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OTHER FACTORS THAT AFFECTED THE CORPORATE VALUE (POV: TAX MATTERS)

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ABSTRACT

This research study aims to examine and analyze the effect of tax planning, deferred tax burden, and corporate governance mechanisms on firm value through earnings management mediation. The sample was chosen using a purposive sampling method, and 12 textile and garment sub-sector companies were found in 2022. The data is cross-sectional and time series. Data analysis using Path Analysis. The study results show that tax planning and corporate governance affect earnings management, but deferred tax expense has no significant effect. Tax planning, deferred tax expense, and earning management affect firm value, but corporate governance does not. Earnings management does not intervene in the relationship between tax planning and company value; earnings management moderates the relationship between deferred tax expenses and firm value variables; earning management does not moderate the relationship between corporate governance and corporate values. Corporate governance mechanisms could protect the interests of investors. Management and inventors could follow the best lessons and experiences in calculating corporate value.

ABSTRAK

Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh perencanaan pajak, beban pajak tangguhan, dan mekanisme tata kelola perusahaan terhadap nilai perusahaan melalui mediasi manajemen laba. Pemilihan sampel dilakukan dengan metode purposive sampling, dan terdapat 12 perusahaan subsektor tekstil dan garmen periode 2022. Data penelitian adalah cross-sectional dan time series. Analisis data menggunakan Analisis Jalur. Hasil penelitian menunjukkan bahwa perencanaan pajak dan tata kelola perusahaan berpengaruh terhadap manajemen laba, namun beban pajak tangguhan tidak berpengaruh signifikan terhadap manajemen laba. Perencanaan pajak, beban pajak tangguhan, dan manajemen laba berpengaruh terhadap nilai perusahaan, namun tata kelola perusahaan tidak. Manajemen laba tidak melakukan intervensi terhadap hubungan antara perencanaan pajak dan nilai perusahaan; manajemen laba memoderasi hubungan antara variabel beban pajak tangguhan dan nilai perusahaan; manajemen laba tidak memoderasi hubungan antara tata kelola perusahaan dan nilai-nilai perusahaan. Mekanisme tata kelola perusahaan dapat melindungi kepentingan investor. Manajemen dan inventor dapat mengambil pelajaran dan pengalaman terbaik dalam menghitung nilai perusahaan.

INTRODUCTION

The rapid development of technology at the end of the twentieth century has led to a shift in production from land, employment, and physical capital (the traditional concept of capital) to a new capital concept (Momani et al., 2021). Ministry of Industry in 2021 stated that the textile and garment sub-sector in Indonesia get the top 5 Gross Domestic Product (GDP), namely the food and beverage industry at 6,66%, the chemical, pharmaceutical, and traditional medicine industries at 1,96%, the metal goods industry, computers, electronic goods, optics, and electrical equipment by 1,57%, transportation equipment industry by 1,46%, and the textile and garment industry by 1,05%. Imports of textile products from China experienced a very significant increase in various countries from 2005 to 2019, the highest being Pakistan from 56% to 83.4%, the Philippines from 29,4% to 75,6%, Vietnam from 25,6% to 60,2%, Malaysia from 30% to 65,7%, Indonesia from 28,1% to 58,8% and Mexico from 7,6% to 27%. Indonesia's textile and garment sub-sector slump has reduced investor confidence in the corporation's performance. Corporate performance can be assessed by knowing the corporation's financial condition, which is simultaneously known as corporate value.

Corporate value is an investor's perception of a corporation and is often associated with stock prices. High stock prices will increase the value of the corporation. Business actors continuously try to increase the corporation's value to survive in the long term. Business competition in the era of globalization is growing, demanding that companies continue to improve performance through investments, including yielding the highest rate of return, using optimal finance, being transparent in the field of information, increasing monitoring and control, being able to carry out all corporate obligations, and always trying to scale up. The corporation gets bigger. According to Ross et al. (2017), corporate value reflects the price investors can pay for a corporation, which is usually measured by the price-to-book value ratio. Management discretion increases with the gap between fiscal profit and accounting profit. Deferred tax expense measures the degree of management discretion and can be used to spot organizations’ earnings management techniques. It can also be done by examining the outcomes of fiscal corrections in the form of negative corrections. A negative correction occurs when fiscal accounting income is less than commercial accounting income and fiscal accounting expenses are more significant than commercial accounting expenses. The following period’s income statement will include deferred tax expense, which will raise the current period’s deferred tax expense in the balance sheet. Deferred tax is the impact of taxes on future corporate income arising from temporary differences in accounting and tax treatment and future tax losses that can be compensated for a specified period and reported in the corporation’s financial statements. The impact of future income tax must be recognized, calculated, presented, and prepared in the financial statements, including the statement of financial position and the statement of comprehensive income.

