Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.14, No.13, 2023

Tax Avoidance Moderate: Board of Commissioners, Profitability, Leverage, Firm Size and Audit Report Lag

Ida Ayu Surya Antari
Maria Mediatrix Ratna Sari
Faculty of Economics and Business, Udayana University, Bali, Indonesia
Email: suryaantari@gmail.com

Abstract
This study aims to examine the variables that affect audit report lag, namely the board of commissioners, profitability, leverage, and firm size. This study also examines the role of tax avoidance in moderating the relationship between these variables. The population in this study are health sector companies listed on the Indonesia Stock Exchange in 2019-2021 with a total of 23 companies. The results of selecting the sample using the purposive sampling method, the selected company data amounted to 11, so that the total number of observations in this study was 33. The data analysis method used Partial Least Square (PLS). The results of the study show that the variables of profitability, leverage, and firm size affect audit report lag, while the board of commissioners does not have a negative effect on audit report lag. Tax avoidance is not proven to moderate the relationship between board of commissioners, profitability, leverage, and firm size on audit report lag. The implication of this research is to strengthen the agency theory that is used and can provide input regarding regulation and supervision to the government as well as to health sector companies related to performance. The results of this study can be used as material for consideration and input for strategic policy makers in determining policies to improve the quality of financial reporting information.
Keywords: Audit Report Lag, Board of Commissioners, Profitability, Leverage, Company Size, Tax Avoidance
DOI: 10.7176/RJFA/14-13-08
Publication date: July 31st 2023

INTRODUCTION

Shareholders have the right to obtain information regarding the company's financial condition. This information is used by shareholders to evaluate management performance and make decisions whether the company provides benefits or not to them. Financial reports are a form of management accountability for the management of the resources entrusted to them. In addition, financial reports are also a means of communicating management to interested parties in making decisions, so that financial reports must contain qualitative characteristics which are characteristics of financial reporting information, namely reliability, comparability, understandability and relevant (IAI, 2015).

One of the relevant and reliable financial information needed to create an efficient market is timeliness, so that timeliness is a must in submitting financial reports (Kieso et. al., 2018). Financial statements are one of the pieces of information that play an important role in business investment in the capital market, which serves as a means for companies to communicate information about their resources and performance to various parties with an interest in that information. Financial report information will have benefits if it is submitted accurately and on time for use, while financial reports will be less useful if they are not reported on time (Hamilah, 2020).

Timeliness of financial reporting is very important for stakeholders. The government issued regulations related to the Capital Market, namely Law no. 8 of 1995 concerning the Capital Market, which explains that all go public companies are required to submit periodic financial reports to the Otoritas Jasa Keuangan (OJK) and must publish them to all levels of society. This regulation was strengthened by the issuance of Otoritas Jasa Keuangan (OJK) Regulation No. 29/POJK.04/2016 which stipulates that Issuers or Public Companies are required to submit an Annual Report with at least a summary of financial data, stock information, reports from the Board of Directors, reports from the Board of Commissioners, profiles of Issuers or Public Companies, Issuers' social and environmental responsibilities, reports audited annual financial reports, and statements of members of the Board of Directors and members of the Board of Commissioners regarding their responsibilities for the Annual Report. This regulation also regulates the submission of annual reports that must be submitted by Issuers or Public Companies to the Financial Services Authority no later than the end of the fourth month after the end of the financial year and if the deadline for submitting the Annual Report falls on a holiday, the Annual Report must be submitted no later than 1 (one) working day later.

One of the causes of companies not fulfilling the obligation to submit financial reports in a timely manner is because in 2020 the whole world is experiencing an economic crisis caused by an outbreak called Corona Virus Disease (Covid-19). The Covid-19 pandemic has resulted in a decrease in the resilience of the national economy. The President issued Presidential Decree (Keppres) of the Republic of Indonesia Number 12 of 2020 concerning Designation of a Non-Natural Disaster of the Spread of Corona Virus Disease 2019 (COVID-19) as a National

Disaster based on a decision by the World Health Organization (WHO) which declared Covid-19 a Global Pandemic in March 11, 2020. The Covid-19 pandemic in Indonesia affected the capital market and caused a change in trading time on the Indonesia Stock Exchange and this was a negative signal (bad news) that caused investors to be more interested in selling their share ownership (Kusnandar and Bintari, 2020) .

Every issuer or public company has up to four months or 120 days after the closing date to submit its financial report to the IDX. The phenomenon of the increasing number of go public entities on the IDX has had the impact of soaring public demand for an effective and efficient audit report lag of financial statements (Sabella et al., 2021). The time used by the auditor in completing the audit of financial statements is measured based on the length of days from the year-end date of the book at the end of the year (December 31) to the date stated in the independent auditor's report, the difference in time is called audit report lag. The longer the auditor takes to complete auditing the financial statements, the longer the audit report lag will be. A long audit report lag will have a negative impact on the company, especially shareholders which will of course be bad news (Agustina and Jaeni, 2022). Audited financial reports which contain profit information generated by the company are used as a basis for making decisions to buy or sell ownership owned by investors (Irma, 2021).

Delays in the publication of financial report information will have an impact on the level of uncertainty in decisions based on published information. Audit report lag can occur due to several influencing factors such as profitability, leverage, firm size, and it is hoped that the implementation of corporate governance practices with internal mechanisms can minimize audit report lag (Firmansyah and Amanah, 2020). Audit report lag is influenced by internal and external factors. Several internal factors that affect audit report lag include the board of commissioners, profitability, leverage, and firm size. External factors that affect audit report lag are the audit opinion and reputation of the Public Accounting Firm.

Agency theory states that agency relationships occur when the principal and agent agree to enter into a cooperation agreement. Managers as agents are obliged to maximize shareholder (principal) profits and in return will receive compensation based on a predetermined agreement. The separation of management and ownership functions is vulnerable to agency conflicts, such as agents taking actions that are inconsistent with the interests of the principal (Jensen and Meckling, 1976). Differences in interests between principals and agents lead to information asymmetry. This agency conflict arises also in the cooperative relationship between company management and independent auditors who can act for their personal interests. To overcome this conflict, the presence of an independent party is needed so that the agent acts in accordance with the interests of the principal. The board of commissioners is considered capable of acting as an arbiter of interests between managers and auditors in assisting the audit process (Irma, 2021).

