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The Influence of Brand Value on Tax Avoidance with Ownership Concentration as a Moderating Variable

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Abstract

The present investigation was prompted by different viewpoints on evaluating the effect of brand value on either the promotion or prohibition of tax avoidance strategies. Using the Agency Theory framework, it also intends to investigate how the concentration of ownership affects the relationship between brand value and tax avoidance strategies of enterprises listed in Indonesia. Researchers believe that by merging these studies and viewpoints, the ruling shareholders will emphasize managerial scrutiny to minimize tax avoidance and protect the company's brand. The sample used in this research is based on 151 observations of 47 entities listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. A panel regression with a random effects model was employed in the present research. The endpoint of this research is to look at the impact of brand value on tax avoidance and the role of ownership concentration as a moderator in the association between brand value and tax avoidance. The results suggest that the increasing brand value contributes to reducing tax avoidance. This study also finds that ownership concentration significantly impacts the relationship between brand value and tax avoidance.

Keywords: tax avoidance, brand value, firm reputation, ownership concentration

Introduction

There is a growing trend wherein brand value serves as an allure that mirrors the standing of an organization and functions as a gauge of its longevity and prosperity (Kim et al., 2020). Award-winning SWA Magazine recognizes dozens of firms that can establish authentic Indonesian brands while preserving their reputation competitively compared to foreign brands (Aulivia, 2023). It demonstrates that Indonesian corporations are cognizant of the substantial growth in brand value. Initially, brand value, which had a positive function in promoting customer happiness and brand loyalty (Chuenban et al., 2021), has now become negative due to consumers' judgment of the high level of moral violations committed (Antonetti & Anesa, 2017; Kim et al., 2019; Matute et al., 2021).

Several earlier research ([Antonetti & Anesa, 2017](#); [Haberstroh et al., 2017](#); [Chen et al., 2018](#)) indicated that one of the causes of the reduction in brand value is tax avoidance. Studies exploring brand value, ownership concentration, and tax avoidance still need to be expanded. Previous studies that link brand value and tax avoidance include experimental and survey studies ([Antonetti & Anesa, 2017](#); [Haberstroh et al., 2017](#); [Chen et al., 2018](#); [Matute et al., 2021](#)) and a secondary study of the top 100 Korean brands ([Kim et al., 2020](#)). ([Kim et al., 2020](#)) found that brand value is negatively related to the cost of capital. However, this negative relationship was not found in groups of companies with high tax avoidance.

According to a report by the Tax Justice Network, Indonesia is projected to suffer losses of US\$ 2.8 billion, equivalent to IDR 44.62 trillion annually, and 80% of it is caused by corporate tax avoidance ([Tax Justice Network, 2023](#)). The government aims to augment the state budget for development using tax revenues, while taxpayers endeavour to minimize the amount of taxes paid ([Rezki et al., 2020](#)). Tax strategies with an advanced level of aggressive behaviour might be tax avoidance ([Gaaya et al., 2017](#)). Firms frequently breach regulations by exploiting unclear sections to engage in illicit or illegal behaviour, all of which can undermine the firm's credibility and the willingness of buyers to spend more for goods. ([Matute et al., 2021](#)). It poses a question regarding understanding a company's reputation as an intangible resource that yields many commercial advantages, including enhanced customer satisfaction and loyalty, competitive edge, and even a willingness among customers to pay higher prices for premium products ([Islam et al., 2021](#)).

Companies undergoing upheaval will decline share prices ([Hasan et al., 2021](#)), especially for industries with a significant concentration of stock ownership. Most corporations in developing Asian countries exhibit concentrated share ownership, significantly influencing decision-making and policy formulation to enhance corporate value ([Altaf & Shah, 2018](#)). During a significant downturn in corporate performance, firms with high ownership concentration are inclined to decrease their ownership concentration due to perceiving it as a high-risk factor and considering their share prices costly ([Altaf & Shah, 2018](#)). Firms frequently minimize tax avoidance due to retaining the value of their brands. The firms are under scrutiny and external pressure from various stakeholders, including multiple parties' monitoring and control ([AlQadasi & Abidin, 2018](#)). The company aims to demonstrate that implementing improved governance and investment strategies may achieve a higher valuation by ensuring compliance with tax obligations ([Hegde et al., 2020](#)). This research is driven by various perspectives associated with Agency Theory. It aims to determine whether brand value promotes or inhibits tax avoidance practices.

