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Analysis of the Impact of Earnings Management and Sustainability Report on Tax Aggressiveness

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ABSTRACT
This study aims to identify the impact of Earnings Management and Sustainability Report on Tax Aggressiveness. The research method used in this study is quantitative. The subjects in this study used a sample of 3 (three) manufacturing companies that have been registered and licensed on the Indonesia Stock Exchange. The data collection method uses sustainability report records and annual financial reports uploaded to the Indonesia Stock Exchange and sustainability reports that can be downloaded from the company's website for the 2018-20 22 analysis period. The data analysis method used in this study is the regression test using SPSS Version 22 to process and analyze the data. The value of the Earning Management variable (X_1) has a T value of 4.505 and is greater than the 5% significance value of 2.178. In addition, the test on the Earning Management variable (X_1) shows a value of -4.505. This indicates that an increase in earnings management efficiency can significantly decrease Tax Aggressiveness by 450.5%. However, the Sustainability Report (X_2) does not significantly affect Tax Aggressiveness with a test value of 0.313 smaller than the 5% significance value of 2.178, indicating that for every 1% increase in Sustainability Report, there is a 31.3% increase in the value of Tax Aggressiveness.

Keywords:
Earnings Management, Sustainability Report, Tax Aggressiveness

INTRODUCTION

In some situations, profit management can be considered an important practice for a company. Its ability to provide security to shareholders and help the company maintain financial stability is an important component of *Earnings Management's value*. *Earnings Management* can be used by companies to align their financial performance with market expectations or internal targets in situations where the company faces economic fluctuations or business problems (Bansal, 2023). For example, if earnings drop suddenly, a company can use *Earnings Management techniques* to cover the decline so that investors are not surprised. This can help share prices remain stable and relieve pressure on shareholders who may want drastic action. In addition, revenue management can also help businesses maintain good relationships with creditors and suppliers by demonstrating good financial performance, which can help obtain loans or obtain more favorable payment conditions.

Apart from that, revenue management can also help management achieve the company's long-term goals. Although profit management is usually associated with unsound practices, such as altering financial statements to gain personal advantage, in some situations these practices can be used to encourage management to achieve their strategic goals. Management can encourage innovation, efficiency, and sustainable growth by setting ambitious profit targets (Sadjiarto et al., 2024). In this context, the use of earnings management is usually directed at improving the company's long-term performance, not just to meet market expectations within a certain period. For example, by setting aggressive profit targets, companies can encourage management to seek new opportunities, expand their market share, or increase their sales. Thus, *Earnings Management* can be considered as an effective management tool to encourage the achievement of the company's strategic goals and increase long-term value for shareholders and other *stakeholders*. However, it is important to remember that *Earnings Management practices* must be carried out with transparency, integrity, and compliance with applicable accounting principles to ensure business sustainability and maintain investor trust.

Sustainability Reports are very important for companies in various industries. By using this report, entities can convey information about the social, environmental, and economic impacts of company activities as well as the efforts made to support sustainable business practices. *Sustainability Reports* must be transparent (Traxler et al., 2020). Companies can build trust with stakeholders such as investors, consumers, government, and the general public by openly presenting information about their social and environmental performance. This helps reduce uncertainty and increase corporate accountability for its impact on the environment and society and provides a better understanding of how companies fulfill their social responsibilities.

In addition, *the Sustainability Report* improves the company's reputation and competitiveness in the long term. Companies that are considered socially and environmentally responsible tend to be preferred by consumers in an era where consumers are increasingly concerned with environmental and social issues. Companies can increase consumer trust by conveying concrete commitments and actions in sustainability reports. This can increase market share and consumer loyalty to the brand. Additionally, long-term sustainability reports can be an effective tool for attracting value-focused investors. Investors seeking long-term returns that respect social and environmental ethics are increasingly favoring sustainable investments. By presenting the company's performance in terms of sustainability in a comprehensive manner, companies can attract investors who care about these issues and increase access to capital. In addition, sustainability reports are a tool to meet regulatory and stakeholder demands, but they are also a significant source of value for companies, building reputation, increasing competitiveness, and attracting support from investors and conglomerates. Functions and benefits of *the Sustainability Report* for companies in Indonesia

Tax Aggressiveness, also known as "tax aggressiveness", is an issue of great concern in Indonesia because it can hurt national revenues and the balance in sustainable economic development. These methods include a variety of approaches that businesses can use to reduce their tax liabilities in ways that do not necessarily conform to the principles or objectives of tax law. Excessive tax avoidance, unfair *transfer pricing, and legal loopholes are some forms of tax aggressiveness in Indonesia.* The practice can also lead to an unfair tax system and disadvantage small and medium-sized businesses, which may lack the funds to implement similar strategies (Susanto et al., 2019).

