descriptive analysis, with multiple regression analysis and moderation regression to test the hypothesis. The methodology is robust in isolating the effects of leverage, tax avoidance, and transparency, thus providing empirical insights into their interactions with company values;

(4) By focusing on companies listed in Indonesia during the period 2019–2021, this study provides specific insights into the context of emerging markets. The findings of this study provide practical recommendations for real estate and property companies in Indonesia, emphasizing the importance of transparency in mitigating the negative impact of tax evasion;

(5) This research contributes to the financial literature of companies by showing empirically that while leverage can have a positive impact on a company's value, tax avoidance does not automatically increase valuations in this context unless offset by transparency measures. This is in contrast to some international studies where tax

avoidance strategies can increase short-term value, but in Indonesia investor confidence in transparency has proven to be very important.

Overall, the study enriches the understanding of corporate finance by examining how leverage, tax avoidance, and transparency interact within sectors that have unique challenges.

The purpose of this study is to examine the effect of corporate transparency moderation on the relationship between tax avoidance, leverage, and corporate value in the property and real estate sectors. By analyzing data from the 2019–2021 period, the study aims to provide empirical evidence of financial dynamics critically and provide new insights into how transparency can mitigate the risks associated with high leverage and aggressive tax strategies, thereby contributing to the sustainability and growth of companies in the sector.

METHOD

Research methods encompass a series of activities aimed at collecting data, analyzing it, and providing interpretations relevant to the research objectives. (Chernova, 2023; Khorasgani & Villalobos, 2023). According to Reypens & Levine (2018) Describe research methods as the approaches or strategies employed to locate the necessary data for conducting research.

This study investigates "The Impact of Leverage and Tax Avoidance on Company Value: A Case Study of Property and Real Estate Companies Listed on the Indonesian Stock Exchange for the 2019–2021 Period," with company transparency serving as a moderating variable. The research employs a quantitative method characterized by both descriptive and verification approaches.

The quantitative research design is particularly suited for this study as it enables the examination of relationships between measurable variables, allowing for statistical analysis of data. The descriptive aspect facilitates a comprehensive understanding of the current state of the property and real estate sector by providing a detailed overview of relevant trends and patterns. Meanwhile, the verification component aims to test hypotheses regarding the influence of leverage and tax avoidance on company value while considering the moderating effect of company transparency.

This combination of descriptive and verification methodologies allows for a robust analysis of the research questions and provides insights into the dynamics of leverage, tax avoidance, and company value within the context of the Indonesian property and real estate market.

RESULTS AND DISCUSSION

In this study, data analysis and variable testing are conducted using IBM SPSS, which produces descriptive statistical outputs. Descriptive statistical analysis is employed to summarize and provide an overview of the data, allowing for an examination of the research variables by highlighting key statistics such as the maximum, minimum, mean, and standard deviation for each variable. This approach helps to better understand the characteristics and distribution of the variables under investigation.

The research variables include tax avoidance (measured by the Cash Effective Tax Rate or CETR), leverage (measured by the Debt to Equity Ratio or DER), company value (measured by Price to Book Value or PBV), and corporate transparency (measured by disclosure or DISC). The statistical summary of these variables for the 2019-2021 period is presented in Table 1 below, providing a comprehensive view of the data used in this research.

Table 1. Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CETR	30	.01	1.29	.3150	.35887
DER	30	.14	1.74	.6905	.48109
DISC	30	.60	.95	.8603	.09261
PBV	30	.01	1.80	.7318	.54999
Valid N (listwise)	30				

The table above presents data from 30 companies in the property and real estate sectors listed on the Indonesian Stock Exchange for the 2019–2021 period. The results indicate that the data set follows a normal distribution, as evidenced by the Kolmogorov-Smirnov test's Asymp. Sig. (2-tailed) value of 0.200, which is greater than 0.05.

To assess multicollinearity, the tolerance and Variance Inflation Factor (VIF) values are considered. A tolerance value greater than 0.10 and a VIF value less than 10 suggest that multicollinearity is not a concern in this regression model. (Akhmadi & Robiyanto, 2020; Dykusova et al., 2021).

Additionally, the results of the heteroscedasticity test are visualized through the scatterplot. A random pattern of dots indicates the absence of heteroscedasticity, which is a desirable condition for the regression model. Autocorrelation is tested using the Durbin-Watson (DW) test. When the DW value falls between -2 and +2, it can be concluded that no autocorrelation is present in the model.

To determine the influence of one or more independent variables (CETR and DER) on the dependent variable (company value), multiple

linear regression analysis is employed. The regression equation is represented as follows:

$$Y = a + \beta_1 \text{CETR} + \beta_2 \text{DER} + e$$

SPSS software is used to calculate the coefficients for each variable, which include the Cash Effective Tax Rate (CETR), Debt to Equity Ratio (DER), and company value (Price to Book Value). The tabulated results are as follows, providing insights into the relationships between these financial metrics during the research period.