Additionally, it examines how ownership concentration influences the connection between brand value and tax avoidance practices. Tax avoidance is a severe threat to brand value. [Antonetti & Anesa \(2017\)](#) found that consumers are more likely to react adversely to aggressive corporate tax strategies. Left-leaning consumers are likelier to punish corporations that engage in tax avoidance ([Antonetti & Anesa, 2017](#)).

Contrary to previous research that investigated outside interference and tax avoidance ([Cen et al., 2017](#); [Amidu et al., 2019](#); [Abdelfattah & Aboud, 2020](#)), this study attempts to evaluate the effectiveness of outside influence by utilizing the Brand Value rating in SWA Magazine from 2017 to 2021. Additionally, by providing a new viewpoint

on the relationship between brand value and tax avoidance among Indonesian companies using ownership concentration as the moderating factor, the present research adds to the current literature on the value of brands. The research aim is to offer valuable insights for future studies related to the combination of tax issues, brand value, and ownership concentration, which still needs to be improved. Additionally, it seeks to assist in the decision-making process of concentrated shareholders and managers in preserving the firm's reputation.

This study provides novel evidence by exploring the importance of understanding the association between brand value, ownership concentration, and tax avoidance. Recent studies that examine the association between firm reputation, brand value, and tax avoidance are [Kim et al. \(2020\)](#) and [Matute et al. \(2021\)](#). This study differs from [Kim et al. \(2020\)](#) and [Matute et al. \(2021\)](#). First, [Kim et al. \(2020\)](#) examine firm reputation, which is measured by brand value, tax avoidance, and cost of capital. However, [Kim et al. \(2020\)](#) did not examine ownership concentration. Second, research by [Matute et al. \(2021\)](#) examines the relationship between tax avoidance and customer intentions to purchase goods with brand identity as a moderator. However, [Matute et al. \(2021\)](#) used a survey and did not examine the direct influence of brand value on tax avoidance. [Matute et al. \(2021\)](#) also do not discuss ownership concentration and its relationship with brand value and tax avoidance. Thus, our findings are novel as they show that an increase in brand value is associated with a decrease in tax avoidance.

The brand value serves as a unique identifier for a product, distinguishing it from its competitors and instilling confidence in consumers regarding its reliability and value. The influence of brand value on consumer satisfaction and subsequent brand loyalty has been highlighted in recent research ([Chuenban et al., 2021](#)). The concept of brand value refers to the extra value generated by the cash flow of a product or service ([Chandra et al., 2022](#)). Consumers' perception of a brand is influenced by the extent of moral violations committed ([Antonetti & Anesa, 2017](#); [Kim et al., 2019](#); [Matute et al., 2021](#)). The evaluation provided by consumers is paramount in establishing the company's brand value ([Haberstroh et al., 2017](#); [Matute et al., 2021](#)). This reputation refers to the image and perception of internal and external stakeholders about the brand's current state and future endeavours ([Foroudi, 2019](#)).

Consumers' evaluation of a brand is more influenced by negative feelings or emotions ([Fetscherin, 2019](#)). Each individual's unique background, culture, personal preferences, and economic growth contribute to this variation ([Kucuk, 2019](#)). Considering other factors, companies must stay updated with market trends, advancements in science and technology, and consumer preferences and behaviour. These various factors exert a substantial influence on the success of a corporation within the realm of commerce. Recent studies have demonstrated that the value of a brand can be substantially increased by establishing and maintaining a positive brand value ([Antonetti & Anesa, 2017](#); [Haberstroh et al., 2017](#); [Chen et al., 2018](#); [Kim et al., 2019](#); [Matute et al., 2021](#)). Maintaining the integrity of brand value is becoming an increasingly difficult task. It is critical to gain a competitive edge and significantly improve the brand's market position.