In Indonesia, tax aggressiveness can be very detrimental. First, this practice can reduce state tax revenues, which can limit the government's ability to finance social programs, infrastructure, and economic development. This can hamper government efforts to reduce economic inequality and improve community welfare. Additionally, tax aggression can also lead to unfairness in the tax system by imposing more of a tax burden on individuals or businesses that comply with the law, while large or multinational corporations take advantage of legal loopholes to disproportionately reduce their tax obligations that are better to deal with. aggressive tax problems in Indonesia. Therefore, there is a need for stricter law enforcement and tax reform to improve tax compliance, increase transparency, and close legal loopholes to overcome the aggressive tax problem in Indonesia.

In reducing their tax obligations, companies use *Tax Aggressiveness*, namely taking advantage of loopholes in the tax system. Reducing the tax burden can increase the company's net profit and increase value for shareholders, so this strategy is successful. This strategy can also help companies become more competitive in the marketplace by allowing them to sell goods or services at more competitive prices. Additionally, aggressive taxes can also allow companies to spend more resources on investment, research, and development. This can help economic growth in the long term.

However, *Tax Aggressiveness* also has significant negative consequences. One of the negative consequences is potential damage to the company's reputation. Aggressive tax avoidance practices are often criticized by regulators and the public, which can damage a company's reputation. Additionally, increased tax evasion could lead to a decrease in state revenues and budget deficits, which could impact infrastructure and public services. If companies are found to be violating tax laws, aggressive tax practices can also pose significant legal and reputational risks to them (Hapsari et al., 2021). Therefore, although *tax aggressiveness* can help companies reduce their tax burden and increase net profits, companies must also consider the long-term consequences and ensure that the tax approach they use is in line with legal compliance and sustainable business principles. Apart from that, companies must be able to form appropriate *Earnings Management* and *Sustainability Report strategies so that Tax Aggressiveness* can accommodate the company's tax burden appropriately.

Earnings Management and *Tax Aggressiveness* have a complex relationship and can have a significant impact on the company. Profit controls, which involve changes to financial statements to change reported profits, can affect how much profit is taxed. Companies that use earnings controls to reduce the profits reported in their financial statements tend to have lower net profits that will be taxed, thereby possibly reducing their tax liability. (Puspita & Putra, 2021). In contrast, companies that use earnings controls to change the earnings reported in their financial statements have the possibility of Therefore, there may be a relationship between revenue management practices and tax aggressiveness, which may make a company use revenue management strategies to achieve its tax aggressiveness goals.

Companies may use financial statement manipulation to disguise earnings or delay revenue recognition to reduce their reported profits and tax liabilities. On the other hand, a company can also use revenue management to manage expenses or reduce reported profits to reduce its tax obligations. However, it should be noted that the use of revenue management for aggressive tax purposes can pose significant legal and reputational risks if it is deemed an unethical practice or violates tax laws. Therefore, companies should carefully consider the long-term impacts of using aggressive revenue management and taxation and ensure that the practices they use comply with ethical standards rather than violate tax laws.

The influence of *the Sustainability Report* on *Tax Aggressiveness* is an interesting dynamic in the context of sustainability and tax practices. *Sustainability tax*, or sustainability tax, refers to taxes imposed on companies based on the environmental or social impact of their activities (Stefani & Paramitha, 2022). In a situation where governments and society increasingly demand social and environmental responsibility from companies, the adoption of tax policies that encourage sustainable business practices may become more commonplace. The impact on *Tax Aggressiveness* can vary. First, in some cases, sustainability taxes can encourage companies to become more transparent and responsible in their tax management, with a focus on sustainable business practices. This can reduce the company's tendency to carry out *Tax Aggressiveness* which has the potential to be detrimental to the environment or society.