The Board of Commissioners has the function of supervising company policies and providing advice to the Directors. The greater the number of commissioners, the better the oversight will be carried out, so that it can improve company performance which in turn can reduce the time span of audit report lag.

The results of research conducted by Irma (2021), Firmansyah and Amanah (2020) found that board size has a negative effect on audit report lag. Likewise, research conducted by Firnanti and Karmudiandri (2020) states that board size affects audit report lag. The more meetings of the board of commissioners of a company can shorten the audit report lag. However, the results of this study are not in line with the results of research by Handayani and Hebrews (2019) which found that the board of commissioners has no effect on audit report lag, an increase in the proportion of the board of commissioners does not increase oversight of the company. The greater the number of members of the board of commissioners will cause difficulties in coordinating among members.

Profitability can show objectively the company's ability to earn profits efficiently and effectively. According to Fujianti and Satria (2020), Firmansyah and Amanah (2020), companies with a high level of profitability will be good news for the public, therefore they tend to require a faster financial statement audit process so that they can convey the good news immediately. to the public. According to the research results of Natalia et al., (2021) that profitability has a significant effect on audit report lag. High or low profitability will affect the delivery of information to financial reports because if high profitability can speed up the delivery process which is good news and can be informed to investors or the public and get a good image as well as if the company's profitability is low then the company will postpone the publication of this information. . According to Sunarsih et al., (2021) profitability has no significant effect on audit report lag. This is because the process of auditing companies that have a small level of profitability does not differ from the process of auditing companies that have a high level of profitability. The issuance of Financial Services Authority (OJK) Regulation No.29/POJK.04/2016 which requires every company listed on the Indonesia Stock Exchange to report annual financial statements no later than 120 days after the balance sheet date. Every company, whether it has high or low profitability, tends not to want to take risks and chooses to report its financial statements in a timely manner.

Leverage can have an impact on increasing revenue and also the risk of increasing losses for the company (Subramanyam, 2014: 564-565). The results of the research by Firnanti and Karmudiandri (2020), Firmansyah and Amanah (2020) show that high leverage will increase the tendency for companies to experience losses and cause auditors to be more careful in carrying out the audit process. A larger proportion of debt will increase the company's financial risk in financing operations which tends to cause financial mismanagement by the company, causing auditors to worry, which in turn causes the audit process to take longer. In contrast to the results of Fujianti and Satria's research (2020), which shows that leverage has not been empirically proven to have a significant effect on audit report lag.

Research conducted by Sunarsih et al., (2021) shows that firm size has a positive effect on audit report lag. The size of the total assets owned by the company can affect the length or shortness of the process of preparing financial statements for the company. Company size is a variable that can shorten audit report lag. The results of research by Fujianti and Satria (2020) also show that firm size affects audit report lag because large companies have better information and technology systems compared to small companies, thus strengthening internal control and speeding up the presentation of financial reports. In contrast to the results of Hamilah's research (2020) which states that firm size has no significant effect on the timeliness of submission of financial reports, as well as Firmansyah and Amanah's research (2020) with the result that firm size has no significant effect on audit report lag.

Company performance can be seen from the company's financial condition by considering financial ratios including profitability, leverage, and the number of assets owned by the company. The company's performance is strongly influenced by economic conditions. The Covid-19 pandemic that emerged in Indonesia in early 2020 had a negative impact on the country's economic growth. The health crisis caused by the Covid-19 pandemic has led to an economic crisis. The Covid-19 pandemic has increased the need for vitamins, supplements and medicines to maintain immunity in general, so that the pharmaceutical industry playing in this sector has experienced considerable growth. The increase in world pharmaceutical sales is supported by IQVIA data (a company that provides data and analytics for the health industry), which shows that world pharmaceutical sales increased by 4.6 percent over the last 5 year period (2016-2020), and are expected to continue to increase to USD 1.6 trillion in 2025. The growth of the pharmaceutical market is caused by various kinds of demand for world health, increasing the quality of life in the world has also resulted in an increase in demand for pharmaceutical products (Ministry of Industry of the Republic of Indonesia, 2021).

Profitability as measured using Return on Assets (ROA) can reflect the company's financial performance, the higher the ROA value, the better the company's performance. ROA relates to the company's net profit and the imposition of income tax for Corporate Taxpayers. Companies that have high profitability can implement tax planning to reduce the amount of tax liability burden. Leverage ratio shows the financing of a company from debt which reflects the higher value of the company. Leverage is an increase in the amount of debt which results in the emergence of additional cost items in the form of interest and a reduction in the income tax burden for Corporate Taxpayers. Higher interest costs will have the effect of reducing the company's tax burden. The higher the value of the company's debt, the higher the interest expense which is used as a deduction from the company's income and profits. The board of commissioners supervises management's performance, and can influence management in the preparation of financial reports and their tax decision-making actions. The size of the company shows the stability and ability of the company to carry out its economic activities. The larger the size of a company, the more it becomes the center of attention from the government and will lead to a tendency for company managers to comply (compliance) or be aggressive (tax avoidance) in taxation (Kurniasih and Maria, 2013).

Seeing the phenomena and inconsistencies of previous research results, the authors are motivated to conduct research with the intention of analyzing how the influence of the board of commissioners, profitability, leverage, and firm size on audit report lag with tax evasion as a moderating variable. This research refers to previous research by Hamilah (2020) which examines the effect of commissioners, profitability, leverage, and firm size on the timeliness of submission of financial reports with tax evasion as an intervening variable and research by Gontara and Khlif (2021) which examines the relationship between audit report lag and tax avoidance with the type of external auditor as a mediating variable. The results of Gontara and Khlif's research (2021) state that audit report lag is positively related to tax avoidance, and the results of Hamilah's research (2020) state that the variable tax avoidance (tax avoidance) is not a mediator between the variables of company commissioners, profitability, leverage, the size of the company with the variable timeliness of submission of financial reports. Previous research found that the variable tax avoidance (tax avoidance) effect audit report lag and this variable is not a variable that mediates the variables of commissioners, profitability, leverage, and firm size on the timeliness of submission of financial reports, so researchers want to know whether the variable tax avoidance (tax avoidance) can moderate the factors that affect audit report lag.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Firmansyah and Amanah (2020) found the size of the board of commissioners has a negative effect on audit report lag. A large proportion of the board of commissioners in the company will be considered more capable in carrying out the responsibilities and oversight functions of the company. This is because the board of commissioners has the oversight function of overall company policies, the course of management, and provides advice to the board of directors in terms of improving good company performance, so as to improve the quality of financial reports. Increasing the quality of financial reports is good news for investors so as to reduce audit report lag for companies.