Table 2. Multiple Linear Regression Analysis

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.693	.155	4.463	.000
	CETR	-1.183	.350	-.772	.002
	DER	.595	.261	.520	.031

a. Dependent Variable: PBV

The results of the multiple linear regression analysis conducted using SPSS yield the following equation:

$$Y = 0,693 - 1,183\text{CETR} + 0,595\text{DER} + e \quad (1)$$

This equation represents a simple multiple linear regression, where the independent variables—Cash Effective Tax Rate (CETR) and Debt to Equity Ratio (DER)—impact the dependent variable, Price to Book Value (PBV). The negative coefficient for CETR indicates that an increase in tax avoidance is associated with a decrease in the company's PBV, while the positive coefficient for DER suggests that higher leverage contributes to an increase in PBV.

To further explore the relationships among the variables, a Moderated Regression Analysis (MRA) was conducted, which includes interaction terms between the independent variables and the moderating variable, disclosure (DISC). The moderated regression equation is as follows:

$$Y = a + \beta_1 \text{CETR} + \beta_2 \text{DER} + \beta_3 \text{DISC} + \beta_4 \text{CETR} * \text{DISC} + \beta_5 \text{DER} * \text{DISC} + e \quad (2)$$

The results of this moderated regression analysis, calculated using SPSS, reveal the following equation:

$$Y = -1,468 - 6,675\text{CETR} + 14,212\text{DER} + 2,071\text{DISC} + 6,734\text{CETR} * \text{DISC} - 15,884\text{DER} * \text{DISC} + e \quad (2)$$

From the results of the regression equation above, it can be seen that the constant value (a) is -1.468. This means that price to book value as a

dependent variable is -1.468 with the assumption that there is no change in the independent variables, namely CETR, DER, DISC, the interaction of CETR with DISC, the interaction of DER with DISC which has a value of 0.

The regression coefficient for the Cash ETR (X1) variable has a negative value of -6.675. This negative coefficient value indicates that if there is an increase in Cash ETR then the price to book value will decrease, and vice versa. So if there is an increase in Cash ETR by 1, then the price to book value will decrease by -6.675.

The regression coefficient for the DER variable (X2) has a positive value of 14.212. This positive coefficient value indicates that should the debt-to-equity ratio rise, the price-to-book value will increase, and vice versa. So If the debt-to-equity ratio rises by 1, then the price-to-book value will increase by 14,212.

The regression coefficient for the DISC variable (X3) has a positive value of 2.701. This positive coefficient of determination indicates that if there is an increase in disclosure, the price to book value will increase, and vice versa. So if there is an increase in disclosure of 1, then the price to book value will increase by 1.301.

The regression coefficient for the interaction variable CETR with DISC (X1*Z) has a positive value of 6.734. This positive coefficient value indicates that if there is an increase in the interaction between CETR and DISC, the price-to-book value will increase, and vice versa. So if there is an increase in the interaction size of CETR with DISC by 1, then the price to book value will increase by 6.734.

The regression coefficient for the interaction variable DER with DISC (X2*Z) has a negative value of -15.884. This negative coefficient value indicates that if there is an increase in the interaction of DER with DISC, the price-to-book value will decrease, and vice versa. So if there is an increase in the interaction size of CETR with DISC by 1, then the price to book value will decrease by -15,884.

The ability of the independent variable to influence the dependent variable is measured using the coefficient of determination which has been tested with SPSS and is shown in the two tables below:

Table 3. Coefficient of Determination (Equation 1)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.546 ^a	.298	.246	.47765	1.531
a. Predictors: (Constant), DER, CETR					
b. Dependent Variable: PBV					

The results of the coefficient of determination test for Equation 1, as illustrated in the table above, indicate a correlation coefficient value of 0.546, leading to a coefficient of determination (R²) of 0.298. This suggests that the independent variables, namely the Cash Effective Tax Rate (CETR) and the Debt to Equity Ratio (DER), explain approximately 29.8% of the variance in the dependent variable, Price to Book Value (PBV). Consequently, it can be inferred that 70.2% of the variance is attributable to other factors that were not considered in this study.

In contrast, the coefficient of determination test for Equation 2, which incorporates additional moderating variables, provides a deeper understanding of how these variables interact. The results for this equation, which will be detailed in the following table, will further illuminate the effects of including disclosure (DISC) and the interaction terms between the independent variables and DISC on the overall model fit. This comprehensive analysis not only highlights the significance of CETR and DER in influencing PBV but also underscores the potential impact of disclosure practices on these relationships. Understanding these dynamics is essential for stakeholders aiming to enhance company value and navigate the complexities of financial reporting and taxation in the property and real estate sectors.