Additionally, companies may try to manipulate their financial statements or find legal loopholes to reduce their sustainability tax impact, possibly leading to increased *Tax Aggressiveness* to minimize sustainability-related tax liabilities. Therefore, the influence of *the Sustainability Report* on *Tax Aggressiveness* requires a careful and balanced approach to designing tax policies that encourage sustainable business practices while minimizing incentives for detrimental tax practices. This can create challenges for regulators and stakeholders to find the right balance between fiscal drivers that support sustainability and efforts to prevent abuse or manipulation in implementation (Stefani & Paramitha, 2022). Thus, the relationship between *sustainability tax* and *Tax Aggressiveness* is an area that requires further attention and careful research to develop a sustainable and fair tax framework.

Based on this background description, researchers are interested in knowing the impact and influence of *Earnings Management* and *Sustainability Reports* on *Tax Aggressiveness* in Manufacturing Companies listed on the BEI 2018 - 2022. There are several previous studies conducted by previous researchers related to this research topic. First, research was conducted by (Puspita & Putra, 2021)with the title " The Influence of Profitability and *Corporate Social Responsibility Disclosure* on Tax Aggressiveness". The results of this research show that "profitability with a proxy of ROA has a significant positive effect on tax aggressiveness, *profitability* with a proxy of ROE has a significant positive effect on tax aggressiveness, and corporate social responsibility (CSR) has a significant negative effect on tax aggressiveness"

Then, research was conducted by (Sadjiarto et al., 2024)entitled " *The Effects of Earning Management and Environmental, Social, Governance (ESG) on Tax Avoidance with Leverage as a Moderating Variable* ". The results of this research indicate that *leverage* does not moderate *earnings management* on tax avoidance and the influence of ESG on tax avoidance. The use of high amounts of debt to avoid taxes is not exploited by managers, because it will increase the company's risk of missing payments in the future. "These results also show that companies prioritize harmony between the company and its stakeholders and social responsibility."

Then, research was conducted by (Puspita & Putra, 2021)entitled " *The Effectiveness of Corporate Governance Components as a Control Mechanism in Detecting Tax Avoidance When the Company is Under Financial Pressure* ". The results of this study show that "the proportion of independent directors and audit committee is a predictor of ETR. Meanwhile, the proportion of independent commissioners and the ratio of board of directors and board of commissioner's meetings do not affect ETR. This also shows that *finances* moderate the relationship between the proportion of independent board of directors and ETR. Financial pressure also moderates the relationship between the audit committee and ETR. In contrast, financial pressure does not moderate the relationship between independent commissioners and ETR. The research results also show that external audit as a control variable is related to ETR. This research contributes to the literature on the importance of the effectiveness of corporate governance components in reducing tax avoidance and how financial pressures influence their effectiveness. **Research Hypothesis**; H_1: Earnings management (X_1) has a significant influence on Tax Aggressiveness (Y); H_2: Sustainability Report (X_2) has a significant influence on Tax Agreiveness (Y)

METHOD

This research is a type of quantitative research, whereas according to its objectives, this research is quantitative cause and effect (Sugiyono, 2019). According to (Sugiyono, 2019), causal research is research carried out to test a theory or hypothesis that will later strengthen or refute the results of the previous hypothesis.

This data collection method uses the technique of recording sustainability reports and annual financial reports which can be uploaded to the Indonesian Stock Exchange and sustainability reports which can be downloaded from the company website for the 2018-2023 analysis period.

This research involved 3 (three) manufacturing companies listed on the Indonesia Stock Exchange (BEI) which published annual reports and sustainability reports from 2018 to 2022, namely: (1) PT. Asiaplast Industries Tbk, (2) PT. Kedawung Setia Industrial Tbk, and (3) PT. Indocement Perkasa Tbk .

After the research data is collected, the next step is the data analysis process. The data analysis process in this research aims to determine the relationship between variable X and variable Y. The data analysis technique in this research uses the SPSS version 22 *for Windows* 10 application. The data analysis technique used in this research is a statistical analysis method using regression analysis techniques. Then the hypothesis test that will be used in this research is the linearity test which is used to test hypotheses related to regression analysis, the normality test is used to check whether the data is normally distributed (Sugiyono, 2019). The regression test used in this research is the Multiple Regression Analysis Test or $F_{\text{Table Test}}$. The regression test in this study was obtained from the results of the F test which was calculated based on the F_{table}, producing a significant error probability of 5% (sig. 0.05). The multiple regression test analyzed each item in scoring form and used the SPSS version 22 *for the Windows 10 application*. The hypothesis of this research is; H_1: *Earnings Management* (X_1) has a significant influence on *Tax Aggressiveness* (Y); H_2: *Sustainability Report* (X_2) has a significant influence on *Tax Agreiveness* (Y)