Research conducted by Firnanti and Karmudiandri (2020) states that the size of the board of commissioners has no effect on audit report lag. The more the board of commissioners of a company can shorten the audit report lag, because the supervision will be better, so that it can improve company performance and will also improve the quality of the company's financial reports so that it will reduce audit report delays.

Irma (2021) examines the effect of the board of commissioners on audit report lag. The results of the study support the agency theory, namely that the larger the board of commissioners, the higher the quality of supervision. In this case, many ideas and solutions are accommodated in dealing with financial reporting problems. In connection with the audit process carried out by the external auditor (agent), the board of commissioners as a component of corporate governance plays a general role in supervising the implementation of activities carried out by the company's management (principal). In carrying out its functions, the board of commissioners establishes an audit committee as an extension of supervision related to financial information. A good board of commissioners will form a strong audit committee. Supervision of the implementation of audits conducted by the external auditor is a function of the audit committee, so that the audit report lag that occurs can be reduced by the effectiveness of a good board of commissioners, even though they have no direct relationship.

H1: The Board of Commissioners has a negative effect on audit report lag

Profitability is an indicator of a company's success in generating profits so that the higher the profitability, the higher the company's ability to generate profits for the company (Eksandy, 2017). Companies that can generate high profits tend to experience shorter audit report lag. Companies that experience losses ask their auditors to schedule audits later than they should, resulting in late submission of financial statements. Companies that have low profitability will tend not to submit their financial reports on time because their financial reports contain bad news.

Fujianti and Satria's research (2020) shows that profitability can shorten audit report lag. High profitability provides good news for investors thereby encouraging companies to present financial reports on time and has an impact on reducing audit report lag.

Firmansyah and Amanah (2020) state that the level of company profitability has a negative effect on audit report lag. The higher the profitability of a company, the shorter the time span between published financial reports and the auditor's report, indicating the lower the level of audit report lag. A company with an increased level of profitability will get good news so that management tends to speed up the publication of audited financial reports. In addition, if a company with a low level of profitability will make the auditors perform their duties more carefully because there is a higher business risk in the company. Companies need more time to check their financial reports, especially on financial report items that cause losses.

According to the research results of Natalia et al., (2021) that profitability has a significant effect on audit report lag. Where high and low profitability will affect the delivery of information to financial reports because if high profitability can speed up the delivery process which is good news and can be informed to investors or the public and get a good image as well as if the company's profitability is low then the company will postpone the publication of information the.

H2: Profitability has a negative effect on audit report lag

According to Signal Theory, the existence of high or low levels of leverage can provide good news or bad news signals for parties with an interest in company information. Bad news indicates that the company has a high level of leverage, so the risk of the company will also be high which will have an impact on the going concern of the company, thus affecting the span of the audit report lag which will be longer.

The results of Firmansyah and Amanah's research (2020) show that the level of leverage or corporate debt has a positive effect on audit report lag. A high level of debt proportion will be a problem for the company, namely the company with details to confirm the acquisition of debt owned by the company with related parties.

H3: Leverage has a positive effect on audit report lag

Agency theory states that agency conflict can be minimized by having a control system implemented by external and internal auditors, incentive plans, penalties, and risk transfer. The existence of good internal controls can shorten the time needed to conduct an audit.

Research Sunarsih et al. (2021) shows that firm size has a positive effect on audit report lag. The size of the total assets owned by the company can affect the length or shortness of the process of preparing financial statements for the company. Company size is a variable that can shorten audit report lag.

The results of Fujianti and Satria's research (2020) show that firm size has an influence on audit report lag because large companies have better information and technology systems than small companies, thus strengthening internal control and speeding up the presentation of financial reports.

H4: Company size has a positive effect on audit report lag

The board of commissioners also has a role in preventing the practice of profit manipulation in financial statements which is often carried out by management. This will create good management and financial performance in the company. A good image of the company will create opportunities for tax avoidance activities. That is, the more the number of boards of commissioners in a company, the greater the oversight of that company which can lead to tax avoidance activity seen from the company's good financial performance (Anggraeni and Kurnia, 2021). The commissioners carry out supervision properly and focus the company based on predetermined provisions. Independent commissioners act as intermediaries between company management and company owners in making policies so as not to violate laws related to taxes (Susilowati et al., 2018).

The results of research by Anggraeni and Kurnia (2021) found that the size of the board of commissioners has no effect on tax avoidance. However, simultaneous testing of board of commissioner's variables, leverage and earnings management simultaneously has a positive effect on tax avoidance.

H5: Tax avoidance weakens the influence of the board of commissioners on audit report lag

The practice of tax avoidance is influenced by one of the financial conditions, namely probability and leverage. Probability is a picture of a company's performance in generating profits from managing assets through the Return on Assets (ROA) method. ROA has a relationship with the company's net profit and the imposition of income tax for the company (Kurniasih and Maria, 2013). The higher the company's profit will have an impact on the company's performance, but profit is also an important thing in taxation. Companies that earn profits are assumed not to commit tax evasion because they are able to manage revenue and pay taxes (Sanjaya, 2021).

Mudzakar and Sinaga (2019) in their research found that profitability has a negative effect on tax evasion. The higher the ROA, the higher the profitability. When profits increase, the amount of income tax will increase according to the increase in corporate profits. The higher the profitability, the higher the level of tax avoidance because companies with large profits will be more flexible in using loopholes to manage their tax burden. Research by Anggraeni and Oktaviani (2021) found that profitability has a significant positive effect on tax evasion. Companies with high profitability can position themselves by planning taxes, so as to reduce the amount of the tax burden. Companies with good tax planning will get optimal taxes, and the tendency of companies to avoid taxes will decrease.