Tax avoidance is the illegal act of moving financial gain to jurisdictions with lower tax rates and using weaknesses in tax regulations to reduce operational expenditures and overall tax burdens ([Rudyanto & Pirzada, 2020](#); [Rakia et al., 2022](#)). Tax avoidance is a deliberate and calculated tactic firms utilize to favour particular groups or shareholders,

irrespective of its legality (Medioli et al., 2023). Companies are frequently compelled to employ tax avoidance due to taxes' negative impacts on investors' net cash flow after tax and net profits strategies (Marzuki & Syukur, 2021). Tax avoidance can be exceptionally profitable for corporations and their shareholders, as it increases the capital available to shareholders through dividend payout and benefits the entity's expansion through investment (Hegde et al., 2020).

Tax avoidance can lead to adverse reactions from investors and the market, as it can result in indirect expenses, financial penalties, and scrutiny (Marzuki & Syukur, 2021). Firms often use ambiguous legal provisions to avoid taxes (Matute et al., 2021), which is perceived as unethical (Gaaya et al., 2017). Brands that commit errors or fail to live up to their products' competitive advantage or previous image will undoubtedly experience a decline in external brand loyalty. Moreover, multiple previous research (Antonetti & Anesa, 2017; Haberstroh et al., 2017; Chen et al., 2018) have discovered a link between tax methods, immoral practices, and brand value.

Prior studies (Akbari et al., 2018; Antonetti & Anesa, 2017) discovered a negative relationship between tax avoidance and company worth. This relationship is mitigated by competent management. Under Agency Theory (Alkurdi & Mardini, 2020; Akbari et al., 2018), corporations gain advantages and benefits from tax avoidance. Tax avoidance may result in an immediate increase in cash flow and net profit. However, it may eventually reduce the company's long-term value (Akbari et al., 2018). Firms that are well-known or have a good reputation do not wish to jeopardize their standing by failing to fulfil their tax obligations. In other words, an increase in brand value is anticipated to result in a corresponding increase in the effective tax rate. Hence, corporations with strong brand values will be less likely to engage in tax avoidance activities.

H₁: Brand value negatively influences tax avoidance.

The ownership structure is a fundamental element of corporate governance (Ying et al., 2017; Cabello et al., 2019; Boussaidi & Hamed-Sidhom, 2020). Many enterprises in Asia's emerging countries have a concentrated share ownership structure, with a tendency towards insider ownership. This is primarily due to the prevalence of family-owned businesses (Altaf & Shah, 2018). Furthermore, a significant majority of shares are held by a single agency or corporation. Ownership concentration refers to the presence of block owners or the firm's largest shareholders who significantly influence management choices regarding strategic corporate matters, dividend policy, and other associated rights.

According to Hasan's study, companies engaging in tax avoidance can be considered a value-enhancing practice (Hasan et al., 2021). It seeks to boost profits, improve operational efficiency, and lower costs, ultimately increasing the company's long-term value for stakeholders, including shareholders. The largest shareholders can escape the significant tax burden on their dividends by implementing tax avoidance tactics, which can minimize the dividends paid. This can lead to increased cash flow for corporate shareholders, ultimately maximizing wealth for the most significant shareholder.

According to the Agency Theory perspective (Alkurdi & Mardini, 2020), the separation of ownership and control, management (agents), and stockholders (principals) creates a conflict of interest. Consequently, organizations with a high degree of ownership concentration can either behave beneficially by safeguarding the rights of minority

shareholders or, in a detrimental manner, by prioritizing their profits and collaborating with managers (Lepore et al., 2017). Furthermore, in organizations with a concentrated ownership structure, conflicts emerge between majority shareholders who control the firm and minority shareholders. (Dinh et al., 2023). As the major stakeholder, the primary shareholder often prioritizes aligning their priorities with lesser shareholders and emphasizes managerial control.

The dissemination of information regarding a company's tax aggression also results in an instantaneous decline in its stock price (Hasan et al., 2021). Consequently, organizations with strong brand values will attract significant public attention and are anticipated to exhibit superior standards of quality and openness in their financial reporting (Al-Jaifi, 2017). This includes being transparent about their tax practices and expecting these companies to avoid minimal tax. The primary goal of financial reporting is to provide users with consistent and valuable information that allows them to make educated and significant decisions (Fan et al., 2023). Undoubtedly, this is intricately linked to the company's standing in the sector, as companies with concentrated ownership typically refrain from participating in Tax Avoidance due to their emphasis on maintaining a positive reputation and ensuring the long-term financial stability of the company (Altaf & Shah, 2018).