Earnings management arises due to a conflict of interest between the management (agent) and the owner (principal). This arises because each party seeks to achieve and maintain the desired level of prosperity. Conflict of interest occurs because of the separation of ownership with the corporation's management (agency conflict). The owners give authority and freedom to the manager to take care of the corporation, but the owners (shareholders) give particular to managers. They are managing earnings management due to the pressure to report a stable financial position annually to shareholders, creditors, and other parties who have an interest so that managers take management action's financial statements. Management action to prevent any corporate can profit corporate governance implementation. Corporate governance is the set of rules governing the relationship between shareholders and management. Corporate governance requires the implementation of a method called a good corporate governance mechanism. Good corporate governance mechanisms used are the board of directors, audit committee, managerial ownership, and institutional ownership. The concept of good corporate governance is proposed to achieve a more transparent corporate management for all users of financial statements. Corporate governance requires implementing a way or method called a good corporate governance mechanism. Good corporate governance mechanisms used are the board of directors, audit committee, managerial ownership, and institutional ownership. The concept of good corporate governance is proposed to achieve a more transparent corporate management for all users of financial statements. Corporate governance requires implementing a way or method called a good corporate governance mechanism. Good corporate governance mechanisms used are the board of directors, audit committee, managerial ownership, and institutional ownership. The concept of good corporate governance is proposed to achieve a more transparent corporate management for all users of financial statements.

According to Jensen & Meckling (1976), corporate value is a significant and decisive factor in a corporation's sustainability. The primary purpose of building a corporation is to increase its value. High-value companies will gain more trust from investors and the public, which will impact great investment opportunities for the corporation and ultimately provide a positive signal for the corporation's growth. Companies that can maintain their sustainability in the long term have high value for investors and society. Tax planning, deferred tax expenses, and corporate governance mechanisms affect the corporation's value. The first factor is tax planning. Tax is an element of profit deduction that is available to be shared with investors or invested by the corporation to be minimized to optimize the amount of the corporation's net profit. The second is deferred tax expense. The deferred tax expense that reflects temporary differences and a current tax expense that reflects the results of the reconciliation of earnings according to accounting because temporary and permanent differences exist is a component of tax expense recognized in commercial profit or loss. Third, Corporate governance mechanism. Good governance has been identified as essential in increasing income and inequality (Mun et al., 2002). The corporation's efforts to reduce earnings management and improve the quality of financial reports is the existence of a corporate governance mechanism.

The novelty of this study lies in the variable measurement determination model; namely, all indicators of each variable are calculated. Another difference lies in the selection of the research sample to be used. Previous studies generally used a sample of companies from all manufacturing and financial sectors. However, in this study, the sample was focused on textile and garment sub-sector companies. Companies in the textile and garment sub-sector have more complex operational activities, starting from the processing of raw materials to finished goods, so it can be suspected that earnings management practices may occur during this complex process. Therefore, the textile and garment sub-sector is ideal for research related to earnings management. The research objectives of this study are to examine and analyze the effect of tax planning, deferred tax burden, and corporate governance mechanisms on corporate value through earnings management mediation.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Relationship Corporate Governance on Earnings Management

EM decreases earnings quality, and prior literature suggests that it is opportunistic rather than efficient (Healy & Wahlen, 1999; Siregar & Utama, 2008; Yu, 2008). Earnings management is related to agency theory since it can create or exacerbate agency costs (Davidson et al., 2005). This agency cost can be reduced with a sound corporate governance mechanism (Baek et al., 2009). The role of the board of directors is crucial in overseeing the managers and ensuring that their interests are aligned with those of the shareholders (Fama & Jensen, 1983). Although agency theory suggests that CG can mitigate EM, the empirical literature is inconclusive about the role of CG in EM. The role of corporate governance is to mitigate the agency problem and reduce agency costs to maximize shareholders' wealth (Ayunitha et.al, 2020). Prior studies find that companies with good corporate governance have better performance

(Duchin et al., 2010; Larcker et al., 2007), higher stock liquidity (Ali et al., 2017), and a lower probability of default risk (Bhojraj & Sengupta, 2003).

