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The Influence of CEO Duality on Aggressive Tax Avoidance with Corporate Governance as Variable Moderation

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Abstract

This research aims to empirically test the influence of dual positions (CEO Duality) as a board of directors (Chief Executive Officer) and a board of commissioners (Chairman of Board) in a company on tax avoidance, as well as the influence of good corporate governance on the relationship between CEO Duality and tax avoidance in Indonesia and Malaysia. The research sample consists of manufacturing companies listed on the Indonesia and Malaysia Stock Exchanges for the period 2017-2021. This research complements agency theory studies which apply the existence of agent and principle functions in one individual. This research also complements the use of tax avoidance measurement methods as a reference in determining the practice of aggressiveness of tax avoidance. The results of this research found that dual positions (CEO Duality) as a board of directors (Chief Executive Officer) and also as a board of commissioners (Chairman of Board) in a company have the potential to have an impact on increasing tax avoidance strategies carried out by the company. This research also found that the implementation of good corporate governance was able to minimize the potential use of tax avoidance strategies due to the impact of CEO Duality on the company's organizational structure. This research has implications for the importance of more specific anti-tax avoidance policies in order to reduce state losses due to tax avoidance practices by implementing strict supervision of companies that have dual positions (CEO Duality) and also policies for implementing good corporate governance that can minimize the practice. tax avoidance, the existence of a policy of implementing good corporate governance, it is hoped that there will be renewal of corporate governance in implementing CEO duality in Indonesia and Malaysia.

Keywords: *Tax Avoidance, CEO Duality, Good Corporate Governance.*

INTRODUCTION

Corporate governance and tax avoidance are not new problems, and both are quite difficult problems faced by developing countries in improving their economic ecosystem. Tax avoidance, including establishing a Special Purpose Vehicle (SPV) or paper company in a Tax Haven country, is also categorized as one of the strategies in tax policy which has potential risks for the company and its shareholders. Tax avoidance is a strategy model for exploring differences or ambiguities in tax policies by engineering a transaction to

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minimize the overall tax burden owed to the group of companies, even to the point of causing false losses (Abdallah, 2013).

Of course, not without reason, tax avoidance has become a major issue in the world of taxation by business people, academics and tax authorities, this is because of the negative impact of tax avoidance deviations which cause losses for the state (Hansen & Mowen, 2009), (Abdallah, 2013) . The losses resulting from tax avoidance for a country are very significant for a country's income (Messaoud, 2000). There are several cases of tax avoidance carried out by multinational corporations such as in the US, Europe, Asia and also in ASEAN countries. Major cases of tax manipulation that have been taken action by the Directorate General of Taxes (DJP), include the cases of Asian Agri (www.pajak.go.id), Bumi Resources (www.ikpi.or.id), Adaro (www.ortax.org) , Indosat (www.ortax.org), Indofood (http://pwc.blogs.com), Kaltim Prima Coal (bisnis.tempo.co) and PT. Toyota Motor Manufacturing Indonesia (investigasi.tempo.co/Toyota). The estimated loss of Indonesian revenue originating from bilateral trade mispricing with the European Union and the United States in 2005-2007 was around IDR 10 trillion (David and Andrew, 2009).

The high impact of tax evasion and also the massive number of taxpayers committing tax evasion cannot be separated from the still high level of the Corruption Perception Index (IPK) in ASEAN-4 countries. The low GPA achieved by ASEAN-4 countries has an impact on increasing the tendency of taxpayers to engage in tax evasion, as research results (Ronald and Ahmed, 2006; Alm J, et al., 2016) state that corruption is a stimulant for increasing tax evasion. tall. One form of corruption is bribery, bribery is a trend for entrepreneurs in ASEAN-4 countries in running their business, this is reflected in research conducted by Transparency International (TI) which places ASEAN-4 countries in the lowest position (Bribe Payers Index 2011).