H6: Tax avoidance strengthens the effect of profitability on audit report lag

Leverage tends to increase company losses and encourages auditors to be careful when auditing company financial statements. The proportion of debt that is greater than the assets owned will increase the financial risk. A higher proportion of debt to total assets will affect the company's liquidity and business continuity. The results of Sembiring's research (2022) found that leverage has a significant effect on tax evasion. Leverage is a company's source of funding from long-term debt. Interest expense in the long term will reduce the existing tax burden. According to Abdullah (2020), the higher the leverage value, the higher the tax evasion. This proves that the high number of loans given results in high interest costs.

H7: Tax avoidance strengthens the effect of leverage on audit report lag

Company size is related to assets. The bigger the company, the bigger the assets owned. Large firm sizes will receive attention from the government in terms of profits, thus attracting the attention of the tax authorities to be taxed in accordance with applicable regulations.

Swingly and Sukartha's research (2017) shows the result that firm size has a positive effect on tax evasion. This means that the higher the value of firm size, the higher the tax avoidance activity.

The results of Wardani and Puspitasari's research (2022) conclude that firm size has a positive effect on tax evasion. The larger the size of the company, the more frequent transactions are made. This allows the company to take advantage of existing loopholes for tax evasion.

H8: Tax avoidance strengthens the effect of firm size on audit report lag

METHODS

The location used in conducting this research was the Indonesia Stock Exchange (IDX) and the data was obtained from www.idx.co.id. The data are the company's observed financial statements for the period 2019 to 2021. The research data was collected using the non-participant observation method. The population used in this study are all health sector companies listed on the IDX for the period 2019 to 2021. The scope of this study is audit report lag (Y) which is influenced by the board of commissioners (X1), profitability (X2), leverage (X3), firm size (X4), and moderated by tax avoidance (Z).

The population in this study are all health sector companies listed on the IDX from 2019 to 2021. The sampling technique in this study was to use a purposive sampling method (selected based on certain criteria). This study takes secondary data by examining financial reports and annual reports. There are several criteria used in determining the sample in this study are as follows:

1. Health sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021.
2. The company did not experience delisting and suspension for the period 2019 to 2021.
3. Companies that publish audited financial reports and research data as of 31 December for the period

Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.14, No.13, 2023

2019 to 2021.

This study uses the PLS (Partial Least Square) method then the software used is Smart PLS. PLS can simply be interpreted as a statistical data analysis methodology which is a combination of regression models, structural equation models and multiple table analysis methods.

RESULT AND DISCUSSION

Goodness of fit – outer model

There are three values that must be considered at this stage, namely convergent validity, discriminant validity, and composite reliability. Covergent validity is used to determine instrument items that can be used as indicators of all latent variables. The results of this test are measured based on the value of the factor loading (outer loading) of the construct indicators. The following results of the convergent validity test are presented in Table 1.

Table 1. Convergent Validity

Variable	Outer Loading	Result
Board of Commissioners (X1)	1.000	Valid
Profitability (X2)	1.000	Valid
Leverage (X3)	1.000	Valid
Company Size (X4)	1.000	Valid
Tax Avoidance (Z)	1.000	Valid
Audit Report Lag (Y)	1.000	Valid

Secondary Data, 2023

In Table 1 it can be seen that the Board of Commissioners variable has a factor loading value above 0.5 with a value of 1,000 and is declared valid. If you look at the Profitability variable, the factor loading value above 0.5 with a value of 1,000 is declared valid. The value of the Leverage variable has a value greater than 0.5, which is equal to 1.000, which is declared valid. The factor loading value of the Company Size variable shows a value of 1.000, which is greater than 0.05 and is declared valid. The value of the Tax Avoidance variable shows a value of 1.000 which is greater than 0.05 and is declared valid and the value of the Audit Report Lag variable shows a value of 1.000 which is greater than 0.05 and is also declared valid.

The validity test was also carried out by the test method comparing the square root of average variance extract (AVE) value in each construct with the correlation between other constructs contained in the model. The results of discriminant validity testing are presented in Table 1 which explains that the AVE value of the research variable has a value above 0.5 so that this measurement can be explained as meeting the requirements for discriminant validity measurement.

Table 2. Discriminant Validity

Variable	**AVE**	**Result**
Board of Commissioners (X1)	1.000	Valid
Profitability (X2)	1.000	Valid
Leverage (X3)	1.000	Valid
Company Size (X4)	1.000	Valid
Tax Avoidance (Z)	1.000	Valid
Audit Report Lag (Y)	1.000	Valid
X_1*Z	1.000	Valid
X_2*Z	1.000	Valid
X_3*Z	1.000	Valid
X_4*Z	1.000	Valid

Secondary Data, 2023

Furthermore, composite reliability testing was carried out which aims to test the reliability of the instrument in a research model. The results of the composite reliability test are presented in Table 3. Based on Table 3 it can be explained that the results of the composite reliability test are good, because all of the latent variables are reliable where they have a composite reliability value greater than 0.7. This shows that all indicators have become measuring tools for their respective constructs.

Table 3. Composite Reliability

Variable	Composite Reliability	Result
Board of Commissioners (X1)	1.000	Reliable
Profitability (X2)	1.000	Reliable
Leverage (X3)	1.000	Reliable
Company Size (X4)	1.000	Reliable
Tax Avoidance (Z)	1.000	Reliable
Audit Report Lag (Y)	1.000	Reliable
X1*Z	1.000	Reliable
X2*Z	1.000	Reliable
X3*Z	1.000	Reliable
X4*Z	1.000	Reliable

Secondary Data, 2023

The final step after testing the composite reliability is testing the Cronbach's alpha value. The test results of Table 4 show that all latent variables have a Croanbach's alpha value above 0.7 so it can be concluded that this study has fulfilled reliability.

