SIMBA

7th SEMINAR INOVASI MANAJEMEN BISNIS DAN AKUNTANSI

The Effect of Auditor Industry Specialization, Audit Fees, and Audit Opinions on Tax Avoidance with Company Size as a Moderating Variable

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Abstrak

Penelitian ini bertujuan menganalisis pengaruh spesialisasi industri auditor, *fee audit*, dan opini audit terhadap penghindaran pajak dengan ukuran perusahaan sebagai variabel moderasi pada perusahaan *property* dan *real estate* di BEI periode 2021–2024. Penelitian kuantitatif ini menggunakan data sekunder dan diuji dengan regresi linier berganda serta *moderated regression analysis* (MRA) pada 65 laporan perusahaan. Hasil menunjukkan spesialisasi industri auditor dan *fee audit* tidak berpengaruh, sedangkan opini audit berpengaruh positif terhadap penghindaran pajak. Ukuran perusahaan memoderasi pengaruh *fee audit* dan opini audit, tetapi tidak pada spesialisasi auditor. Penelitian selanjutnya disarankan menambahkan variabel independen lain serta menggunakan metode analisis lebih kompleks.

Kata Kunci: Spesialisasi Industri Auditor, *Fee audit*, Opini Audit, Penghindaran Pajak, Ukuran Perusahaan

Abstract

Using company size as a moderating factor, this research looks at how tax evasion is affected by the audit industry specialization, audit fees, and audit opinion of Companies that deal with real estate and properties mentioned on the IDX between 2021 and 2024. This quantitative study used moderated regression analysis (MRA) and multiple linear regression on 65 company reports using secondary data. The findings indicate that while audit opinion has a favorable effect on tax avoidance, auditor sector specialty and audit fees have no discernible impact. Audit fees and audit opinions are moderated by firm size, but not by auditor specialization. It is recommended that future studies use more sophisticated analytical techniques and incorporate more factors.

Keywords*: Auditor Industry Specialization, Audit Fees, Audit Opinion, Tax Avoidance, Company Size*

A. INTRODUCTION [Times New Roman 12, Bold]

The primary source of state funding and a vital component of funding national development are taxes (Frank *et al*., 2021). In Indonesia, taxes contribute the largest portion compared to non-tax revenues and grants, prompting the government to continuously optimize tax collection. According to (Salehi *et al*., 2020),most corporate taxpayers still perceive taxes as an expense that diverts resources from the private to the public sector, encouraging firms to engage in tax avoidance strategies to minimize their obligations. Tax avoidance involves actions that affect tax burdens, either through legal tax planning or exploiting regulatory loopholes (Dyreng *et al*., 2021). It is often carried out by leveraging weaknesses in tax regulations to obtain short-term financial gains (Chen *et al*., 2021). Although legally permissible, such practices may reduce state revenues, undermine fiscal fairness, and pose ethical risks for companies. This phenomenon is prevalent in the property and real estate sector, which is characterized by transaction complexity and high asset values. For instance, PT Papan Utama Indonesia (PUI) was proven to have failed to remit Value Added Tax (VAT) from asset sales since 2017, causing state losses of hundreds of millions of rupiah and resulting in a fine of IDR 1.3 billion and asset seizure (Praditya Fauzi Rahman, 2024). This case underscores the importance of supervision and law enforcement to improve tax compliance in the real estate and property industry.

1. Literature Review and Hypothesis Development

Agency Theory

The relationship between shareholders (principals) and management (agents) is explained by Jensen and Meckling's (1976) agency theory. which potentially creates conflicts of interest. One form of such conflict is tax avoidance, which, although legal, may harm the principals if carried out without transparency (Idzni & Purwanto, 2017).This practice generates information asymmetry and agency costs, thereby necessitating external monitoring mechanisms such as auditor industry specialization, audit fees, and audit opinions (Madhavan *et al*., 2023). size also moderates this relationship, as larger and more complex firms tend to

face greater information asymmetry and require stronger monitoring (Suwaldiman & Fitriani, 2023).