Specifically, strong corporate governance mitigates information asymmetry between insiders (e.g., managers) and outsiders (e.g., investors), as well as among outsiders, thus enhancing corporate information transparency (Leuz et al., 2003). Because managers tend to have private information and Corporate-specific experience in all aspects of Corporations' businesses, severe moral hazard problems can arise from the information asymmetry between insiders and outsiders. Badolato et al. (2014), Davidson et al. (2005), and Klein (2002) have documented the benefits of internal governance mechanisms, such as audit committee and board of director characteristics in lowering agency costs and information asymmetries, which results in limiting the opportunity to distort earnings. The corporate governance proxy in this study covers two dimensions of corporate governance: the board of directors and the supervisory board,2 of which comprise 13 governance attributes. The attributes stem from the Corporate Governance Codes and constitute a corporate governance index (CGI) for Vietnamese Corporations. While the well-known Gompers et al. (2003) governance index measures Corporations' anti-takeover mechanism, the governance index in this study underlines the internal governance mechanism.

Relationship Tax Planning on Corporate Value

Lestari & Wardhani (2015) examined the impact of corporate tax planning behavior on corporate value. Using data from 442 non-financial Corporations listed on the Indonesia Stock Exchange for 2010-2011, they found a positive relationship between tax planning and corporate value. In addition, board diversity increased the positive effect of tax planning on corporate value. Nwaobia et al. (2016) analyzed the impact of tax planning on corporate value in the Nigerian Stock Exchange context, using data from 50 companies listed from 2010-2014. The research showed that effective tax rates positively and significantly affected corporate value. Razali et al. (2018) investigated the effect of tax planning on corporate value by using a sample of 387 Corporations listed in Bursa Malaysia from 2014 to 2016 and that the effective tax rate positively linked to corporate value.

Tijjani & Peter (2020) examined the impact of ownership structure on tax planning of non-financial Corporations in Nigeria. Using a sample of 106 Corporations from 2008-2017, they found that institutional ownership has no significant positive impact on corporate tax planning. Hilling et al. (2021) investigated the effect of state ownership on corporate tax avoidance in Sweden. Using data from 2,300 Corporate-year observations over the period 2000-2019, they indicated that the degree of tax avoidance is a lessening function of state ownership. Based on the viewpoint of political power theory on tax planning, Corporations with higher state ownership are associated with a lower effective tax rate due to the tax incentives offered by rules (Vu & Le, 2021). On the other hand, agency theory suggests that increases in institutional ownership are related to increases in tax avoidance (Khan et al., 2017). Dyreng et al. (2010) showed that managers have an individual impact on tax avoidance because they are expected to ponder the personal benefits against the personal costs in the case of conscription action by tax authorities. Bradshaw et al. (2019) showed the relationship between tax planning and agency conflicts; their conflicts were between minority and controlling shareholders.

Relationship Corporate Governance on Corporate Value

Corporate value is conceptualized as investors' perception, often correlated with stock prices, where higher stock prices indicate elevated corporate value. According to the Corporate theory, the primary objective of a corporation is to maximize its value or wealth (Salvatore, 2022). This research quantifies corporate value using Tobin's Q ratio, reflecting the market's estimation of future investment returns as perceived by external parties and investors. The enhancement of corporate value necessitates the implementation of a Good Corporate Governance (GCG) mechanism grounded in five cardinal principles: transparency, accountability, responsibility, independence, and fairness. Pedersen et al. (2021) suggest that investor interest and confidence burgeon alongside the effective implementation of corporate governance, thereby positively influencing corporate value. The presence of an independent board, serving as a proxy for sound corporate governance, has been empirically validated to augment corporate value (Bakar et al., 2023). Additional empirical studies corroborate that GCG, as an embodiment of effective governance, positively impacts corporate value by bolstering investor interest and confidence. Furthermore, strategic direction and oversight by an independent board significantly enhance corporate value.