The 2013 Global Corruption Barometer report also places ASEAN-4 countries in positions with a high percentage of citizens who commit bribery cases. The results of David's research (2009), found that taxpayer non-compliance increased along with the increase in cases of bribery against officers. This condition is in accordance with the fact that the results of The Enterprise Surveys (ES) conducted by the World Bank in 2015 found that ASEAN-4 countries had cases of The largest bribery with tax officials is Indonesia with 31% of companies having been asked for bribes by tax officials, followed by Malaysia at 28%, the Philippines at 17% and Thailand at 10%.

One mechanism for controlling tax avoidance behavior is through the implementation of good governance. Previous research in 25 countries found how high public trust in the government has an impact on reducing tax avoidance practices, companies try to pay their taxes fairly in an effort to respect public trust (Kanagaretnam et al., 2014). Furthermore, the literature review has identified seven aspects of good corporate governance that researchers have used as independent variables, namely: i) agreement on the form of incentives between management and shareholders, ii) composition of the board of commissioners, iii) ownership structure, iv) capital market pressure, v) audits, vi) law enforcement and government relations, and vii) pressure from other stakeholders such as employees, customers, and the public. (Kovermann and Velte, 2019). In this research, empirical tests were carried out on the composition of the board of commissioners which has a dual role, namely as a board of directors (Chief Executive Officer) and a board of commissioners (Chairman of Board) or often called CEO duality.

Various research has examined the dual role of a board of commissioners, Sergey and Todd (2023) who examined 81 venture capital companies over a two year period found that CEO characteristics play an important role in implementing the goal of ambidexterity or ability as well as exploiting existing capabilities and to exploring new opportunities by corporate investors, as well as CEO duality positively influences the adoption of ambidexterity goals. Hsing-Er Lin et al (2023), empirically testing the important role of

CEO duality in family companies (that is, when the family CEO serves as chairman of the board of directors) found that CEO duality is negatively related to the intensity of research and development (R&D) in family companies .

The research results of Hassan et.al (2023) also found that in 2020 during the corona outbreak, S&P 1500 companies with CEO duality showed a smaller increase in the risk of default probability than companies with non-duality in the presence of high information costs. Companies with CEO duality experience smaller declines in profitability when information costs are high. Likewise, research results from Dennis and Truls (2022) found that CEO duality is beneficial in the early growth stages and CEO duality is beneficial with smaller boards, and vice versa with larger boards.

This research aims to empirically test the influence of CEO duality on aggressive tax avoidance and the influence of good corporate governance on the relationship between CEO duality and aggressive tax avoidance in Indonesia. This research has specific implications regarding the importance of more specific anti-tax avoidance policies in order to reduce state losses due to tax avoidance practices and provide recommendations for corporate governance policies that can prevent tax avoidance practices in Indonesia.

This research is important to carry out in order to support regulators in Indonesia and Malaysia in accelerating the increasingly aggressive implementation of BEPS (Base Erosion and Profit Shifting). These 15 steps were completed on October 5 2015 and have become an agreement with OECD and ASEAN countries. One of them is the 11th action which requires the tax authorities to update benchmarking calculations and also increase supervision of profit shifting in BEPS .

RESEARCH METHODS

The population in this study are manufacturing companies listed on the Indonesia and Malaysia Stock Exchanges. The manufacturing industry transforms through one or more processing of materials into products that will be exported across national borders and becomes the main investment destination for multinational companies (bkpm.go.id). Indonesia and Malaysia as developing countries have had a significant impact due to the practice of aggressiveness tax avoidance, so this research is important to carry out in Indonesia in order to help evaluate its anti-aggressiveness tax avoidance policies.

The sampling technique used in this research is purposive sampling with the following criteria: (1) is a company that has consistently been listed on the Indonesia and Malaysia Stock Exchanges since 2017-2021, this is intended to maintain consistent comparability data in formulating the aggressiveness tax avoidance variable , and (2) companies that consistently publish annual reports in English, so that it can make it easier to calculate and compare good governance variables for companies that consistently publish annual reports.