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RESULTS AND DISCUSSION

1. *Discretionary Accrual* (DA) Formula Calculation Results

Judging from the calculation results of *the Discretionary Accrual* (DA) proxy formula used to measure the *Earnings Management variable* (X_1), the calculation results are as follows:

Table 1. Results of *Discretionary Accrual* (DA) proxy calculations

Company	Year	*DA* Results
PT Kedawung Setia Industrial Tbk	2018	0.023338852
	2019	0.011253649
	2020	-0.026672407
	2021	0.014030889
	2022	-0.015400942
PT Indocement Tunggal Perkasa Tbk	2018	0.42356863
	2019	0.128544036
	2020	0.122073659
	2021	0.115002467
	2022	0.260076786
PT Asiaplast Industries Tbk	2018	-1.885285676
	2019	-2.931123425
	2020	-2.249019488
	2021	-3.668451965
	2022	-5.52964433

2. *GRI Standards*

Judging from the calculation results of the *GRI Standard proxy formula* used to measure the *Sustainability Report Variable* (X_2), the calculation results are as follows:

Table 2. *GRI Standard proxy* results

Company	Year	Total GRI Indicator (Ni)	Total Indicators Fulfilled (∑ XYi)	Total Score (∑ XYi /Ni)
PT. Kedawung Setia Industrial Tbk	2018	118	67	0.57
	2019	118	69	0.58
	2020	118	70	0.59
	2021	118	72	0.61
	2022	118	73	0.62
PT Indocement Tunggal Perkasa Tbk	2018	118	64	0.54
	2019	118	70	0.59
	2020	118	69	0.58
	2021	118	72	0.61
	2022	118	73	0.62
PT. Asiaplast Industries Tbk	2018	118	62	0.53
	2019	118	64	0.54
	2020	118	62	0.53
	2021	118	64	0.54
	2022	118	62	0.53

***Cash Effective Tax Rate* (CETR)**

Judging from the calculation results of *the cash effective tax rate* (CETR) proxy formula used to measure *the Tax Aggressiveness* (Y) variable, the calculation results are as follows:

Table 3. *Cash Effective Tax Rate* (CETR) Calculation Results

Company	Year	*Cash Effective Tax Rate* (CETR) Calculation Results
PT Kedawung Setia Industrial Tbk	2018	0.2084991
	2019	0.217317
	2020	0.082212
	2021	0.0590487
	2022	0.0653363
PT Indocement Tunggal Perkasa Tbk	2018	0.0214895
	2019	0.0252954
	2020	0.0286682

Company	Year	***Cash Effective Tax Rate* (CETR) Calculation Results**
	2021	0.0376214
	2022	0.034004
PT Asiaplast Industries Tbk	2018	0.0894691
	2019	0.1273514
	2020	0.8216946
	2021	0.8280563
	2022	0.8871429

3. Descriptive statistics

The results of descriptive statistics in this study are shown in the following table:

Table 4. Descriptive Statistics Results

Descriptive Statistics

	N	*Min*	*Max*	*Mean*	*Std. Deviation*
Earnings Management	15	-5.53	.42	-1.0138	1.81489
Sustainability Report	15	.48	.68	.5740	.05591
Tax Aggressiveness	15	.02	.89	.2355	.32178
Valid N (listwise)	15				

4. Normality Test Results

Table 5. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		15
Normal Parameters [a, b]	*Mean*	.0000000
	Std. Deviation	.18269782
Most Extreme Differences	*Absolute*	,240
	Positive	,240
	Negative	-.230
Statistical Tests		,240
Asymp. Sig. (2-tailed)		,020 [c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

This research uses a normality test to determine whether the data distribution for each variable is normal. The *Kolmogorov-Smirnov* correlation equation and the SPSS version 22.0 *for the Windows application* were used to carry out normality tests in this study. If the significance value of the data normality test results is greater than 5% (0.05), then the variable data distribution is considered normal. Judging from the results of the normality test analysis in the table above, it can be identified that the results of the *Kolmogorov-Smirnov test value are* greater than 0.05. Then it can be concluded that the distribution of the data is normal.