Table 4. Cronbach's Alpha

Variable	Cronbach's Alpha	Result
Board of Commissioners (X1)	1.000	Reliable
Profitability (X2)	1.000	Reliable
Leverage (X3)	1.000	Reliable
Company Size (X4)	1.000	Reliable
Tax Avoidance (Z)	1.000	Reliable
Audit Report Lag (Y)	1.000	Reliable
X1*Z	1.000	Reliable
X2*Z	1.000	Reliable
X3*Z	1.000	Reliable
X4*Z	1.000	Reliable

Secondary Data, 2023

Goodness of fit – inner model (structural model)

Structural goodness of fit in the inner model describes the relationship between latent variables based on substantive theory. Assessing the model with PLS, begins by looking at the R-square for each endogenous latent variable. The results of the inner model test can see the relationship between constructs by comparing the significance value and R-square of the research model.

Table 5. R2 Value of Endogenous Variables

Endogenous Variables	R-Square
Audit Report Lag (Y)	0,611

Secondary Data, 2023

The R2 value of the endogenous variables in this study can be seen in Table 5. The R2 value of the Audit Report Lag (Y) variable of 0.611 means that 61.1% of the variation in the Audit Report Lag variable is explained by the variables of the Board of Commissioners, Profitability, Leverage, Company Size, and Tax Avoidance used in the model, while the remaining is 38. 90% is explained by variables or other factors outside the model.

The goodness of fit of the structural model to the inner model is tested using predictive-relevance (Q2) values, to measure how well the observed values are produced by the model and also the parameter estimates, meaning how much influence exogenous variables have on endogenous variables, so that only endogenous variables have Q2 values . Q-Square value > 0 indicates the model has predictive relevance. Conversely, if the Q-Square value < 0, it indicates that the model has less predictive relevance. Assuming the data is distributed free, the structural model of the PLS predictive approach is evaluated by R-square for the dependent construct. Q-square calculation can be seen as follows:

$$Q^2 = 1 – (1-R_1{}^2)$$
$$Q^2 = 1 – (1-0,611^2)$$
$$Q^2 = 1 – (1-0,373)$$
$$Q^2 = 1-0,627$$
$$Q^2 = 0,373$$

Based on the Q-square calculation, a value of 0.373 > 0 is obtained, so it can be concluded that the model has a predictive relevance value or the model deserves to be said to have relevant predictive value.

Hypothesis Testing Results

Hypothesis testing is done by using the p test (p-value) on each path of influence between variables. In PLS statistical testing of each hypothesized relationship is carried out using a simulation. Testing with bootstrapping is also intended to minimize the problem of abnormal research data. The results of the bootstrapping test from the PLS analysis can be seen in Table 6. It has been determined previously that the t-table value with a significance of five percent (0.05).

Table 6. Inner Loading

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Board of Commissioners (X1) -> Audit Report Lag (Y)	-0,165	0,303	0,762
Profitability (X2) -> Audit Report Lag (Y)	-0,632	2,589	0,010
Leverage (X3) -> Audit Report Lag (Y)	0,644	1,995	0,047
Company Size (X4) -> Audit Report Lag (Y)	0,634	2,101	0,036
X1*Z -> Audit Report Lag (Y)	-0,123	0,120	0,904
X2*Z -> Audit Report Lag (Y)	-0,467	1,079	0,281
X3*Z -> Audit Report Lag (Y)	0,912	1,625	0,105
X4*Z -> Audit Report Lag (Y)	0,806	1,472	0,142

Secondary Data, 2023

Table 5.8 provides information that the Board of Commissioners shows a negative but not significant influence on Audit Report Lag, this value is indicated by the path coefficient with a value of -0.165 with a p-value of 0.762 > 0.05. The results of this test indicate that the board of commissioners has no significant negative effect on audit report lag, this indicates that board size has no effect on audit report lag, so Hypothesis 1 (H1) is rejected.

Profitability shows a negative and significant effect on audit report lag as indicated by the path coefficient with a value of -0.632 with a p-value of 0.010 <0.05. The results of this test indicate that profitability has a negative and significant effect on audit report lag, so Hypothesis 2 (H2) is accepted.

Furthermore, leverage shows a positive and significant effect on audit report lag as indicated by the path coefficient with a value of 0.644 with a p-value of 0.047 <0.05. The results of this test indicate that leverage has a positive and significant effect on audit report lag, so Hypothesis 3 (H3) is accepted.

Company size shows a positive and significant effect on audit report lag as indicated by the path coefficient with a value of 0.634 with a p-value of 0.036 <0.05. The results of this test indicate that firm size has a positive and significant effect on audit report lag, so Hypothesis 4 (H4) is accepted.

Tax avoidance is not able to weaken the influence of the board of commissioners on audit report lag, where the path coefficient shows a value of -0.123 with a p-value of 0.904 > 0.05. The results of this test indicate that tax avoidance is not able to moderate the effect of the board of commissioners on audit report lag, so Hypothesis 5 (H5) is rejected.

Tax avoidance is not able to strengthen the effect of profitability on audit report lag, where the path coefficient shows a value of -0.467 with a p-value of 0.281 > 0.05. The results of this test indicate that tax avoidance is not able to moderate the effect of profitability on audit report lag, so Hypothesis 6 (H6) is rejected.

Tax avoidance is not able to strengthen the effect of leverage on audit report lag, where the path coefficient shows a value of 0.912 with a p-value of 0.105 > 0.05. The results of this test indicate that tax avoidance is not able to moderate the influence of leverage on audit report lag, so Hypothesis 7 (H7) is rejected.

Furthermore, tax avoidance is not able to strengthen the effect of firm size on audit report lag, where the path coefficient shows a value of 0.806 with a p-value of 0.142 > 0.05. The results of this test indicate that tax avoidance is not able to moderate the effect of firm size on audit report lag, so Hypothesis 8 (H8) is rejected.

Determination of the Amount of Comparison Between Debt and Company Capital for the Purposes of Income Tax Calculation

The ratio of debt to capital regulated in the Minister of Finance Regulation Number 169/PMK.010/2015 concerning Determining the Amount of Comparison between Company Debt and Capital for the Purposes of Income Tax Calculation is set at a maximum of four to one (4:1). If it is known that the ratio of debt to capital exceeds 4:1, then the loan costs that can be used as a tax deduction are only the amount of the loan costs in accordance with the portion of the Debt Equity Ratio (DER). The DER level of health sector companies listed on the Indonesia Stock Exchange from 2019 to 2021 is shown in Table 7.