Relationship Earning Management Effect on Corporate Value

Earnings management can be opportunistic and efficient by its nature. Earnings management influences performance in two perspectives: Positive and negative influences. This study suspects that earnings management based on real activities, e.g., Freezing out and tunneling (of real earnings management), will negatively affect the performance, while earnings management based on accruals will positively influence performance. This is caused by the fact that the phenomenon of the ownership structure of Indonesian companies is concentrated, pyramid-like, cross-holding, and controlled by the family (Surifah, 2011). Such ownership structures provide strong incentives for the controlling shareholders to expropriate the corporation's resources at the cost of the non-controlling shareholders and this is associated with low performance and low corporate value (Zhu & Ma, 2009).

Relationship Earnings Management Intervene in the Relationship Between Tax Planning and Corporate Value

In addition to tax planning, according to Jayanti et al. (2020), deferred tax expense is one method for identifying earnings management methods utilized by corporate management. According to Ardyansah (2014), large companies with better tax planning tend to have more space. One way a corporation can do that is by adopting effective accounting practices to reduce a corporation’s effective tax rate (Huseynov & Klamm, 2012). Lietz (2013) states that companies carry out tax planning through tax avoidance. Tax planning carried out by companies is also driven by the ability to survive in business competition (Armstrong et al., 2019). Accounting is a recording technique used to create financial accounts, and taxes are one of the sources of governmental revenue. In order to address the information symmetry that may exist between management and readers of financial statements, accounting seeks to provide information about corporate performance in addition to increasing state revenues. Users of financial statements can get additional information to evaluate the caliber of a corporation’s performance by understanding the distinction between tax accounting (fiscal income) and commercial accounting. Since tax regulations limit the flexibility of the use of discretion in establishing taxable income, the difference between commercial profit and taxable profit may impact management’s discretion in the accrual process.

Corporate tax minimization can be done in a way that is still in compliance with tax regulations (legal) or in a way that violates tax regulations (illegal). Efforts to minimize tax burden or liability are often referred to as tax planning. Tax planning is not about making the wrong tax obligations but about taking advantage of tax regulation opportunities that benefit the corporation and still benefit the government through authorized means. Marsaid & Pesudo (2019) stated that tax planning can expand benefits to increase the corporation's value. One way to know the value of a corporation is to look at its stock price. If the corporate offer has a high stock price, it means that investors are also prosperous. In order to get a high share price offer, the corporation must pay a large dividend. Dividends are obtained based on greater profits; one way to benefit is through tax planning. Gaining profits through low tax payments allows the corporation to earn large profits. It can be said that the corporation's value increases if it generates large profits (Tambahani & Sumual, 2021).

Relationship Earnings Management the Relationship Between Deferred Tax Expenses and Corporate Value Variables

Sumomba & Hutomo (2012) examine the effect of deferred tax, tax burden, and tax planning on earnings management. According to the study, tax planning impacts profit management techniques, whereas deferred tax expense does not. Subsequent research was carried out by (Negara & Suputra, 2017), which showed that tax planning affected earnings management and deferred tax expense affected the probability of companies doing earnings management. According to Jayanti et al. (2020), deferred tax expense is one method for detecting how earnings are managed by corporate management. Accounting is a recording system used to prepare financial statements, and taxation is one source of state revenue. Taxation, in particular, seeks to increase state revenues; accounting, on the other hand, aims to gather data about earnings quality and is expected to conquer the information gap between management and financial statement users. The distinction between both tax and commercial financial reporting can provide additional details to financial statement users when assessing the quality of current earnings. Because tax regulations restrict professional judgment in determining tax liability, the distinction between financial gains and budgetary profit can notify management's accrual process discretion.

Another method for detecting earnings management practices is to examine the results of financial adjustments in the type of negative repairs. A negative correction occurs when fiscal accounting income is less than commercial accounting income and fiscal accounting expenses exceed commercial accounting expenses. This results in an increase in deferred tax liability in the relevant decade's financial statements, which is identified as deferred tax expense in the following period's income statement. Companies can manipulate profits by recognizing a large number of deferred tax assets, which will cause changes in deferred tax assets that are not normal compared to previous years (Li et al., 2020).