Auditor Industry Specialization

Within the framework of agency theory, the relationship between shareholders and management may lead to conflicts of interest, particularly in taxation decisions (Jensen & Meckling, 1976). Tax avoidance conducted by management, although legal, may harm shareholders if not accompanied by transparency (Idzni & Purwanto, 2017).To mitigate this asymmetry, independent auditors play a vital role in monitoring financial reporting (Khairunisa *et al*., 2017). Auditor industry specialization becomes essential since auditors with sector-specific expertise possess deeper knowledge of business characteristics and risks, enabling them to detect potential tax avoidance more effectively (Zain *et al*., 2023). Specialist auditors also tend to exert higher compliance pressure on companies, thereby reducing tax avoidance practices (Rosalina & Hadi, 2023).

H1: Auditor industry specialization has an adverse impact on tax evasion.

Audit Fee

From the agency theory perspective, One important factor in lowering knowledge asymmetry is the involvement of external auditors. and ensuring management compliance with shareholder interests, including taxation (Jensen & Meckling, 1976). Audit fees represent compensation paid by companies to auditors for financial statement examinations, reflecting audit complexity, risk exposure, and service quality. Higher audit fees are expected to encourage auditors to conduct more thorough examinations, thereby improving the assessment of corporate tax compliance (Trikartiko & Dewayanto, 2021). Expensive audit fees indicate higher complexity and workload, motivating auditors to maintain audit quality and reduce opportunities for tax avoidance (Ismail *et al*., 2024).

H2: Tax evasion is negatively impacted by audit fees.

Audit Opinion

In agency theory, audit opinions serve as a monitoring mechanism to reduce information asymmetry between management and shareholders while increasing trust in financial statements (Jensen & Meckling, 1976). An audit opinion is a professional auditor's statement regarding the fairness of financial reporting in accordance with applicable accounting standards, reflecting corporate transparency and compliance, including taxation (Salehi *et al*., 2020). According to Auditing Standards (SA) 700 and SA 705, an unqualified opinion indicates fair presentation under Financial Accounting Standards (SAK), while a modified opinion may signal noncompliance, potentially linked to tax avoidance ((Li *et al*., 2019). Thus, audit opinions serve as signals of corporate governance and compliance, influencing a firm's tendency toward tax avoidance.

H3: Audit opinion has an adverse impact on tax evasion.

Firs Size

Firm size reflects resource capacity and the extent of external monitoring received by companies (Saputra *et al*., 2022). Generally speaking, larger companies have more robust internal control systems., enabling specialist auditors to detect tax avoidance more effectively (Simamora & Prabowo, 2022). This implies that the influence of auditor industry specialty on tax evasion is amplified by the size of the organization (Telaumbanua *et al*., 2022).

H4: Firm size positively moderates the connection between tax evasion and the expertise of the auditor sector.

The association between audit fees and tax evasion is also moderated by firm size. Higher audit fees in larger companies often reflect complexity as well as expectations for auditor prudence, thereby reducing tax avoidance practices (Ghifary *et al*., 2022). Conversely, in smaller firms, even high audit fees may not significantly impact tax avoidance due to limited external oversight and weaker internal controls (Saifudin & Yunanda, 2022).Thus, firm size strengthens

the impact of audit fees on the decrease of tax evasion.

H5: The relationship between taxes and audit fees evasion is favorably moderated by firm size.

Finally, The relationship between taxation and audit opinions evasion is moderated by corporate size. In large firms, especially those receiving unqualified opinions, the impact is stronger due to higher public accountability, organizational complexity, and stricter oversight. Audit opinions therefore become crucial signals of credibility and tax compliance (Amalia & Aritonang, 2024). In smaller firms, however, the influence of audit opinions is weaker because of lower public exposure and external security.

H6: The association between audit opinions and tax evasion is favorably moderated by firm size.

B. METHOD

The study's population comprises 65 Listings of real estate and property firms on the Indonesia Stock Exchange (IDX) between 2021 and 2024. Purposive sampling is the sampling strategy used, when samples are chosen according to predetermined standards to

Table of Property and Real Estate Company Samples

No	Criteria	Number
1	Property and real estate companies listed on the IDX in 2021–2024	92
2	Property and real estate companies not consistently listed on the IDX during 2021–2024	(15)
3	Property and real estate companies that did not publish annual reports during 2021–2024	(12)
Total research sample		65
Number of observations (4 periods × 65 companies)		260
Data identified as outliers		(111)
Final number of observations after outlier removal		149

Source: Data processed using the purposive sampling method.