Table 7. Debt Equity Ratio (DER) of Companies in the Health Sector from 2019 to 2021

No	Kode	Company in IDX	DER		
			2019	2020	2021
1	DVLA	Darya-Varia Laboratoria Tbk.	0.4	0.5	0.51
2	KLBF	Kalbe Farma Tbk.	4.98	5.98	2.94
3	MERK	Merck Tbk.	0.52	0.52	0.5
4	MIKA	Mitra Keluarga Karyasehat Tbk.	0.2	0.2	0.2
5	SAME	Sarana Meditama Metropolitan T	0.8	0.96	0.12
6	SCPI	Organon Pharma Indonesia Tbk.	1.3	0.92	0.25
7	SIDO	Industri Jamu dan Farmasi Sido	0.15	0.19	0.17
8	SILO	Siloam International Hospitals	0.29	0.40	0.43
9	TSPC	Tempo Scan Pacific Tbk.	0.40	0.43	0.45
10	PRDA	Prodia Widyahusada Tbk.	0.21	0.25	0.21
11	PEHA	Phapros Tbk.	1.55	1.59	1.48
		Mean	0.98	1.08	0.66

Secondary Data, 2023

Table 7 presents the results of calculating the debt-to-equity ratio (leverage) of health sector companies listed on the Indonesia Stock Exchange from 2019 to 2021. Most companies have a leverage level with a ratio that does not exceed 4:1. There is only one company, namely PT Kalbe Farma Tbk, which has a leverage rate of 4.98 in 2019 and 5.98 in 2020, while other issuers have an average leverage rate of less than 2.00 from 2019 to 2021. Companies in the companies tend to have low solvency and this shows that the company is not experiencing financial difficulties.

CONCLUSION

The board of commissioners does not have a significant effect on audit report lag but profitability, leverage and firm size have a significant effect on audit report lag. The use of tax avoidance variables was not able to provide a moderating effect on the effect of the board of commissioners, profitability, leverage, and firm size on audit report lag. This research can also prove the theory underlying this research including the Agency Theory, Compliance Theory, Signal Theory and Earnings Management Theory.

The results of the study provide an explanation that profitability, leverage and firm size are important variables that have a significant influence on audit report lag. These variables can suppress the occurrence of audit report lag which can reduce the quality of financial report information, because the decreased quality of financial report information is one of the causes of delays in the presentation of financial reports. OJK as the capital market supervisor can set rules and sanctions for companies listed on the IDX that delay the presentation of financial statements. Thus these results can be used as material for consideration and input for strategic policy makers in determining policies to be taken to improve the quality of financial reporting information.

References

Abdullah, I. (2020). Pengaruh Likuiditas dan Leverage Terhadap Penghindaran Pajak Pada Perusahaan Makanan Dan Minuman. *Jurnal Riset Akuntansi dan Bisnis*, 20(1), hal. 16–22. https://doi.org/10.30596/jrab.v20i1.4755

Agustina, S. D., dan Jaeni, J. (2022). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Profitabilitas, Solvabilitas dan Likuiditas terhadap Audit report lag. *Owner*, 6(1), hal. 648–657. https://doi.org/10.33395/owner.v6i1.623

Ainniyya, AM, dan Sumiati, A. (2021). Pengaruh Profitabilitas, Leverage, Ukuran, Intensitas Modal, dan Intensitas Inventarisasi terhadap Agresivitas Pajak. *Jurnal Konferensi Internasional Prosiding*, 4(3), hal. 245–255.

Anggraeni, R. S., dan Kurnia, U. (2021). Pengaruh Ukuran Dewan Komisaris, Leverage Dan Manajemen Laba Terhadap Tax Avoidance. *e-Proceeding of Management 8*(2), pp. 1134–1142.

Anggraeni, T., dan Oktaviani, R. M. (2021). Dampak Thin Capitalization, Profitabilitas, Dan Ukuran Perusahaan Terhadap Tindakan Penghindaran Pajak. *Jurnal Akuntansi dan Pajak*, 21(02), hal. 390–397. https://doi.org/10.29040/jap.v21i02.1530

Anthony dan Govindarajan. (2012). *Management Control System*, Penerbit Salemba Empat, Jakarta.

Arianandini, P. W., dan Ramantha, I. W. (2018). Pengaruh Profitabilitas, Leverage, dan Kepemilikan Institusional pada Tax Avoidance. *E-Jurnal Akuntansi Universitas Udayana*, 22 (No 3), hal. 2088–2116. https://doi.org/10.24843/EJA.2018.v22.i03.p17.

Budiartha, I. K. dan N. N. T. D. Aryani. 2014. Pengaruh Profitabilitas, Ukuran Perusahaan, Kompleksitas Operasi Perusahaan, dan Reputasi KAP Terhadap Audit Report Lag pada Perusahaan Manufaktur. *E-Jurnal*

Akuntansi Universitas Udayana 8(2): 217-230.

Chaplin, J. P. (2014). *Kamus Lengkap Psikologi*. Penerjemah. In Jakarta: PT Raja Grafindo Persada.

Eksandy, A. (2017). Pengaruh Ukuran Perusahaan, Solvabilitas, Profitabilitas Dan Komite Audit Terhadap Audit Delay: Pada Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia Pada Tahun 2012-2015. *Competitive Jurnal Akuntansi dan Keuangan*, 1(2).

Firmansyah, R., dan Amanah, L. (2020). Pengaruh Profitabilitas, Good Corporate Governance, Leverage, dan Firm Size Terhadap Audit Report Lag. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, 9(3), hal. 1–20. http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/2843

Firnanti, F., & Karmudiandri, A. (2020). Corporate Governance and Financial Ratios Effect on Audit Report Lag. *GATR Accounting and Finance Review*, *5*(1), 15–21. https://doi.org/10.35609/afr.2020.5.1(2)

Fujianti, L., dan Satria, I. (2020). Firm Size, Profitability, Leverage as Determinants of Audit Report Lag: Evidence from Indonesia. *International Journal of Financial Research*, 11(2). pp. 61-67. https://doi.org/10.5430/ijfr.v11n2p61

Gallagher, Timoty J., dan Andrew, Joseph D. (2007). *Prinsip dan Praktik Manajemen Keuangan* Edisi ke-4. Amerika Serikat: Pearson Education Inc.