The dependent variable is Aggressive tax Avoidance (ATA) which is measured based on ETR and BTD. ETR is the tool most often used to measure how much a company can carry out tax avoidance , which is part of tax management. ETR is calculated using the formula used by Dyreng et al. (2008). Meanwhile, Current ETR is calculated using the formula used by Derashid and Zhang (2003). This model uses one year's tax expense as the numerator and one year's pre-tax income as the denominator to estimate the ETR value .

$\text{ETR} = \frac{\text{Tax Expense i, t}}{\text{Pretax Income i, t}}$	$\text{BTD} = \frac{\text{Total Dif Book - Tax i, t}}{\text{Total Aset i, t}}$

Where:

- ETR is the effective tax rate based on the amount of cash tax paid divided by total profit before tax
- BTD is Books Tax Different. The amount of profit difference based on books is reduced by profit based on tax divided by total assets .
- Tax expense is the corporate income tax expense for company i in year t based on the company's financial statements
- Current tax expense is the amount of corporate income tax paid by company i in year t based on the company's financial statements
- Pretax income is the income before tax for company i in year t based on the company's financial statements.

The independent variable used in this research is CEO Duality which is defined operationally using dummy data, where CEO Duality coded as 1 if there is a family relationship between someone who serves on the board of commissioners and the board of directors or president director (duality) in A company as well as coded as 0 if No there is connection family between someone in office as board of commissioners and board of directors or president director in A company (non-duality). (Hsing, et al; 2023). Meanwhile, this research uses the moderating variable for the good corporate governance variable framework ESG ASSET work4 . ASSET4 ESG data accessed through Datastream .

The research model is :

$$ATA_{i,t} = \alpha_0 + \beta_1 CD_{i,t} + \beta_2 GCG_{i,t} + \beta_3 CD*GCG_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 ROA_{i,t} + \beta_6 LEV_{i,t} + \varepsilon_{i,t}$$

Where:

ATA : Aggressive tax avoidance which is calculated using the Effective Tax Rate (ETR) and Books Tax Different (BTD)

CD : CEO Duality , calculated using dummy data, where CEO Duality is coded as 1 and 0 if Non-CEO Duality

GCG : Good Corporate Governance , using ASSET4 ESG Data accessed via Datastream

SIZE : The size of the company calculated by total assets

ROA : Return on Assets is profitability which is measured by net profit compared to total assets

LEV : Debt ratio (leverage) company which is calculated by comparing long-term debt with total equity.

$\beta_0 - \beta_2$: Estimated coefficient

ε_{it} : error term

i : 1,2,..., N

t : 1,2,..., T

RESEARCH RESULTS AND DISCUSSION

a. Research Sample

This research uses secondary financial data obtained from datastream databases and annual reports obtained from the Stock Exchanges in Indonesia and Malaysia. The population of this study uses manufacturing companies listed on the Stock Exchange in Indonesia and Malaysia. Table 4.1 describes the sample selection procedure, the first stage tabulates companies that are consistently listed on the Indonesian and Malaysian stock exchanges from 2017 to 2021 , while inconsistent companies are discarded from the sample list. In the second stage, companies that successively publish annual reports in English, so that it can make it easier to calculate and compare good governance variables , then the sample is selected for the type of company that has not experienced consecutive losses from 2017-2021 and the last one is selected. companies that have positive ETR and C-ETR values, this is associated with the aggressive tax avoidance measurement model . Based on the purposive sampling carried out, it resulted in 75 companies in Indonesia and Malaysia as presented in table 4.1 below:

Table 1. Sample Selection Results

No	Information	Amount
1	Consistently listed on the Indonesian and Malaysian Stock Exchanges since 201 7 - 20 21	583
3	Companies that consistently publish annual reports	3 54
4	Companies that do not experience losses	285
5	Companies that have positive ETR and C-ETR values	75
	Company Sample (4 Years)	375

Source: Annual report & Thomson Routers Database

b. Descriptive statistics

Descriptive statistical analysis aims to display a description of the data used in research (Gunawan, 2019:34) . The data description includes average (mean), standard deviation, variance, maximum, minimum, sum, range , kurtosis and skewness (Ghozali, 2018:19) .