149 observational data points in all, spanning four years and 65 companies, were gathered based on the sample selection criteria. These data satisfied the requirements and were utilized in this investigation.

C. RESULTS AND DISCUSSIONS

The following table displays the findings of the descriptive statistical test using the SPSS data processing software:

Table 1 Descriptive Statistical Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Auditor Industry Specialization	149	0,000	1,000	0,14094	0,349133
Audit Fee	149	0,000	22,750	19,90483	2,009468
Audit Opinion	149	0,000	1,000	0,93960	0,239035
Tax Avoidance	149	-0,993	0,985	0,03760	0,429616
Firm Size	149	27,605	38,870	33,55266	2,915175
Valid N (listwise)	149				

Source: Results of data processing using SPSS version 24, 2025

1. Auditor Industry Specialization (X1)

   With a mean of 0.14094 and a standard deviation of 0.349133, the descriptive statistical test findings indicate that the auditor industry specialization varies from 0.000 to 1.000.

2. Audit Fee (X2)

   The mean is 19.90483, the standard deviation is 2.009468, the lowest is 0.000, and the highest is 22.750, according to the findings of the descriptive statistical test.

3. Audit Opinion (X3)

   According to the results of the descriptive statistical test, the audit opinion has a mean of 0.93960, a standard deviation of 0.239035, a minimum value of 0.000, and a maximum value of 1.000.

4. Tax Avoidance (Y)

   The results of the descriptive statistical test show that the minimal value of tax avoidance is -0.993, the highest value is 0.985, the mean is 0.03760, and the standard deviation is 0.429616.

5. Firm Size (Z)

With a mean of 33.55266 and a standard deviation of 2.915175, the descriptive statistical test findings indicate that the business size runs from a minimum of 27.605 to a high of 38.870.

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		149
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	0,41109388
Most Extreme Differences	Absolute	0,057
	Positive	0,031
	Negative	-0,057
Test Statistic		0,057
Asymp. Sig. (2-tailed)		0,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Results of data processing using SPSS version 24, 2025

The findings of the One-Sample Kolmogorov-Smirnov Test yield a significant value of 0.200, which is greater than the significance level of 0.05. This points to a residual data collection that is appropriately distributed.

Table 3. Multicollinearity Test Results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Auditor Industry Specialization	0,753	1,327
	Audit Fee	0,955	1,047
	Audit Opinion	0,982	1,019
	Tax Avoidance	0,746	1,340
a. Dependent Variable: Tax Avoidance			

Source: Results of data processing using SPSS version 24, 2025

The tolerance and VIF values for each variable do not exhibit multicollinearity, as the previous table illustrates. The absence of multicollinearity, as demonstrated by the tolerance

values of each variable exceeding 0.10 and the VIF values falling below 10, lends credence to this finding.

Table 4. Autocorrelation Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,290[a]	0,084	0,059	0,416764	1,398
a. Predictors: (Constant), Firm Size, Audit Opinion, *Audit Fee* Auditor Industry Specialization					
b. Dependent Variable: Tax Avoidance					

Source: Results of data processing using SPSS version 24, 2025

The Durbin-Watson (DW) statistic was used to perform the autocorrelation test based on the table, and the result was 1.398. The DU value was 1.7876, while the DL value was 1.6775. 2.2124 was the 4–DU result. Consequently, these findings suggest that there is no autocorrelation.

Table 5. Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0,305	0,393		-0,775	0,440
	Auditor Industry Specialization	-0,109	0,069	-0,149	-1,583	0,116
	Audit Fee	0,014	0,011	0,108	1,299	0,196
	Audit Opinion	0,166	0,088	0,155	1,883	0,062
	Firm Size	0,006	0,008	0,070	0,745	0,457
a. Dependent Variable: ABS						

Source: Results of data processing using SPSS version 24, 2025

According to the test findings in the table above, heteroscedasticity is present when the significance value is ≤ 0.05, and it is absent when the significance value is ≥ 0.05. This study affirms the absence of heteroscedasticity based on the significance values in the heteroscedasticity test.