Ghozali, I. (2018). *Structural Equation Modeling: Metode Alternatif Dengan Partial Least Square (PLS)* (Vol. 4). Universitas Diponegoro.

Gontara, H., dan Khlif, H. (2021). Tax Avoidance and Audit Report Lag In South Africa: The Moderating Effect of Auditor Type. *Journal of Financial Crime*, 28(3), pp. 732–740. https://doi.org/10.1108/JFC-09-2020-0197

Hamilah, H. (2020). The Effect of Commissioners, Profitability, Leverage, and Size of The Company to Submission Timeliness of The Financial Statements Tax Avoidance as An Intervening Variable. *Systematic Reviews in Pharmacy*, 11(1), pp. 349–357. https://doi.org/10.5530/srp.2020.1.45

Handayani, Y. D., dan Ibrani, E. Y. (2019). Corporate Governance Application, Audit Quality and Audit Report Lag: The Moderating Role of Law Compliance. *International Journal of Financial Research*, 10 (4), pp. 164–171. https://doi.org/10.5430/ijfr.v10n4p164.

Handoko, B., Deniswara, K., dan Nathania C. (2019). Effect of Profitability, Leverage, Audit Opinion and Firm Reputation Toward Audit Report Lag. *International Journal of Innovative Technology and Exploring Engineering,* 9 (1), pp. 2214-2219. https://doi.org/ 10.35940/ijitee.A4787.119119.

Handoko, B., Muljo, H.H., dan Lindawati, A.S.L. (2019). The Effect of Company Size, Liquidity, Profitability, Solvability, And Audit Firm Size on Audit Delay. *International Journal of Innovative Technology and Exploring Engineering,* 8 (3), pp. 6252- 6258. https://doi.org/ 10.35940/ijrte.C5837.098319.

Ikatan Akuntan Indonesia. (2015). Pernyataan Standar Akuntansi Keuangan (PSAK) No. 1 Laporan Keuangan, Jakarta: IAI.

Irma, S. W. O. (2021). Pengaruh Dewan Komisaris terhadap Audit Report Lag dengan Kompleksitas Audit sebagai Pemoderasi. *IEEE Vehicular Technology Magazine*, 3(3), hal. 11–11.

Jensen, M.C., dan Mecklin, W.H. (1976). Theory of The Firm: Managerial Behaviour, Agency Cost, and Ownership Structure. *Journal of Financial Economics 3*: 305-360. https://doi.org/10.1016/0304-405X(76)90026-X.

Kementerian Perindustrian Republik Indonesia. (2021). Membangun Kemandirian Industri Farmasi Nasional. Buku Analisis Pembangunan Industri Edisi II. Pusdatin Kemenperin. Indonesia.

Kieso, D. E., Weygard, J. J., dan Warfield, T. D. (2018). *Intermediate Accounting IFRS* Edition (Third). John Wiley dan Sons, inc.

Kurniasih, T dan Maria, M. R. (2013). Pengaruh Return on Assets, Leverage, Corporate Governance, Ukuran Perusahaan dan Kompensasi Rugi Fiskal Pada Tax Avoidance. *Buletin Studi Ekonomi*, 18(1), hal. 58–66. https://doi.org/10.15640/ijat.v5n2a3

Kusnandar, D. L., dan Bintari, V. I. (2020). Perbandingan Abnormal Return Saham Sebelum dan Sesudah Perubahan Waktu Perdagangan Selama Pandemi *Covid-19*. *Jurnal Pasar Modal dan Bisnis*, 2(2). https://doi.org/10.37194/jpmb.v2i2.49

Kusufiyah, Y.V., dan Anggraini, D. (2019). Peran Komisaris Independen, Ukuran Perusahaan, Kinerja Keuangan dan Leverage Terhadap Usaha Penghindaran Pajak. E-Jurnal Akuntansi Universitas Udayana, 26(2), hal. 1601-1631.

Lisdara, N., Budianto, R., dan Mulyadi, R. (2019). Pengaruh Ukuran Perusahaan, laba Perusahaan, Solvabilitas, dan ukuran Kantor Akuntan Publik Terhadap Audit Report Lag. *Jurnal Riset Akuntansi Terpadu*, 12(2), hal. 167.

Lunenburg. (2012). Compliance Theory and Organizational Efektiviness International. *Journal of Scholarly Academic Intellectual Diversity*, 14(1)

Machmuddah, Z., Iriani, A. F., & St. Utomo, D. (2020). Influencing Factors of Audit Report Lag: Evidence from Indonesia. *Academic Journal of Interdisciplinary Studies*, *9*(6), 148–156. https://doi.org/10.36941/AJIS-

2020-0119.

Mudzakar, M. K., dan Sinaga, O. (2019). The Effect of Profitability and Leverage on Tax Avoidance (Empirical Study on Mining and Agriculture Companies Listed on The Indonesia Stock Exchange Period 2013-2017). *International Journal of Innovation, Creativity and Change*, 6(7), pp. 82–94.

Natalia, C., Destiny., dan Putri, A. (2021). Pengaruh Ukuran Perusahaan, Solvabilitas, Profitabilitas, Umur Perusahaan terhadap Audit Delay pada Sektor Pariwisata di BEI. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, dan Akuntansi)*, 5(3). https://doi.org/10.31955/mea.vol5.iss3.pp933- 947.

Nurfitria, N., Pakpahan, R., dan Laksana, B. (2022). Return on Asset pada Perusahaan Sub Sektor Farmasi: Studi Pengaruh Sales Growth, Current Ratio dan Net Profit Margin. *Indonesian Journal of Economics and Management*, 2(3), hal. 535–547. https://doi.org/10.35313/ijem.v2i3.3196

Oktaviani, R. M., Susanti, D. T., Sunarto, S., dan Udin, U. (2019). The Effect of Profitability, Tax Avoidance and Information Transparency on Firm Value: An Empirical Study in Indonesia. *International Journal of Scientific dan Technology Research*, 8(11), pp. 3777–3780.