Table 2 Descriptive Statistics Results

	N	Mean	Std. Deviation	Min	Max
A TA -ETR	375	0.306	0.205	0.001	2,242
ATA-CETR	375	0.305	0.179	0.011	0.958
ATA-BTD	375	0.093	0.155	0,000	1,064
FAM	375	43,023	34,630	0,000	97
THC	375	0.022	0.015	0,000	0.065
GG	375	21,188	5,511	8.4	31.2
SIZE	375	17,846	5,276	7,111	30,005
ROA	375	4,867	7,410	34.72	36.5
LEV	375	10,954	10,154	0,000	24,981
Valid N (listwise)	375				

Source: data processed by Stata 15.

ATA is aggressive tax avoidance which acts as the dependent variable. Based on the results of descriptive statistics in table 4.2, it is known that the minimum value of ATA is 0.001 and the maximum is 2.242. Meanwhile, the average ATA value shows a negative number, this shows that the companies in the research sample are not avoiding their obligations in paying taxes to the government, but are not fully compliant. The average ATA value is 0.306, which is smaller than the standard deviation value of 0.205. This indicates that the ATA variable has a high level of data variation .

c. Analysis Results Regression

The results of the regression analysis are used to provide empirical evidence of the influence of dual positions (CEO Duality) on tax avoidance practices and also provide empirical evidence of the influence of good corporate governance on the relationship between CEO Duality and tax avoidance in Indonesia and Malaysia. This research hypothesis was tested using the OLS (Ordinary Least Square) regression model, which is a simple linear regression to determine the relationship between two variables, one of which is the dependent variable and the other variable is the independent variable. In this OLS test, researchers used the BLUE estimator, especially in relation to multicollinearity and heteroscedasticity because it uses panel data.

The test results show that there is no multicollinearity as indicated by the VIF (variance inflation factor) value being smaller than 5 and the tolerance value (1/VIF) being greater than 0.1. Meanwhile, the heteroscedasticity test aims to test whether in the regression model in this study there is inequality of residual variance from one observation to another. If the variance of the residual value changes from one observation to the next, it is called heteroscedasticity. Heteroscedasticity can cause the OLS estimator to be inefficient because the resulting variance is not minimum. This condition causes conclusions drawn in the t test and F test to be misleading, so that the conclusions drawn are wrong. This research uses the Breuch-Pagan Test method to detect testing of all hypotheses using two (2) aggressive tax avoidance measurement models, namely Effective Tax Rate (ETR) and Book-Tax Difference (BTD).

This regression test was carried out to determine the differences in responses to each sample regarding tax avoidance (aggressiveness tax avoidance). The results of the regression analysis from this research are used to provide evidence of the influence of dual positions (CEO Duality) on tax avoidance practices. This research hypothesis was first tested with an OLS (ordinary Least Square) regression model, which is a simple linear regression to determine the relationship between two variables, one of which is the dependent variable and the other variable is the independent variable. In this OLS test, researchers used the BLUE estimator, especially in relation to multicollinearity and heteroscedasticity because it uses panel data.

