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The Effect of Corporate Governance Mechanism on Tax Aggressiveness With Earnings Management as Intervening Variable

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Abstract
This study aims to analyze the effect of corporate governance mechanism on tax aggressiveness with earnings management as intervening variable. In this study, corporate governance is measured by institutional ownership and the proportion of independent board of commissioners. The sample used in this study is 43 manufacturing companies taken using purposive sampling technique. The type of data used is panel data while the data analysis used is path analysis model. The results of the study found that institutional ownership and the proportion of independent board of commissioners had a significant negative effect on earnings management and institutional ownership with significant negative impact on tax aggressiveness. The proportion of independent board of commissioners and earnings management are found to have significant positive effect on tax aggressiveness. The Sobel Test results show that earnings management variables are able to mediate the relationship of institutional ownership and proportion of independent board of commissioners to tax aggressiveness.