Relationship Earning Management Moderate the Relationship Between Corporate Governance Mechanisms and Corporate Values

Good corporate governance practice is expected to reduce the level of earnings management. Research from Kamil (2012) shows that corporate governance mechanisms are proxied by managerial ownership, institutional ownership, and independent commissioners, which simultaneously significantly affect corporate value. Partially, managerial ownership and institutional ownership are moderating variables in the effect of earnings management on corporate value, while independent commissioners are not moderating variables in the effect of earnings management on corporate value. Research conducted by Kristanti & Priyadi (2016) shows that good corporate governance as a moderating variable is unable to weaken the effect of earnings management on corporate value. Management overconfidence is a likelihood for managers to overestimate their capabilities and information on future corporate performance. Management with overconfidence has too high and irrational expectations regarding corporate performance or investment decisions (Malmendier & Tate, 2005). Therefore, management often makes risky investments (Hambrick & Cannella, 2004) because they believe they will get high returns in the future. However, due to overconfidence, the investment decisions taken by management did not produce the expected return. Therefore, to cover mistakes in management decision-making, overconfidence does earning management. This is supported by research conducted by Hsieh et al. (2014) dan Li et al. (2018). They proved that overconfidence management tends to perform earning management which increases profits. The study hypothesis is based on the literature as follows.

H_1: tax planning has a significant effect on earnings management
H_2: deferred tax expense has a significant effect on earnings management
H_3: corporate governance has a significant effect on earnings management
H_4: tax planning has a significant effect on corporate value
H_5: deferred tax expense has a significant effect on corporate value
H_6: corporate governance has a significant effect on corporate value
H_7: earning management has a significant effect on corporate value
H_8: earnings management has a significant intervention in the relationship between tax planning and corporate value
H_9: earnings management has a significant intervene the relationship between deferred tax expenses and corporate value
H_{10}: earning management has a significant intervene the relationship between corporate governance mechanisms and corporate values

RESEARCH METHOD

This research is quantitative and causality-based. It consists of independent variables: tax planning, deferred tax burden, and corporate governance mechanisms. The dependent variable is corporate value, and the intervening variable is earnings management. The population in this study is a textile and garment sub-sector corporate (Indonesian Stock Exchange) in 2022 with a total of 21 companies. The sample used in this study used purposive sampling and found 12 sample companies. Research data is annual data that is cross-sectional and time series. The data collected comes from audited Corporate financial reports. Data were analyzed in stages using descriptive and inferential by using Path Analysis. The equations used in this research include the following.

Linear Regression Equation 1

$$CV = \beta 1.\mathrm{TP} + \beta 2.\mathrm{DTE} + \beta 3.\mathrm{GCG} + \beta.\mathrm{EM} + \mathrm{e2} \qquad (1)$$

Linear Regression Equation 2

$$\mathrm{EM} = \beta 1.\mathrm{TP} + \beta 2.\mathrm{DTE} + \beta 3.\mathrm{GCG} + \mathrm{e1} \qquad (2)$$

Equation information is as follows: CV is company value; EM is earning management; β is beta coefficient; TP is tax planning; DTE is deferred tax expense; GCG is good corporate governance; EM is earning management; and e is error.

Table 1. Measurement Variables

Variables		Formulas
Dependent	Corporate Value	$PBV = \frac{Market\ price\ per\ Share}{Book\ value\ per\ share}$
Intervening	Earning Management	$DA_{it} = \frac{TA_{it}}{A_{it-1}} - \left[\beta_1(\frac{1}{A_{it-1}}) + \beta_2(\frac{\Delta REV_{it}}{A_{it-1}} - \frac{\Delta REC_{it}}{A_{it-1}}) + \beta_3(\frac{PPE_{it}}{A_{it-1}})\right] + \varepsilon$
Independent	Tax Planning	$ETR = \frac{total\ tax\ expense}{Pre\ tax\ income}$
	Deferred Tax Expense	$DTEit = \frac{Deferred\ tax\ expenses}{Total\ Assets - 1}$
	Corporate Governance Mechanism	Age diversity = Number of members of the board of directors aged 40-50 years.