Table 6. Multiple Linear Regression Equation Analysis Results

Coefficients[a]		
Model	Unstandardized Coefficients	Standardized Coefficients

		B	Std. Error	Beta
1	(Constant)	0,197	0,385	
	Auditor Industry Specialization	5.111	2,718	4,153
	Audit Fee	-0,099	0,069	-0,464
	Audit Opinion	2,258	1,432	1,256
	Auditor Industry Specialization *Firm Size	-0,141	0,074	-4,233
	*Audit Fee**Firm Size	0,002	0,002	0,431
	Audit Opinion*Firm Size	-0,055	0,042	-1,094
a. Dependent Variable: Tax Avoidance				

Source: Results of data processing using SPSS version 24, 2025

Equation III, the regression equation utilizing the Moderated Regression Analysis (MRA) approach, is developed as follows based on the previous table:

$$Y = \beta0 + \beta1X1*Z + \beta2X2*Z + \beta3X3*Z + \varepsilon$$

Y = 0,197 + -0,141 Auditor Industry Specialization * Firm Size + 0,002 Audit Fee * Firm Size + -0,055 Audit Oinion * Firm Size + Ɛ

Hypothesis Testing Results

Table 7. F-Test Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2,305	4	0,576	3,317	0,012[b]
	Residual	25,012	144	0,174		
	Total	27,316	148			
a. Dependent Variable: Tax Avoidance						
b. Predictors: (Constant), Firm Size, Audit Opinion, *Audit fee,* Auditor Industry Specialization						

Source: Results of data processing using SPSS version 24, 2025

With a significance threshold of 0.012, the computed F-value based on the results in the above table is 3.317. Because the significance value is below the 0.05 threshold (0.012 < 0.05), the regression model used in this study is appropriate and statistically significant.

Table 8. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,290[a]	0,084	0,059	0,416764
a. Predictors: (Constant), Firm Size, Audit Opinion, *Audit Fee*, Auditor Industry Specialization				

Source:Results of data processing using SPSS version 24, 2025

The table above makes it clear that the R-Square value is 0.084. This indicates that the dependent variable was influenced by the independent factors 8.4% of the time, with the remaining 91.6% coming from variables not covered in this study.

Table 9. t-Test Results

Coefficients[a]			
Model		T	Sig.
1	(Constant)	0,600	0,549
	Auditor Industry Specialization	-1,295	0,197
	Audit Fee	-1,570	0,119
	Audit Opinion	2,678	0,008
a. Dependent Variable: Tax Avoidance			

Source:Results of data processing using SPSS version 24, 2025

The following are the findings from the above table:

1. H1 is rejected because the Auditor Industry Specialization The significance value of the variable is 0.197 > 0.05.
2. H2 is rejected because the Audit Fee the variable's significance value is 0.119 > 0.05.
3. H3 is approved since the Audit Opinion significant value for the variable is 0.008 < 0.05.

Table 10. Results of Moderation Interaction Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,341	0,313		1,089	0,278
	Auditor Industry Specialization *Firm Size	-0,003	0,003	-0,078	-0,885	0,378
	Audit Fee *Firm Size	-0,001	0,000	-0,182	-2,102	0,037
	Audit Fee*Firm Size	0,010	0,004	0,203	2,512	0,013
a. Dependent Variable: Tax Avoidance						

Source:Results of data processing using SPSS version 24, 2025

The following conclusions are drawn from the test results in the above table:

1. H4 is rejected because the variable Firm size and auditor industry specialization are important factors value of 0.378 > 0.05.
2. H5 is approved since the variable Firm size and audit fee are important value of 0.037 < 0.05.
3. H6 is approved since the variable Firm size and audit opinion are important value of 0.013 < 0.05.

D. CONCLUSIONS

The study's findings indicate that while audit opinion has been shown to significantly reduce tax avoidance methods, auditor industry expertise and audit fees have no discernible influence on tax avoidance. Additionally, the impact of audit fees and audit opinions on tax evasion can be mitigated by firm size, but the impact of auditor industry specialty cannot be mitigated. These results suggest that audit opinions are a valuable tool for improving tax compliance, especially for large businesses. Given the study's limitations, it is advised that future research use more sophisticated analytical techniques like SEM and non-linear relationship testing, expand the number of independent variables used, and take firm size into account as an independent or control variable in order to produce more thorough and in-depth findings.

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