Table 4. Coefficient of Determination (Equation 2)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.653 ^a	.426	.307	.45785	2.254
a. Predictors: (Constant), DER*DISC, DISC, CETR, CETR*DISC, DER					
b. Dependent Variable: PBV					

The results from the coefficient of determination test for Equation 2, as shown in the table above, indicate a correlation coefficient value of 0.653, resulting in a coefficient of determination (R²) of 0.426. This finding suggests that the independent variables—including the Cash Effective Tax Rate (CETR), Debt to Equity Ratio (DER), and Disclosure, as well as the interactions between CETR and DISC and DER and DISC—collectively account for 42.6% of the variance in the dependent variable, Price to Book Value (PBV). Consequently, it can be concluded that 58.4% of the variance is influenced by other

factors not examined in this study. Importantly, the variable of company transparency (disclosure) acts as a moderating factor, enhancing the impact of CETR and DER on company value by an additional 12.8% (42.6% - 29.8%).

To assess these influences quantitatively, the hypothesis test employed in this research is the T-test. This statistical test is utilized to evaluate the effect of each independent variable on the dependent variable. The t-table is computed using the formula $df=n-k$, where k represents the number of independent variables. The results of the T-Test are summarized in the following table:

Table 5. T-Test Results (Equation 1)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.693	.155	4.463	.000
	CETR	-1.183	.350	-.772	.002
	DER	.595	.261	.520	.031

a. Dependent Variable: PBV

The t-test results presented in the table for Equation 1 indicate the following:

The t-calculated value for the Cash Effective Tax Rate (CETR, X1) is -3.830, while the t-table value for $n-k = 30-3 = 27$ is 2.05183. Upon examining the two-sided hypothesis test, it is evident that the calculated t value falls within the rejection region for the null hypothesis (H_0) on the negative left side. The significance value is 0.002, which is less than the alpha level of 0.05, leading to the rejection of H_0 in favor of H_a . This implies that CETR (X1) exerts a negative and statistically significant effect on price-to-book value (PBV, Y). Consequently, the first hypothesis (H_1), which posits that "there is an influence of tax avoidance on company value," is accepted.

Similarly, the calculated t value for the Debt to Equity Ratio (DER, X2) is 2.278, with the same t-table value of 2.05183 for $n-k = 30-3 = 27$. In this case, the two-sided hypothesis test indicates that the calculated t value lies within the rejection area for the null hypothesis (H_0) on the positive right side. The significance value of 0.031, which is also less than $\alpha 0.05$, results in the rejection of H_0 and acceptance of H_a . This outcome indicates that DER (X2) has a positive and statistically significant effect on PBV (Y). Therefore, the second hypothesis (H_2), asserting that "there is an

influence of leverage on company value," is also accepted.

Table 6. T-Test Result (Equation 2)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-1.468	2.088	-.703	.489
	CETR	-6.675	4.325	-1.543	.136
	DER	14.212	6.540	2.173	.040
	DISC	2.701	2.531	.455	.297
	CETR*DISC	6.734	4.941	3.953	.186
	DER*DISC	-15.884	7.680	-2.068	.050

a. Dependent Variable: PBV

The t-test results table (equation 2) above shows that:

The calculated t-value of CETR (X1) is -1.543 and the t-table value ($n-k = 30-5 = 25$) is 2.05954. If you look at the 2-sided hypothesis test image, the calculated t value is in the H_0 acceptance area. The significant value is $0.136 > \alpha 0.05$ thus, H_0 is approved whereas H_a is disapproved. This implies that CETR (X1) does not affect PBV (Y). With the tests that have been carried out, it can be concluded that the first hypothesis (H_1) which states that there is "an influence between tax avoidance on company value" is rejected.

The t-calculated value of DER (X2) is 2.173 and the t-table value ($n-k = 30-5 = 25$) is 2.05954. If you look at the 2-sided hypothesis test image, the calculated t value is in the positive right-hand H_0 rejection area. The significant value is $0.040 < \alpha 0.05$, so H_0 is rejected and H_a is accepted. This means that DER (X2) affects PBV (Y). With the tests that have been carried out, it can be concluded that the second hypothesis (H_2) which states that there is an "influence between leverage and company value" is declared accepted.

The calculated t value for DISC (Z) is 1.067 < t-table value ($n-k = 30-5 = 25$) of 2.05954 and the significant value is $0.297 > \alpha 0.05$ thus, H_0 is approved whereas H_a is disapproved. This implies that DISC (Z) does not affect PBV (Y). This means that company transparency does not affect company value.