Table 2. Statistic Descriptive

Statistic Descriptive					
	N	**Min**	**Max**	**Mean**	**Std. Deviation**
TP	96	-1,500	4,068	0,260	0,741
DTE	96	-0,005	0,166	0,019	0,033
GCG	96	0,143	1,000	0,574	0,284
EM	96	-0,738	1,312	-0,023	0,319

RESULT AND DISCUSSIONS

Statistical test results show that tax planning has a mean value of 0,260, which means that companies carry out tax planning of 26,02%. On average, the rest of the textile and garment companies did not carry out tax planning as they were concerned. The results of the descriptive statistical test show that the deferred tax expense has a mean value of 0,019, which means that the corporation takes advantage of the deferred tax expense of 1,93%. On average, textile and garment companies are companies that have good deferred tax, this is because they have a deferred tax expense value of only 1,93%. The results of the descriptive statistical test show that good corporate governance (GCG) has a mean value of 0,574, which means that companies are taking advantage of good corporate governance (GCG). It also concludes that textile and garment companies have good corporate governance, which is good because they have good corporate governance (GCG) value of 57,39%. Companies tend to disclose high governance transparency because it is above 50%.

Tax Planning, DTE, GCG Mechanism, and Profit Management significantly affect Corporate Value. This variable has a significant effect because its alpha significance value is below the standard 0,05. Therefore, the equations that can be formed in Model 2 are as follows.

$$\mathrm{CV} = 0{,}205\ \mathrm{TP} - 0{,}148\ \mathrm{DTE} + 0{,}023\ \mathrm{GCG} + 0{,}197\ \mathrm{EM} + \mathrm{e} \qquad (3)$$

Model 1 is appropriate (meets the goodness of fit) because the calculated F is 6,78, and the significance value is below the standard alpha of 0,000. While the coefficient of determination of Tax Planning, DTE, GCG Mechanism, and Profit Management significantly influences Corporate Value, it has a coefficient of 0,501 or 50,10%, while the remaining 49,90% is outside the study. Tax planning, DTE, and GCG significantly affect earnings management. This variable has a significant effect because its alpha significance value is below the standard 0,05. Therefore, the equations that can be formed in Model 1 are as follows.

$$\mathrm{EM} = 0{,}235\ \mathrm{TP} + 0{,}024\ \mathrm{DTE} + 0{,}380\ \mathrm{GCG} + \mathrm{e} \qquad (4)$$

Model 2 is appropriate (meets the goodness of fit) because the calculated F is 10,951, and the significance value is below the standard alpha of 0,000. The coefficient of determination of Tax Planning, DTE, and GCG has a significant effect on Profit Management, with a coefficient of 0,452 or 45,20%, while the remaining 54,80% is outside the study.

Table 3. Model of Linear Regression Equation Model 1

		Standardized Coefficients		
Model		**Beta**	**t**	**Sig.**
1	(Constant)		-5,144	0,000
	TP	0,205	2,319	0,023
	DTE	-0,148	-2,079	0,041
	EM	0,197	2,135	0,036
	R-square	0,567		
	R-square	0,501		
	FCount		6,780	0,000

Table 4. Model of Linear Regression Equation Model 2

		Standardized Coefficients		
	Model	Beta	t	Sig.
1	(Constant)		-0,936	0,352
	TP	0,235	2,395	0,019
	DTE	0,024	0,295	0,769
	EM	0,380	3,024	0,003
	R-square	0,652		
	R-square	0,425		
	FCount		10,951	0,000

The results of this study have no effect because companies in Indonesia that take advantage of loopholes to carry out earnings management by using deferred tax expense in their financial statements will be corrected when they inspect fiscal statements. Tax regulations provide stricter limits in tax calculations, namely only recognizing the amount of income or expenses when received or issued as the basis for calculating the taxable profit or loss. In other words, taxation only recognizes tax expenses for the period. It does not recognize any deferred tax expense, so the presence or absence of deferred tax expense cannot affect management in carrying out earnings management actions.