The results of testing the research model show that there is no multicollinearity as indicated by the VIF (variance inflation factor) value being smaller than 5 and the tolerance value (1/VIF) being greater than 0.1. Meanwhile, the heteroscedasticity test aims to test whether in the regression model in this study there is inequality of residual variance from one observation to another. If the variance of the residual value changes from one observation to the next, it is called heteroscedasticity. Heteroscedasticity can cause the OLS estimator to be inefficient because the resulting variance is not minimum. This condition causes conclusions drawn in the t test and F test to be misleading, so that the conclusions drawn are wrong. This research uses the Breuch-Pagan Test method for detection

Based on testing this research model, heteroscedasticity problems were found in the research variables, this can be seen from the results of the p-value $\chi 2$ which is smaller than 0.05. To overcome the problem of heteroscedasticity, an estimation method is used in the panel data regression model which Vogelsang (2011) calls Heteroscedasticity Auto Correlation Spatial Correlation (HACSC) robust standard errors. This estimation method

is also called the Driscoll-Kraay (1998) estimator after the names of its pioneers, namely John C. Driscoll and Aart C. Kraay.

This estimation method can be implemented in both fixed effect models and random effect models. The Driscoll-Kraay estimator is basically a correction method for violations of classic assumptions in panel data regression models, namely violations of the homoscedasticity assumption and violations of the non-autocorrelation assumption, both serial correlation (temporal correlation) and correlation between individuals (cross sectional correlation).

Testing of all hypotheses is carried out using two (2) aggressive tax avoidance measurement models, namely aggressive tax avoidance effective tax rate (ATA_ETR) and aggressive tax avoidance books tax difference (ATA_BTD). Meanwhile, hypothesis testing using good corporate governance moderating variables is carried out with dual positions (CEO Duality) .

1. Testing the Effect of Dual Position (CEO Duality) on Tax Avoidance Practices (H1)

The first hypothesis statement in this research is that there is a negative influence of dual positions (CEO Duality) on the practice of tax avoidance (aggressive tax avoidance-ATA). There are three (2) measurements of aggressive tax avoidance in this research, namely aggressive tax avoidance effective tax rate (ATA_ETR) and aggressive tax avoidance books tax difference (ATA_BTD). Regression testing results are as listed in table 4.3. shows that aggressive tax avoidance uses ATA_ETR and ATA_BTD measurements, the CD variable has a significant positive effect (1%) on aggressive tax avoidance (ATA) practices, which means that the greater the dual position (CEO Duality) a company has, the greater the company's potential to carry out aggressive tax avoidance practices.

Table 3 Regression Test Results

H1:	**Ekspetasi Tanda**	***(ATA) aggressive tax avoidance***	
		ETR	**BTD**
CD	+	0.0070***	0.065***
		(0.119)	(0.029)
CG	-	0.041*	0.039**
		(-0.003)	(-0.007)
SIZE	+	0.004***	0.0154
		(0.014)	(0.007)
ROA	+	0.003***	0.298
		(0.010)	(0.006)
LEV	+	0.005***	0.045**
		(0.446)	(0.099)
N		375	375
R^2		0.376	0.377
Adj-R^2		0.266	0.247

ATA (*Aggressive Tax Avoidance*): dihitung menggunakan ETR (*Effective Tax Rate*), yaitu total beban pajak dibagi laba sebelum pajak, BTD (*Book-Tax Differences*): yaitu laba berdasarkan buku dikurangi laba berdasarkan pajak dibagi total aset. CD (*CEO Duality*): dihitung dengan menggunakan data dummy, dimana CEO Duality dikodekan sebagai 1 dan 0 jika non-CEO Duality. CG (*Good Corporate Governance*): dihitung menggunakan menggunakan Data ESG ASSET4 yang diakses melalui Datastream. ROA (*Return on Assets*): profitabilitas yang diukur dengan menggunakan logaritma natural laba bersih dibandingkan total aset. SIZE (Ukuran perusahaan): yang di hitung dengan log total aset. LEV (*leverage),* yaitu rasio utang dihitung dengan membandingkan utang jangka panjang dengan total ekuitas.