The existing literature yields inconclusive results about the relationship between the concentration of ownership and the level of tax avoidance. One possible observation is that firms based in countries with higher concentrations of ownership are more prone to get involved in tax avoidance tactics (Ying et al., 2017; Boussaidi & Hamed-Sidhom, 2020; Marzuki & Syukur, 2021). Firms with more ownership concentration have less proclivity for enterprises to engage in tax avoidance actions. (Gaaya et al., 2017; Cabello et al., 2019). Furthermore, the research study by Alkurdi and Mardini demonstrates that a high and concentrated level of share ownership positively influences the ETR value, potentially influencing the reduction of tax avoidance practices (Alkurdi & Mardini, 2020). H₂: Ownership concentration strengthens the relationship between brand value and tax avoidance.

Research Method

Panel Data Regression is applied in Hypothesis Testing. The data has been processed with a panel regression random-effects approach used for analysis. The financial reports of 203 manufacturing sector companies listed on the IDX, the stock exchange in Indonesia, and the data population used to measure the dependent variable were collected between 2017 and 2021. In Indonesia, the manufacturing industry is a primary source of tax income (Manihuruk et al., 2021). The data population was then excluded based on criteria such as enterprises with exceptionally high or low tax rates, financial sector entities with inconsistent financial reporting, and firms with unavailable data to calculate control variables (Wen et al., 2020; Abdelfattah & Aboud, 2020; Marzuki & Syukur, 2021). Next, information collected from enterprises not published in SWA Magazine or those that did not have a Brand Value (BV) was removed. The final sample consists of 151 observations of 47 listed firms on the Indonesia Stock Exchange (IDX) between 2017 and 2021, which comprise the research investigation's subject.

Sample selection utilized purposive sampling, which provides data according to the required criteria and characteristics. Empirically, BV was measured using SWA

Magazine, which represents the top 100 brands with the highest BV in Indonesia, employing the royalty relief technique. SWA Magazine is one of the trusted magazines in Indonesia that publishes the "Top 100 Brands in Indonesia." The definition of each variable is presented in [Table 1](#).

Table 1. Variables Definition

Variables	Definition	Resource
Dependent Variables:		
Effective Tax Rate (ETR)	Total income tax expense divided by pre-tax accounting income	Bloomberg
Cash Effective Tax Rate (CETR)	Dividing cash payments for taxes divided by pre-tax income	Bloomberg
Independent Variables:		
Brand Value Average (BVAVG)	Total brand value divided by the amount of brand value data	SWA Magazine
Brand Value Best (BVBEST)	Highest brand value	SWA Magazine
Moderation Variables:		
Ownership Concentration (OC)	Highest percentage of ownership in a company	Bloomberg
Control Variables:		
Return on Assets (ROA)	Profit divided by total assets	Bloomberg
Firm Size (SIZE)	The natural log of total assets	Bloomberg
Leverage (LEV)	Long-term debt divided by total assets	Bloomberg
Property Plant and Equipment (PPE)	Net PPE divided by total assets	Bloomberg
Operating Cash Flow (CFO)	Operational Cash Flow divided by Total Assets	Bloomberg

Source: Processed Data, 2023

The variable of interest in this research, Tax Avoidance (TAXVOID), is quantified using CETR and ETR. Previous studies have commonly employed the CETR and ETR proxies to measure tax avoidance, even though these two proxies cannot measure enterprises that are losing profit.

The independent parameter brand value (BV) has two proxies of BVAVG and BVBEST. The income tax expense to profit prior to taxes ratio can be examined in the ETR ([Abdelfattah & Aboud, 2020](#); [Marzuki & Syukur, 2021](#); [Stiglingh et al., 2022](#)). CETR reflects a company's actual amount of tax ([Su et al., 2019](#); [Marzuki & Syukur, 2021](#); [Stiglingh et al., 2022](#)). In this research, OC selected as the moderating variable is the highest percentage of ownership in a company ([Ying et al., 2017](#); [Boussaidi & Hamed-Sidhom, 2020](#); [Marzuki & Syukur, 2021](#)). Ownership concentration was chosen as a moderator variable because many companies listed in IDX are family businesses, so the percentage of ownership concentration shows the amount of family control over the firm. An investigation will be conducted to determine if ownership concentration (OC) affects the impact of brand value on tax avoidance. We also use several control variables, such as Return on Assets (ROA), Firm Size (SIZE), Cash Flow from Operations (CFO), Property Plant and Equipment (PPE), and Leverage (LEV). Equation (1) and (2) shows how the

methodology for assessing predictions considers the effect of BV on TAXVOID and OC as the moderating variable (TAXVOID).