The calculated t-value for CETR with DISC ($X1*Z$) is 1.363 and the t-table value ($n-k = 30-5 = 25$) is 2.05954. If you look at the 2-sided hypothesis test image, the calculated t value is in the H_0 acceptance area. The significant value is $0.186 > \alpha 0.05$ thus, H_0 is approved whereas H_a is disapproved. This implies that the interaction of CETR with DISC ($X1*Z$) does not affect PBV (Y). With the tests that have been carried out, it can be concluded that the third hypothesis (H_3) which states that "company transparency can moderate the relationship between tax avoidance and company value" is rejected.

The calculated t-value for DER with DISC ($X_2 \cdot Z$) is -2.068 and the t-table value ($n-k = 30-5 = 25$) is 2.05954. If you look at the 2-sided hypothesis test image, the calculated t value is in the H_0 rejection area on the negative left side. The significant value is $0.05 = \alpha$ 0.05, Therefore, H_a is accepted while H_0 is denied. Thus, it may be said that the interaction of DER with DISC ($X_2 \cdot Z$) affects PBV (Y). With the tests that have been carried out, it might be said that the fourth hypothesis (H_4), which states that "company transparency can moderate the relationship between leverage and company value" is accepted.

Some of the factual conditions that we can describe are as follows:

1. **High Volatility in Real Estate and Property Sector:** The property sector is known for its high fluctuations in market value, which means investor confidence is essential for maintaining the stability of stock prices and company valuations. Transparency in financial statements and information disclosure is important to show the risk management related to leverage applied by the company.
2. **Greater Leverage Risk:** Companies in the real estate and property sectors generally have a high level of leverage to finance large projects that require significant funding. Financial transparency can provide investors with more accurate information regarding the use and risk of such debt. With high transparency, investors can see whether the leverage used is well managed or vice versa, which then impacts their investment decisions.
3. **The Need for Investor Trust in Emerging Markets:** In Indonesia, as an emerging market, investors have higher confidence in companies that demonstrate clear transparency in financial reporting and debt management strategies. This transparency can reduce investors' concerns about the risks arising from high levels of leverage, thereby increasing confidence in a company's valuation, especially in sectors that are vulnerable to devaluation such as property.
4. **Increasingly Stringent Regulations and Supervision:** With stricter regulations in the Indonesian market, companies that demonstrate high transparency in leverage management demonstrate regulatory compliance and demonstrate a commitment to good governance practices. This reduces non-compliance-related risks that can affect the company's value.
5. **The Effect of Transparency in Reducing Capital Costs:** High company transparency can help lower capital costs, which means companies can obtain funding at lower costs.

This is especially true for companies with high leverage, as transparency allows creditors and investors to better understand the risks involved. Thus, transparency can support an increase in the value of a company as high leverage is no longer seen as a major negative factor.

Thus, corporate transparency can moderate the relationship between leverage and corporate value in the real estate and property sectors to be stronger and more relevant. These facts show that transparency not only affects the perception of investors but also strengthens the company's position in the market, thus confirming the statistical results obtained in the study.

Corporate transparency in Indonesia's real estate and property sector plays a crucial role in moderating the relationship between leverage and firm value. This sector is prone to market volatility and often relies on high leverage to fund large projects, making transparency essential for building investor trust. In emerging markets like Indonesia, transparency helps alleviate investor concerns about leverage risks, lowers capital costs, and demonstrates regulatory compliance. By providing clear insights into risk management, transparency ultimately enhances firm value and makes leverage more acceptable to investors.

CONCLUSION

Based on the research conducted on the impact of tax evasion and leverage on business value in real estate and property companies listed on the Indonesia Stock Exchange during the 2019–2021 period, with a focus on company transparency as a moderating factor, the following conclusions can be drawn:

Throughout the 2019–2021 period, companies listed on the Indonesian Stock Exchange in the real estate and property sectors experienced a decrease in value due to tax avoidance practices. This indicates that aggressive tax strategies may undermine investor confidence and adversely affect overall company valuation.

The analysis revealed that leverage significantly influences the company value of property and real estate firms listed on the Indonesian Stock Exchange during the same timeframe. This suggests that companies that effectively manage their debt levels can potentially enhance their market value.

The study found that companies in the property and real estate sectors listed on the Indonesian Stock Exchange were unable to mitigate the negative relationship between tax evasion and company value during the 2019–2021 period. This indicates that, despite the presence of leverage, tax

avoidance strategies do not translate into improved valuation in this context.

Company transparency was identified as a crucial factor in managing the relationship between leverage and company value for property and real estate businesses on the Indonesian Stock Exchange during the 2019–2021 period. This highlights the importance of transparent practices in fostering trust among investors and enhancing the perceived value of companies.

Overall, these findings underscore the complex dynamics between tax avoidance, leverage, company value, and transparency within the real estate and property sectors. They suggest that while leverage can positively impact company value, tax avoidance practices may lead to negative consequences unless mitigated by strong transparency measures. Future research could explore additional variables and external factors influencing these relationships, further contributing to the understanding of corporate finance in the Indonesian context.

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