ATA (Aggressive Tax Avoidance): calculated using ETR (Effective Tax Rate), namely the total tax burden divided by profit before tax, BTD (Book-Tax Differences): namely book-

based profit minus tax-based profit divided by total assets. CD (CEO Duality): calculated using dummy data, where CEO Duality is coded as 1 and 0 if non-CEO Duality. CG (Good Corporate Governance): calculated using ASSET4 ESG Data accessed via Datastream. ROA (Return on Assets): profitability measured using the natural logarithm of net profit compared to total assets. SIZE (company size): which is calculated by the log of total assets. LEV (leverage), namely the debt ratio calculated by comparing long-term debt with total equity.

According to the results of the tests carried out, dual positions (CEO Duality) influence tax avoidance in a positive direction. So if a company has dual positions (CEO Duality) in its management structure, the possibility of tax avoidance being carried out by manufacturing companies is also greater. This certainly stands to reason that dual positions (CEO Duality) have an ambiguous impact on the concentration of power where the board of directors can dominate the commissioners and reduce the effectiveness of the board of commissioners in monitoring and controlling management (Fama & Jensen, 1983).

This research supports the results of previous research which proves that the dual role of a board of commissioners has a positive impact on aggressiveness tax avoidance (Sergey and Todd, 2023; Hsing-Er Lin et al, 2023). This research also strengthens the research results of Hassan et.al (2023) which found that in 2020 during the corona outbreak, S&P 1500 companies with CEO duality showed a smaller increase in the risk of default probability than companies with non-duality in the presence of high information costs. .

It can be concluded that the dual position (CEO Duality) in management has an impact on company policy making which often ignores the risks of a policy. Apart from equity issues in profit sharing, companies with family shareholders see tax avoidance as an advantage because it produces positive cash flows for tax savings, but they also see tax avoidance as a risky activity that can damage good relations with minority shareholders (Gaaya et al. , 2017;Khelil & Khlif, 2022) .

2. Testing the Effect of Good Corporate Governance on the Relationship between CEO Duality and the Level of Aggressive Tax Avoidance (H2)

Testing the moderating effect of good governance as shown in the table. 4.4, a moderating variable is a variable that strengthens or weakens the influence of the explanatory (independent) variable on the dependent variable. Good corporate governance (CG) as a moderating variable will strengthen the relationship between dual positions (CEO Duality) and the level of aggressive tax avoidance (ATA).

Model 2 hypothesis testing uses two (2) dependent variable measurement models. The results of testing model 2 of this study show that the R square (R2) value for ATA_ETR has the highest value of 37.4%, followed by ATA_BTD at 19.4%. The results of R square (R2) indicate that the independent variables in model 2 are able to explain the ATA_ETR variable by 37.4% and 19.4% are able to explain the ATA_BTD variable.

Testing the moderation effect uses good corporate governance as listed in Table. 4.4, G\CG adopts from using ASSET4 ESG Data accessed via Datastream. The results of testing the moderating variables as presented in Table 4.4 show that with the variables ATA_ETR and ATA_BTD as measurements of ATA and the moderating variable CG indicates the R square (R2) value of the regression before using the moderating variable shows an increase in the R square (R2) value. This section is an indicator for reporting the goodness of fit of the model, namely how much "percent" of the variation in the dependent variable can be explained by the model, namely R2 and adjusted r square (R2). This adjusted r square (R2) corrects the positive bias in R2 due to the addition of independent variables.

Table 4 Regression Test Results for Good Corporate Governance Moderating Variables

H2:	Ekspetasi Tanda	*(ATA) aggressive tax avoidance*	
		ETR	BTD
CD	+	0.001***	0.014**
		(0.204)	(0.012)
CG	-	0.098*	0.000**
		(0.006)	(0.023)
CG*CD	-	0.007**	0.001*
		(0.001)	(0.002)
SIZE	+	0.001**	0.001*
		(0.014)	(0.072)
ROA	+	0.001***	0.001*
		(0.008)	(0.082)
LEV	+	0.000***	0.001***
		(0.410)	(0.007)
N		375	375
R^2		0.388	0.223
Adj-R^2		0.374	0.194