$$TAXVOID_{it} = \alpha_0 + \beta_1 BV + \beta_2 LEV_{it} + \beta_3 PPE_{it} + \beta_4 CFO_{it} + \beta_5 SIZE_{it} + \beta_6 ROA_{it} + \beta_7 IND_{it} + \beta_8 Year_{it} + \epsilon \dots\dots\dots (1)$$

$$TAXVOID_{it} = \alpha_0 + \beta_1 BV + \beta_2 OC_{it} + \beta_3 BV \times OC_{it} + \beta_4 LEV_{it} + \beta_5 PPE_{it} + \beta_6 CFO_{it} + \beta_7 SIZE_{it} + \beta_8 ROA_{it} + \beta_9 IND_{it} + \beta_{10} Year_{it} + \epsilon \dots\dots\dots (2)$$

As a note

$TAXVOID_{it}$: Tax Avoidance as measured by the effective tax rate (ETR) or cash effective tax rate (CETR) of firm i year t .

BV_{it} : Brand Value measured by two proxies, BVAVG and BVBEST.

$BVAVG_{it}$: Brand Value Average measured by total brand value divided by the amount of brand value data

$BVBEST_{it}$: Brand Value Best measured by the highest brand value

OC_{it} : Ownership concentration is measured by the highest percentage of ownership in a firm i year t

LEV_{it} : Leverage measured by long-term debt divided by total assets

PPE_{it} : Plant, Property, and Equipment measured by net PPE divided by total assets

CFO_{it} : Cash Flow Operation measured by operational cash flow divided by total assets

$SIZE_{it}$: Firm size measured by the natural log of total assets

ROA_{it} : Return on Assets measured by profit divided by total assets

IND_{it} : Industry dummy based on SIC

$Year_{it}$: Year dummy

ϵ : Error

Result and Discussion

The financial statements of 203 manufacturing-oriented companies that went public on the IDX, or Indonesia Stock Exchange, during the years 2017 and 2021 consisted of the data population applied for the measurement of the dependent variable. Consequently, 151 total observations from 47 manufacturing organizations comprise the study's sample. Purposive sampling was used for the sample selection. For the variable of interest assessed with ETR, the research contains descriptive statistical analyses for each variable, shown in [Table 2](#).

[Table 2](#) presents Summary Statistics with the dependent variable TAXVOID using the ETR measurement. The mean value of ETR is 0.238, indicating that the average ETR paid by a company is 23.8%. The average ETR value also suggests that companies are not involved in tax avoidance practices since companies pay higher taxes. Reported income subject to corporate income tax is higher than the corporate income tax ([Arena et al., 2021](#); [Geng et al., 2021](#); [Rakia et al., 2022](#)). Brand Value, with two measurements BVAVG and BVBEST, has average values of 39.4 and 49.2. Companies with BVAVG and BVBEST above these average values are more likely to be chosen or purchased. A brand can persuade more customers to acquire the company's products and services. The average OC in a company is 57.8%. Companies with a high concentration of ownership are less likely to participate in tax avoidance ([Gaaya et al., 2017](#); [Cabello et al., 2019](#); [Alkurdi & Mardini, 2020](#)).