Olivia, I., dan Dwimulyani, S. (2019). Pengaruh Thin Capitalization dan Profitabilitas Terhadap Penghindaran Pajak dengan Kepemilikan Institusional sebagai Variabel Moderasi. *Prosiding Seminar Nasional Pakar* Ke 2: Sosial dan Humaniora.

Kementerian Keuangan. Peraturan Menteri Keuangan Nomor 169/PMK.010/2015 tentang Penentuan Perbandingan Antara Hutang dan Modal Sendiri Untuk Keperluan Pengenaan Pajak Penghasilan. Berita Negara Republik Indonesia Tahun 2015 Nomor 1351. (2015). Jakarta.

Pohan, C. A. (2014). *Manajemen Perpajakan: Strategi Perencanaan Pajak dan Bisnis* (Edisi Revisi). Jakarta: Gramedia Pustaka Utama.

Putri, L. E. (2018). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial, Preferensi Risiko Eksekutif, Leverage Dan Ukuran Perusahaan Terhadap Penghindaran Pajak. *Director*, 15. https://doi.org/10.22201/fq.18708404e.2004.3.6 6178

Reschiwati, R. (2021). Data Panel Regression: Effect of Company Risk, Company Size, and Tax Profitability for Tax Avoidation. *TEST Engineering & Management.* 81, pp. 3636 – 3649.

Sabella, R. F., Alfizahri, N., & Izfahany, F.). (2021). Jurnal Akuntansi dan Audit Syariah Financial Distress Dan Audit Report Lag Pada Masa Pendemi Covid-19. *Jurnal Akuntansi dan Audit Syariah*, 2(1), 58–69. http://e-journal.iainpekalongan.ac.id/index.php/JAAiS/index

Sanjaya, S. (2021). Pengaruh Leverage, Profitabilitas dan Kepemilikan Institusional Terhadap Penghindaran Pajak (Tax Avoidance). *Seminar Nasional Teknologi Edukasi Dan Humaniora* 2021, 1(2013), hal. 899–905. https://jurnal.ceredindonesia.or.id/index.php/sintesa/article/view/429

Sekaran, Uma dan Roger Bougie. (2016). *Research Methods for Business Seventh Edition*. United Kingdom. Wiley.

Sembiring, M. (2022). The Effect of Profitability and Leverage on Tax Avoidance (Empirical Studies on Chemical and Basic Industrial Companies listed on the IDX). *Journal of International Conference Proceedings*, 5(2), pp. 604–615. https://doi.org/10.32535/jicp.v5i2.1733

Sholihin, M., dan Ratmono, D. (2013). *Analisis SEM-PLS dengan WarpPLS 3.0 untuk Hubungan Nonlinier dalam Penelitian Sosial dan Bisnis*, Yogyakarta.

Solimun. (2010). *Analisis Variabel Moderasi dan Mediasi*. Malang: Program Studi Statistika FMIPA-UB.

Subramanyam, K. R dan John J. Wild (2010). *Analisis Laporan Keuangan*. Edisi 10. Jakarta: Salemba Empat.

Subramanyam K.R. (2014). *Financial Statement Analysis* eleventh Edition. New York: McGraw- Hill Education

Sugiyono. (2018). *Metode Penelitian Kuantitatif, R & D.* Bandung: Penerbit CV Alfabeta.

Sumual, F dan Karundeng, F. (2022). Political and Military Connection, Audit Delay, and Tax Avoidance: An Evidence in Indonesia. *SHS Web of Conferences.* 149, 03024.

Sunarsih, N. M., Munidewi, I. A. B., dan Masdiari, N. K. M. (2021). Pengaruh Ukuran Perusahaan, Profitabilitas, Solvabilitas, Kualitas Audit, Opini Audit, Komite Audit Terhadap Audit Report Lag. *KRISNA: Kumpulan Riset Akuntansi*, 13(1), hal. 1–13. https://doi.org/10.22225/kr.13.1.2021.1-13

Susilowati, Yeye, Ratih Widyawati, dan Nuraini. (2018). "Pengaruh Ukuran Perusahaan, Leverage, Profitabilitas, Capital Intensity Ratio dan Komisaris Independen Terhadap Effective Tax Rate." *Prosiding SENDI_U 2018* (2014): hal. 796–804.

Trisnawati, E., & Budiono, H. (2020). *The Effect of Intellectual Capital on Tax Avoidance Before and After the Tax Amnesty*. *145*(Icebm 2019), 190–194. https://doi.org/10.2991/aebmr.k.200626.035

Valensia, K., & Khairani, S. (2019). Pengaruh Profitabilitas, Financial Distress, Dewan Komisaris Independen Dan Komite Audit Terhadap Nilai Perusahaan Dimediasi Oleh Tax Avoidance*, Jurnal Akuntansi Universitas Bengkulu 9(1) Siti*. 9(1), hal. 47–62.

Wardani, D. K., dan Puspitasari, D.M. (2022). Ukuran Perusahaan Terhadap Penghindaran Pajak Dengan Umur Perusahaan Sebagai Variabel Moderasi. *Online) KINERJA: Jurnal Ekonomi Dan Manajemen*, *19*(1), hal. 89. https://doi.org/10.29264/jkin.v19i1.10814

Widhiyani, N. L. S. dan Wiryakriyana, A.A.G. (2017). Pengaruh Ukuran Perusahaan, Leverage, Auditor Switching, dan Sistem Pengendalian Internal pada Audit Delay. *E-Jurnal Akuntansi Universitas Udayana* 19(1): hal. 771-798.

Yuliarti, B. W., Hasanah, Tri Hesti Utamaningtyas, Etty Gurendrawati, Unggul Purwohedi. (2021). Effect of Tax Avoidance, Profitability, Leverage on Cost of Debt with Institutional Ownership as Moderating. *Journal of International Conference Proceedings* (JICPS), 4(3), pp. 570–579. https://doi.org/10.21070/acopen.5.2021.2285