5. Autocorrelation Test Results

Table 6. Autocorrelation Test Results
Model Summary [b]

Model	*R*	*Std. Error of the Estimate*	*Durbin-Watson*
1	.823 [a]	.19734	1,763

a. Predictors: (Constant), Sustainability Report, Earnings Management

b. Dependent Variable: Tax Aggressiveness

This research uses the Autocorrelation Test to determine whether there is a correlation between members or observation data located in a row and the SPSS version 22.0 *for Windows application.* Judging from the results of the autocorrelation test analysis in the table above, it can be identified that the *Durbin-Watson* test value (d) is 1.763 smaller than the limit value (dU) of 1.8964. Then it can be concluded that there is a problem or symptom of autocorrelation.

6. Linearity Test Results

Table 7. Linearity Test Results

ANOVA ^{a}

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	*Regression*	,982	2	,491	12,612	.001 ^{b}
	Residual	,467	12	,039		
	Total	1,450	14			

a. *Dependent Variable: Tax Aggressiveness*

b. *Predictors: (Constant), Sustainability Report, Earnings Management*

The linearity test is the next stage of this research analysis. In this research, the linearity test was carried out using the linearity test formula and the SPSS version 22.0 application for *Windows*. The linearity test aims to evaluate the linear relationship between a variable X and a variable Y. The relationship between variables is considered linear if the significance value of data analysis of normality test results is greater than 5% (0.05). Judging from the results of the linearity test data analysis, it was found that the F value at X_1 (*Earnings Management*), and X_2 (*Sustainability Report*), had a value greater than the $F_{\text{table value}}$ (sig. 0.05). So it can be concluded that the two variables X have a linear relationship with the variable Y.

7. F Regression Test Results $_{\text{Table}}$

Table 8. F Regression Test Results $_{\text{Table}}$

ANOVA ^{a}

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	*Regression*	,982	2	,491	12,612	.001 ^{b}
	Residual	,467	12	,039		
	Total	1,450	14			

a. *Dependent Variable: Tax Aggressiveness*

b. *Predictors: (Constant), Sustainability Report, Earnings Management*

Judging from the results of the linearity test data analysis, it was found that the total $_{\text{calculated F value}}$ was 12,612. Then it was found that the total $_{\text{calculated}}$ F value was greater than the F $_{\text{table value of}}$ 3.89 (sig. 0.05). So it can be concluded that the independent variable, namely X_1 *Earnings Management* and X_2 *Sustainability Report*, has a simultaneous influence on the dependent variable Y *Tax Aggressiveness*.

8. T Regression Test Results Table

Table 9. Multiple Regression Test Results

Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.113	,644		-.176	,864
	Earnings Management	-.151	.033	-.851	-4,505	,001
	Sustainability Report	,341	1,087	,059	,313	,759

a. *Dependent Variable: Tax Aggressiveness*

Judging from the table, the t-test value of the *Earnings management variable* (X1) has a significant negative influence on the *Tax Aggressiveness variable* (Y). This is proven by the calculated t test value of 4.505 which has a value greater than the t table value of 2.17881 and a significance value of 0.001 which has a value smaller than 0.05. Apart from that, the t-test value on the Earnings Management variable *(X 1)* is negative so the influence of the variable This shows that increasing the efficiency *of Earnings Management* can provide a significant reduction in *Tax Aggressiveness* by 450.5%.

Judging from the table, the t-test value of the *Sustainability Report variable* (X_2) does not have a significant influence on the *Tax Aggressiveness* (Y) variable. This is proven by the calculated t test value of 0.313 which is smaller than the t table value of 2.17881 and the significance value of 0.759 which is greater than 0.05. Then, the t-test on the *Sustainability Report variable* (X_1) shows a value of 0.313. This shows that for every 1% increase in *the Sustainability Report* (assuming that the coefficient values of other variables are constant), the value of *Tax Aggressiveness increases* by 31.3%.

9. Coefficient of Determination

Table 10. Coefficient of Determination Results

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823 a	,678	,624	.19734

a. Predictors: (Constant), Sustainability Report, Earnings Management

b. Dependent Variable: Tax Aggressiveness

Judging from the table above, it can be seen that the R Square or R-value has a value of 0.678 which can be concluded that the influence provided by the *Earnings Management variable* (X_1)*, Sustainability Report* (X_2) *The Tax Aggressiveness (Y)* variable has a value of 0.002 or 2.0%. This shows that other variables can increase the level of *Earnings Management, Sustainability Report,* and *Tax Aggressiveness*.