Table 2. Summary Statistics Using ETR as the dependent variable

Variable	Mean	Median	S.D.	Min	Max
ETR	0.238	0.238	0.089	0.000	0.559
BVAVG	39.400	38.000	16.300	6.600	80.000
BVBEST	49.200	50.300	19.300	6.600	83.100
OC	0.578	0.559	0.235	0.000	1.000
LEV	0.397	0.368	0.245	0.000	1.120
PPE	0.342	0.339	0.231	0.000	0.983
CFO	0.095	0.071	0.143	-0.308	0.734
SIZE	28.600	28.400	2.470	18.900	33.500
ROA	0.126	0.096	0.098	0.004	0.606

Source: Processed Data, 2023

Table 3 displays Summary Statistics for the variable of interest TAXVOID measured using the CETR. The mean value of CETR is 0.255, indicating that the average CETR paid by a company is 25.5%. Higher CETR also implies that entities are not engaging in tax avoidance (Huang et al., 2017; Hasan et al., 2021; Rudyanto & Pirzada, 2020). Brand Value, with two measurements BVAVG and BVBEST, has average values of 39.5 and 49.8. Companies with BVAVG and BVBEST above these average values are more likely to be chosen or purchased. A brand may persuade more customers to acquire the company's products and services. A company's average OC is 56.4%. Companies with an OC greater than 56.4% are less likely to participate in tax avoidance (Gaaya et al., 2017; Cabello et al., 2019; Alkurdi & Mardini, 2020). The study contains descriptive statistical analyses for the parameters, as shown in Table 3, for the dependent variable assessed using CETR.

Table 4 depicts an examination of the impact of brand value (BVAVG or BVBEST) on avoidance of taxes (TAXVOID). Column 2 shows the first analysis, which shows BVAVG on ETR with a result of 0.0013 and BVAVG on CETR with 0.0008. The first study shows that the greater the BVAVG, the greater the ETR or CETR, implying a lower level of TAXVOID, and that there is a significant association between BVAVG and ETR. However, there is no significant connection between BVAVG and CETR. The second analysis is shown in column 3, with BVBEST on ETR yielding 0.0008 and BVBEST on CETR yielding -0.0005. The second analysis shows that the higher the BVBEST, the higher the ETR, implying a decreased level of TAXVOID and a significant link. Furthermore, the second analysis shows that the higher the BVBEST, the lower the CETR, implying a greater TAXVOID, but this association is insignificant.

The findings of a study on H₁ on the adverse effect of brand value on avoidance of taxes. It suggests that a more valuable brand influences management decisions to avoid tax avoidance. This tax avoidance may result in a reduction in corporate brand value. Consistent with previous research (Antonetti & Anesa, 2017) on consumer reactions to a firm's tax avoidance practices, this can negatively assess the firm's brand value (Haberstroh et al., 2017; Chen et al., 2018). Other consumer reactions can also be observed from the level of consumer rationalization of tax avoidance actions by the company, as found in the study by Chen (Chen et al., 2018). It suggests that the greater the level of justification, the more customers regard the company's avoidance of tax efforts as immoral. Previous research has shown similar results that one of the causes of a decrease in a company's brand value is the immoral actions committed by the company (Antonetti & Anesa, 2017; Haberstroh et al., 2017; Chen et al., 2018). The degree of

misconduct relates to individuals believing that the company's unethical tax practices would hurt society (Matute et al., 2021).

Table 3. Summary Statistics Using CETR as dependent variable

Variable	Mean	Median	S.D.	Min	Max
CETR	0.255	0.219	0.241	0.000	1.530
BVAVG	39.500	38.000	16.200	6.600	80.000
BVBEST	49.800	51.500	19.800	6.600	84.100
OC	0.564	0.559	0.245	0.000	1.000
LEV	0.388	0.368	0.249	0.000	1.120
PPE	0.339	0.334	0.240	0.000	0.983
CFO	0.094	0.068	0.135	-0.308	0.734
SIZE	27.700	28.000	5.240	0.000	33.500
ROA	0.126	0.097	0.099	0.004	0.606

Source: Processed Data, 2023

In testing H_2 , the ETR measurement is used to determine the impact of the concentration of ownership on the relationship between brand value and avoidance of taxes. According to the research, OC enhances the connection. An excessive quantity of ownership concentration limits opportunities for tax avoidance activities due to the company's incapacity to cover extra expenses in the future. It is consistent with the findings of Gaaya (Gaaya et al., 2017), which emphasize the relationship between ownership concentration and the avoidance of taxes. Managers with a higher level of ownership positively impact ETR, which leads to decreased tax avoidance strategies (Alkurdi & Mardini, 2020).