ATA (*Aggressive Tax Avoidance*): dihitung menggunakan ETR (*Effective Tax Rate*), yaitu total beban paja dibagi laba sebelum pajak, BTD (*Book-Tax Differences*): yaitu laba berdasarkan buku dikurangi lab berdasarkan pajak dibagi total aset. CD (*CEO Duality*): dihitung dengan menggunakan data dumm dimana CEO Duality dikodekan sebagai 1 dan 0 jika non-CEO Duality. CG (*Good Corporate Governance* dihitung menggunakan menggunakan Data ESG ASSET4 yang diakses melalui Datastream. ROA (*Retur on Assets*): profitabilitas yang diukur dengan menggunakan logaritma natural laba bersih dibandingkan tot aset. SIZE (Ukuran perusahaan): yang di hitung dengan log total aset. LEV (*leverage)*, yaitu rasio utan dihitung dengan membandingkan utang jangka panjang dengan total ekuitas.

Likewise, with the level of significance of the test results in table 4.4 using ATA_ETR and ATA_BTD measurements, for the independent variable CD which interacts with CG (CD*CG) it has a negative and significant effect (5%) on ATA, which means that good corporate governance weakens the positive relationship between positions. dual (CEO Duality) with aggressive tax avoidance (ATA) practices. The test results in table 4.4 with the ATA_ETR measurement show a negative and significant relationship on (5%) the interaction variable between dual position (CEO Duality) and good corporate governance (CD*CG), this is in line with hypothesis H2 which states that good corporate governance weakens positive relationship between dual positions (CEO Duality) and aggressive tax avoidance practices.

The results of this study are in line with research (Morris et al., 1997) ; (Sartoni, 2009) ; (Minnick & Noga, 2010) ; (Lanis & Richardson, 2012) which states that the implementation of good corporate governance has a negative influence on aggressive tax behavior in tax planning .

3. Testing Control Variables

The first control variable is Return on Assets (ROA). The higher the company's profits, the higher the amount of tax imposed on the company's profits. The results of this test show that ROA has a significant influence on tax avoidance in the positive direction. These results support research conducted (Hidayati & Diyanty, 2018) which shows the results have a positive effect.

The second control variable is the company's debt ratio (Leverage). Debt becomes a deduction for company income which directly reduces the amount of tax paid by the company. According to the results of this test, the debt ratio has a significant effect on tax avoidance in the positive direction.

The third control variable is company size (Size), a larger company should have the ability to generate greater profits than a smaller company. The results of this test show that company size has a significant effect on tax avoidance in the positive direction .

CONCLUSION

Empirically, the results of this research illustrate the positive influence of dual positions (CEO Duality) on aggressive tax avoidance in Indonesia and Malaysia. The results of this research support several previous studies which show that dual positions (CEO Duality) have different and unique agency conflicts with reference to costs and benefits of tax avoidance (Chen at al., 2010; Salihu et al, 2015).

The results of this research provide empirical evidence that dual positions (CEO Duality) as a board of directors (Chief Executive Officer) and also as a board of commissioners (Chairman of Board) in a company have the potential to have an impact on increasing tax avoidance strategies carried out by the company. This research also provides additional evidence that the implementation of good corporate governance is able to minimize the potential for the use of impact tax avoidance strategies carried out by company management who have dual positions (CEO Duality) on the company's organizational structure. This research has implications for the importance of more specific anti-tax avoidance policies in order to reduce state losses due to the practice of aggressive tax avoidance by implementing strict supervision of companies that have management and are indicated to have dual positions (CEO Duality) and also policies for implementing good corporate governance that can minimize the practice of aggressiveness of tax avoidance, the existence of a policy of implementing good corporate governance, it is hoped that there will be renewal of corporate governance in the implementation of CEO duality in Indonesia and Malaysia .

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