Through the implementation of an excellent corporate governance mechanism, earnings management actions in the corporation will be reduced due to monitoring carried out by the corporation. Monitoring is a supervisory activity with the aim of supervising management to minimize the scope of management in carrying out earnings management. If the supervision that exists in the corporation is carried out strictly, it will be difficult for managers to manipulate earnings. Signaling theory emphasizes the importance of complete, relevant, accurate, and timely information needed by investors in the capital market as an analytical tool for making investment decisions issued by companies for investment decisions of parties outside the corporation. Information is essential for investors and business people because it presents information, notes, or descriptions about past, present, and future conditions for a corporation's survival and its securities market.

The corporation's profit level is also inseparable from the tax burden, which is the corporation's responsibility. Reluctance to pay taxes extends not only to personal income taxes but also includes all other forms of taxation, including the corporate income tax that legal entities are expected to pay. When a corporation's tax burden is high, accounting profit differs significantly from taxable profit, which can reduce the corporation's value. The results of this study are different, where the more independent commissioners in a corporation cannot prevent earnings management practices by managers. This has several possibilities. First, the size of the corporation's independent board of commissioners needs to improve communication so that it can interfere with the supervisory process. Second, decision-making becomes inefficient in a large independent board of commissioners compared to a small independent board of commissioners. Finally, the independent board of commissioners must have sufficient expertise in carrying out their duties.

Table 5. Effects of Intervening Using the Sobel Test

X-->Z --> Y	a	Se_a	b	Se_b	a x b	Sobel Z test	Z tabel	p-value
TP	0,101	0,235	1,456	0,682	0,147	0,421	1,960	0,674
DTE	0,233	0,024	1,456	0,682	0,339	2,085	1,960	0,037
GCG	0,426	0,380	1,456	0,682	0,620	0,993	1,960	0,321

Signaling theory is most suitable for use in research on corporate value because this theory says that this theory is a signal or indication of actions taken by corporate managers so that investors can view corporate prospects based on the corporate manager's performance conveyed. This signal lets investors determine which companies have high and low corporate values. Based on the description above, signaling theory is more suitable for research on corporate value because corporate value is an investor's view of corporate performance as seen from its share price. If the corporation's stock price is high, then the corporate value of the corporation is also high. According to signaling theory, investors get information from corporate management in the form of information.

Signaling theory suggests how a corporation should provide signals to users of financial statements. These signals can be in the form of information about what management has done to realize the owner's wishes, promotions, or other information stating that the corporation is better than other companies. The corporation's market value is high relative to the replacement cost of capital, and the cost of new plant and equipment will be lower than the corporation's market value. Companies can issue equity and earn high prices relative to the cost of the plant and equipment they buy. So, investment spending will increase because the corporation can buy more new investment goods with only a slight equity issue. Therefore, if a deferred tax expense results in a more significant deferred tax liability and increases the corporation's debt value, it will affect the corporation's value even higher. Companies that carry out earnings management seek to maintain investor confidence in corporate performance; this is in line with the concept of signal theory, where information about the corporation's financial performance issued is critical to be known by external parties as an investment decision. Earnings management in a corporation can occur because of an agency relationship between the agent or manager and the principal or shareholder. In agency theory, agency relationships between shareholders and managers will be explained. Earnings management is one factor that reduces the credibility of financial statements. Manipulation can result in a loss of trust from investors, resulting in these investors canceling their investments. This shows that implementing corporate governance mechanisms can protect the interests of investors.

CONCLUSION

The authors draw the following conclusions from the research and discussion in previous chapters. Tax Planning has a significant effect on Earnings Management. Deferred tax expense has no significant effect on earnings management. Corporate governance has a significant effect on earnings management. tax planning has a significant effect on corporate value. Deferred tax expense has a significant effect on corporate value. Corporate governance has no significant effect on corporate value. earning management has a significant effect on corporate value. Earnings management does not significantly affect the relationship between tax planning and corporate value. Earnings Management significantly moderates the relationship between deferred tax expenses and corporate value variables. Earning management does not significantly moderate the relationship between corporate governance mechanisms and corporate values. We conclude another aspect of tax views regarding tax planning and deferred tax expense affecting corporate value and earning management. Corporate governance mechanisms could protect the interests of investors. Management and inventors could follow the best lessons and experiences in calculating corporate value.

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