This hypothesis contradicts previous research by several researchers (Ying et al., 2017; Boussaidi & Hamed-Sidhom, 2020; Marzuki & Syukur, 2021; Marzuki & Syukur, 2021). According to a study by Ying, increased ownership concentration is linked to higher tax avoidance techniques, according to studies on the relationship between the concentration of ownership tax avoidance tactics (Ying et al., 2017). Firms with less concentrated ownership are less likely to engage in tax avoidance practices (Cabello et al., 2019). The presence of ownership concentration and board independence significantly and favourably affects the avoidance of taxes (Boussaidi & Hamed-Sidhom, 2020). In the research conducted by Marzuki and Syukur, researchers offer arguments in favor of the claim that firms with more significant ownership concentrations can improve earnings management and lower taxes (Marzuki and Syukur, 2021).

The study's theoretical implications are that high brand value can be categorized as one of the factors influencing a company's involvement in tax avoidance actions. Higher brand value makes companies less likely to engage in tax avoidance actions. The empirical evidence from this study has implications for a company's decision-making regarding involvement in tax avoidance actions. Reinforced by increasing ownership concentration, the company is less likely to engage in tax avoidance actions since it wants to avoid bearing additional costs in the future.

Conclusion

Using a final collection of 151 total observations from 47 listed enterprises on the IDX, the Indonesian Stock Exchange, between 2017 and 2021, this study explores the impact of the value of brands on the avoidance of taxes using ownership concentration as a

moderating factor. A data panel with a random effects model is utilized for administration. According to the conclusions of this study, adopting an effective rate of taxation representative has a detrimental influence on tax avoidance. We also find that ownership concentration (OC) improves and significantly impacts the relationship between brand value and tax avoidance. These results align with and address the study's purpose of evaluating the effect of the value of brands on the avoidance of taxes by considering ownership concentration as a moderating variable.

Table 4. The Influence of Brand Value on Tax Avoidance

	1		2		3		4		5	
	ETR	CETR	ETR	CETR	ETR	CETR	ETR	CETR	ETR	CETR
BVAVG			0.001***	0.001			0.000	0.004**		
BVBEST					0.001**	-0.001			0.001	0.002
OC							-0.051	0.169	0.002	0.165
BVAVG×OC							0.002*	-0.004*		
BVBEST×OC									0.000	-0.004**
LEV	-0.024	0.156	-0.019	0.157	-0.016	0.152	-0.016	0.157	-0.017	0.157
PPE	0.010	-0.159	0.018	-0.149	0.014	-0.163	0.017	-0.134	0.015	-0.134
CFO	-0.047	0.236	-0.037	0.245	-0.043	0.235	-0.034	0.245	-0.038	0.243
SIZE	-0.005	0.001	-0.008	0.001	-0.007	0.001	-0.006	0.002	-0.007	0.002
ROA	0.151	-0.291	0.187	-0.281	0.153	-0.282	0.176	-0.305	0.146	-0.272
Const	106.430***	104.556***	24.738***	102.397***	24.418***	104.430***	23.884***	105.915***	24.503***	111.866***
IND	INCLUDED									
YEAR	INCLUDED									
Adj R2	7.9%	15.4%	12.9%	16.1%	10.5%	15.1%	12.3%	19.3%	9.3%	17.1%
N	151	151	151	151	151	151	151	151	151	151

Source: Processed Data, 2023

The study's limitations include the restricted quantity of brand value evidence on hand, as this analysis mainly considers brand value awards from SWA Magazine editions from 2017 to 2021. As a result, future studies should look into extended periods of observation. Furthermore, this research examines only three aspects: brand value, tax avoidance, and ownership concentration. As a result, there is a requirement for additional studies to include critical variables such as audit quality, CSR, internal control, and others. According to the implications of the present research, Indonesian companies with concentrated ownership structures should pay attention to behaviors or performances that influence consumer fulfilment and trustworthiness, as well as the competitive advantages of their product's brand value. Additionally, given the disagreements of interest that exist between managers and shareholders, as well as between majority and minority stockholders, firms with a concentrated ownership structure are expected to respond positively by coordinating their monetary targets with minority shareholders and in charge of management actions in order to avoid tax avoidance, increase the value of the business, and strengthen its brands.

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