Then it is known that *the standard error of the estimate value* is 0.19734 which is smaller than the standard deviation of the Tax Aggressiveness (Y) variable of 0 . 31728. This shows that the percentage error in predicting product sales levels has a value of 19.7% so the regression model in this research can reduce the prediction level for the *Tax Aggressiveness* (Y) variable.

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DISCUSSION

This research involved 3 (three) manufacturing companies listed on the Indonesia Stock Exchange (BEI) which published annual reports and sustainability reports from 2018 to 2022, namely: (1) PT. Asiaplast Industries Tbk, (2) PT. Kedawung Setia Industrial Tbk, and (3) PT. Indocement Perkasa Tbk. This research hypothesis test will analyze research data using the *Spearman correlation test* and the SPSS version 22.0 application for *Windows*.

1. The Influence of *Earnings Management* on *Tax Aggressiveness*

Testing the regression hypothesis on the *Earnings Management variable* (X_1) in this study obtained a significance value of 0.001 < 0.05, and showed that there was a significant influence that supported the acceptance of the working hypothesis (H_i) and the determination of the existence of "influence". The author can conclude that *Earnings Management* has a negative influence on *Tax Aggressiveness*. This is in line with research conducted by (Rifai & Atiningsih, 2019)which states that *Earnings Management* has a negative influence on *Tax Aggressiveness* which causes the Working Hypothesis (H_1) to be accepted and the Nil Hypothesis (H_0) to be rejected. main findings in this research indicate that earnings management practices have a significant negative impact on the level of corporate tax aggressiveness. Earnings management is often associated with a company's efforts to reduce its tax liabilities in a way that is legally acceptable but still has a negative impact in the long term (Susanto et al., 2019). These results indicate that companies can obtain tax benefits without taking aggressive tax management actions. By knowing the negative impact of earnings management on tax aggressiveness, companies can concentrate on sustainable and transparent tax strategies (Bansal, 2023). This can increase tax compliance and minimize the company's risk of legal consequences and violations.

2. The Effect of *Sustainability Reports* on *Tax Aggressiveness*

The regression hypothesis test for *the Sustainability Report variable* (X_2) in this study obtained a significance value of 0.759 > 0.05, and showed that there was no significant influence that supports the acceptance of the working hypothesis (Hi) and the determination of the absence of "influence". The author can conclude that *the Sustainability Report* does not influence *Tax Aggressiveness*. This is in line with research conducted by (Stefani & Paramitha, 2022)which states that *the Sustainability Report* does not influence *Tax Aggressiveness*. This shows that the more and better the quality of *sustainable reporting* does not influence companies in carrying out *tax aggressiveness*. This also causes the Working Hypothesis (H_i) to be rejected and the null hypothesis (H_o) to be accepted.

Several factors cause *sustainability reports* to not have a significant influence on *tax aggressiveness*. In a competitive business environment, companies often focus on tax management strategies that maximize profits and minimize tax liabilities without violating the law (Stocker et al., 2020). Then the existence of uncertainty or ambiguity in tax rules can cause companies to prefer to be careful and conservative in making tax decisions, and prefer to follow sustainability reporting practices that may not have direct fiscal consequences (Traxler et al., 2020). Differences in views and priorities between internal and external parties to a company can also influence the impact of sustainability reporting on tax practices, with management perhaps being more oriented towards short-term profits while external stakeholders emphasize social and environmental responsibility (Hapsari et al., 2021).

CONCLUSION

Based on the results of the data analysis, it shows that the *Earnings Management variable* (X_1) with a significant value of 0.001, has a significant negative influence on *Tax Aggressiveness* so the first working hypothesis (H_1) is accepted and the null hypothesis (H_o) is rejected. The t-test on the *Earnings Management variable* (X_1) shows a value of -4.505. This shows that increasing the efficiency *of Earnings Management* can provide a significant reduction in *Tax Aggressiveness* by 45.05%. However, the *Sustainability Report variable* (X_2) with a significance value of 0.759 does not have a significant influence on *Tax Aggressiveness* so the second working hypothesis (H_2) is rejected and the null hypothesis (H_o) is accepted. Therefore, this research suggests that auditors form a strategy that can create an *earnings management system* that can solve the problem of *tax aggressiveness* in companies. It is hoped that future researchers will be able to develop the variables in this research so that they can obtain more diverse results and be able to answer problems related to variables. Then the next researcher is expected to be able to thoroughly examine the variables in this research so that they can identify the influence on the variables of this research.

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